

KONE CMD 2016

Driving change through customer-focused innovation

TOMIO PIHKALA, CHIEF TECHNOLOGY OFFICER

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Agenda

- Radical and incremental innovation driving growth
- How elevators got smarter along the way
- Leading change through agile and open innovation



KONE 15 YEARS AGO



20,000
0.5 M

delivered units in 2001
units in maintenance globally

KONE TODAY



140,000
1.1 M

delivered units in 2015
units in maintenance globally

The image features a blue-tinted background. On the left, there is a solid blue vertical bar. The rest of the image shows a blurred view of a modern building with a glass facade and a metal handrail in the foreground. The text is overlaid on the blue bar.

Radical and
incremental innovation
driving growth

In the early 2000s, KONE was rapidly ramping up sales of new, game-changing volume product innovations



- The MonoSpace and MiniSpace elevators became the core in KONE's product portfolio
- The underlying EcoDisc motor technology radically changed market preferences

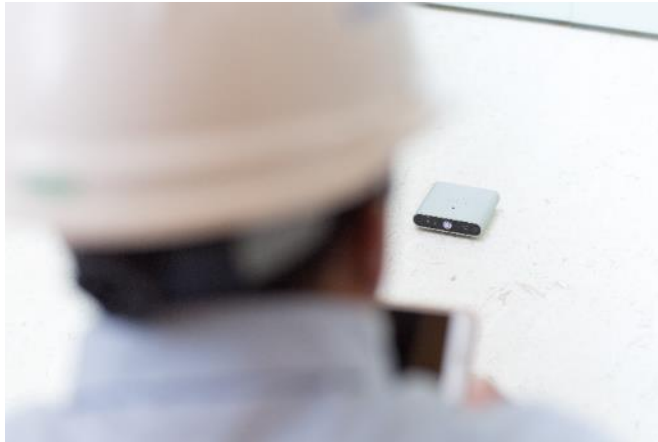


- China was the largest test market for the viability of the new innovations
- Analysis of local needs led to a tailored solution. MiniSpace became the best-selling elevator model in KONE's history

The next generation of the volume offering introduced a step change in user experience

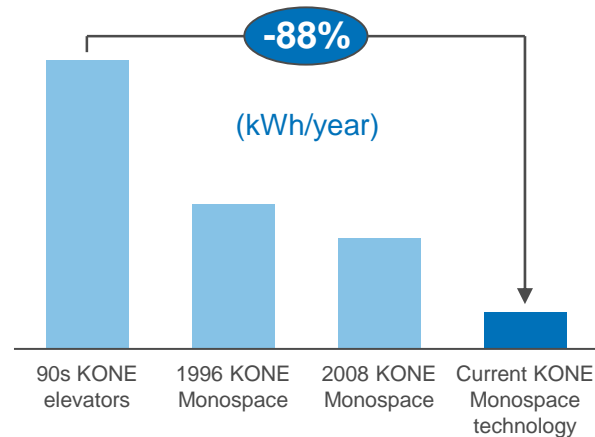


Ride comfort



Unique process for measuring ride comfort

Eco-efficiency



Radical decrease in the energy consumption

Design



Innovative designs to fit any building and specification

Radical innovation continues: with UltraRope, new possibilities arose




Steel rope replaced with carbon fiber rope



Enabling the elevator ride to double up to 1km



Flexibility and value to the building



Currently a high-rise solution, applications will expand



How elevators got
smarter along the way

Elevators and escalators have been getting smarter. We can identify several phases in the development

FIRST PHASE

Making an individual elevator smarter by introducing microprocessor control

Collecting basic data and controlling key functionalities automatically

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Making an individual elevator smarter by introducing microprocessor control

Collecting basic data and controlling key functionalities automatically

SECOND PHASE

Making a group of elevators smarter by artificial intelligence

Integrating access control and elevator groups with help of destination control systems

Introducing automatic warning capabilities and remote diagnostics

However, we have only scratched the surface so far

FIRST PHASE

Making an individual elevator smarter by introducing microprocessor control

Collecting basic data and controlling key functionalities automatically

SECOND PHASE

Making a group of elevators smarter by artificial intelligence

Integrating access control and elevator groups with help of destination control systems

Introducing automatic warning capabilities and remote diagnostics

THIRD PHASE

Making buildings smarter by connecting elevators to other equipment and applications

Creating personalized people flow experience by cognitive IoT

Using remote diagnostics for predictive maintenance and asset management



Leading change
through agile and open
innovation

KONE is a data intensive company – great starting point to capitalize on new opportunities



