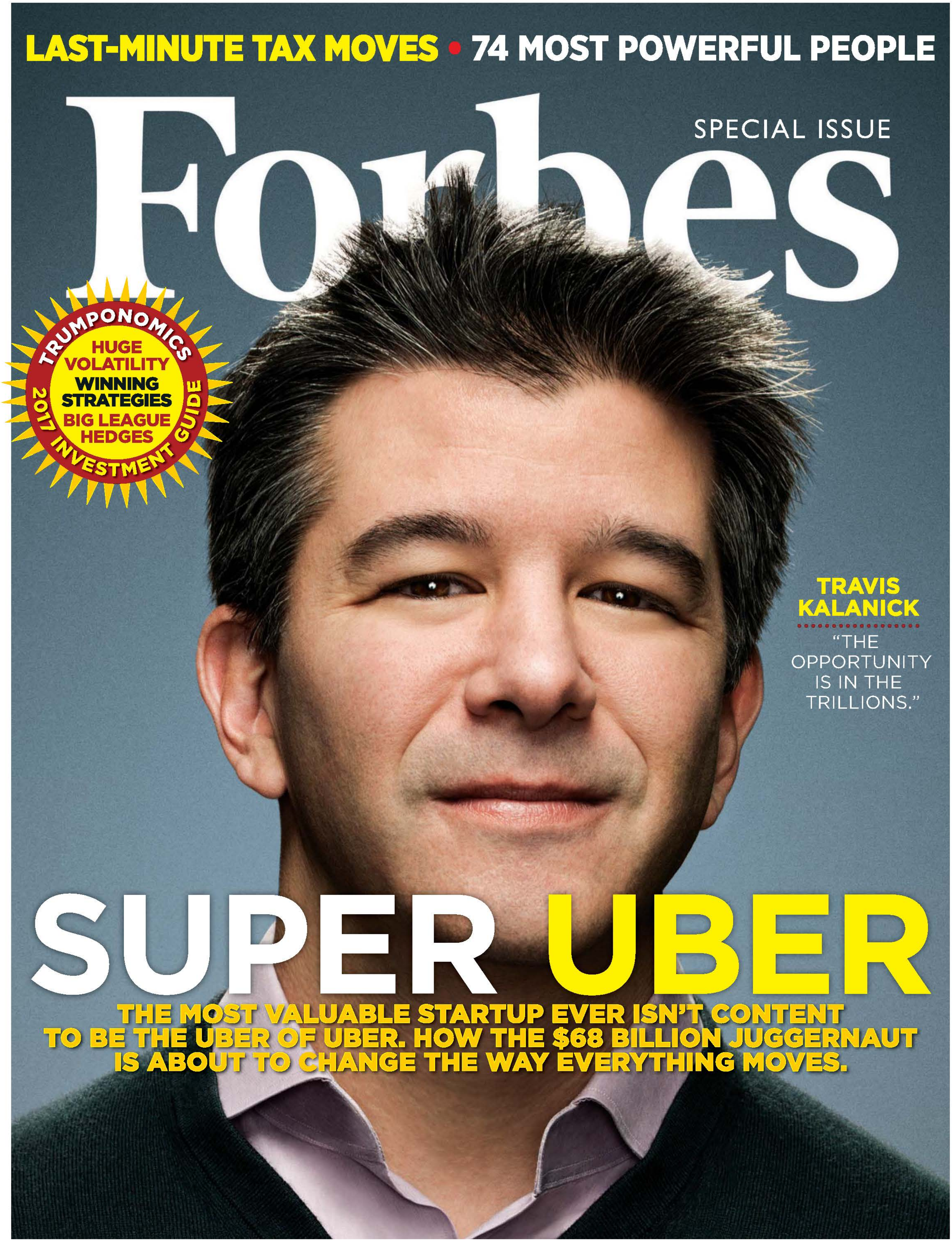
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SUPER UBER
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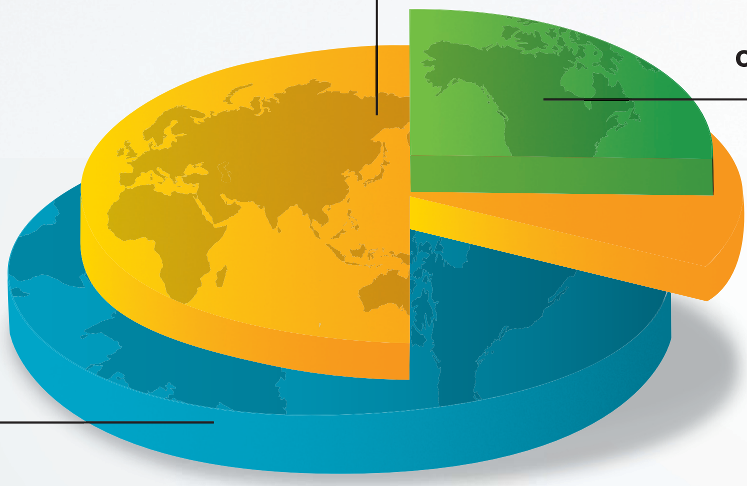
Is your portfolio TOO LOCAL

100%
of the time, over the past 30 years, the top-performing equity market has been outside the U.S.[1]

78%
of global GDP comes from non-U.S. countries.[2]

only 26%
of the world's publicly traded companies are based in the U.S.[3]



Diversify your portfolio with Fidelity international funds.

Before investing in any mutual fund, consider the investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

Past performance is no guarantee of future results.

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.

[1]Source: MSCI All Country benchmark returns 1986–2015.

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2017 INVESTMENT GUIDE


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Being able to pivot quickly will drive long-term success.
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DECEMBER 30, 2016 —VOLUME 198 NUMBER 9

FORBES (ISSN 0015 6914) is published semi-monthly, except monthly in January, March, April, July, August and September, by Forbes Media LLC 499 Washington Blvd., Jersey City, NJ 07310. Periodicals postage paid at Newark, NJ 07102 and at additional mailing offices. Canadian Agreement No. 40036469. Return undeliverable Canadian addresses to APC Postal Logistics, LLC, 140 E. Union Ave., East Rutherford, NJ 07073. Canada GST# 12576 9513 RT. POSTMASTER: Send address changes to Forbes Subscriber Service, P.O. Box 5471, Harlan, IA 51593-0971.

CONTACT INFORMATION
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INSIDE SCOOP

Three Resolutions For 2017

BY RANDALL LANE

YOU'RE HOLDING THE final issue of the final year before FORBES magazine begins celebrating its centennial. Our 100th birthday comes at a time of great discussion about the role of journalism, and the role of business, in the U.S. and the world. That heady confluence provides an apt time to refocus on how this magazine can better serve you, our reader.

With that in mind, we'd like to make three resolutions for 2017.

First, since FORBES has always espoused innovation and disruption (or "creative destruction," as an earlier generation knew it), we're going to hold ourselves to that credo. FORBES magazine has never had more print readers—currently 6.7 million, according to MRI, but results like that stem from perpetual reinvention. Accordingly, you'll see us develop better ways to package stories and convey content, and redouble our determination to bring you in-depth reporting and world-class photography. If we do our jobs right, you won't notice anything drastic—just that you're getting even more out of the magazine.

Second, since FORBES has spent a century calling it like we see it—no pulling punches, no conventional wisdom, no wasting our readers' time—we're going to be even more fearless. Free speech underpins democracy, which underpins the free market. We'll continue to practice it and defend it.

Finally, we will stay true to what FORBES has stood for since B.C. Forbes founded the magazine in 1917: free enterprise and free trade, lower taxes and smaller government, and, above all, championing the entrepreneur. These values have stayed consistent over the past 100 years, which overlap heavily with the American Century. That's not a coincidence. As such, we pledge to stay true to who we were and are as we enter 2017 and the next great century for our country—and FORBES.

"With all thy getting, get understanding"

WHY THE TRUMP TAX CUT SHOULD BE BIG AND BOLD

BY STEVE FORBES, EDITOR-IN-CHIEF

CRUCIAL TO Donald Trump's success as President is a vigorous economic revival, and key to that is a big tax cut. Both the tax plan Trump issued during his campaign and the one put out by House Republicans are pro-growth. But pressure is growing to scale down the scope of a tax bill, such as delaying reductions for individuals. Timidity here would be a big mistake.

The incoming administration should *expand* its tax package when it formally takes office. As Ronald Reagan did with his tax reform in 1986, it should reduce the brackets to two: in this case, 25% and 10%; it should also cut the levies on capital gains from 23.8% (this includes a 3.8% ObamaCare add-on) to 15% or less. Revenues would go up, as they always do when this tax is reduced. Do the same with dividends. Combined with slashing the tax on profits for corporations and so-called passthroughs to 15%, these measures would help stimulate the creation of new businesses, not to mention energizing consumers and investors. Progress is impossible without investment, and that can't happen without capital creation.

Substantially expanding exemptions for adults and children would neuter the inevitable Democratic charge of favoring the rich. Boosting the earned-income tax credit, which gives rebates to low-income earners, even if they owe no income tax, would also minimize political fallout. In fact, it would be politically wise to pretend that the Democrats made this happen.

The left will also cry these tax cuts "aren't paid for" and will balloon the budget deficit. So nice that the Democrats are suddenly concerned about Uncle Sam's red ink. The key is whether the economy booms as it did in the 1980s—back then, even though the national debt more than doubled by expanding $1.7 trillion, the net wealth of the nation soared $17 trillion.

The economy blossomed, and U.S. high tech became the envy of the world. Remember, Washington is supposed to be run by we the people, not the other way around.

By going bold the Trump White House would be better able to mobilize public support and would have more maneuvering room when negotiating with Congress.

Forget Anything Resembling a VAT

One tax initiative that should be strangled before it sees the light of day is to give a tax rebate to exporters and to impose taxes on imports. This would allegedly even the playing field for countries that have the VAT or a variation of it. These levies are rebated on items that are exported.

Shopping-minded tourists to countries like Britain know this process well: You buy something like a nice pair of shoes, get a VAT rebate form from the retailer, have it stamped at the airport and then plop it in a special mailbox. Weeks later you receive a check or a credit on your card. This supposedly boosts sales. Since the U.S. doesn't have a national sales tax, we can't do the same thing.

To get around this, some people are advocating that we slap a levy on imports to make their prices what they would have been sans the VAT rebate or not let importing companies deduct the cost of these items. Exporters would get a tax credit of some sort so that their products would be cheaper, just as if a VAT had been rebated.

It's a bad idea. Why do we want to make American consumers pay more for products while subsidizing foreign buyers? It also could put us on the slippery slope to our own VAT.

Concerning the supposed advantage VAT nations have, the answer is not to try to imitate them but rather to *reduce* our tax burden, which thereby reduces the costs of making products and services. Combined with reductions in regulations (which Trump has promised to do), lower taxes would help American companies be highly competitive again. Lest we forget, regs are another form of taxation. F

"With all thy getting, get understanding"

THE FORBES 2016 ALL-STAR EATERIES IN NEW YORK

In just a few decades the U.S. has gone from a culinary desert with a handful of oases (almost all in NYC) to a hothouse of gastronomic creativity with an ever-growing number of outstanding restaurants. The Big Apple is now a foodie utopia. Our stellar team of tasters—Forbes Media CEO Mike Perlis, FORBES Editor Randall Lane, FORBES contributor Richard Nalley and media maven Monie Begley, as well as brothers Kip and Tim—herewith reveal where to find the city's savory comestibles.

★★★★

Aska
Atera
Bâtard
Blue Hill
Daniel
Del Posto
Eleven Madison Park
Gotham Bar and Grill
Gramercy Tavern
Jean-Georges
La Grenouille
Le Bernardin
Le Cirque
Marea
The Modern
Per Se
The River Café
Tocqueville

Hip restaurant **Aska** offers one of New York's most elevating dining experiences. For an expensive yet once-in-a-lifetime dining event book seats at **Atera**'s 18-course extravaganza. Another hard-to-get reservation but a very particular type of luxury dining worth the effort is at **Blue Hill,** where chef/philosopher Dan Barber's distinct New American cooking has won an ardent following. **Per Se** still has it: the earnest, knowledgeable service, the pretty perch over Columbus Circle and, above all, the rotating sets of endless courses, paired with perfect wines. **Marea**'s Italian-inflected seafood is out of this world; save room for its selection of cheeses or its ethereal panna cotta with pistachio and basil. **Del Posto**'s lavish and expansive space is luxury on steroids; its extraordinary appetizers and main courses match the magical environs. Dining at **Bâtard** is simply perfect—with lots of "ahs" emitted as the courses flow. With consistently superb French-American-fusion fare served in a sophisticated yet low-key atmosphere, **Tocqueville** remains at the top of its game.


DEL POSTO

CLASSICS

*This new category puts the spotlight on longtime great restaurants whose All-Star excellence has been crucial in establishing New York's now indisputable reputation as the gastronomic capital of the world. (**The Four Seasons** will reopen at 280 Park Avenue. **Nobu** will relocate to the heart of the Financial District at 195 Broadway in early 2017. **Union Square Cafe** reopened December 8 at 101 East 19th Street.)*

Aquavit
The Four Seasons
Nippon
Nobu
'21' Club
Union Square Cafe

'21' CLUB


BLUE HILL

RICHARD LEVINE / ALAMY STOCK PHOTO (CENTER); BEN ALSOP (RIGHT)

★ ★ ★

ABC Kitchen	CUT by Wolfgang Puck	Monkey Bar
Ai Fiori	Dirty French	Narcissa
Annisa	Gabriel Kreuther	Nobu 57
Antonucci Cafe	Il Buco	NoMad Hotel
Aretsky's Patroon	Junoon	Osteria del Circo
Avra Madison	Le Coucou	Perry St
Benoit	Maialino	Peter Luger Steak House
Café Boulud	Marc Forgione	Porter House Bar & Grill
Carbone	The Mark Restaurant	Shun Lee Palace
The Cecil	Michael's	The Simone
The Clocktower	Momofuku Ko	Vaucluse

The Greek-accented food at **Avra Madison** would make any Greek mother proud; the grilled octopus, for instance, is beyond sublime. Newly opened **CUT by Wolfgang Puck**, located in the Financial District and set in a masculine but sleek new space with gaudy photographs and a touch of neon on the walls, has already staked a claim as one of the city's choicest steak houses. Here the sides, such as the creamed spinach with a fried egg, are not afterthoughts. At **Le Coucou** chef Daniel Rose's new versions and presentations of French classics have made him the toast of the toques. The setting is elegant bistro, with floor-to-ceiling windows and white brick walls ringing an open L-shaped room with views into the bustling kitchen. **Benoit** has reopened after a beautiful "face-lift." Its walls are now a soft pearl gray lit by romantic lighting, and its menu is as splendid as ever. **The Simone** is a deliciously authentic throwback to the best of French family restaurants. Now that **Momofuku Ko** is in its larger space (40 seats), reservations are easier to get. The rewards are dazzling: a dozen-plus courses that mix high and low, East and West (with heavy doses of French, Japanese and Korean). The drink pairings are similarly original. All the offerings at **The Cecil**—African-, Asian- and American-influenced—deliver a delectably dizzying array of tastes. **Ai Fiori** serves uniquely ideal Italian fare, from its perfect pasta courses to its lusciously baked veal chop. At **Carbone** you get two for one: amazingly authentic and delicious Italian food in right-out-of-Hollywood surroundings. For a first-rate Indian eatery **Junoon** is the place to go. Eat as many desserts as you can at **Annisa**, including the Fig Financier—the rest of the menu is as masterly.

BENOIT

LE COUCOU

JUNOON

PIERRE MONETTA (TOP LEFT); DITTE ISAGER (TOP RIGHT)

ABC Cocina—Cool venue with an excellent, eclectic Latin menu.

American Girl Cafe—Perfect place for preteen girls.

BEST BBQS: **Blue Smoke / Hill Country / Hometown / John Brown Smokehouse / Mighty Quinn's.**

BULL'S-EYE BURGERS: **Bedford & Co. / Bill's Bar & Burger / Black Iron Burger / BRGR / Brindle Room / Brooklyn Diner / Burger Joint / J.G. Melon / Minetta Tavern / Shake Shack / The Spotted Pig / Umami Burger.**

Casa Apicii—Noted California chef Casey Lane offers a refreshing L.A.-influenced Italian menu full of creative, beautifully prepared items.


SADELLE'S

Center*Bar—Lively center for creative cocktails and tantalizing treats overlooking Columbus Circle.

Chumley's—This restored West Village landmark speakeasy features a delightful library-themed decor and serves up delicious, classic American bar fare.

E.A.T.—A deli delight.

I Sodi—Authentically Tuscan-style menu in a quaint, urbane setting. Seven choices of a Negroni cocktail, in addition to a winning wine list. Don't ignore the chocolate cake.

Ilili—Deliciously desirable restaurant for lovers of Lebanese food.

Keens Steakhouse—Carnivores have been gleefully licking their chops here since 1885.

L'Artusi—This charming spot gives a textbook lesson in Italian tapas. Chef Joe Vigorito understands that great Italian food is based on simplicity with a dash of creativity, and he delivers in dish after dish.

La Chine—Offering the highest of high-end Chinese food, with such classic dishes as Peking Duck and cumin lamb rendered in the fanciest ways possible. Excellence and execution trump experimentation and innovation.


CHUMLEY'S


PONDICHERI

La Vara—Spanish, Jewish and Moorish influences blissfully blend together.

Petrossian—The king of caviar also offers other enticing edibles.

PIZZERIA PERFECTO: **Di Fara / Gina La Fornarina / Joe's / Kesté / Marta / Pizza Beach / Prince Street Pizza / Roberta's / San Matteo.**

Pok Pok NY—Outstanding Thai food that leaves foodie aficionados feeling high—legally.

The Polo Bar—Despite the equestrian theme, the kitchen doesn't mean-horse anyone with its quality. Still a "scene" for those who want to be seen.

Pondicheri—Creative fusion-style Indian dishes in sleek cafeteria decor.

Rotisserie Georgette—Always excellent chicken at this Upper East Side brasserie. Delectable desserts, too.

Sadelle's—From such traditional deli fare as bagels (perhaps the Big Apple's best) to French toast to Scottish salmon, Sadelle's always satisfies.

St. Anselm—A Peter Luger for millennials, this modest-size Williamsburg storefront grill exudes charm with a hipster spin. Note the Shriners banner on the back wall and the connoisseur-quality wines on draft.

Untitled—Stunning setting: a gorgeous glass box on the ground floor of the Whitney Museum, looking up at the end of the High Line. Tasty though limited menu.

Upland—Leaves you upbeat with hearty servings of California-cum-Italian-influenced offerings.

White Gold Butchers—Two lady butchers and April Bloomfield run this place. Every tempting item is sourced from the butcher shop within, and there's not a miss on the menu. The rib eye, for instance, is a perfect pink and ringed with fat—what butchers always refer to as "white gold."

LeaderBoard

DECEMBER 30, 2016

FORBES has been tracking Steven Spielberg's wealth for decades, and he first appeared on our cover, billowy suit and all, in September 1994 *(right)*. Although the famed director has had a poor run at the global box office of late—July's *The BFG* barely recouped its production costs—Spielberg, whose net worth is $3.7 billion, is now the second-richest celebrity in America. **PAGE 18**

PHOTOGRAPH BY JONATHAN LEVINE

Forbes LeaderBoard

BILLIONAIRES

America's Richest Celebrities

Fame might be fickle, but it sure pays well.

GOLF. RHYMING VERSE. Even fancy card tricks: There are innumerable ways to earn great fame and fortune by entertaining people, and no one has done it better than the 20 on this diverse list. It's our first-ever tally of the country's wealthiest celebrities, and we had just one criterion: We considered only those who got rich off their fame, not those—such as the president-elect—who became famous because of their wealth. For more, including methodology, please visit forbes.com/wealthiest-celebs.

1. GEORGE LUCAS
NET WORTH: $4.6 BIL
Key source of fortune: Lucasfilm's $4.1 billion sale to Disney in 2012
Future growth? *Star Wars* creator has largely retired from filmmaking and now has little to do with the franchise. His fortune may dip due to charitable giving.
Star-worthy asset: His reportedly 6,000-acre Skywalker Ranch in Marin County, California

2. STEVEN SPIELBERG
NET WORTH: $3.7 BIL
Key source of fortune: DreamWorks
Future growth? Relaunched production venture Amblin Partners with $325 million in financing; signed pact with Jack Ma's Alibaba Pictures to co-produce films.
Star-worthy asset: A cut of Universal theme-parks revenue since 1987

3. OPRAH WINFREY
NET WORTH: $2.8 BIL
Key source of fortune: Harpo Productions
Future growth? Ratings at former talk-show queen's OWN cable network finally rose this year, but Weight Watchers stock—of which she owns 10%—is suffering.
Star-worthy asset: More than 565 acres of property in the Maui mountains

4. MICHAEL JORDAN
NET WORTH: $1.2 BIL
Key source of fortune: Jordan brand
Future growth? Nike forecasts annual brand revenue to increase by 61%, to $4.5 billion, by 2020.
Star-worthy asset: The NBA's Charlotte Hornets

5. DAVID COPPERFIELD
NET WORTH: $850 MIL
Key source of fortune: Decades of illusionist earnings that he has invested in the world's largest collection of magic artifacts
Future growth? Continues to conjure big money with Las Vegas shows; 2016 marked his biggest year to date.
Star-worthy asset: An enclave of 11 private Bahamian islands

6. DIDDY
NET WORTH: $750 MIL
Key source of fortune: Parlayed 1990s hip-hop stardom into a diversified empire, including a partnership with Diageo's Cîroc vodka
Future growth? The vodka market has largely leveled off, but DeLeón tequila, which Diddy owns with Diageo, could compensate.
Star-worthy asset: Controlling stake in Revolt TV

7. TIGER WOODS
NET WORTH: $740 MIL
Key source of fortune: Golf and endorsements
Future growth? Unlikely to re-create his best year's income (2008, $115 million) but will continue to earn big.
Star-worthy asset: His $60 million Jupiter Island, Florida, home

8. DR. DRE
NET WORTH: $710 MIL
Key source of fortune: Apple's $3 billion 2014 purchase of Beats
Future growth? The remainder of his Beats payment in the form of Apple stock could certainly turn out to be lucrative.
Star-worthy asset: His back catalog of hip-hop hits, including "Nuthin' but a G Thang"

9. JAMES PATTERSON

NET WORTH: $700 MIL

Key source of fortune: Books
Future growth? Prolific output helped him record career-high earnings of $95 million in 2016; reader demand for his work shows no signs of slowing.
Star-worthy asset: $23 million home in Palm Beach, Florida

10. JERRY SEINFELD

NET WORTH: $670 MIL

Key source of fortune: Syndication checks from his eponymous sitcom, plus standup touring income
Future growth? Still earns big on the road, even as *Seinfeld* residuals decline.
Star-worthy asset: His enormous car collection

11. JAY Z

NET WORTH: $610 MIL

Key source of fortune: Roc Nation entertainment company
Future growth? Streaming startup Tidal has grown substantially in value since he bought it for $56 million in 2015. It could go under—or become the next Beats.
Star-worthy asset: A $20 million penthouse in Manhattan's Tribeca neighborhood

12. MADONNA

NET WORTH: $560 MIL

Key source of fortune: Career touring gross: an estimated $1.4 billion
Future growth? If she keeps touring, fans will keep buying tickets.
Star-worthy asset: Her triple-wide Manhattan town house

13. JIMMY BUFFETT

NET WORTH: $550 MIL

Key source of fortune: Margaritaville restaurants, hotels and casinos
Future growth? As long as people enjoy being drunk on the beach, expect the Margaritaville empire to continue to expand.
Star-worthy asset: String of bars named after hit song with Alan Jackson "It's Five O'Clock Somewhere"

14. BRUCE SPRINGSTEEN

NET WORTH: $460 MIL

Key source of fortune: Grossed more than $1.5 billion over decades of touring
Future growth? Even as he pushes 70, the Boss continues to sell out wherever he plays.
Star-worthy asset: A 200-acre horse farm worth $10 million–plus in Colts Neck, New Jersey

15. HOWARD STERN

NET WORTH: $450 MIL

Key source of fortune: Radio
Future growth? Airwave earnings may have peaked for potty-mouthed host, but Stern's digital efforts—apps, video streaming—could hold promise.
Star-worthy asset: A $53 million spread in Palm Beach, Florida

16. JON BON JOVI

NET WORTH: $410 MIL

Key source of fortune: Decades on the road
Future growth? Having sold out football stadiums nationwide, he's now said to be eyeing a potentially lucrative investment in an NFL franchise.
Star-worthy asset: His $8 million home in the Hamptons

17. RUSH LIMBAUGH

NET WORTH: $400 MIL

Key source of fortune: Radio
Future growth? His eponymous show continues to be the most distributed syndicated program on the air, but earnings look set to dip.
Star-worthy asset: His $51 million Palm Beach, Florida, mansion

18. PHIL MICKELSON

NET WORTH: $375 MIL

Key source of fortune: Golf and endorsements
Future growth? His best days on the course may be behind him, but his fortune will grow modestly thanks to ongoing eight-figure sponsorships.
Star-worthy asset: All the hardware that comes with 42 PGA Tour victories, including five major championships

19. BARBRA STREISAND

NET WORTH: $370 MIL

Key source of fortune: Record sales
Future growth? Investments could pay off: Her Malibu, California, compound, which she reportedly bought for less than $20 million, is nearing $100 million in value.
Star-worthy asset: Grammy, Tony, Oscar and Emmy awards

20. KATHY IRELAND

NET WORTH: $360 MIL

Key source of fortune: Licensing empire Kathy Ireland Worldwide
Future growth: The former supermodel continues to expand her offerings, now including branded office furniture and a handbag line.
Star-worthy asset: A jewelry collection worth some $25 million

EDITED BY KERRY A. DOLAN, LUISA KROLL, ZACK O'MALLEY GREENBURG AND NATALIE ROBEHMED. REPORTED BY ZACK O'MALLEY GREENBURG, NATALIE ROBEHMED, KURT BADENHAUSEN, KEREN BLANKFELD, MADDIE BERG, CLARE O'CONNOR AND HAYLEY CUCCINELLO. ILLUSTRATION BY PABLO LOBATO FOR FORBES

LeaderBoard

NEW BILLIONAIRES

Paymasters

John and Patrick Collison's mobile-payments unicorn has vaulted them to the top tier of the young and the wealthy.

JOHN COLLISON, 26, has a new title. He's now the world's youngest self-made billionaire, elbowing aside months-older Snapchat cofounder Evan Spiegel. Collison cofounded Stripe, a mobile-payments startup, in 2011 with his brother, Patrick, 28. After a November funding round valued the firm at $9.2 billion, each of their estimated 12% stakes in the company is worth $1.1 billion.

The Irish brothers started Stripe after dropping out of Harvard (John) and MIT (Patrick). The San Francisco–based unicorn had $450 million in revenue last year, processing payments for such clients as Facebook, Lyft and Saks Fifth Avenue. The duo's rocketlike success has left them a little wary. "If anyone believes that Stripe has already made it," Patrick said in a FORBES cover story last year, "that would be hugely problematic for us."

Patrick (left) and John Collison

SCORECARD

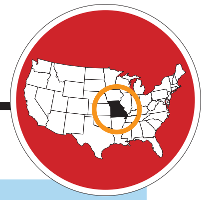
RICHARD SCHULZE

+$230 MILLION

NET WORTH: $3.1 BILLION

Best Buy, which Schulze founded as a stereo-equipment shop in 1966, is defying the struggles of other electronics retailers: The company announces profits are up 55% in the past year, boosting its stock price to its highest point in six years.

RICHEST BY STATE



Missouri

POPULATION: **6.1 MILLION**

2015 GROSS STATE PRODUCT: **$293 BILLION** (1.3% GROWTH)

GSP PER CAPITA: **$48,224** (RANKS NO. 35 NATIONWIDE)

RICHEST: **STAN KROENKE, $7.4 BILLION**

LAKE DIVERSION IS a strange place. The northern Texas community consists of 100 or so mobile homes and lakeshore cabins, all of which sit within the 535,000-acre Waggoner Ranch. Homeowners lease the land they live on. Most residents are weekenders, but a handful—some old and poor—live there year-round.

