

THE WORLD'S 50 MOST INNOVATIVE COMPANIES 2013

OUR ANNUAL GUIDE TO THE STATE OF INNOVATION IN OUR ECONOMY, FEATURING THE BUSINESSES WHOSE INNOVATIONS ARE HAVING THE GREATEST IMPACTS ACROSS THEIR INDUSTRIES AND OUR CULTURE AS A WHOLE.

MOST INNOVATIVE COMPANIES 2013

NIKE: THE NO. 1 MOST INNOVATIVE COMPANY OF 2013

FOR A PAIR OF REVOLUTIONARY NEW PRODUCTS AND A CULTURE OF TRUE BELIEVERS.

BY: [AUSTIN CARR](#)

"This is the raw stuff."

Inside Nike

Dig deeper into the future of Nike's digital business, its sustainability, its secret culture and more.

- [Mark Parker On Nike's Digital Future](#)
- [Meet the Freelance Origami Expert Who Invents Shoes For Nike](#)

Stefan Olander, head of Nike's three-year-old Digital Sport division, is watching a group of his engineers hack an experiment together. They're using a pair of Nike trainers with embedded sensors. The sensors measure pressure created when the shoes, which happen to be on the feet of a lanky product manager named Brandon Burroughs, strike the ground. The data are collected and then fed wirelessly to an iPhone; the iPhone is plugged into a MacBook; the MacBook's screen features a program that is busily imitating a 1987 Nintendo video game called *Track & Field II*. Which brings us to the ostensible goal of all this madness: finding out if new-age sensors and wireless devices work with an ancient video game.

One of my fears is being this big, slow, constipated, bureaucratic company that's happy with its success.

That's why Burroughs, who is outfitted head to toe in Nike attire, is crouched in anticipation like a runner before a starter pistol is fired. Suddenly, a whistle screams from the MacBook--it's the game's signal that a steeplechase "race" has begun--and Burroughs starts sprinting in place. It isn't pretty. He's panting heavily. He's been at this for a while and is clearly spent. His feet thud against the carpet like a clumsy drumroll as his crude avatar lurches forward on screen. And he's doing all this in a big, clean, stark corporate lab full of engineers, which isn't very

glamorous. But the experiment is working, sort of: As his avatar nears the first hurdle, Burroughs leaps too late, leading his digital self to trip and tumble into a pixelated pool of water. "Arrrrrrr!" yells Burroughs. "Come on!"

Olander, who bears a distracting resemblance to Matthew McConaughey and looks fit enough to have cleared that hurdle with ease, jokes that the only problem here is that Burroughs "is not very fast." He actually loves that the group is "just mucking about and having fun," as he puts it. "Really cool stuff can come from the opportunity to test without constraints." And that, in sum, is innovation, Nike-style: a messy, exhausting process culled from myriad options and countless failures.



Nike CEO Mark Parker.

In 2012, Nike's experimentation yielded two breakout hits. The first is the FuelBand, a \$150 electronic bracelet that measures your movements throughout the day, whether you play tennis, jog, or just walk to work. The device won raves for its elegant design and a clean interface that lets users track activity with simple color cues (red for inactive; green if you've achieved your daily goal). Press its one button for a scrolling stock ticker of how many calories you've burned, the number of steps you've taken, and your total NikeFuel points, a proprietary metric of activity that Nike encourages you to share online. The FuelBand is the clearest sign that Nike has transformed itself into a digital force. "Nike has broken out of apparel and into tech, data, and services, which is so hard for any company to do," says Forrester Research analyst Sarah Rotman Epps.

The other innovation is the Flyknit Racer, featherlight shoes that feel more like a sock atop a sole. Created from knit threading rather than multiple layers of fabric, it required a complete rethink of Nike's manufacturing process. The result is a shoe that's more environmentally friendly and could reduce long-term production costs. "Flyknit could turn the [shoe] industry on its head," says Nike sustainability VP Hannah Jones.

To produce even one of these innovations in a given year is a rarity for any company, especially one with 44,000 employees. But Nike CEO Mark Parker knows he can't just rely on celebrity endorsements and the power of the swoosh when confronted by big-name competitors such as Adidas and upstarts like Jawbone and Fitbit. "One of my fears is being this big, slow, constipated, bureaucratic company that's happy with its success," he says.

"Companies fall apart when their model is so successful that it stifles thinking that challenges it. It's like what the Joker said--'This town needs an enema.' When needed, you've got to apply that enema, so to speak."

Every CEO says this kind of thing (minus the enema part). The difference is that Parker delivers. Last year, Nike's annual revenue hit \$24 billion, up 60% since he took over the reins as CEO in 2006. Profits are up 57%, and Nike's market cap has more than doubled. This story is about how he has achieved that growth, and how he has driven a commitment to the company's culture. Nike is a business with much corporate lore, that lovely, misty story of how a bunch of renegades with a waffle iron bucked the system and revolutionized an industry. But a close examination of the development of Flyknit and the FuelBand, based on interviews with top Nike executives, current and former designers, engineers, and longtime collaborators, reveals four distinct rules that guide this company, that allow it to take big risks, that push it to adapt before competitors force it to change.

Rule #1: TO DISRUPT, YOU MUST GO ALL-IN

What makes Flyknit so truly disruptive is that it isn't a shoe--it's a way to make shoes. As the team members who spent four years developing the technology like to say, they're "breaking the sewing machine." The old Nike model involved cutting rolls of prewoven material into pieces, and then stitching and assembling them. But with Flyknit, a shoe's upper and tongue can be knit from polyester yarns and cables, which "gets rid of all the unnecessary excesses," says Ben Shaffer, studio director at the Innovation Kitchen, Nike's R&D center. The Flyknit Racer, one of the first shoes in the Flyknit line, is 5.6 ounces, roughly an ounce lighter than its counterparts. Nike uses only as much thread as it needs in production, and the shoe can be micro-engineered--tightened here, stretched there--to improve durability and fit.

Parker clearly has big expectations for Flyknit, telling shareholders it "is one of those technologies that has incredible potential, not only within running, but across multiple categories." That's a massive bet given Nike's dominance of the athletic-shoe business, where, for example, it owns half the running market and a whopping 92% of the U.S. basketball shoe business. And Nike has gone all-in on that bet, building a whole new manufacturing process around the product. "Does this change our business model in some cases, or our supply chain? Absolutely," Parker says.

Shaffer shows me some of the 195 major iterations the Flyknit went through as we tour the Kitchen. Some appear as rudimentary as a ballerina's slipper. The prototype that marathon runner Paula Radcliffe marked with scribbles now looks like a rejected *Project Runway* design. Nike's ambitions for Flyknit can be seen in the trays full of feet that live in tall carts around the Kitchen. The disembodied wooden lumps--most generically sized and others made by scanning some of the actual feet of the thousands of professional athletes that the company sponsors--are all waiting to be fitted, like Cinderella, with the perfect prototype shoe.

"Flyknit is a platform," Nike's Jones says. "We're reimagining the upper, the bottoms--the whole caboodle." In addition, as materials such as rubber become harder to come by because of overharvesting or climate change, "we're going to be able to navigate the volatility of these resources," she adds. Then, perhaps reminded of the fierce competition Nike is in with Adidas over knit shoes, Jones stops short and wavers, "I can't say anymore."

Rule #2: ANTICIPATE A PRODUCT'S EVOLUTION

Before the FuelBand, a product called Magneto was, briefly, Nike's next big thing. You'd tape magnets to your temples and then clip futuristic eyewear onto them. "Perhaps we went too far with that idea, because we actually started to make it," admits global brand EVP Trevor Edwards. Parker decided the product was impractical, and he killed it.

That sounds like an obvious call, but Parker reputedly approved Flyknit after being shown only a tube sock stitched to a rubber sole. Early on, great ideas can resemble bad ones: They both sound ridiculous. "Steve [Jobs] had a good bullshit meter, but also an open mind," Parker says. "It's that bullshit filter that says, 'Really? Is this really compelling?' We kill a lot of ideas."

Parker says he often feels like Tom Hanks in *Big*--a kid at a toy company whose job is to approve only the products he has fun with. In the FuelBand, Parker saw what athletes would instinctively value. As a "smart" version of the already popular Livestrong bracelet, the FuelBand would give users their own digital coach to motivate them. They could connect with other users and with their friends and family via social media to cheer them on, whether it's to lose weight or train for a marathon. Nike would benefit from this community, thanks to the ongoing connection with its customers, as well as every user promoting Nike with each post or tweet of their activity report. Plus, people were already comfortable with wearing a silicone wristband, unlike, say, face magnets.

As if to prove the point, when Parker and I meet, he's wearing a FuelBand on each wrist--exactly double what any user needs. "I don't normally wear two," he says, beaming, "but I have to admit, I'm obsessed." The company is now working to extend that obsession to others. In December, Nike partnered with the startup mentoring firm TechStars to woo entrepreneurs to launch companies that will build on top of Nike's digital platform. Nike has already announced games built on Fuel points.

This three-steps-ahead thinking is important for any product. Flyknit is not only valuable because its technology will help Nike make all kinds of lighter, better-fitting shoes, but also because it fits into the company's global growth initiatives. With Brazil hosting both the 2014 World Cup and 2016 Summer Olympics, Sterne Agee analyst Sam Poser believes Flyknit will help Nike reorient how it makes and sells shoes in such an important international market. "The duties importing from China [where Nike does much of its manufacturing] to Brazil are absolute craziness--way too cost-prohibitive, and the [manufacturing] in Brazil is so expensive," he says. "But Flyknit is much less labor intensive. If they can go into Brazil and set up [knitting] machines, they win." Poser goes further,

imagining that Flyknit will one day allow customers to digitally personalize shoes to match the exact shape of their feet.

Great ideas have something in common with bad ones: Early on, they both sound ridiculous.

Parker wouldn't be blamed if he had passed on Flyknit after seeing a modified tube sock, but if Nike doesn't bet on crazy ideas, its rivals will. "They're like sharks," says Poser. "If they stop swimming, they die." Adidas, also after four years of research, launched its Primeknit line only months after Flyknit's. Nike then dragged Adidas to court over patent-infringement claims related to knit technology.

Rule #3: DIRECT YOUR PARTNERS

Stefan Olander has barely ushered me into his neatly arranged office when he invokes FuelBand lore. He has an early prototype at the ready, the very one that his team used in 2010 to pitch the idea to CEO Mark Parker. "We pulled up [our sleeves] and revealed this," he says, sliding his fingers over the white leathery Velcro bracelet marked with green calculator-like numbers. "Mark is so consumer-driven that instinctively he said, 'Go do this now.' His first question was, 'How fast can you build this?'"

The Wow Factor



FUELBAND

Nike embedded 120 LED lights into the FuelBand, modeling the display after a retro scoreboard.



FLYKNIT

Knit threading and supportive cables (think suspension bridges) allow the Flyknit Racer to weigh just 5.6 ounces.

Illustrations By Pete Sucheski

The tale is burnished to a high gloss, which is a shame, because an idea as big as the FuelBand does not get cooked up in a single lab. It doesn't become a sophisticated, beautiful product just because Parker admired a leathery wristband. Nike doesn't like to discuss the gritty details of how something like the FuelBand gets made, but the real story shows how messy true innovation is.

In a world of rapid disruption, companies no longer must--or can--own all the skills required to thrive. Just as Google needed Android to attack mobile and Apple needed Siri to give it a foothold in search, successful businesses need to constantly evolve, either through partnerships, new talent, acquisitions--or all three. "You can't have a barrier or restriction," says lead Nike engineer Aaron Weast. For the FuelBand, Nike had to open its doors.

The FuelBand's road to reality began in March of 2010, when a three-person Nike team flew to San Francisco to share their idea with the industrial design firm [Astro Studios](#). "They had this concept of a tennis sweatband with an electronic watch," Astro design EVP Kyle Swen recalls, as he sits in the same third-floor conference room where the meeting took place. "They wouldn't even leave us the pitch; it was super confidential." Nike also consulted engineering firms [Whipsaw](#) and [Synapse](#), and longtime digital marketing agency [R/GA](#).

This team of outside partners created hundreds of prototypes, imagining concepts for displays that resembled an Amazon Kindle screen; bands that fully illuminate with color; ones that fit over your leg or upper arm; and even a fastening system modeled after a gas nozzle.

"Everything was custom, custom, custom," says Astro designer Anh Nguyen.

Olander played the shepherd. "You will never get good work out of anyone if you hand over a brief and go, 'We have no clue what we want, but why don't you just do it for us,'" Olander says. During the FuelBand's development, for example, Nike's specific requests to partners included its red-to-green color scheme; the idea of Fuel points, which Olander felt would encourage competition among users regardless of their sport; and a dead-simple interface without excessive metrics. The team learned that last insight from its experience with Nike's earlier digital products, for which 30% of users turned off calorie tracking.

Nike's role was between a coach and a traffic cop. Nike designer Jamian Cobbett describes it as an "ebb and flow." Astro's Swen relates how engineers from other parts of Nike's assembled team would see what the designers had in mind: "They were like, 'No fucking way,'" he says, laughing. "But that's innovation: full throttle, hit the brakes; full throttle, hit the brakes." The effort produced several breakthroughs, such as when Whipsaw embedded 120 LED lights in the bracelet (to look like an old-time scoreboard) and Synapse developed a curved lithium battery. Both are key features of the final product.

R/GA was tasked with the interactive experience and toyed with making Fuel points spendable. "We had conversations around racking up points and spending them on Nike socks," says Ian Spalter, who was then R/GA's product design VP and who now serves a similar role at Foursquare. The agency tinkered with tabulating Fuel points in aggregate for public causes--the digital equivalent of charity runs. Several sources say Nike considered selling FuelBands synced in pairs (so spouses or best friends could track each other's progress), and it even explored using the system to create campfire moments--that is, lighting up all the FuelBands in the world at a particular time to connect with its community, such as when the Olympics commenced. In the end, the pull of getting a small shot of electronic serotonin from checking your progress all the time, the same way many people incessantly refresh email and social media statuses, proved more than addictive. "There's something about dipping into feeds," says Nick Law, R/GA's chief creative officer, "whether it's fantasy football, Twitter, or Instagram."

As the product rounded into shape, "editing [then] becomes critical," Parker says. Olander adds, "It was like, 'What if we know your heart rate and have galvanic skin response, or add a gyro and magnetometer? We could know everything.' But who's going to do all that stuff? It's this interaction between design and engineering that keeps the experience refined."

And during that process, "Nike was the ultimate creative director," says Spalter. "What's more important--the people who cook up all the options or the people who curate and make the decisions? For a company of Nike's size, they keep the number of editors to a pretty damn short list."

Rule #4: FEED COMPANY CULTURE

I am sitting in a Winnebago, parked in the middle of the Innovation Kitchen. The team purchased it on Craigslist for \$750 to use as a conference room. There's plenty of meeting space elsewhere, but as legend has it, Nike cofounder Phil Knight first sold shoes in the back of an RV like this one. So here we are.

Nike's campus is full of odd talismans like this, a living museum of itself, a container of legends and oral histories. The waffle iron that cofounder Bill Bowerman ruined making rubber soles in the 1970s? It's enshrined on campus like the Liberty Bell. In fact, with so many bits of lore around, anything can be mistaken as symbolic. The clock inside the Winnebago reads 2:59 even though it's barely past noon. My PR handler makes a point of asking about the significance of the clock's time. "I don't even know," Shaffer says, "but there's always something superdeep in things like that." Adds my handler, "That's the kind of detail people obsess over here--little things like this have a story behind it. Or, well, maybe it just means the battery is dead."

If Nike treats its past with reverence, it represents its present in a different but equally honed way: as "top secret." In Parker's office, he shows me a pink running shoe that he says will reinvent Nike's manufacturing

processes yet again. (It fuses Flyknit technology with a new, peculiar honeycomb-like sole.) "You might be the very first person outside of Nike to see this," he says.

