

Nokia dumps CEO, turns to Microsoft exec

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Writer



Nokia's new Chief Executive, Stephen Elop, speaks during the press conference Friday, Sept. 10, 2010, in Espoo, Finland. Nokia Corp, said on Friday that Chief Executive Olli-Pekka Kallasvuo will be replaced by Head of Microsoft's Business Division Stephen Elop on September 21. (AP Photo/Lehtikuva, Antti Aimo-Koivisto)

(AP) -- Nokia Corp. is replacing CEO Olli-Pekka Kallasvuo with top Microsoft executive Stephen Elop as the world's top handset maker aims to regain lost ground in the fiercely competitive smartphone market.

Elop, head of Microsoft's business division, has held top posts at Juniper Networks Inc., Adobe Systems Inc., Macromedia Inc. He takes over Sept. 21, the company said Friday.

Analysts welcomed the choice of the 46-year-old Canadian, who has worked closely with [Nokia](#) at Microsoft and Macromedia with

developing the Symbian software platform for Nokia phones and delivering Flash player memory capabilities on Nokia devices.

"On the software side he will be an asset to the company," said Neil Mawston from Strategy Analytics. "The handset market is computerizing, so having an idea where the [mobile handset](#) software is heading in the future will be beneficial."

The company's share price jumped almost 4 percent to euro8.04 (\$10.22) in mid-afternoon trading in Helsinki.

With Nokia stock down more than 20 percent this year due to two profit warnings, Nokia veteran Kallasvuori had come under increasing pressure amid speculation he would be ousted.

Jorma Ollila, chairman of the board and former CEO credited with developing the Finnish company to an international leader in the mobile sector said Elop has "a strong software background and proven record in change management" to help Nokia meet new challenges.

In 2005, Elop became CEO of Macromedia, maker of Flash software, just months before Adobe bought the company. Flash allows people to use their Web browsers to watch Internet video and animation, and the software is now increasingly used on mobile phones.

He is a computer engineering and management graduate from McMaster University in Hamilton, Ontario, and also served as a systems executive at Boston Chicken, Inc.

"My job is to take this organization through a period of disruption," Elop told reporters. "Nokia has many great assets in smartphone arena. It's about the entire experience, it's about the platform, it's about the applications, it's about the services."

Elop said a key focus would be "to ensure and deliver that end-experience, not only what you think of as a device but all of the supporting elements."

The 57-year-old Kallasvuo, who joined the company in 1982, will leave as president and CEO on Sept. 20. He will give up his seat on the board of directors with immediate effect and be replaced by Elop, who heads Microsoft's business division.

Kallasvuo will continue to chair the board of the Nokia Siemens Networks unit in a non-executive capacity, the company said.

Elop made a striking difference to Kallasvuo's stiff press meetings made in halting English. He discussed ice hockey - close to Finnish hearts - and even joked about Finnish licorice candy he didn't like.

"It seems that Nokia is now ready for an international charismatic leader," said Microsoft Finland [CEO](#) Ari Rahkonen. "He is an international leader with broad international networks, a very charismatic performer and very keen on technology."

The appointment would appear to be a logical choice for Nokia, which increasingly has turned to providing more services for handset users such as music and video downloads, navigational maps and games, in a global online market it estimates will reach euro100 billion this year with some 300 million active users by 2011.

Also, Elop been an integral part of the growing cooperation between Nokia and Microsoft in recent years.

In 2009, Nokia launched its first laptop, a netbook with a 10-inch screen that runs on Microsoft's Windows 7 [software](#). Previously, access to some of Microsoft's most popular Web services, like Hotmail and Windows

Live Messenger, have been built into Nokia phone models.

Although it is still the world leader in handset sales - with a 33 percent market share - Nokia has been slow at detecting the latest trends, like folding clamshell models and touch screen handsets.

Markets have for long been expecting something fresh and new from the company that once had the innovative edge in the industry but that has not happened since Kallasvuo took over in 2006. He has also been unable to tackle problems in the North American market, the company's worst performer, despite a pledge to make it a top priority.

Kallasvuo's departure was hinted at as early as July. When announcing the company's second-quarter earnings report, he conceded that rumors that he might be replaced were "not good for Nokia, and in one way or other we should be able to solve the problem to end the speculation."

Nokia also has predicted that while global mobile market will grow 10 percent this year its own growth will remain flat and its ailing network sector, Nokia Siemens Networks - a joint venture between Nokia Corp. and Siemens AG of Germany - continues to see revenue fall.

Nokia, based in Espoo near Helsinki, employs 130,000 people worldwide.

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