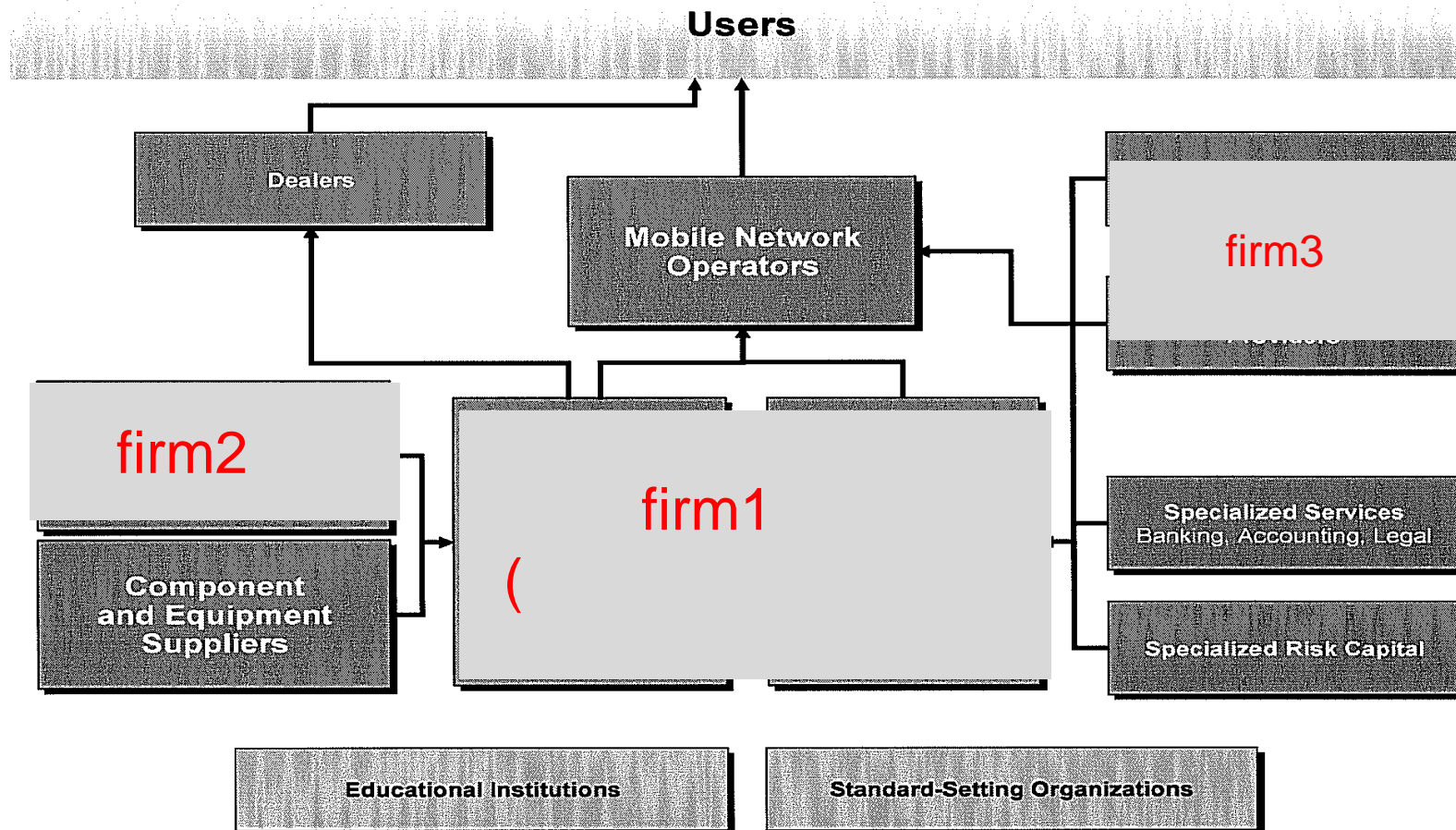


ICT case studies in Estonia: firm1, firm2, firm3

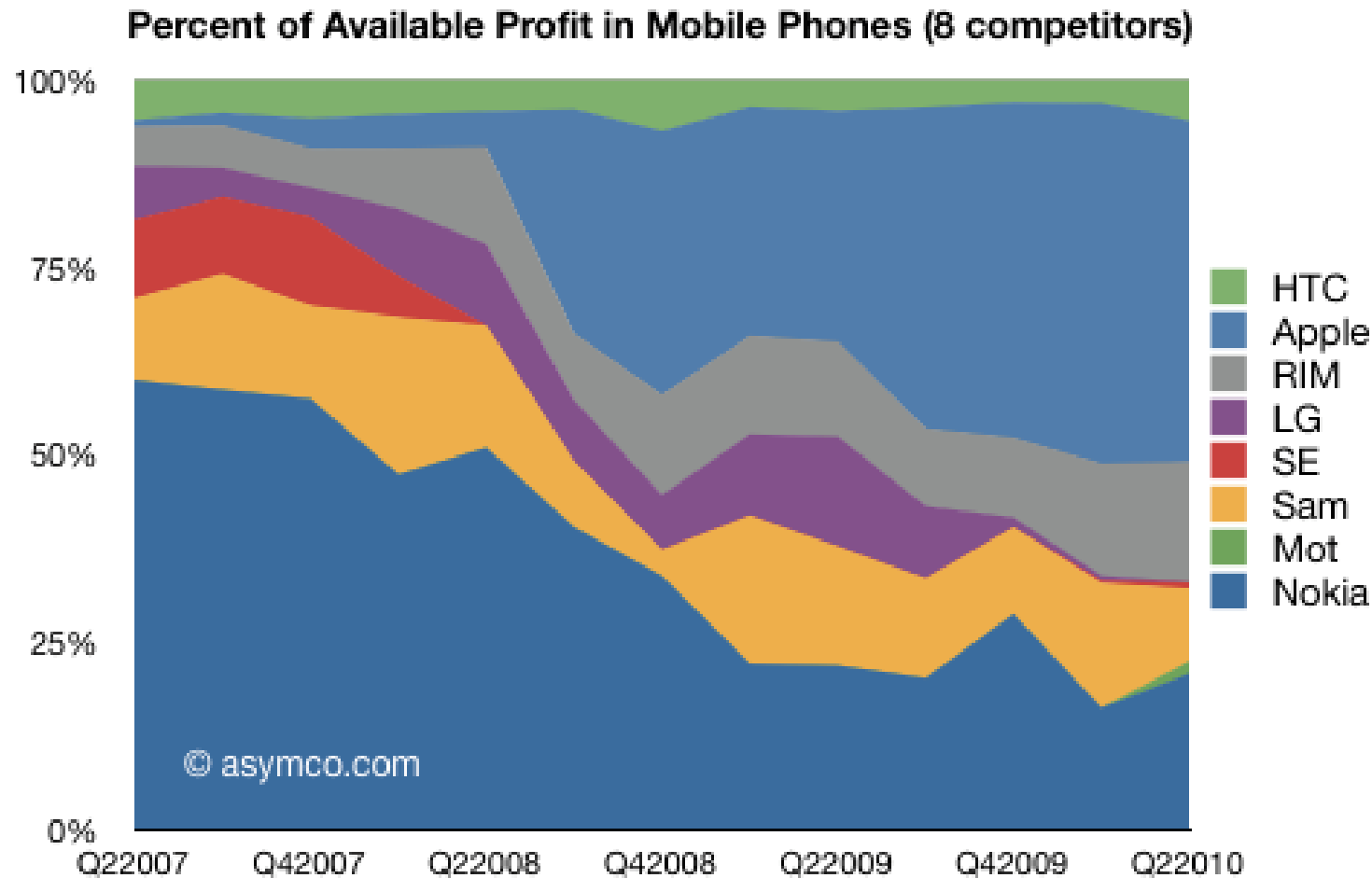
Mobile telephone value chain



firm1

- A major brand name with long corporate history
 - Established in 1876
 - Multinational in early 20th century
 - St. Peterburg as prospective HQ
 - Tartu Telefonivabrik (Estonia)