In fact, I'm repeatedly dipped into the company's inexhaustible supply of secrets--so much so that I wonder if Nike labels ideas "secret" the way the government broadly labels files "classified." Inside a garage on the outskirts of campus, behind a day-care center and a security firm, with its door simply marked "A," I witness two toned athletes lunging in front of a pair of Xboxes. This is the Sparq performance center, which was key to developing the analytics behind the FuelBand and other digital Nike products. At one point, Sparq performance director Paul Winsper insists, "We don't want anybody to know about this." And as I enter the Zoo, another of Nike's "secret" facilities, an engineer confides, "Sometimes you want to be nice and hold the door for someone behind you, but you just never know."

All of this surely has some level of truth: Nike doesn't want full details of its R&D leaked out, nor does it want, say, some Adidas employee wandering in to snap photos. (Ahem: "Hell would freeze over before we copied a product," Adidas design lead James Carnes tells me.)

But like an action movie, the story isn't built to withstand serious inquiry. I'm told, for example, that only a few dozen employees have access to the Zoo and the Innovation Kitchen. Yet there are clearly more than a few dozen employees inside both, which, mind you, are on the first floor of the Mia Hamm building, behind only slightly tinted windows through which passersby can clearly see from the campus sidewalk. At one point when I walk by, a door to the Kitchen is propped open, unsupervised.

So what's with all the hush-hush? Culture. Employees internalize their own stories--that their work is imbued with a value worthy of secrecy, vaulting Nike into the lofty heights of philosophical (and sometimes self-important) corporate cultures alongside only Apple and Disney. When I bump into Nike coach and three-time New York City Marathon winner Alberto Salazar, in between the campus's Olympic-size swimming pools and sky-high climbing walls, even he tells me, "This place is like Disneyland."

That cohesive culture begets tangible benefits, such as talent retention. At Nike, you're a rookie if you've been at the company for less than a decade. Workers quote the company's maxims like the Ten Commandments. More than a dozen tell me, independently and unprompted, "Be a sponge" and "If you have a body, you're an athlete." "We can almost finish each other's sentences," Parker says. "But not in a drinking-the-Kool-Aid, cultlike way."

That self-image is infused into every marketing message and product release, and transferred to a public eager to finally be let in on the secret. The more exclusive the presentation of those products and brands, the more they are desired. Parker borrowed more than a bullshit meter from Steve Jobs. No wonder consumers and media line the block for both Apple and Nike product launches.

"There's a halo effect of being seen as an innovative company," says Forrester's Sarah Rotman Epps. "It's hard to overstate how important it is that Apple CEO Tim Cook is seen wearing one of your products onstage at an Apple event," as he was with a FuelBand during the iPad Mini launch last October. Never mind that Cook sits on Nike's board. The cool kids are sitting at the same table, and you're invited.

After leaving that secretive garage on the corner of campus, the one labeled A, I'm told I won't be able to locate it again. It's that hidden, my handlers say, like a witch's cabin that vanishes into the woods.

It seemed like a challenge. So the next day, I go hunting. I search in the rain for 45 minutes, down endless little roads. Finally, there it is--unguarded, intact, no laws of physics denied.

Another Nike myth busted? Perhaps. But I can't go in; the garage is empty. The lights are turned off. The building is there, but the ideas inside are gone. The secret is kept.



Serena Follows Nike's Playbook

For nearly a decade, tennis star Serena Williams has been one of Nike's most visible athletes. (In March, in fact, her core workout will be released on the [Nike Training Club](#) app.) But she's also a serious entrepreneur: Her clothing line [Signature Statement](#) is on HSN.com, and her business investments range from skin care to tech startups to part ownership of the Miami Dolphins. And she credits Nike for setting her business standards.

1/Always offer something new

"You look at where Nike started, from the '80s until now, and it's such a huge difference," Williams says. "I wonder, like, how were athletes able to play back then? Every time I turn around there's something new--pants with ventilation, seamless fabric. They actually invent fabrics, which is really cool for me, with my fashion background. I always use them in my line. I'm like, 'So what are the colors for next season?'"

2/The invisible is as valuable as the visible

"When I first came to Nike I said, 'I don't care how I feel; I just want to look good.' And they said, 'We're going to make you look good, and we're going to make it comfortable.' Last year at the French Open, my dress was almost like a Herve Leger [bandage] dress, really tight fabric. But I was able to perform, I was able to move. It was really functional, but it was also bringing design and style."

3/Consider yourself an underdog

"I'm not disrupting my brand enough. I need to do it more. Nike always tries to improve. They never say, 'I'm No. 1, and I'm happy.' They always say, 'How can we get better?' Beyond a company, beyond entrepreneurship, you can really take that attitude in your life, like, I want to be a great mother, or a great student, or a great doctor. What can I do to be better?"

--As told to Whitney Pastorek

[Top photo: Jason Pietra, Prop Styling: Erin Swift; Parker: Art Streiber; Fashion Styling: Melanie Leftick; Grooming: Juanita Lyon; Serena: Photo by Art Streiber; Hair: Nikki Nelms; Makeup: Sheika Daley; Prop Styling: Nick Tortoricci]

AUSTIN CARR

Austin Carr writes about design and technology for Fast Company.

MOST INNOVATIVE COMPANIES 2013

02_AMAZON

FOR SPEEDING UP THE DELIVERY OF CHANGE.

BY: LINDSEY KRATOCHWILL

0 COMMENTS

Amazon introduced same-day shipping in seven major U.S. markets more than three years ago, but the e-commerce giant's significant 2012 expansion of its next-day and same-day delivery services was a jolt: The entire retail industry seemed to realize its power. Late last year, as [Amazon's](#) ambitions came into focus, rivals such as Google, eBay, and Walmart could only attempt to catch up, launching modest pilot programs and making investments. Even shipping services UPS, FedEx, and USPS upped their game. Eight moments from Amazon's instant gratification revolution:

3.19.12

Acquires robotics maker Kiva Systems for \$775 million. Kiva robots can reduce order-processing time to 20 minutes.

3.27.12

Announces a new warehouse in Jeffersonville, Indiana, near Louisville's airport, an international shipping hub.

4.26.12

Increases spending on fulfillment 51.5% over previous year, to almost \$1.3 billion.

5.30.12

Announces two new warehouses in New Jersey to serve the New York metro area's 19 million-plus residents.

7.26.12

Shipping costs as percentage of sales drop; proximity to customers cited as contributing factor.

7.31.12

Silicon Valley press takes notice of 7-Eleven delivery locker service in the Bay Area. (Amazon didn't announce it; expansion was a surprise.)

10.18.12

Opens San Bernardino distribution center to serve more than 21 million in Southern California.

11.6.12

Announces 1.26-million-square-foot warehouse to serve mega-region formed by Dallas, Houston, and Austin.

[Photo By Victoria Ling]

Lindsey Kratochwill

Reporter

MOST INNOVATIVE COMPANIES 2013

03_SQUARE

FOR SPREADING THE MOBILE PAYMENTS REVOLUTION.

BY: DAN SLATER

Square had a simple idea--enable credit card transactions on mobile devices--that drew a lot of competition from PayPal Here, Intuit, Groupon, and others. But Square has only extended its lead. The key: channeling small-biz charm. "You'd go to your local pharmacy and say, 'Put this on Keith'; they'd have an account for you," says COO Keith Rabois (who announced he's leaving Square after the initial reporting for this story). He wooed local shops with a flat-rate subscription of just \$275 per month, and landed the right to process payments for all 7,000 U.S. Starbucks locations. Now, it processes more than \$10 billion worth of transactions annually.

[Square Bill: Quang Ho via Shutterstock]

MOST INNOVATIVE COMPANIES 2013

04_SPLUNK

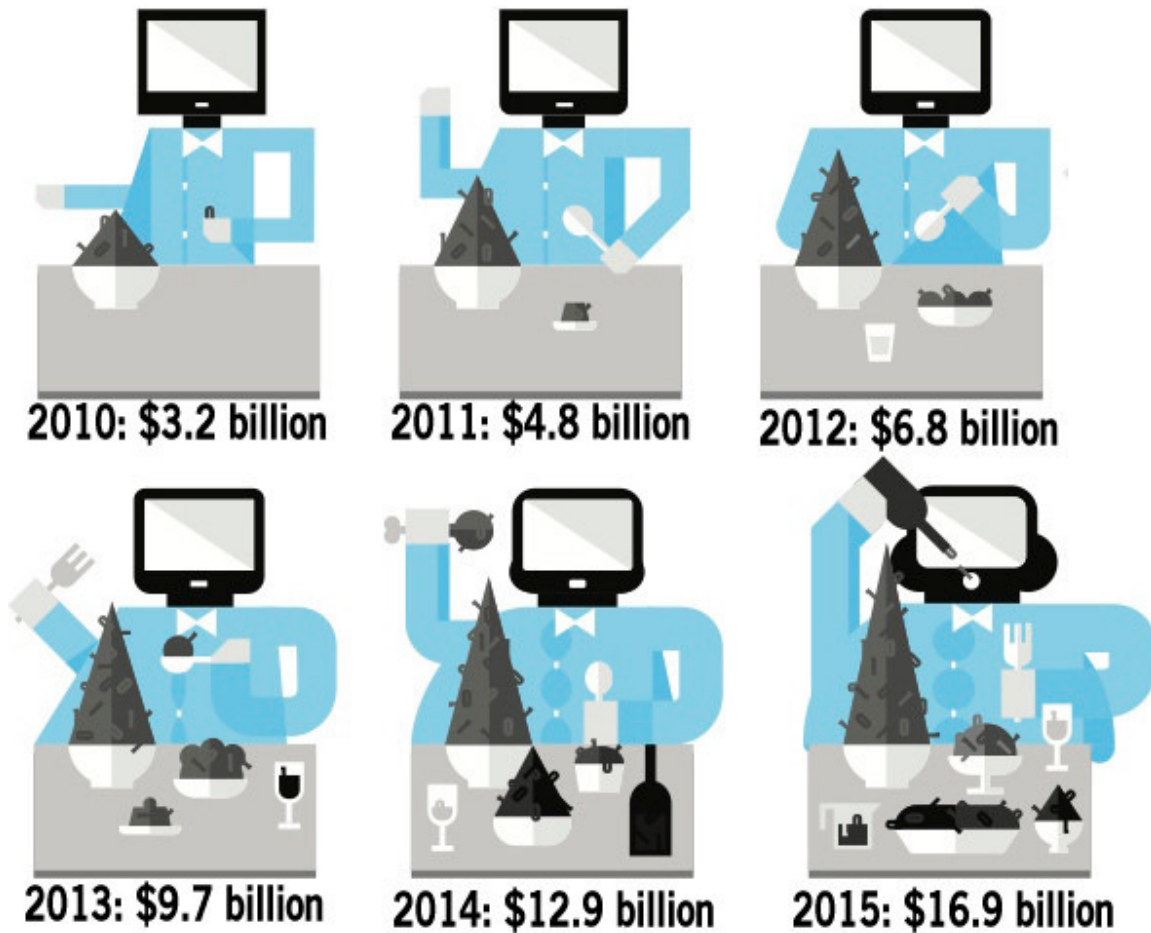
FOR BRINGING BIG DATA TO THE MASSES.

BY: J.J. MCCORVEY

Every click on every website: data. Every customer call and credit card transaction: data. Every tweet or Facebook post: junk. (Kidding: It's data!) And until recently, companies had a hard time putting that stuff to good use. Splunk can, though. It makes sense of "big data" by monitoring, collecting, and indexing it in real time, creating opportunities for its clients to improve business operations and save money. That, in turn, creates revenue opportunities for Splunk: The company went public last year and is now worth nearly \$3 billion. Its revenue grew by \$70 million in 2012, and its roster of 5,000 clients has increased by 400 a quarter. Rutgers University, for example, can use Splunk to search for the term error and find anything that might be slowing down its students' class registration. Comcast, another client, can compare granular data on what customers are watching--say, the

top three on-demand videos in New York between 2 p.m. and 4 p.m.--then use the data to tweak its marketing. "In seconds, instead of hours, you can find exactly what you need," says Steve Sommer, Splunk's CMO.

Big Data Revenue Growth, According To IDC



[Illustration by Romualdo Faura]

J.J. MCCORVEY

J.J. McCorvey is an assistant editor for Fast Company magazine, where he covers technology and writes Next, Fast Talk, and feature stories.

MOST INNOVATIVE COMPANIES 2013

05_FAB

FOR EVOLVING INTO THE DESTINATION FOR DESIGN WARES

BY: [LINDSEY KRATOCHWILL](#)

How does CEO Jason Goldberg feel about [Fab](#)'s estimated \$150 million in 2012 revenue? "I don't give a shit," he says. "I want to know how we build a long-term brand." Goldberg and cofounder Bradford Shellhammer constantly reimagine Fab, which matured last year from three-day flash sales to dozens of online boutiques of design-centric products for such niches as foodies and pet lovers. Membership is up sixfold, to more than 10 million; international sales went from zero to 30% of business; and Fab built its own warehouse to ship goods faster. Up next, Goldberg hints, are real-world stores.

[Photo by Samantha Casolari]

[MOST INNOVATIVE COMPANIES 2013](#)

06_UBER

FOR BEING THE EPITOME OF THE DATA-DRIVEN DISRUPTIVE STARTUP.

BY: [JASON FEIFER](#)

Uber's "convenient, classy, reliable ride"--in the words of CEO and cofounder Travis Kalanick--fuses tech with cabs: Call a ride using its app or the web, and [Uber](#)'s algorithms and sophisticated data analysis positions its cars to be there within minutes. Its clever marketing stunts earn customer loyalty and grab attention--though perhaps not as much as Kalanick's brashness as he challenges what he perceives to be outmoded local transportation laws.

[Click to download the Uber board game!](#)



[Illustration by Rod Hunt]

JASON FEIFER

Senior editor at Fast Company. Follow me on Twitter @heyfeifer. You probably, maybe won't regret it.

MOST INNOVATIVE COMPANIES 2013

07_SPROXIL

FOR STICKING IT TO ANYONE SELLING FRAUDULENT GOODS.

BY: J. LESTER FEDERER

Ashifi Gogo thought he had the perfect product for vigilant foodies: scratch-off stickers for organic produce. The idea was that you would buy some fruit, scratch to reveal a code, and then text it to [Sproxil](#), Gogo's company, to verify the food's organic authenticity. Only problem: "Nobody wanted to buy it," he says. Even Whole Foods customers didn't care for that level of verification. By 2006, Sproxil was foundering, as Gogo puts it, "like a hammer looking for a nail."

That's when he began to think big. The pharmaceutical industry presented an ideal customer base, especially in countries where pharmacies and the drug supply chain can't be fully trusted. The International Policy Network estimates that 700,000 people die each year from counterfeit tuberculosis and malaria drugs. And yet, even in remote areas, cell phones are ubiquitous.

Gogo reached out to manufacturers, who began attaching Sproxil stickers to pill bottles. Consumer response was immediate: By the beginning of 2012, two years after the first stickered bottles went out, the system had been used 1 million times; seven months later, the number was 2 million. Now Sproxil is expanding into other fields and discovering that customers for all sorts of products are eager to confirm that they got what they paid for, from agricultural goods to auto parts to the copper in electric wires. "There are lots and lots of uses for our services," Gogo says. And this time, finally, everyone else agrees.

[Photo by Jason Grow]

MOST INNOVATIVE COMPANIES 2013

08_PINTEREST

FOR UNLOCKING OUR IMAGE OBSESSION.

BY: JILLIAN GOODMAN

A year ago, the social scrapbooking site was dubbed the fastest-growing web service in history. Where do you go from there? Up. Pinterest is now one of the top 50 most-visited sites in the U.S., and retailers are excited: The average purchase off a pinboard nets more than double those off a wall post or a tweet. Late last year, it simplified the process for companies to create pinboards. In January, it made its first acquisition, the recipe site [Punchfork](#). Meanwhile, the Pinterestization of the web continues--a trend as hot as Pinterest itself.

