Former CEO concedes mistakes in Nokia's downturn (Update)

October 17 2013, by Matti Huuhtanen

Jorma Ollila, former chairman and CEO of Finnish mobile phone maker Nokia, speaks during a news conference on his biography published in Helsinki, Finland, Thursday, Oct. 17, 2013. Among the other stages of his life, the biography consists the 14 years he worked with one of the world's biggest manufacturer of mobile phones. (AP Photo/Lehtikuva, Vesa Moilanen)

Former Nokia CEO Jorma Ollila, who steered the Finnish company to become the world's biggest maker of cellphones, has conceded that several mistakes were made during his tenure, including a failure to

predict changing customers' needs and developing new software.

In his memoir, which translates from the Finnish as "An Impossible Success," Ollila says that after 2001 Nokia was unable to sustain its role as the main innovator in the wireless industry because of tough competition both from the smartphone sector and makers of cheaper handsets in Asia.

Several Nokia models flopped and the company failed to sense popular trends such as touch screen models and folding clamshell phones, which Ollila describes in his 450-page memoirs as "predators."

At the book publication on Thursday, Ollila said that Nokia became "painfully aware" that its cellphone platforms lagged behind U.S. software and that it was unable to meet challenges posed by the iPhone.

He also pointed a finger at American service providers who felt that Nokia's 20 percent market share in North America was too great.

Even as they told Nokia that there was no demand for smartphones that cost more than $300, Apple was in the process of launching the iPhone with a price tag of more than $600.

Jorma Ollila, right, former chairman and CEO of Finnish mobile phone maker Nokia, speaks during a news conference on his biography published in Helsinki, Finland, Thursday, Oct. 17, 2013. Among the other stages of his life, the biography consists the 14 years he worked with one of the world's biggest manufacturer of mobile phones. Ollila has written his biography with Harri Saukkomaa, left. (AP Photo/Lehtikuva, Vesa Moilanen)

"Apple, though, had managed to create something completely new; an excellent user experience and a solution in which the phone was a key to the ecosystem of services and applications," Ollila says in the book. "A whole new ecosystem was born which Nokia had been unable to create."

Ollila had joined the former maker of paper, gum boots and cables in 1985 and headed the company for 14 years, steering it from home electronics to wireless technology. In 2006, when its global cellphone market share peaked at 41 percent, Ollila felt tired and wanted to step down although he remained an active member on the board.

He was succeeded by longtime Nokia team member Olli-Pekka Kallasvuo, who was unable to turn round Nokia's fortunes and Ollila found himself with the task of finding a new CEO in 2010.

Microsoft Corp. executive Stephen Elop was chosen to replace Kallasvuo, though he had not been Ollila's first choice.

Nokia's woes continued under Elop, and in 2011 Nokia announced cooperation with Microsoft to replace its older software with the Windows platform. However, the handsets haven't sold well and last month the two companies announced a new $7.4 billion deal in which Microsoft is buying Nokia's smartphones and a portfolio of patents and services.

Ollila described the planned sale to archrival Microsoft as "dramatic and brave" on the part of the board, adding that "it was a sad to see how more than 40 years of Finnish engineering is being sold abroad."

Citation: Former CEO concedes mistakes in Nokia's downturn (Update) (2013, October 17) retrieved 6 May 2024 from https://phys.org/news/2013-10-ceo-concedes-nokia-downturn.html