

Successful and Different: From Visions to Solutions in 2006

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The "From Visions to Solutions" forum took place for the 8th time this year. Organisers concentrated on companies which have succeeded because they have approached their business in a different way.

The annual "From Visions to Solutions" forum traditionally takes place in Estonia's summer capital, Pärnu, bringing together executive and specialists from information technology and telecommunications companies. Each event helps delegates to look at business from a new angle. Experiences are shared, and new solutions are found.

Competition and co-operation were keywords for the conference in 2003. The Baltic States were soon to become EU members, and that meant more extensive competition in the ICT sector on the one hand, but also new possibilities for joint projects aimed at success in the EU market on the other hand.

The next year, the focus was on customers. The organisers of the forum felt that it was becoming an event of information for IT&T service providers and that those for whom the services are meant were being forgotten.

In little Estonia, it feels as if it is hard to make many breakthroughs, as there is insufficient money, the market is too small, and there is a lack of qualified personnel. Last year delegates to the conference spoke about how to overcome geographic mental and age-related limits.

This year the event was focused on companies which have succeeded as a result of engaging in business in a different way or of offering unprecedented services. Estonia, as a small country, must approach new global markets in a creative and innovative way. To be sure, a bit of luck is required, as well.

HOW TO BE DIFFERENT?

Gustav Hafren, an expert in differentiation and positioning from Trout & Partners (Finland) was invited to talk about these topics in relation to the ICT sector. Hafren first reminded the audience that marketing and innovation are the heart and soul of any company. "How many times have you seen Skype's ad on TV?", asked Hafren, pointing out that companies have to find new marketing possibilities and arguing that Skype has pushed the envelope in this regard.

The position of the company must be determined first so as to differentiate it from the competition, which is getting tougher every day. Companies, according to Hafren, can

be divided up into four groups – leaders, challengers, flankers and guerrillas.

Leaders dominate in a specific area. Google, for instance, is the world's leading search engine, while iPod by Apple is the best selling content player. The leader must continually defend its position, attack its own older products, and block all moves by competitors.

Challengers are in second place, and the leader is their target. Challengers must find a leader's weak spots and attack these as quickly as possible.

The flanker is somewhere behind the challenger. A company in this position must find a niche which isn't occupied by larger competitors. The flanker must surprise its competitors and remember that pursuit is just as critical as the attack.

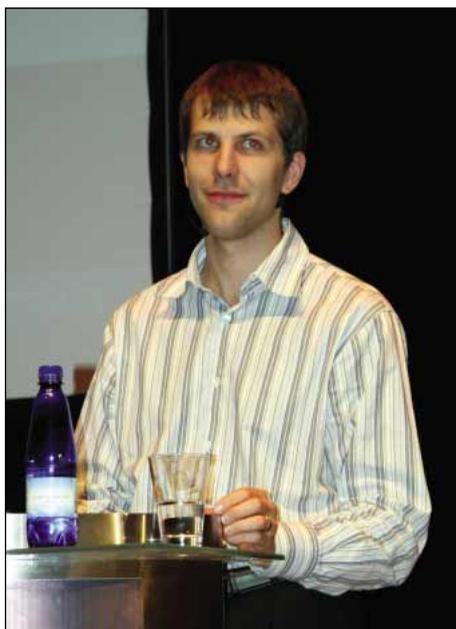
Guerrillas, meanwhile, look for market areas which are still free. If there are dangers, guerrillas are prepared to disappear quickly.

GOING GLOBAL

The Smartlink Group has been present in the Estonian IT market for years, mostly offering terminal solutions. When executives began to expand their market, they decided to look for some help. Siri Sant Khalsa, who hails from the United States and



Priit Alamäe (Webmedia Group) tells listeners that the process of globalisation is costly for a company



*Rein Lemberpuu (Playtech Estonia):
The guarantee of success is the
customer's wishes and suggestions*

had a great deal of business experience, was hired as CEO.

"I want to meet your wives," Khalsa told the Smartlink owners before the process began. "I don't want them to hate me for making you work at least two times harder than you do now." The initial period of global expansion was known within the companies as "Three Times Time", because all things – work, travel and problems – had tripled.

Before any global expansion, the background must be studied first. "It's better to spend money to learn whether globalisation will be a solution for your company than to enter the globalisation process all at once. Then you risk spending much more money, only to discover that the process won't work," explains Khalsa. "Does it make sense to bring what you have outside of the current market?"

Smartlink took almost two years to conduct thorough background research. It interviewed customers, partners and competitors and launched a few pilot projects. Now Smartlink is ready to take on the world.

Webmedia Group CEO Priit Alamäe agrees with Khalsa – you have to do everything at least three times more when you go global. "You have to travel like hell," he explains.