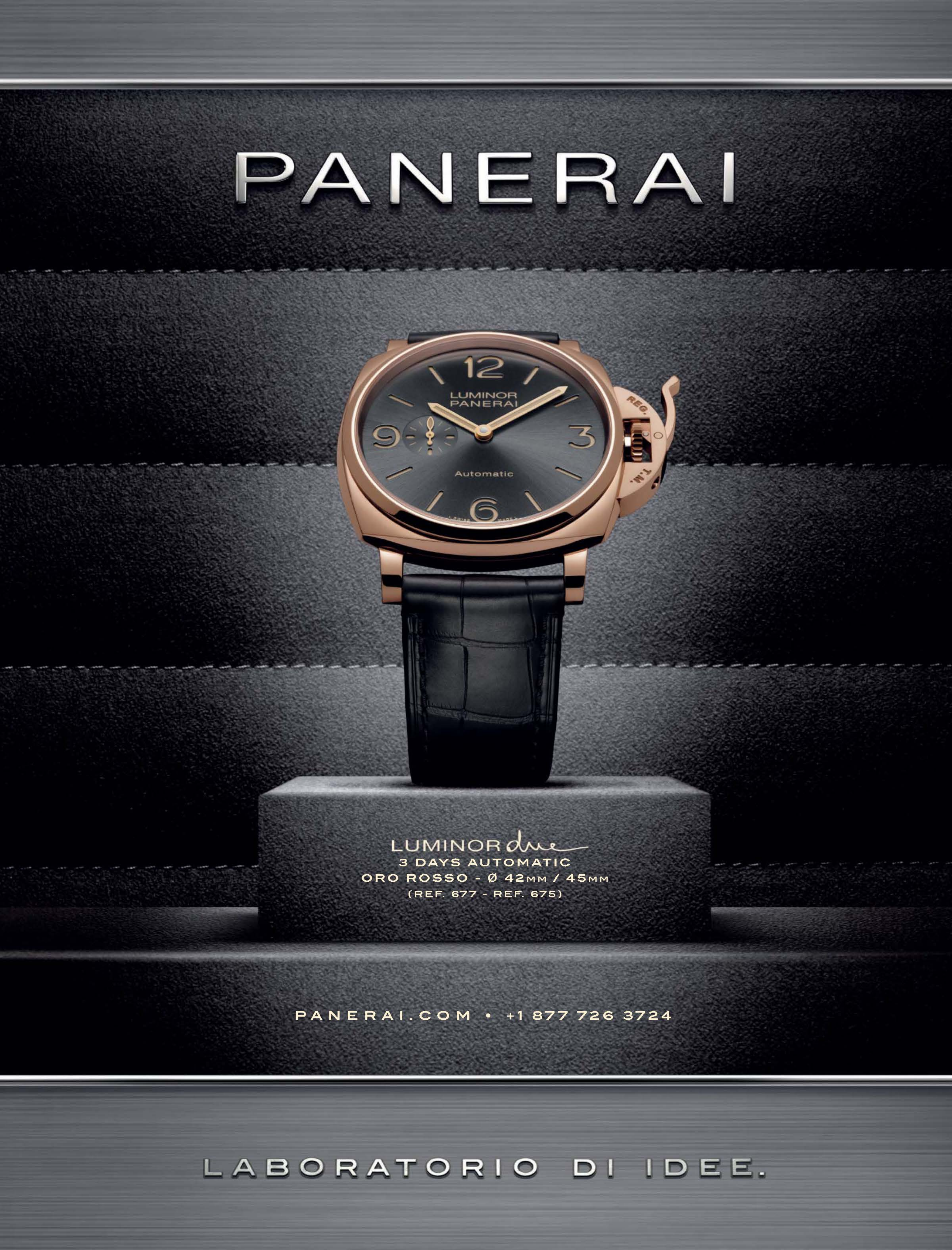
So when Stan Kroenke, a real estate mogul and husband of a Wal-Mart heiress, bought the property last February, some hoped he would install city water and fix the roads. Instead, in August, they got a notice: Their new landlord won't renew their annual leases and wants them to vacate by February 2017. Locals say that they haven't heard from Kroenke directly and that no compensation is being offered; they claim about a dozen full-time residents will lose their homes.

Kroenke, 69, declined to comment to FORBES, but the letter to homeowners noted that the Missouri billionaire wants to improve the lake's ecosystem and "return the lake shoreline to its natural, uninhabited landscape."

NEW BILLIONAIRE BY KATE VINTON; RICHEST BY STATE BY CHASE PETERSON-WITHORN
ILLUSTRATION BY CHRIS LYONS; DAVID PAUL MORRIS/BLOOMBERG (BOTTOM); JAMEL TOPPEN; CHRISTIAN PEACOCK

P.4000/10

THE LUMINOR DUE 3 DAYS AUTOMATIC ORO ROSSO, ONLY 3.95 MM THICK, FEATURES THE REFINED MECHANICAL ELEGANCE OF THE P.4000/10 AUTOMATIC CALIBRE, WITH OFF-CENTRE MICRO-ROTOR IN 22-CARAT GOLD AND 72-HOUR POWER RESERVE. SIMPLICITY IN TECHNICAL EXCELLENCE.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PHILANTHROPY

America's Largest Charities

TO MAKE YOUR end-of-year donation decisions easier, FORBES' annual list of the country's biggest charities highlights two important metrics: the size of each organization based on the amount it raises annually ("Donations," below) and how efficiently it raises those dollars. For the 100 largest, please see forbes.com/top-charities.

1. UNITED WAY WORLDWIDE
ALEXANDRIA, VIRGINIA
Civic causes
DONATIONS: **$3.7 bil**
FUNDRAISING EFFICIENCY: **92%**
TOP EXECUTIVE AND COMPENSATION:
Brian A. Gallagher
$1.2 mil

2. TASK FORCE FOR GLOBAL HEALTH
DECATUR, GEORGIA
International medical aid
DONATIONS: **$3.2 bil**
EFFICIENCY: **100%**
David A. Ross
$446,000

3. FEEDING AMERICA
CHICAGO
Domestic hunger relief
DONATIONS: **$2.2 bil**
EFFICIENCY: **99%**
Diana Aviv
$651,000

4. SALVATION ARMY
ALEXANDRIA, VIRGINIA
Humanitarian relief
DONATIONS: **$1.9 bil**
EFFICIENCY: **88%**
David E. Jeffrey
$140,000

5. YMCA OF THE USA
CHICAGO
Youth programs
DONATIONS: **$1.2 bil**
EFFICIENCY: **89%**
Kevin Washington
$651,000

6. ST. JUDE CHILDREN'S RESEARCH HOSPITAL
MEMPHIS
Hospital
DONATIONS: **$1.18 bil**
EFFICIENCY: **83%**
Richard Shadyac Jr.
$774,000

7. FOOD FOR THE POOR
COCONUT CREEK, FLORIDA
Worldwide poverty relief
DONATIONS: **$1.16 bil**
EFFICIENCY: **97%**
Robin G. Mahfood
$459,000

8. BOYS AND GIRLS CLUB OF AMERICA
ATLANTA
Youth programs
DONATIONS: **$923 mil**
EFFICIENCY: **89%**
James L. Clark
$760,000

9. CATHOLIC CHARITIES USA
ALEXANDRIA, VIRGINIA
Social work
DONATIONS: **$921 mil**
EFFICIENCY: **92%**
Donna Markham
$358,000

10. GOODWILL INDUSTRIES INTERNATIONAL
ROCKVILLE, MARYLAND
Training for the disabled
DONATIONS: **$902 mil**
EFFICIENCY: **97%**
James Gibbons **$689,000**

Efficiency: Percentage of private donations remaining after fundraising expenses. Compensation includes benefits, onetime payments and deferred compensation; may be for previous year and/or occupant of position.

SCORECARD

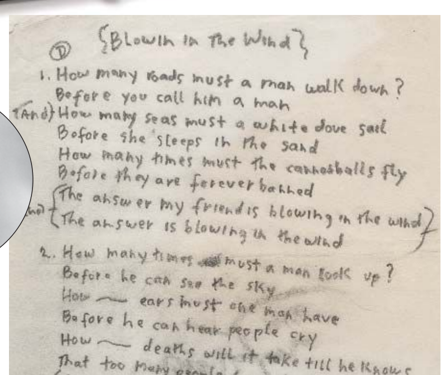
WILBUR ROSS JR.
+CABINET POSITION
NET WORTH: $2.5 BILLION
Donald Trump picks the legendary private equity figure, 79, to be his secretary of commerce. If confirmed by the Senate, Ross will be the second consecutive billionaire to hold the position, replacing Hyatt Hotels heiress Penny Pritzker.

ON THE BLOCK

A Beatles High Note

FOR THOSE WHO see the world through kaleidoscope eyes, Sotheby's offered a rare piece of music memorabilia on December 10: John Lennon's *Sgt. Pepper*-era home piano. Lennon used the John Broadwood & Sons upright (estimated to sell for between $1.2 million and $1.8 million) to compose "Lucy in the Sky With Diamonds" and other Beatles classics.

The auction featured scores of rock treasures, including Bob Dylan's final 1962 manuscript for "Blowin' in the Wind," which features the Nobel laureate's handwritten corrections and signature (with a presale estimate of $300,000 to $500,000), and the Eagles' original 1976 manuscript for "Hotel California" (expected to bring between $500,000 and $700,000).



PHILANTHROPY BY WILLIAM P. BARRETT; ON THE BLOCK BY MICHAEL SOLOMON
COURTESY SOTHEBY'S (2), GAMMA-KEYSTONE VIA GETTY IMAGES; MICHAEL OCHS ARCHIVES/GETTY IMAGES; DAVID YELLEN (BOTTOM); JEFFREY COOLIDGE/GETTY IMAGES (TOP)

LeaderBoard

FORBES @ 100

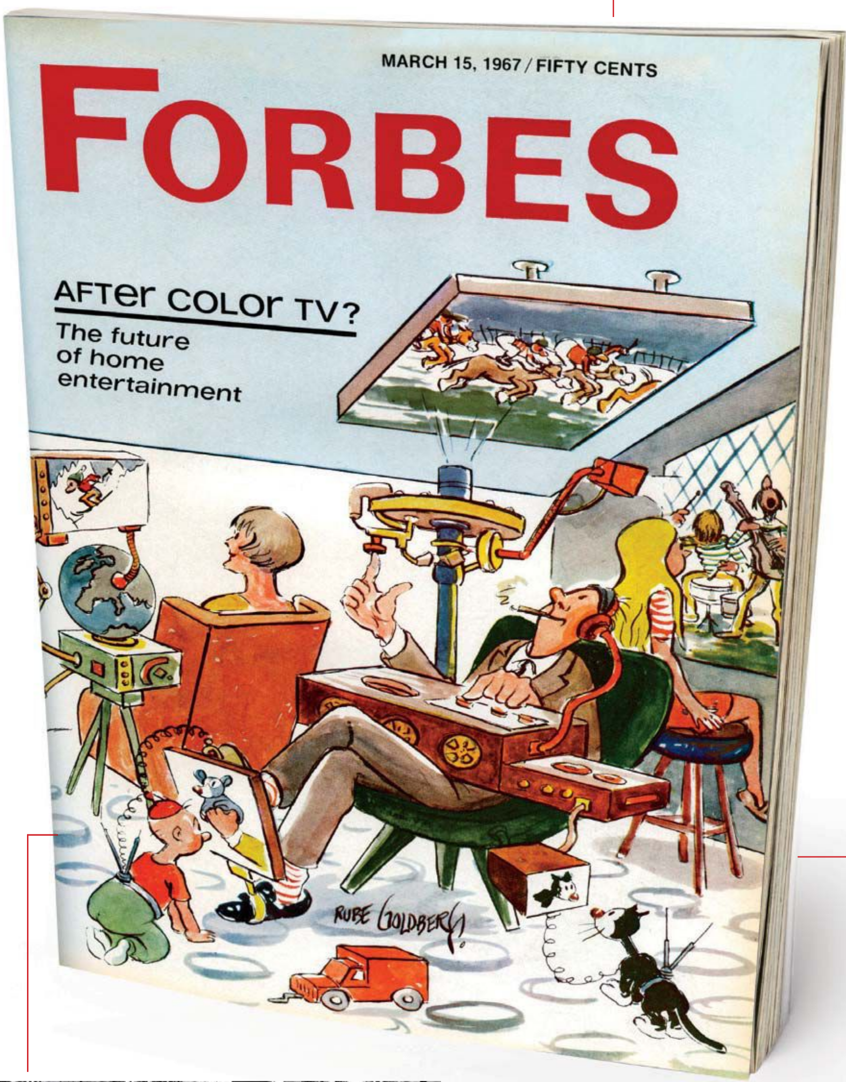
As FORBES' September 2017 centennial approaches, we're unearthing our favorite covers.

March 15, 1967: Tuned In to the Future

SIGN OF THE TIMES

It Came From Outer Space

Freeze-dried foods, kidney dialysis and even the modern sneaker all owe a debt to the 1960s space race. FORBES focused on something more prosaic: a NASA-developed paint that could withstand space travel's extreme temperatures. The miracle pigment would later form the basis for patents by companies like Ford and Kawasaki Steel.



"PRETTY SOON people won't be talking to people anymore. They'll be too busy watching TV," predicted Rube Goldberg, the Pulitzer Prize-winning artist. At 83 Goldberg came out of retirement to illustrate a FORBES cover about the rapidly expanding industry of home-entertainment electronics.

Consumer spending on products such as televisions and stereos had doubled in five years to $5 billion ($36 billion in 2016 dollars), and Kenneth Schwartz's story for us sketched a future suggested by Goldberg's drawing. Schwartz offered a number of sage predictions, including the advent of color videotape recorders, supersize screens and both cable and satellite TV. He also correctly anticipated on-demand movies, shopping and information, essentially foreseeing smart televisions 45 years before they became commonplace. Schwartz's forecast made only one real mistake: that subscription-based TV wouldn't overtake commercial-supported television.

AMAZING AD

Bargain Ride

Pullman boasted that you could rent this 100-ton cargo railcar for under $7 a day—"less than a day's rental on an automobile!"

FAST-FORWARD

Bothered by Bugging

1967: Malcolm Forbes urged readers to support LBJ's recommendation to outlaw electronic snooping by the government except in cases involving national security—and even then only with rigorous oversight. **2013:** In June National Security Agency contractor Edward Snowden exposed widespread electronic surveillance by the U.S. government in cahoots with major tech companies; Snowden was later forced to seek political asylum in Russia.

BY ABRAM BROWN
EVERETT COLLECTION

Florida

Financial Powerhouse Attracts Global Leaders

By Susan Burnell

Financial firms flourish in Florida. In the land of lush green coastal hammocks, swaths of sparkling beaches and refreshing inland springs, the business environment is a success story all its own. International banks are investing in Florida communities, and the financial services industry continues to expand.

Florida is an economic super-state. Its economy—the nation's fourth-largest—is bigger than the economies of Switzerland, Saudi Arabia and Argentina. The state's global connectivity, experienced workforce and attractive tax structure help it attract and retain financial and professional services companies. At last count, Florida had 141 commercial banks with $140 billion in assets under management, according to the FDIC. The state also has a growing private equity cluster and more than 4,000 insurance-related firms, including 2,104 foreign and 445 domestic insurers, according to the Florida Office of Insurance Regulation.

Access to Growing World Markets

Florida is a hub for Latin American headquarters. Organizations doing business internationally benefit from the state's vibrant international banking center, a highly educated and ethnically diverse talent pool, and a consular corps representing some 80 nations. Many international firms base other facilities, such as warehousing, distribution and manufacturing, in Florida to take advantage of its easy access to global markets.

Eighteen of the largest (by assets) global banks have headquarters in Miami. American Express, Citibank, MasterCard Worldwide, Paris RE Latin American and Intermex Wire Transfer, LLC are among the growing list of companies with a strong presence in South Florida. The Orlando, Tampa Bay and Jacksonville metros have grown their financial services industries as well.

Statewide, Deutsche Bank employs more than 1,800 people. It is expanding its Jacksonville presence, which is now the bank's second-largest office in the U.S. Over the last two years, Deutsche Bank has invested $23 million in the Northeast Florida community. The bank's growth has helped position Jacksonville as an emerging global financial center.

"Deutsche Bank could have chosen to invest in any of its other locations across the world, but recognized that our commitment to cutting taxes and creating a business-friendly environment makes Florida the best place to succeed," says Governor Rick Scott.

"We started in Jacksonville with 100 people as an operations center. Today, Deutsche Bank's key infrastructure functions and most of our major businesses are represented there, and Jacksonville is our largest American presence outside New York," says Leslie Slover, regional head of Jacksonville, FL, and Cary, NC, Deutsche Bank. "Jacksonville offers a high quality of life for our employees and a cost-effective environment for our operations."

In 2015, Macquarie Group joined 19 other banks, insurance and investment services firms from Forbes' Global 2000 list to set up operations in Jacksonville. Macquarie has invested more than $3 million into its downtown Jacksonville location.

"Macquarie conducted a global search for a new home for our Global Finance Services site," says Anthony Glenn, head of its Jacksonville office. "We ultimately chose Jacksonville for its welcoming business environment, its talent pool, the working environment and the quality of life for our staff. Since making the decision and setting up our operations, we could not be happier with our choice of Jacksonville."

Florida Excels in Finance

3rd
largest insurance industry in the U.S.

4th
largest financial services industry in the U.S.

160
private equity firms with more than $33.9B in assets under management

141
commercial banks with $140B+ in assets

12
international banks have Florida headquarters

Source: Enterprise Florida

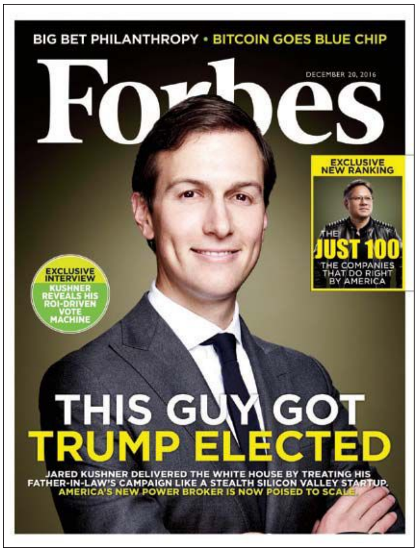
A Support Network for International Business

With a vast network of 12 offices in 12 countries and six trade offices located around the state, EFI offers many vital services for overseas businesses looking to locate in Florida and for Florida-based businesses looking to expand internationally.

For more information, visit enterpriseflorida.com.

LeaderBoard

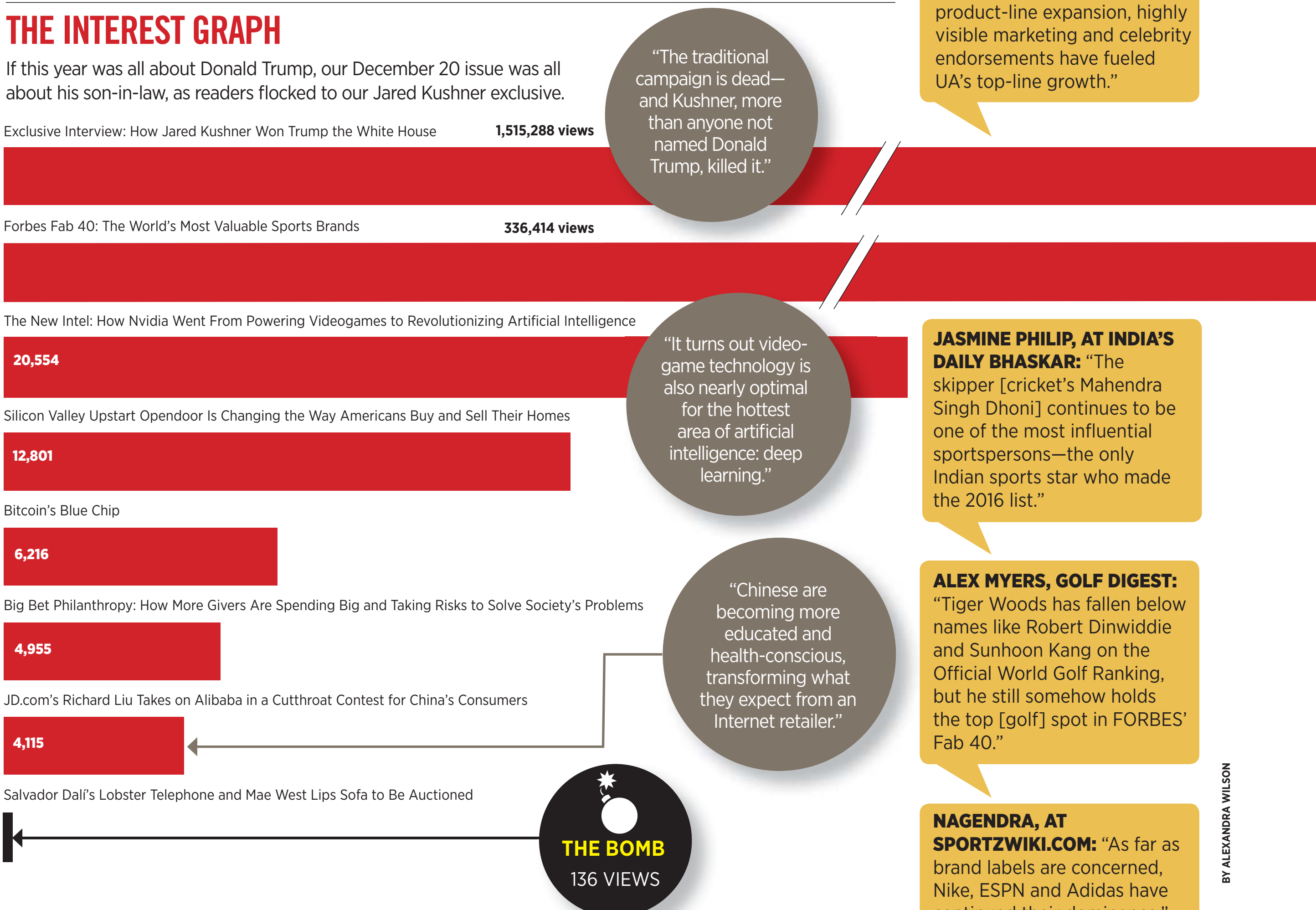
CONVERSATION



STEVEN BERTONI'S December 20 exclusive with Donald Trump's son-in-law, Jared Kushner, marked Kushner's first public comments about the campaign. Among those skeptical of Kushner's "stealth data machine"—purportedly the key to Trump's historic upset—was the *New York Times'* Maggie Haberman. "Kushner, who denied being really involved in Trump campaign as recently as May, now takes credit for whole thing," she tweeted. Michael Tracey was more guarded: "Kushner was one of the very few with power over Trump; [he] must know *something*." Jezebel's Brendan O'Connor wrote that Kushner was neither braggart nor war-room Svengali but a typical young tycoon: "He has tapped into the now age-old technique favored by Silicon Valley wunderkinds: successfully marketing everything you do to make it appear impressive and new."

THE INTEREST GRAPH

If this year was all about Donald Trump, our December 20 issue was all about his son-in-law, as readers flocked to our Jared Kushner exclusive.



THE THRILL OF VICTORY

Fans of some of the more surprising members of our Fab 40 list of sports' most valuable brands cheered their favorites' inclusion.

COLORADOTENNISFAN, AT ATPWORLDTOUR.COM: "[Roger Federer] is a class act overall as well as an incredible champion with both athletic and business prowess."

SONYA BELLS, AT MARKETREALIST.COM: "Nike may have [Michael] Jordan, but Under Armour boasts phenom [Stephen] Curry. Innovative fabrics and designs, product-line expansion, highly visible marketing and celebrity endorsements have fueled UA's top-line growth."

JASMINE PHILIP, AT INDIA'S DAILY BHASKAR: "The skipper [cricket's Mahendra Singh Dhoni] continues to be one of the most influential sportspersons—the only Indian sports star who made the 2016 list."

ALEX MYERS, GOLF DIGEST: "Tiger Woods has fallen below names like Robert Dinwiddie and Sunhoon Kang on the Official World Golf Ranking, but he still somehow holds the top [golf] spot in FORBES' Fab 40."

NAGENDRA, AT SPORTZWIKI.COM: "As far as brand labels are concerned, Nike, ESPN and Adidas have continued their dominance."

BY ALEXANDRA WILSON

EXTREME REACH

It's Time for the Cloud to Transform Video Advertising

By MICHAEL RONEY

The digital era is heralding transformative opportunities for many industries and innovative companies. A case in point is **Extreme Reach, a Forbes 2016 Cloud 100 company** that enables the world's biggest brands and their agencies to seamlessly execute video campaigns across TV and video screens. With 3 million video ads in its cloud and 80,000-plus interconnected platform users, the company has a big stake in the future of video advertising.

From its position at the center of the ecosystem, Extreme Reach has witnessed, firsthand, the widespread executional fallout of the rapid rise of data- and technology-driven media buying, often referred to as programmatic advertising. While the industry has made exciting progress in media buying to reach audiences across screens, the truth no one talks about is that the execution of those brilliant strategies is mired in inefficiency, manual burden, costly errors and missed opportunities for brand ads to work their magic.

There's a Time and Place for Everything

Today, when you want a friend or relative to see a video, you can simply send them a link to view. Meanwhile, in the complex advertising-execution landscape, pristine, quality-controlled brand ads—which are expensive and time-consuming to perfect—are downloaded, uploaded, manipulated and degraded multiple times before a campaign can start. At the same time, brand ads with complex talent and rights restrictions are playing all over the Internet, out of compliance.

Just as Netflix, Spotify and YouTube revolutionized the way we all consume content from a single source, Extreme Reach sees a very bright future for brand marketing as the ad industry follows suit to end the madness that exists under the surface today.

"Streaming quality-controlled, licensed content from a single source, rather than distributing copies, is the model that the Internet is based on," explains John Roland, CEO of Extreme Reach. "Moving advertising to this model will save advertisers millions of dollars and give back weeks of time to beleaguered video-execution teams. The solution to today's workflow chaos is so simple that very soon, it will be hard to imagine any other way."

How Did Advertising Workflow Get So Broken?

Advertising workflow wasn't always broken. The television industry had decades to perfect the way ads arrived at their destinations, and brands and agencies had systems for keeping track of talent payments and contracts that worked quite well.

> “Video is a powerful storytelling tool, which is the foundation of all great advertising.”

JOHN ROLAND, CEO OF EXTREME REACH

The explosion of “content everywhere” changed all that, creating unprecedented complexity for advertisers seeking to reach audiences wherever they are. Today TV and video advertising are increasingly seen as one—the key difference being whether the ad is seen on a large screen on the living room wall or a screen on any other device. Yet separate teams and separate workflows remain the norm. “There are completely different and distinct processes through which each ad needs to be formatted and sent to all the screens that brand advertisers use to reach consumers,” Extreme Reach CMO Melinda McLaughlin explains.

In the digital world, where many things happen at warp speed, it’s astounding to see how everything slows to a crawl in the creative execution of campaigns. This stands in complete contrast to the buy side of digital video advertising, where media is bought and sold in fractions of a second. It makes no sense that one side should hold the other back from its full potential.

“We’re seeing a clash of cultures and generations, where the legacy TV experts in our business speak a completely different language than the digital natives who make video happen,” McLaughlin says. “TV remains immensely powerful, but audiences are now everywhere, and audience data is enabling more precise targeting. Add to that a complex mix of talent and rights issues, and it’s clearly time to reimagine things.”

Reimagining the Future

Fortunately, the essential elements are now in place to transform the industry. Virtually every advertiser and agency is connected to the Extreme Reach platform in some way. Millions of brand ads live in the company’s Video Asset Cloud—a central, secure, quality-controlled location that key stakeholders can access through a simple permissions-based link. Some 5,000 new ads are uploaded every day to this vital hub, which is also connected to all TV and video publisher destinations, enabling ads to play everywhere. The result is that TV and video campaigns are activated many times faster than before, while also ensuring compliance for talent and rights contracts.

“It’s time for all sectors of the ad industry to embrace a simpler, better and faster way forward to prepare for a bright and scalable future for video advertising, no matter the screen,” says McLaughlin.

Extreme Reach has never wavered from its original vision “To Power the World’s Video Advertising.” This is a reflection of Roland’s long-standing belief that ads need to *easily* get to every screen, and that brands will distinguish less and less between TV and video because they are both an essential means of telling a compelling story with sight, sound and motion to a brand’s best prospects.

“Video is a powerful storytelling tool, which is the foundation of all great advertising,” says Roland. “It’s critical that the ad industry has the tools to flourish across screens and not be encumbered by old, wasteful workflow models. Demands in our industry are only going to scale from here, so now is a perfect time to move to a streaming model. It’s going to create a better future for us all.”

DEMOCRACIES IN UPHEAVAL

DRAMATIC ELECTION upheavals are transforming the U.S. and the U.K. and are likely to sweep through Continental Europe in 2017 and Mexico in 2018. The results will vary from good to bad, because there are big differences among the systems of government, the leaders and their ability to change course.

Adding to the risk is the fact that political change is coming at a time of financial weakness for many governments. Private sectors have held back on investment and new business formation because of bad macro policies. As a result, productivity is weak, and prospects for growth in small businesses and tax receipts have been severely diminished. Rather than change, governments have tended to borrow and spend without much to show for it other than very high national debt.