[Push Pin: [Wavebreakmedia](#) via Shutterstock]

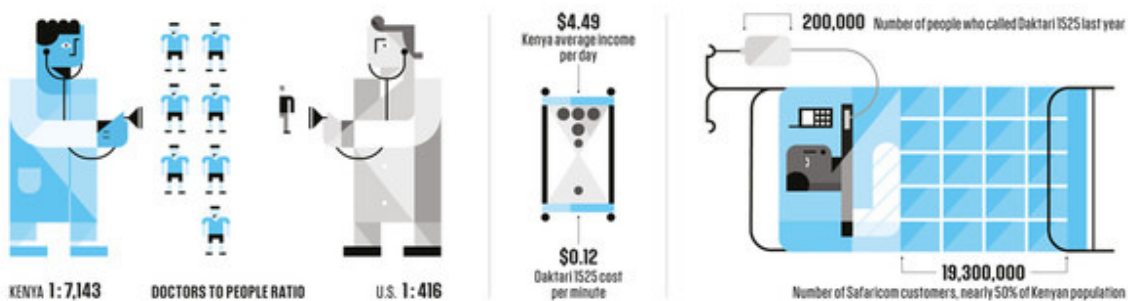
MOST INNOVATIVE COMPANIES 2013

09_SAFARICOM

FOR BRIDGING A HEALTH CARE GAP WITH TELECOM.

BY: J. LESTER FEDERER

In Kenya, where more than half of citizens live on less than a dollar a day, medical care can be a far-off luxury. But local telecom giant [Safaricom](#) has built a vital bridge between doctor and patient. It launched Daktari 1525 in late 2011, a 24/7 call-in service that, for a small fee, connects callers one-on-one with a doctor. Calls flooded in. This year, it's boosting marketing to get more customers calling, and more Kenyans healthy.



[Illustrations by Romualdo Faura]

MOST INNOVATIVE COMPANIES 2013

10_TARGET

FOR SHRINKING THE BIG BOX.

BY: [KATE ROCKWOOD](#)

The hipster's favorite big-box chain rekindled its urbanite romance through CityTarget, a half-size store prototype that launched in Chicago, Seattle, and Los Angeles last July. It did so well that Target is adding three new stores this year. Here's how Target has citified the quintessential suburban shopping experience.

SPEED

THROUGH

THE

STORE

More prominent, lower-hanging signage helps shoppers find items faster. And if there's a line, employees come by with mobile scanners to speed checkout.

VALUE,

NOT

VOLUME

There are four-packs of paper towels, rather than 36-packs. Balcony-size seats replace big patio furniture. And trucks restock shelves about 14 times a week, compared to four or five in the suburbs.

LOCALIZE

Each store has a "CityLove" section filled with location-specific merch--coffee mugs in Seattle, for instance--that is browsed by locals, but frequented especially by tourists.

REHAB

TREASURED

BUILDINGS

CityTarget chooses beloved locations, then appeals to locals (in Chicago, say, moving into the landmark Carson Pirie Scott and Co. building and pledging to restore its columns).

ENCOURAGE

MOBILE

RESEARCH

CityTargets offer free Wi-Fi, and QR codes on selected items give tech-savvy urban customers extra product info and price comparisons.

[Illustration by Owen Gildersleeve]

MOST INNOVATIVE COMPANIES 2013

11_ GOOGLE

FOR ADDING FIBER TO OUR INTERNET DIET

BY: BEN PAYNTER

The revolution happened at lunchtime on a Tuesday last November, and almost no one was there to see it. A polo-shirt-clad technician arrived at a small bungalow in Kansas City, Kansas, and plugged fiber-optic cable from the street into a white wall jack. A small, blue light on a black network box flickered on. "Connected!" homeowner Matthew Marcus shouted, pumping his fist. "I'm so excited, my hands are visibly shaking." The first [Google Fiber](#) hookup--an ultrahigh-speed gigabit Internet service and TV network that runs 100 times faster than garden-variety broadband--would have been cause for ballyhoo from almost any other company. But [Google](#) hid its excitement, shooing away most national media and insisting, again, that its investment to make the Kansas Cities (Kansas and Missouri) the first fiber-wired zone in the country represented nothing more than an experiment rather than a massive business opportunity to build the future of connectivity. Only months later did executive chairman Eric Schmidt intimate that there would be an expansion.

Fiber Downloads Vs. Usain Bolt

Fiber moves at 1,000 MB per second. What can be downloaded during Bolt's record-breaking, 9.58-second, 100-meter sprint?

0.047 **SECONDS**

The Encyclopedia Britannica, iPad edition

1 **SECOND**

Beatles discography (250 songs)

1.5 **SECONDS**

Final Cut Pro

1.75-2 **SECONDS**

Episode of *Homeland*

4 **SECONDS**

Star Wars

5.2 **SECONDS**

10 years' worth of the *New England Journal of Medicine* audio files

6.5 **SECONDS**

10 CD-Rs of audio

8 **SECONDS**

4,000 photos (2 MB each)

10 **SECONDS**

(just outside of Bolt's time)

Season 1 of *Girls*

Everyone should have seen that coming: Keeping a low profile has become a hallmark of how Google innovates. Ever since the protracted struggle over Larry Page's bold plan to digitize every book in the world, Google's CEO has become a master at initiating pet projects and keeping them relatively under the radar--until, whaddaya know, they're significant parts of Google's operations. Android debuted as an open-source operating system for smartphone developers. Chrome was supposedly an in-house experiment to test a more streamlined web browser. Today, those two products are the most widely adopted mobile platform and browser in the world.

Google's arrival in Kansas City has galvanized the entire metropolitan region. Municipal leaders have their own playbooks for how to take advantage of Fiber, but citizens aren't waiting around for them. Each connected neighborhood--the locals call them "fiberhoods"--also brings high speeds to local libraries and schools, so

neighbors have rallied neighbors to encourage sign-ups. Kansas Citian Bo Fishback used [Zaarly](#) (which he founded) to pay door-knockers to canvass his own leafy neighborhood. Zaarly has held community cleanups, hosted picnics, and handed out yard signs adorned with Fiber's bunny mascot. One local tech club raised money and donated gear to help the city's poorer neighborhoods get connected. If all this sounds as if citizens launched a political campaign to get their fast Internet, that's what it felt like too.

Campaign headquarters has been Google's showroom. The company calls it Fiber Space, a name that's too cute by half, but locals have enthusiastically adopted the place. It's located off State Line Road, the dividing line between Kansas and Missouri, where a once leaky, abandoned gym has been transformed into a community clubhouse. Like a good neighbor, Google's Fiber Space has ingratiated itself with movie nights and Halloween candy for kids. For weeks, there was a line out the door as people tried to get in just to see how fast the Internet was, a modern-day version of 1940s residents standing in front of the department store downtown to see television for the first time. As locals waited, they downed coffee from a nearby deli, whose to-go cups also featured the Fiber bunny and the cheeky tagline "100 times the energy."

Local coders hosted the country's first fiber hackathon in the Fiber Space, an all-nighter that drew legions of coders from around the Midwest and at least a half-dozen developers from Silicon Valley. Tyler Stalder, 25, left the area several years ago for San Francisco. He currently works for Singly, an increasingly hot startup that helps developers build better apps, located in San Francisco's Mission District. As he watches crews of hoodie- and Hawaiian-shirt-clad programmers munch pizza and sip local favorite Roasterie coffee inside, while others turbo-smoke cigarettes outside, he seemed almost regretful. "I sort of wish this was here when I was here because I might have stayed," he says.

Kansas City has instantly become a startup magnet. The Google launch was limited to residential service, so companies are setting up shop inside neighborhood houses. Four are in Matthew Marcus's home; on the day he got connected, he wore a shirt that read, "Kansas City startup village--settled 2012." Other firms are relocating from tech hubs such as San Francisco, Boston, and Denver. A grassroots program called Homes for Hackers offers three months of rent-free living for entrepreneurs who want to set up shop in a Fiber-connected home.

"The cool thing here is that the community is really inclusive and everybody is really hungry to meet new people and to make sure those people succeed," says Mike Demarais, a 20-year-old from Boston who dropped out of college and started a 3-D printing company here. When Demarais first hit town, he saved the plastic sheathing from a Fiber installation as a souvenir of what he believes is an epochal moment.

Google may not have anticipated every nuance of community excitement about Fiber's arrival, but it likely wasn't surprised at the reaction. There's an oft-repeated mantra at Google: Speed matters. What the company means is, the faster your Internet, the more you'll do with it. And the better that is for Google: More searches, more

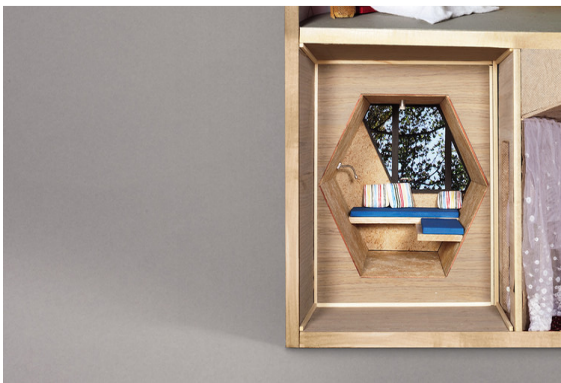
YouTube videos, more e-commerce, more revenue. It's not just about better TV service and quicker downloads; Google is selling a better civic quality of life.

There's little doubt that Google can replicate Fiber anywhere it chooses. More than 1,100 cities competed to host this experiment--so, there's a waiting list. A skeptical Goldman Sachs report in December estimated that Google would need \$140 billion to wire up the rest of the United States, but Google wins even if it doesn't build out the Internet of the future all by itself. "They are driving demand for innovation, which will create demand for service levels like [Fiber] among the telecom companies," says Josh Olson, a tech analyst at Edward Jones. In November, AT&T announced a \$14 billion plan to upgrade network speed around the country, boosting the power of its U-verse service. Time Warner Cable has also said that it would improve its own service if demand warrants it.

Google has let Kansas Citians make Fiber their own, but that doesn't mean it doesn't have some suggestions of what they should do with it. At the Fiber Space launch party last July, sales reps handed out flyers with Fiber's new bunny logo. They were titled "10 things to try, gigabit-style." Everything linked back to a Google app.

[Photo by Taylor Glenn; Prop styling by Tiffany Romeo]







12_AIRBNB

FOR UPGRADING ITSELF INTO A FIVE-STAR VACATION DESTINATION.

BY: LINDSAY HARRISON

Last year, the travel site made a teeny-tiny change that was emblematic of a gigantic shift: It replaced the star icon on its listings--which people used to bookmark places they're interested in renting--with little hearts instead. "A star can't capture the magic of staying in a castle, or the whimsy of staying in a tree house," says CEO Brian Chesky. And those unique spaces have become key to the four-year-old company's growth. Rather than being just a utility through which to rent someone's spare bedroom in a pinch, [Airbnb](#) has transformed itself into a hub of vacation dreams. The site reached 5 million bookings in January 2012, then in the next five months notched 5 million more. Estimates of its 2012 revenue are as high as \$240 million.

Airbnb now lists more than 250,000 properties in 192 countries, from Airstreams in Spain to igloos in Austria. The company hit a new milestone on August 4, 2012: In one day, 60,000 people booked. To keep up with such rapid expansion, Airbnb has opened nine offices worldwide, facilitating 24-hour customer support, a \$1 million host guarantee, and a slew of professional photographers ready to shoot new listings within 48 hours of registration. The site now focuses on "wish lists," including private islands and rustic retreats, letting users share their dream vacations and browse others. This year, Airbnb is moving beyond rentals to partner with local communities and enhance the entire travel experience. "Our product isn't just our website; it's also our hosts, listings, users, photographers, and employees," Chesky says. "Our product is the entire community."

Kathleen Gerber and Lori Nix recreated this popular private room in an igloo village using materials like styrofoam and fabric:

Video:

<http://www.fastcompany.com/most-innovative-companies/2013/airbnb>

Lindsay Harrison

Editorial Assistant, Fast Company

Lindsay Harrison is an Editorial Assistant at Fast Company. Before joining Fast Company, she wrote *Missing: A Memoir*, published by Simon & Schuster in 2011. Currently working on a novel, Lindsay also teaches writing classes at Gotham Writers' Workshop.

MOST INNOVATIVE COMPANIES 2013

13_APPLE

FOR DELIGHTING RETINAS WITH ITS RETINA DISPLAY.

BY: [LINDSEY KRATOCHWILL](#)

Apple's Retina display--now trademarked, mind you--expanded from the iPad to the MacBook last year, and a visual revolution has followed. App makers and websites had to adjust to the new pixel-packed screen (which is so good that a user with 20/20 vision can't see individual pixels from a normal viewing distance) or else products would look like an actor without makeup on an HDTV. But the best sign of [Apple's](#) influence comes from the feverish attempts by rivals to hype their own tablet displays. Google's Nexus 10 paraded 300 pixels per inch, to iPad's 264; Microsoft contorted itself into arguing that the Surface RT made up for its 148 pixels with a magical "subpixel rendering"; and Amazon CEO Jeff Bezos boasted that his new Kindle Fire HD's 254 pixels came with an "Advanced True Wide polarizing filter." Alas, competitors can't make invisible pixels even more invisible.

[Illustration by Owen Gildersleeve, photo by Victoria Ling]

MOST INNOVATIVE COMPANIES 2013

14_THE COCA-COLA CO.

BY: [CHRISTINE CHAMPAGNE](#)

The TV spot was once the center of Coca-Cola's marketing strategy. Now, Coke is on to a new era of delightful, shareable online content (earning a 5% bump in global sales along the way). Here's how:

1_STICK TO THE MESSAGE

An in-house U.S. team of 120 keeps Coke's many ad agencies on brand. The message: Coca-Cola brings joy. It was best seen last year in a viral montage of real security camera footage capturing random acts of kindness globally.

2_MIX NOVEL WITH NOSTALGIA

Many ideas are new--like Brazilian Coke machines that give free mobile data credits--but the brand also sticks with its polar bears, which date to 1922. The bears' online videos during 2012's Super Bowl got 9.09 million live streams.

3_OWN THE BIG MOMENTS

For the 2012 Olympics, Coke created its own single, “Anywhere In the World,” weaving sports sound effects together for rhythm.

4_EMBRACE OUTSIDE CREATIVITY

After a 20-year-old Hong Kong student gained attention for his Steve Jobs tribute, Coca-Cola commissioned a poster from him, bagging a win at Cannes.

[Cola Splash: [Tischenko Irina](#) via Shutterstock]

MOST INNOVATIVE COMPANIES 2013

15_PIG NEWTON

FOR LOUIS C.K. SELLING FUNNY DIRECTLY TO FANS.

BY: [DAVID LIDSKY](#)

“How many advantages can one person have? I’m a white man!” says comedian-actor-writer-director Louis C.K., whose production company, Pig Newton, sees benefits as well. But not just for C.K.; Pig Newton has pioneered a new business model for artists to do what they love, reach fans, and still make cash. Advantage: everyone.

- Late in 2011, C.K. self-released a stand-up special on his website for \$5, selling hundreds of thousands of copies (rare for a comedy special). Later, he sold the special to FX.
- The \$5 download model was copied by a number of other performers in 2012, including C.K. himself, who used his site to sell 55,000 (also rare!) copies of comedian Tig Notaro’s remarkable performance about her cancer diagnosis.
- C.K. sold tickets for his 2012 tour directly to fans for a flat \$45 each. The one catch: “Some of these rules may be a pain in your ass”—like no scalping for a higher price. Even Ticketmaster CEO Nathan Hubbard cheered.
- He flipped the script late last year, selling his 2013 comedy special to HBO, which will air it before he again sells it directly to fans for \$5.

[Photo by Michael Loccisano/Getty Images]

MOST INNOVATIVE COMPANIES 2013

16_TENCENT

FOR PUSHING THE CHINESE PEOPLE TO SPEAK UP.

BY: [APRIL RABKIN](#)

More than 300 million users in less than two years have flocked to [Tencent's](#) WeChat, the Chinese Internet giant's suite of social networking plug-ins. Why? WeChat is less expensive, clearer, and faster than calling people on the phone. "It's the only mobile communication system out there right now," says Rico Zhou, 33, who runs a bakery in Beijing. But this dominance understates why WeChat became the most-talked-about innovation in China last year.

CENTRALIZE TO SERVE USERS

People use WeChat in part out of extreme convenience. They have the same password, navigational tools, and contact list across all its features--a relief in a country where malicious software apps abound. Here, there's just one software company to trust.

