Alumnus Entrepreneur Profile:

**Stephane Kurgan MBA’96J**  
Serial Entrepreneur, COO, King Digital Entertainment

“King has developed more than 200 fun titles, and offers games in over 200 countries and regions, across web, social and mobile platforms. Our franchises include Candy Crush, Farm Heroes, Pet Rescue and Bubble Witch. Our games are synchronised across platforms, allowing players to switch seamlessly between devices and platforms and continue their game wherever they left off. So they can play anywhere, any time and on any device. For all of our Saga format games, players can continue through the game without losing lives as long as they complete each level. Players can also return to specific levels in order to achieve the best “three star rating.”

Belgium-born Stephane Kurgan graduated in 1989 from the Universite Libre de Bruxelles with a BSc in Economics, and from the Bologna campus of Johns Hopkins University School of Advanced International Studies in 1990 with a graduate degree in International Relations. He returned to Belgium to take on a role in international sales at Bureau van Dijk Electronic Publishing - the first European company in Europe to produce and market business information CD-ROMs, at the time a revolutionary medium for storing large amounts of information on a portable device. The business targeted financial services, professional services and large industrial firms. It soon grew to become the data provider of reference for historical standardized company financials. After two years in sales and three years in product management, it was time for Stephane to move on:

“The company was run on the European patriarchal model with the founders holding all the equity but who, at the time, weren’t open to share it. I was ambitious but staying in the company I knew I couldn’t become a shareholder – I needed to find a new challenge. I had been considering business school for a while by then - it was the right time. I applied to some US business schools but chose INSEAD because of its reputation and the one year programme was appealing.”

During his time at INSEAD Stephane took the entrepreneurship electives notably with Dan Muzyka and alumnus, Michael Ullmann.
“INSEAD gave me useful insights into the dynamics of the financial and business world. I knew I wanted to join an entrepreneurial company in the tech industry, or even start a venture. I had a taste for this whilst working for Bureau van Dijk that was very much an entrepreneurial company where we had built it up from scratch. The different roles in the company had given me the appetite for working in this type of environment.”

On graduation from INSEAD in July 1996 Stephane joined Philips Media Services, the media investment arm of the Dutch technology conglomerate Philips who at the time had a large media presence as did the giants in the sector such as Sony.

“They owned the record label Polygram, a large cable business, TV channel stakes and other assets. Our group invested in online travel, digital mapping, direct response TV, and teletext among others. This was 1996, shortly after the Netscape IPO, the early days of Yahoo and the Internet was just starting to take off. However, a new CEO was appointed who decided to exit the media business selling all media assets in 1997....”

Stephane had not pursued an offer from McKinsey while at INSEAD. After reconnecting with one of the partners and a short revalidation process, he began a two year stint with the consulting company.

“It was a fantastic experience that included a three and half month assignment on McKinsey’s first engagement in Israel.”

Meanwhile the internet continued to grow in the US and Europe offering thousands of opportunities for entrepreneurs. In 1999 Stephane left consulting to join former McKinsey employees who were among the co-founders of enba Plc, the holding behind the first-e banks in the UK and Germany with 100,000 clients, €1billion in deposits, and 400 staff.

“I joined the start-up to build the bank’s B2B arm. We launched an e-bank called first-e initially the UK and then in Germany. In early 2000 UNO-e approached us to merge. UNO-e was a joint venture between the bank BBVA and Terra Networks, the internet subsidiary of Telefonica Bank in Spain.

As I was among the few leaders with transactional experience, the CEO asked me to lead the negotiations. The merger was announced in February 2000 and with an aggregated value of
€2.35 billion was the largest Internet transaction in Europe at the time. The following six months were spent working on the definitive agreement and developing a post integration plan. As it involved three banks operating in several jurisdictions it was complex. However, in October 2000 we learnt that the Spanish competition regulator was investigating the alliance between BBVA and Telefonica – a condition to completion of the agreement provided that all regulatory approvals had been obtained - thus our ability to complete the deal was put in jeopardy. In addition, the internet bubble was starting to deflate at the end of 2000.”

Not to be defeated the company restructured its activities and refinanced operations.

“We then entered tricky negotiations with the Spanish side to figure out if we could close the transaction. Ultimately, the parties settled amicably and agreed to terminate the transaction with enba Plc retaining the two banks in the UK and Germany. However, the process had damaged the business. After another refinancing and restructuring, we sold the customers and deposits to another online bank and wound down operations. The settlement meant it was a financial success for investors and managers, but not an industrial one. Along the way we had lost some of our top managers and some investors had failed to re-invest. All of them did not share in the financial success. A key takeaway I have experienced repeatedly since, is that, investing in an entrepreneurial venture is like watching a movie, you need to stay and watch to the very end in order to get the most benefit.”

Stephane’s next venture came in the summer of 2002 and post 9/11 terrorist attacks in the US. The internet bubble had well and truly burst by then.

“The curse of European entrepreneurship is that if you have failed or been associated with a failure, it makes a comeback very difficult.”