The U.K. is a parliamentary system in which the majority party can make fast changes. The Conservatives kept their majority in Parliament, but their new leaders will focus on immigration and exiting from the EU, while following through with most of the planned corporate tax cut that's critical to growth.

The U.S. is going through a bigger political change. The people instructed the government to conduct a sweeping upheaval of the status quo, the topic of many of these columns. The urgency of change was clear in the election results. Mr. Trump identified deep grievances against the party in power—for poor results in terms of prosperity, the inner cities, security and freedom—and also nailed big government for the rigged system. It permeates the U.S. with special interests and cronyism, especially in the blue states and in Washington.

Many of the President-elect's proposed policy improvements are likely to be fulfilled quickly. Some will take more time than they would in the U.K. because the House and Senate play important constitutional roles. Aiding policy change, they face midterm elections in 2018 that encourage progress in working with the new Administration.

Continental Europe's coming elections may also be profound in policy terms, with the extra wild card of multiple countries using the same currency, the euro. The results of Italy's recent vote may give rise to a movement to exit the euro. If that happens, Italy's already weak financial condition would likely worsen into a financial crisis. At its core, the election isn't so much about the euro as it is about years of weak government, a stagnant economy and the surrender of sovereignty to globalism, all issues that were part of the U.S. and U.K. elections.

Democracies in upheaval face two challenges: quickly implementing sensible, sweeping change that benefits the society as a whole, and institutionalizing a better system so that future governments and politicians are restrained by law from future power grabs.

LASTING CHANGE

The goals of the new U.S. government are clear: to ensure peace through strength; enforce the laws; secure the borders; rebuild the inner cities through jobs and education; lower tax rates to encourage investment, productivity and higher wages; improve infrastructure; seek 4% growth and 25 million new jobs; make the dollar trustworthy; slow the growth in national debt through better spending and tax decisions; create better trade relationships that benefit American workers; provide school choice; reform the waste and failures of the education system; stop global government; improve care for veterans; reverse the ObamaCare mistake and set a useful course for medical insurance.

Each goal is achievable but complicated, especially since voters also demanded an upending of the current system in a way that creates better outcomes for many decades. My December 2012 column, "Constitution Eroding," described the gradual loss of U.S. constitutional checks and balances. The debt limit doesn't control spending or debt. The federal budget process doesn't allocate spending effectively. Government agencies and programs are almost never closed, regardless of poor performance. The Federal Reserve has acquired such massive power that it owns $4.2 trillion in government debt on its own say-so, pays banks billions of dollars in interest with no oversight and has taken control of many parts of the banking industry.

Elections are signaling a giant change in the world's policy direction. Structural improvements will need to come quickly in order to lift growth. For some countries stagnation may be too deep to reverse—political upheaval may be coming too late. Many other countries will prosper mightily on their new paths. F

THOMAS KUHLENBECK FOR FORBES

DAVID MALPASS, GLOBAL ECONOMIST, PRESIDENT OF ENCIMA GLOBAL LLC; PAUL JOHNSON, EMINENT BRITISH HISTORIAN AND AUTHOR; AND AMITY SHLAES, PRESIDENTIAL SCHOLAR AT THE KING'S COLLEGE AND CHAIR OF THE COOLIDGE FOUNDATION BOARD, ROTATE IN WRITING THIS COLUMN.
TO SEE PAST CURRENT EVENTS COLUMNS, VISIT OUR WEBSITE AT WWW.FORBES.COM/CURRENTEVENTS.


100%
This is our Battle Cry.
Memorial Sloan Kettering Cancer Center
1884
EQUINOX
Cycle for Survival is the movement to beat rare cancers.
Our high-energy indoor team cycling events provide a tangible way for you to fight back. Colleagues, family, and friends have come together to raise $100 million in ten years—and we're not stopping.
100% of every donation funds lifesaving rare cancer research led by Memorial Sloan Kettering Cancer Center.
JOIN THE BATTLE
cycleforsurvival.org
CYCLE FOR SURVIVAL
MEMORIAL SLOAN KETTERING | EQUINOX

BEST SPORTS BOOKS FOR BUSINESS

BUSINESS BOOKS mostly bore us. Too many skip the basics of readable writing: a gripping plot, characters you love or hate, narrative momentum. They often reek of bull—polished academic bull or vainglorious, CEO-memoir bull. They fail to do the one thing Hemingway said was essential: "All you have to do is write one true sentence. Write the truest sentence that you know."

Sports books do much better, as a rule. I've found some of the most inspiring books on business are actually, first and foremost, sports books. Here are seven great ones that will get your business juices flowing.

They Call Me Coach—by John Wooden with Jack Tobin (McGraw-Hill Education, $18). The great UCLA basketball coach wrote several books. Many more were written about him. The Wooden success formula in all of them is dirt simple: preparation, hard work and integrity. But what do these mean in practice? How do you keep players motivated when you're saying the same thing each day? How do you handle a star (Bill Walton, for example) who bucks the system? It's the details about the hard questions that make Wooden's book an all-timer.

The Score Takes Care of Itself—by Bill Walsh (Portfolio, $17). When Steve Forbes hired me in 1992 to start a futurist magazine called *Forbes ASAP*, I recruited Bill Walsh, the retired 49ers coach, to write a column. I would visit Walsh, and he'd tell stories. How he hit upon the idea of his West Coast offense. Why he drafted Joe Montana after every other NFL team had passed on him. How every winning organization has what Walsh called a "standard of excellence" and how you establish that on day one. When to crack down and when to keep it light. Walsh's book brings all of these lessons together.

The Boys in the Boat—by Daniel Brown (Penguin Books, $17). If you're a fan of the late Bud Greenspan's Olympics documentaries, you already know that a U.S. eight-oar crew team won the gold medal at Hitler's 1936 Berlin Olympics. Author Brown's enduring bestseller tells the rest of the story. The U.S. team came from the University of Washington, a rowing backwater. The team members weren't from the usual prep schools; they were Depression kids. One was kicked out of his house at age 10 because there was too little food. Against all odds, the poor boys grew into men. And the men learned to row as one.

Seabiscuit—by Laura Hillenbrand (Ballantine Books, $17). Of Hillenbrand's two inspirational bestsellers—*Seabiscuit* and *Unbroken*—I found *Seabiscuit* to be the better business story. For one, horse racing was at its popular peak in the 1930s, as big as baseball and boxing. For two, Seabiscuit was the most unlikely of champion horses. He was small and knobby-kneed and made a poor first impression, much like the undernourished Depression masses who cheered him. The horse's owners got him for a bargain. And Seabiscuit had a foil—the equestrian world's princely incumbent—in War Admiral. The duel of horses in a world that has largely forgotten about horse racing resonates today. The story is eternally appealing: The undercapitalized nobody startup taking on a big incumbent.

Shoe Dog—by Phil Knight (Scribner, $29). The founder of Nike recounts the years from 1962, when 25-year-old Knight began importing Japanese running shoes called Onitsuka Tigers (today known as ASICs), until 1980, when Nike went public. At every step Nike is on a knife's edge of good news and bad, of doubling revenue rates yet near-fatal cash shortages. Knight's memoir rings true throughout, with implausible characters, such as an emotionally needy shoe designer and an overweight and unfit executive, who sneaked bottles of vodka into his luggage. Knight is also candid about his own shortcomings.

Moneyball—by Michael Lewis (W.W. Norton & Co., $15.95). No other writer of our generation bestrides the worlds of sports and high finance like Michael Lewis. His story on how the Oakland A's general manager Billy Beane used deep stats and analytics to create a winner on the cheap is well known. And widely practiced. Donald Trump's son-in-law, Jared Kushner, described Trump's thinly financed campaign and its little-known reliance on data analytics as *Moneyball* tactics.

Into Thin Air—by Jon Krakauer (Anchor, $16). Earlier this year I had a chance to meet Beck Weathers, the Texas pathologist who was left for dead in the ice during the 1996 attempt to climb Mount Everest. Weathers gave the most inspiring speech I've heard at a business event. (I, unfortunately, had to follow him with my own speech.) *Into Thin Air* will likewise inspire you with courage—and frighten you with its stories of bad judgment. As goes peak scaling, so goes business: It's all about preparation, hard work, focus and will. But, most of all, good judgment.

RICH KARLGAARD IS EDITOR-AT-LARGE / GLOBAL FUTURIST AT FORBES. HIS LATEST BOOK, *TEAM GENIUS: THE NEW SCIENCE OF HIGH-PERFORMING ORGANIZATIONS*, CAME OUT IN 2015. FOR HIS PAST COLUMNS AND BLOGS VISIT OUR WEBSITE AT WWW.FORBES.COM/KARLGAARD.

THOMAS KUHLENBECK FOR FORBES

Since 2011, Global Citizens have taken 1.42 million actions on global health.

In response, governments and companies made 43 commitments and announcements to aid the world's poorest and most vulnerable.

With 359 million lives impacted to date, we are on track toward affecting 601 million lives by 2030.

GLOBAL CITIZEN®

On Track

Norway

6.25 billion NOK to Gavi, The Vaccine Alliance

They are delivering on their promise, helping to immunize millions of children each year against deadly diseases.

Off Track

Australia

$130 million AUD to polio eradication

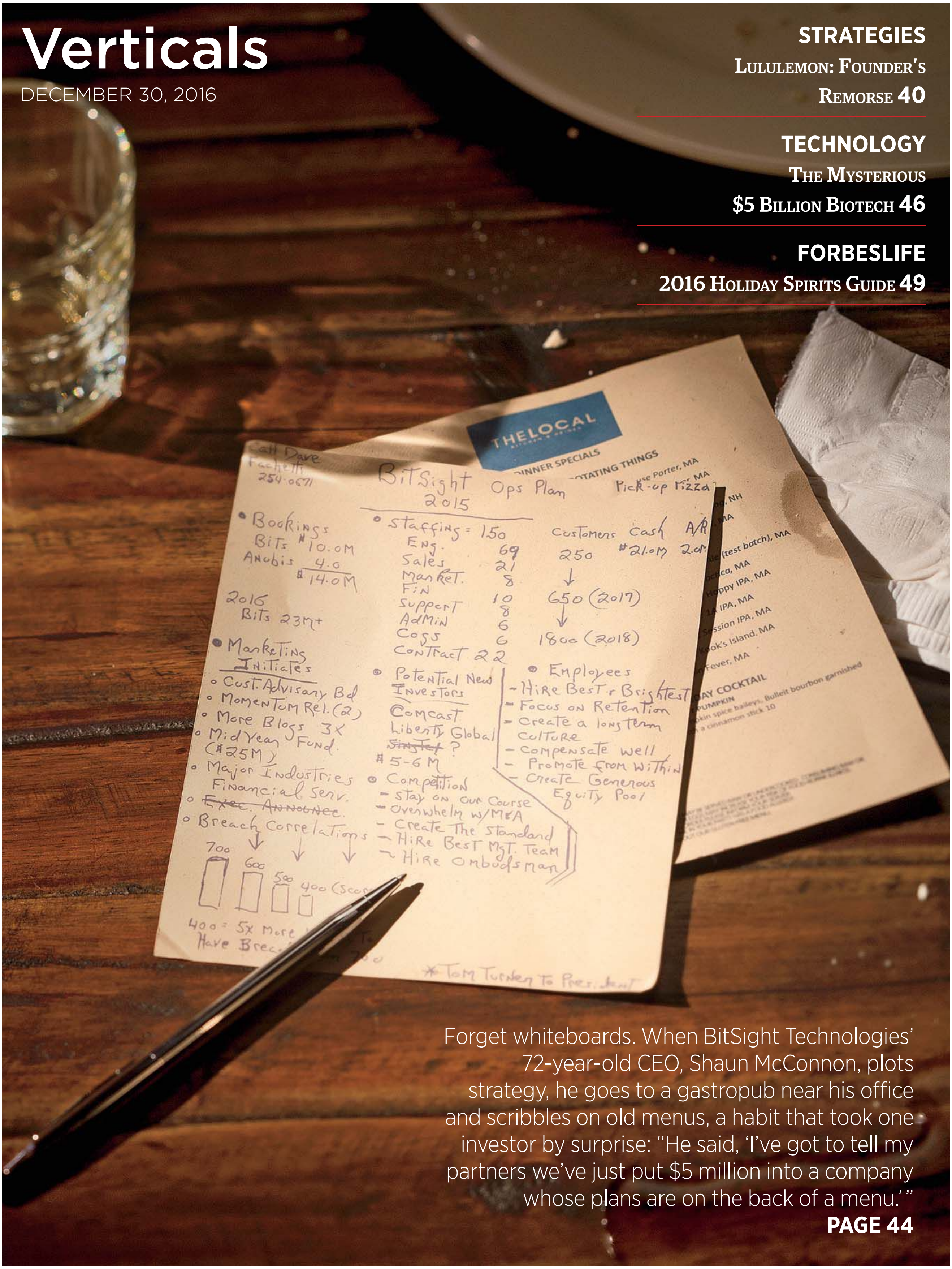
They have since lowered their contribution to $86 million AUD, putting eradication at risk, front loading payments to minimize harm.

Read the full report at globalcitizen.org/impact

AU-UN IST PHOTO / TOBIN JONES

Verticals

DECEMBER 30, 2016



Forget whiteboards. When BitSight Technologies' 72-year-old CEO, Shaun McConnon, plots strategy, he goes to a gastropub near his office and scribbles on old menus, a habit that took one investor by surprise: "He said, 'I've got to tell my partners we've just put $5 million into a company whose plans are on the back of a menu.'"

PAGE 44

PHOTOGRAPH BY STEPHEN WEBSTER FOR FORBES

CULTURED TO EXCEL

BY TONY VELOCCI

Citation Hemisphere

Business management guru Peter Drucker famously said, "Culture eats strategy for breakfast." If this adage is true—as a large body of evidence suggests—there's no better proof of it than Textron Aviation Inc.

The essence of its corporate culture can be summed up in three principles: teamwork, a passion for innovation and customer engagement. All three have served the company extremely well, as is reflected in the substantial investment that the Wichita, KS-based aerospace company has made not just in new product development, but also in process innovation.

COLLABORATION IS KEY

Of course, technology innovation on this level doesn't just happen. "Collaboration between teams with the right skills and the right attitude is what makes our industry-leading product development process possible," says Kriya Shortt, senior vice president, sales and marketing. "Engineers don't just toss new designs over the proverbial wall and expect people on the other side to produce them. Everyone works seamlessly across the aisle—engineering, manufacturing, customer support—to translate innovation into a product that meets customers' needs."

As evidence, she points to the speed at which Textron is able to develop new aircraft—and how discerning customers are reacting to the company's product offerings.

The response to the Citation Latitude speaks volumes. The midsize aircraft—with an optimum blend of comfort, efficiency, performance and reliability—is one of business aviation's best-selling airplanes. In just over a year after entering service, Textron Aviation has delivered more than 40 Latitudes, with the fleet logging more than 12,000 hours.

Another example is the Citation Longitude, which is scheduled to enter service in 2017. It's already garnering interest, and understandably so; it has exceeded initial performance targets with improved range and full fuel payload, "bringing even more value to our customers," says President and CEO Scott Ernest.

PROLIFIC INNOVATION

Textron Aviation has brought no fewer than ten new models to market in the last five years, and today 60% of its sales come from models certified within the last three years. "Our investment in processes has allowed us to design, produce and certify new aircraft in half the time as any of our competitors, and we are committed to investing heavily in our future," says Ernest.

The Citation Hemisphere will be the company's next offering. It could well be a disruptor in the large-cabin, long-range class of business jets, as there have been no innovative clean-sheet designs in this market segment in the last 20 years. The Hemisphere will be the largest Citation ever developed by Textron Aviation's Cessna unit. It will have a range of 4,500 nautical miles and a cruise speed of Mach 0.90, and it will be capable of transporting up to 19 passengers.

Cessna recently unveiled a cabin mock-up, illustrating what's possible when craftsmanship of the highest order is carefully applied to a cabin that can transport passengers from New York to Paris or London to Dubai nonstop. Think inventive yet elegantly practical, contemporary yet timeless. Entry into service for this anticipated market leader is planned for 2020.

THE CONSUMER VOICE

As core as teamwork is to Textron Aviation, interaction with customers is just as important. "Feedback is absolutely essential to our success," Shortt says. Customer advisory boards are comprised of not just Cessna owners and pilots, but operators of other makes of business aircraft, too. Key Textron Aviation leaders who serve on the boards assimilate information quickly and are empowered to act on compelling customer feedback to improve both the product and customer support.

"Innovation, teamwork, customer engagement—all three are at the heart of what we do, because without them we wouldn't be where are today," says Shortt.

Founder's Remorse

Billionaire Chip Wilson, Lululemon's creator and largest individual shareholder, is also its loudest critic. All the current management team can do is shrug.

BY ABRAM BROWN

Sitting in a shaded cafe in a cobblestoned neighborhood in Vancouver, Chip Wilson, the founder of Lululemon Athletica, laments the fate of the company he created. "There's no innovation," he says with a sigh, ripping apart a croissant. "Innovation is something that changes the way people are dressing. People get the word 'innovation' mixed up with incremental change. The two are entirely different things."

This coffee shop is Wilson's private Elba. In 2013, after a 30% drop in Lululemon's stock that coincided with a series of public embarrassments, including a massive product recall and benighted comments about women's bodies, the company sent Wilson into exile. In stepped a new chief executive, Laurent Potdevin, then the president of Toms Shoes, who quickly changed Lululemon's management team, product lineup and expansion strategy. In two years he lifted sales by almost 30%, to \$2.1 billion, sending the stock to \$55 a share, up from a June 2014 nadir of \$37. But profits are virtually flat, and the stock is way down from its peak of \$82 in 2013. It's been lurching along all fall, losing more than a quarter of its value since September.

All of which gives ammunition to the ousted founder, who retains a big enough stake (15%) to remain relevant and exhibits a trait shared by most people who have started something good: the inability to let go of his baby.

Wilson has it bad. As he bicycles atop a leopard-print seat along the Vancouver waterfront, he notices a passing jogger. "That's

JENS KRISTIAN BALLE FOR FORBES

A tale of two CEOs: Lululemon founder Chip Wilson (left) refuses to give its current chief executive, Laurent Potdevin, any breathing room.

Lululemon—those pants." He spots a second person. "And those shorts." Then a third. "And that backpack."

From the time he founded Lululemon in 1998, control was paramount to Wilson. He painstakingly oversaw the yoga-focused Lycra-and-nylon fabric—a stretchy material as soft as cotton—that put the company in motion and the athleisure industry on the map. Wilson insisted that Lululemon would operate its own stores, meaning higher margins and control over everything. His exacting vision infused company culture, which is partly informed by Werner Erhard's EST theories of "self-actualization" and Ayn Rand's Objectivist principles.

But his control-freak nature clashed with Lululemon's growth. Wilson had handed off CEO duties before the company's 2007 IPO, but he feuded with one of his successors over things as mundane as shopping bags and blamed a recall of see-through pants on the way women's thighs rubbed together—and then fumbled the apology as well. "Chip was a public relations nightmare," says Barclays analyst Matt McClintock.

In came Potdevin, then 46, who says he found "turmoil about the product, turmoil about the founder." The board bought Potdevin some breathing room by reining in Wilson. It persuaded the founder to sell some of his stake to a private equity firm, agree to a two-year nondisparagement agreement and give up his board seat. Wilson eventually retreated to advise a rival clothing company called Kit and Ace, which his wife and son had founded.

Meanwhile Potdevin searched for new lieutenants. "I had to rebuild the management team to really be in a position to write the next chapter," he says. One of his most important additions was Stuart Haselden as chief financial officer. Haselden also oversees the supply chain, meaning he guards against any more sheer pants—enforcing more timely orders of materials, a more efficient calendar and stricter testing at factories. Haselden and the other top four executives have all joined Lululemon in the post-Wilson era.

Potdevin has created a fiercely loyal group with virtually no ties to the founder. The only thing that's the same: Wilson's insular culture (*Atlas Shrugged* still adorns company bookshelves). The new human resources chief, Gina Warren, a whispery-voiced ex-Nike executive, likes to refer to the staff as a "collective."

Incoming employees get indoctrinated during a grueling boot camp lasting as long as 60 days. They learn about a corporate structure that asks managers to wholly trust their direct reports' ability to achieve success in a relatively flat management structure.

"It's creating the conditions for clarity and then letting people play," says the new marketing chief, Duke Stump, who acknowledges the similarities to Zappos' controversial "holacracy." "It goes sideways at times, but people are creating stuff."

And it's also working. Analysts expect Lululemon to hit $2.3 billion in revenue in 2016. One of Potdevin's successes: men's clothing, an area mostly eschewed by Wilson, who imbued Lululemon with an unmistakable feminine orientation (its "A" logo, for instance, resembles the silhouette of a woman's head and hair). Men's sales have grown over 20% annually in the past three years to roughly $330 million on the strength of products like the chic ABC trousers, designed to be particularly comfortable in the area below a man's waist. (Its acronym spells out as "anti-ball-crushing.") At its stores, Potdevin has added more male "educators" (its Orwellian term for its in-store sales force) and recruited more male "ambassadors" (its term for local trainers, coaches and yoga instructors who get gear and support in exchange for promoting Lululemon).

But now that the nondisparagement agreement has expired, the 61-year-old Wilson is vocal again. Wall Street, for its part, doesn't seem to care. "We are starting to see the results of stable management, and we're going to see what this company can do as a stable company," says McClintock, the Barclays analyst.

The obvious thing for Wilson to do would be to put his money where his mouth is and buy out Lululemon. He'd need to partner with a private equity firm or some other investor; his $2 billion fortune is well short of Lululemon's $7.6 billion market cap. But he isn't keen on launching a takeover attempt. He could also devote all his time to re-creating his Lululemon rocket ride at Kit and Ace, which has sales of an estimated $70 million.

Instead, he seems content to just nag. A few months ago Wilson purchased a large ad at a bus stop outside Lululemon headquarters in Vancouver, directing commuters to check out ElevateLululemon.com, where Wilson explains his vision for running the company. "It's my way of talking to the company, because the type of CEO it has and type of direction it is getting are not long-term-driven," Wilson says.

Launching a startup in a nascent industry, it turns out, is far different from managing a large company in a mature one. Some founders get that; most don't. Which leaves Wilson facing what haunts the nightmares of parents everywhere: filial rejection.

"Chip's the founder, a large shareholder, so he's certainly entitled to his opinion," Potdevin says with a shrug. "It's not a distraction—just noise." *

FINAL THOUGHT

* *"You can only lose what you cling to."* —BUDDHA

TRENDING

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COMPANY
ELI LILLY

Late-stage trials show its new Alzheimer's drug to be ineffective. Will Donald Trump, whose father died of the disease, make curing it his public-health moon shot?

PERSON
NICK WOODMAN

Ex-billionaire GoPro founder announces his beleaguered wearable-camera maker will cut its workforce by 15% in search of renewed profitability.

IDEA
VIRTUAL CHOW

Enhanced-reality meals in which you can actually "taste" what you're not eating offer possible applications in weight loss, food tourism and more.

FRANCKREPORTER/GETTY IMAGES

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The Septuagenarian Whiz Kid

Shaun McConnon has sold three tech startups for a total of $1 billion. Now he's building a cybersecurity business that could soon be worth a billion by itself.

BY AMY FELDMAN

The founders of BitSight Technologies, Stephen Boyer and Nagarjuna Venna, believed they had a hot idea for a startup: a business that could assess and rate the cybersecurity of other businesses. But they also knew that a great idea means little without great execution. So they turned to someone with a record for building startups, Shaun McConnon.

Initially the founders thought McConnon, now 72, would make a terrific mentor. But in June 2012 McConnon, who had run three cybersecurity startups and sold them for a combined total of $1 billion, signed on as CEO. Boyer says the founders' decision to bring in McConnon to run the business (they stayed on in technical roles) was an acknowledgment that most startups fail. "I rate them high on courage," McConnon says. "They knew that I had separated from founders of the three previous companies."

Today BitSight, based in Cambridge, Massachusetts, is in a sweet spot as companies look for ways to reduce the risks of being hacked. BitSight issues daily ratings that are akin to a credit score for security and help companies flag not only their own risks but also those of the companies they do business with: vendors, partners, acquisition targets. The risks from third parties burst into public consciousness after the 2013 attack on Target, when the credit- and debit-card data of 40 million customers was stolen through an HVAC vendor. While BitSight faces competition from newer entrants like SecurityScorecard and RiskRecon, it retains the advantage of having launched first and raised $95 million (it was recently valued at $340 million).

Named to the FORBES 2016 list of next billion-dollar startups, BitSight has more than 500 customers, including AIG, Safeway, Ferrari and Lowe's, and has assessed the security of some 70,000 companies. Customers pay on a subscription basis with annual fees ranging from a few thousand dollars to analyze a single company to more than $1 million to review thousands of suppliers. FORBES estimates BitSight's revenues will reach $50 million in 2017 and $100 million in 2018, when McConnon hopes to take the company public. He expects it to be profitable by 2019.

McConnon has never founded a company himself. Over the past two decades, however, he has sold Raptor Systems to Axent (now part of Symantec) for $250 million, Okena to Cisco for $154 million and Q1 Labs to IBM for some $600 million. "Shaun is a unicorn as a CEO," says David Aronoff of Flybridge Capital Partners, who has known McConnon for two decades and who connected him with BitSight.

In each case McConnon, who is worth more

"I'm not the idea guy," says Shaun McConnon. "I usually inherit the idea or concept that over the next two years I morph into something that people will pay money for."

JONATHAN KOZOWYK FOR FORBES (2)

Stephen Boyer (left) and Nagarjuna Venna are the brains behind BitSight's cybersecurity technology.

than $100 million, joined the business at an early stage, brought in investors, made a marketing push and negotiated a sale. At Q1 Labs McConnon changed the direction of the company, taking it from an also-ran in behavioral-anomaly detection to a network-security alternative to Cisco. "Our investors had just invested in us and the category we were in," says Tom Turner, 46, who has worked with McConnon for much of the past 15 years and is now BitSight's president. "And Shaun went back to them and said, 'This isn't a long-term market.' . . . One of Shaun's great qualities is he does see market trends happening."

To those used to seeing tech CEOs in hoodies, McConnon is a throwback. When he's plotting strategy, he likes to sit at the Local, a gastropub near BitSight's headquarters, and scribble on the backs of the previous week's menus. He self-published a novel and reads voraciously, passing out books to staff and board members. "He gives me so many books it's hard to keep up," says Glenn Solomon, a managing partner at GGV Capital and a BitSight board member. "I'd put his energy level and drive against any of our founders and CEOs despite the fact that he is double the age of many of them."

McConnon was born in the Flatbush section of Brooklyn in the 1940s, the son of an Irish-American tank man in World War II and a Czech woman. He was a tough kid who got into fights until the police put him in a program and gave him boxing gloves. "I had a chip on my shoulder," he says.

He studied biology at Roanoke College but ended up in computers, becoming employee No. 74 at Sun Microsystems. At Sun he eventually ran sales in Australia and New Zealand, leaving in 1994 with enough money to retire. Instead he became CEO of his first startup at age 49. "I'm not the idea guy," he says. "I usually inherit the idea or concept that over the next two years I morph into something that people want and will pay money for."

At BitSight the idea guys are Boyer, now chief technology officer, and Venna, chief product officer. Both 40, Boyer and Venna met as graduate students at MIT when they were teamed on a class project. The idea for BitSight was simple in concept but excruciatingly difficult to execute. Rather than ask companies about their security risks, they would assess those risks from the outside, observing communications coming into and leaving a company's network. "In 2011 nobody was paying attention to this. It was not on anyone's radar," Venna says. "We were going to VCs and they were saying, 'That is not an important problem.' "

It is now. Cabela's, the hunting and fishing goods retailer based in Sidney, Nebraska, has been using BitSight for almost a year to monitor its own risks and those of some 85 vendors. The chain has been able to slash the time it takes to vet new vendors from days or even weeks to just hours, says Michael Christian, Cabela's information security manager for cyber-risk and compliance. "Three or four times, I have actually said no to vendors," Christian says.

Behind BitSight's simple scores, which range from 250 to 900, is a complex process and a lot of data. In 2014 McConnon acquired AnubisNetworks, a Portugal-based real-time threat-intelligence provider. The company had the best botnet-detection data in the world, McConnon says, so he bought it for $13 million—even though Anubis was bigger than BitSight. "Within a day," McConnon says, "I e-mailed my biggest competitor in New York, who was also leasing the data, and told him I was giving him 30 days' notice that he no longer had access to the data."

