

Nokia 'on a burning platform,' boss warns

February 9 2011, by Aira-Katariina Vehaskari



Nokia -- the world-leading mobile phone company -- is "standing on a burning platform," surrounded by a "blazing fire" of competition, new company head Stephen Elop, seen here in 2010, said in an internal memo obtained by AFP.

World-leading mobile phone company Nokia is "standing on a burning platform," surrounded by a "blazing fire" of competition, new company head Stephen Elop said in an internal memo obtained by AFP on Wednesday.

Elop's memo paints a picture of a man on a burning platform who must take the drastic move of plunging into icy waters in order to save himself, adding that the company must now make a similar radical choice.

"In ordinary circumstances, the man would never consider plunging into icy waters. But these were not ordinary times -- his platform was on fire... We too, are standing on a 'burning platform,' and we must decide

how we are going to change our behaviour," Elop wrote.

The memo is a scathing indictment of Nokia's "non-competitive" operating system Symbian, a lack of accountability and leadership, painfully slow product delivery, a lack of internal collaboration and a general "series of misses".

The Finnish company was once the juggernaut of the [mobile world](#), with a 40 percent share in the mobile device market as recently as the second quarter of 2008.

That figure has been sliding ever since, hitting just 31 percent in the fourth quarter of 2010.

Although Nokia refused to officially comment on internal communications, a company source told AFP the memo was genuine, and was sent to employees last week.

"We have more than one explosion -- we have multiple points of scorching heat that are fuelling a blazing fire around us," continued Canadian Elop, who took over as the first non-Finnish CEO last September.

With this brutally honest appraisal of the company's woes, Elop appeared to be sowing the ground for a spectacular shake-up of corporate strategy, which he is expected to unveil on Friday during the company's strategy and financial briefing in London.

"When we share the new strategy on February 11, it will be a huge effort to transform our company," he wrote.

Ahead of the big day, there have been a flurry of rumours about what to expect, including a report by German weekly WirtschaftsWoche that

Elop plans to sack half of Nokia's management.

Elop berated the fact that Nokia still does not have a product that can come close to the experience offered by Apple's iPhone.

In the low-end range, he pointed to Chinese companies who crank out cheap devices faster than Nokia "can polish a PowerPoint presentation."

Most telling is Elop's description of the "ecosystems" of rival mobile phone operating platforms, especially Google's Android, which surpassed Symbian in December as the most-shipped smartphone platform according to market research group Canalys.

"Our competitors aren't taking our market share with devices; they are taking our market share with an entire ecosystem. This means we're going to have to decide how we either build, catalyse or join an ecosystem," wrote Elop.

During a conference call with analysts after annual results, Elop praised Symbian and said the company had high hopes for the platform.

"It's one of the few assets the company has in software, even though it's not perfect... but even so, it's one of the better things they have going," Nordea analyst Sami Sarkamies told AFP.

Even so, speculation has been frenzied that Elop would choose some kind of co-operation with Android particularly in the North American market where Symbian is on shaky footing.

Another possibility, says Sarkamies, is that [Nokia](#) will abandon its newer high-end smartphone platform MeeGo entirely, which had failed to materialise in new products despite intensive development.

Elop wrote in his missive that he did not doubt Nokia's "brilliant sources of innovation", but said the problem was in bringing these innovations to the market -- a sentiment which has been repeated by analysts for years.

"Symbian3 came one quarter late, and we're still waiting for the first software updates even though the products have been on the markets for four months now. If you look from the outside, too little seems to come out of the company, and it's coming out too slowly," said Sarkamies.

All in all, the memo seems to confirm what market watchers have been saying since the industry giant revealed in its annual report that it still hasn't stopped bleeding out market share to its competitors: on Friday, Elop intends to seriously shake up the company.

(c) 2011 AFP

Citation: Nokia 'on a burning platform,' boss warns (2011, February 9) retrieved 26 April 2024 from <https://phys.org/news/2011-02-nokia-platform-boss.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--