DECENTRALIZE TO INNOVATE

Late last spring, Tencent opened up its platform to other developers to create cool things for WeChat (or Weixin, as it's known in China). It's now a one-stop shop: Features include push-to-talk voice chat (like a walkie-talkie); Shake, which brings up a list of everyone nearby shaking their phone at the same time (often used as a hookup tool); and Drift Bottle, which connects anyone looking to chat.

LOOK WEST

Tencent's aggressive international rollout, through Southeast Asia, Russia, Turkey, and the U.S.--rare for a Chinese company--has added millions of expats who can now communicate with folks back home, increasing its popularity. In America, WeChat is a top 20 free social networking app in Apple's App Store.

[Photo by Zachary Bako]

17_SAMSUNG

FOR ELEVATING IMITATION TO AN ART FORM.

BY: [MAX CHAFKIN](#)

Let's just say it: Samsung is a copycat.

This may be disputed, subject to appeal, void where prohibited, and so on--but after last August's \$1 billion judgment by a California jury, we can say without fearing a libel suit that in developing its Galaxy smartphones, Samsung stole design elements from Apple's iPhone. Sure, the "stolen goods" were for comically insignificant elements that perhaps didn't deserve patent protection to begin with: One was for icons with rounded corners while another was for the iPhone's rectangular shape. If Samsung had gone with an ovular phone and sharp-cornered icons, perhaps all this litigation could have been avoided.

But in a 2010 memo, Samsung mobile chief JK Shin did encourage his designers with the phrase, "Let's make something like the iPhone." So feel free, if you must, to shake your head, sigh, and chalk up the Korean conglomerate's sudden, remarkable success to the business equivalent of cheating on a grade-school spelling test. Bad, Samsung!

Now that that's out of your system, here's why Samsung should be lauded rather than loathed. When you boil it down, the electronics giant built upon an existing innovation, the iPhone, to produce a more-advanced, better-selling product. In the process, it transformed itself from a bit player with just 3% of the smartphone market into the market leader.

Samsung engages in a lightly discussed, underappreciated varietal of creativity known as "focused innovation." Oded Shenkar, a professor at Ohio State University and the author of *Copycats*, defines it thus: "Basically, you try to innovate where you have an advantage and imitate everywhere else." So Samsung built a user interface similar to that of the iPhone but gained its real edge by improving one of Samsung's core strengths: producing big, beautiful screens. In fact, beginning with the company's entry into the semiconductor business, Samsung has cultivated an ability to quickly study, imitate, and, where appropriate, improve upon competitors' products. In an age when information flows freely and contract manufacturers can pump out millions of new devices in a matter of weeks, that skill may be the most underrated in business.

Samsung's strategy--Shenkar dubs it an "innovative imitator"--may lack a certain artistry, but it's also a path set by Steve Jobs himself, who in a 1996 interview said, "Picasso had a saying, 'Good artists copy, great artists steal.' And we have always been shameless about stealing great ideas." For the iPod, Jobs and Apple borrowed liberally from

long-forgotten pioneers such as Diamond Multimedia and Creative Labs; in designing the iPhone, from Palm and HP; in designing the iPad, from Microsoft.

Shin encouraged his team to imitate; Apple says it "slavishly" copied. But straining for originality in the post-iPhone era has been a loser strategy. RIM and Nokia's mediocre, unloved--but different!--products have led to dwindling market share, profits, and influence. Samsung, meanwhile, has produced a series of increasingly desirable gadgets, culminating with the beautiful Galaxy SIII, which last November surpassed the iPhone 4S as the world's best-selling smartphone. Since Shin circulated his memo, operating profits at Samsung's mobile division have increased fivefold, growing to \$5.2 billion in the third quarter of 2012. During that same period, Samsung shipped 56.3 million smartphones (according to research firm IDC), compared to 26.9 million iPhones.

Samsung's phones aren't popular because of some underhanded trick, but because they're good--and, yes, innovative. Silicon Valley's cool kids may scoff, but its devices have frequently boasted better battery life, bigger screens, and faster data transfer speeds than the iPhone--all for less money. When Apple unveiled the iPhone 5 last fall, it touted LTE download speeds (a Samsung feature since 2009) and a larger screen (Samsung's is bigger). Meanwhile, Samsung's latest Galaxy phones track your eyes and won't dim the screen while you're looking, and a new version released late last year can support two subscribers on the same device, clever features that already seem destined to be copied by its rivals. Samsung's commercials mock Apple fanboys and proclaim, "The next big thing is already here." They're right.

[Illustration by Stephen Doyle]

MAX CHAFKIN

Max Chafkin is a contributing writer with *Fast Company*. Previously a writer for *Inc.*, his work also appears in *Vanity Fair* and has been featured in *Best Business Writing 2012*. He can be reached at chafkin at fastcompany dot com.

MOST INNOVATIVE COMPANIES 2013

18_BUZZFEED

FOR REINVENTING HOW NEWS (AND ADVERTISING!) IS SHARED.

When he founded [BuzzFeed](#) in 2006, serial entrepreneur Jonah Peretti--who'd previously cofounded the Huffington Post--thought of it as a new-media mad-science lab. Social sharing was the next big distribution channel, he reasoned, and BuzzFeed was a place to create silly shareable content. The site is still brimming with listicles and cat videos, but over the past year, BuzzFeed has undergone a remarkable transformation: It's now also a serious news site, blending in a high-powered team of journalists covering politics, gender issues,

technology, music, food, and pop culture. BuzzFeed's scoops dominated the 2012 political season, and the site also saw record traffic, with 12 million unique visitors who viewed the site 26 million times last November, according to Quantcast. Peretti sat down to discuss BuzzFeed's breakout year.

BuzzFeed Expands Its "Bored-At-Work" Network



1.1.12
Politics



3.2.12
Copyranter



3.4.12
Tech



3.21.12
Lifestyle



3.21.12
Sports



4.10.12
Animals



9.4.12
LGBT



9.10.12
Music



9.17.12
Nostalgia



10.15.12

Food



11.5.12

Long-form content



1.7.13

Entertainment

Illustrations by Pete Sucheski

Fast Company: Just over a year ago, you hired Ben Smith from Politico to head up a new reporting team. What was the plan back then?

Peretti: In the early days, the things that would spread on [BuzzFeed readers'] bored-at-work network were cute kittens, Internet humor, things that were inspiring or emotional. But then we realized that the social web moved beyond that content; it started to be about things like the Arab Spring and long-form stories and scoops. We had a lot of content that people wanted to share, and we had a sense of how to craft content to make it so that people would want to pass it around. But we didn't have reporters and scoops. We wanted to evolve along with the social web.

FC: Now that the election is over, how did it work out?

JP: Ben was incredibly successful at putting us on the map in politics. On his second day, he got the scoop that McCain endorsed Romney. He tweeted it, and it was retweeted all over the place. Half an hour later, CNN reported it without crediting us, and then Twitter was in an uproar about that--and CNN was like, "Oh, we have to credit this cat site?"

It's been really fun. Our page views are at a record high, our mobile usage is at a record high, and our app usage is at a record high. Our plan was to have 2012 be an investment year, but we have had a few profitable months, and we've put all those profits back into investments for the future.

FC: You have two different kinds of content--reported stuff and the stuff about cats. Are they attracting two different audiences?

JP: It's the same audience. Have you heard me talk about the Paris cafe? You go to a cafe and you bring a copy of Sartre and Le Monde. There's a cute dog under the table next to you. So after you read the news and the philosophy, you may pet the dog, flirt with someone at another table, and talk about some trivial gossip. All these things are part of being human. You don't become stupid when you turn away from the philosophy and pet the dog. People are complex and multifaceted. When you talk to people who say it dumbs down the audience to have cute animals, the truth is nobody has a choice: because Facebook and Twitter are perfect Paris cafes.

FC: But isn't there a hidden danger, depending on sharing networks like Facebook and Twitter? What if they change their algorithms or become overtaken by other sites?

JP: We aren't a Facebook ecosystem company, like Zynga. So there might be changes where one network starts to decline and another one rises, but if we stay true to making content that invokes people's decision to share, it doesn't matter if a particular platform rises and falls or an algorithm change happens. If you break a news scoop, there are going to be platforms where people share that.

FC: You don't run traditional banner ads. Instead you run "sponsored content"--posts that feel like BuzzFeed content but that are paid for by a brand. Why?

JP: I wanted our ads to have the same advantages as our content--something that people wanted to click on and share. We think of it as the evolution of advertorial. It's a return to *Mad Men*-era advertising, where media buying and creative were the same business, and where you thought about advertising as telling a story. On the web, that changed; banner ads became the dominant force. There wasn't the sense of craft in it.

What we're seeing now is a return to the past. In fact, we've just started this plan to build the agency of the future for a social world. As part of that, we would make advertising that tries to live up to the standard of earlier eras.

FC: How can you be sure these sponsored social ads work? And how do you convince advertisers?

JP: The challenge is that they're not end-of-the-funnel ads like Google's search ads. But when you compare them to other brand advertising--other top-of-the-funnel ads--we've seen some interesting numbers. We'll do a campaign for GE or Toyota, then we'll do a short one-question survey test with Nielsen. We found that just being exposed to the branded content gives some brand lift if the creative is done the right way. And if you're exposed to it through sharing, it has an even bigger effect.

For example, if we did a list of the coolest hybrid animals for Toyota Prius--

FC: Is that an actual campaign?

JP: Yes. The message says that the Toyota Prius is not the only cool hybrid--look at the liger, look at the donkra, look at the zebra horse. If you see that post on BuzzFeed, it provides brand lift. And if you see it because your friend posted it on Facebook, it will have an even greater impact on you.

We usually only charge for that initial seed on BuzzFeed. But there are repeat buys--and our revenue is growing--because [advertisers] see they're getting Facebook traffic, Twitter traffic, and click-through rates that are 10 times what a banner is. Now we're starting to power ads on the Awl and Fark and some other sites as a pilot.

FC: Is this going to become the next big thing in online advertising--like the equivalent of Google ads?

JP: Google campaigns are very left-brained. You can run them from a spreadsheet. That plays well to one massively scaled company with a bunch of search-engine marketing shops running their media through it. What you see with social advertising is that it requires lots of ideas and also analytics skill to optimize all those ideas. So I think you'll see not one dominant player but a few really big players doing this kind of advertising.

FC: Is BuzzFeed at some level just riding today's meme wave, or have you discovered something new about online news?

JP: My biggest worry is keeping the culture entrepreneurial as we get bigger. We're about 160 people now, and if we double in size, that starts to be pretty big. The natural thing is to become obsessed with not making mistakes. Mistakes are bad, but not nearly as bad as people feeling as if they can't take risks.

If you have that kind of culture, then you're not going to try new stuff. I would rather have the occasional critic saying, "Look at this dumb thing that BuzzFeed did" than have people who are afraid of experimenting.

[Photograph by Michael Lewis]

FARHAD MANJOO

Writer of the column Tech Edge





MOST INNOVATIVE COMPANIES 2013

19_NASTY GAL, MODCLOTH, STYLESEAT, SCIENCE, SNAPETTE, BIRCHBOX, AHALIFE

FOR GIVING THE FASHION AND BEAUTY BUSINESS A DIGITAL MAKEOVER.

BY: DAVID LIDSKY, MARGARET RHODES, AND LINDSEY KRATOCHWILL

Nasty Gal

For turning cheeky, risky clothing into a serious online fashion empire.

Sophia Amoruso, the 28-year-old fashion virtuoso behind [Nasty Gal](#), sums up her irreverent and sexy e-boutique's ethos simply as "This is what I think is cool." That mind-set, plus an authentic rapport with a young and trendy customer base, has propelled wild growth, from \$28 million in 2011 to more than \$120 million last year. Last fall, Amoruso turned her curatorial eye toward creating her first exclusive Nasty Gal line. Dubbed Weird Science, its popularity kicked the company's total sales up 10%.

ModCloth

For letting its community help fill the racks.

The virtual thrift shop for indie girls took a big leap forward when [ModCloth](#) added Be the Buyer, a program that lets its millions-strong community pick from trade-show samples to decide what it should produce. "There have been more than 17 million votes for products since it started," says Susan Gregg Koger, who founded ModCloth with her husband, Eric, the CEO. ModCloth is growing at more than 50% annually, and the Kogers raised \$25 million last year to fund a significant expansion.

StyleSeat

For bringing tech savviness to stylists.

It's hard to find a good hairstylist, and it's hard for stylists to find new clients. Sounds like a market, but surprise, surprise: "None of the nerdy men in Silicon Valley had been thinking about this," says [StyleSeat](#) CEO Melody McCloskey. The \$78 billion beauty biz--about 3 million spa and salon pros--consists of mostly free agents who run their businesses out of a notebook, so StyleSeat's app helps them promote their services and schedule appointments. Consumers use [styleseat.com](#) to search for a pro, using such variables as specialty and immediate availability. In the 18 months after StyleSeat's May 2011 debut, 75,000 stylists in 10,000 U.S. cities processed more than \$100 million in bookings. StyleSeat takes a tidy 30% cut.

Science

For creating an e-commerce startup factory

The name is not an accident. For CEO Michael Jones and his partners, launching disruptive e-commerce companies means deep analysis of big bets. Fashion and beauty is a particularly ripe market, and many of [Science](#)'s companies have carved off slices to challenge the likes of P&G (Dollar Shave Club), Babies "R" Us ([Wittlebee](#) kids clothing), and Lululemon (Ellie workout gear). Each of the seven partners lend their expertise--design, fundraising, and so forth. They also specialize in identifying the best social tools to create fans and turn them into customers and brand advocates. "We're too hands-on just to invest," says Jones, "and too hungry and schizophrenic to focus on one company."

1. Heather Lipner's [Uncovet](#) harnesses social data to make a virtual, personalized boutique for each of her 200,000-plus subscribers.
2. Cult Cosmetics' Ryan Eberhard chose Science to help him launch a designer nail brand. He wanted its expertise in challenging industry *bigwigs* that haven't yet embraced e-commerce (in this case, nail baron Sally Hansen).
3. Allan Jones launched [Fourth and Grand](#) with Science's help last November. It sells monthly shirt-and-tie subscriptions, selected with the help of a stylist.
4. Marcus Greinke's [Ellie](#) creates Lululemon-quality athletic apparel at half the price by skipping brick-and-mortar stores.

5. [Dollar Shave Club](#)'s Michael Dubin created the viral marketing video of the year for his subscription shaving gear. He capped off 2012 by raising almost \$10 million to broaden his fun-loving brand into a lifestyle e-commerce business.

6. [Hello Insights](#) helps companies use a data-driven approach to turn Pinterest users into shoppers. CEO Kyla Brennan's first Pinterest marketing plan was for Uncover; as a result, it acquired tens of thousands of members.

Snapette

For appifying shoe and bag lust.

"It was crazy there wasn't an app to tell me the best stores around and what they have," says [Snapette](#) cofounder Sarah Paiji. That's what she and her cofounder, Jinhee Anh Kim, built: a slick, addictive local fashion shopping app that lets friends share what they love while connecting brands and boutiques to potential customers. Snapette has expanded into 12 cities around the world (and eight languages), and Nine West, Uniqlo, and Rebecca Minkoff stores have used the app to share deals and drive foot traffic. The next step: letting its customers buy directly through the app.

Birchbox

For discovering the next lipstick or face cream you'll love.

More than 300,000 women and men pay Birchbox \$10 to \$20 a month to receive a passel of beauty samples, whose makers pay [Birchbox](#) to get into their surprise packages. "Brands spend money to connect with consumers, and consumers want the best product," says Katia Beauchamp, who cofounded the startup with Hayley Barna. "We were asking both sides to change their behavior and it has really amazed us how willing they were." Their brilliant insight: Samples sell cosmetics. Indeed, 50% of Birchbox devotees will go on to buy at least one full-size product in Birchbox's online store.

Ahalife

For bringing luxury brands online--and to life.

"Ninety-nine percent of the overall luxury industry is offline," says [Ahalife](#) founder Shauna Mei. Why? "To avoid [their goods landing on] flash-sale sites." Mei, 30, an MIT grad who's an expert in artificial intelligence, created an e-commerce hub for the \$300 billion global high-end-goods business, curated by tastemakers such as Tim Gunn and Daniel Boulud. Last year, she worked with Dwell and augmented-reality experts Layar so that Ahalife users could look at the magazine through their phone's camera and shop.

