10 Points for the Future

Thomas Rabe: Bertelsmann is strategically on track
One Magazine –
Four Languages

INSIDE is published twice a year in German, English, French and Spanish
inside@bertelsmann.com
A New INSIDE for a New Bertelsmann

Our quadrilingual staff magazine now sports a new layout with which it reports on the status of our strategy implementation.

At the Management Meeting 2016, before more than 500 executives from 25 countries representing all eight Bertelsmann divisions, Thomas Rabe gave an update on the implementation of the Bertelsmann strategy. His key message: We have the right strategy. It is working. And we will stay with it.

In this issue of INSIDE, we seek to also convey this message to you, our readers – with key observations from the Management Meeting, and with specific examples from your companies.

Bertelsmann Communications, too, has made the corporate strategy its mission and the core of its work. Since 2012, our communications have become more digital and more international, and are reaching more and more people.

Following the previous issue of INSIDE, which saw a doubling of the languages in which it is published, to four, in this edition, we give you a new design with a new visual language and new graphic highlights. We believe this contemporary new appearance provides even stronger support and readability for the magazine’s content.

In addition to the strategy implementation as our focus topic, this issue also presents you with an initial overview of the worldwide employee survey, which begins on November 7, and the first interview with our new CFO Bernd Hirsch.

We wish you an informative read, and as always look forward to your suggestions, and hope you enjoy the new INSIDE.

Sincerely yours,
Karin Schlautmann

Karin Schlautmann
Executive Vice President Corporate Communications
Bertelsmann SE & Co. KGaA
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500 executives received an update on the state of the strategy implementation at Bertelsmann in June in Gütersloh. INSIDE presents successful examples of this implementation, from each of four strategic priorities.

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At the Management Meeting at Gutersloh Theater in June 2016, more than 500 managers were given a first-hand overview of the status of the strategy implementation underway at Bertelsmann. The goal is for them to carry the information and motivation they received back to their companies and to encourage their employees to join them on the path towards becoming a more digital, more international and faster-growing Bertelsmann. A path on which the Group has already advanced much further than had been expected at the previous Management Meeting at the same venue four years ago.
“In 2012, we analyzed our strengths and weaknesses, defined key megatrends, and set four strategic priorities for Bertelsmann: strengthening the core, digital transformation, building growth platforms, and expansion in growth regions. Today, we know that we set the right priorities. Our strategy is working. The Group’s financial position is excellent. Bertelsmann is highly profitable and can thereby pursue its transformation. Its growth profile has improved significantly, growth businesses contribute increasingly more to total revenues. The company is becoming more international and digitization has long been part of everyday life. So, we will stick to our strategy.”

THOMAS RABE, CEO BERTELSMANN
...is working

Corporate Divisions in the 3 Pillars Media, Services, Education:
→ RTL Group, Penguin Random House, G+J, BMG, Arvato, Bertelsmann Printing Group, Bertelsmann Education Group, Bertelsmann Investments

Strategic Priorities:
→ Strengthen the core
→ Digital transformation
→ Growth platforms
→ Growth regions

Strategic goals:
→ More digital
→ More international
→ More growth

Bertelsmann
10-Point Plan for the Future of Bertelsmann

At the Management Meeting 2016, Thomas Rabe also set the priorities for his agenda for the next few years at Bertelsmann. Here is a summary of Rabe’s key statements at the Management Meeting.

The strategic priorities are clear. Their implementation is well underway. For the future, Thomas Rabe has issued a 10-point plan that is now being implemented just as systematically. Here is an overview:

1. CONTINUITY
"After the profound but necessary changes in recent years, a period of continuity begins now: with regard to the shareholder structure, which has always been stable, the new Group structure, the strategy, and the top management."

2. SENSE OF PURPOSE
"We need to clarify the ‘why’ at Bertelsmann and gain an awareness of the deeper purpose of our work and of our company. Bertelsmann has defined a strong sense of purpose: ‘To Empower. To Create. To Inspire.’ Now, our job will be to breathe life into it."

3. EMPLOYEES
"The aim is for Bertelsmann to attract and retain the best personnel. Staff management and development are a top priority, so as to be able to fill as many management positions as possible internally. A second priority is to increase diversity among our employees at all levels and in every respect. My wish is that the diversity of Bertelsmann’s businesses be reflected in the diversity of the colleagues who are responsible for them."

4. CREATIVITY AND INNOVATION
"Bertelsmann wants to become the best possible home for creativity and creative talents. The preconditions for this are excellent in a company that takes a long-term view and is willing to invest in creativity."

5. PARTNERS AND FOUNDERS
"We must position Bertelsmann in such a way that our company becomes the first choice for entrepreneurs who want to grow their own businesses and expand them internationally. As a privately-owned company with a long-view approach, we have every opportunity and at the same time the necessary flexibility and freedom to do this."

6. COOPERATION
"We need more collaboration within the Group, across company and divisional boundaries. We need to recognize that we all face the same challenges and that in most cases our experience and skills complement each other very well to overcome these challenges. We will create the necessary platforms to enable more collaboration."

7. STRATEGY IMPLEMENTATION
"It will continue to be important to systematically implement the strategy. The framework has been set. Good progress has been made. But there is still much left to be done – we are perhaps halfway there. We now have to defend the strong market positions of our core businesses, become digital leaders, and further expand our growth platforms and regions."

“Soon, the high-growth businesses will contribute more than 40 percent to Bertelsmann’s total revenues.”

THOMAS RABE

“2015 was one of our best-ever years. The long-term trends are positive. I am confident for the future.”

THOMAS RABE
8. PORTFOLIO AND PROFILE
“If we continue to implement our strategy, Bertelsmann will come closer and closer to its target of a balanced portfolio and faster growth. We are aiming for revenues of €20 billion and an EBITDA of €3 billion or more. Organically, the company is to grow by three percent annually, with acquisitions contributing an additional three percent. This new Bertelsmann is solidly financed, well diversified, and maintains the independence needed to pursue its own path.”

9. COMMUNICATIONS
“Bertelsmann must explain particularly and regularly to its employees what it is doing, and why. Only if this is done successfully, will they feel committed to their company, stay on board with it on its path, and actively help advance it. This is by no means a job for Corporate Communications alone, but for each executive in their respective position: You also have a responsibility to ensure that our employees understand what we do, how we do it, and why we do it.”

10. ENJOYMENT
“A lot of work lies ahead of us – but hopefully it will be very enjoyable as well, because we have a once-in-a-lifetime opportunity here today at Bertelsmann. We can enjoy this challenge as we meet it, and be privileged to help shape the future of an entire industry – and of our company.”

“The organizational side of Bertelsmann’s restructuring is completed. The new structure of the Group with its three pillars of media, services, education and the eight divisions, RTL Group, Penguin Random House, Gruner + Jahr, BMG, Arvato, Bertelsmann Printing Group, Bertelsmann Education Group and Bertelsmann Investments, is an expression of our strategy.”

THOMAS RABE

OUR GOALS:

→ Bertelsmann aims to generate more than 40% of its revenues from growing businesses, 55% from stable businesses, and less than 5% from shrinking businesses. For comparison: in 2011, it was 20/64/16%, by 2015, already 28/67/5%

→ In the medium term, Bertelsmann will generate annual revenues of €20 billion

→ EBITDA will increase to €3 billion

→ The company is expected to grow organically by 3% annually, and by another 3% through acquisitions
“Bertelsmann has strengthened its core businesses organically as well as through acquisitions. It has consolidated or expanded their market position, so that most of them are now the number one or two in their competitive environments.”

“Creativity and innovation form the bedrock of our business. They are the only reason we can reach 600 million people every day with our products and services. That is why Bertelsmann invests €5 billion a year in creativity, has codified it as one of its four Essentials, and promotes it at all levels in the company.”
“WE ARE ADVANCING CONSOLIDATION WHEREVER IT PROMISES OPPORTUNITIES AND VALUE.

The merger of Penguin and Random House is a prime example. We took the number one and two in the market and created the only truly global publisher – as well as creating significant value. Other examples include the development of RTL Group’s families of channels, Penguin Random House’s acquisition of Santillana, the partnership between G+J and Landwirtschaftsverlag, and Arvato’s takeover of Gothia.”

“The withdrawal from structurally declining businesses has been tough but necessary. Since 2006, we have divested from businesses with a combined revenue volume of over €7 billion, and thereby have largely completed the process. The result: The percentage of Group revenues from low-growth businesses is decreasing, and rising from faster-growing businesses.”

Thomas Rabe believes Bertelsmann has effectively strengthened its core businesses.
1 The City of Gütersloh’s theater, with a 24-meter high “B” affixed to its façade
2 Guillaume de Posch and Anke Schäferkordt, Co-CEOs, RTL Group
3 Paula Hawkins, author of “The Girl On The Train” (center), with her two Penguin Random House editors, Sarah Adams (UK, on left) and Sarah McGrath (U.S.)
4 Markus Dohle, CEO of Penguin Random House
5 Liz Mohn with Christoph Mohn (on left), Chairman of the Bertelsmann Supervisory Board, and Bertelsmann CEO Thomas Rabe
6 Bernd Hirsch, Chief Financial Officer, Bertelsmann
BERTELSMANN MANAGEMENT MEETING 2016

Read more about the meeting of Bertelsmann’s top 500 executives in Gütersloh, on BENET.
The idea of YouTube is likely to cause many a publishing manager’s brow to crease in worry. The video portal is one of the most impressive success stories of the Web 2.0 era. With four billion video views per day and a total of 3.25 billion hours of video content consumed per month, YouTube has lastingly changed media use—especially among younger people, who spend an average 90 minutes a day there. Time that is no longer available for other activities—such as reading books.

