The Nokia Revolution: The Story of an Extraordinary Company that Transformed an Industry

1. Nokia Mirrors the Development of its Political and Technological Environment

Corporation Development

<table>
<thead>
<tr>
<th>Year</th>
<th>Company Name</th>
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<tbody>
<tr>
<td>1965</td>
<td>Nokia Mobiles</td>
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<tr>
<td>1971</td>
<td>NMT Network</td>
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<tr>
<td>1981</td>
<td>GSM Network</td>
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Nokia's Strategic History Helped to Capture the Nodal Position

2. Nokia Profited From Development of the NMT Network

Nokia's development
- Increase of Nokia's radiophone activities
- Heavy investments into NMT phone business
- Entering NMT markets outside Finland generated cash for M&A activities
- Nokia consolidated Finnish phone industry and by 1983 dominated Finland's NMT business
- Failure to establish NMT as a common European standard was a setback for Nokia. However, it was an important lesson for their role in future GSM development

Political & Technological Development

Nokia was first manufacturer to provide hand-held phones for all major digital standards

3. Nodal Position in a Network Industry

The Nodal Position as a Foundation for Competitive Advantage

4. Conclusion
3. The Nodal Position as a Foundation for Competitive Advantage in a Network Industry

**Concept of Nodal Position**

- Industry consists of highly specialised players
- Strong linkages between these players (exchange of tangibles and intangibles)
- Value proposition to customer is made up of complementary tangibles and intangibles of these players
- One player coordinates the other players’ contributions based on its specific market knowledge and/or control of customer relationships

**Comments**

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<tr>
<th>Company A</th>
<th>Company B</th>
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<tr>
<td>Company C</td>
<td>Company D</td>
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<td>Company E</td>
<td>Company F</td>
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3. Nokia’s Strategic History Helped to Capture the Nodal Position

**Process Organisation**

- Upstream coordination of suppliers and complementors through strategic coalitions and open standards
- Downstream innovation, segmentation, branding, design, and channel management
- Standard setting (NTM, GSM)
- Geographic expansion
- Product families
- Nevertheless, low cost and strategic flexibility as alliances were favoured instead of M&A
- Mismatch between resources and ambitions
- "Everyone shall have the internet in one’s pocket"
- Formation of “collective mind” inside firm
- Competitive and cooperation with rivals created goodwill and provided learning opportunities

**First Mover Advantages**

- Bold Strategic Intent
- Standard setting (NTM, GSM)
- Geographic expansion
- Product families
- Nevertheless, low cost and strategic flexibility as alliances were favoured instead of M&A
- Mismatch between resources and ambitions
- “Everyone shall have the internet in one’s pocket”
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**Co-operation**

- Nokia
- Telephone Operators
- Chip Manufacturer
- External Outlets (Tandy, etc)
- Content Providers
- Self-operated/ JV-Outlets
- Designers
- Telephone Operators
- Chip Manufacturer
- External Outlets (Tandy, etc)
- Content Providers
- Self-operated/ JV-Outlets
- Designers


4. Conclusion

Three possible explanations for Nokia’s success:

- Skilful shaping (proactive) and leveraging (reactive) of technological and political environment
- Getting the network economics behind NTM and GSM right
- Strategic manoeuvering into nodal position of a networked industry