[Photos by Samantha Casolari]

DAVID LIDSKY, MARGARET RHODES, AND LINDSEY KRATOCHWILL

MOST INNOVATIVE COMPANIES 2013

20_SEECHANGE HEALTH

FOR MAKING HEALTH--NOT HEALTH CARE COSTS--ITS TOP PRIORITY.

BY: J. LESTER FEDERER

The simplest way to lower health care costs is also the hardest: encourage healthy behavior. That's the premise behind the insurance policies of [SeeChange Health](#), which serves small employers and offers customers many discounts--depending on how healthy any one person works to be. "We know that can save a lot of money," says CEO Martin Watson. Before selling its own policies in 2010, it managed plans for larger insurers (which it still does). In one case, it incentivized 45% of diabetics to drop an average of 9 pounds, which led to a 19% drop in costs over two years. The company is now adding 2,200 members per month. In 2012, it says revenue increased sevenfold, to \$54.2 million. That's healthy growth.

[Image: Flickr user [Frans Persoon](#)]

MOST INNOVATIVE COMPANIES 2013

21_OXITEC

FOR FIGHTING BUGS WITH BUGS, AND SAVING HUMAN LIVES.

BY: [NEAL UNGERLEIDER](#)

This offshoot of Oxford University's zoology department makes sneaky bug birth control. Goal No. 1: eradicate dengue fever, which kills 22,000 and permanently harms 500,000 people a year.

Step 1 / Genetically engineer bugs

"We make sure the next generation can't breed," says CEO Hadyn Parry. It engineers male mosquitoes and then releases them. They breed with wild females; the resulting hatchlings die young.

Step 2 / Show it works

On the island of Grand Cayman, the breeding project cut the population of dengue-carrying *Aedes aegypti* mosquitoes by 80%. [Oxitec](#) had similar results elsewhere. And in 2012, the journal *Nature Biotechnology* published a study indicating the solution has no negative side effects on local ecosystems.

Step 3 / Solve new problems

With its plan proven, Oxitec recently began testing on olive flies, cotton pest moths, and fruit flies--all pests that destroy crops in the developing world. (The Mediterranean fruit fly alone attacks more than 260 plants.) Oxitec is now seeking funding.

[Illustration By Owen Gildersleeve, Photograph By Victoria Ling]

NEAL UNGERLEIDER

Neal Ungerleider. Reporter covering the intersection of technology, science, society, and geopolitics.

MOST INNOVATIVE COMPANIES 2013

22_MAHINDRA REVA, TESLA

FOR CATERING ELECTRIC CARS TO NEW AUDIENCES.

BY: SARIKA BANSAL AND SKYLAR BERGL

HEADQUARTERS

Mahindra Reva

Bangalore

Tesla

Palo Alto

NEW STYLE

Mahindra Reva

Reva E20

Tesla

Model S sedan

GOAL

Mahindra Reva

Reliability

Tesla

High style

TARGET AUDIENCE

Mahindra Reva

Indian middle class

Tesla

U.S. tastemaking elite

DISTANCE PER CHARGE

Mahindra Reva

100 miles

Tesla

160 to 300 miles

PRICE

Mahindra Reva

\$11,000 (estimated)

Tesla

\$52,400 and up

SAVINGS

Mahindra Reva

\$1,100 in fuel annually

Tesla

\$7,500 federal tax credit, and estimated 82% lower cost of fuel

COOLEST FEATURES

Mahindra Reva

Smartphone can provide emergency electric boost

Tesla

Luxury interior has a customizable 17-inch touch-screen dash

CAR BODY

Mahindra Reva

Lightweight, dentproof, scratchproof plastic--to withstand bumpy roads

Tesla

Built for performance; even door handles recede to reduce wind drag

COMPANY BEGAN

Mahindra Reva

1994

Tesla

2003

[Illustrations by Romualdo Faura]

23_SODASTREAM

FOR MAKING DIY CARBONATION SEXY.

BY: NADAV SHEMER

Israeli-based [SodaStream](#) may be the world's largest producer of home carbonation: Its seltzer- and soda-makers are carried by 60,000 retailers in 45 countries, and it sold 3.5 billion cans of its flavorings in the past year. But it's only in about 1% of U.S. homes--paltry compared to elsewhere. (In Sweden, it's in 25%.) To make it in the U.S., it must now "introduce something that changes everyone's kitchen like no other appliance," says product and innovation head Yaron Kopel. To that end:

AMERICANS LIKE FAMILIAR BRANDS, SO . . .

SodaStream offers new partnerships such as the one with Kraft, which allow users to create flavors from Country Time and Crystal Light at home.

AMERICANS LIKE SINGLE SERVINGS, SO . . .

SodaStream offers Sodacaps, its version of K-Cups--disposable capsules with perfectly measured, single-serving flavor portions.

AMERICANS LIKE TO SHOW OFF WHAT THEY'VE BOUGHT, SO . . .

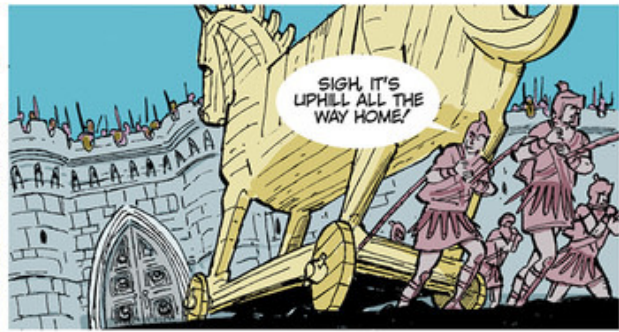
SodaStream offers a new clean and modern line called Source, designed by Fuseproject founder Yves Behar.

AMERICANS LIKE PRODUCTS THAT REINFORCE THEIR TASTES, SO . . .

SodaStream offers stripped- down and high-tech models, so that the brand looks right in a diverse range of retailers, from Walmart to Williams-Sonoma.

[Photo by Greg Broom]

GREAT MOMENTS THAT COULD HAVE BEEN





MOST INNOVATIVE COMPANIES 2013

24_OPENGAMMA

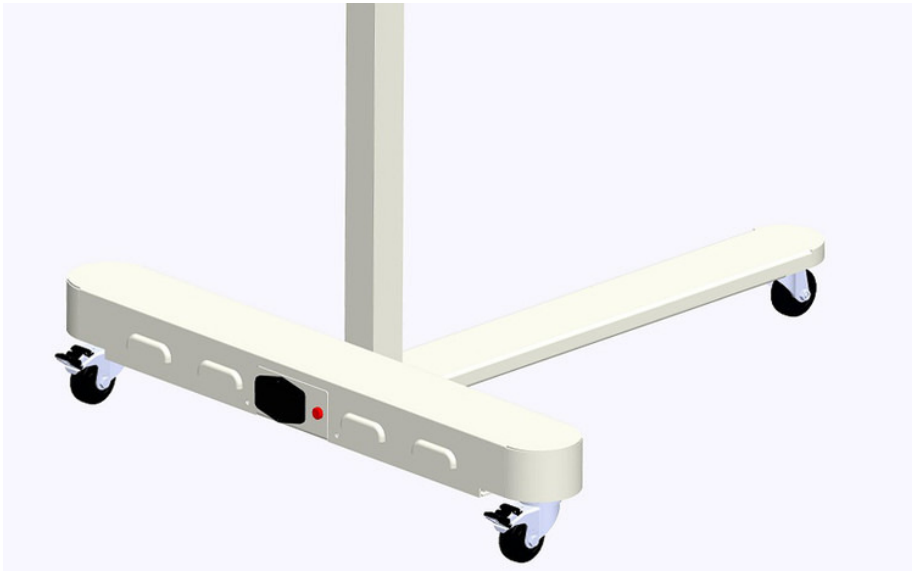
FOR BRINGING TRANSPARENCY TO FINANCE.

BY: NANCY L. MILLER

London-based [OpenGamma](#) distributes supersophisticated risk analytics to financial companies, bringing sunlight to an area no one seemed to value--until, you know, dicey investments led to the 2008 market meltdown. "Human beings act stupidly," says CEO and founder Kirk Wylie, and OpenGamma's software (which is free, with premium add-ons) is a safeguard against our innate daring. Since its 2011 launch, it's been downloaded more than 12,000 times by hedge funders, regulators, and academic institutions alike. If only the software arrived in 2007.

[Illustration by Tim Hamilton]

NANCY L. MILLER





MOST INNOVATIVE COMPANIES 2013

25_D-REV

FOR BRINGING A DESIGN ETHIC TO THIRD-WORLD HEALTH CARE.

BY: ARIEL SCHWARTZ

Krista Donaldson wants the world's poorest people--those living on less than \$4 per day--to benefit from good health care. And she believes product design can help. "A lot of people we're targeting haven't been in an intensive-care setting before, and these devices are frightening," she says. So her not-for-profit, [D-Rev](#), designs top-quality health care products that can be affordably built, then finds distributors to bring them to market. Last year, D-Rev released its second product, Brilliance, a phototherapy lamp for infant jaundice that sells for \$400 (rather than \$3,000, which is what competing products cost). That goal required striking a fine balance:

DROP THE SCIENCE FICTIONOne early version proposed a silicon blanket with embedded LEDs. A later one was more lamp-like but had a bulbous head that made it look like an alien. Doctor feedback helped D-Rev create a device that wouldn't repel patients.

CUT IRRELEVANT COSTS

Early prototypes had curves that were costly to manufacture and had to be redesigned. Also, D-Rev engineered a cooling system that requires no fan.

DESIGN FOR THE LONG-TERM

D-Rev installed new, more efficient LEDs to let Brilliance run 66% longer on a battery system than the previous design.

[Krista Donaldson Photo by Jason Madara]

MOST INNOVATIVE COMPANIES 2013

26_ROVIO

FOR MAKING APPS THE NEW SOURCE FOR BIG ENTERTAINMENT FRANCHISES.

BY: [J.J. MCCORVEY](#)

The fowl-flinging Angry Birds game franchise, now with more than 1 billion downloads and counting, has helped Finnish startup [Rovio](#) build a \$200 million empire with synergistic revenue streams. Its menagerie of merchandise--plush toys, clothing, candy, and so forth-- helps to keep its apps at the top of the charts, and the apps, in turn, sell the goods. Up next are a cartoon series, a 3-D-animated movie, and playgrounds around the globe.



ANGRY BIRDS SPACE

Launch: March 22, 2012

Time to No. 1 on iTunes: 12 hours



AMAZING ALEX

Launch: July 12

Time to No. 1 on iTunes: 8 hours



BAD PIGGIES

Launch: September 27

Time to No. 1 on iTunes: 3 hours



ANGRY BIRDS STAR WARS

Launch: November 8

Time to No. 1 on iTunes: 2.5 hours

Illustrations by Romualdo Faura

J.J. MCCORVEY

J.J. McCorvey is an assistant editor for Fast Company magazine, where he covers technology and writes Next, Fast Talk, and feature stories.

MOST INNOVATIVE COMPANIES 2013

27_FORD

FOR TURNING A CAR COMPANY INTO A SOFTWARE LEADER.

BY: CHUCK SALTER

Last June, Ford took a big step beyond Detroit: It opened an R&D lab in Palo Alto and asked developers to think of Ford cars the same way they think of the iPhone-iPad ecosystem. "With software updates, we keep vehicles fresh and relevant, which is compelling for consumers spending tens of thousands on a car they expect to keep for years," says CTO Paul Mascarenas. Customers seem to be responding. Third-quarter pretax earnings in 2012 were a record \$2.2 billion, and over half of Ford owners cite the connectivity system as a big reason for their purchase. So it makes sense that when Ford sends out USB drives with software updates, 80% of customers use them.

THE FEATURES

ROXIMITY

Identifies deals at nearby restaurants and retailers based on the driver's preferences.

SYNC

Enables voice commands while using GPS maps, audiobooks, Pandora, and various apps.

LANE-KEEPING AID

Alerts driver if it senses a lane change without a signal, and even nudges the car back in its lane.

ADAPTIVE CRUISE CONTROL

Alerts the driver when approach-ing a vehicle too quickly.

AUTOMATIC UPDATES

Scheduled software upgrades via the vehicle's Wi-Fi receiver are in the works.

WORKLOAD ESTIMATOR

If driver acts too stressed, it blocks incoming calls and texts.

Illustration by Owen Gildersleeve, Photograph by Victoria Ling

CHUCK SALTER

MOST INNOVATIVE COMPANIES 2013

28_WESTERN GOVERNORS UNIVERSITY

FOR SHOWING PUBLIC SCHOOLS ANOTHER WAY TO DO BUSINESS.

BY: ANYA KAMENETZ

Full college degrees in months! It sounds like an email scam, but it's a new philosophy in higher ed being driven by... the government? In 2012, the online, not-for-profit institution, founded by 19 U.S. governors, became the nation's leading provider of master's degrees (and the fourth largest of bachelor's) in math education. The low-cost, self-paced WGU focuses on skills that lead to better jobs in teaching, health care, IT, and business. "We

measure learning, not time," says Bob Mendenhall, the school's chancellor. Students (average age: 37) pace themselves through material designed with input from corporate board members (such as AT&T) and with help from mentors. Starting in 2010, the governors of Indiana, Washington, and Texas each endorsed virtual branches integrated with (and financially independent of) their public universities--boosting WGU's enrollment to 40,000. And while public university tuition was rising by about 5% a year, WGU's has held steady at \$6,000 since 2008. It keeps the fees so low through technological efficiencies, such as replacing in-person test centers with virtual ones. And it obsessively tracks metrics like this one: 95% of employers say WGU grads are as good as or better than those from anywhere else.

[Image: Anton Prado via [Shutterstock](#)]

ANYA KAMENETZ

Anya Kamenetz is a contributing writer at Fast Company. She's the author of two books and two ebooks. *Generation Debt* (Riverhead, 2006), dealt with generational economics and politics, and *DIY U: Edupunks, Edupreneurs, and the Coming Transformation of Higher Education*, (Chelsea Green, 2010), investigated the roots of the cost, access, and quality crises in higher education as well as innovations to address these crises. Her 2011 ebooks were *The Edupunks' Guide*, funded by the Gates Foundation, and *Learning, Freedom and the Web*, produced in collaboration with the Mozilla community.

MOST INNOVATIVE COMPANIES 2013

29_DROGA5

FOR GIVING BIG BRANDS A STARTUP BUZZ.

BY: [RAE ANN FERA](#)

"This was the year we proved we didn't have to compromise to grow up," says founder David Droga when his agency added major accounts including American Express and Coke Zero. "The way we've tackled billion-dollar categories is the same." That is, scrappy and unconventional. The payoff? Big. Revenue grew 43%.

Challenge #1: Humanize a dusty brand

For Prudential, [Droga5](#) launched an online documentary series called "Day One," which captured real people on their first day of retirement. "By providing a truthful picture of retirement, we reestablish credibility for the category," says strategy chief Jonny Bauer.

Challenge #2: Break through a crowded market

Mondelez International (formerly Kraft Foods) wanted its iD Gum to reach teens, "a promiscuous group of samplers," Droga says. The campaign "Kinda" embraced their style: 18 cross-platform games that were kinda like an art gallery and kinda like an arcade.

Challenge #3: Compete against a national holiday

To coincide with the English Premier League kickoff, Droga5 commissioned research for Puma to see which Newcastle United fans loved more--the team or their wife. The answer (wives!) scored a lot of press.

RAE ANN FERA

Rae Ann Fera is a contributor for Co.Create whose specialty is covering the media, marketing, creative advertising, digital technology and design fields. She is also curator of Packaged Goods, a regular screening at TIFF Bell Lightbox featuring excellence in ads, videos, and shorts, and was formerly the editor of leading international ad industry publication Boards magazine.

MOST INNOVATIVE COMPANIES 2013

30_YELP

FOR BEING THE LOCAL LEADER.

BY: JASON FEIFER

JAY B.

"Hey, Yelp: Your review algorithm is genius stuff. I see you filtering out skills and inexperienced critics. I know your star ratings are all mathified. Some reviewers probably don't mind, but I do. Yeah! Keep it up!!!!"

HARVARD

"Our business school study finds that a one-star improvement in Yelp ratings is associated with a 5% to 9% revenue boost."