However, Penguin Random House is demonstrating that YouTube can also be a powerful ally for publishers, if they use it properly—and not just by having their own proprietary channels for presenting new publications, recommended reading, and clips from book signing appearances. The Bertelsmann subsidiary has gone a step further: Penguin Random House specifically approaches YouTube stars to collaborate on recreating their stories and messages from video to book form. Many such titles by them have already been published in this way, from fiction and nonfiction to photography and advice books. The most successful include “This Book Loves You” by PewDiePie (over 44 million subscribers on YouTube); “Girl Online” by Zoe Sugg alias Zoella (10.8 million subscribers); “Love Tanya” by Tanya Burr (3.5 million subscribers); and “Casper Lee” by Casper Lee (more than six million subscribers). Print runs for many of their books have been large.

TALENT MEETS EXPERTISE
Why are video entertainers so good at selling books? “They’re in constant dialog with their fans on YouTube, and know them inside out,” says Rebecca Smart, Managing Director, Ebury Publishing, a...
division of Penguin Random House UK, “So, they know exactly what content is popular, and what isn’t. They give their fans exactly what they want.” But a mere idea just isn’t sufficient enough to turn it into a book and publish it. This is where Penguin Random House comes into play.

“YouTube artists have no experience in the production of printed books, nor do they have the necessary infrastructure for production, shipping, and sales, so they are very open to working with publishers,” says Tom Weldon, CEO, Penguin Random House UK. “We are now the world market leader in publishing YouTube titles.” Publishers, for their part, tap into new target groups and markets, and the young authors’ creative input is also valuable. Thus, a mutually beneficial collaboration.

LEARNING FROM EACH OTHER

The title “Girl Online” exemplifies how such a collaboration can work. While scouting up-and-coming YouTube vloggers in 2012, Penguin Random House UK found Zoe Sugg, who published videos on fashion and beauty topics under the pseudonym “Zoella.” “We discussed the idea of publishing fiction with her, rather than a non-fiction lifestyle title,” says Shannon Cullen, Publishing Director, Penguin Random House UK Children’s. “That way, she could give her creativity free rein and approach her fans in a new way.”

The vlogger and publisher were keen to work together, but had a lot to learn from each other – as always when two worlds collide. “We talked to Zoe’s management about what is important in marketing a book. Our interest was in understanding exactly how Zoella communicates with her fans and how, as a publisher, we could supplement her own direct messaging by focusing on the book’s content and driving fan engagement with the story,” says Cullen.

The tutorial paid off: the first book sold more than half-a-million copies, and was the UK’s all-time fastest-selling debut novel, selling over 78,000 copies in the first week. Her second book topped the British bestseller lists in its first week, and was supported by a sophisticated cross-media strategy: trailers and exclusive content were produced for YouTube, Snapchat, and other social-media channels. A branded-merchandise collection was created around the “Girl Online” brand, and a movie is under discussion.

OPPORTUNITY RATHER THAN THREAT

Penguin Random House doesn’t regard the video giant YouTube as an overwhelming competitor, but as an opportunity to leverage its expertise in the book business. “It’s a very enriching experience to work with this generation of writers, and offers us an opportunity to develop new business models,” says Rebecca Smart. Platforms like YouTube can help a publisher to learn how to open up audiences in the digital age and build new brands. “For the future we should strive to develop brands and audiences ourselves,” she adds.

But as they enter this new territory, publishers should never lose sight of their strengths, warns Tom Weldon: “We must be very vigilant, to identify new trends or changes in engagement habits on digital channels early on. But we must maintain our confidence in the printed book. Video platforms do not mean the end of reading. Books will always have something to offer people that the digital media cannot.”
Online is the future – but print still generates a lot of revenue: “rtv” has the highest print run of any TV guide in Germany. Eight million copies are printed each week. As a free supplement in more than 200 newspapers, the magazine reaches around ten million readers. For the past 55 years, the supplement has been published by the Nuremberg-based rtv media group, a Bertelsmann Printing Group company. For newspaper readers, it has been an integral part of their lives for decades, moving automatically from mailbox to living-room coffee-table. For newspapers, “rtv” is an important customer-loyalty tool. Without the supplement, customer satisfaction would decline significantly. And the customers are rtv media group’s key asset.

PRINT ADVERTISING WORKS
“Our target group is ‘Best Consumers’ people in their prime, aged 50 and older, and with higher incomes. They value their lifestyle and are very brand-conscious,” says Ulrich Buser, Managing Director, rtv media group. “And they love print.” The Nuremberg media company has always targeted this coveted demographic with “rtv.” No wonder that advertisers continue relying on print ads rather than online advertising: “rtv” generates the highest revenues of any magazine in the German market. This is noticed by advertisers like Pharma FGP: For its Yokebe diet product line, the pharmaceutical company stopped investing in TV commercials, shifting most of its advertising budget to “rtv” – and sales rose. After two years, the company sold Yokebe for an amount in the hundreds of millions – very high for a brand that only operates in Germany.

CORE TOPIC: HEALTH
“We know and love our readership. Health and well-being are their core topics, and that is where our core competency lies,” says Buser. For a long time, “rtv” has not only been a TV program expert; in 2015, it launched the “rtv gesund & vital” online health channel, where editorial health topics from the magazine are examined in greater detail. Nutritional tips, rejuvenating vacations, cosmetics, and advice for a healthy, active lifestyle are the main topics on the health portal. rtv media group strives to be a media company on the cutting edge. Of course it

“Best Consumers” Love Print

Germany’s biggest TV magazine “rtv” is read by ten million people a week. Ten million potential customers for companies who advertise in it. The “Best Consumers” are the declared target group of rtv media group, which seeks to accompany its readers in the transition to digital.

“We know and love our audience”

ULRICH BUSER, MANAGING DIRECTOR, RTV MEDIA GROUP

So much potential – especially for the older demographic: Ulrich Buser wants to slowly transform the business, with the target group
knows the trends in the media landscape and is aware of the declining newspaper circulations: “The market for TV supplements is saturated. All newspapers have one. We hardly will be able to increase the circulation of ‘rtv,’ but we have other ideas.”

PRINT RUN DOUBLED
These “other ideas” include new supplements such as “Land & Leute” (Country & People), launched at the end of 2013. The premier issue had a print run of 400,000 copies, which has now doubled to 800,000 per month. The company expects to reach the one million mark in 2017. “‘Land & Leute’ focuses on the ‘back to our rural roots’ trend and caters to nature-loving readers with a mix of agricultural, lifestyle and human-interest topics. At the end of 2015, “Land & Leute Edition” was launched, which also does well on newsstands. Buser believes in the success of the concept of delivering the right content for the affluent “Best Consumer” demographic: “There’s a good reason why print media such as ‘rtv’ or ‘Land & Leute’ still play a significant role in marketing communications: Newspapers and magazines enjoy a higher credibility among these target demographics than any other medium.”

“PICKING UP” READERS
Besides “Land & Leute,” there are other offshoots with favorite topics of the 50+ generation, like the newsstand magazine “rtv Rätsel” (puzzles). Meanwhile, the megatrend of digitization has not passed the Nuremberg company by: “‘Best Consumers’ now make up the largest proportion of the population, they are very active, and also are increasingly using digital media,” says Buser. “Having said that, most of them still don’t live in the digital world. We want to engage our readers where they are, and accompany them on the path of digitization.” The company has long been using digital channels: The TV guide is also available on the website www.rtv.de, which was given a relaunch this year; the mobile infotainment “rtv TV App” delivers content to smartphones; and the health portal “gesund & vital,” as well as the “rtv Experten” product-testing platform, both have online users. “We are optimistic about our future,” says Buser. “We want to transform the business slowly and with our target audience. We uplift our readers and guide them into digital life. There is so much potential, especially with the senior citizens.”
Strengthening and expanding existing business with creative ideas – many Bertelsmann companies are successful in their markets with this strategy.

Penguin Random House


Penguin Random House invests $750 million a year in acquiring new books.

Since 2006, Bertelsmann has divested from structurally declining businesses with a combined revenue volume of more than €7 billion – in favor of faster-growing core businesses.

Arvato has 400 million customer contacts per day and delivers 650 million consignments a year.

Gruner + Jahr won 170 journalistic awards in 2015.
Penguin Random House sells 25 books per second, 750 million a year, and publishes 15,000 new titles annually.

The Bertelsmann Printing Group uses 1.6 million tons of paper annually and produces 3.5 million print products per year.

Gruner + Jahr publishes 500 publications (digital and print).

Fremantle Media produces 10,000 hours of programming a year.

Bertelsmann invests €5 billion a year in creativity.

RTL Group’s families of channels collectively comprise 57 broadcasters.

RTL Group’s TV and radio stations reach 120 million people a day.

Arvato’s 150 logistics centers cover 1,350,000 square meters.
“Today, Bertelsmann sees digitization and its new possibilities as an opportunity. The previous Bertelsmann conference in Silicon Valley opened many people’s eyes; targeted coaching has strengthened digital expertise; and new partners from the digital world have introduced their knowledge.

The result: Bertelsmann is becoming more and more digital.”

“A well-functioning digital business model is a key criterion of our investment policy. As a result, we are now involved in 135 digital startups around the world.”
“THE TRANSFORMATION TO DIGITAL IS OCCURRING ACROSS ALL DIVISIONS:

RTL Group, for one, has changed its definition of TV from ‘Television’ to ‘Total Video,’ underscoring its aspiration to be the number one in video production, aggregation and monetization. Penguin Random House is a leader in both print and digital-book publishing. Gruner + Jahr has redefined itself, restructuring its business into communities of interest that treat print and digital as a unified whole. BMG is the music company for the digital age; and Arvato is the service provider par excellence for digital transactions, especially for the IT and high-tech industry. Online education forms the core of the Bertelsmann Education Group, and Bertelsmann Investments only invests in digital startups.”