McConnon raised another $40 million in September to ramp up partnerships, add another 100 people to BitSight's staff of 220 and pursue further acquisitions. As he says, "No one gives you a ribbon in this business for coming in second or third." *

FINAL THOUGHT

* *"Systems are organic, living creations. If people stop working on them and improving them, they die."* —STEVEN LEVY

MARGIN PROPHET

HOW TO FIX A DEEP-FRIED PHONE

JUSTIN WETHERILL, 29, COFOUNDED UBREAKIFIX, A DEVICE-REPAIR SERVICE, IN HIS BEDROOM IN 2009. THE ORLANDO-BASED CHAIN NOW HAS 262 STORES, ALMOST $100 MILLION IN REVENUE AND A DEAL WITH GOOGLE.

What led you to start uBreakiFix?
I broke my iPhone 3G. I was walking and typing like a zombie, and I dropped it face-down on the concrete. The Apple store wanted $200; I thought that was crazy.

How did you learn to fix phones?
Trial and error.

Why did your first store do so much better than the online business?
People wanted their phones back the same day.

How did you get the franchises off the ground?
We sold 26 stores to managers and financed those at 0% for one month of sales. Now it comes to about $125,000 to open a new store.

How much will your Google deal be worth?
It depends how successful [Google's] Pixel is. But it's invaluable to us as a business.

What was your most unusual repair challenge?
A customer dropped their phone into a deep fryer at McDonald's. That was in 2009—we were still in my living room, and we were able to fix it. —*Susan Adams*

Moderna's Mystery Medicines

Backed by world-class science, a stealthy biotech has raised $1.9 billion by promising to change medicine forever. A new lawsuit opens a rare window into its secrets.

BY NATHAN VARDI AND MATTHEW HERPER

In a hot biotech venture market, Moderna Therapeutics is ablaze. Based in Cambridge, Massachusetts, and shrouded in secrecy, the startup claims to be developing a new class of drug that hacks the very operating system of life, turning human bodies into drug factories by directing cells to produce therapeutic proteins. Its founders include three of the world's foremost scientists from MIT and Harvard. The biotech community is buzzing with rumors about the company, which says it has 12 new drugs in its pipeline, yet few have a clue as to what specifically it is working on.

One thing is certain: If Moderna is successful, it will be revolutionary for medicine. The sky's the limit on important new remedies it could help develop for everything from cancer to heart disease to the Zika virus. In November it quietly put its third drug in human trials.

This promise has made Moderna chief executive Stéphane Bancel into one of the most successful fundraisers in the industry's history and has given him a near $500 million fortune. Moderna has raked in investor cash from the likes of billionaire Andreas Halvorsen's Viking Global Investors and Wellington Management. Pitchbook puts its valuation at $4.7 billion—more than any publicly traded biotech without a drug on the market. Bancel, 44, a Harvard M.B.A. with a background in sales and operations, is named on many of Moderna's patents. So enthusiastic is he about his startup that he has accumulated his 10% stake by boosting his initial stake with additional purchases during each of Moderna's fundraisings.

Big pharma is also lining up to get in on Bancel's Moderna. In 2013 the startup signed a deal with AstraZeneca that included a $240 million cash payment, followed by a $140 million investment this year. A 2014 agreement with the rare-disease specialist Alexion reeled in a $100 million payment and a $25 million investment. This year Merck paid $200 million so Moderna would help it develop cancer vaccines. In total, Moderna has raised $1.9 billion from eager partners and investors.

The money is real. What's been mysterious is exactly what Bancel has been building. Now an obscure lawsuit filed in British Columbia in October sheds light on one of Moderna's key partners, and through it FORBES can reveal details on Moderna's amazing but still untested technology.

It appears that the first two products Moderna has entered into clinical trials rely on technology from a small outfit in Vancouver, British Columbia, called Acuitas Therapeutics. (Acuitas is so small, in fact, that its worldwide headquarters are in its CEO's single-family home.)

Almost all medicines either block proteins—the building blocks of life—or, in the case of expensive biotech drugs, are proteins themselves. But Moderna has been promising to hack an entirely different part of life's cookbook. In order to turn genetic information encoded in DNA into the cellular machines that actually are proteins, living things use a messenger chemical called mRNA.

Creating these mRNA drugs is a big challenge on many levels. For them to work, Moderna needs to deliver mRNA to the body's cells. By itself mRNA breaks down in the bloodstream. Tiny Acuitas specializes in one method: lipid-nanoparticle delivery systems. Its technology essentially wraps the

Biotech's billion-dollar mystery man, Stéphane Bancel of Moderna Therapeutics.

GILLES ROLLE/REA/REDUX

didn't cover Moderna's medicines.

The legal mess has its roots in Moderna's 2011 start, when Robert Langer, an MIT professor, Moderna board member and founder of dozens of biotech companies, told Bancel that Moderna was too underfunded and small to create its own delivery system. So Moderna vetted over a dozen external delivery methods for mRNA and settled on at least three. One belonged to Arbutus, but Moderna turned to tiny Acuitas to get access to it.

Acuitas was formed in 2009 by Madden after a merger eliminated his position at Arbutus' predecessor, Tekmira Pharmaceuticals. After a contentious lawsuit Madden was able to license from his former employer the novel tech he had helped develop, and Bancel claims Moderna chose to work with Acuitas because it had "the people and the capabilities."

But that doesn't explain why Moderna—flush with capital—didn't make sure that sublicensing through Acuitas would be okay with Arbutus before advancing its new drugs into human studies.

Bancel met with FORBES at a Brooklyn coffee shop on a recent Saturday to dispel the implications of the lawsuit. He is dismissive of Acuitas' technology. "We knew it was not very good," he says. "It was just okay."

He further explains that Moderna is in the process of producing its own nanoparticle lipids. One such lipid, N1GEL (called "Nigel" internally), appears to cause less inflammation than Acuitas' version. Another is being licensed from Merck. Bancel says Moderna has stopped using the Acuitas tech for new drugs.

mRNA into balls of fat that disguise the drug so that the target cells will readily ingest it.

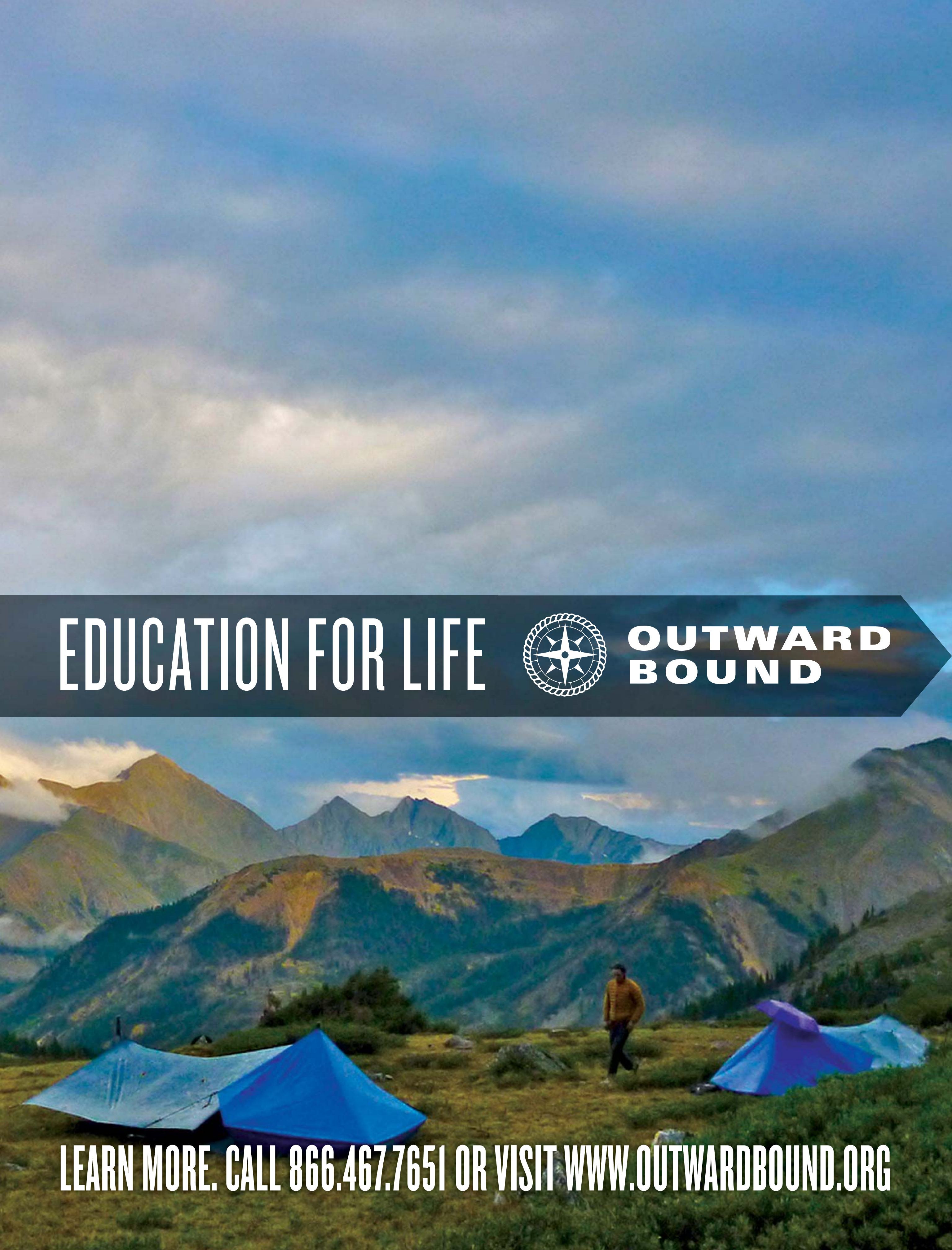
"Although we are small," says Thomas Madden, chief executive of Acuitas, "I believe the technology we have developed is highly effective."

The problem for Madden and Moderna is that Acuitas doesn't actually own the technology it has licensed to Moderna. The tech belongs to a third company, publicly traded Arbutus, which recently decided to terminate the license for the tech that it had granted to Acuitas. That's why Acuitas filed the lawsuit in British Columbia, to protect the deal it had. Arbutus immediately countersued, claiming its deal with Acuitas

That still leaves a somewhat messy situation for any Moderna vaccines that are being developed using Acuitas' tech.

Data from one vaccine is expected early next year. If results are good, it could lead to a sizzling-hot initial public offering, even if the Canadian lawsuit ultimately affords Arbutus bigger royalty payments from Moderna.

"We're making medicines that cannot be done using older technology, by getting inside the cells or getting proteins on the membranes of cells," says Bancel between sips of Earl Grey tea. "There are diseases where we can have a hope to make drugs where today there is no hope for those patients." F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The All-Americans

If you hold this truth to be self-evident—that not all whiskeys are created equal—then start drinking patriotically. After all, American oak barrels are the key to Scotch and Japanese whisky as well as Irish whiskey. And while Kentucky may get all the old glory for its bourbon—and deservedly so—batches from other states (including Colorado's Stranahan's, Utah's High West and Vermont's WhistlePig) are also worth a salute.

Clock Tower

10 blueberries

.75 oz. freshly squeezed lemon juice

.75 oz. poppy seed syrup

2 oz. bourbon

Muddle blueberries in your shaker tin, add all liquid ingredients, shake with ice and fine strain into a coupe or cocktail glass. Grate fresh nutmeg over the top.

All cocktail recipes by Jillian Vose of the Dead Rabbit Grocery and Grog.

FROM LEFT: ELIJAH CRAIG SMALL BATCH BOURBON ($35), STRANAHAN'S DIAMOND PEAK WHISKEY ($70), CLYDE MAY'S STRAIGHT BOURBON ($40), HIGH WEST WHISKEY ($50), WHISTLEPIG THE BOSS HOG ($299). PAISLEY WALL COVERING BY STARK. WOOD SURFACE COURTESY OF THE HUDSON COMPANY.

Raising The Bar

TO CREATE THE WORLD'S BEST WATERING HOLE, DEAD RABBIT'S SEAN MULDOON AND JACK MCGARRY TAPPED INTO IRISH-AMERICAN HISTORY AND GAVE IT A NEW YORK TWIST.

JACK MCGARRY (LEFT) WEARS A WOOL SUIT BY **DOLCE & GABBANA** ($2,995) AND A POPLIN SHIRT BY **HERMÈS** ($640). SEAN MULDOON WEARS A WOOL SUIT BY **CANALI** ($2,025) AND A MERINO SWEATER BY **CHARLES TYRWHITT** ($69). JILLIAN VOSE WEARS A VELVET EVENING DRESS BY **RALPH LAUREN COLLECTION** ($4,990).

What's the tale behind New York's Dead Rabbit Grocery and Grog? Winner of the 2016 Drinks International award for World's Best Bar, the downtown drink den was founded by Belfast natives Sean Muldoon and Jack McGarry, who wanted to create a bar that was a mix of the cocktail lounge they had worked in and the pub they had drunk in. "So we searched for a point in New York history where cocktails and Irish culture met," the 45-year-old Muldoon recalls, "and came up with a story that brought them together."

The result is a cozy three-story bar in the Financial District inspired by John Morrissey, the leader of the Dead Rabbits, an Irish-American gang from the 1850s. Structured like a classic American tavern and decorated like a traditional Irish pub, Dead Rabbit features a taproom, a sit-down parlor and the Occasional Room for events, all teeming with old photographs, sports memorabilia, even some Civil War mementos. "At Dead Rabbit it's about challenging the status quo of what an Irish bar can and cannot be and bringing it into the 21st century," the 27-year-old McGarry says. The bar—home to the largest Irish whiskey collection in America—creates a new cocktail menu, crafted by beverage director Jillian Vose, every six months. (Its first recipe collection, *The Dead Rabbit Drinks Manual,* was awarded the Best Bartending & Cocktail Book at Tales of the Cocktail 2016.)

The team's second New York location, BlackTail, opened this past summer. An exploration of how Americans influenced the Cuban bartending scene during Prohibition, it channels the spirit of Ernest Hemingway during his time in Havana and features the highball as its hero. "We opened it to show ourselves we could do something different," McGarry says. As for what's next, "we're going straight back to doing what we do best—it'll definitely be an Irish-inspired bar." *—Kristin Tablang*

SPIRITS PHOTOGRAPHS BY **DAVID ARKY**

ABOVE AND COVER: PHOTOGRAPH BY **FRANCO VOGT**
CREATIVE STYLE DIRECTOR: **JOSEPH DEACETIS.** STYLE ASSOCIATE: **JUAN BENSON**

The Sipping Point

With all great spirits, age matters. And the wiser you get about tequila, the older it gets. Once you move past silver, gold and reposado (or rested), there is añejo, which is aged in oak barrels from one to three years. And as its name implies, extra-añejo is aged for more than three years and meant to be savored—and it's well worth the wait.

Man-of-War

1 dash aromatic bitters (Angostura or Bitter Truth)

1 teaspoon Demerara sugar syrup

.5 oz. dry curaçao

1.5 oz. Earl Grey Tea-infused añejo tequila

Stir all ingredients in a pint glass or large glass mixing vessel with ice. Using a julep strainer, pour the drink over fresh ice into an Old-Fashioned glass. Express the oils of an orange twist and then discard the twist.

FROM LEFT: CASA NOBLE ALTA BELLEZA ($1,200), PASOTE AÑEJO ($69), DON JULIO REAL ($350), CÓDIGO 1530 AÑEJO ($120), TEQUILA EL MAYOR EXTRA AÑEJO ($120). DÉCOR COLLECTION WALL COVERING BY STARK. WOOD SURFACE COURTESY OF THE HUDSON COMPANY.

Cognac to the Future

As a new generation discovers the world's most famous brandy, Cognac has been enjoying a makeover. Granted, you can still appreciate bottles of rare eaux-de-vie that sell for thousands of dollars, but Cognac was once the people's drink—and it's the original foundation for some classic cocktails, including the mint julep. The new expressions of Cognac still evoke old-world grandeur, but they're aimed at those who enjoy a good bourbon or whisky. Call it the spirit of modernity.

Original Sin

1.5 oz. Cognac

.75 lemon juice

.5 oz. honey syrup (1 part water, 1 part honey)

Mix all ingredients together in a cocktail shaker, fine strain into a Champagne flute, top with Champagne and serve.

FROM LEFT: HENNESSY MASTER BLENDER'S SELECTION NO. 1 ($80), MARTELL BLUE SWIFT ($50), D'USSÉ VSOP COGNAC ($50), L'ESSENCE DE COURVOISIER ($3,500). SENSATIONAL SKINS WALL COVERING BY STARK. WOOD SURFACE COURTESY OF THE HUDSON COMPANY.

a tripadvisor traveler review
"HEAVEN ON EARTH"
RLMeyers, South Carolina
Royal Isabela, Isabela
This place was absolutely incredible! ...With golf course layouts that seem Scottish or Irish, except with great weather. Shot values that a serious golfer appreciates... tee shots over cliffs, ocean views everywhere, green complexes that will have you amazed; maybe the best back nine I have ever played... A lot of fun! ...JUST GO!
Puerto Rico's 23 courses are much more than a good game of golf. They are five star world class attractions.
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THE ALL STAR ISLAND

Ginning Up

Gin, unlike its clear cousin, vodka, is prized for the way it tastes. Which is why, in addition to the traditional juniper flavor, distillers often layer in a veritable hothouse of botanicals or a spritz of citrus. And for those who want to take their gin cocktails to the next level, there is barrel-aged gin, which rests in oak for months and sometimes years. The result is a gin that looks like rich white wine or even whiskey, and tastes like . . . well, try it.

Exit Strategy

1 dash Boker's Bitters
.25 oz. yellow Chartreuse
.5 oz. fino sherry
.75 oz. Dolin Blanc vermouth
1.5 oz. ESP Noho Gin

Stir all ingredients in a pint glass and strain into a Nick & Nora glass. Express the oils of a lemon twist and then discard the twist.

MALFY GIN CON LIMONE ($30), ESP NOHO GIN ($39), ST. GEORGE DRY RYE GIN ($35), FOUR PILLARS BARREL-AGED GIN ($95). ENIGMA WALLPAPER BY FARROW & BALL. WOOD SURFACE COURTESY OF THE HUDSON COMPANY.

Drink Pink

James Bond may be best remembered for his vodka martinis, but in the novel *Goldfinger* he shoots back some pink Champagne. Don't let the color fool you: Great rosé Champagnes are not sweet, they're brut (or dry). And because they contain more Pinot Noir and Pinot Meunier grapes, these bottles can hold their own with rich holiday meals. Plus, why not see 2017 through rosé-colored glasses?

FROM LEFT: DOM PÉRIGNON ROSÉ VINTAGE 2004 ($319), TAITTINGER COMTES DE CHAMPAGNE ROSÉ 2006 ($262), POL ROGER BRUT ROSÉ VINTAGE 2008 ($130), DOM RUINART ROSÉ 2002 ($299), BOLLINGER LA GRANDE ANNÉE ROSÉ 2004 ($210). FEUILLE WALLPAPER BY FARROW & BALL. WOOD SURFACE COURTESY OF THE HUDSON COMPANY.

Annie Moore

.5 oz. cinnamon syrup
.75 oz. Campari
rosé Champagne

Build in a wine glass or highball glass over cracked ice. Give it a light stir. Express the oils of a grapefruit twist and then discard the twist.

WHAT MAKES A COMPANY A DIGITAL LEADER

A survey of 573 global companies reveals that just 13% of them have integrated digital technologies enterprise-wide, which resulted in improved efficiency, customer experience, and business models. These are the leaders of digital transformation.

For the full survey findings and report, visit forbes.com/forbesinsights

DIGITAL LEADERS VS THE REST

DIGITAL LEADERS	THE REST
FOCUS ON GROWTH	**FOCUS ON SAVINGS**
64% say revenue and margin growth is the top measure of success	**45%** say cost reduction is the top measure of success
INVEST MORE IN DIGITAL TRANSFORMATION	**INVEST LESS IN DIGITAL TRANSFORMATION**
51% plan to dedicate 10% or more of revenues to digital transformation over the next two years	**39%** plan to dedicate 10% or more of revenues to digital transformation over the next two years
EXCEL AT CUSTOMER EXPERIENCE	**LAG AT CUSTOMER EXPERIENCE**
40% are creating new markets thanks to digital transformation	**6%** are creating new markets thanks to digital transformation
MORE ADVANCED IN DATA & ANALYTICS	**LESS ADVANCED IN DATA & ANALYTICS**
43% have data and analytics integrated at the enterprise level	**6%** have data and analytics integrated at the enterprise level
REAP MORE BENEFITS FROM DATA & ANALYTICS	**REAP FEWER BENEFITS FROM DATA & ANALYTICS**
40% have increased revenues from data & analytics by 5% or more	**29%** have increased revenues from data & analytics by 5% or more

Forbes INSIGHTS

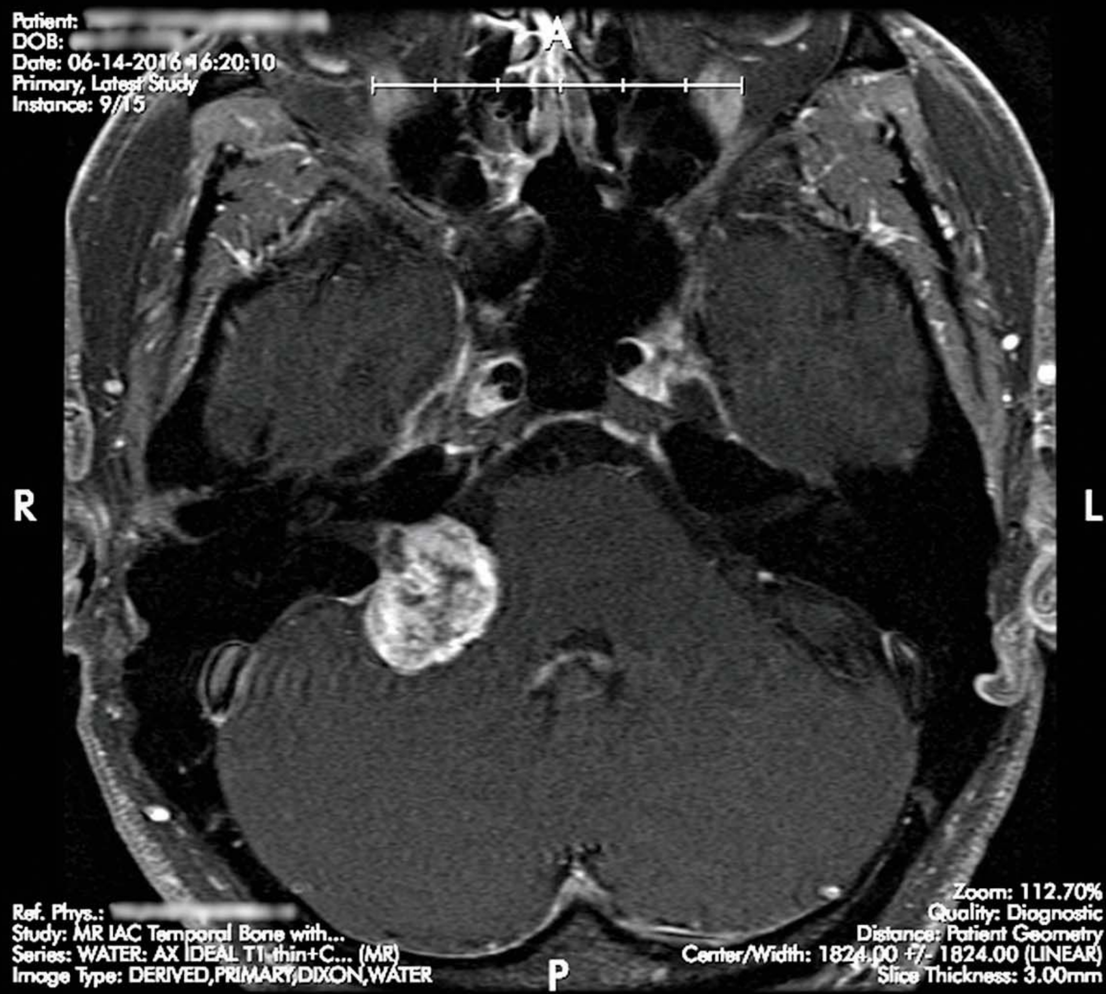
IN ASSOCIATION WITH:
HITACHI Inspire the Next

Digital transformation improves enterprises' cost efficiency, time to market, customer experience, and revenue through better data management. Hitachi Data Systems uses data to power the digital enterprise. **For more information, visit HDS.com/go/digital**

Features

DECEMBER 30, 2016

The tumor found on Owen Tripp's eighth cranial nerve was making him deaf in one ear. Tripp turned to his own medical-data unicorn, Grand Rounds, to find the best doctors to operate on him. **PAGE 78**



ETHAN PINES FOR FORBES

UBER'S BOLD MOVE

While every startup compares itself to Uber, Travis Kalanick is positioning his $68 billion company more like Amazon. From people to freight, if something is in motion he wants to be at the center of it.

BY MIGUEL HELFT

Dressed in a gray polo, matching gray chinos and black sneakers, Travis Kalanick tunes out the noise and locks in. He paces the length of a conference room like a basketball coach, alternating between sips of coffee and bits of trail mix he picks out of an espresso-size paper cup. Around the table, six young men present the Uber cofounder and CEO with the early results of a critical initiative: a new version of the Uber app that launched three weeks earlier. What users see as simple tweaks in the app's design have profound impacts on app downloads, usage, ratings, pickup times, retention rates, load times, the distribution of users who choose UberPool over UberX and much more. Those impacts vary by country and by the type of phone the rider uses.

It's the ultimate logic quiz. For 80 minutes Kalanick scrutinizes every chart, questioning assumptions. "This could be a measurement issue or a real problem," he says, pointing to a seemingly arcane metric. He repeatedly pulls out his iPhone to check for himself how such details might affect actual users, alternating between satisfaction and mild annoyance. At one point he says that without "real data" on a specific feature, "emotion will rule the day." At Uber that would be a very bad thing.

This process, one of the fundamental building blocks of the Uber machine, is a called a jam session. Jams determine how problems get turned into ideas, how ideas get turned into products and how products get reviewed with an eye to their impact on Kalanick's overriding obsession: the efficiency of Uber. Jams are also how Kalanick touches almost every important aspect of the Uber experience.

One of the most talked-about people in Silicon Valley, the 40-year-old (No. 64 on FORBES' World's Most Powerful People list) has been described as many things—most of them unflattering. Ruthless and unethical, an evil genius and a loose cannon, a "bro" and a "douche." There's a seed of truth in all of those. But the terms miss the special sauce, the unifier that explains how Kalanick has driven Uber to become the richest startup in history, with a valuation of $68 billion.

As the jams demonstrate, Kalanick's ultimate professional trait—the part that channels the hypercompetitiveness, harnesses the intensity and mitigates any personal flaws—is troubleshooting. He likes to call himself Uber's problem-solver-in-chief. When you watch him jam, it's easy to see the joy he takes in that role, as he compares a small and particularly successful tweak to a "super-gangster move," his face lighting up with a kid-in-a-candy-store smile that further narrows his quasi-permanent squint. Many founders, Kalanick included, have vision. Others, Kalanick not included, are fanatical, public evangelists. Kalanick views his role as driving Uber forward through a series of logical hurdles, which must be jumped, endlessly.

> **"THERE IS SO MUCH ANXIETY ABOUT WHAT THIS COMPANY COULD DO TO ONE OF THE BIGGEST INDUSTRIES ON THE PLANET."**

"Every problem is super-interesting and has its own nuances, and you solve it today, but you try to solve it with an architecture. You build a machine to solve the problems that are like it later," Kalanick says. "And then you move on to the next."

There's always a next—and those nexts keep getting bigger. That's what makes Uber one of the world's most interesting companies and explains why Kalanick can raise as much money as he wants—$16 billion in equity and debt so far—with neither a profit nor an IPO in sight. Uber's business model as a frictionless middleman (for ride-hailing, in its case) is so powerful that it's become a cliché. Well over 100 startups have been described as the Uber of something, from Honor (Uber of home care) to Wag Labs (Uber of dog walking). One of the few Valley companies that are not trying to be the Uber of something? Uber. The more apt comparison: Amazon, which started as a company synonymous with online bookselling and morphed into the Internet's retail megastore and more. Kalanick is no longer interested in just getting you a ride: He's positioning Uber to be at the center of mobility. If it moves, Kalanick wants a piece of it. Less than seven years after launch, Uber is already reshaping how cities think about public transit, parking and congestion, and how Millennials think about car ownership. And it has barely scratched the surface in terms of moving physical goods. "The car market, the transportation market, consumer ground transportation—you might think of it as $5 trillion or $6 trillion globally, but honestly I don't know if it really matters," Kalanick says. "The point is it's in the trillions."

Over the past two years Uber has not only dramatically expanded its ride-sharing offerings globally but also pushed into delivery services like Eats (food), Rush (anything, quickly) and Freight (watch out, long-haul trucking). It has played with marketing stunts like UberChopper (helicopters), UberSeaplane and UberBoat, usually around specific events. It's also investing seriously in self-driving cars and self-driving trucks, and it has even proposed, Elon Musk-like, a far-fetched blueprint for flying cars.