After a challenging time to find the next opportunity he was approached by one of enba’s investors, private equity firm Capital Z, to help restructure and refinance some of their European investments. They were based in New York with a portfolio in the UK. After two years, despite valuable training in financial and transactional matters, it was time for Stephane to move on and look for something more entrepreneurial.
He teamed up with the co-founder and CEO of enba Plc together with the founder of another successful company to create a venture in payments called Digital Reserve Ltd in 2004. The following year was spent developing the business but for various reasons they had to license some of the technology required from a company whose investor insisted on taking a large stake in Digital Reserve.

“Obviously we didn’t want to give up this much equity plus the co-founders continued to work on their other ventures, so despite the momentum the conditions for success just weren’t there. It was just too complicated, so we pulled the plug.”

Stephane’s next role came through McKinsey alumni connections when he joined Tideway Ltd, a systems management enterprise software business, as CFO. The chairman was a McKinsey alumnus and the main investor was Apax who had been a shareholder in Stephane’s previous company enba Plc. The first couple of years Tideway enjoyed great success but then the global financial crisis struck in 2008.

“Most of Tideway System Ltd’s business was with investment banks which were cutting costs massively. We lost two-thirds of our turnover in just a few months. The product was excellent but the clients were no longer there. We did what we could and restructured the business – sizing it down and eventually selling it in the fall of 2009 to BMC software, a NASDAQ listed company. I stayed in the company to ‘land the plane’ until spring 2010. It was a good home for the product and the team.”

After some consulting engagements it wasn’t long before Apax contacted Stephane in the fall of 2010: King.com was looking for a COO and believed that Stephane was a potential fit. This would become eventually King Digital Entertainment, the leading interactive entertainment company of Candy Crush, Farm Heroes, Pet Rescue and Bubble Witch fame to name but a few of the 200 games they have developed.

“I met the CEO and the founders. I liked the team and the company. It was in good shape but had some challenges as they were going through a tough transition at the time. I began as COO in March 2011 in a wide role dealing with many aspects of operations and corporate functions. However, as more senior people were hired the scope of my role evolved to focus on running business operations which comprise game development studios, marketing and technology.”
We launched Candy Crush on Facebook in April 2011, and in November 2012 on mobile. It exploded with extraordinary growth - an increase of 11-fold in 12 months. The company wasn’t small prior to this with a turnover in 2012 of US$160 million and about 160 employees, but by 2013 this turnover had reached US$1.8 billion. However, this also meant we had to structure the company to catch up with the revenue size. We needed to scale our corporate infrastructure, i.e.; finance, legal, HR and processes massively.”

In spring 2013 King decided to take the Company public. Work began with Apax, bankers and multiple advisors to draft the first prospectus.

“The IPO took place in March 2014. As IPOs go, it was the worst large IPO (>500m) of the last 20 years with the stock closing 17% below pricing. We had done a solid road show for ten days in brittle market conditions. In the weekend preceding pricing, the sentiment around our IPO turned and our book failed to strengthen towards the close. When trading opened, there was not enough demand for the stock, and it began to tank until it closed 17% down.”

The IPO was streamed to all King offices for employees to follow. They watched in amazement as the price fell.

“The CEO, CFO and Investor team did a great job, however, talking to the media and the market, staying on message throughout. After an hour the streaming stopped and everyone just went back to work witness to the great company culture. It could have imploded with this result but it was business as usual.”

In November 2015 Activision Blizzard Inc. among its titles World of Warcraft and Call of Duty, agree to acquire the King. In February 2016 the acquisition was completed with King becoming a wholly-owned subsidiary of Activision Blizzard for a total transaction value of US$5.9 billion.

“Going public in hindsight was the right decision and made our company much stronger, and better prepared for the Activision Blizzard takeover. It is unclear whether the deal would have taken place without the discipline and robustness arising from operating as a public entity.”
Headquartered in London  King has game studios in Stockholm, Malmo, London, Barcelona, Berlin, Singapore, and Seattle, along with offices in San Francisco, Malta, Seoul, Tokyo, Shanghai and Bucharest. For the first quarter of 2016 they had 463 million monthly active users across web, social and mobile platforms.

Advice – Lessons Learnt

“Entrepreneurship is a non-linear path – in hindsight the affiliation with Apax and others looks great but it wasn’t part of any master plan, indeed there was no plan. You have to make your own luck and take risks. You need to keep trying and be resilient – luck may find you! I have been lucky with the mentors that I have been fortunate enough to meet, from Bureau Van Dijk, McKinsey and enba. Learning from individuals around you is invaluable. Most Silicon Valley entrepreneurs have mentors or coaches – Bill Campbell being the most well-known.

What has been critical at King is that the founders share the same values which allows for difficult decision-making. All of us believe in doing the right thing and that what goes around does one day come around. So, together, sometimes through heated debate, we’ve been able to scale the company while preserving many of the entrepreneurial values which made it what it is – this is the single most difficult thing to do in scaling.

Never give up! Don’t take ‘no’ for an answer, a solution can always be found. And if you want to capture large upside, be patient and stick with the business until the full story plays out. Investors and managers who quit early sometimes leave fortunes behind them.”

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