Thomas Rabe believes in the opportunities of the transformation to digital.
BERTELSMANN MANAGEMENT MEETING 2016

Read more about the meeting of Bertelsmann’s top 500 executives in Gütersloh, on BENET.
1 From left: Axel Hentrei and Bertram Stausberg, Co-CEOs, Bertelsmann Printing Group, David Liess, CEO, Be Printers America, and Moderator Felix Uhlig
2 Matthias Moeller, CEO, Arvato Systems
3 Frank Kebsch, CEO, Arvato Financial Solutions, Andreas Krohn, CEO, Arvato CRM Solutions, and Arvato CEO Fernando Carro (from left)
4 Karin Schlautmann, Head of Bertelsmann Corporate Communications, with the stage directors for the Bertelsmann Management Meeting in Gütersloh, Sven Witzel (left) and Klaus Regel
5 Uwe Vetterick, Editor-in-chief, "Sächsische Zeitung" 6 Carlo Szelinsky and Jonas Thiemann von Applike, Julien Leroy, founder of Advideum, and G+J CEO Julia Jakel (from left)
7 Julien Leroy, founder of Advideum
8 Frank Schirmeister, CEO, Arvato SCM Solutions
9 Christoph Mohn and Liz Mohn outside the entrance to the Gütersloh Theater
Welcome to the “Total Video Universe”

Across the world, linear television is the medium with the highest reach — but RTL Group is in the global vanguard of the rapidly growing online video sector as well.

If any proof were needed of the incredible pace at which digital transformation is taking place worldwide, then it is this: Traffic at RTL Group’s digital video sites has grown — from 1.9 billion views in all of 2011, to 19 billion a month currently. This exponential growth rate is thanks both to large acquisitions of multi-channel networks and to organic growth.

The television industry is undergoing rapid change, and RTL Group is in the thick of the action, and in fact driving this change. In the past four years, the Luxembourg-based company has turned the digital domain into the third pillar of its business, alongside its leading broadcasting and content-production operations. Revenue from this fast-growing sector exceeded half-a-billion euros in 2015, with a strong upward trend. This is just one of the reasons that Anke Schäferkordt and Guillaume de Posch, RTL Group’s Co-CEOs, have long since redefined the abbreviation TV: at RTL Group, TV now stands for ‘Total Video.’ "When people talk about TV, they are referring to the TV sets in their living rooms. But that’s confusing the device with the business model and the wider industry behind it,” says Anke Schäferkordt. “Our core business is professionally produced video content, no matter how the content is disseminated or on what devices it is viewed.”

MILLENNIAL AUDIENCE

All the research shows that linear television continues to be by far the most popular medium in the world — across all age groups. However, young audiences, the ‘millenials,’ are increasingly viewing video content online, especially shorter clips on platforms like YouTube. RTL Group wants to reach this demographic, too, by expanding its online video business. “The younger the target audience, the more they use mobile devices, and the higher the demand for online video,” notes Guillaume de Posch. And this is precisely where RTL Group caters for them with its offerings.

The group’s first important strategic step in expanding its online video business involved investing in the leading multi-channel networks (MCNs) BroadbandTV, StyleHaul and Divimove, all of which are now majority-owned by RTL Group. MCNs group the video presentations of thousands of YouTubers, mostly on a specific topic, and help them create and promote their videos. RTL Group invested in the MCNs in quick succession, “and they turned us into the largest content provider on YouTube – and one of the leading video providers worldwide,” says Guillaume de Posch. RTL Group took its first and most important step in this direction in June 2013, with the acquisition of a majority stake in Vancouver-based BroadbandTV. The MCN was founded in 2005 by Shahrzad Rafati, who heads it to this day. At the time of RTL Group’s entry, Broadband TV had 7,800 content creators in its network and generated more than 800 million video views a month. By the end of March 2016, these numbers had soared to more than 74,000 partners and 15.1 billion video views a month.

RTL Group’s second multi-channel network, StyleHaul, was founded in 2011 in Los Angeles by Stephanie Horbaczewski, and is the leading fashion, lifestyle and beauty network on YouTube, with nearly 6,000 partners. RTL Group bought its first stake in the MCN in 2013, and in December 2014 acquired the majority. Today, StyleHaul generates around two billion video views a month. Finally, Divimove, an MCN founded in Berlin in 2013, is Europe’s largest MCN, with some 1,600 partners. Here, too, RTL Group bought its first stake in 2013, then acquired the majority in a second step in December 2014.

LEADING MCN PROVIDER ON YOUTUBE

Now that it is the leader in online video on YouTube, RTL Group plans to focus mainly on improving the profitability of the new line of business. “We are seeing extraordinary growth in the number of views,” says Guillaume de Posch, “but not yet, however, in the results of these businesses.” So the idea now is to better monetize these huge numbers of views. For instance, the visibility of RTL Group’s MCNs is to be extended to platforms beyond YouTube, such as Facebook, Snapchat, Vine and Vessel. The Group also plans to step up its investment in the production of original content for the digital world. Last year, RTL Group companies, including Fremantle Media Digital Studios like Tiny Riot, UFA Lab and Shot Glass Media, produced more than 800 hours of programming exclusively for digital platforms. By comparison, Fremantle Media produces more than 10,000 hours
of programming for linear TV broadcasters each year.

Guillaume de Posch is convinced that the strategic investments in the fast-growing online video sector will pay off for RTL Group because “advertising money follows viewers’ eyeballs, in the long run.” He compares the present situation in the online video business with the development of commercial television in the 1980s. “At that time, we also began by building appreciable reach. Then systematically, we set about monetizing that reach,” says Guillaume de Posch.

NEW GROWTH DRIVERS FOR DIGITAL REVENUES

Accordingly, RTL Group has identified advertising technology as a promising line of business in the digital domain. In July 2014, the Group acquired a majority stake in SpotXchange, now SpotX, a leading technology platform for the automated sale of online video advertising. Based in Denver, Colorado, SpotX was founded in 2007 by Mike Shehan, now its CEO, and Steve Swoboda, its current CFO. Processing more than 7.5 billion transactions a day, SpotX is now one of the leading companies in this field. The advertising served through SpotX reaches more than 600 million people a month, in 190 countries.

RTL Group took a further step in April 2015 when it bought a stake in Clypd, a start-up that operates a platform for automated ad bookings in linear television in the United States. In November 2015, this was followed by an investment in the start-up VideoAmp, which uses algorithms to optimize the addressing of target groups across various digital devices. These investments, which are bundled alongside the MCN business in the RTL Digital Hub, were complemented with Mediengruppe RTL Deutschland’s acquisition of the digital ad sales house SmartClip in March 2016. “Technology is increasingly becoming the driver of the media industry, from content aggregation to market research and ad sales,” emphasizes Anke Schäferkordt. “That’s why our investments in Spotx and the start-ups Clypd and VideoAmp were so important: we gained significant new skills in digital ad sales,” says the RTL Group Co-CEO. “The recent acquisition of SmartClip strengthens our position as a major sales house for digital video advertising in Europe as well.”

STRONG GROWTH EXPECTED

The massive increase in the use of online video has led to an increase in the total time viewers in RTL Group’s core markets spend in front of their screens – whether TV, laptop, tablet or smartphone. And Anke Schäferkordt expects growth for the overall “Total Video” market to continue strongly in the years ahead. “Our job is to find the right balance among our various business models,” says Anke Schäferkordt. “One thing is certain: Content, or more specifically, exclusive content, is the engine for all our offerings in the Total Video universe.”
Gruner + Jahr’s “Intrapreneurs”

For their first startup, Jonas Thiemann and Carlo Szelinsky borrowed money from their grandparents — and the business failed. For their second startup, they teamed up with Gruner + Jahr — and it succeeded: Applike is one of the year’s most successful new apps in the German Android app store.

If you were to make up an unusual and exciting story about a successful startup, it might go something like this: A young man, 25, studies business administration, but really wants to be a concert pianist. His friend, 30, studies technical computer science, but really wants to be a competitive athlete. Instead they both form an IT startup with financial support from their grandparents. The project fails, but they are not discouraged. They soon turn to a large company with an idea for a second startup — and this time, end up with a tremendous success. However, first of all, the story is not made up and secondly, this time it happened not in the U.S., but in Germany. Jonas Thiemann and Carlo Szelinsky are the two young entrepreneurs who developed Applike, together with Gruner + Jahr. The app recommends specific apps to smartphone users, and rewards them with bonuses for using these apps. Only four months after its official launch, the business is already generating a profit — and it continues to grow rapidly.

For startup founders, seeking support from a company like Gruner + Jahr is not really an obvious avenue, because independence is supposed to enable a rapid implementation of the venture, and equally rapid success. However, usually the financial resources are lacking, along with the necessary expertise in such things as marketing and internationalization. These were key reasons for Thiemann and Szelinsky to present their Applike idea to Gruner + Jahr. For their first startup, Jonas Thiemann and Carlo Szelinsky borrowed money from their grandparents — and the business failed. For their second startup, they teamed up with Gruner + Jahr — and it succeeded: Applike is one of the year’s most successful new apps in the German Android app store.

Arne Wolter, Chief Digital Officer, Gruner + Jahr, and Oliver von Wersch, Managing Director, Growth Projects & Strategic Partnerships, Gruner + Jahr Digital, listened to their promising presentation — and were immediately persuaded. “The principle behind Applike is simple and clear, and it was possible to quickly ascertain whether the business model is working,” says Wolter. “But above all, this team was and still is simply incredibly convincing,” adds von Wersch. “Having failed once, they just got back up on their feet. They have genuine, inspiring entrepreneurial spirit.”

The G+J Management Board decided to establish the project as an “internal startup” with Thiemann and Szelinsky as “intrapreneurs” in the Digital Department under Wolters. “For a year we developed, tested and checked to see that the app met all the requirements,” says von Wersch. “These are processes, by the way, that our ‘Greenhouse’ innovation lab has offered for the business ideas of all our employees since mid-2015,” adds Wolter. The results of the tests were more than satisfactory: At the end of the year, Gruner + Jahr invested a significant sum in the project, and at the beginning of 2016, Applike finally launched in Germany.

90 PERCENT GROWTH
User numbers and sales have grown continuously since then. Both values grew by 90 percent a month from March 2016 to June 2016. In the first half of the year, Applike was one of the most successful app launches on the Android app store Google Play. In the Entertainment category, Applike repeatedly topped the app charts, and customers gave it 4.5 out of five stars. More than 450,000 users have come to rely on Applike’s recommendations and receive rewards in the form of a virtual currency that they can trade in for vouchers.