AMY S.

"The first time Yelp's salespeople called my shop--yeah, they have a big sales team--I was skeptical. Ads? Facebook charges like \$1 per 1,000 impressions. Yelp is around \$500. I was like, no WAY. But my paid subscription lets me promote good reviews and tweak my page. And I'm not alone, cuz Yelp's paying clients doubled last year, to 35,000+."

Tim G.

Bought Yelp stock bc a banker buddy suggested it (he'd had a few, so, you know). Warning: It isn't a high riser. But in 2012, revenue was projected at more than \$130 million--up more than 50% from a year ago, so booyah. A web IPO that holds its own. I likey.

Illustration by Owen Gildersleeve, Photograph by Victoria Ling

JASON FEIFER

Senior editor at Fast Company. Follow me on Twitter @heyfeifer. You probably, maybe won't regret it.

MOST INNOVATIVE COMPANIES 2013

31_BITTORRENT

FOR USING ITS POWER TO HELP ARTISTS WHO GET IT.

BY: JASON FEIFER

Dear (**Metallica / Tim Ferriss**),

Thanks so much for the (**illegal / legal**) download of your (**complete discography / 62-page giveaway from 4-Hour Chef**) on BitTorrent. As (**my roommate / BitTorrent executive director of marketing Matt Mason**) says, "There's not a (**reason to pay / business model**) for content in the digital world," and you're the embodiment of that. Honestly, if it weren't free, I (**definitely / definitely**) wouldn't have paid any attention at all. So you got me!

Now, listen: I know BitTorrent is (**terrifying / intriguing**). And let's be honest--Project X was the most downloaded movie last year, so quality only counts for so much. But give BitTorrent (**your stuff / more of your stuff**). It's there anyway. And BitTorrent is an actual company working to legitimize itself (**on the backs of / by partnering with**) artists: It promoted 16 artists' new work to its 160 million (**criminals / users**) last year, driving 124 million legal downloads--one-third of total music downloads!--in the first six months alone. And now *4-Hour Chef* is the latest Tim Ferriss best seller, despite not (**teaching you how to cook in four hours / being sold in many bookstores**). Go figure!

Oh, and soon BitTorrent won't just be on the computer. Its apps, once blocked, are now on iTunes--how (**completely scary / encouraging**) is that!? And it's even partnered with 20 TV manufacturers, to enable streaming. So go ahead, keep (**fighting / embracing**) the future. You know where to find us.

Your (**parasite / fan**), The Internet

[Cube Illustration: [Pixol](#) via Shutterstock]

JASON FEIFER

Senior editor at Fast Company. Follow me on Twitter @heyfeifer. You probably, maybe won't regret it.

MOST INNOVATIVE COMPANIES 2013

32_GITHUB, PARSE

FOR SPEEDING UP THE PACE OF SOFTWARE DEVELOPMENT.

BY: J.J. MCCORVEY

While big players like Apple and Samsung may fight over software patents, many of the fastest-moving companies are in a more collaborative mood. They realize that developers begin with similar software--so when those building blocks are distributed widely, everyone benefits. The companies [Parse](#) and [GitHub](#) have become crucial middlemen, although both take different approaches.

WHAT IT DOES

Github

It's a collaborative platform: Like a coder's wiki, it allows programmers to co-develop and share code.

Parse

It's a provider: It builds and sells back-end functions for mobile apps, such as login or server storage.

HOW IT WORKS

Github

Web interface lets developers copy others' code, make changes, then send a request to merge changes. Users who buy a subscription can make their code private.

Parse

Developers pay a tiered subscription ranging from free to \$5,000 monthly, for Parse to develop and manage elements of an app.

WHY IT MATTERS

Github

"We've changed the way software is developed by lowering the barrier to entry," says co-founder and CEO Tom Preston-Werner.

Parse

"Mobile development is a mess," says cofounder and CEO Ilya Sukhar. Too much time is wasted developing functions that others have already made.

HAPPY CUSTOMERS

Github

Facebook used it to build a bug-tracking tool; LinkedIn uses it to maintain its People You May Know and Skills & Endorsement features.

Parse

Armani, Cadillac, Food Network, Hipmunk

NEW FEATURES

Github

Custom services for corporations, to let businesses collaborate on code internally.

Parse

Cloud Code, which allows users to build and power their apps on Parse's infrastructure rather than use independent servers.

GROWTH

Github

Revenue grows 300% annually; VC firm Andreessen Horowitz invested \$100 million in July.

Parse

It's helped create more than 50,000 apps (as of December), a number that grows 40% every month. Parse's code reaches more than 200 million devices.

Illustration by Bigshot Toyworks

J.J. MCCORVEY

J.J. McCorvey is an assistant editor for Fast Company magazine, where he covers technology and writes Next, Fast Talk, and feature stories.

MOST INNOVATIVE COMPANIES 2013

33_NEST

FOR HEATING UP THE DREAM OF A SMART HOME.

BY: MARGARET RHODES

Nest's home thermostat learns its users' patterns--when they get home from work, their preferred sleep-time temperature, and so forth--and adjusts to save energy. And it's now both smarter and even more stylish. The first version, released in 2011, helped chop users' energy bills by an average of \$173 a year. The second generation, released last fall, is now 20% thinner and will work in 95% of U.S. homes (up from 75%). A groundbreaking deal with the utility Texas Reliant, which offered a free [Nest](#) to users who signed up for service, may be the thermostat business's equivalent of the AT&T-iPhone deal that spurred smartphone sales. This year's plan: more utility deals, more retail presence, and expansion into Europe.

Illustration by Romualdo Faura

MARGARET RHODES

Margaret Rhodes is an assistant editor for Fast Company magazine, where she produces Wanted and covers product design.

MOST INNOVATIVE COMPANIES 2013

34_PROTEUS DIGITAL HEALTH, DEXCOM, GE HEALTHCARE

FOR TURNING OUR BLOODSTREAMS INTO DATA FEEDS THAT CAN MAKE US HEALTHIER.

BY: JON BARDIN

Biotech is a complex field full of futuristic promise--a fusion of man and machine, like Iron Man without all the weaponry. But the goal is simple. "You want to have something within you that says, 'Everything is okay,'" says Tufts University biomedical engineering professor Fiorenzoomenetto.

Getting the best data from "within you" is something that is being tackled by startups and large brands across the biotech field. Many are developing biomonitoring tools, which have the potential to revolutionize medicine by providing patients (and their doctors) with exponentially more data about their bodies, often in real time. At its most powerful, this feedback could alert people to health issues before they become serious, or even fatal.

Here are three companies at the forefront of the biomonitoring movement.

_Proteus Digital Health

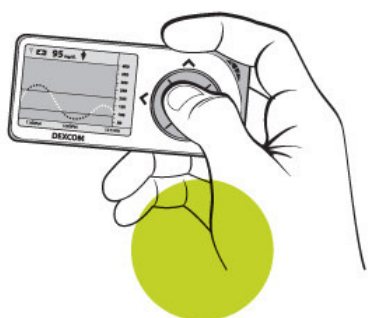
For putting a GPS in every pill you swallow

The future of medical care revealed itself to Andrew Thompson in a divided landscape--at the trade show at the American Heart Association's annual meeting in Orlando, Florida. "The medical-device companies had small spaces full of computer screens; they seemed to have almost universally caught on to the idea that information collected from devices could be presented on flat screens and used to influence therapy," he says. "The pharmaceuticals are much richer companies, so they had much larger spaces. But there was nothing in them except a cappuccino machine."

The Wow Factor

Proteus

Its ingestible sensor has no transmitter; it sends signals through body tissue.



Dexcom

The continuous glucose monitor works from 20 feet away, farther than other brands.



GE Healthcare

Once its portable ultrasound scans an area, it can construct a 3-D version for further exploration.

Thompson saw the opportunity to bridge the two, bringing the device companies' love of data display to Big Pharma. The result is his startup, [Proteus Digital Health](#). Last July, the FDA approved its ingestible sensor--something the size of a grain of sand and powered by stomach acid. Swallow one with every medicine pill, and it will relay valuable information to your smartphone, tracking your intake schedule and how a drug affects your body. Thompson expects it to eventually be embedded directly within pharmaceutical products.

The benefit may be considerable. *A New England Journal of Medicine* study estimated that failure to follow prescribed care costs the nation at least \$100 billion a year. But patients who adhere to their medication schedule refill their prescriptions more promptly. That's why many drug companies signed on to participate in Proteus's new program, MedMatch: When patients take their pills regularly, the companies donate drugs to people who can't afford them. "Patients like it because instead of the drug company controlling them and saying, 'You have to take your pills,' patients get to say, 'You have to give away your pills,'" Thompson says. And everyone gets healthier.

_Dexcom

For bringing design to your blood sugar monitor

Nobody wants to carry around a medical device, but San Diego-based [Dexcom](#) is at least making the task palatable: It treats continuous glucose monitors (CGMs)--which monitor diabetics' blood sugar levels via a sensor placed under the skin of the abdomen--as if they're lifestyle products, designing them to look like sleek flip cams. Sales of the devices helped Dexcom's revenue grow 42% in the second quarter of 2012, from the same period a year earlier, to \$21.5 million. In October, the FDA approved Dexcom's newest line, the 2.4-ounce G4 Platinum, which the company claims is up to 30% more accurate than its previous version. It offers a color LCD display and customizable alerts--the medical version of ringtones.

For many diabetics, CGMs have replaced the traditional finger prick, in which they drain a drop of blood onto a test strip. (Diabetic patients must control their blood sugar at all times in order to stave off serious complications such as blindness, neuropathy, or even a diabetic coma.) CGMs could help cut the estimated \$174 billion cost of diabetes to our health care system by reducing complications. Next up, CGMs may become social--sending messages to parents or spouses if a patient is at risk, bringing down yet another barrier to medical transparency.

_GE Healthcare

For making an ultrasound for your whole body

[GE Healthcare](#) has long been the No. 1 seller of ultrasound devices in the world, but a quarter of those sales are now of a lesser-known variety. It's a laptop-size machine called Logiq, so light and portable that a sports doctor at a football game can peer inside an athlete's body mere moments after an injury. "Many things, when treated early, can remain minor issues," says Paul Mullen, chief marketing officer for GE Healthcare's ultrasound division. That explains why Logiq has become a favored tool of sports doctors in the NFL and MLB. It's even used at events such as the U.S. Figure Skating Championships.

GE is regularly releasing new versions of Logiq. The latest includes the ability to watch needles inside the body during injections--especially key with athletes who have just taken a tumble, when an injured area may be swollen. Last year, GE gave Logiq a visibility boost through its sponsorship of the Olympics, where it displayed just how flexible a device like this can be: It was retrofitted to scan horses for injuries at the site of equestrian competitions.

Illustration by Guyco

MOST INNOVATIVE COMPANIES 2013

35_OKTOGO

FOR BRINGING ONLINE TRAVEL BOOKING TO A DISTRUSTFUL COUNTRY.

BY: [JILLIAN GOODMAN](#)

Travel is a \$53 billion market in Russia, but in a nation wary of credit cards and online transactions, only 10% of the business is handled online. And yet, the two-year-old Russian travel site [Oktogo](#) made \$30 million last year--up from \$6 million in 2011. "We adapt every aspect of how travel works," says founder Marina Kolesnik. Oktogo focuses on apps, because smartphone penetration is far deeper than broadband. And it partnered with two giant retailers and set up kiosks at train stations, so users can come and complete transactions the old way: in cash.

To persuade hotels to join its online system, Oktogo created software that helps hotel owners keep track of reservations and billings:

- **20%** of Russian hotels have websites (but now 50% are listed on Oktogo)
- **25%** of bookings come from people making a first-ever online buy
- **1 in 6** Russians use credit cards

Illustrations by Romualdo Faura

MOST INNOVATIVE COMPANIES 2013

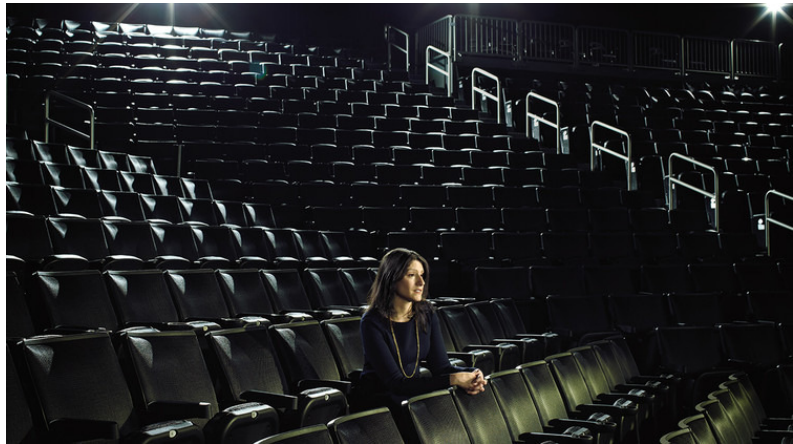
36_CORNING

FOR BECOMING THE 800-POUND GORILLA OF THE TOUCH-SCREEN BUSINESS.

BY: [DAVID LIDSKY](#)

Gorilla Glass--the thin, light, tough material that's used for touch-screen displays--reached a number of milestones this year: It's used on more than 1 billion smartphones and tablets and is now a \$1 billion-a-year business for the \$8 billion [Corning](#). Gorilla Glass 2, released in 2012, is up to 20% thinner than the original, which lets folks like Apple, Google, and Samsung make even slimmer devices. Version 3, announced in January, promises to be 40% more scratch-resistant. As more displays incorporate touch screens, from car dashboards to TVs, the future shimmers for Corning and its great ape.

[Touch Screen Image: [Tom Wang](#) via Shutterstock]



MOST INNOVATIVE COMPANIES 2013

37_NBA

FOR SOLVING THE SPORTS CONTENT RIDDLE.

BY: JASON FEIFER

Sports leagues once just arranged games and sold them to, say, ESPN. They still do--but now they also see themselves as content producers, competing directly against other media. The NBA has thrived in this new world and makes a compelling case: "We have more footage, more access, to every moment of the games that are played," says SVP Christina Miller, who oversees the NBA's TV network and digital products. The league has succeeded by playing the middle--producing its digital material and TV station with longtime partner Turner Broadcasting, and reaching more fans every season. Some key stats:

847,000

Number of people who watched NBA TV's documentary *The Dream Team*, the channel's highest-rated programming of 2012. That's hardly the 16.9 million who saw last season's championship series on ABC, but it's a

start in solving the riddle of how to engage fans beyond games. "People come to us for much more than the obvious," says Miller. The station is now available in 61 million homes (up from 55 million last year).

3.6 BILLION

Video views at NBA.com last season. This season, the league redesigned NBA.com, its app, and all 30 teams' apps around video highlights--which are pumped to its 342 million social media followers (between the league, teams, and players).

60%

Increase of mobile subscriptions for League Pass, which streams all NBA games live (minus blackouts). Miller credits that growth in part to the NBA's quick marketing adjustments. When Linsanity erupted last year, for example, it boosted ads for League Pass, figuring fans everywhere were craving Knicks games.

The NBA TV's brand new 5000 square foot studio has been outfitted with a hardwood court, basketball hoop and a half-court demonstration area. Here's how they made it:

Video:

<http://www.fastcompany.com/most-innovative-companies/2013/nba>

Photo by Eric Ogden

JASON FEIFER

Senior editor at Fast Company. Follow me on Twitter @heyfeifer. You probably, maybe won't regret it.

MOST INNOVATIVE COMPANIES 2013

38_LANDWASHER

FOR BUILDING THE (MOSTLY) ALL-NATURAL TOILET OF THE FUTURE.

BY: APRIL RABKIN

Beijing's Forbidden City was the Chinese empire's seat of power for 500 years. It was built out of rammed earth and wood in the early 1400s, and its majesty has been largely preserved, even though it's now the Palace Museum and attracts as many as 130,000 tourists a day. Awkward thing about centuries-old ground, though: The sewage lines have little capacity. And 130,000 people can't just *hold it*.

Landwasher's Competition In The Toilet Of The Future Sweepstakes

Henry Wu's ingenious waterless-toilet design is spreading across China while the Gates Foundation awards grants to designs that could also create energy.

