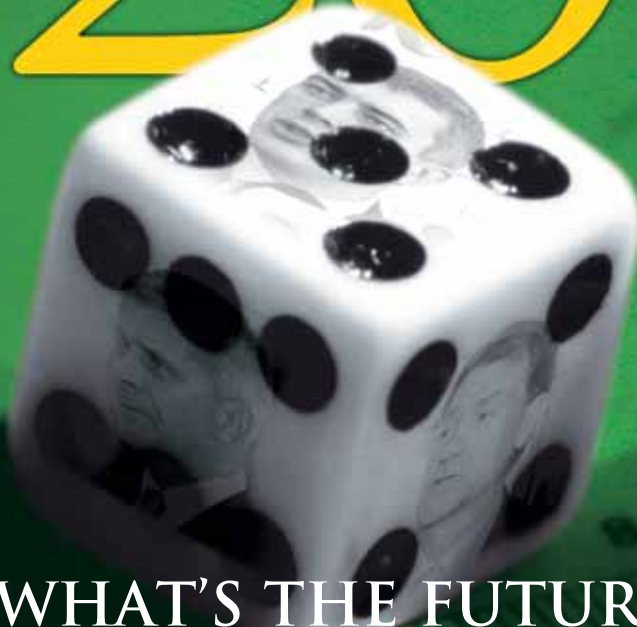


REVOLUTION IN LVIV MACIEJ STUHR GETS REAL

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PREDICTIONS FOR 2005



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Move Over, Nokia

A new generation of Finnish technology companies is setting out to take the world by storm. The new Finns are innovative, aggressive—and bullish on Poland.

There is a story told in marketing circles about a gathering of the sales force of a large manufacturer and marketer of dog food. The president of the company spent half an hour presenting an entirely new marketing campaign for the dog food. New marketing messages and media plans were enthusiastically unveiled which demonstrated that the company's commitment to boosting dog food sales. At the end of the dazzling presentation, one salesman stood up and said: "There's just one problem: Dogs hate it."

Information and communications technology (ICT) has had a similar problem globally. Since the formal birth of the internet boom with the IPO of Netscape many years ago, it seemed as though ICT was reinventing itself at a such pace it was sometimes difficult to identify the benefit to the user amid the hype.

Then the bubble burst. The flame of CRM applications spluttered immediately thereafter, along with the application service providers (remember them?); the promises of utopia in a fully connected world of customer relations remained, well, utopian. The polo shirts came off, the ties and jackets went back on. Old fashioned business practices were trendy again.

Throughout it all, Finland's technology companies appeared to be successful at steering a sensible course. The Finnish telecommunications equipment manufacturer Nokia is the leading example. It has always been the symbol of Finnish applied technology: innovative, pragmatic, cool. The Nokia handset, which always seems to be designed with the user in mind, was its mascot.

But just as Nokia is showing the first signs of stumbling (it has been criticized for ignoring the strong demand for clamshell handsets for example), a new generation of technology companies is emerging in Finland that could end up stealing the limelight from Nokia. It draws on Finland's mobile technology traditions, but adds new layers that are focused on pragmatic, customer-centered, B-to-B and B-to-C applications.

These companies are finding Poland to be not just the perfect market for their products, but a significant potential partner in the wider sense of the word. At a time when traditional Polish trade and business channels lead to Germany, France, and the U.K., that Scandinavian country with a population slightly larger than



A man with a plan...
Kai Hamalainen, president of INA Finland, said he was surprised that Poland had already achieved so much in the field.

Moldova might offer some surprise benefits for Poland.

In November of this year, some of those Finnish companies paid a visit to Poland, some of them for the first time. *Poland Monthly* decided to talk to a few of them to learn more about their products and their plans for Poland.

These companies represent the new face of technology companies. No more talk of "revolutions."

"Our products are not revolutionary, they are evolutionary," the representatives of INA Finland Oy said in unison, led by INA's president, Kai Hamalainen.

INA Finland takes mobile technology and answers the question: How can we better manage the flood of messages coming in and going out, be they voice, text, or MMS? Their multi-channel messaging gateway solutions provide the key. They represent the typical maverick Finnish software company, having been in business since 1989 and enjoying current annual revenues of EUR 12m. INA has already been selling its applications in Germany for ten years. This is their first serious business trip to Poland.

For them, innovation is exciting and you can feel their enthusiasm for it. At the same time, you can sense the hard lessons learned from the internet bust. While they speak with enthusiasm about the innovative aspects of the technology, they stress the user benefits, without the razzle-dazzle.

For these companies, the technology is there to serve the customer's needs, not the other way around. Stefan Pier, INA's representative in Germany, said. "For us it is important to convince the customer that you can do a mobile marketing campaign—which technology will be used doesn't matter."

They sound like good old fashioned businessmen, and they are. At one time, at the peak of the internet boom, a company like INA seeking venture capital had to show a path to IPO and high returns to investors within 18 months of investment; INA is taking 18 months just to study the Polish market.

"We have found with experience that that is the best way to do it," says Hamalainen.