The stratagem is that once a user’s smartphone is registered, Applike recognizes which apps they might be
interested in. The business model is based on the company Applike being paid for the recommendations if the user actually downloads and installs the suggested apps. In addition, the users’ data – age, gender and installed applications – can be used in future for fine-tuning the targeted advertising served by Gruner + Jahr Electronic Media Sales (G+J EMS) to the almost ten million Android phone owners in Germany alone. In turn, this accuracy can be sold at a premium to advertisers.

“Applike’s underlying principle isn’t limited to Germany, of course,” says Wolter. “The business model is highly scalable, and can be operated worldwide from Hamburg. We are currently looking into all options for internationalizing the business.” The prospects are worthwhile. Experts estimate worldwide net sales of smartphone apps over the past year at about $50 billion, and the trend continues to rise sharply.

The Applike founders are accordingly proud of what they have achieved so far. They and their colleagues at Gruner + Jahr are equally pleased to have embarked on a common path. “In the beginning, hardly anyone believed that we could make money with a mobile startup,” says Jonas Thiemann. “In fact, Applike’s strong growth since the beginning of the year came as a bit of a surprise even to us. Our team, which now consists of 20 people, has done an incredible job in the past few months,” says Carlo Szelinsky. “It has always been my dream to create a technology-driven startup and make it successful with Jonas. However, I never would have thought that we would do it at a publishing house. We’re looking forward to turning Applike into a profitable mobile business around the world.”

Rewards: When they install recommended apps, users get virtual money that can be traded in for vouchers.
To the point
Benefiting from the digital transformation and its possibilities – this strategy is opening up new business opportunities for Bertelsmann companies.

1.3 billion people engage with Bertelsmann’s social media channels

2 million people per day use Prisma Media’s “Télé Loisirs” app

At Prisma Media, revenue growth in the digital business is already offsetting the losses from the print business

5.5 million video views for the German edition of “The Red Band Society” on Vox Now

In China, Arvato will generate more than 55 percent of its sales from digital businesses this year.

Penguin Random House’s multiple apps have been downloaded more than 25 million times.
More than 200 technology professionals and more than 1,000 digital natives work at RTL Group.

16 million visitors a month make Chefkoch.de the leading online cooking community in Germany.

$3 billion in annual revenues are generated with music streaming in the U.S. The global streaming market is growing by 6% per year; 600 million people already use streaming services.

By 2020, the number of smartphone users worldwide will increase from the current 2 billion to 3 billion.

Today, 3 billion people are using the Internet, 1 billion will be added by 2020.

25.6 million petabytes is Arvato Systems’ total capacity.

RTL Group reports 19 billion video views per month (in 2011: 1.9 billion).

9,000 online video channels are offered by Bertelsmann companies.

RTL Group is Number 1 on YouTube, which now has 1 billion users a month.

1 bil
2016

4 bil
2020

+33.3%
“A market with growth potential, a clear USP, scalability, and a viable digital business model – these are the criteria that all growth platforms at Bertelsmann must, and do, fulfill.”

“We have invested **three billion euros** into our growth platforms since 2012. Their revenue contribution has concurrently increased from 1.8 billion to 3.2 billion euros. The target is a revenue contribution of six to seven billion euros in 2020, and annual organic growth of nine percent.”
“WE ARE MAKING GOOD PROGRESS EVERYWHERE WITH THE DEVELOPMENT AND EXPANSION OF OUR GROWTH PLATFORMS:

at RTL Group, the aggregation and monetization of online video, and video production for various platforms by Fremantle Media; at Arvato, the diversified e-commerce services and financial services; at BMG, the most comprehensive music-rights management; at the Bertelsmann Education Group, online learning in the health and technology sectors, and educational services.”
1 Management Meeting participants outside the Gütersloh Theater 2 Edward Fields, CEO and Chairman, HotChalk 3 Kay Krafft, CEO, Bertelsmann Education Group 4 Jim Triandiflou, CEO, Relias 5 Mike Mutka, Chief Strategy and Corporate Development Officer, Relias 6 Stefan Mayer, Managing Director, Arvato SCM Italy; Frank Schirrmieister, CEO, Arvato SCM Solutions; Frank Kebsch, CEO, Arvato Financial Solutions; and Jan Altersten, CEO, Arvato Financial Solution Nordics (from left) 7 Max Dressendorfer, CFO, BMG (l.), and Hartwig Masuch, CEO, BMG 8 Thomas Mackenbrock, SVP, Business Strategy, BMG 9 Participants in the Gütersloh Theater auditorium
BERTELSMANN MANAGEMENT MEETING 2016
Read more about the meeting in Gütersloh of Bertelsmann’s top 500 executives, on BENET.
Briton Dave Stewart is one of the world’s most successful musicians and songwriters. He can look back on an artistic career spanning decades in which he has sold over 100 million albums. Now he works together with BMG. “The reason I like BMG is that it feels very fresh and full of energy,” said the artist in a video message praising his new musical partner. Stewart’s recorded message from Los Angeles was part of BMG CEO Hartwig Masuch’s presentation to the Management Meeting 2016 at Gütersloh City Theatre.

As a creative professional, Stewart has long since been active in multiple areas of the media, so BMG being part of Bertelsmann was a decisive factor for him in choosing his new musical partner. “Bertelsmann has so many creative outlets for someone like me,” Stewart told the company managers via video. The first fruit of this cross-media collaboration is Dave Stewart’s memoirs, “Sweet Dreams Are Made of This: A Life in Music,” which Penguin Random House published in the English-speaking world in February. The title refers to the eponymous 1983 hit by the Eurythmics that gave the British pop duo consisting of Dave Stewart and Annie Lennox a number one hit in the U.S., and was listed in the “Best 500 songs of all time” by “Rolling Stone” magazine.

PREFACE BY MICK JAGGER
The book, published in North America by NAL and in the UK by Viking, is the first memoir by a member of the Eurythmics. The preface to “Sweet Dreams Are Made of This” was penned by Mick Jagger, as Dave Stewart not only wrote hits for the Eurythmics, but also supplied and produced hits for stars like Jagger, Gwen Stefani, Stevie Nicks, Jon Bon Jovi, Brian Ferry, Bono, and Tom Petty. This also explains why “Rolling Stone” praises him as a “musician’s musician.” According to Bob Dylan, “Dave is a dreamer and a fearless innovator, a visionary of high order, and an explosive musician who innately recognizes the genius in other people and puts it into play without being manipulative.”

In addition to his work as a musician, songwriter and author, Dave Stewart developed the songwriting talent show “Songland,” which he sold to the U.S. network NBC and whose publishing rights he will manage in collaboration with BMG. “Songland” will start in autumn of this year. In his video message, Stewart said that he is also working on a new TV show in the UK with BMG. And he will bring new artists to BMG Recordings. “It’s interesting to be able to jump across the various mediums and see how they all connect together,” said Stewart. “No other music company could offer me so many opportunities, to be able to work in all these different mediums.”

“Bertelsmann has so many creative outlets for someone like me.”

When Dave Stewart went to find a new partner to administer his entire solo work as a songwriter mid-last year, he chose BMG – for reasons that go far beyond the music publishing business.
The Future of Shopping

Arvato creates benefits for retailers and customers with solutions for digital payment and flexible supply-chain management.

In Altersten’s world, the only payment item that people will need when they go shopping is a bracelet. Of course, the Managing Director, Arvato Financial Solutions, Scandinavia doesn’t mean just any ordinary piece of jewelry, but a high-tech accessory. The bracelets are equipped with near-field communication (NFC) technology, which enables the contactless exchange of data via radio technology. You pay in stores by placing the bracelets in front of sensors, and the purchase price is debited from your account. Altersten believes that soon consumers will only pay using such “digital wallets”: “It’s faster, more convenient, and more secure.”

A world without cash? It’s closer than you might think. In Altersten’s native Sweden and in Denmark, three quarters of all payment transactions are already cashless. In the UK, cashless purchases exceeded cash purchases for the first time in 2015. In China, 200 million people now use their smartphones to pay. The United States is still lagging behind, but is catching up. The Germans still have a long way to go, with 80 percent of payments still being made in cash.

DATA IS THE CAPITAL

Arvato believes in digital payment because it also has great advantages for retailers. According to a study by the financial service provider USA Technology, consumers spend 32 percent more money on average if they pay for their purchases without cash. Likewise, the information generated during payment transactions is valuable because it gives a more detailed picture of buying behavior and preferences. This data is also the capital of the Arvato subsidiary Afterpay, which enables consumers to decide when and how they pay their bills. In return for this greater flexibility, retailers get more insight into their clients. In the Netherlands, Afterpay is the market leader for downstream payment processes; the service is now offered by more than 4,000 online shops in Europe.

E-COMMERCE IS BOOMING

Paying after delivery is an especially useful option when shopping at online fashion retailers. Around half of all clothing items ordered online are returned. And that’s considerable, because the e-commerce market is booming, especially in the fashion industry. Supply-chain management providers are required to cope with an ever-growing volume of orders with ever-shorter turnaround times.

This is why Arvato SCM Solutions is investing in state-of-the-art infrastructure and technology to provide the full range of logistics (SCM) processes across all channels. The Hannover site, which opened in 2014, plays a pioneering role here. Its fully automated bag-sorting system ensures that more than 200,000 items per day can be shipped. But fast delivery is just one factor in the sophisticated machinery.

DELIVERY TO THE CAFÉ

Online retailers already enable consumers to order a new outfit via smartphone and pick it up at a branch. Thanks to real-time inventory management and its network of logistics sites, Arvato can even deliver the order to a café or office. “We make sure the product goes to the customer and not the other way round, as has usually been the case previously,” says Stefan Mayer, Head of Beauty & Fast Moving Consumer Goods (FMCG), Arvato SCM Solutions.