If Uber's core ride-sharing market


You've earned your money, but are you owning it?
In life, you question everything. The same should be true when it comes to managing your wealth. Do you know what your investment recommendations are based on? Does your financial professional stand by their word? Do you know how much you're paying in fees? And how those fees affect your returns? Ask your financial professional, and if you don't like their answers, ask again at Schwab. We think you'll like what we have to say. Talk to us or one of the thousands of independent registered investment advisors that do business with Schwab. Ask questions. Be engaged. Own your tomorrow.™
Schwab ranked
"Highest in Investor Satisfaction with Full-Service Brokerage Firms." *
J.D. POWER
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Wealth Management at Charles Schwab
PLANNING | PORTFOLIO MANAGEMENT | INCOME STRATEGIES | BANKING

THE WORLD'S MOST
POWERFUL PEOPLE

There are nearly 7.4 billion humans on planet Earth—but these 74 men and women make the world turn. Our annual ranking of the World's Most Powerful People identifies one person out of every 100 million whose actions mean the most. We consider hundreds of candidates, examining four key areas: how many people they have power over; how much money they control; whether their power extends across multiple regions, industries or aspects of life; and how actively they use the power they have. A panel of FORBES editors votes to make the final cut. This year's list comes at a time of rapid and profound change, and represents our best guess about who will matter in the year to come.

EDITED BY DAVID M. EWALT AND NOAH KIRSCH

1 VLADIMIR PUTIN ◀▶

PRESIDENT, RUSSIA
AGE 64
RUSSIA

From the motherland to Syria to the U.S. presidential elections, Russia's leader gets what he wants. And now that he's got a potential ally in the Oval Office, there are few checks on his power left.

2 DONALD TRUMP ▲

PRESIDENT-ELECT, U.S.
AGE 70
UNITED STATES

The president-to-be has a seeming immunity to scandal, both houses of Congress on his side, a personal net worth in the billions and an agenda to "make America great again."

3 ANGELA MERKEL ▼

CHANCELLOR, GERMANY
AGE 62
GERMANY

After Brexit the German chancellor is more important than ever, though she faces a tough reelection in 2017. Following Hillary Clinton's loss, she is still the world's most powerful woman.

4 XI JINPING ▲

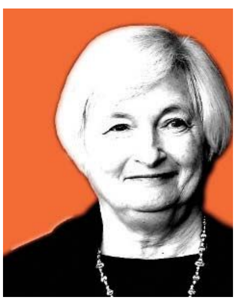
GENERAL SECRETARY, COMMUNIST PARTY OF CHINA
AGE 63
CHINA

Recently named a "core" leader of the Communist Party, an honor previously bestowed on Deng Xiaoping and Mao Zedong, President Xi has more control over Chinese policy than ever.

5 POPE FRANCIS ▼

POPE, ROMAN CATHOLIC CHURCH
AGE 80
VATICAN CITY

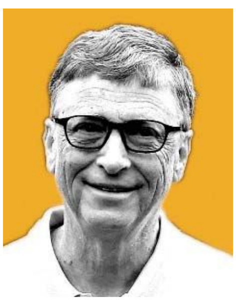
The spiritual leader of nearly 1.3 billion Catholics doesn't shy away from controversy. This year he affirmed a ban on female priests and offered forgiveness to women who undergo abortions.



6 JANET YELLEN ▲

CHAIR, FEDERAL RESERVE
AGE 70
UNITED STATES

The world's top central banker has been careful not to rock the boat: Even though she's been Fed chair since 2014, Yellen has raised interest rates just once. Another tweak could come soon.



7 BILL GATES ▼

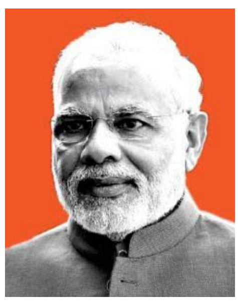
CHAIR, BILL & MELINDA GATES FOUNDATION
AGE 61
UNITED STATES

Earth's richest person (net worth: $83 billion) also oversees its largest charitable foundation, which has helped eliminate polio from all but three countries and plans to eradicate malaria by 2040.

8 LARRY PAGE ▲

COFOUNDER AND CEO, ALPHABET
AGE 43
UNITED STATES

Alphabet's research into everything from AI to health care isn't enough for Page—he's also using his $37 billion fortune to make ambitious investments, reportedly including flying-car startups.



9 NARENDRA MODI ◀▶

PRIME MINISTER, INDIA
AGE 66
INDIA

India's populist leader recently replaced the country's two largest banknotes in a bid to reduce money laundering and corruption, creating a nationwide frenzy to quickly swap out the bills.

10 MARK ZUCKERBERG ▲

CEO, FACEBOOK
AGE 32
UNITED STATES

Facebook was accused of spreading "fake news" during the 2016 U.S. election cycle. Zuckerberg downplays it—but can't deny the social media giant's increasing power as a media curator.

GOVERNMENT & POLICY | PHILANTHROPY & RELIGION | FINANCE & INVESTMENT | BUSINESS | CRIME & TERROR

11 MARIO DRAGHI ◀▶
PRESIDENT, EUROPEAN CENTRAL BANK
AGE 69
ITALY

As president of the European Central Bank, "Super Mario" has presided over an era of negative interest rates and disintegrating faith in European unity, culminating in the June 2016 Brexit vote.

12 LI KEQIANG ◀▶
PREMIER, CHINA
AGE 61
CHINA

13 THERESA MAY ★
PRIME MINISTER, U.K.
AGE 60
UNITED KINGDOM

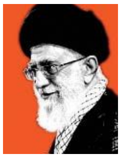
14 JEFF BEZOS ▲
CEO, AMAZON
AGE 52
UNITED STATES

15 WARREN BUFFETT ▼
CEO, BERKSHIRE HATHAWAY
AGE 86
UNITED STATES

16 SALMAN BIN ABDULAZIZ AL SAUD ▼
KING, SAUDI ARABIA
AGE 80
SAUDI ARABIA

The Saudi monarch faces a precarious economic climate fueled by soft oil prices and a costly war in Yemen. In early January his regime executed 47 people, including a prominent dissident.

17 CARLOS SLIM HELU ▼
CHAIR, GRUPO CARSO
AGE 76
MEXICO

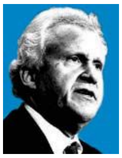


18 ALI HOSEINI-KHAMENEI ◀▶
GRAND AYATOLLAH, IRAN
AGE 77
IRAN

19 JAMIE DIMON ▲
CEO, JPMORGAN CHASE
AGE 60
UNITED STATES

20 BENJAMIN NETANYAHU ▲
PRIME MINISTER, ISRAEL
AGE 67
ISRAEL

21 ELON MUSK ▲
CEO, SPACEX, TESLA, SOLARCITY
AGE 45
UNITED STATES



22 JEFFREY IMMELT ▲
CEO, GE
AGE 60
UNITED STATES

23 FRANCOIS HOLLANDE ▼
PRESIDENT, FRANCE
AGE 62
FRANCE

CHANGE IN RANKING: ▲ UP ▼ DOWN ◀▶ UNCHANGED ★ NEW TO LIST ↻ RETURNEE

is any example, each of those toeholds could soon be a full-fledged foot in the door. Uber offers a whole menu of ride-sharing options like X, Pool, Black, Select and, in some countries, Moto (motorcycles), spending billions to subsidize drivers as part of what critics say is a deliberate strategy to put rivals out of business—and freely raise prices after that. FORBES estimates that Uber's losses could reach about $2 billion in 2016 on revenue that could easily top $5 billion. Profits today are secondary to market dominance tomorrow. Jeff Bezos, eat your heart out.

"When I first backed this company, I had no idea that one day I would be listening in on auto-industry earnings calls," says venture capitalist Bill Gurley, of Benchmark, one of Uber's first investors and a board member. "There is so much anxiety about what this company could do to one of the biggest industries on the planet."

TRAVIS KALANICK HAS always seen patterns. As a teenager he analyzed traffic on southern California's famously congested freeways with an eye to finding the optimal lane for every possible situation. His computer-science education at UCLA, even though he eventually dropped out, helped him hone his problem-solving mind-set. While still in school, he started Scour, a multimedia search engine and file-sharing exchange that flopped. At his next startup, Red Swoosh, which made it easier for media companies to deliver video files online, Kalanick endured bad investment proposals, a lowball acquisition offer, leaks suggesting the company was toast, staff desertions, investor disaffection and more before he finally managed to sell it to Akamai Technologies for $23 million. Kalanick has called these his "blood, sweat and ramen years."

Kalanick founded Uber in 2009 with Garrett Camp, a fellow entrepreneur who had recently bought back his old company, StumbleUpon. It was built around an app, called UberCab, that took the hassle out of booking a black car. The service, launched in 2010, initially was little more than a toy for Kalanick and his friends to get around San Francisco. But pretty quickly, Kalanick began to understand how math could help Uber disrupt not just limousine services but urban transportation itself. If prices went down, more riders would be interested, which in turn would lure more drivers onto the platform, which meant wait times would drop, bringing even more riders on board and helping drivers earn more. Fine-tuning that virtuous cycle has become Kalanick's obsession ever since.

The result has been the fastest

> **KALANICK IS NO LONGER INTERESTED IN JUST GETTING YOU A RIDE—HE'S POSITIONING UBER TO BE AT THE CENTER OF MOBILITY.**

ascent in Silicon Valley history, as Uber outpaced even rocket ships like Google and Facebook, with revenue that exceeded $1 billion in the second quarter and a workforce of more than 9,000 employees and 1.5 million drivers. (More people earn a paycheck—or part of one—from Uber than from any other private employer in the world except for Wal-Mart and McDonald's.) Uber has rolled out its app—often bulldozing regulatory hurdles and vocal opposition from taxi drivers—in more than 450 cities across 73 countries. In any given month 40 million people will take an Uber ride, and its drivers will collectively cover 1.2 billion miles, or about 35 times the distance between Earth

THE WORLD'S MOST
POWERFUL PEOPLE

24 REX TILLERSON ▲
CEO, EXXON MOBIL
AGE 64
UNITED STATES

25 CHRISTINE LAGARDE ▼
MANAGING DIRECTOR, IMF
AGE 60
FRANCE

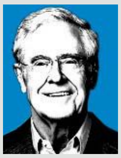
26 LLOYD BLANKFEIN ◀▶
CEO, GOLDMAN SACHS
AGE 62
UNITED STATES

27 DOUG MCMILLON ▲
CEO, WAL-MART
AGE 50
UNITED STATES

28 JACK MA ▼
CHAIR, ALIBABA
AGE 52
CHINA

29 AKIO TOYODA ▼
CEO, TOYOTA
AGE 60
JAPAN

30 SERGEY BRIN ◀▶
COFOUNDER AND PRESIDENT, ALPHABET
AGE 43
UNITED STATES



31 CHARLES KOCH ▼
CEO, KOCH INDUSTRIES
AGE 81
UNITED STATES

The billionaire political megadonor abstained from endorsing either major presidential candidate in 2016, likening the choice to that between "cancer or heart attack."

32 TIM COOK ▼
CEO, APPLE
AGE 56
UNITED STATES

33 LI KA-SHING ▼
CHAIR, HUTCHINSON WHAMPOA
AGE 88
HONG KONG

34 LARRY FINK ◀▶
CEO, BLACKROCK
AGE 64
UNITED STATES

35 RUPERT MURDOCH ◀▶
CHAIR, NEWS CORP.
AGE 85
UNITED STATES

36 ANTONIO GUTERRES ↻
SECRETARY-GENERAL, UNITED NATIONS
AGE 67
PORTUGAL

The incoming Secretary-General is the former prime minister of Portugal and UN High Commissioner for Refugees—experience he'll need if he's going to help defuse Europe's ongoing migrant crisis.

CHANGE IN RANKING: ▲ UP ▼ DOWN ◀▶ UNCHANGED ★ NEW TO LIST ↻ RETURNEE

Uber

and Mars. Kalanick's goal now is to "make transportation as reliable as running water."

The primacy of efficiency has only increased with this gargantuan scale. Kalanick, whose net worth FORBES estimates at $6.3 billion—he says he hasn't sold any of his Uber shares—manages this by breaking every component into a problem to be solved. "You create a system, which could be code or process, and guess what—we are in the world of bits and atoms, so it's process and code, and honestly, that's every problem," Kalanick says, before correcting himself. "It's people, process and code." Phew.

"Travis likes to encourage this philosophy of rigorous experimentation and testing," says Brian Tolkin, the 26-year-old head of UberPool, which groups riders into shared vehicles. Jams can extend across days and even weeks. Recently, a cross-department set of questions—how Uber could dole out incentives more efficiently—turned into a series of gatherings involving engineering, finance, data science and operations executives. "He jammed for two weeks straight, and sometimes it was three or four hours a day," says Thuan Pham, Uber's CTO. All that effort resulted in a relatively small outcome: a fine-tuning of departmental responsibilities, allowing quicker marketplace responses.

Given Uber's mammoth size, aggregated tweaks can make a huge difference. On the technical side, jam sessions have led to more than 1,000 separate but integrated "services"—bits of technology that encompass the Uber apparatus. "The more efficiently we can do this, the more money the drivers make," says Pham, 48, who fled Vietnam as one of that country's "boat people" after the Vietnam War and has been at Uber for nearly four years. The promise and the experience—push a button, get a ride—have become commonplace, but delivering on them demands myriad bits of code operating in perfect harmony.

Consider some of what happens when a user opens the app: Her location gets beamed to Uber's servers, and dispatching software begins searching for pricing algorithms and scouring the map for nearby vehicles; all of that gets updated every few seconds, before the user even requests a ride. Once a driver accepts a ride, the routing software directs the car to a location, updating ETAs based on GPS readings every four seconds. That near-continuous tracking goes on during the ride, and often before it is over the driver is predis-

MORE PEOPLE EARN A PAYCHECK—OR PART OF ONE—FROM UBER THAN FROM ANY PRIVATE EMPLOYER IN THE WORLD EXCEPT FOR WAL-MART AND MCDONALD'S.

patched to the next trip. Then there's billing, processing, ratings and the company's own analytics to evaluate the quality of the ride. The complexity of it all gets amplified with Pool, as new pieces of software get activated to determine who else may want to ride along a similar route and to calculate possible matches that don't prolong a ride by much—a calculation that changes continuously with traffic conditions. Even some matches that meet the criteria have to be discarded because they require drivers to backtrack. "Psychologically, our riders don't like to go backwards," Pham says.

That code—and more important the process (and, yes, people) that create it—forms the backbone of Uber's forays into the larger world of

GOVERNMENT & POLICY PHILANTHROPY & RELIGION FINANCE & INVESTMENT BUSINESS CRIME & TERROR



IN GOOD Company

BY LYNTHIA ROMNEY

Empowering Today's Female Millennials to Become Tomorrow's CEOs

The good news for U.S. corporations and financial institutions today is that Millennial women—hailing from the best-educated and most ambitious generation of our time—are filling the pipelines and rising in the ranks. For companies seeking to boost the number of women in the C-suite, this appears to be a tipping-point moment. The winners in the race for Millennial talent will be those who can offer substantive opportunities to a mobile generation, and the skills, mentoring and experience they need to succeed.

The FWA: Paving the Way

At the forefront of the campaign to enhance women's business success is the Financial Women's Association of New York (FWA), founded in 1956 by a group of female pioneers on Wall Street. The FWA offers its 1,000 members a rich array of professional development programs all along the career continuum. It has enhanced the role of women in finance with long-standing high school and college mentoring programs; recent innovations such as the Pacesetter leadership development and mentoring program for Millennials; and the Back2Business initiative, which provides a pathway for those who took a hiatus from the workforce for personal reasons but wish to restart and reestablish their careers.

The case for retaining and advancing female Millennials is bolstered by their education and ambitions. About 36% of women at hiring ages of 25-34 have a bachelor's degree or higher, compared with about 28% of men who are the same age, according to the Institute for Women's Policy Research. Research from the Bentley University Center for Women and Business found that 61% of college-educated Millennial women see themselves as ambitious, on par with 63% of men.

The challenge facing corporations that hire Millennials is that Millennial employees are prone to leaving. As the global Deloitte Millennial Survey 2016 found, "By the end of 2020, two of every three respondents hope to have moved on."

Retaining Top Talent

So how can high-powered financial firms capture and retain this talented cohort?

"Millennial women want to be engaged in their organizations and are passionate about their purpose," says Katrin Dambrot, FWA president. "Corporations seeking to

> "Millennial women want to be engaged in their organizations and are passionate about their purpose."
> – **Katrin Dambrot, FWA PRESIDENT**

FWA
FINANCIAL WOMEN'S ASSOCIATION
CELEBRATING 60 YEARS

retain them need to build strong relationships with them and offer them opportunities to put down stakes in their future."

The FWA Pacesetter Program prepares them to rise to the challenge. For female executives selected by the FWA President's Circle of corporate partners, the yearlong program offers a strategic mix of access to senior leaders, one-on-one mentoring, professional skills building and cross-industry network development.

Christine Birnbaum, director of Pacesetters, explains, "Day-to-day, women work hard on behalf of their clients and their families. Pacesetters helps them focus on their own career goals and an action plan for achieving them."

Lily Klebanoff Blake, an FWA past president and current outreach advisor, places the FWA's purpose in a larger context: "Our programs span the arc of a woman's career. The knowledge that we develop and the bonds that we form together last a lifetime."

For example, FWA members teach first-generation college students at Baruch College the hard and soft skills needed to land and keep professional positions. The program's 200 alumnae keep an informal mentoring network alive.

At the other end of the spectrum, FWA's new Back2Business initiative, sponsored by BMO Capital Markets, Deloitte, New York Life and PGIM, offers women the chance to reenter the workforce through a paid assignment, with support from an FWA mentor and relevant coursework or recertification.

Katrin Dambrot, president of the FWA, rang the NASDAQ opening bell on February 4, 2016.

"Diversity in the workforce is not only integral to our values but also a competitive necessity," says Colleen Campbell, vice chair, BMO Capital Markets and diversity and inclusion champion who was named FWA Woman of the Year. "This belief has always been core to the BMO culture and underpins how we operate. We're proud to launch Back2Business, which fosters the success of highly skilled women across the financial community as they restart their careers."

"We're seeing many women who want to return to the workforce after leaving for a number of reasons: to start a family, serve in the military or care for a loved one," says Edna Kamara, client relationship executive, Deloitte Services LP. "They often need support to sharpen skills, build networks and understand how workplace culture may have changed since they left."

Flexibility Yields Diversity

This circles back to what's most important to Millennials. As the Bentley University research found, "Given the strong personal values of Millennials, companies that provide multiple routes and time frames to leadership will be more likely to retain talented Millennials and build a more gender-diverse leadership team."

"Millennial women are looking for a sense of purpose, work-life balance, and the opportunity to develop and grow," says Kathleen Navarro, vice president and chief diversity officer, New York Life. "Our award-winning benefits and professional development programs engage them at various stages of their lives and careers."

Ultimately, as corporations seek to capture Millennials with deeper employee connections, career-enhancing opportunities and workplace flexibility, all women stand to gain. ■

Lynthia Romney is president of RomneyCom, a full-service communications firm positioning major corporations and national nonprofits for leadership visibility through powerful messaging and platforms of media, authored content and speaking opportunities. Visit her at romneycom.com.

THE WORLD'S MOST
POWERFUL PEOPLE

37 SHINZO ABE ▲
PRIME MINISTER, JAPAN
AGE 62
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38 MUKESH AMBANI ▼
CHAIR, RELIANCE INDUSTRIES
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39 KHALIFA BIN ZAYED AL-NAHYAN ◀▶
PRESIDENT, U.A.E.
AGE 68
UNITED ARAB EMIRATES

40 JAY Y. LEE ▼
VICE CHAIR, SAMSUNG
AGE 48
SOUTH KOREA

In 2016 Samsung suffered from the Galaxy Note7 exploding cellphone scandal and a recall on 34 models of washing machines—but shares are still up nearly 40%.

41 DING XUEDONG ▲
CHAIR, CHINA INVESTMENT CORP
AGE 56
CHINA

42 JIM YONG KIM ▲
PRESIDENT, WORLD BANK
AGE 57
UNITED STATES

43 KIM JONG-UN ▲
SUPREME LEADER, NORTH KOREA
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NORTH KOREA

44 ABDEL EL-SISI ▲
PRESIDENT, EGYPT
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EGYPT

45 MA HUATENG ▲
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46 MICHAEL DELL ▲
CEO, DELL
AGE 51
UNITED STATES

47 HARUHIKO KURODA ▲
GOVERNOR, BANK OF JAPAN
AGE 72
JAPAN

48 BARACK OBAMA ▼
OUTGOING PRESIDENT, US
AGE 55
UNITED STATES

America's outgoing president faces a legacy in jeopardy as his successor has threatened to unravel signature achievements, including health care reform and the Iranian nuclear accord.

49 KHALID AL-FALIH ★
OIL MINISTER, SAUDI ARABIA
AGE 56
SAUDI ARABIA

CHANGE IN RANKING: ▲ UP ▼ DOWN ◀▶ UNCHANGED ★ NEW TO LIST ↻ RETURNEE

mobility. The company has devised a method to consider investments in new systems and technology. "We focus first on the existential threats, or we won't have a business," Pham says. The most notable in that category—and likely the biggest in dollar terms—is self-driving cars, but countless others involve analytics, surge pricing, routing and data center technology.

Next comes nice-to-have features. And given Uber's growth, everything becomes something of a game of lather, rinse, repeat. Even when Uber builds a system that can cope with ten times its existing capacity, it has to scrap it within 12 to 18 months. "In 3.5 years we have rewritten our dispatch system three times," Pham says. As we talk inside a small conference room, his phone rings with the sound of an emergency-vehicle siren, and he excuses himself briefly. When he returns, he tells me only two events trigger the jarring ringtone: a "level 5" outage, when Uber's system grinds to a halt—it happens very rarely—or a call from Kalanick. This one was the latter.

A couple of years ago, when Kalanick became convinced that mapping was one of the "existential" technologies Uber had to own, he poached Google's Brian McClendon, a cocreator of Google Earth who had led Google's mapping efforts for years. Few people understand better the massive investment required—Google has spent many billions—and why it's worth it. "Everything about the business depends on maps," McClendon says.

While Google Maps—and navigation services like Waze—have helped Uber, there are many things they can't do or do poorly, McClendon says. Some are merely annoying. When a user in San Francisco begins typing a destination, say "den," Google Maps might suggest Denver, which isn't a realistic result for an Uber ride. Other issues are subtler but essential for an efficient service. When Uber decides which driver to match to a rider, it's not enough to know where the drivers are—the company also needs to know where they will be a few seconds later when they may be ready to accept a ride. If by then they've passed an intersection or, on a freeway, gone by an exit, they might no longer be the best match.

As it maps and remaps the world, Uber collects data to improve pickups and drop-offs—say, figuring out ideal locations in a mall with multiple entrances—using machine learning and statistics to analyze historical data. This is key as Kalanick experiments

> **"THE MORE PEOPLE SAID, 'DON'T DO IT,' THE MORE I'M LIKE, 'WOW, I THINK THERE IS SOMETHING HERE THAT PEOPLE DON'T KNOW.'"**

with a new idea in efficiency: advising riders to walk to an optimal pickup spot to avoid a particularly congested street or a needless drive around the block. At the same time the company's camera-equipped vehicles are also busy capturing street signs that Uber's system can detect and, using machine learning, understand ("No Stopping," for example) so it can avoid getting its drivers into trouble.

And, of course, maps are essential to Uber's two-year-old effort to develop self-driving cars. Kalanick's most celebrated moves in that area came in August, when he simultaneously announced that some Uber rides in Pittsburgh would be in self-driving cars (there's still a driver behind the wheel, to prevent mishaps and to comply with regulations) and that the

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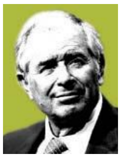
50 JOHN ROBERTS ▲
CHIEF JUSTICE, U.S. SUPREME COURT
AGE 61
UNITED STATES

51 SATYA NADELLA ▲
CEO, MICROSOFT
AGE 49
UNITED STATES



52 STEPHEN SCHWARZMAN ▲
CEO, BLACKSTONE GROUP
AGE 69
UNITED STATES

53 MASAYOSHI SON ▼
CEO, SOFTBANK
AGE 59
JAPAN

54 ENRIQUE PEÑA NIETO ▼
PRESIDENT, MEXICO
AGE 50
MEXICO

Peña Nieto is deeply unpopular in his country of 123 million people; his August meeting with Donald Trump didn't help, even though he pledged not to pay for the proposed border wall.

CHANGE IN RANKING: ▲ UP ▼ DOWN ◀▶ UNCHANGED ★ NEW TO LIST ↻ RETURNEE

company had paid $600 million to acquire Otto, a startup by veterans of Google's pioneering autonomous vehicle group, which has made quick progress with self-driving trucks. The moves gave Uber a strong position in a critical area that over time will determine how people or things move from A to B. Says Kalanick: "We're working really hard to make this a reality as soon as possible."

IN FEBRUARY KALANICK took the stage in Vancouver for his first-ever TED talk. It didn't go well. Kalanick was introduced with the "evil genius" tag, and his speech—an argument against regulation that could quash Uber's potential to improve the life of cities—was delivered nervously and defensively. After retreating backstage, Kalanick ran into Target's chief marketing officer, Jeff Jones, widely credited with revitalizing the retailer's business. Kalanick asked Jones what he thought of his talk. Jones' reply? B-minus. It was the kind of tough-love answer a logician could appreciate. Within a few days Kalanick, along with Gurley, was recruiting Jones in Minneapolis, where Target is based; by August he was on board with the title of president, ride sharing. "Travis focuses on who he needs on his team and goes after them," says Ariana Huffington, who joined the Uber board of directors earlier in the year.

As Uber seeks to become the planet's operating system for transportation, it remains, by most accounts, a punishing workplace. But those around him maintain that Kalanick is mellowing out and moving past his scorched-earth insurgent days. Strong hires and a stable management team are one sign. His China defeat is another. While no one inside Uber would use that term—the company has turned a $2 billion outlay into a $7 billion stake in its Chinese competitor, Didi Chuxing—the stunning turnabout indicates a more mature Kalanick.

The Uber CEO, after all, was obsessed with China—"The more people said, 'Don't do it,' the more I'm like, 'Wow, I think there is something here that people don't know' "—and he went all in. Uber's China adventure quickly became an amplified microcosm of the company's story. The service caught on like wildfire, expanding to 60 cities as the team grew to 800 employees. Within two years China accounted for a whopping one-third of Uber's trips; of Uber's top-ten cities by number of rides, eight were in China. And as in many other countries, the massive growth came with massive losses—the consequence of a brutal subsidy war with Didi. Perhaps worse, China was sucking up too many resources and too much attention from Uber's engineers, product developers, businesspeople and executives, including Kalanick.

So this past summer Kalanick made peace, agreeing to fold Uber China into Didi. "It was really impressive to see how Travis had recognized this not as a personal defeat but as what was best for Uber," Huffington says. "He saw the opportunity cost of continuing to fight in China was very significant." Kalanick himself is sanguine about the episode: "When people say, 'You didn't get what you want,' well, hey, that's fair. But we never claimed that we are always winning 100%," he says. "We had a valiant effort, good purpose,

THE WORLD'S MOST **POWERFUL PEOPLE**

55 MICHAEL BLOOMBERG ▼
CEO, BLOOMBERG
AGE 74
UNITED STATES

56 RECEP ERDOGAN ↻
PRESIDENT, TURKEY
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TURKEY

57 ABU BAKR AL-BAGHDADI ◀▶
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IRAQ

58 ALISHER USMANOV ▲
OLIGARCH, RUSSIA
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RUSSIA

59 WANG JIANLIN ▲
CHAIRMAN, DALIAN WANDA GROUP
AGE 62
CHINA

60 ROBIN LI ▼
CEO, BAIDU
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CHINA

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CEO, IBM
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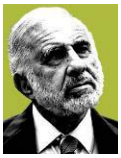
62 MARY BARRA ▲
CEO, GENERAL MOTORS
AGE 55
UNITED STATES

63 BASHAR AL-ASSAD ★
PRESIDENT, SYRIA
AGE 51
SYRIA

64 TRAVIS KALANICK ★
CEO, UBER
AGE 40
UNITED STATES
(SEE STORY, P. 58)



65 CARL ICAHN ▲
FOUNDER, ICAHN CAPITAL MANAGEMENT
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UNITED STATES

66 JUSTIN TRUDEAU ▲
PRIME MINISTER, CANADA
AGE 45
CANADA

67 BOB IGER ★
CEO, WALT DISNEY
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UNITED STATES

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CEO, DANGOTE GROUP
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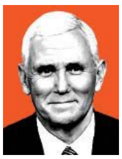

69 MIKE PENCE ★
VICE PRESIDENT-ELECT, U.S.
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PRESIDENT, PHILIPPINES
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PHILIPPINES

71 AYMAN AL-ZAWAHIRI ★
LEADER, AL QAEDA
AGE 65
EGYPT

72 SHELDON ADELSON ★
CEO, LAS VEGAS SANDS
AGE 83
UNITED STATES

73 PETER THIEL ★
PARTNER, FOUNDERS FUND
AGE 49
UNITED STATES

The outspoken billionaire flexed his muscles in 2016 by secretly backing a lawsuit that bankrupted Gawker Media, supporting Donald Trump's campaign and landing on the president-elect's transition team.