More than 400,000 customers

Data on a wide scale for mass customization

Over one billion people using a KONE equipment every day

When we connect more equipment, the amount of data grows exponentially

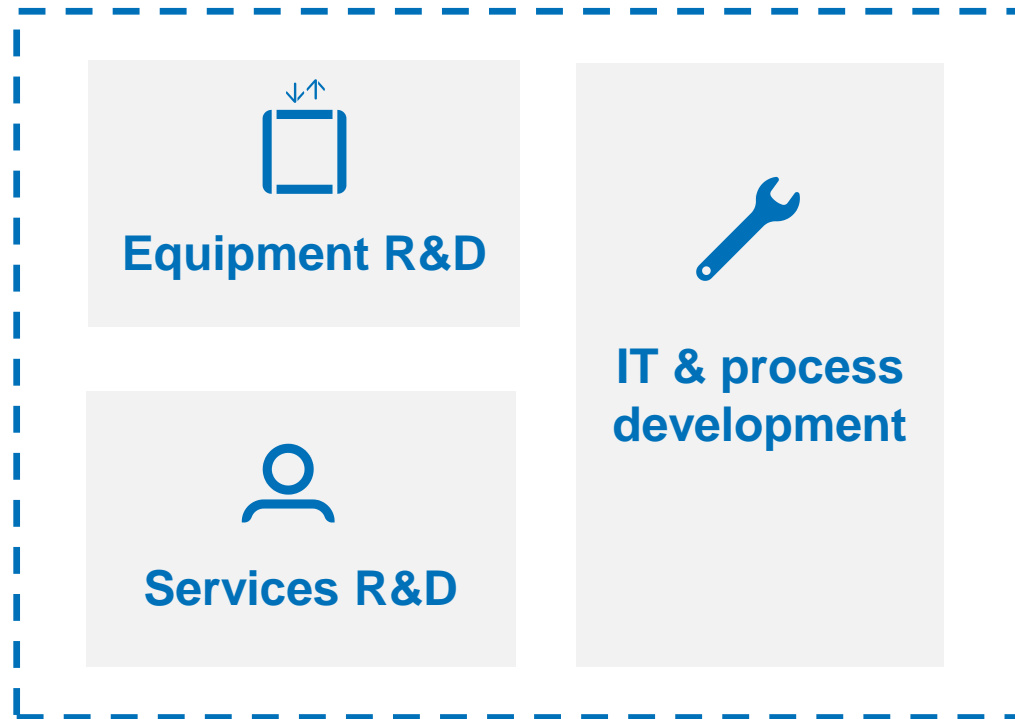
Lifetime business with long-lasting customer relationships

Long relationships create a long digital footprint

New and personalized services

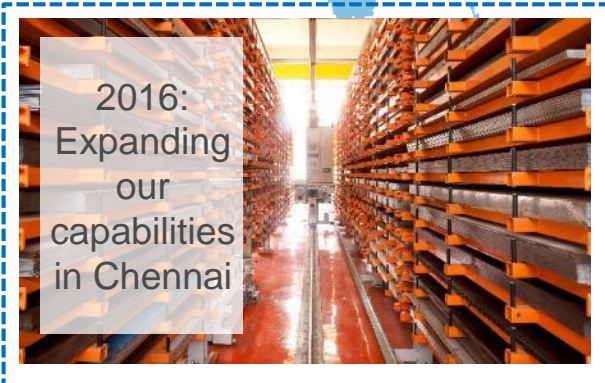
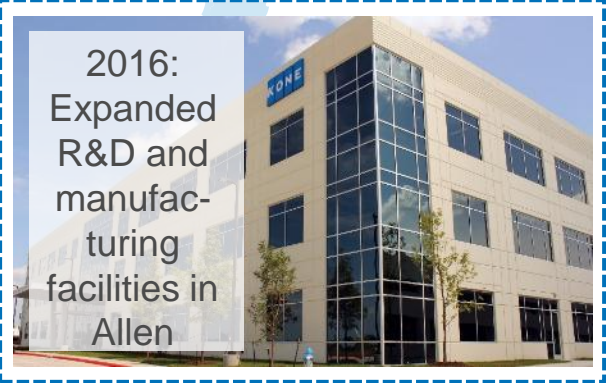
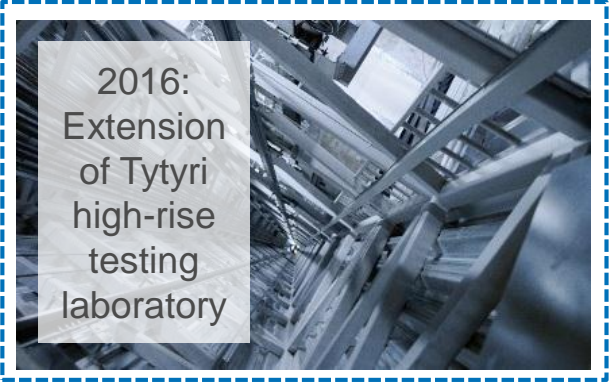
We renewed our approach to innovation to reinforce life-cycle focus and increase speed

KONE TECHNOLOGY AND INNOVATION UNIT established in 2016



- Speed
- Openness
- Synergies
- Sharing competences
- Organizational learning
- Closer dialogue with top management

Our R&D is now more global, with core hubs on all continents and a footprint close to the customer



We embrace open innovation

WHY?

Making use of innovation that happens outside KONE

Fast learning and optimal focus of resources

Bringing new solutions to the market faster

WITH WHOM?

Technology companies

Start-ups

Smart building partners

Customers

Working with others will be essential as we take the People Flow experience to the next level

Technology companies

Start-ups

Smart building partners

Customers

Technology cooperation: Case IBM

- Access to the leading IoT platform and developer community
- Building customer solutions by utilizing cognitive analytics



With more speed and openness, we will continue to develop new ways to delight our customers



We have ambitious targets to improve our capabilities in digital services

We will differentiate by providing new services and solutions to our customers

Dedicated to People Flow™