Financial services that are revolutionizing payment processes, and e-commerce logistics that are no longer bound to traditional delivery times and locations: At Arvato, the future of shopping has already begun.
Out of the Garage

Classic startup legends begin with ... a garage. And end with global success. To shorten the journey from one to the other, many founders seek a strong partner. A partner like Bertelsmann.

A strong partner is likewise vital for the young education companies and holdings in the Bertelsmann Education Group. Whether Relias, HotChalk, or Udacity – when asked what they expect from their alliance with Bertelsmann the first response is: support for international expansion. They want to grow, and are relying on the network and expertise of the global brand, Bertelsmann, for their growth. They want out of the garage and into new markets. Two examples.

UDACITY

We don’t know if the former Stanford professor and inventor of Google Glass and google Car really conceived his own company Udacity in a garage (or whether the latter was already occupied by his Tesla at the time). What we do know is what Thrun said in September 2014 when Bertelsmann first invested in his company: “We’re delighted to have an internationally networked partner like Bertelsmann, who shares our enthusiasm for the education business, on our team. Our ideas and expertise will prove mutually enriching.” A year later he went a step further: “Together, we will continue to expand our business across the globe in the years ahead, to democratize education for everyone.”

That was in October 2015. Bertelsmann provided advice and support for the launch in China, a country in which eight million IT developers work (i.e. potential Udacity customers). Since April 2016, Udacity has offered 100 online courses on a Chinese domain, including some of its most popular nanodegree programs such as “Beginning iOS,” “Android Developer,” and “Machine Learning.” “We want to ensure that Chinese graduates from our nanodegree programs have all the skills to succeed and to be in demand at China’s top tech companies,” said Clarissa Shen, Vice President, Udacity, in the Udacity blog regarding the China launch.

The next step followed in June, when Udacity launched in the German-speaking territories. Germany, Austria and Switzerland are among the five fastest-growing regions for Udacity, with users primarily from the automotive, financial, and IT sectors. The Bertelsmann Education Group assists Udacity with its market expertise in online marketing, with communications, and with contacts for developing strategic partnerships. A native of the German city of Solingen, Sebastian Thrun sees the German market as holding “great potential for our offers – employees with IT skills and digital expertise are more needed than ever before.”

RELIAS

Within less than ten days after Udacity’s European launch, Relias, also a Bertelsmann Education Group company, began operations in Europe – in the UK, to be precise. Britain is the first market outside the U.S. for the provider of online healthcare training, which, for the record, was not started in a garage, but in founder Mike Mutka’s daughter’s nursery.

He, too, had clear expectations of Bertelsmann when the Group acquired Relias in fall 2014: “After a period of rapid growth in the U.S., we needed a strategic partner who would help us expand internationally, as well as in the long term.” This partner was Bertelsmann, of whom Relias CEO Jim Triandiflou says: “We are part of the growth strategy of a global corporation. Before the acquisition, no one at Relias would have even dared think about the opportunities that are open to us from now on.”

One such opportunity was the launch in Britain in mid-June. Months beforehand, Relias had sent a small team headed by Deanna Roepke to London. They set up shop, again not in a garage, but in the offices of sister company BMG – its first point of contact with Bertelsmann and its network in the UK Today, Arvato UK also supports Relias with leads for potential customers and partners, while Penguin Random House UK handles its payroll.
Relias did not have to completely reinvent itself in Britain, of course. “Some of our courses and content from the United States are easily transferrable; some require adaptation, and yet others we have to develop from scratch,” said Roepke in the lead-up to the launch. On the launch day itself, she declared: “There is a critical need for high-quality, impactful, cost-effective eLearning in the UK right now. The Relias Learning system has a long track record of dramatically reducing training costs while increasing productivity and the quality of care.”

Relias initially offers 28 mandatory training courses that all health professionals must complete each year, as well as courses to obtain a care certificate. In June, five new training units were added, and more will be added through the end of the year for various programs in care for the sick or elderly.

Alex Osadzinski, Managing Director Global Operations, Relias, already has a clear idea of how the company’s international expansion will continue after the UK. “Our goal is two new countries per year,” he says in an interview with INSIDE. “Our wish lists are Germany, China, France, Spain, Italy, India and Brazil.” Countries, in other words, where Bertelsmann is anything but unknown and can provide assistance – and again, eliminating the need for garages.

“We are part of the growth strategy of a global company”

JIM TRIANDIFLOU, CEO RELIAS

Garages have been the cradle of many a successful company – like this one, where William Hewlett and David Packard laid the cornerstone for Hewlett Packard in 1937.
Bertelsmann has invested a total of €3 billion in its growth platforms since 2011.

BMG manages the rights to 2.5 million songs – it would take 17 years to listen to them all.

Bertelsmann has made significant progress with its strategy of identifying and promoting businesses with high growth potential and digital strengths.

The revenue share from growth platforms is rising from 1.1 (2011), to 3.2 (2015), to 6–7 (2020) billion euros.
The global education market has a revenue volume of US$ 5.5 trillion

10,000 customers across various sectors engage the financial services offered by Arvato Financial Solutions

250 million people use the e-commerce shops operated by Arvato

70,000 artists and songwriters are signed with BMG

Arvato Financial Solutions performs 170 million credit checks a year

28 million courses are completed each year by the Bertelsmann Education Group’s matriculants ... in 168 countries around the world
“On the basis of their market size, competitive situation and regulatory environment, we have defined China, India and Brazil as key growth markets for Bertelsmann. In all three countries we are focusing on driving forward our content businesses – especially the book- and music-publishing businesses, as well as online video and video production – as resolutely as we advance the services business and our fledgling digital and educational activities.”
“WE HAVE DEFINED CLEAR PRIORITIES FOR OUR GROWTH REGIONS AS WELL,
and they lose nothing of their validity notwithstanding the latest economic challenges in the three countries. The long-term prospects there remain good, their growth rates are well above those in Europe or the U.S. And so, especially in China, India and Brazil, it is crucial to have stamina, patience, and a willingness to take risks – all of which we have, in Gütersloh as well as in the three new corporate centers in Beijing, New Delhi and Sao Paulo.”

“Bertelsmann has an ongoing commitment to the mid-term goal of achieving a combined revenue contribution of one billion euros in China, India, and Brazil.”
1 Iliane Weiß, Publisher, Women, at Gruner + Jahr (on left), and Brigitte Huber, Editor-in-Chief, G+J magazine “Barbara”  2 Karin Schlautmann, Head of Bertelsmann Corporate Communications  3 Sebastian Thrun, founder and CEO, Udacity  4 Immanuel Hermreck, Chief Human Resources Officer, Bertelsmann  5 The foyer of the Gütersloh Theater  6 Chen Dandan, Vice President Operations and CEO, Meili subsidiary TSJ  7 Ambareesh Murty, founder and CEO, Pepperfry  8 Gail Rebuck, Chair, Penguin Random House UK, and member of the Bertelsmann Group Management Committee (GMC)  9 Steven Moran, Chief Learning Officer, Bertelsmann; Rebecca Smart, Managing Director, Ebury Publishing; Iliane Weiß, Publisher, Women, Gruner + Jahr; Nico Hofmann, Co-CEO, UFA; Brigitte Huber, Editor-in-Chief, G+J magazine “Barbara”; Gail Rebuck, Chair, Penguin Random House UK, and member of Bertelsmann’s Group Management Committee (GMC); Tom Weldon, CEO, Penguin Random House UK; and Frank Hoffmann, Program Director, RTL (from left)
BERTELSMANN MANAGEMENT MEETING 2016
Read more about the meeting in Gütersloh of Bertelsmann’s top 500 executives, on BENET.
China plays an important role for Bertelsmann. Nearly all of its divisions have operations there and are further intensifying their activities. In addition, Bertelsmann has invested in attractive Chinese startups and other promising companies. The strategic investment platform Bertelsmann Asia Investments fund (BAI) is the basis of such investments, with a focus on digital media, e-commerce and education. It is headed by Annabelle Long, CEO, Bertelsmann’s China Corporate Center in Beijing, which has already invested in more than 60 companies since it launched in 2008.

“China is a very important market for us,” says Long. “It’s an exciting and dynamic market, and we see great potential for growth.”

The stars in BAI’s portfolio include Meili, now China’s largest Internet shopping community in women’s fashion. Meili’s largest unit and core brand is Mogu Street.

Two further rounds of funding followed, with BAI once again participating in both of them, thereby securing a significant share of the company. “We expressly thank Bertelsmann for the confidence that it has placed in us in recent years,” said Dandan Chen, Meili Vice President, Operations, at the Bertelsmann Management Meeting in Gütersloh. “Without this support, our development would not have been possible.” In January, the company merged with its competitor Meilishuo, another leading fashion shopping platform in the country, to form Meili.

A WORTHWHILE INVESTMENT

2,000 employees now work at Meili at sites in Hangzhou and Beijing, with its Mogu Street, Meilishuo, T-World and Mogu & Uni brands. Together they cater...
to the various needs of very different age and interest groups with diverse products and services. Mogu Street alone, which is aimed at the target group of young women aged between 18 and 23, has around 130 million registered users – ten million of whom use the network every day, buying and intensively exchanging information about their favorite subject, fashion, on the platforms by posting photos, videos, and even live broadcasts. Meili is not only the overall market leader in online fashion shopping in China, but also China’s fourth-largest e-commerce marketplace and fourth-largest social community. With regard to all key indicators, the company continues to develop extremely dynamically – making it a solidly worthwhile investment for Bertelsmann.

INDIA: Furniture for the Masses

Not fashion, but furniture and other home furnishings are available on the Indian portal Pepperfry.com. It was founded in Mumbai in 2012, and Bertelsmann has owned a stake since 2014, through Bertelsmann India Investments (BII) – another strategic investment platform that focuses on digital business models in the media, services and education sectors, which has acquired shares in eight promising Indian startups to date. Pepperfry has proven a fortunate choice, as the bricks-and-mortar market in India for such products is badly underdeveloped – while the need of many people to acquire furniture for their homes is growing rapidly. The online marketplace, which partners with more than 5,000 small producers throughout the country, offers its two million customers home delivery in more than 500 cities. Moreover, Pepperfry has now developed into a popular and successful brand in the Indian market.