74 CHARLES SCHUMER ★
U.S. SENATOR, MINORITY LEADER
AGE 66
UNITED STATES

CHANGE IN RANKING: ▲ UP ▼ DOWN ◀▶ UNCHANGED ★ NEW TO LIST ↻ RETURNEE

Uber

and we showed people that something could be done that they didn't think was possible."

What's possible for Uber now is pretty unlimited. The company retains an unprecedented cash hoard, and with the bruising China battle over, FORBES believes Uber's losses may have peaked. Kalanick can now focus on winning in critical markets like the U.S., Brazil and India, even as it branches out into other industries within transportation. "When you go and raise $10 billion, you are doing that to invest it," Kalanick says.

Lyft claims its U.S. service matches Uber's in major cities, "which is where 90% of all rides happen," says Lyft president and cofounder John Zimmer. That's where Kalanick's efficiency obsession comes in. If he can't offer a clear differentiation in terms of when a driver shows up, then he can leverage his machine to put more people in each car—delivering cheaper rides for customers, bigger paychecks for drivers, more revenue for Uber. That's why Kalanick has been jamming so much around Pool, which is growing like a weed, in hopes of beating Lyft's carpooling option. In its hometown of San Francisco, 40% of Uber rides are now shared.

Pool is also critical for Kalanick's goal of improving the life of cities, as Uber disrupts public transportation and even urban planning. The city governments that decried Uber, and its ability to break into government-sanctioned taxi monopolies, love the idea of taking cars off roads. And Kalanick is already selling them hard on the benefits. Summit, New Jersey, for example, recently decided to subsidize Uber rides for commuters rather than build additional parking at its train station. The long-term reputational payoff—Uber suddenly becomes the good guy—is obvious.

Efficiency-first thinking dominates how Uber sees the transition to self-driving cars. It's a when, not an if, and it will radically change the economics of Uber from an asset-light business to one where it would have to commit loads of capital to roll out a vehicle fleet. Critics say Uber's lack of a dedicated vehicle manufacturing unit could be its Achilles' heel, as carmakers like General Motors (in partnership with Lyft), Ford and Tesla—and perhaps others like Google or Apple—deploy purpose-built autonomous vehicles for ride-share services in the coming years. But full autonomy is likely years away, and when it finally arrives, carmakers that want to compete will have to supply large fleets to make on-demand services viable, whereas Uber will be able to introduce autonomous vehicles gradually.

WHEN SELF-DRIVING CARS BECOME A REALITY, THE OPERATING SYSTEM FOR MOBILITY THAT KALANICK IS BUILDING WILL BECOME MORE CRITICAL THAN EVER.

It's an advantage that could endure, as traditional and autonomous vehicles are expected to coexist for years. And in any case, when self-driving cars become a reality, the operating system for mobility that Kalanick is building—that perfect coordination of bits and atoms—will become more critical than ever. "You have to quantify humanity, human action in the physical world," says Kalanick. It's the kind of cold, beautiful and challenging problem that keeps Uber's in-house logician motivated.

Additional reporting by Alan Ohnsman and Brian Solomon. F

GOVERNMENT & POLICY PHILANTHROPY & RELIGION FINANCE & INVESTMENT BUSINESS CRIME & TERROR

SWEDEN A GLOBAL GAME-CHANGER

The battery-run pacemaker, the three-point seat belt, the modern-day zipper, the electrocardiogram and the ubiquitous Tetra Pak. These are just a few of the Swedish innovations that have improved our daily lives in the past century. Today, that deeply rooted spirit of invention continues to shape the lives of people around the world with new innovations, from the medicines that cure us to the apps we rely on every day.

"Innovation is a notion that has been embedded in Swedish business culture for centuries. Companies such as Ericsson, Volvo, AstraZeneca and Sandvik emerged from this unique and broad culture," says Mikael Damberg, Sweden's Minister of Enterprise and Innovation. "Spotify, Klarna and iZettle – known as born globals – are businesses that were built on recently developed innovations. These companies are now gaining market share across the world."

At the epicenter of this innovation engine is the Stockholm region, with a population of 3.5 million, 1.9 million of whom are employed. The region is home to 28 universities and 365,000 companies, which account for 42% of Sweden's gross domestic product.

More astonishingly, the region has seen consistent growth every quarter for the past fifteen years, a testament to the strength of the region's economy and the environment that nurtures innovative companies and creative entrepreneurs.

"Our priority is to work with the vibrant start-up scene. We are very active in bringing the community together and helping them collaborate and gain access to investment," says Olle Zetterberg, CEO of Stockholm Business Region, the city's official investment promotion agency.

"Sweden is ranked number two after Silicon Valley as a breeding ground for successful start-ups. We would like to see a lot more investors of all sizes come to Sweden. I would also like to see the high-tech entrepreneurial spirit of Sweden being cross-merged with international companies," says Business Sweden CEO Ylva Berg, who sees ICT's convergence with all industries as a key area for growth.

Meanwhile, Stockholm's vibrancy and the ingenuity of its residents have spread into entertainment and leisure. The city's highly demanding inhabitants continuously crave new and interesting things to do. Giving rise to creativity in every form, from trendsetting musicians to creators of gaming apps like Candy Crush and Minecraft, the country is changing how people pass their time.

Stockholm-based Fox in a Box, which has revolutionized the escape-room game genre, is looking to capitalize on its tremendous local success and export its innovative approach around the world.

As escape-room games gain more global fans, Fox in a Box recently partnered with Red Bull for the World Championships next year.

But Sweden's global impact is not limited to the capital's tech start-ups and industry giants. Small entrepreneurial companies are also making a huge impact.

Bardexa Norden, a family-run company based in Alingsås, produces customized first-aid kits and other emergency medical response equipment for public and private organizations all over the world. It recently provisioned disaster-relief packages to Haiti in the wake of Hurricane Matthew.

As the world gets smaller and global business grows more integrated, Sweden's little-known impact on the world is sure to become more prominent in the future. ■

Real-life Escape Games Redefine Entertainment

Imagination. Creativity. Adrenaline. Adventure. These are just some of the elements of the genuine rush that many gamers equate with fun.

Growing more popular globally, escape-room games require players to free themselves from captive surroundings using their creativity and problem-solving skills.

Opened in 2013, Fox in a Box introduced Europe to this innovative and exciting genre of entertainment. "You pay us to lock you up in a room," CEO Bob Melkus simplifies the concept.

Fox in a Box, a name inspired by one of nature's most cunning animals, continues to redefine the genre by creating more meaningful and mission-based challenges, all anchored in well-integrated stories and tailored for small, intimate groups.

"We set up our games for between two and six players and incorporate a story. At Fox in a Box, you play only with your friends, family or colleagues, not with strangers. This only enhances the experience," Melkus explains.

Escape-room games: providing a new key to having fun

Aside from local and visiting enthusiasts, Fox in a Box also markets itself to companies looking for fun and effective team-building exercises. Based on the many customer reviews, it has succeeded tremendously.

Today, the business has expanded to 28 locations worldwide, including the United States, India and Jordan, thanks to a widening network of franchise partners, many of whom discovered the genre as visiting players.

"We want to bring this beautiful game to the world with partners who are passionate about doing something fun. We are now looking to expand not only through franchising, but also to share our vast experience through business-to-business consulting," Melkus says. ■

→ ***foxinabox.se/franchise***

POLAND PEOPLE-POWERED GROWTH

Since liberalizing its economy in 1989, Poland has doubled its gross domestic product. With a population of 38 million, the country would not have developed this quickly without its entrepreneurs, who readily adopted a capitalist ethos.

From agriculture to cosmetics, Poland is home to a diverse range of family-owned businesses that have made their mark in Europe and around the world.

One such company, family-owned poultry producer SuperDrob, is focused on balancing its domestic and international businesses.

"We're frequently in China for exhibitions, as it is a very important market for us," says President César Lipka. "Hong Kong is also another important market. We're looking to enter other markets in Asia and in other regions.

"We have great infrastructure in Poland. We have new factories and good technology. People don't realize it, but we're moving more and more toward high tech here," Lipka adds.

Similarly, Pruszyński, a manufacturer of steel roofing and facades, has grown its business and reputation at home and abroad through the high quality of its products.

"Cooperating with local and international scientific institutes, we are able to produce technologically advanced building products, including sandwich panels using polyurethane as a core," says CEO Krzysztof Pruszyński, who recently opened a factory exclusively for sandwich panels.

"In new markets, we are acquiring companies for us to project a local brand. In other countries, like Iceland and Mexico, we play a supplier role. Although we have not yet cemented a brand in those markets, we hope to do so soon," Pruszyński says.

Unlike Pruszyński, Grupa Polskie Składy Budowlane (Grupa PSB), a wholesaler of building materials, is focusing on domestic growth.

"We have a 14% share of the building materials market here, with over 500 suppliers and 360 members," company President Bogdan Panhirsz says. "Our priority is our shareholders. We do our best for them to stay competitive in the market."

As the first Central and Eastern European company to be part of Euro-Mat – a European cooperation of independent builders' merchants – Grupa PSB has brought international solutions to the Polish market.

Amid fierce global competition, Polish brands are changing the perception of Polish quality. Embracing this mission, cosmetics manufacturer INGLOT has come a long way as it opens between one or two new stores every week worldwide.

"This quarter, we will open stores on Oxford Street in London, in the Venetian in Las Vegas, and close to the Duomo in Milan. We want to be in the world's most prestigious places," says Chairman Dr. Zbigniew Inglot, a brother of founder Wojciech Inglot.

"My brother was a visionary. Our dream was to become the most well-known Polish company in the retail business. We pushed step by step and country by country, meet-

SuperDrob in the Global Market

"Our company is present in almost all European markets, China and Thailand. We want to increase the awareness of SuperDrob as a manufacturer in each of those markets. We are known as the producer that offers 'customer-tailored solutions.' We are currently the seventh-largest poultry company in Poland," says SuperDrob Vice President for Commerce Magdalena Panasiuk-Krasińska.

"We try to offer healthy and appealing cooking solutions to our customers. We have launched a range of ready-to-cook products, both breaded and unbreaded, depending on the customer's preferences," she adds.

In 2014 and 2015, Poland became the largest producer of poultry in the EU.

ing with potential partners and companies," Inglot says.

Now with more than 630 boutique stores, INGLOT hopes to have 1,000 stores by 2020.

With this shift toward building a knowledge-based economy, Poland is witnessing the emergence of very innovative start-ups.

Launched in 1999 by CEO Simon Grabowski at the age of 17, GetResponse has revolutionized marketing automation. With more than 350,000 customers in 183 countries, the company is among the world's most sought-after marketing services.

Eighty percent of its clients are U.S.-based SMBs that utilize its email marketing, landing pages, web forms, surveys and more than 50 other online campaign management tools.

In 2011, Grabowski launched ClickMeeting, which offers efficient and user-friendly webinar and web-meeting solutions to businesses of all sizes. The service has opened up various possibilities for enterprise communication, as well as sales, marketing, education, and HR and training activities.

With around 80,000 customers in 92 countries, ClickMeeting is making a global impact from its headquarters in northern Poland.

As the global economy undergoes rapid changes, Poland will continue to support its best asset: its entrepreneurs and innovators who readily seize opportunities and do not back down from any challenge. ■

A Polish Success Story

Bringing World-Class Poultry to Your Table

Starting out from humble beginnings almost three decades ago, Wipasz CEO Józef Wiśniewski sought to contribute toward not only feeding Poland and the world, but also improving overall health and quality of life through world-class produce.

"We traveled around the world to learn how factories were working. We brought home that knowledge and built our own facilities," he recalls. "Today, Poland has become one of the top players in Europe for poultry, thanks to the efforts of everyone in this sector."

Starting out with only five employees, Wipasz now employs 1,600 people and operates one of Europe's most technologically advanced processing plants, which runs on Meyn-Ishida equipment.

Currently, the company produces one million tons of feeding stuffs every year and processes 220,000 chickens per day.

"We will continue to invest in modern facilities in order to prepare one million chickens every day," says Wiśniewski, who is working to increase access to foreign markets.

"Sixty-five percent of our business is in exports. That said, we think Southeast Asia and Africa still have tremendous growth potential for business development. We remain very open to partnerships with companies that share our values of transparency and fairness," Wiśniewski says.

Staying faithful to its mission to improve the quality and nutritional value of its produce, Wipasz also built a new laboratory and R&D center to develop better feed, which would eliminate the need for antibiotics in the whole process, while integrating health-boosting ingredients, such as omega-3 fats.

"By making our own feeding stuffs, we have the advantage of maintaining complete control over the whole process of getting the meat to our customers' tables. We want to provide them with more than just meat. We want to also improve their health," he says. ■

→***en.wipasz.pl***

Refer Madness

SHOULD BIG DATA PICK YOUR NEXT DOCTOR?

BY MATTHEW HERPER

This past spring, Owen Tripp, 37, was living the Silicon Valley dream. His latest company, Grand Rounds, had raised $100 million at a valuation said to be about $1 billion. He and his wife had a new baby, their third child. Sure, the noise from the kids—all of them under 6—meant he slept with earplugs, but so what? Life was great.

Then he woke up one morning convinced he'd left an earplug in his right ear. He checked. No plug. But he couldn't hear anything in that ear. His doctor twice said it was just clogged before recommending an ear, nose and throat specialist. When he pulled up the specialist's Web page, something didn't feel right: Her expertise was in swallowing, not hearing. "I'm not feeling super-comfortable with the way this is being looked at," he remembers thinking. "Why am I being referred to somebody who seems to be more versed in swallowing?"

Most people would just go to that doctor anyway. Or they'd call friends in the hope that someone would know a specialist. But Tripp is not most people: He is the cofounder of Grand Rounds, which is focused on matching patients with the right doctors. The company uses a database of some 700,000 physicians, 96% of the U.S. total, and merges it with insurance-claims data and biographical information to grade doctors based on the quality of their work. The idea is to help people find a physician who will give them the right diagnosis the first time around and link patients with experts who can give

PHOTOGRAPHS BY TIM PANNELL FOR FORBES

Grand Rounds CEO Owen Tripp: Not just a founder but a customer, too.

second opinions. For individuals, it costs $600 to get a doctor recommendation and $7,500 to get a second opinion.

Grand Rounds won't provide revenue figures, but employers, including Comcast, Quest Diagnostics, SC Johnson, Wal-Mart, News Corp. and Jamba Juice, pay for the service on a per-employee basis because they believe it cuts down on incorrect diagnoses and unnecessary procedures. Some 3 million employees have access to the service, although only a small percentage use it. At Costco, for instance, 2% of employees used Grand Rounds this year and 60% of those who got a second opinion had their care changed.

The team at Grand Rounds matched Tripp with a doctor in San Francisco. She prescribed a specialized MRI. After the scan, the head radiologist at Stanford called and told Tripp there was a 2.6-centimeter growth—a tumor called a schwannoma—in the nerve that led to his ear.

"My wife is sitting right next to me, and we both start panicking," Tripp says. "I mean, we're cool under fire, but inside we're wondering, How's this going to work for the kids if Dad's not here in a few years? We've got a 10-month-old child. He's not even going to remember me. How are we going to talk to our 5-year-old?"

The tumor was likely to be benign, but it still required major surgery. Grand Rounds' data scientists evaluated not just individual doctors but also entire surgical teams for their experience and skill with a procedure that is performed only 3,000 times a year in the United States. Tripp ended up with a team at Stanford, but he talked to surgeons around the country, who told him he'd have to make a difficult choice: between preserving the ability to move his face and the ability to hear in that ear. For a CEO the choice was obvious: He couldn't imagine making deals with strange expressions on his face. He was under anesthesia for 11 hours as the tumor was scraped away from the nerve, layer by layer. When he woke up, he smiled broadly. His face wasn't paralyzed, but he was deaf in his right ear. "I think [the deafness is] a critical reminder of where I've been and why we're doing what we're doing," Tripp says.

IN 2011 TRIPP'S COFOUNDER, Stanford radiologist Rusty Hofmann, hatched the idea for Grand Rounds, originally called ConsultingMD, out of "pure frustration." Hofmann's office at Stanford was filled with FedEx packages containing medical records from desperate patients who were hoping he could help diagnose problems with blood clots in their veins, his area of expertise. He and his staff would go through the files at no charge. But there was little he could do, and the right records often weren't included. Could there be a business in triaging all such extra work that came into every academic physician's office?

Stanford prof Rusty Hofmann cofounded Grand Rounds after being deluged with requests for medical help.

Then the idea became deeply personal. In 2011 Hofmann's son, Grady, developed aplastic anemia, a deadly disease. Grady needed a bone marrow transplant. Normally, marrow comes from a sibling, but neither of

"I SAW THIS GUY WHO IS IN THE BUSINESS OF SAVING PEOPLE. BUT HE IS NOT SCALABLE."

was just a meeting to trade ideas. Tripp, who had previously cofounded Reputation.com, which helps people clean up their online records, had an inkling it might be more. The two hit it off instantly. Tripp was the son of a pediatrician and had intended to go into medicine before he got involved with starting one of the first wide-area Wi-Fi networks, in the early 2000s, at Trinity College in Connecticut, where he was a student. He'd gotten addicted to tech. Now he'd found a problem he thought technology could handle. Where Hofmann saw a service to help doctors filter patients, Tripp saw an opportunity for technological disruption.

"I saw this guy who is in the business of saving people," Tripp says. "That's why he does it, and that's what he's really good at. But he is not scalable. There was just no way that this guy was going to be able to meaningfully reach all the patients who would benefit."

Hofmann offered Tripp the CEO job that night on the phone, and they met for a follow-up dinner. Hofmann was convinced Tripp would turn him down. Instead, Tripp was so hyped about the meeting that he showed up despite the fact that he was shivering with a 102-degree fever, because he wanted Hofmann to know how excited he was. They didn't shake hands for fear of sending germs home to Grady, who was still sick.

Grand Rounds' first product would be to give second opinions, mostly to patients who had severe illnesses like cancer or who were considering big procedures like back surgery.

the other Hofmann children was a match. Rusty was. Grady's doctors didn't know if using his father's cells would work, but Rusty called physicians at top-tier institutions and found some who had done transplants from parent to child—and they had worked. Grady got the transplant. Also, based on the advice of experts, Rusty cleaned the air-conditioning ducts in his house to cut down on germs in order to protect his son's weakened immune system. Visitors had to get flu shots. Grady, now 13, has braces, goes to school dances and surfs.

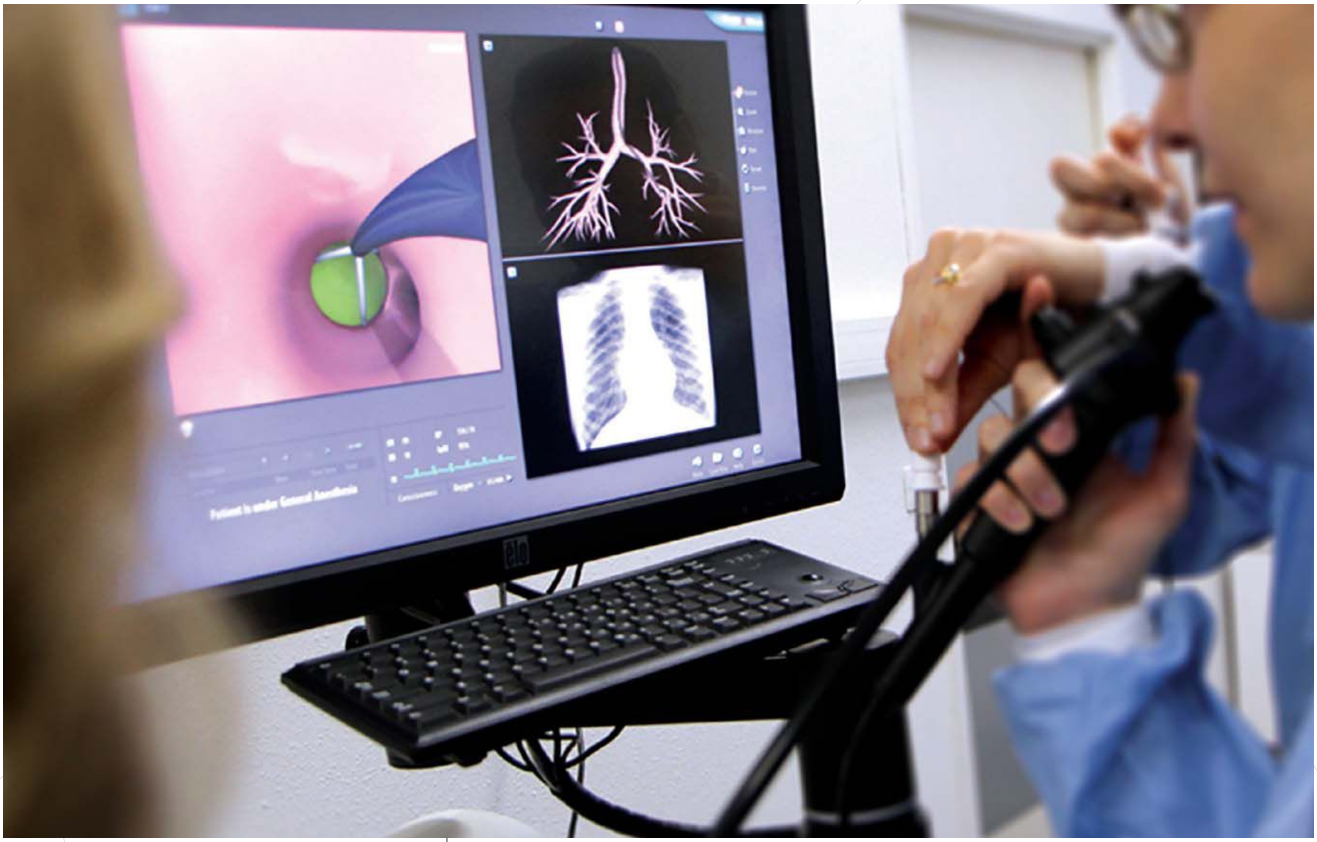
The strain on his family was immense. What do people do when Dad isn't a doctor? "Every aspect of my life was feeling this pain," Hofmann says. "This has got to change. This cannot be the way we continue for the next 50 years in this country."

Hofmann had no clue how to turn his idea into a business. An early investor set up a meeting with Tripp at Tootsie's, a cafe near Stanford. Hofmann thought it

The first 150 cases yielded a shocking surprise: Two-thirds of the time, Grand Rounds' experts would change the existing diagnosis or prescribe a new treatment. Often the original doctor got it wrong.

Medical errors are estimated to kill between 100,000 and 400,000 Americans annually. That makes it sound like people are dying because of dumb mistakes, but many errors are cases of misdiagnosis or mistreatment. A 2012 study estimated that a third of the U.S. health care budget—then $750 billion—is lost on wasteful care. Yet medicine has resisted one obvious solution: getting an extra set of qualified eyes on every case.

In fact, medicine has gone in the wrong direction. Thirty years ago it was common for insurance companies to require a second opinion before a major surgery. Grand Rounds takes its name from a long-standing medical ritual, in which complex cases are presented to an audience of doctors so that ideas can be exchanged



THE GREAT REWRITE

Virtual Plan, Real Surgery

BY LEONARD BRODY

In October, a New York surgical team made headlines performing an extraordinary operation. Doctors at Montefiore Medical Center in the Bronx separated 13-month-old twins who had been born conjoined at the head, with brain tissue fused together. The intricate procedure was aided by a set of technologies that are rewriting precision medical care: 3D printing and imaging.

Healthcare is undergoing a transformation, one that's independent of the nagging national debates over insurance and regulations. Healthcare delivery is becoming more individualized and personalized. It's happening at every stage of care, from phone apps that can summon doctors on demand to the coming age of personalized pharmaceuticals and gene therapies. Three-dimensional printing wasn't invented with medicine in mind, but the technology's ability to create made-to-order objects has made it a growing part of the individualized healthcare revolution.

The same kind of 3D-printing machines that can produce plastic toys or automotive body parts can make human body parts: replacement hips and other implants, as well as prosthetic limbs, all precisely shaped to the individual. Some of this work has trickled down to the "maker" community. There's a global network of volunteers printing prosthetic hands for children, and in

London there's an artist who creates "designer" artificial limbs.

Three-dimensional printing of biological materials is advancing, too. San Diego-based Organovo can print human cells and tissue. Currently this work is aimed at testing drug therapies. Someday it could create tissue for use in people.

Meanwhile, 3D printing is allowing surgeons to perform sophisticated advance game-planning for delicate procedures.

"It really is transforming how surgeons approach surgery," said Katie Weimer, vice president of medical devices at 3D Systems, which has a dedicated healthcare unit providing services to hospitals and surgeons. The company calls it "virtual surgical planning."

Using standard medical scans such as MRIs and CTs, 3D Systems can create three-dimensional digital models of internal anatomy. Doctors can view organs and systems from any angle, and manipulate and cut things on the screen. Those digitized anatomical parts then can be "printed" with plastics and other materials that provide accurate textures and tissue resistance. One service 3D Systems offers is a physical replica of a patient's heart.

"It feels like a heart, looks like a heart, reacts like a heart," Weimer said. "Doctors can practice cutting and suturing, or potentially running fluid through it."

The digitization process also allows surgeons to create tools and cutting guides for use during surgery, specific to the patient and the procedure.

All of these aids were employed to help surgeons prepare for the challenging operation on conjoined twins Anias and Jadon McDonald. The boys were joined at the tops of their heads, creating a situation where neither could sit up or even be held by their parents in a conventional way. Most twins joined at the head die by age two, and separation was deemed to be the best option.

"It really is transforming how surgeons approach surgery."

KATIE WEIMER
Vice President of Medical Devices at 3D Systems

The surgeons' high-tech planning began with CT and MRI scans that became 3D digital models. 3D Systems provided these digital models along with real-size physical models to the Montefiore medical team, led by neurosurgeon Dr. James Goodrich and plastic surgeon Dr. Oren Tepper.

The doctors did a virtual separation of the twins via computer, "much like pilots do with a flight-simulation plan," said Dr. Tepper. They cut vessels and bone, moving the boys apart as they would do in the operating room. They looked at the requirements of reconstruction, which would involve rebuilding each boy's skull from existing bone they shared. Preliminary surgeries inserted tissue expanders to increase skin available for stretching after separation. Then the team was able to use 3D-printed cutting guides that transferred the virtual plan to the operating room.

The procedure took more than 20 hours and involved more than 30 members of the medical staff at Montefiore. Doctors knew that despite the computerized planning, they might get surprises—and they did. The twins had grown while in the hospital, and their brains had fused more, creating a challenge that called upon the team's experience and skill. High-tech planning helped make the procedure possible, but there's no substitute for human expertise.

The McDonald twins have a long recovery ahead of them. Doctors recently called it "right on target." And a week after the surgery, mom Nicole McDonald was able to hold Jadon in her arms for the first time (Anias remained too fragile). "I've dreamed of this moment," she wrote on Facebook.

KPMG *Voice:* Read more of The Great Rewrite series at **forbes.com/TheGreatRewrite**

and physicians can be sure they get the right answer. In other words, it's like doctors' rounds on steroids.

OF COURSE, GRAND ROUNDS' investors aren't in this game just to improve health care. They see a huge upside. Bryan Roberts, a well-known tech venture capitalist at Venrock, thinks Grand Rounds might someday play a role every time a patient picks a doctor. A couple of years ago he started offering Grand Rounds' services to Venrock entrepreneurs. "Within a couple months," he says, "I'd gotten three or four e-mails from our entrepreneur CEOs saying things like 'I think my dad's alive because you bought Grand Rounds for us.' "

Bob Kocher, another Venrock partner, who played a role at the Obama White House in crafting the Affordable Care Act, started a Grand Rounds case on his teenage niece, who had cancer. The second opinion confirmed her diagnosis but recommended freezing her eggs before her ovaries were damaged by chemotherapy. Her original doctors hadn't suggested that.

Grand Rounds employs a staff of 80 clinicians who interact with patients. The doctors' job is not to make diagnoses or correct mistakes but to deal with patients directly to help them understand what the experts said. Just handing a sheaf of papers to the patient without explaining it, Tripp says, is not enough to have an impact.