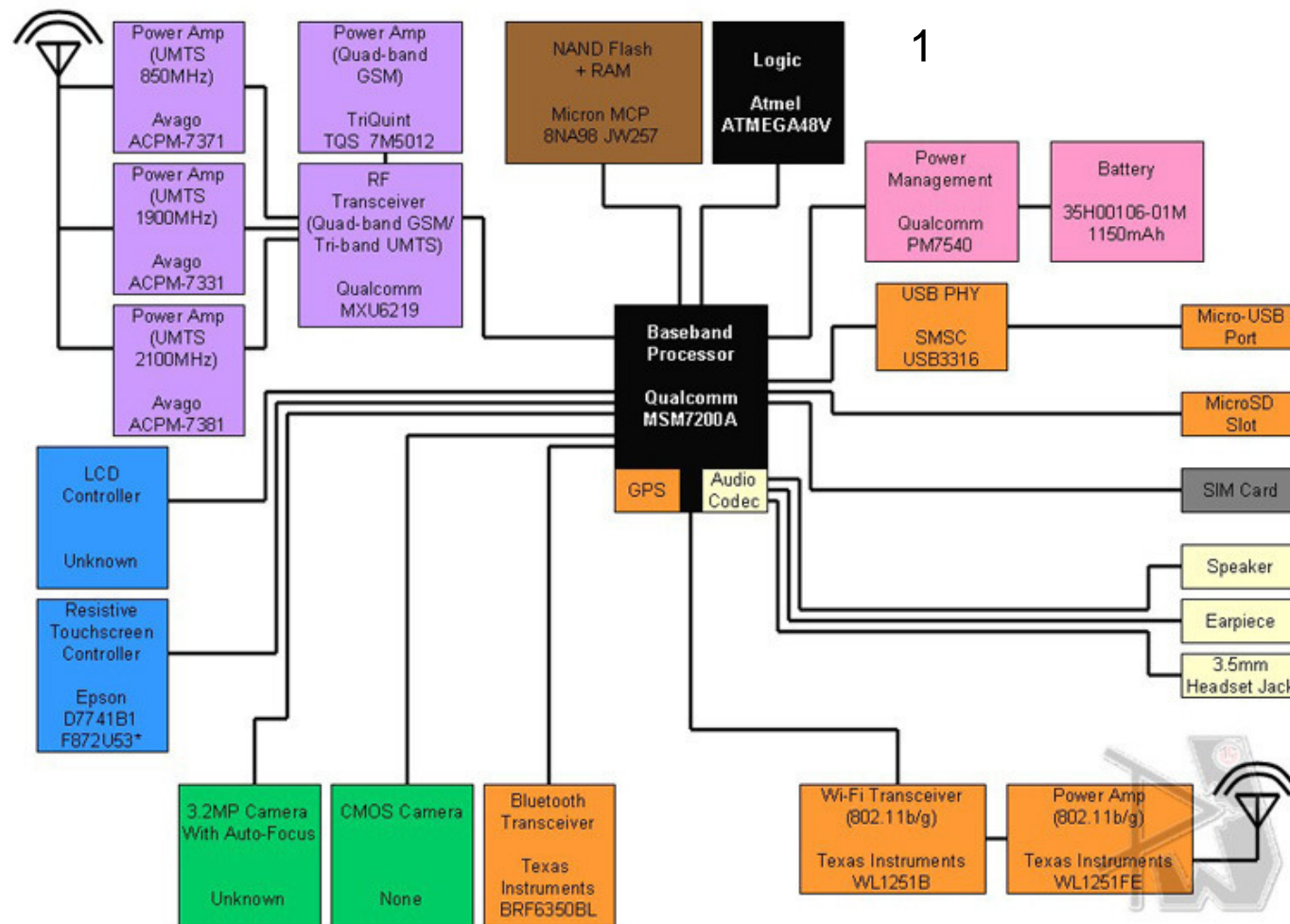
Rapidly changing competitive situation



firm1 (2)

- Back in Estonia from the early 1990s
- Mainly sales and support centre
 - network planning, systems integration, maintenance
- Acquisition of a major share of the firm2 operations in Tallinn in 2009
 - 10% of Estonian exports in Q4 2010

firm1 value chain



firm2

- Established as Lohja Microelectronics in Finland in 1984
- EMS provider with firm1 two key customers in the early 1990s
- Management buy-out in 1991
- Production launched in Estonia 1992
- GSM repair center for firm1 in Estonia in 1996

firm2 (2)

- The first EMS globally to start box-build mobile telephones in 1997
- Forced to follow the expansion of firm1 as the global market leaders
 - IPO in Helsinki in 1997
 - Present on all continents by the end of 1999
- Continued restructuring of the global network in the 2000s

firm2 global network



firm3

- Established by Swedish/Danish entrepreneurs in 2003
 - First “beta” version released in August 2003
 - Estonia the main development site since the very beginning
 - Prague (CZ) 2007
- Acquired by firm4 in Q4 2005
- Independent again from 2009

firm3 global network



Conclusions

- The transition from the GPN to GIN
 - Mutual interaction between the market demand and location based assets
 - Need to consider the global industry dynamics when considering the individual cases
 - The nature of the R&DI continues to be very different in the different ICT sub-industries

Conclusions (2)

- The transition from the GPN to GIN
 - Successful brand names continue to control carefully their full global value chain
 - Universal *Open Innovation* remains still a distant dream
 - Disruptive innovation in the centre of the successful catching-up

Thank you!

Challenges (Q3)

- Probably **too much optimism in relation to the number of future students** – under-estimation of strategic challenges arising from demographic trends