BRAZIL: Focus on Education

The focus of Bertelsmann Brazil Investments (BBI) is on the education sector. Last year, Bertelsmann acquired a significant stake in Affero Lab, Brazil’s leading provider of corporate training. The market for corporate training has already reached a relevant magnitude in Brazil and continues to grow dynamically. Management skills such as leadership or project management, the very tools needed daily on the job, are rarely taught at academically oriented universities. So Brazil’s big companies are increasingly looking for practical forms of corporate training to keep their employees fit for the tasks they face. More than 200 corporate customers now avail themselves of Affero’s mix of classroom and online offerings, resulting in more than a million people trained annually.

BBI invests, both directly and in partnership with the investment company Bozano, in companies from the education sector, and in universities with a medical focus. BBI will continue to pursue this combination of the health and education sectors.
Great Strategic Importance

A promising growth story continues to lie ahead for China, India and Brazil

China, India and Brazil, Bertelsmann’s designated growth regions, retain their major strategic importance for the company and continue to have promising growth potential in the relevant market segments for Bertelsmann. Shobhna Mohn, Executive Vice President, Growth Regions at Bertelsmann, is certain about this, as are the three respective heads of the Corporate Centers in Beijing, New Delhi and São Paulo – Annabelle Long, Pankaj Makkar and Marc Puškarič.

CHINA
China remains a highly attractive market, Annabelle Long says, with conviction. “We mustn’t forget that China’s gross domestic product still grew by more than six percent in the first quarter of this year,” she says, pointing out that for the first time, more than half of this growth was generated by the services sector, and especially in the high-tech and IT sectors. So, the country is well on its way to sustainable growth.

The Bertelsmann Corporate Center in Beijing provides support for all Bertelsmann divisions seeking to develop the Chinese market or expand their businesses there. Some Bertelsmann companies that are increasingly successful in China are Arvato, with growing digital services, Fremantle Media, with new TV shows and partners, and Penguin Random House, with increasing sales and cooperation with local companies. BMG recently renewed its partnership with the Chinese Internet giant Alibaba, while the Bertelsmann Education Group has now ventured into the world’s most populous country with Udacity and Relias. In addition, Bertelsmann Asia Investments (BAI) has invested in more than 60 startups to date, and has already made some financially successful exits. For example, one star of the BAI portfolio is the social fashion network Mogujie, which is now China’s largest Internet shopping community for women, with over 15 million daily users.

INDIA
Pankaj Makkar, Head of the Bertelsmann Corporate Center in New Delhi, is likewise optimistic about Bertelsmann’s future prospects in India – the world’s second-most populous country. Experts expect that India will be the world’s fastest-growing national economy in 2016. In particular, the large percentage of young people in the population and growing private consumption make the subcontinent an attractive market for Bertelsmann and its companies. Add to this the government’s planned reforms, which will make entrepreneurial commitment more attractive and should continue to spur economic growth in the years to come.
According to Marc Puškarič, head of the Corporate Center in São Paulo, the situation in Brazil is more difficult. The GDP is shrinking and the country is battling high inflation, a weak currency and political instability. It is unrealistic to expect an improvement before 2017, said Puškarič. However, the fundamental data on which the investments in Brazil are based remains intact: a population of around 200 million; a correspondingly large domestic market with a growing middle class; a democratic system of government with more intensive anti-corruption efforts than ever before. The economic recession and political crisis can be seen as an opportunity for companies to prepare for the next growth cycle, he says, with the Corporate Center in São Paulo assuming important business-support functions – for example, supporting Arvato with the revision of its strategy, facilitating the market entry of BMG, StyleHaul and Udacity, and promoting cross-divisional exchange. The local Corporate Center also generally strengthens Bertelsmann’s branding and position in the Brazilian market. Meanwhile, Bertelsmann Brazil Investments (BBI) invests in promising companies in the education sector, both directly and in partnership with the Brazilian investment company Bozano. For example, BBI owns a significant stake in Affero Lab, the leading corporate training provider in Brazil.

“Through our three strategic investment platforms in China, India and Brazil, we have created myriad additional growth options. We believe that a combination of organic and acquisitive growth will enable us to create a stable foundation for the future development of Bertelsmann in these attractive regions,” Shobhna Mohn concludes.

The Corporate Center in New Delhi also supports Bertelsmann companies with their initiatives in India. This includes direct support in developing businesses, but also contributing knowledge and facilitating an exchange between units on the ground, as well as strengthening the Bertelsmann brand in the Indian market. Moreover, the strategic investment platform Bertelsmann India Investments (BII) has a portfolio of eight startup companies in the fields of digital media and services, and in education. They include shares in the music streaming service Saavn, India’s leading marketplace for furniture, Pepperfry, and the university services provider iNurture.

Vocational and corporate training is a major priority in Brazil – and an attractive business for Bertelsmann.

The proportion of young people in India and increasing private consumerism make India an important market.
In the medium term, Bertelsmann aims to generate a revenue contribution of €1 billion in the growth regions.

China’s gross domestic product still grew by 6% in Q1 2016; that of the United States by 0.5%.

Since its establishment in 2013, BII has invested in 7 promising startups in India, including Pepperfry, Saavn and iNurture.

Bertelsmann Investments, through its holdings, reaches 500 million people a day in China alone.

Participate in economic growth in large, emerging markets like China, India and Brazil – this strategy is enabling Bertelsmann to take advantage of these countries’ great potential.
The Meili shopping community has 10 million users a day, and is the fourth-largest social community in China.

India’s gross domestic product will grow by 7.8% p. a. in the next three years.

Bertelsmann has holdings in more than 100 digital startups in China, India and Brazil.

540 million Indians will be using the Internet by 2020.
Your opinion counts!

This year, all Bertelsmann employees will once again have the opportunity to give their opinion and help shape their company: during the fifth international Employee Survey, from Nov 7 until Nov 21. This time, more than 105,000 people at 500 companies in over 50 countries can participate – more than ever before.

These regular surveys are a Bertelsmann tradition: The first Employee Survey was held in Germany in 1977, and the first worldwide survey was conducted in 2002. The participation of each individual is essential, for the higher the participation rate, the more representative and valuable the results are. And while participation is crucial, the subsequent work with the results at Group, divisional, company and team level is just as important. Managers play a key role during this period, because they are responsible for working constructively with their teams on the results to derive measures for improvement and systematically put them into action.

Further and more detailed information about the Employee Survey is available on BENET.

HOW DO I PARTICIPATE?

→ If your company is conducting an online-only survey, on the first day of the survey you will receive a one-page cover letter with anonymous access codes for the online survey. Along with this letter you will receive a supervisor code sheet. Enter the code from the supervisor code sheet in the online questionnaire as soon as you are prompted. This ensures that your answers are assigned to the correct team.

→ If your company is conducting the survey with paper questionnaires, you have a choice: You can fill in the paper questionnaire directly and deposit it in one of the drop boxes provided, or complete the questions online. The first page of your paper questionnaire contains anonymous access codes for the online survey. In both cases, enter your supervisor code from the attached supervisor code sheet in the questionnaire so that your answers can be assigned to the correct team.

→ The survey takes about 15 minutes and can be completed during working hours.

WILL MY ANSWERS REMAIN ANONYMOUS?

→ The answers that you provide in the survey are guaranteed to remain anonymous. Results for a given team will only be evaluated if at least five employees from that team have participated. However, in the questionnaire you can specify whether your team's evaluation threshold can be reduced to three. Socio-demographic evaluations are only run for groups of at least 30 people, and only at company level.

→ The Corporate Works Council and Bertelsmann’s data protection team are actively involved in the survey preparation, implementation and follow-up, and guarantee compliance with all data protection legislation.

THE EMPLOYEE SURVEY IS IMPORTANT …

→ … for employees and employee representatives, as an instrument to shape the targeted improvement of working conditions.

→ … for managers, as a tool to improve their leadership performance and team collaboration.

→ … for the general management, as a strategic measurement and steering tool.

WHAT’S NEW THIS YEAR?

→ Given the realignment of numerous lines of business, the Employee Survey in 2016 addresses the topic of “change management” for the first time, taking a closer look at how people experience change in their company.

→ To better prepare managers for their role in the lead-up to the survey, and for engaging with the results and follow-up in their team, this year digital tutorials are provided on Peoplenet for the first time.

→ A growing number of companies have opted to carry out the survey exclusively online. As a result, most of the participating divisions have now dispensed with printed questionnaires.
“To Empower. To Create. To Inspire. This statement sums up our shared sense of purpose that empowering our employees is an important element of our work at Bertelsmann. The Employee Survey gives colleagues at all divisions and levels of our Group the opportunity to actively participate in the development of their company and working environment.”

IMMANUEL HERMRECK
Everyone, from trainee to manager, can tell the company about their expectations and needs thanks to the Employee Survey. Every single person can point out strengths and weaknesses, thereby contributing to the company’s further development.

Petra Winkelmann
Corporate Center

The Employee Survey offers me, as manager and employee, the opportunity to give feedback about our company. RTL taking action on this feedback shows that your opinion is highly valued.

Rutger Maree
RTL Nederland

“FOR ME THE EMPLOYEE SURVEY IS ...”
Selfie campaign ahead of the big Bertelsmann Employee Survey in November

“Take part! Take action!” – We take this motto of the Bertelsmann Employee Survey literally in INSIDE and on BENET by giving you the opportunity to participate in our worldwide selfie campaign. All you need to do is complete the sentence “For me, the Employee Survey is ...” and send us a selfie or short video with your thoughts about the Employee Survey to benet@bertelsmann.com. Selected photos and videos will be published on BENET and in other internal media. We will give away ten smartphone holders with grip stabilizer – for keeping a calm hand for the next selfie or video shoot!

benet@bertelsmann.com

Survey: Fill in print questionnaires or click online – both methods are used at Bertelsmann. The trend is moving towards the online questionnaire.
Employee Survey 2016
November 7–21

Take part!
Take action!