"GRAND ROUNDS RENEWED MY FAITH IN THE HEALTH CARE SYSTEM."

These staff physicians connect with patients, getting medical records and asking key questions, like how far the patient is willing to travel. Then they use Grand Rounds' database to match the patient with the right doctor. The company's database grades doctors on factors like where they trained, which other experts they trained with and how often they perform certain tests and procedures, based on insurance-claims data provided by Grand Rounds' customers. (Too many tests tends to indicate poor medical judgment.) The experts the company trusts are those who do best, according to a machine-learning algorithm, in literally hundreds of categories, including mortality data, readmission and complication rates.

Individuals can pay for Grand Rounds, but the company sees its big opportunity in selling its service to employers that want to reduce their health care costs. Like Costco (which, including part-timers, employs 218,000 people), many of Grand Rounds' customers self-insure. This means that while Aetna manages its health benefits, Costco is exposed to a certain amount of financial risk. The number of patients who use the service is small but increasing quickly, from about 90 patient cases a month when Costco started using Grand Rounds last January to 150 monthly cases now.

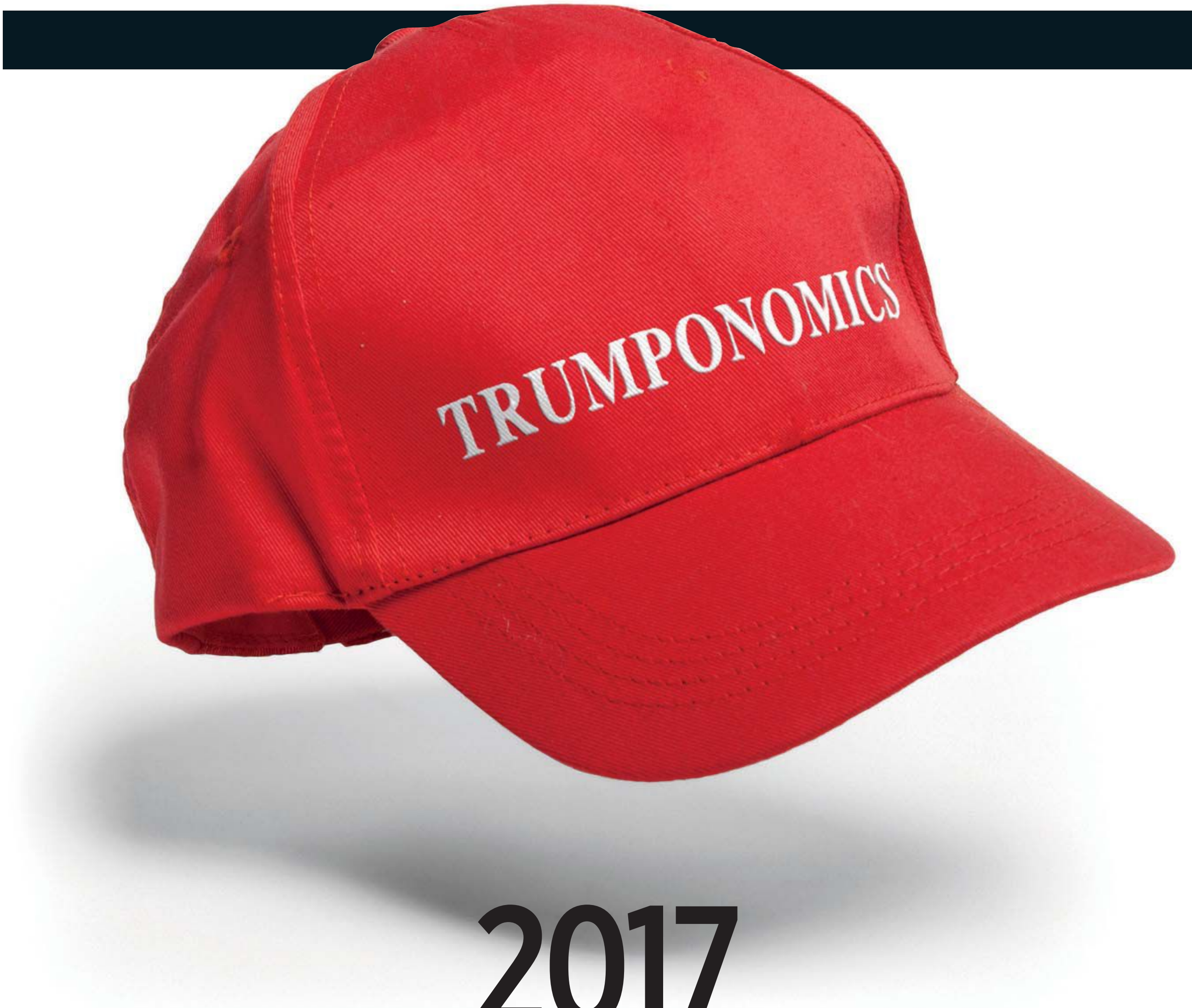
Patients are more likely to trust Grand Rounds than their own insurers. When an insurance company denies a claim, employees just become angry; they're willing to believe Grand Rounds if its doctors provide the same reason. "There's nothing like an objective party that is different from the insurance plan," says Donna Sexton, Costco's director of employee benefits.

Sometimes, of course, the original doctors got the diagnosis and treatment right, in which case Grand Rounds represents a powerful tool for getting the insurance company to pay. Leslie Nava, a personal trainer, got access to Grand Rounds through Costco, where her husband works part-time to get health benefits. She and her son both have a hereditary disease called neurofibromatosis type 2, which causes noncancerous tumors to grow throughout the nervous system. A tumor on her son's acoustic nerve was going to rob him of his hearing. The only thing that would preserve his hearing was regular treatment with the cancer drug Avastin. Aetna wouldn't pay.

"I probably sat there crying for ten minutes," Nava says. A nurse at the doctor's office told her that her insurance included Grand Rounds and that she might try the service. She did and was amazed by the personal care she got from the company's staff physician and relieved when the report came back saying that Avastin was, in fact, the best option. Aetna agreed to pay. "It definitely renewed my faith in the health care system," Nava says.

Privately held Grand Rounds won't discuss financials, but it seems to be growing fast. The service is now available to more than 3 million people through their employers. Tripp says that revenue has been increasing 100% a year for each of the past three years and that the company's customers include four of America's largest retailers and three major food manufacturing plants, as well as Autodesk and the Wahl Clipper Corporation. He's particularly proud that Grand Rounds is offering blue-collar workers the kind of medical care once available only to the rich.

"I think that's a frequent misconception that we are simply trying to help the 1% get 1% health care," Tripp says. "In fact, it couldn't be further from the truth. We're actually helping the 99% or the 90% get the 1% health care solution." If it works, it will be an amazing case of capitalism improving the world.



2017 INVESTMENT GUIDE

While the stock market has enthusiastically embraced the new billionaire-heavy Trump administration, lots of nest-egg-jarring questions remain. Our guide offers do-it-now strategies for everything from profiting from the coming "Trumpflation" to making the most of the likely tax cuts. Are you benefiting from lucrative loopholes? Find out which ones are endangered and why you might want to rewrite your estate plan. Plus, you'll get a host of great Trump-proof buys among stocks and funds.

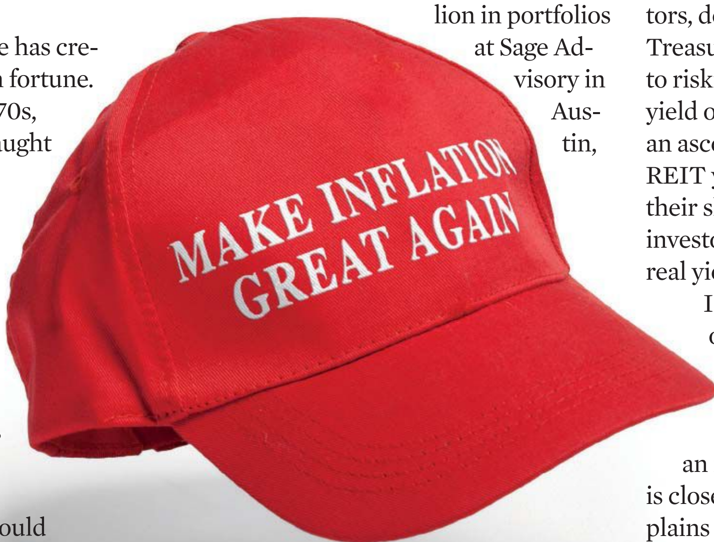
EDITED BY JANET NOVACK AND MATT SCHIFRIN

HATS BY STEPHEN WEBSTER FOR FORBES

INFLATION PLAY

If the president-elect's policies lead to rising prices, the Trump family will be a big financial winner. Here's how you can win too.

BY WILLIAM BALDWIN



To get rich the way real estate billionaires do: (1) Buy assets. (2) Finance with fixed-rate debt. (3) Wait for inflation.

Leveraged real estate has created many an American fortune. It worked in the late 1970s, when rising inflation caught lenders flat-footed and delivered windfalls to property owners. It could work again, if fiscal policy reignites inflation. That could happen. President-elect Trump has in mind trillions of dollars of tax cuts and infrastructure spending. In fact, his fiscal policies could do more to build the Trump family's wealth than all the business self-dealing that the press and good-government watchdogs are obsessing over.

Unexpected inflation creates winners and losers. Borrowers—you, if you have a fixed-rate home mortgage—take home gains. Lenders—you again, if there are long-term bonds in your retirement account—suffer losses.

Big investors bet on rising prices by acquiring debt-financed apartment buildings and commercial real estate. Small investors can do it by owning real estate investment trusts. And what better time to own REITs, says Robert G. Smith, who oversees $12 billion in portfolios at Sage Advisory in Austin, Texas, than when you have "one of the most prolific builders as your president."

Investor excitement following the election came in a spurt for some sectors. Drugmakers and banks enjoyed a relief rally on the expectation that regulations will be relaxed. Companies that would capture road-building dollars, like Caterpillar and Vulcan Materials, had their run-ups.

The postelection rally left real estate out. Equity REIT shares are now off 14% from their July peak, according to the National Association of Real Estate Investment Trusts.

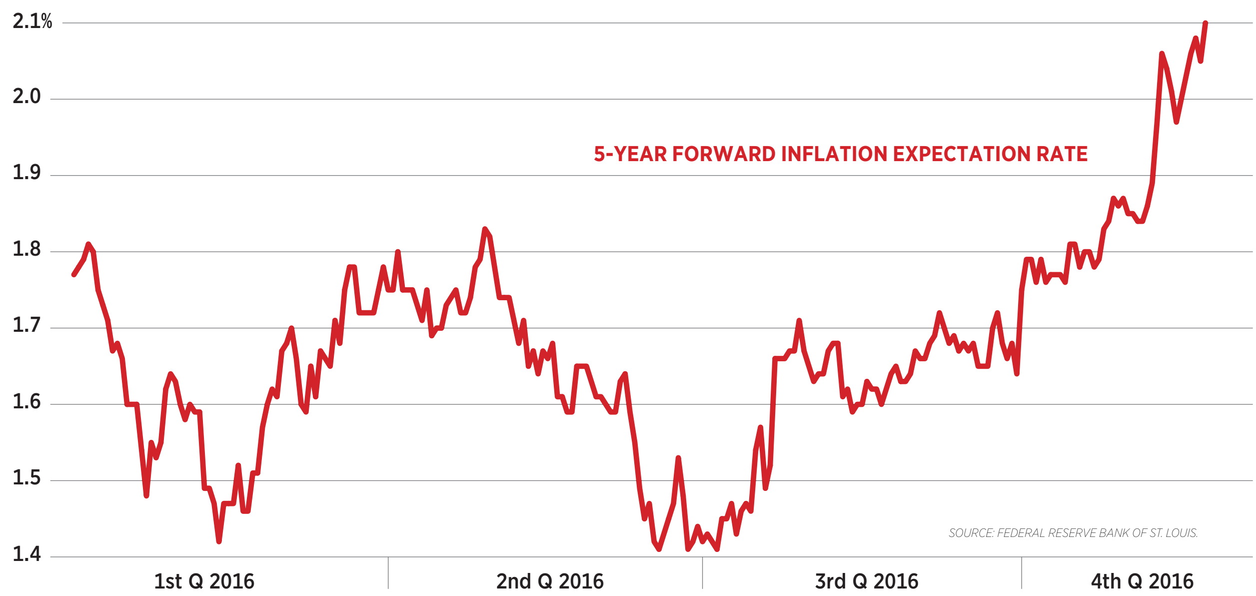
What's going on? Income investors, despairing of the tiny yields on Treasurys, were turning in desperation to riskier assets like REITs. When the yield on the ten-year Treasury started an ascent from its 1.4% low in July, REIT yields climbed as well. That sent their share prices down. But perhaps investors have confused nominal and real yields.

Inflation raises nominal yields on conventional mortgages and bonds, as bondholders seek compensation for being repaid in shrunken dollars. But an income stream from real estate is closer to a postinflation return, explains Jean-Michel Wasterlain, chief executive of Capfundr, a New York City real estate fund manager. A rising CPI eventually pushes up both the rents that a property owner collects and the price that the asset would fetch in a sale.

Wasterlain has data to prove the point. He compared yields on Treasury bonds and net rental yields (called "capitalization rates") on investment real estate over the past 37 years. When inflation drove up the nominal

INFLATION AROUND THE CORNER

THESE ARE THE INFLATION EXPECTATIONS BUILT INTO THE SPREADS BETWEEN FIVE- AND TEN-YEAR NOMINAL TREASURYS AND FIVE- AND TEN-YEAR INFLATION-PROTECTED TREASURYS.



yields on bonds and drove down bond prices, it did not push up real estate yields or push down real estate prices in like manner. Average cap rates have mostly kept inside a range of 6% to 9%, even as the yield on the ten-year Treasury lurched between 2% and 14%.

Inflation expectations are rising *(see chart, above)*. Predictably, the bond market is in retreat. But property values are holding up, Wasterlain says. Indeed, far from damaging property values, inflation would help property owners who have paid for their assets in part with fixed-rate debt. Their rents climb, but their mortgage payments don't.

Inflation winners should include equity REITs (the ones that own buildings, as opposed to mortgages). The average equity REIT has debt equal to 31% of the value of its assets, according to the REIT association. A lot of this debt is at fixed rates, Wasterlain says.

The borrowing class also includes homeowners. "If you believe that Trump is going to do what he says he's going to do" with spending and tax cuts, says Wasterlain, "you should leverage your home. Borrow as much as you can at 4% because in a few years interest rates will be higher and property values will be higher."

Debt, of course, comes with risk. Expected inflation may never arrive; past warnings about inflation, made on these pages and elsewhere, have not yet been vindicated. REITs have their own hazards, reflecting the fact that they are more sensitive than property values are to what's going on in the stock market. The prices of equity REITs crashed 67% in the last downturn.

But you can get some reassurance from the fact that one important person has reason to root for inflation's return. Donald Trump has much of his net worth tied up in real estate, and he is not hesitant to borrow. The FORBES wealth team estimates that his fixed-rate debts add up to $800 million. F

INFLATION ANTIDOTES

IF YOUR BOND PORTFOLIO GETS POISONED BY INFLATION, THESE EXCHANGE-TRADED FUNDS SHOULD PROVIDE SOME PROTECTION. BUT THEY ARE DANGEROUS IN LARGE DOSES.

FUND	TICKER	TOTAL RETURN 1-YEAR	TOTAL RETURN 11/8–11/30	ASSETS ($BIL)	EXPENSE RATIO
ISHARES GOLD TRUST	IAU	9.8%	–8.1%	$7.7	0.25%
POWERSHARES DB COMMODITY TRACKING	DBC	7.2	3.2	2.4	0.85
SCHWAB US TIPS	SCHP	3.7	–1.9	1.6	0.07
VANECK VECTORS GOLD MINERS	GDX	52.7	–13.1	9.1	0.52
VANGUARD REIT	VNQ	5.5	–0.3	31.3	0.12

SOURCES: MORNINGSTAR, YAHOO.

TRUMP THE IRS

The time to start positioning yourself for the coming tax cuts is right now.

BY WILLIAM BALDWIN

The tax roulette wheel is spinning. You have to place your bets now, before the marbles land. By making educated guesses about what will happen to the Internal Revenue Code you can save big-league.

It is very likely that the new president and his Republican legislative majorities will push through a statute that cuts tax rates but shrinks deductions. It is somewhat likely that they will refashion wealth transfer taxes with a similar give-and-take.

Those changes would make a shambles of existing tax-planning strategies, while creating opportunities. Your objective is to arrange your affairs to capture probable benefits while ducking probable tax bombs. In many cases you have to make your moves before Congress makes its moves.

Both the Trump plan and the one from House Speaker Paul Ryan include a 33% top individual income tax bracket and a repeal of the 3.8% ObamaCare surtax on investment income. What are the odds that this will get through? Very high, says Andrew Friedman, a Washington, D.C., tax expert who handicaps law changes for business clients. He puts at 75% the probability that a tax law like this will be enacted next year and be retroactively effective

to January 1. Uncertain, he says, is whether the 2017 rate schedule will go full bore (down to 33% at the top) or be a blend of that and the 2016 rates (max: 39.6%).

Strategy: Push income from 2016 into 2017 and be prepared, if the 33% kicks in only in 2018, to push income from 2017 into 2018. Push your deductions in the other direction. Trump would limit Schedule A deductions to $200,000 for a couple, making an incremental writeoff potentially worthless. Ryan would erase itemized deductions except for charity and mortgage interest.

Wealth taxes? The Trump plan calls for eliminating the estate tax but simultaneously eliminating a tax break called "step-up"—the tax basis of property held by a decedent is now stepped up, so that all appreciation before death escapes capital gains tax. The elimination of step-up would play havoc with just about any high-end wealth preservation scheme. It's not too soon to anticipate the damage and plan accordingly.

The most drastic repeal of step-up would put us on the Canadian system, which treats death as a sale of assets not going to a spouse. That's conceivable but unlikely; it would force survivors to liquidate family businesses, farms and homesteads in haste. Tears would be shed. More probable, says John Scroggin, a Roswell, Georgia, estate lawyer: a carryover system. Heirs would pick up Grandpa's tax basis on the 4,000 acres in Iowa but owe capital gains tax only when they sell.

Without providing details, the Trump plan calls for retaining a step-up on assets roughly the amount of

the current estate tax exemption ($10.9 million for a couple). If you leave behind more than that, could your executor pick and choose which assets enjoy step-up? Maybe not, Scroggin speculates; a prorated exemption is possible. Careful planning will let your heirs extract the most from the exemption.

Trump's tax plan is expensive. Misgivings by fiscally conservative legislators might cause them to look for revenue enhancements (as well as spending cuts), imperiling some classic tax-minimization gimmicks listed in the box on the left.

Democrats don't care for tax cuts benefiting high-incomers. Their 48 votes in the Senate will allow them to impede a Trump/Ryan bonanza, up to a point. But the Republicans can bypass a threatened filibuster by using a procedural shortcut ("budget reconciliation") that is available if the new tax law sunsets in ten years. That's how George Bush got his tax cuts in 2001 and 2003.

What the budget and the politics tell you: You should take advantage of a low rate or a tax trick available now, because it might not be around for long. But be skeptical of a tax ploy that banks on a low rate in the distant future. "When you defer tax you're deferring into a black hole," warns Robert Gordon, president of Twenty-First Securities, which specializes in tax strategies for wealthy investors. "You don't know what the rate will be when you retire. It could be 70%. It could be 20%." He proves the point with the chart displayed on page 94.

With that in mind, we offer a series of defensive steps to take—some now, some in 2017 and the rest over the next three years. After that? Let's just say that elections can deliver surprises.

DO IT NOW

Postpone income. Push business receipts, bonuses and other controllable income into the new year.

Accelerate deductions for state and local taxes. You could send in your January 15 estimated-tax payment a month early or prepay property taxes. Proviso: Don't do this if it puts you within reach of the federal

ENDANGERED SPECIES

Republicans don't vote for tax increases, but they do sometimes go for "loophole closing." Here are some tax-minimizing schemes that could be in danger.

IRA stretch-out. A retirement account left to youngsters can be kept alive over the heirs' life spans. A few months ago a Republican-run Senate Finance Committee approved a tax bill in which next-generation heirs would have only five years to empty large accounts. The stretch is probably doomed. That means an estate plan in which IRAs are a centerpiece might need redoing. You might want to use the IRA for charitable bequests and other assets for helping the grandchildren.

Roth accumulations. Retirees who don't need the money in a post-tax Roth account can let it pile up tax-free. Congress might require them to start drawing some money out annually into a taxable account, where future dividends and interest would be exposed to tax.

Carried interest. Hedge funders and LBO artists can turn their earned income into low-taxed capital gains. Both presidential candidates condemned the tactic. This loophole won't last. Avoid owning shares of publicly traded private equity firms now relying on carried-interest tax treatment to make their finances work.

Muni bonds. Congress couldn't tax interest on borrowings by states and municipalities without loud protests from those borrowers. But it already taxes muni interest indirectly—by, for example, requiring people who earn too much of it to pay extra for Medicare—and could easily add to the collection of penalties for muni holders. Moreover, if tax rates come down for corporations and individual investors, demand for tax-exempt paper will fall.

Inside buildup. Investment earnings building up inside a life insurance policy usually escape income tax. If legislators ever ended the favoritism, predicts Capitol Hill watcher Andrew Friedman, policies already in force would probably be grandfathered.

Gifts of appreciated property. Wealthy people can avoid capital gains taxes by transferring appreciated assets (like shares of Amazon) to low-bracket relatives. President Obama proposed curbing this ploy.

Like-kind exchanges. Real estate owners can postpone capital gains tax by trading instead of selling a building. A reform proposed by Representative Dave Camp, a Republican who has since left Congress, would abolish the option. No indication, however, that real estate billionaire Trump would embrace this change.

Annuity trusts. One way to dodge estate taxes is to transfer growth assets to a trust and then take a fixed annuity back out of the trust. Now is a good time to create one of these vehicles, since low interest rates make them work better. If the estate tax is repealed, you'll have wasted $5,000 in lawyers' fees. If it isn't repealed and reformers go after such gimmickry, you'll be glad you have your trust in place. —*W.B.*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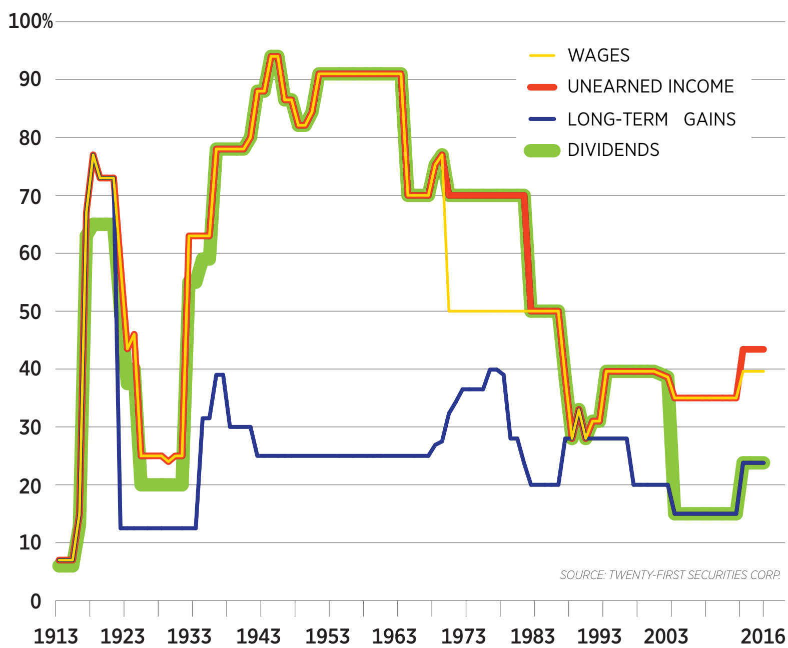
GUESS YOUR FUTURE TAX BRACKET

CONGRESS KEEPS CHANGING ITS MIND ABOUT THE RIGHT TOP RATE ON DIFFERENT KINDS OF INCOME.



AMT (alternative minimum tax). Have your accountant run what-if scenarios on 2016 income taxes with different income and deduction numbers.

If you are likely to be doing a Roth conversion next year and if you're clear of the AMT, consider overpaying your 2016 state income taxes now and applying the refund against your large 2017 state tax bill.

Accelerate charitable deductions. The big brokerage firms make this easy. You can transfer appreciated stocks into a charitable pool, get a deduction for their market value while escaping capital gains tax, then take your time disbursing the money to worthy causes. Typical annual fee: 0.6% plus expenses on mutual funds.

If you have a giant sum, open a foundation *(see box, p. 96)*.

Undo, then redo a Roth conversion. If you converted pretax IRA money to aftertax Roth money earlier this year (that made total sense when Hillary Clinton was favored to win), you can reverse the transaction by "recharacterizing" the move. In 2017 reinstate the Roth conversion, using different IRA assets.

Maximize retirement savings. If you don't have the income to fully fund your 401(k), consider boosting your contribution this year (if your payroll department will tolerate a last-minute catch-up) and then slacking off next year, when the deduction will be worth less.

Take capital losses. A net $3,000 loss on your Form 1040 this year is potentially worth 44.6 cents on the dollar this year (depending on how it interacts with other income) but only 33 cents next year.

DO IT IN JANUARY

Exercise employee options. If you are itching to exercise "incentive stock options," wait a month. These create AMT income equal to the bargain element in the option. (If you buy a share at $10 when it's trading at $70, you have $60 of AMT income.) It would be very painful to pay AMT on $60 this year and then have the stock crash to $15 next year.

See where you are in December 2017. If the stock stays up, you can hang on to it, hoping for a low-taxed capital gain when you eventually sell. Alternatively, if the new tax law repeals the AMT (as Trump and Ryan propose), then you're off the hook. If neither of these is true, you'd sell the shares. Existing law gives you an AMT dispensation if you liquidate the shares within the same year you exercise the option.

Rothify. Prepaying income tax on retirement assets is a good move when your tax bracket is destined to remain constant over time, because it enhances the tax-free compounding. It's an especially good move if tax rates are likely to creep up over the next decade or two. (Recall that the 28% rate in Ronald Reagan's 1986 tax reform has crept up to 39.6%.)

Roth conversions should be done in measured doses, says Green Bay, Wisconsin, tax expert Robert Keebler, with attention paid to when you are crossing the boundary into a higher bracket. Also keep an eye on Congress. If rates are to come down only in 2018, you could undo the 2017 Roth and then resume the converting later.

DO IT IN 2018–20

Liquidate clunkers. Certain bad investments create ordinary income on your way out. Don't leave until that 33% rate is in place. Two in this category: tax-deferred annuities and


FAST
TRACK
SECURITY
PROTECTION
Security fixes in minutes
not weeks

energy partnerships.

You can get a boomerang tax bill for ordinary income when you sell a master limited partnership, even when you're selling at a loss. MLPs, that is, are an exception to the usual rule that it pays to take capital losses sooner rather than later.

Shrink your estate. See what comes out of any death tax overhaul, which may or may not include a repeal of gift taxes and limits on step-up. You may want to reduce your assets with gifts during your retirement years. One trick is to park money in Section 529 college plans with grandchildren as beneficiaries and you as owner. You get the money out of your estate but retain some ability to retrieve it if you get in a financial bind.

Exploit new loopholes. Republican tenderheartedness to "small business" may create an opportunity to replace a salary with a mix of salary and low-taxed proprietorship income. Stay plugged in. Ⓕ

FOOLPROOF FOUNDATIONS

TAYLOR CALLERY FOR FORBES

Got $500,000 or more you'd like to dedicate to charity now, before Trump's tax cuts slice the tax breaks for giving? Surprisingly, you can still set up and deduct contributions to a private family foundation in 2016 and won't have to make mandatory distributions from it until December 31, 2017. At that point you must give at least 5% of assets in grants to public charities a year. (Note that the Internal Revenue Service will likely take months to grant a tax exemption to your new foundation, but approval will be retroactive.)

While donor-advised funds are a more practical way to manage smaller charitable kitties, a private foundation makes it possible to involve multiple generations in your charitable mission. And running a foundation isn't as tricky as you might fear; the sort of "self-dealing" and other violations that the Donald J. Trump Foundation has now fessed up to are easily avoided if you get professional advice—and follow it.

You'll need to either hire a local lawyer and/or CPA who specializes in foundations or use a national service. One safe option is 15-year-old Foundation Source in Fairfield, Connecticut, which administers 1,300 of the nation's estimated 82,000 private foundations. It charges $6,000 for setup, including the IRS and state applications. Yearly administrative charges start at $5,000 for foundations with $500,000 or less in assets and run around $20,000 (or just 0.4% of assets) for a $5 million foundation.