CRANFIELD UNIVERSITY

Key features

Hand-operated vacuum pumps

How it works

The vacuum pump extracts water from human waste, then cleans it so it can be used for irrigation or washing.

UNIVERSITY OF COLORADO, BOULDER

Key features

Concentrated sunlight and biological charcoal

How it works

A solar dish focuses sunlight to produce energy, which is used to disinfect waste. The by-product, biochar, can replace wood charcoal or chemical fertilizers.

RTI INTERNATIONAL

Key features

Diamond-based electrodes

How it works

The electrodes disinfect water, which then can be used to rinse the toilet or for irrigation.

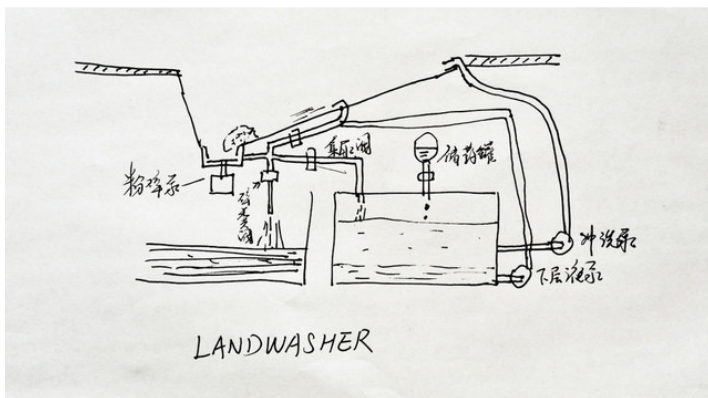
The museum's previous solution was icky. Toilets there produced a separate plastic baggie of human waste with each so-called flush. But now a beautiful deep red structure is tucked under the site's foreboding watchtowers, suitably camouflaged to the surroundings. Inside is a row of stalls, each with a stainless steel platform. Every stall has a door that's synchronized to turn the lights and fan on and off. It looks like a modern row of porta potties,

basically, and visitors would be forgiven for not noticing the revolution that brought them relief: Out of view is a holding tank and a computerized system, a combination that may change communities around the world.

Standing nearby, for a visit, is the man who developed it: Henry Wu, CEO and founder of the [Landwasher](#). He's a ruggedly handsome 44-year-old entrepreneur who spent years in his quest to create an environmentally friendly toilet--a quest that even destroyed his marriage. He has now installed more than 10,000 of his toilets across China and sells almost \$7 million worth of them a year, making Landwasher a worldwide leader in environmental sanitation and Wu a millionaire.

Landwasher serves a need that could not be more acute. More than 2.5 billion people around the world do not have access to a flush toilet. Communities without one suffer from poor sanitation, water-supply contamination, and widespread disease. The need is particularly stark in China, where the World Health Organization estimates that 14 million people defecate in the open. Even locales that have access, such as urban China or even the West, experience worsening water shortages that make the 1.6 gallons of agua required for an average flush a profligate extravagance.

The Landwasher toilet solves this problem in straightforward fashion, so let's just be clear about how: It makes use of number one to flush number two. "Any animal pees before it poops," Wu says. (Though there are some exceptions.) Because eliminating solid waste takes longer, the toilet's computer keeps track of how long you spend inside a stall and then draws conclusions about what you've been doing in there. Valves separate urine and fecal matter. Urine, which is sterile, is stored in a tank under the toilet, while solid waste is obliterated with what looks like the engine and blade of a garbage disposal. The system then uses the sterile urine to flush. Landwasher toilets use only one-tenth of a gallon of water to staunch any odor--or none at all if a blue surface disinfectant is added. The computers and moving parts can even be powered by solar energy. "Technology has to solve this problem," he says. "The water shortage is even worse than the power shortage, because we have renewable energy, but it's hard to turn polluted water into clean water."



The flushing mechanism may sound gross, but it's common enough to Wu. During his childhood in rural China in the 1970s, his family would use human waste as fertilizer to farm its land. "Back then, it was much less expensive

than fertilizer," he says. "Whoever went to collect it profited from it." Wu's grandmother had that particular chore, and the memory stayed with him. After graduating from Peking University in 1991 with a degree in physics, he ended up working at a securities trading house in Shenzhen. Several years later, the official in charge disappeared abroad with much of the company's assets. Wu returned to Beijing, visited the Palace Museum one day and, after seeing the sorry state of the facilities, resolved to invent a new kind of toilet.

Almost no one around him shared his enthusiasm. He fiddled with the design by himself for years, with little support. They didn't see the point, despite Wu's entreaties about the deteriorating environment. Those years were especially trying on his marriage, he admits, and ultimately led to its dissolution. His father was perhaps the only one who believed in him, and lent him startup money. Within two years, he had the blueprints and patented his facilities; today, Landwashers start at \$5,000 and can be found everywhere from parks to construction sites.

Meanwhile, the rest of the world is discovering that more than 150 years after the first practical water closet was developed, there's a pressing need for a better one. Last year, the Gates Foundation said it would hand out \$6.5 million in "toilet of the future" grants. A number of companies around the globe compete in the waterless-toilet sector, with a lot of different design concepts, but Landwasher is the only one that uses a human's own waste to novel effect.



Landwasher CEO Henry Wu. Photo by Mark Leong

Despite Wu's success, he is still refining his product. "Now we want to figure out how to turn the waste into powder or pellets, to spread out over land," he says, harkening back to his grandmother's old task. Ultimately, he wants to design a system for residential buildings, which currently flush away about a third of their overall water consumption.

But Wu isn't interested in Gates Foundation grants. He has enough capital to fund his own research and development, including help from New Ventures, the VC arm of the World Resources Institute. He says the foundation's requirements are far too strict. "We're trying to make things simpler, not more complicated," he

says. "They are asking people to turn shit into batteries." He raises his eyebrows to signal his bemusement and drily retorts, "They won't be the best batteries."

Photo by Mark Leong

MOST INNOVATIVE COMPANIES 2013

39_ EVERNOTE

FOR MAKING ITS USERS SMARTER.

BY: J.J. MCCORVEY AND SKYLAR BERGL

Evernote is the app for our data-addled times: It lets users save (and later retrieve) anything, from a note to a photo to part of a web page, via smartphones, tablets, and desktops. Its goal is to be users' external brain, and new apps that let them catalog the people they meet and the food they eat have broadened its appeal beyond productivity nerds. [Evernote](#) grew from 20 million users in late 2011 to more than 45 million by the end of 2012, and the company, which has well over a million customers paying \$5 a month (or \$45 a year) for unlimited storage and access, is now valued at \$1 billion. "Evernote was maybe the least original idea in tech," says CEO Phil Libin. "Our success, for what it is, was that we got the timing right. That, plus we have the world's greatest logo."

The Problem Evernote Helps Solve

IN ONE MINUTE ONLINE, WE PRODUCE:



100,555,555
emails



72 hours
of YouTube video



138,889
tweets



34,722
App Store downloads



53,819
new Tumblr posts

PHOTOS

Every two minutes, we snap as many photos as the whole of humanity took during the 1800s.



Evernote's Brain Is Growing

HUMAN BRAIN

100 billion
neurons

More than 100 trillion connections, and each one mediates multiple memories



Total storage space:

2.5 petabytes, or:
2,345,624,805,920
pages of plain text
894,784,853
pictures

EVERNOTE (TO DATE)

1.57 billion
notes

■ = 50,000,000 notes



Images: 300 million
Text notes: 531 million

Total storage used:

1.5 petabytes*

*500 terabytes of data that are backed up with triple redundancy



"There's an inverse correlation between the size of a note, in bytes, and its relative value," says Libin. "The 1 KB text note you typed in from your board meeting is much more valuable—and harder to replace—than your 12 GB copy of Avatar 3-D."

Evernote's Knack for Remembering Faces

BRAIN

Humans can attach names to 2,000 faces, but can only recall 150.



EVERNOTE

Users access Evernote's Hello app, designed to remember the people you meet, almost twice a day. At this rate...

- Evernote Hello can manage the brain's group size in 75 days
- It will surpass the brain's capacity in less than three years

Freezing Your Brain vs. Using Evernote



CRYONICS
Price
\$80,000
(plus surcharges)

Popularity
More than 260
people



EVERNOTE
Price
\$3,510*

Popularity
More than
45 million people

*Based on a premium \$45/year subscription for the average life expectancy of 78.7 years

The Long Path to Evernote Becoming a \$1 Billion Idea



Evernote and the Brain Work Similarly

BRAIN

- A Capture**
- B Consolidate** (stabilizing or strengthening the memory)
- C Store** (placing the information in the correct area of the brain)
- D Retrieve**

EVERNOTE

- 1 Create**
- 2 Tag and/or place** (in a notebook)
- 3 Upload/sync**
- 4 Find**



[Infographic by Francesco Muzzi]

MOST INNOVATIVE COMPANIES 2013

40_COURSERA

FOR SIMULTANEOUSLY SCARING AND WOOING UNIVERSITIES INTO THE FUTURE OF EDUCATION.

BY: LINDSEY KRATOCHWILL

Not all brick-and-mortar universities have figured out how to offer courses online, so [Coursera](#) does it for them. The startup, whose growth "has really amazed" even cofounder Andrew Ng, is now looking more and more like a stand-alone school.

1_A FULL COURSE CATALOG

When Coursera launched last April, it provided classes for five college partners. By year's end, 33 universities offered 206 courses--all free for its users, who now number more than 2 million.

2_CAREER SERVICES

Last December, the company launched career services to begin matching students with employers. Early recruiters include Facebook and Twitter.

3_COLLEGE CREDIT FOR ITS ONLINE CLASSES

Coursera will soon offer its own online courses for credit--using webcam-proctored exams to ensure academic integrity.

[Wall of Textbooks: [Alvaro German Vilela](#) via Shutterstock]

MOST INNOVATIVE COMPANIES 2013

41_ACTIVISION

FOR ELEVATING PHYSICAL AND DIGITAL PLAY.

BY: JENNIFER VILAGA

Dino and Barney have a new purple reptile to contend with: Meet Spyro, the dragon that's capturing kids' imaginations while ushering in the future of physical and virtual play. Spyro is the star of [Activision's](#) video game *Skylanders Spyro's Adventure* and is one of 32 chip-embedded action figures that interact with whatever happens on the screen, whether it's a TV, computer, or handheld. Activision sold more than 30 million toys since its debut in late 2011, then released a sequel that adds 16 new characters. In a recent earnings call, Activision Publishing CEO Eric Hirschberg said the series, which has so far earned \$500 million in U.S. sales, is "on track to become [a] billion-dollar franchise."

Illustration by Romualdo Faura

MOST INNOVATIVE COMPANIES 2013

42_ROKU

FOR LEADING THE EVOLUTION OF THE TELEVISION.

BY: [JILLIAN GOODMAN](#)

Roku has been bringing digital media to television sets since 2002. Its devices now stream 700-plus channels and vie with Apple TV in sales. But last year, Roku unveiled a potential game changer: a thumb-drive-like dongle that plugs into smart TVs, eliminating the need for a box. It's partnered with several manufacturers to bundle the streaming stick with TVs and plans to eventually build them inside--finally becoming one with the screen. A history from founder and CEO Anthony Wood:



From image above (top to bottom):

1_Roku Streaming Stick 2012

"This is the first of our evolution into being the platform for smart TVs."

2_Roku 2 2011

"It's based on a chip set that was designed for mobile phones, and we added a gaming remote."

3_Soundbridge 2004

"It was for streaming your music library. Most people who wanted music would buy an iPod dock."

4_Roku Player 2008

"We focused on making it small. Most people don't want boxes. Netflix streaming was our big advance."

5_PhotoBridge 2003

"I was thinking about getting an HDTV and just thought, Well, it'd be cool to put art on my TV."

Illustration by Owen Gildersleeve, photo by Victoria Ling

MOST INNOVATIVE COMPANIES 2013

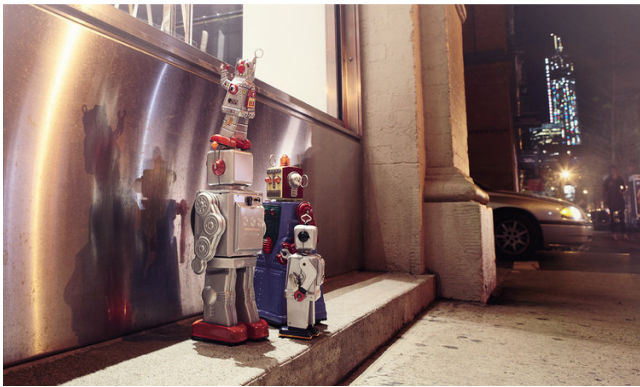
43_ENALTA

FOR STEPPING UP AS BRAZIL'S BIG INDUSTRY FALTERS.

BY: VINOD SREEHARSHA

The world buys up Brazil's sugarcane-based ethanol, but two bad harvests set the country back. São Carlos-based [Enalta](#) has stepped up: Its sensory and GPS software monitors seeding and irrigation, yielding farmers a richer crop. "This is the moment for biofuels," says Giandri Machado, head of business development. Last year, it released a voice-command product that observes plants in real time. Net sales are expected to jump to \$8 million this year, up from \$1 million in 2011, after increased orders from three of Brazil's top ethanol producers.

[Sugarcane Field: [Electra](#) via Shutterstock]



MOST INNOVATIVE COMPANIES 2013

44_SEEGRID, MAZOR ROBOTICS, SPACEX, RECONROBOTICS

FOR MAKING ROBOTS SO SMART, THEY CAN MINGLE WITH US AT WORK.

BY: CHUCK SALTER AND ERIK SOFGE

In the taxonomy of robots, there are two main branches: the bots that we control and the bots that control themselves. Screenwriters would have us believe that the latter--so-called autonomous systems--are tomorrow's great insurgency, a fleet of scuttling Roombas evolving into chrome death bringers. In fact, self-guided robots have been here for decades, toiling away on the assembly line, though bolted into position where they can't

backhand or spot-weld a coworker. But now, without any inkling of sci-fi malice, the robotics industry is producing a generation of unleashed automatons. Freedom is programmed in. The robots are cleared to mingle with us.

Video:

<http://www.fastcompany.com/most-innovative-companies/2013/seegrid-mazor-robotics-spacex-reconrobotics>

If you've thought about robots living and working among us lately, your vision is likely of America's burgeoning chauffeur class: Google's driverless cars. Legislatures in California, Florida, and Nevada have all legalized self-driving vehicles on their roads, though that's still a vision for the future. Many other robots are already affecting lives and bottom lines today--mostly out of sight, by design. Machine autonomy is cementing our role as taskmasters, with humans directing everything from R2-D2-size bots that shuttle medications around hospitals to 700-ton cargo trucks that are among the largest in the world and haul ore at mining sites. The developments could usher in a golden age of man-machine relations, with no onset of freedom-fighting Terminators. Though one day, the Roombas might unionize.

These are the companies leading the autobot movement.

_Seegrid

For creating roaming factory-worker giants

Pittsburgh-based [Seegrid](#) has long sold industrial trucks, forklifts, and cargo movers that can autonomously navigate around people as they carry 8,000 pounds of material to designated locations. In 2012, it made a significant upgrade--making its bots waterproof and allowing them to move backward, pick up loads, and move faster, all while using half the energy. Seegrid claims these bots can cut the labor costs of material handling--which are \$120 billion annually, industrywide--by 90% or more. Large retailers such as the outdoor-gear chain Cabela's have bought them for their warehouses. But the cuts don't mean steep loss of jobs; ramped-up production lines meant more demand for workers who can optimize the flow of materials. A 2011 study by the London-based market research firm Metra Martech showed that, over the next half-decade, the influx of robots will add 1 million "high quality" jobs worldwide.

The privately held company, which was spun out of the prestigious Carnegie-Mellon Mobile Robot Lab a decade ago, does not discuss its revenues. But its technology--which essentially gives machines five pairs of eyeballs that constantly scan a space and navigate around landmarks it recognizes--has won it an important partnership with Toyota, which will use the tech in its own devices. Now it's eyeing international expansion. "Our approach is all about giving robots sensory capabilities, so they can work in our environment," says COO Mitchell Weiss. "With more cameras and bigger processors, that approach will continue to scale."

