Chapter VIII

Mobile Services in Finland

Introduction

“It is therefore dangerous to assume that there would ever be any major opportunities in the field of chargeable end-user services targeted for private customers.” Pursiainen & Leppävuori (2002, p. 53)

Finland is one of the leading countries in the world in the use of mobile telephones. This is the traditional way of presenting this small country in the northern part of Europe with a little over five million people. Finland has an excellent track record in developing and commercializing mobile telephone service: the analog NMT network was launched commercially in 1982, the first
commercial GSM network was opened in 1991 by Finnish operator Radiolinja, and in 2001, the number of mobile subscriptions exceeded the number of fixed telephone lines. Finland was also one of the first countries were SMS-based text messaging became a huge success.

Probably the most interesting thing about Finland, when it comes to mobile business, is, of course, the fact that the world’s largest mobile phone maker Nokia comes from Finland. Thanks to Nokia, the Finnish telecom cluster has grown and prospered for years. However, recently more and more mobile phone manufacturing-related business has moved to Asia, where production costs are lower and end-user markets are closer. The current trend has raised much concern regarding the future of the Finnish telecom cluster if Nokia decides to transfer manufacturing and R&D away from Finland.

During the past few years, the Finnish mobile industry has been facing major challenges. As Michael Porter has pointed out in his analysis of the evolution of business clusters (see Chapter VI for a more detailed discussion about clusters), nothing lasts forever: a cluster that was booming may become obsolete as technologies or customer needs change — or when the relative competitive advantage of different countries shifts. But let’s take a few moments to learn more about one possible way of analyzing the mobile industry of Finland.

The Finnish Mobile Cluster

A report on the Finnish mobile cluster was published two years ago by The Ministry of Transport and Communication, the national regulatory authority (NRA) in Finland, (Pursiainen & Leppävuori, 2002). One of the authors, Harri Pursiainen is the director general of the Communications Department at the Ministry of Transport and Communications. The goal of the report was to identify the main drivers and obstacles to the success of mobile services in Finland, and also to assess the competitive potential of mobile services produced in Finland. The analysis was based on value chain and cluster concepts, as discussed earlier in this book. Pursiainen and Leppävuori identified a large number of various players involved in the mobile services value chain: applications developers, applying industries, component manufacturers, content owners, content providers, end users, financial services providers, network equipment manufacturers, network operators, and platform developers. The list presented by Pursiainen and Leppävuori is much longer than the
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