SESCA Technologies has a slightly different profile, but with a similar common denominator. They have an integrated solution for monitoring and optimizing the maintenance schedules for large scale production facilities. That sounds like nothing spectacular in and of itself, until you add the fact that data can be entered by a maintenance worker using his mobile phone.

"Today, mobile phones are starting to be more and more like computers and our applications try and allow the user to use like a computer," notes Olli Makipelto, CEO of SESCO Technologies. With SESCO software, a maintenance engineer can do an entire trouble report from his mobile phone, complete with photos and other report elements.

Some aspects of Finnish business practices that are implanted in the SESCO

applications may be hard for more traditional Polish companies to adapt to. The SESCO application is robust and not limited to the factory floor. Makipelto described the feature of his application that provides every employee with access to the calendar of every other executive as well as other scheduled resources (such as conference rooms). This facilitates the scheduling of group meetings with the flick of the finger (or thumb, as the case may be) on Makipelto's mobile phone. That is pretty open.

"We believe in openness in Finland," explains Marko Forsell, Business Unit Director for the software product.

In a country like Poland where many business organizations still tend to have vertically oriented, command-and-control structures, that level of openness may require new adjustments to how the organization is managed. But openness may have its drawbacks in other contexts, some unexpected. Makipelto's wife learned how to use the system, and much to his surprise, began committing him to weekend social events.

When you ask these companies why they choose Poland now, you get the answers for which promoters of Poland are hoping. Their reasons are several, most of them recognizable to the individual well-versed in the Poland's marketing message: A large population, well educated, not yet saturated, lower labor costs, lots of inbound investment which will need state-of-the-art software systems to manage.

According to Forsell, one attraction is what some refer to as "the generation skipping" effect. One of the biggest obstacles in investing in new technology is the existing investment in old technology. Companies in developed western countries usually have a large investment in the immediately prior generation, which they must depreciate or amortize, thus creating an in-built obstacle.

In Central and Eastern European countries in general, and in Poland in particular, there was no technology of an immediately prior generation. Fixed line telephony in Poland went from antiquated mechanical or electro-mechanical switching directly to state-of-the-art digital central switches, permitting quicker new line provisioning and easier integration of DSL broadband internet technologies. The lack of a significant cellular network allowed the number of mobile telephony subscribers to recently surpass fixed line subscribers.

If the reasons for coming would make Poland's promoters smile, the first impressions that these companies provide would make them grin. These companies are positively impressed with Poland.

"I am amazed at the level of technology, how advanced it is," notes INA's Mikola.

The fact that Finland has a budding software sector that draws from its mobile technology traditions is no accident. As a country with a relatively small population, Finland had to learn early to develop products and export. It has a long tradition of public-private partnerships that contributed in part to its number one ranking for 2004 by the World Economic Forum as the most competitive country in the world (the United States came in second place).

Finpro, another public-private enterprise designed to assist Finnish companies gain access to export markets, was established in 1919. According to Markku Kuismin, Head of Finpro Poland, Finpro ranks very high amongst comparable governmental agencies in terms of its effectiveness. The Finnish government, through Tekes, the Finnish National Technology

Agency, has been screening hundreds of innovative technology ideas developed by various Finnish universities with the assistance of Nokia for their application to products. Most recently, Finpro and Tekes have joined forces.

"Finpro is now working with Tekes to help commercialize the viable products that come out of the R&D process," says Kuismin.

There are important lessons to be learned from the Finnish model, and Poland is starting to take note. Minister Kleiber was in Finland last year to visit with Finnish institutions that support the innovation models. January, 2005 will see a new project between the Finnish Ministry of Trade and Industry and the Polish Ministry of Labor and Economy to stimulate innovation on the Finnish model, as part of a larger Polish legislative initiative to foster better cooperation between scientific academies and private business.

This culture of innovation coupled with export promotion breeds positive ambitions. Mr. Forsell from SESCO Technologies describes a vision for Finnish software companies that track's Israel's success in this sector. "Israel has 2 percent of the global market for software, whereas Finland has 0.5%. If Finland could reach 2% of the global software market it would have a huge impact on the Finnish economy. Israel has about the same population as Finland. If they can do it, why not us?"

Kuisim sees a growing trend of Finnish companies trading with and investing in Poland, and particularly technology companies like INA and SESCO Technologies.

"Finnish companies tend to be more conservative in their business dealings," he said. "Now is the right time for them."

■ Robert Kopacz



Due to our continued expansion EUROMOST will be moving to new offices in Warsaw, from Monday 6th December 2004.

Our new address and new telephone numbers are given below.

Uprzejmie informujemy, iż w związku z rozwojem naszej firmy z dniem 06.12.2004 (poniedziałek) EUROMOST zmienia siedzibę.

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Euromost Polska Sp. z o.o.
Atrium Plaza, Al. Jana Pawła II 29
00-867 Warszawa

T: +48 22 58 13 777

F: +48 22 58 13 778

Email: warsaw@euromost.com.pl

Web site: www.euromost.com.pl