_Mazor Robotics

For replacing a surgeon's hands with steadier metal

Surgery puts us in intimate contact with robots, and the past year has seen a remarkable advance in the exactitude of their work: [Mazor Robotics](#)' Renaissance system maneuvers an orthopedic surgeon's tools into place during spinal procedures and keeps the drill on target, with movements that are accurate to within 1.5 millimeters. Rather than doctors having to run a sequence of X-rays to confirm the position of their old tools, the robot maps its movements to a 3-D model of the patient's spine.

There were 18 Renaissance systems active in U.S. hospitals as of late last year, triple the number in place in 2011. They combined for more than 1,300 procedures--and the rate of revision cases, where follow-up surgery is needed to repeat or correct the previous operation, dropped from an average of 10% to zero. The growth helped the Israeli-based company boost revenue more than 150% in the first three quarters of 2012, to almost \$10 million, and approach profitability. This past summer, the FDA cleared Mazor to use its robot for cranial surgery. "We have the precision. We have the results," says CEO Ori Hadomi.

_SpaceX

For driving itself into space

Robots have become so smart that they're now cleared for liftoff. The California-based [SpaceX](#), Elon Musk's private space company, sent its fully autonomous Dragon spacecraft to the International Space Station this past October. It was carrying 1,002 pounds of cargo into orbit and was the first privately developed space vehicle to dock there. By next year, SpaceX plans to use the craft's emergency launch escape system to facilitate powered landings--a considerably trickier operation than Dragon's current method of parachuting into the ocean.

By 2015, SpaceX expects another white-knuckle milestone: Dragon will be able to transport passengers by itself, a boon to NASA in the post-space shuttle era. SpaceX stands to make \$440 million for its initial manned launches and \$1.6 billion for a total of a dozen cargo deliveries.

_ReconRobotics

For building the stealthiest robot you'll never see

[Recon](#)'s bot must navigate around humans, but secretly. It's one of the military's spybots of choice, a 1-pound, \$14,000 gadget made for war zones and hostage standoffs. To activate it, soldiers simply pull out a pin and chuck it up to 120 feet--like a grenade, except it lands and can be steered remotely. Recon has been making the bots

since 2007, and there are now 4,850 deployed around the world, but 2012 was an important year: Recon rolled out ThrowBot versions sensitive enough to pick up audio from 30 feet away, instead of just video. The military promptly bought 1,000.

"We're always looking for ways to integrate more technology but keep the weight where it is," says Jack Klobucar, Recon's marketing head. A new model pushes video to smartphones. A retractable arm allows for stealthier drops over walls. And the bots can now be dropped from drones and then help the unmanned planes find places to land safely, solving a common problem. The advances helped Recon's 2012 revenue reach \$22 million, nearly four times its total two years ago. Next up: Recon expects to court sports media, agriculture, and real estate companies--all of which use cameras (though not quite to spy).

Photos by Clang

MOST INNOVATIVE COMPANIES 2013

45_KIIP

FOR MAKING MOBILE ADS THAT PEOPLE WANT.

BY: LINDSAY HARRISON

Most mobile ads are interruptions--banners or pop-ups that lurch into your favorite games. But [Kiip](#) has a user-friendlier plan, and it's driven by a lofty philosophy: "We want to capitalize on happiness," says 21-year-old founder and CEO Brian Wong. His service is embedded in such popular apps as Zombie Farm and Mega Jump and offers rewards--say, a coupon to Starbucks or American Apparel--when a user beats a new game level or accomplishes a goal.

The appeal is twofold. An advertiser greets users just at the moment they're feeling good about themselves, and the ad has tangible value. Users see it that way: 22% redeem the rewards (compared to the usual 0.3% app ad engagement), app revisits increase by 30%, and the length of average use time increases by 103%.

Since launching in 2011, Kiip has been embedded within more than 500 games, and 107 million rewards have been delivered. Last year was about building the Kiip community; it launched its own app, Kiipsake, which organizes user rewards in one place and integrates with Apple Passbook as another way to redeem them. This year looks to be about expanding Kiip's offering; it will enable apps to offer their own rewards, rather than the ones Kiip has curated. That way, developers can enhance their users' best moments. "Everything's better when you're happy," Wong says.

Photo by Alyson Aliano

LINDSAY HARRISON

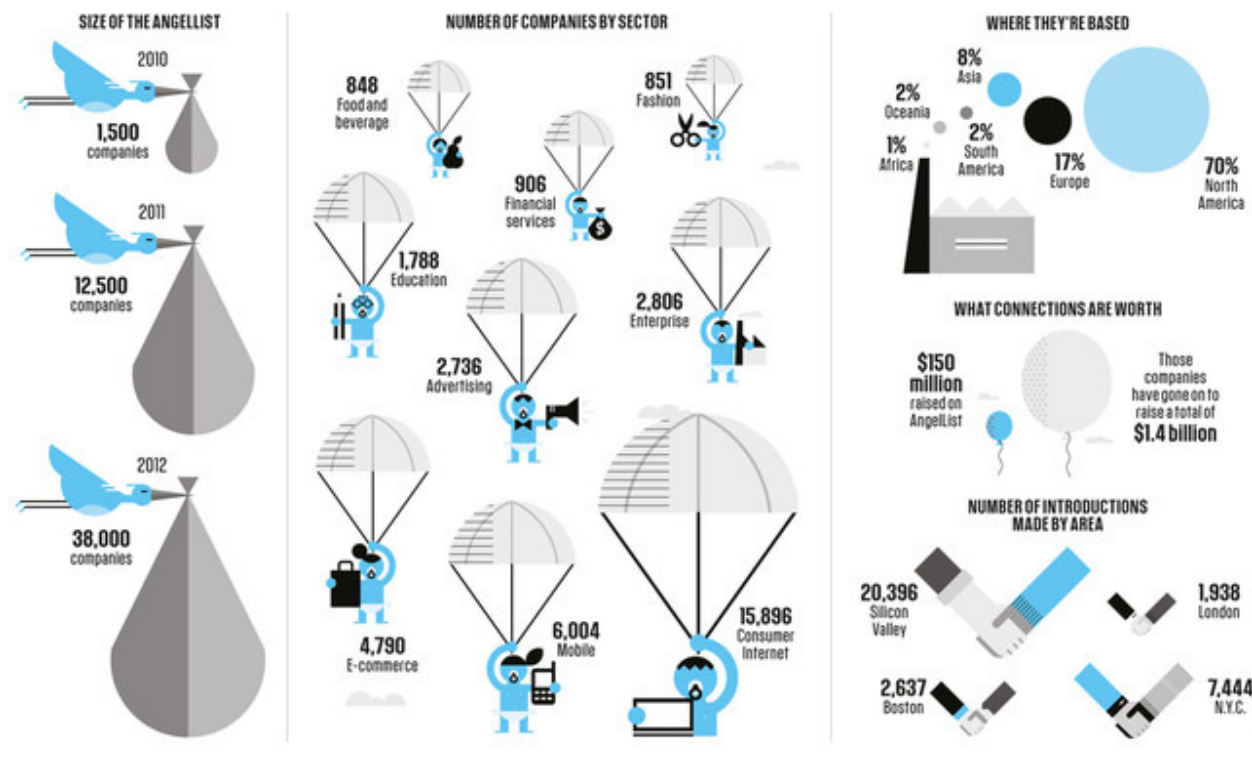
Lindsay Harrison is an Editorial Assistant at Fast Company. Before joining Fast Company, she wrote *Missing: A Memoir*, published by Simon & Schuster in 2011. Currently working on a novel, Lindsay also teaches writing classes at Gotham Writers' Workshop.

MOST INNOVATIVE COMPANIES 2013

47_ANGELLIST

BY: SKYLAR BERGL

Venture capital was a who-you-know business, until [Angellist](#) made a mass introduction. Like online dating, its transparent network connects startups with accredited investors, and now even well-connected entrepreneurs are using it. Success stories include Uber, BranchOut, and GetAround--and its recent partnership with the private exchange SecondMarket lets any accredited investor put as little as \$1,000 into a startup. Following last year's passage of the JOBS Act, the site now also offers free, standardized legal documents to close an agreement. "We're seeing more and more companies show up every day," says cofounder Naval Ravikant, "and they need less and less money to accomplish bigger and bigger things."



[Illustrations by Romualdo Faura]

MOST INNOVATIVE COMPANIES 2013

48_MICROSOFT

FOR REVOLUTIONIZING HOME ENTERTAINMENT.

BY: JENNIFER VILAGA

While iFans wait for an Apple TV, [Microsoft](#) has assembled a digital living room. Combining Windows, Xbox, and Kinect "reimagines the television and entertainment experience," says Yusuf Mehdi, VP of marketing for Xbox. The systems connect via SmartGlass, a free app that debuted last fall, which turns a portable device into a remote control and second screen. More than 90 partners have signed up to create experiences like:

SESAME STREET + KINECT =

Kids throw digital coconuts at Grover during the show.

YOUGOV + XBOX =

Snap polls stream in real time over live political debates.

WARNER BROS. + XBOX =

With The Dark Knight Rises on TV, app shows real-time extra content

NIKE + KINECT =

Program features Nike+ for customized fitness regimen

[Light Beams: [Cyccreation](#) via Shutterstock]

MOST INNOVATIVE COMPANIES 2013

49_QCUE

BY: LUKE O'BRIEN

Every season, 50% of major sports teams' tickets go unsold--but not for lack of fans. It's because prices are set at the beginning of the season. [Qcue](#) offers another way: dynamic ticket pricing, a sophisticated data crunch that adjusts prices in response to variables such as weather or an opposing team's popularity, and can earn venues 30% more over a season. In the past year, Qcue secured itself as the leader with the smartest algorithm: It went from serving about 20 teams to more than 40 NBA, NHL, and MLB teams, plus rugby in Australia. Now it's expanding into theater, where seats need filling.

[Stadium Seats: [Niroworld](#) via Shutterstock]

MOST INNOVATIVE COMPANIES 2013

50_TUMBLR

FOR SHOWING THAT ADS AND GREAT CONTENT CAN MIX IN SOCIAL MEDIA.

BY: SKYLAR BERGL

Last May, the image-heavy, meme-tastic social network entered the fraught world of social media advertising--but demanded that brands act like its users. That meant creating visual, beautiful, fun, shareable content. The response was impressive:

It drew advertisers known for clever campaigns (including others featured in this issue, such as Coca-Cola, GE, Microsoft, and Nike) and ones willing to try their hand at it (including IBM, J.Crew, and Whole Foods). By year's end, [Tumblr](#) had vaulted into the top 10 most-visited websites in America, with more than 80 million blogs that net more than 700 million visits and almost 18 billion page views. Here are some of users' favorite "ads."

RALPH LAUREN

The fashion icon's [stunning photography](#) (and models) are inherently popular.

ADIDAS FOOTBALL

[Adidas](#) channels soccer's visual appeal on Tumblr with videos, sports photography, and, of course, GIFs.

DISNEY PARKS PROJECT

Disney enlisted photographers to take photos around [Disney's U.S. parks](#) expressly for Tumblr, giving different perspectives on the parks than boring press shots.

COCA-COLA

A loose [collection](#) of GIFs and "life is good" sentiments charm the soft drink's fans.

[Illustration By Helen Friel]

MOST INNOVATIVE COMPANIES 2013

WHY FACEBOOK AND TWITTER ARE NOT MOST INNOVATIVE COMPANIES

THE SHORT ANSWER: NEITHER PRODUCED INNOVATIONS WORTH CELEBRATING. THE LONGER ONE? READ ON.

BY: [DAVID LIDSKY](#)

2012 MISSION

FACEBOOK

Reignite revenue growth, particularly via mobile; after May 18, appease Wall Street

TWITTER

Make enough money to start justifying its \$11 billion valuation

WORST MOMENT

FACEBOOK

Proudly touting that CEO Mark Zuckerberg helped code Poke, its copy of the teen sexting app Snapchat.

TWITTER

Kicking a journalist off Twitter for heckling NBC, its Olympics coverage partner.

TELLING SIGNS OF USERS' DISCONTENT

FACEBOOK

The meme of Facebook users posting a copyright notice in their feeds because they don't trust what the service might do with its content

TWITTER

The flight of many longtime Twitterers to App.net, a subscription-based, ad-free Twitter alternative

INSTAGRAM-RELATED BACKLASH

FACEBOOK

Rewriting Instagram's terms of service to state clearly that Facebook can use your photos in ads

TWITTER

Access shut off to Instagram, so users can't see Instagram photos within Twitter and can't find Twitter friends on Instagram

ICKIEST ADVERTISING PRODUCT

FACEBOOK

Charging individuals \$7 to ensure that life events (like getting engaged) are seen by all friends

TWITTER

Lets brands target ads by specifying users who it thinks are relevant to the product

WHERE YOU'LL FIND ITS DISAFFECTED USERS

FACEBOOK

Path

TWITTER

Tumblr

The simplest reason [Facebook](#) and [Twitter](#) are not on this year's Most Innovative Companies list: Neither produced innovations worth celebrating. A spot on MIC, as we call it, is not a tenured position. Every year, we assess innovation and the impact of those initiatives. In the history of our list, fewer than one-third of the companies return from one year to the next. This year, only seven are consecutive honorees, an indication of how more companies in more corners of the world are innovating to seek a competitive edge, with the stakes only getting higher.

Facebook and Twitter deserve special comment because they have been among the rare perennials, and their recent moves reveal two companies engaging in innovation's evil twin: short-term thinking at the expense of long-term value. Facebook's most notable product achievement in 2012 was Poke, a facsimile of Snapchat, the trendy-with-teens (and sexters) photo app. Poke stumbled almost immediately. In fact, Facebook has made a cottage industry out of chasing hot Internet services (Pinterest and Yelp included), instead of developing new

ideas to delight its billion users. Similarly, Twitter's product strategy feels wholly defensive. Its most notable new feature is photo filters, a plainly unoriginal addition.

Both companies have turned their focus away from users and toward shareholders to get bigger, not better. Revenue is great, but not at the expense of the product. Twitter's focus on improving ad revenue requires a consistent experience across the web, smartphones, and tablets, so it forced its once-elegant mobile apps to conform to a clunky desktop look, because that model works best for advertisers. That's the exact opposite of how product development is supposed to go.

Facebook, facing the strain of a tumbling stock price last summer, has transformed the implicit understanding of the site--my posts will be seen by those who want to see them--into an advertising opportunity. It freely admits that only a small percentage of posts make it to friends and fans, but it can fix that if you buy ads. To compound matters, Facebook's aggressive mucking with its privacy policies has bred a deep distrust of how the company uses the content shared on Facebook (and Instagram) among a significant, vocal segment of its users.

Neither service is a lost cause. Yet. But both would be well served to revisit what made them special in the first place: engaging with peers, not merely consuming content from brands and celebrities; being a creative platform for developers; and championing social media where users, not advertisers, call the shots.

[MOST INNOVATIVE COMPANIES 2013](#)

MOST INNOVATIVE COMPANIES 2013: FULL LIST

THE FULL LIST OF OUR ANNUAL GUIDE TO THE STATE OF INNOVATION IN OUR ECONOMY, FEATURING THE BUSINESSES WHOSE INNOVATIONS ARE HAVING THE GREATEST IMPACTS ACROSS THEIR INDUSTRIES AND OUR CULTURE AS A WHOLE.

BY: [FAST COMPANY STAFF](#)

[01 Nike](#)

[02 Amazon](#)

[03 Square](#)

[04 Splunk](#)

[05 Fab](#)

06 Uber

07 Sproxil

08 Pinterest

09 Safaricom

10 Target

11 Google

12 Airbnb

13 Apple

14 The Coca-Cola Co.

15 Pig Newton

16 Tencent

17 Samsung

18 BuzzFeed

19 Online Fashion

20 SeeChange Health

21 Oxitec

22 Electric Cars

23 SodaStream

24 OpenGamma

25 D-Rev

26 Rovio

27 Ford

28 Western Governors University

29 Droga5

30 Yelp

31 BitTorrent

32 Software

33 Nest

34 Biotech

35 Oktogo

36 Corning

37 NBA

38 Landwasher

39 Evernote

40 Coursera

41 Activision

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