

» *The combination of Scandinavia and Asia is a foundation stone of our business concept. Scandinavia is the leader in technology, but Asia is where they know how to get people to use the technology.* «

Soki Choi

The Blue Factory: Clear Vision

By Inger Sundelin

Blue Factory is a brand new Swedish software company, founded by four young highly-focused entrepreneurs, that firmly believes it can utilize Scandinavian technological expertise to win a piece of the huge Asian market for WAP phone entertainment and games.



Blue Factory's first product is "Catch the Robber", a 5-minute game that takes place in the "exotic" Old Town of Stockholm. The second is CelebriQuiz, a celebrity and entertainment quiz, in which several people can compete. Both products were developed in cooperation with Telefonordia, a Scandinavian wireless operator.

This autumn, Blue Factory releases Flirtylizer, a dating service, and a Tamagochi-like character who must be lovingly cared for by a WAP user.

Although Blue Factory's applications will be introduced in Sweden, their really big future market is Asia.

"Blue Factory will be a production factory continually delivering new products," says Soki Choi, the Stockholm company's 26-year-old managing director.

Blue Factory is one Sweden's pioneers in i-mode inspired recreational products. Ms. Choi got the idea from Japanese teenagers, who use their mobile phones mainly for games, short message service (SMS), and for trading collectible photos.

Ms. Choi, who was born in Sweden of Korean parents, left

a promising career with Andersen Consulting last spring. Teaming up with three young entrepreneurs – John Wennerström, Linda Samlin and Per Holmkvist – they founded Blue Factory.

PIECES FELL IN PLACE

When your BrainHeart Magazine reporter met with the Blue Factory in June, they had just moved operations from the kitchen table in Ms. Choi's small apartment to offices in the Wennergren Center. Curiously enough, this building

was built in the late 1950s to serve as something of a "science park" or technical company incubator.

Blue Factory's offices were then half empty – or half full, as an optimist would describe it. Most everything was lacking: money, personnel and products. Ms. Choi and her partners lived mostly on pasta, since they had invested all their savings in the company. Giving themselves salaries was out of the question.

Their initial contacts with investors couldn't have been worse timed: in the days immediately after the fall of the Nasdaq market on Black Monday. It didn't help them one bit that young Swedes had founded and managed boo.com, the British e-trading company which won the dubious distinction of being Europe's first major dot.com bankruptcy.

However, during the summer, pieces started to fall into place. A venture capital company, IT Provider, liked Blue Factory's ideas and put up SEK 30 million (about US

Soki Choi is at home in two cultures. Professor Koshnik watches over her every step, providing many years of experience and knowledge to the young start-up company.





Professor Thomas J. Koshnik, the mentor, start-up specialist at Stanford University.



"Catch the Robber" takes place in the exotic Old Town of Stockholm.

\$3.3 million). Today, Blue Factory has about a dozen products ready for launching. In addition to the agreement with Telenordia, it is close to signing agreements with several other wireless operators.

An expert who has had full confidence in Blue Factory from the very beginning is Professor Thomas J. Kosnik, a start-up specialist at Stanford University. He and Professor Lena Ramfeldt, of the Stockholm Institute of Technology, are writing a book on start-up companies. Blue Factory is one of the prime examples. Prof. Kosnik was recently in Stockholm to meet researcher colleagues.

"I really like Blue Factory's business concept and their choice of a specific target group: young people," he says. "But above all, I was impressed with Soki's having such a clear vision of what she wants. I have strong intuition for winning ideas, and if you look back at the companies I have coached in the past 20 years, my hit-rate has been 50 percent. That's better than what most investors generally score."

FIRST FUN, THEN UTILITY

In June, the company consisted of the four founders. Now, there are eight employed and they have opened an office in Hong Kong to handle the launching on the Asian market.

Name: Soki Choi

Age: 26

Education: Adolf Fredriks Music High School in Stockholm ("I thought I'd be a concert pianist."), and Master of Business degree from Stockholm School of Economics.

Leisure: Adventure, of all kind. "Right now, I'm learning sky-diving."



PHOTO: ALEX GIACOMINI, BLUE FACTORY

This is where the big market is, Ms. Choi says, and it's absolutely necessary to be present there.

"I have always had an obvious connection to Asia," she says. "I speak Korean and I fully master both the Swedish and Asian culture codes. We noticed that it was our Asian competence that investors and future partners liked."

The combination of Scandinavia and Asia is a foundation stone of Blue Factory's business concept.

"Scandinavia is the leader in technology, but Asia is where they know how to get people to begin to use the technology," she explains. "By cooperating, we can learn a lot from each other."

The prime features of Blue Factory's products are simplicity, easy access, and fun – for both boys and girls. Emphasis is placed on amusement, not on practical use. This target is in line with results of a study by Forrester Research that concluded that karaoke, cartoons, and dating services attract most wireless Internet users in Asia. The study also noted that the tremendous enthusiasm among young people for mobile entertainment indicates that there's a good future for m-business – shopping, stock trading, banking and other commerce via wireless phones.

The next generation – in Asia and elsewhere – will be old hands at wireless Internet. After all, they'll have grown up playing games, chatting and dating – using products from companies like Blue Factory. □

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Blue Factory offices are
in Wennergren Center, one
of Stockholm's best-known
landmarks. Architects were
Sune Lindström and Alf Bydén.
Construction began
in 1959 and the Center was
inaugurated in 1962.

WENNER