Chapter V

Understanding Emergent M-Commerce Services by Using Business Network Analysis: The Case of Finland

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ABSTRACT

Successful m-commerce business models depend on complex networks of business relationships, comprising telecommunications service providers, mobile device makers, financial linkage providers, and various third-party value-adding companies. In this chapter, we will discuss such business relationship networks in the context of Finland, and offer general guidance for the formation and sustenance of effective business networks for m-commerce players worldwide.
M-COMMERCE AND BUSINESS NETWORKS

Across the globe, mobile commerce (m-commerce) service providers are testing or planning to test a wide variety of business models. One of the striking features of m-commerce business models is the complex network of business relationships needed to create, launch, and sustain such services. Such business networks are comprised of telecommunications service providers, various types of device makers, payment systems and financial linkage providers, and various third-party value-adding companies.

A key question for m-commerce strategists and their financial supporters is this: What types of business network arrangements work toward promoting early success and long-term sustainability of m-commerce ventures? To seek an answer to this question, it is helpful to do the following:

- Focus on a lead country where mobile telecommunications and m-commerce have developed further than most other places.
- Draw from theoretical schemas that help us to understand complex global networks, especially networks that cross the boundaries of many nations.

From the mid-1980s, Finland has been one the leading countries in developing and deploying mobile services, in terms of per capita availability of mobile handset terminals and mobile service accounts. With its flagship company Nokia, Finland is a global technological leader in the development of mobile communication networks and terminals. By the start of the new millennium, large numbers of new start-up companies emerged in Finland to serve Nokia’s and other companies’ needs for mobile applications and service development. Regions such as the Helsinki suburb of Espoo and the remote Arctic Circle city of Oulu have developed as mini-Silicon Valleys, with many startup firms focused strongly on mobile communications and m-commerce.

The number and diversity of agreements, strategic alliances, and mergers featuring firms from Finland and crisscrossing geographical barriers has been staggering. The merger of Sweden’s Telia and Finland’s Sonera adds to this growing list. This merger represents a step toward the emergence of a pan-Nordic/Baltic telecommunications operator, with the requisite critical mass needed to thrive in that region as well as to make some global impact. Just as SAS—based on the combined strengths of Sweden, Denmark, and Norway—succeeded in the global airline market, the newly merged Scandinavian operator will have a global footprint.

Business network theories enjoyed decades of popularity in Scandinavia and were employed to study the internationalization and global linkages of
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