That fee buys the filing of your foundation's annual tax return (a 990 PF) and the sort of compliance advice and monitoring Trump could have used. Example: After the *Washington Post* discovered Trump's foundation had illegally sent a $25,000 check to a political action committee for Florida's attorney general, his campaign blamed clerical errors by his staff, who wrote both charitable and noncharitable checks. Foundation Source clients, by contrast, submit the grants they want to make online, and the service vets them to make sure the beneficiary is an eligible charity before cutting the check.

What the Foundation Source doesn't do, however, is manage the money in a foundation. You or your favorite investment advisor do that. If you want to outsource both investment and administrative management, expect fees to run around 2% of assets a year for a $5 million foundation. One established option is Philadelphia's Glenmede Trust, set up 60 years ago to manage charitable giving, in perpetuity, for the Pew family. Patriarch Joseph Newton Pew Sr. made so much money on Sun Oil that his heirs appeared on the first FORBES list of the 400 richest Americans in 1982—despite the fact that Pew had left the bulk of his fortune to charity. *—Ashlea Ebeling*

SMALL CAPS WITH BIG YIELDS

Instead of chasing the next profitable Trump trade, seek under-the-radar stocks that pay you to hold them.

BY JOHN DOBOSZ

Ignore the chorus of speculative punditry in search of Trump-friendly investments. It's better to simply listen to what the market has been saying—or, rather, shouting.

Mr. Market loves small- and midcap stocks. The Russell 2000 Index has gained 11% since the election, and the S&P 400 MidCap Index is up 8%. Year-to-date, both indexes have returned more than 16%. Given Trump's antiglobalization leanings, the idea is that many domestically focused companies will fare better than large multinationals, especially if they have the ability to overcome or even profit from a rise in interest rates and inflation. Even without the effects of Trumponomics, small-caps are a great place to park your money. According to Morningstar's SBBI Yearbook, $1 invested in small stocks at the end of 1925 would have grown to $26,433 by the end of 2015, versus $5,390 for large stocks. Below is a selection of small- and midcap stocks with good fundamentals and ample dividend yields. Thus, investors benefit from steady cash payouts while they wait for capital gains.

ORCHIDS PAPER PRODUCTS (TIS, 25) is small and domestically focused, and it yields a rich 5.7%. The Pryor, Oklahoma, company makes private-label paper towels and toilet paper sold primarily in dollar stores. Sales are expected to climb 18% to $198.5 million in 2017, with profits up 27% as Orchids expands a new paper mill in Barnwell, South Carolina. Trading at a 12% discount to its five-year average price-to-sales ratio, the stock looks cheap.

Milwaukee-based **DOUGLAS DYNAMICS (PLOW, 32)** sells snowplows under the Western, Fisher, SnowEx and Blizzard brands. Douglas bought a truck upfitter this year to increase its presence in the market for larger plows. Although the acquisition dampened profit growth, analysts expect revenue next year to grow 10% to $436.4 million and earnings to rise 9%. The 3% yield is not lavish, but Douglas has hiked the dividend in each of the past four years, and the $0.94 annual payout per share is well below the $3.10 in free cash flow over the past 12 months.

Smaller banks have rejoiced in Trump's win, with the S&P Regional Banks index up 19% since Election Day. Rising rates help fatten banks' margins. Even after a gain of 20%, shares of **PACWEST BANCORP (PACW, 51)**, based in Beverly Hills, California, still look inexpensive relative to book value and have a yield of 3.9%. "To the extent the rise in interest rate sticks, you should see PacWest boost net interest margins. That's where they generate most of their revenue," says Christopher McGratty, an analyst at Keefe, Bruyette & Woods.

Another Trump pledge is to cut taxes, which will certainly put more money in the pockets of hungry people. **DINEEQUITY (DIN, 84)** owns the Applebee's and IHOP restaurant chains. Sales are forecast to tick higher by 2.5% to $655 million, with profits up 5% in 2017. The company has served up tasty dividend growth of 9% a year since 2013, with its current yield at 4.6%. At 13.2 times earnings, the stock trades 37% below its five-year average P/E of 21.

TESORO LOGISTICS (TLLP, 47) of San Antonio, Texas, has a yield of 7.4% and a payout that has grown 27% a year since 2011. Tesoro owns pipelines and terminals used to transport crude oil and refined products, with interests in North Dakota, Utah, Alaska and seven other western states. At 15 times earnings, Tesoro is priced 24% below its five-year average forward P/E of 20. Even though oil prices are a greater risk than the political environment, Trump has promised to remove regulatory obstacles to higher U.S. oil production, which would benefit Tesoro's bottom line. F

FINDING INCOME IN SMALL PLACES

DOMESTICALLY FOCUSED MIDSIZE AND SMALL BUSINESSES SHOULD FLOURISH UNDER TRUMP. THESE GEMS ALSO PAY HEALTHY DIVIDENDS.

TICKER	COMPANY	DIVIDEND YIELD	MARKET CAP	P/E
TIS	ORCHIDS PAPER PRODUCTS	5.7%	$250 MILLION	15.9
PLOW	DOUGLAS DYNAMICS	3.0%	$722 MILLION	20.1
PACW	PACWEST BANCORP	3.9%	$6.2 BILLION	16.9
DIN	DINEEQUITY	4.6%	$1.5 BILLION	13.2
TLLP	TESORO LOGISTICS	7.4%	$4.5 BILLION	15.3

SOURCE: FACTSET RESEARCH SYSTEMS.

TRUMP-IMPERVIOUS MARKET

BY KEN FISHER

WITH 2017 DAWNING I still see a superstrong stock market ahead. A President Trump does nothing to change that.

Trump haters say otherwise. So did Obama haters in 2009. I am reminded of Sir John Templeton's famous statement that the four most dangerous words in investing are: It's different this time.

I also love that stocks have been blah-ish since May 2015. Blah is beautiful—in the S&P 500's history I find only eight similarly long trudges where stocks side-winded. After those, the average 24-month return was 39%, with the lowest being –2.2% in 825 days ending in 1935 (not much downside) and the highest 75% over 429 days across 1953 and 1954 (huge upside). Six of the eight were up more than 20%. I'll take that anytime in 2017.

Averaging all bull markets, you'll see that the last third of their duration usually accounts for about half the total gain. I'll take that, too.

As I've previously said, I expect overall 2017 earnings growth of about 13%-plus, which will surprise most. It's simple math. With the energy earnings decline in the past no longer detracting, everything else is more robust than long-glazed-over eyes envision.

Reminder: Global diversification is vital to stock market success. In the past 20 years no country has been the top global performer more than two years in a row. So to kick off the Trump Administration right, here are five stocks from five countries I think are primed for a beautiful market in a beautiful year:

France's **BNP PARIBAS (BNPQY, 30)** has been doggy for years. I think it's turning now. Through years of ECB hell, it slogged sideways. Now the euro zone's biggest bank is beating forecasts, strongly capitalized, and thriving in an unpopular realm (Italian banking). Unpopularity is bullish. It sells at 60% of book value, nine times my 2017 earnings estimate with a 4.4% dividend yield.

A long-proven logic-defying truth: More electronics leads to more paper shipped. Convention sees UPS (UPS, 114), a great firm for sure, as the leading deliverer. But slightly bigger, faster-growing, a bit cheaper and also global is Germany's **DEUTSCHE POST (DPSTF, 31)**. In America you see it as DHL. I see it as underfollowed and getting more appreciated fast. Buy it at 60% of annual revenue, 16 times my 2017 earnings estimate and with a 3.1% dividend yield.

Quick: What's the biggest Muslim country, gets along great with America, spouts peaceful diversity, is natural resource rich and grows faster than India? Try Indonesia, which I predict gets a pass from any Trumpian targeting. Its second-largest bank and leading microlender is **BANK RAKYAT INDONESIA (BKRKY, 16)**, which grows fast and is cheap at 12 times my 2017 earnings estimate with a 2.9% dividend yield.

My 2016 drug stocks haven't worked well, but hang tough. Before ObamaCare gasps its last they'll shine. Improving in that realm is British giant **GLAXOSMITHKLINE (GSK, 37)**, as its new respiratory drugs breathe life into a stock selling at 14 times my 2017 earnings estimate with a 5% dividend yield.

YELP (YELP, 36) to me is a culturally weird product, but great as a stock with strong, manageable growth. It plays on self-obsession—sort of like selfies do—by letting people mouth off about local businesses they like and dislike. These days folks love mouthing off—and advertisers love the accompanying eyeballs. Don't expect earnings soon. Expect rising revenue almost breaking even. Still that's cheap at 3.4 times my 2017 revenue estimate. F

THOMAS KUHLENBECK FOR FORBES

MONEY MANAGER KEN FISHER'S LATEST BOOK IS *BEAT THE CROWD* (WILEY, 2015). VISIT HIS HOME PAGE AT WWW.FORBES.COM/FISHER.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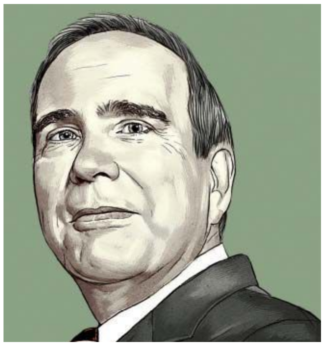
TRUMP ON, RISK OFF

BY RICHARD LEHMANN

IN THE AFTERMATH of the election, most fixed-income investments have traded down significantly. It seems the market has taken the decision-making process on interest-rate levels away from the Fed, thereby reducing its relevance to the setting of rates. That leaves income investors like me suddenly looking for a "safe space" to invest. Uncertainty and volatility are likely to be the big themes in 2017 as Trump's economic policies begin to take shape, so finding suitable income investments is not going to be easy. A first step is to do your year-end tax-planning trading with a view toward minimizing taxable gains. If Trump's plan succeeds, tax rates are likely to go down next year. I also recommend maintaining a cash level of at least 20%. If you have loss-carryforwards, use them to harvest those diminishing gains.



- If you hold long-term investment-grade bonds, sell these first.
- If you hold preferreds backed by long-term bonds, sell these next.
- If you have high-dividend-paying equities, cut your exposure to no more than 10%.
- If you own munis, continue to hold them up to 20%.
- If you hold closed-end funds trading near full value, take some profits with a view to getting back in next year at a lower price.
- If you own high-yield bonds, trim them back to 5%.
- If you hold REITs, limit your exposure to 10%, and sell mortgage, office and health care ones.
- If you have MLPs, hang on to the energy-related ones and to closed-end funds that hold MLPs, but limit this category to 10% for now.

Selling is the easy step, however; from here it gets a lot harder. The variables we face are a blend of positives and negatives, which are not the same for everyone. The first positive is that the new administration is likely to stimulate the economy through fiscal policies. This will increase hiring and capital spending in the short term and maybe head off a recession but also increase the threat of inflation.

Interest rates and inflation will likely rise and not by small fractions of a percent. This is good for reinvesting your cash but a negative for current holdings. One strategy here is buying callable preferreds. These securities usually have coupon rates in the 5%-to-6% range or higher and have been selling near their par value because of the call risk. As rates rise, the call risk diminishes and makes them better at holding their prices, since they are already yielding projected market interest rates.

Despite the positives of Trumponomics, my biggest concern, which few on Wall Street will publicly address, is the threat of another financial crisis. The financial risks that have built up from easy money policies here and around the world are great. The most dangerous buildup is in Europe, where banks are loaded with sovereign debt, which carries a market value that cannot be sustained—i.e., negative yields. When it becomes clear that it is time to sell, they will find there are few buyers, and that's when trouble starts.

Selling begins when one of those European banks, probably Italian, can no longer hide from its problems. Since such banks are counterparties on much of the trillions of dollars of derivatives being traded between banks, financial institutions will stop doing business with the troubled bank or call for collateral other than Italian government bonds. Things go south from there. This is only one of numerous scenarios that could play out, scenarios that central banks will be hard-pressed to head off. Since everyone involved in these crises lies, you will have little warning before and during the event; this is why gold is still popular despite being a drag on income yield.

For income investors, going into 2017 with a large cash position is both rational and logical. Two things to avoid are: thinking you can time the market by switching into equities and forgetting that you bought income securities for income. Ignore price volatility; your cash payouts should remain unchanged. Don't let Trump's tweets or market turbulence panic you into an emotional trade. Those hasty decisions usually wreak havoc on your portfolio returns. F

THOMAS KUHLENBECK FOR FORBES

RICHARD LEHMANN IS EDITOR OF THE *FORBES/LEHMANN INCOME SECURITIES INVESTOR* NEWSLETTER AND PRESIDENT OF LEHMANN LIVIAN FRIDSON ADVISORS. FOR MORE INFORMATION FOLLOW HIM AT FORBES.COM/LEHMANN.

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WEALTH MANAGEMENT 2017 AND BEYOND

WILL IMPACT INVESTING *REALLY* HAVE AN IMPACT?

ONLY IF IT HAS COMPETITIVE RETURNS.

Impact investing accounts for $8.7 trillion in assets—that's one in every five dollars under professional management as of the end of 2015.[1] The approach can help investors pursue positive change on key issues such as climate change and social justice. "Solutions to these large-scale societal problems can be addressed through investment strategies that select companies focused on improving ESG [environmental, social and governance] metrics," says Stephen Scanapicco, a Shrewsbury, N.J.-based financial advisor with Morgan Stanley.

Still, not every investor is drinking the impact-investing Kool-Aid. "I hear many more portfolio managers and mutual fund companies discussing it, but I don't necessarily hear clients asking for it," says Ann Hauser Laufman, a Houston-based financial advisor with ALA Financial Group, who says it's generally not part of her client conversations.

Investor enthusiasm may grow with evidence of competitive returns. "I believe advisors finally have reached a tipping point where there are enough investments with performance track records to be able to bring competitive offerings into the conversation," says Anthony Valente, also a financial advisor with Morgan Stanley in Shrewsbury, NJ.

[1] 2016 US SIF Report on U.S. Sustainable, Responsible and Impact Investing Trends

Top Franchisers Provide Unique Opportunities for Vets

BY MICHAEL RONEY

Franchising is a tremendous economic engine, with the industry expected to grow by 1.7% and create 9.1 million jobs in 2016, according to the International Franchise Association (IFA). This adds up to great opportunities for military veterans looking to combine their special skills with national marketing, a built-in customer base and a proven business model. Here are a few top franchising companies offering particularly great perks for vets:

Real Property Management®: Named the number one property management franchise, this rental housing management company offers a 10% franchise fee discount to veterans. A proud supporter of VetFran, Real Property Management has been repeatedly recognized as a "Top Franchise for Veterans" and "Best for Vets." As the U.S. proves to be a nation of renters, professional rental property management continues to grow.

Cruise One Inc./Dream Vacations: With vets and their spouses accounting for 30% of its franchisees, this work-at-home travel business is the world's largest seller of cruise vacations, having grown to 1,000+ owners. Low-investment thresholds, superior buying power, award-winning marketing and lead-generation programs add to the attractiveness of this opportunity. It offers vets and their spouses 20% off the initial franchise fee, and the opportunity to recruit another vet or spouse to join their business free of charge.

HomeVestors® of America: With approximately 500 franchises independently operating in 37 states, and known for its "We Buy Ugly Houses®" billboards and its 10% franchise fee discount to all veterans, HomeVestors® was named one of the "2016 Best for Vets: Franchises" by *Military Times*. It gives franchisees a powerful platform from which to renovate houses and then sell or lease them for a profit, and it has purchased over 65,000 houses across the U.S to date.

With all of these accolades and vet-friendly programs, now just may be the best time to check out these unique opportunities.


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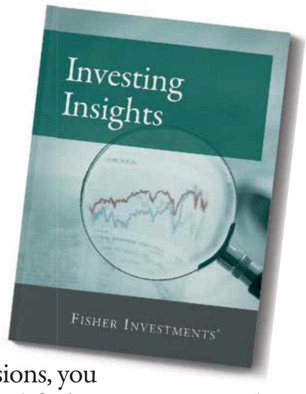

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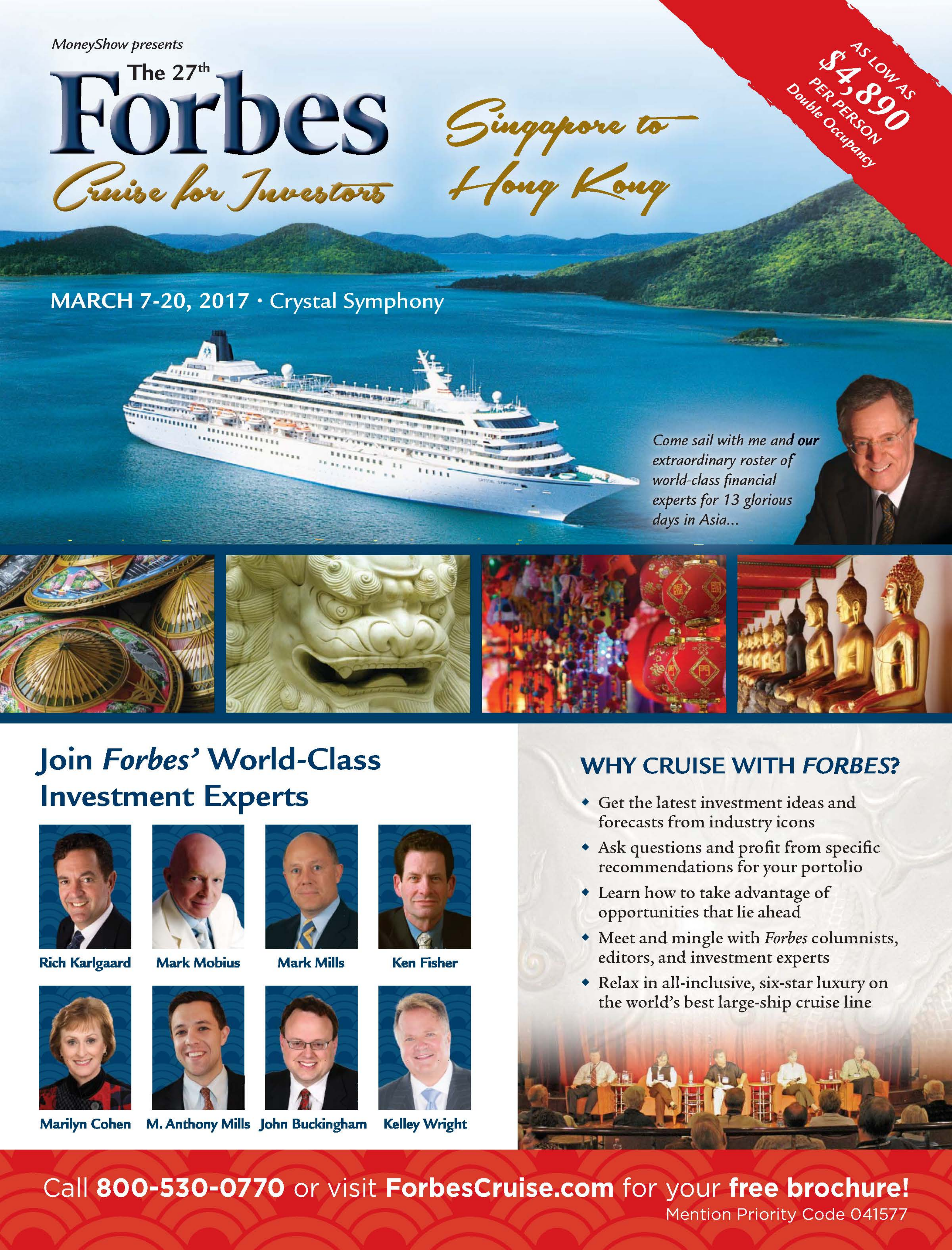
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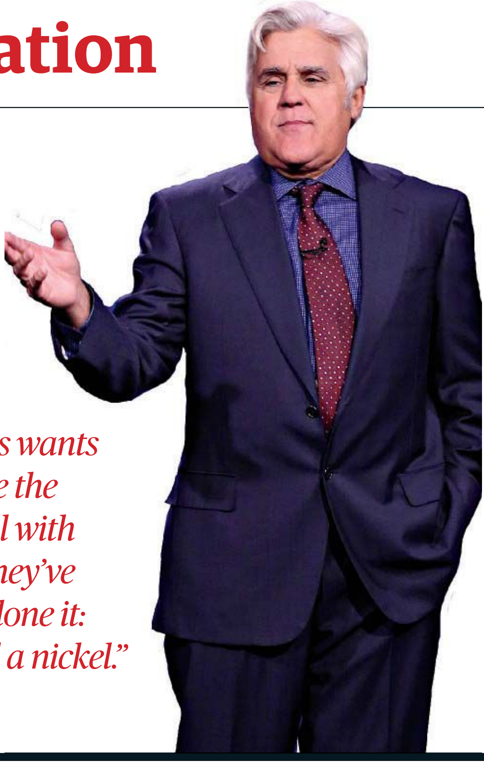
Inflation

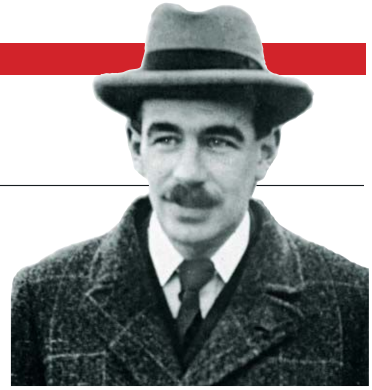


"Congress wants to replace the dollar bill with a coin. They've already done it: It's called a nickel."

—JAY LENO

"The agony of inflation, however prolonged, is similar to acute pain: absorbing, demanding complete attention while it lasts, forgotten or ignorable when it has gone."

—ADAM FERGUSSON



"THERE IS NO SUBTLER, NO SURER MEANS OF OVERTURNING THE EXISTING BASIS OF SOCIETY THAN TO DEBAUCH THE CURRENCY."

—JOHN MAYNARD KEYNES

"WE HAVE GOLD BECAUSE WE CANNOT TRUST GOVERNMENTS."

—HERBERT HOOVER

"The real problem today is the opposite of what the monetarists suggest: It is how to get the arbitrary power over the stock of money *out* of the hands of the government."

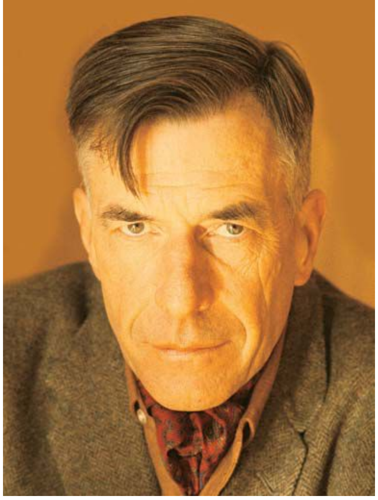
—HENRY HAZLITT

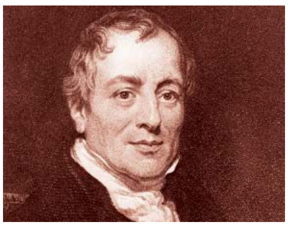
"INFLATION IS TAXATION WITHOUT LEGISLATION."

—MILTON FRIEDMAN

"As long as inflation persists or threatens, all sensible liberals should be fiscal conservatives. And conservatives even more so."

—JOHN KENNETH GALBRAITH





"THE DEMAND FOR MONEY IS REGULATED ENTIRELY BY ITS VALUE, AND ITS VALUE BY ITS QUANTITY."

—DAVID RICARDO

"When I hear complaints about less liquidity, remember there is such a thing as too much liquidity."

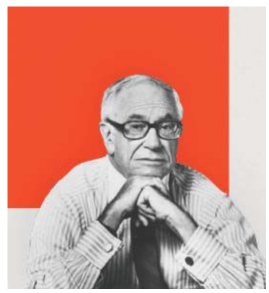
—PAUL VOLCKER

"Our inflation, our public enemy number one, will, unless whipped, destroy our country, our homes, our liberties, our property and finally our national pride."

—GERALD FORD

"YOUR GOLD AND SILVER HAVE CORRODED, AND THEIR CORROSION…WILL EAT YOUR FLESH LIKE FIRE."

—JAMES 5:3



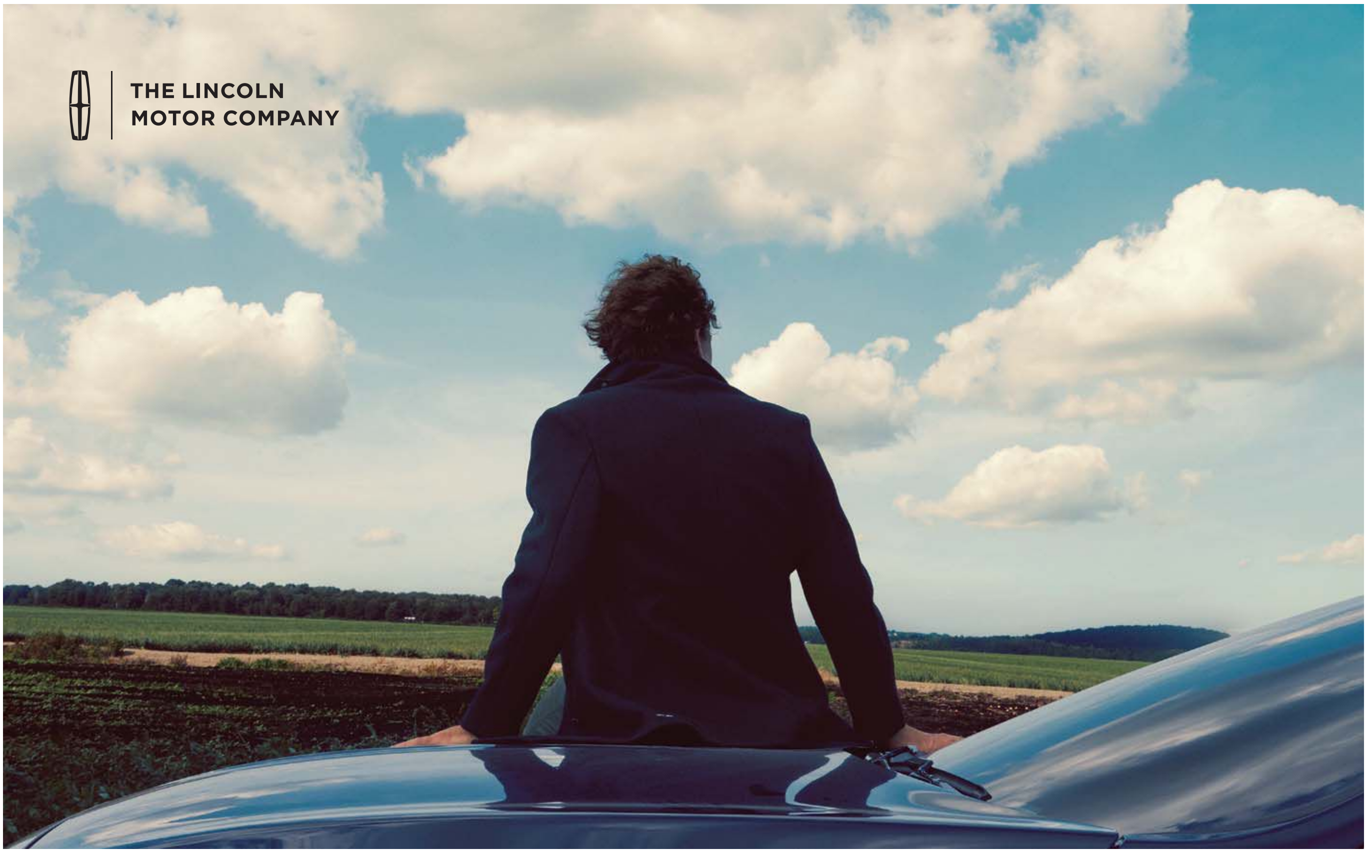
FINAL THOUGHT

"If worrying about inflation is the main thing we have to worry about in the months ahead, we haven't so much to worry about."

—MALCOLM FORBES

CLOCKWISE FROM TOP LEFT: ANDREW LIPOVSKY/NBC/GETTY IMAGES; GAMMA-KEYSTONE/GETTY IMAGES; HORST P. HORST/CONDE NAST/GETTY IMAGES; AHN YOUNG-JOON/AP; HULTON ARCHIVE/GETTY IMAGES; MONIQUE JACOT/GAMMA-RAPHO/GETTY IMAGES; GAMMA-KEYSTONE/GETTY IMAGES

SOURCES: WHEN MONEY DIES, BY ADAM FERGUSSON; THE TIMES BOOK OF QUOTATIONS; RECESSION ECONOMICS, BY JOHN KENNETH GALBRAITH (NEW YORK REVIEW OF BOOKS, FEB. 4, 1982); WHERE THE MONETARISTS GO WRONG, BY HENRY HAZLITT.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