Webmedia, a software developer, was established in 2000 and has expanded considerably over the last several years. The company has offices in Estonia, Lithuania, Finland, Romania and Serbia. Nevertheless, Webmedia took a different approach to globalisation than Smartlink did. Alamäe says that his company pursued the "Estonian way – we just went out and made it work. Smartlink's tactics are definitely correct, but somehow we never thought of doing that, and our expansion was natural."

Alamäe has learned a few things over the last few years. First, the company and the customer have to understand from where you are coming. Estonia no longer wants to identify itself as a source of cheap labour, and it doesn't want to be seen as an Eastern European country, but on the other hand, it is not yet quite a member of the club of Nordic countries. Alamäe points out that cultural differences and the way in which they affect work processes must also be understood: "We have things to share, but we must remember that a good product doesn't sell itself," he says. Alamäe finished his presentation with a positive statement which was heard repeatedly at the forum: "The Estonian business culture is an enjoyable one."

A third company, Playtech, has also set an example for other companies. It's a key player in the development of online casino software. The company sells its products in North America and Europe and is also conquering the Asian market.

What was the key to success for a company which is only five years old? Some of it is pure luck. IT experts from Estonia came together with businesspeople from Israel. This reveals another element of success – each company works on its part of the project alone. The Estonian office specialises in the development of software, while sales work is done entirely outside of Estonia.

The Playtech CEO in Estonia, Rein Lemberpuu, tries to describe the business model of the new generation. Flexibility, youthfulness, a high level of education, the ability to evolve, and the capacity of switching gears quickly – these are key elements in Playtech's style.

Globalisation and development issues are important not just for Estonia, but for ICT companies throughout Europe. The Lisbon Strategy, which sought to turn Europe into the world's most innovative region has plainly failed. New competitors are making the situation more and more complex. "China overtook the USA as the world's leading ex-



Priit Alamäe (Webmedia Group) told listeners about what she called the "@ Generation" – 11-year-olds today no longer think of themselves as children



The mascot of the forum, Lotte, is the hero of a new Estonian cartoon, "Lotte From Gadgetville". Lotte is the leading innovator in Estonia

porter of ICT goods in 2004," says Ulf Pehrsson, a board member of the European Information, Communications and Consumer Electronics Technology Industry Association (EICTA). The association is doing what it can to help, but Pehrsson reminds governments in the region of what they must do: "Invest in the building of a knowledge society!"

NEW CONCEPTS

As the marketing expert Hafren said on the first day of the forum, it is important for new companies to find a market niche that is not yet occupied. "From Visions to Solutions" presented several such firms.

The Finnish company Golla doesn't manufacture software or gadgets – instead it produces accessories which improve the look of gadgets. "Imagine a world in which there are only black shoes," said the company's sales director, Bernhard Gerlich. He added that the market for cell phone carrying cases was just like that for years. That inspired the company to produce colourful and well-designed carrying cases. Golla now offers a wide range of cases for players, laptops and other gadgets.

EMT is not a newcomer to the market. On the contrary, it is

Estonia's oldest cell phone operator. In 2006, the company took over a controlling share in a social network, www.rate.ee, for approximately EUR 2.5 million. The deal attracted an enormous amount of media attention. At the forum, EMT marketing director Piret Mürk, explained why the deal was organised. "We had to expand our limits, because services were changing," she said. "It felt like the right time to buy rate.ee." The new Web site offered EMT new marketing opportunities, as well as a chance to participate in the lucrative online advertising business.

A project manager for Positium OÜ, Yoko Alender, introduced a new service which is called social positioning. Mobile positioning technologies have been around for a long time. Positium entered the market with knowledge about geography, and it started to offer positioning services, too – ones which can be used to plan urban development or tourism services, or, on a personal level, to learn one's route.

DESIGN WILL SAVE THE WORLD

Professor Martin Pärn and Signe Kivi, rector of the Estonian Academy of Art, focused their presentations on product design. Both speakers emphasised that a designer must be involved in the development process

from the very beginning. "You can't hire a designer to make finished products more beautiful," pointed out Kivi. She also presented good examples of Estonian product design, as well as many solutions which suffer from poor design. "Design is everything around us," she said. "Let's work together to make it better."

BACK NEXT YEAR

The "From Visions to Solutions" forum certainly covered far more ground than can be described here. The secretary general of the Estonian Finance Ministry, Tea Varrak, described future government plans on investing in the ICT sector. Professor Martin Pärn demonstrated good design techniques. Professor Marju Lauristin talked about the new generation and its consumption habits. And Veiko Sepp, director of the Ericsson Mobility World in the Nordic and Baltic States explained how large and small companies can co-operate and co-exist.

The forum offered people a chance to learn about new solutions. At the conclusion of the event, Piret Mürk asked those delegated who had found new ideas to raise their hands – almost everybody did. This feedback assures organisers of the fact that innovators will meet again in Pärnu next year. □



Signe Kivi, rector of the Estonian Academy of Art, demonstrated how funny sunglasses can be a symbol of good design