November 7 marks the start of the worldwide employee survey. Take the time to share your thoughts on important aspects of your professional life and help shape the future of our company.

The Employee Survey is an opportunity for our voice to be heard. It is our responsibility to give honest feedback so that actions can be taken to improve our company.

James McParland
DK UK – Dorling Kindersley

For us, the Employee Survey is a fantastic tool for taking stock of the company. And it is motivating for everyone, that as employees they are actively involved in shaping the company.

Sandra Harzer-Kux
TERRITORY

DO YOU STILL HAVE QUESTIONS?
You will be provided with further information about the Employee Survey on BENET. If you have any further questions, please contact your division’s survey representative:

RTL Group:
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Kathleen Behrens, +49 40 / 57 01-30 91 36, kathleen.behrens@prinovis.com

Your HR department can provide you with the name of your company survey representative. More information about the Employee Survey is also posted on the Bertelsmann University website:

https://www.bertelsmann-university.com/imported-programs/employee-survey

More information about the employee survey can be found in BENET under News/Dossiers or with the QR link below:

"A chief financial officer has to have a passion for the business."

Bernd Hirsch had his first day as Bertelsmann CFO at the beginning of April. In an interview with INSIDE, he talks about his first few months in office, a sound financing policy, the advantages of a decentralized family-owned business, and his interactions with the financial experts in the divisions.

Bernd Hirsch most recently served as CFO for the global fragrance and flavorings manufacturer Symrise AG. Since December 2009, he had supervised the MDAX-listed Group’s accounting, controlling, finance, treasury, investor relations and risk management, among other responsibilities. Prior to becoming a Board member at Symrise, Hirsch worked at the Carl Zeiss Group for seven years. A business graduate, he began his career at the accounting firm Arthur Andersen in Stuttgart. Hirsch is married and has three children.

Mr. Hirsch, do you feel you have arrived and above all been accepted at Bertelsmann?

BERND HIRSCH: Both – and really from day one. Right from the start, I felt very welcome both here at the Corporate Center and among my financial counterparts in the divisions. Bertelsmann has a gratifyingly open culture, coupled with a keen interest not only in new things, but also in new people, like me. So I’ve had extremely positive interpersonal experiences, and at all levels: I’ve had some very good conversations with the shareholders so that the necessary relationship of trust can form. I’m in close consultation with Thomas Rabe – we have very similar ideas. On the Executive Board overall, we also treat each other constructively, in the awareness of being jointly responsible for the company’s management and wanting to steer it in the same direction. In my team I have discovered excellent, passionate financial professionals who are simply fun to work with. And the same applies to the Bertelsmann financial community. In short, today, I sometimes think I’ve been here a lot longer than just a few months, even as it’s clear to me, of course, that as a newcomer, I still am finding my place in the company.

Were there any surprises?

I’ve neither been surprised – nor have I been a source of surprises. Both of these things were important to me. And for this reason, or simply because of my line of work, I prepared myself very intensively for Bertelsmann and my new job. So, I was aware beforehand of how broad our company’s portfolio is, but once you’re on the inside and can take an even deeper look at the businesses, the diversity of Bertelsmann has proven quite impressive for me – but not surprising.

How did you prepare? Did you use the several months’ break between leaving Symrise and starting at Bertelsmann, or was this time reserved for other things?

You know, I’m a happy and contented person and never felt the need to chase after any missed opportunities. So there was no world travel, no adventure, no journey of self-discovery when I left Symrise. After 15 years of commuting home each weekend, I just spent three months straight with my family in Neuler near Ellwangen in Swabia, reading and of course, familiarizing myself with my work on Bertelsmann topics.

Why did you choose Bertelsmann?

Because I wanted a challenging environment. And I’ve found it at Bertelsmann. I already said it at the Management Meeting, Bertelsmann is not a place for people who want to rest and relax. The all-encompassing transformation to digital, accelerating globalization, and increasing volatility in the financial markets are all challenges that demand answers, but also enormous rapidity and flexibility in our decision-making. The beauty is that Bertelsmann has precisely this dynamic and is willing to try new paths. I’m also looking forward to now getting to know the media world from the inside. It’s fascinating to see how media are created, how they develop and how they work. However, the Arvato services businesses are no less interesting. Bertelsmann has built up tremendous expertise there as well.

How would you define the job of CFO?

Do you see differences between the CFO positions you previously occupied and Bertelsmann?

The common opinion is that the finance department always has the same tasks, regardless of the industry and business. But my aspiration as CFO was never to just look after “the figures.” In my opinion, this is an antiquated image of a CFO that no longer applies. Today, a CFO needs to develop a deep understanding, perhaps even a passion for the business, the products and the processes. He needs to understand exactly what the business does, because he is involved in all the
major decision-making processes of these businesses, even providing the basis for such decisions, for example, ones about investment.

**Before this, you had only been CFO at listed companies – does that perhaps result in differences?**

Yes, and no. Generally, there are two major differences between listed and privately owned companies. One is the long-term view that private companies can take, especially on risky subjects. They do not need to think in terms of quarters, and quite specifically can accept such things as startup losses. This is an enormous advantage in the kind of transformation process Bertelsmann is currently going through. The other difference is that there is a natural discipline at listed companies due to increased publicity and control.

But both differences are, as I said, more a matter of principle, because from what I have experienced at Bertelsmann so far, the long-term thinking of a private company is connected to the discipline of a listed company here. And of course we, too, have to be fit for the capital markets and be guided by international accounting and corporate governance standards. We do this rather well, incidentally.

**Does Bertelsmann’s decentralized structure present you with new challenges?**

No. I’ve always enjoyed working in decentralized companies. I like such an environment more than centrally managed organizations, because I prefer to convince people about something, rather than order them to do it. In the end, persuasion always leads to more sustainable results. In the process it is important that you have a clear focus and a clear goal and communicate it clearly and unambiguously. Therefore, I see communications as an important task in a company’s finance department.

**What about cooperation in the financial sector at Bertelsmann?**

A lot of things work perfectly; in other fields, there is still untapped potential. So, I think it’s right and a good thing that Thomas Rabe has put “more cooperation” on his agenda for the next few years.

**What do you plan to contribute to this?**

It must be clear that the Bertelsmann financial community is more than the Finance department at the Corporate Center. I want to bring this community together more closely, to promote...
exchange with and among the financial experts at Bertelsmann. We have the necessary conditions in place with the Finance Council and other formats, but we need to flesh them out more. So for me personally, the tour that is currently taking me to the respective sites of my finance colleagues at all eight divisions, is just one good thing after another. I’m taking my time for this intensive dialog. I look forward to it, and it gives me very valuable insights.

When you spoke at the Management Meeting in Gütersloh, you praised Bertelsmann’s current financial situation. Is the situation really so rosy, or are there also sticking points when you take a closer look?

The fact that Bertelsmann is financially so entirely sound puts the company in a good starting position for implementing our strategy, of course. However, we always have to be aware that Bertelsmann has a substantial financial limitation regarding the future transformation of its business: Bertelsmann is not listed, and so self-financing remains the dominant theme.

And that is why, as you also said at the Management Meeting, “cash is king”? Yes, exactly. It’s one of two key factors: Bertelsmann needs a constantly high cash flow to further reduce debt and obtain more freedom for investment. The Group also needs profitable growth, i.e., more revenue, but also to be more profitable.

Speaking of debt: It has increased slightly. Will this become a problem? I will certainly always keep a watchful eye on our level of debt, because it is decisive for our rating and hence, for our access to the capital market. However, there was nothing we could do about the fact that debt rose slightly recently, because due to the current low interest rates, purely in terms of bookkeeping we have set the provisions of our pension liabilities higher – which costs us financial flexibility. These are purely external factors.

Couldn’t Bertelsmann get a lot of cheap money quickly right now? The policy of cheap money may be a sweet drug for many companies. But at some point interest rates will rise again. For this reason, we cannot ease up on discipline and neglect our strict financing rules.

How does a numbers man relax? With my wife and three children at home in southern Germany, or playing sports.

Your hobbies of diving and kickboxing don’t exactly sound relaxing. They are actually. They complement each other perfectly. Kickboxing is about exhausting yourself, while diving is about total relaxation. Just the fact that there is silence underwater allows me to come down completely.

What is the best diving site in the world? It’s off the coast of Mexico, near Cancún.
For her 75th birthday, Liz Mohn was presented with honorary citizenship of the City of Gütersloh and is shown here holding the trophy. To mark the occasion, Bertelsmann donated a redesigned young readers’ department to the city – including many books, like those held here by Thomas Rabe.

**Video:** Children congratulate Liz Mohn and thank her for the donation.

75TH BIRTHDAY

**Bertelsmann Congratulates Liz Mohn**

Bertelsmann gifts Gütersloh City Library with the “Liz Mohn Children’s and Parents’ Library” in honor of Liz Mohn’s 75th birthday.

Your sense of identification, responsibility, and personal commitment are as indispensable for Bertelsmann as your ability to build bridges and transcend boundaries,” said Bertelsmann Chairman and CEO Thomas Rabe, congratulating Liz Mohn on her 75th birthday on June 21. Liz Mohn is Chair of the Bertelsmann Verwaltungsgesellschaft (BVG), a member of the Supervisory Board of Bertelsmann SE & Co. KGaA, Vice Chair of the Bertelsmann Stiftung foundation, and Founder and President of the German Stroke Foundation.

“Your work is in keeping with the tradition of the Bertelsmann and Mohn families, of which you represent the fifth generation in the spirit of your husband Reinhard Mohn,” added Rabe in his open letter, which was published on BENET and elsewhere. “The reliable ownership structure, your family’s long-view approach, and your efforts as guarantor of our corporate culture give us the stable framework that allows us to successfully develop Bertelsmann and change it where necessary. I would like to take this opportunity to thank you for entrusting us with this task.”

However, as Rabe pointed out, Mohn’s influence extends well beyond Bertelsmann, the Bertelsmann Stiftung and the foundations she established, such as the German Stroke Foundation and the Liz Mohn Culture and Music Foundation. The bestowal of numerous national and international awards to her testify to this, added Rabe, such as the Grand Cross of Merit of the Federal Republic of Germany, the Teddy Kollek Award presented in Israel, the Spanish Grand Cross, and her appointment as an officer in the National Order of the French Legion of Honor. And finally, he noted, shortly before her 75th birthday, she was made the first-ever female honorary citizen of her hometown of Gütersloh.

**WONDERFUL SIGN**

“The latter is a wonderful sign that you have never forgotten your roots – just as you have never forgotten the many thousands of employees at Bertelsmann,” wrote Thomas Rabe in his letter. “They are the recipients of your interest, efforts and support, for example, through the Bertelsmann Relief Fund that you launched for employees who have fallen on hard times through no fault of their own. Our colleagues can feel this level of responsibility and identification – and they are pleased that we can continue to count on it in future.” The Bertelsmann Chairman and CEO sincerely thanked Liz Mohn for her passionate commitment to Bertelsmann’s well-being and wished her all the best on her birthday – health, happiness and success in all her future projects. “Thank you for everything you have done and continue to do for Bertelsmann,” said Rabe.

The close ties between Liz Mohn and Bertelsmann on the one hand, and her hometown of Gütersloh on the other, were underscored by a donation that the company announced the day after Liz Mohn’s birthday: Bertelsmann is donating a newly designed section of the City Library specifically for young readers, inviting people to read and enjoy books in an atmospheric ambience. The current parents’ and children’s library in the basement of the City Library will be converted and redesigned at year’s end for this purpose. Current trends in media use and reading promotion, such as multimedia elements and gaming, will be incorporated into the design concept. The “Liz Mohn Children’s and Parents’ Library” is scheduled to open in the first half of 2017.
2015 was an extremely successful year for Bertelsmann – which is probably also why a whopping 15 Bertelsmann Awards were presented at this year’s Management Meeting in Gütersloh, the highest number in ten years. Chairman and CEO Thomas Rabe and CHRO Immanuel Hermreck presented the awards for outstanding entrepreneurial achievements in the categories of Financial Performance, Strategy Execution and Leadership at the Gütersloh Theater. The Group Management Committee (GMC) had suggested appropriate candidates to the Bertelsmann Executive Board, which then determined the winners. Entrepreneurs from RTL Group made a particularly strong showing, winning seven of the 15 awards. Penguin Random House was also well represented with a total of five awards.

Bertelsmann is bringing the “Last Folio” exhibition to Latin America. For two months from 18 August, 2016, selected artistic photographs by the renowned photographer Yuri Dojc will be on display in São Paulo. Dojc spent years tracking down possibly the last testimonials to historic Jewish culture in Slovakia – first on his own and then together with the filmmaker Katya Krausova. This resulted in still lifes of abandoned Jewish buildings and books left behind, as well as memorable portraits of survivors of the terrors of the Nazi regime. Bertelsmann had already brought the pictures, unique in their authenticity and intensity, to Berlin in spring 2015 to mark the 70th anniversary of the end of World War II. At the time, the highly acclaimed exhibition attracted thousands of visitors. Brazil is one of the countries where many Jews who fled before the Holocaust found a new home, therefore greater interest in the exhibition is to be expected.

BMG Acquires Alberts

Just a few months after launching in Australia, the music company BMG acquired the 131-year-old Australian company Alberts. As one of the world’s leading independent music companies, Alberts has released songs and albums by many of the greatest names in Australian music, including The Easybeats and their songwriters Harry Vanda, George Young & Stevie Wright, AC/DC, John Paul Young, Rose Tattoo and numerous contemporary songwriters including; Montaigne, Megan Washington, Brendan Gallagher, Josh Pyke, Urthboy, The Cat Empire and San Cisco.

IP Deutschland and G+J EMS Form Ad Alliance

Mediengruppe RTL Deutschland and Gruner + Jahr are strengthening their marketing collaboration. To this end, the marketers IP Deutschland and Gruner + Jahr e|MS have formed the Ad Alliance. Beginning January 2017 it will offer advertisers and agencies high-reach platforms and develop cross-media solutions and innovative advertising products. The Ad Alliance media portfolio includes the TV channels RTL Television, VOX, and n-tv, the magazines “Stern,” “Brigitte,” and “Gala,” and the digital offerings of both marketers. IP Deutschland and Gruner + Jahr e|MS will remain independent within the marketing alliance.
M6 WINS EUROPEAN CHAMPIONSHIP 2016

Merci, les Bleus!

Although the French national team failed to win the soccer championship in the end, it did make the TV channel M6 the big winner of the tournament: An average 20.8 million people watched the final between the host country France and the eventual European champions Portugal — more viewers than ever before for M6, and the fifth highest ratings in the history of French television. M6’s market share was 73 percent of the total audience, 76 percent among female heads of household aged under 50, and 81 percent of men in that age group. M6 was no doubt also pleased that the match was not decided in 90 minutes, but in extra time – as came to pass. Altogether, M6 broadcast eleven group and knockout-stage matches of the European Championships in France and thus achieved strong ratings for one game after the other. The average audience across all eleven matches was 9.7 million viewers per match.

PLANNING SECURITY FOR EMPLOYEES

Mohn Media Extends Job Guarantee

The job guarantee for Mohn Media, Probind, and Print Services Gütersloh (PSG) employees is being extended until 30 June 2019. The commitment was first agreed by the Mohn Media management and works council in 1997 and applies to everyone who signed the partnership package of 1997 and the job security package of 2003. For all employees hired after that date, and in a permanent employment relationship for at least two years at the cutoff date of July 1, 2010, the job guarantee is valid until mid-year 2017. Helmut Gettkant, Chairman of the Mohn Media Works Council, said: “Partnership is a valuable asset at Mohn Media. The job guarantee means planning security for many families in the region.”

“The Spy”: Paulo Coelho Writes About Mata Hari

Femme fatale, dancer, courtesan and ultimately sentenced to death as a spy – the life of Mata Hari (1876–1917) offers rich material for a book. To be precise, it has served as material for 250 books, twelve movies and innumerable plays. Nevertheless, on November 22 another book about her life will be published. And by none lesser than Paulo Coelho. “The Spy” will be published in the United States by Alfred A. Knopf. The publisher is likely to have managed a double coup: Firstly, Paulo Coelho, whose books have sold 200 million copies in 160 countries and translated into 80 languages with 17 million Facebook friends and nine million Twitter followers, is one of the world’s most popular, successful and bestselling authors by far. Secondly, Mata Hari is one of the most colorful and controversial figures of the already dazzling Belle Époque. “The Spy” will be published by Knopf in hardcover and as an eBook and by Penguin Random House as an audiobook and digital download. The Spanish-language edition will be published by Vintage Español, a Penguin Random House Grupo Editorial imprint.
You probably looked at the pictures on this page before anything else. Two pictures. Both taken on a Monday evening. Both show Dresden. One shows the nice side of the city, the other the other side. Let’s start with the other, not so nice side of Dresden. For a year and a half now, thousands of men like this one, waving signs like this one, have been roaming the streets of Dresden. They are part of a new, far-right, aggressive movement that began in Dresden: Pegida.

Their protest march eventually, inevitably winds its way towards our editorial offices. For 20 minutes, Pegida passes by our office windows, and for 20 minutes we hear them chanting. “Lying press! Lying press” or another favorite: “You should be ashamed of yourselves! You ought to be ashamed!”

What to do in such a situation?
Were we to describe the editors’ stance in a single sentence, it would be: “We want the best for the region and for the people who call this place home.”

Only, what is the best? These days. With Pegida?
The answer to this question came to us surprisingly easily. Because it is so clear, so simple. The best for Dresden, the best for Dresden’s people is for Pegida to disappear – along with the reasons that led to Pegida.

Thus, we developed three very different approaches:
1. Confrontation with Pegida protagonists.
3. Purposeful support of/reporting on the courageous people who take counteraction.

In concrete terms: We revealed the petty-criminal past of Pegida founder Lutz Bachmann (convicted for breaking and entering, assault and battery, drug dealing). We opened our newspaper to questions and concerns of Pegida sympathizers. And we support everyone who shares our liberal and solidarity set of values. In other words, anyone who advocates an open-minded, a tolerant, and yes, even a big-hearted Dresden.

Which brings us to the second photograph on this page. It was taken during the “Buntes Dresden” (Colorful Dresden) event. Several Dresdeners had turned the silhouette of the old town into a light show. On a Monday evening. As Pegida was marching.

We turned this motif into a postcard. We stuck it on the cover page of the Sächsische Zeitung. Gave out more than 200,000 of them – all of this was an idea from our management.

As an editorial team, we are grateful for the support we receive from our publisher. We are just as grateful to be able to research, report, and write in a group like Gruner + Jahr, like Bertelsmann in this day and age. A house where we experience true interest, respect, encouragement: a call or an email from Julia Jäkel or Oliver Radtke, from Hamburg to us here in Dresden. Or a post, a message from Karin Schlautmann from Gütersloh to Dresden. Or the conversations with colleagues at the Bertelsmann Management Meeting in June in Gütersloh.

For all this, a big thank-you from Dresden.

And perhaps the postcard picture on this page will encourage you to come to Dresden yourself one day.

Dresden is (except on Monday evenings) one of the most beautiful cities in Germany. Dresden is a city well worth living in, and well worth loving. Dresden is so much more than Pegida.

So, please do come! Just bring your open-minded, optimistic, refined way of life with you for a few days. It doesn’t take any more than that.

Uwe Vetterick has been Editor-in-Chief of Dresden-based “Sächsische Zeitung” since 2007. The newspaper is published by DBV Mediengruppe, which is majority-owned by Gruner + Jahr.
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