

Division of Europe

*“A report outlining how Finland,
Capital of the 'New Northern Europe',
can profitably contribute to Astrata's global marketing plan”*



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Introduction

The Astrata Group designs and develops advanced telematic solutions that combine GPS positioning, wireless satellite and terrestrial communications with geographical information technology. These solutions enable businesses and government institutions to monitor, track and control the movement and status of machinery, vehicles, personnel and other mobile and stationary assets. Astrata has designed, developed, manufactured and currently supports ten generations of telematic systems with over 400,000 thousands units deployed in the field worldwide.

Astrata Global Markets

World markets play a crucial role in the success the Astrata Group has enjoyed since it's creation in 2004. Currently, Astrata has offices and operations in: United Kingdom (Europe & Africa), Australia, New Zealand, United States, Singapore (Asia Pacific), Brunei, Malaysia and Dubai (Middle East).

Until now, business has been generated in one of two ways:

- Through well connected individuals that have direct access to key government officials and ranking corporate executives
- Companies maintaining and supporting complimentary products and services.

There is, however, a third aspect to consider and this includes market entry through joint venture. Astrata currently has two ongoing joint ventures worthy of mention. One is in Dubai, which allows entry into the Middle Eastern market. The other is with a Colorado based company called PassTime. The latter relationship is extremely interesting. It allows Astrata a competitive advantage in foreign markets by co-marketing PassTimes portfolio of GSM based payment solutions geared toward the specialised finance industry. The Astrata Group is by no means shy to partnerships or alliances. Astrata itself is an international company formed through the purchase, consolidation, integration and re-branding of three of the world's leading GPS and telematics companies. That said, Astrata is prepared to dedicate itself at becoming a player dedicated to the local needs of business and industry. Conformed to national traits and customs. With this in mind, it is easy to see how the Astrata global market has evolved and taken shape. Especially, when we take a look at their current corporate website. Typically, companies break up their international operations according to geographical regions as illustrated by many MNE corporate websites. Hence, countries are grouped under specific world regions, including: EMEA, North America or APAC. Yet, on Astrata's website, their views on the global market, at least in this readers mind, are denoted by where successful market penetration has been found and achieved. Thus, the more conventional terminology like Pacific Rim, Northern Europe or even European Union have been avoided altogether. Although the consolidation of many of their foreign offices could be easily grouped under a single label like "Pacific Rim" or "APAC". Instead, the classification of international offices and operations is done in a manner which denotes the success each location has achieved and brought to the table. A feeling of ownership becomes apparent. Certainly, if this assertion is correct, it focuses on an important point of granting responsibilities and decision making ability to teams at a local level. Exactly where the business is happening. This is extremely important because customs and cultural norms are better understood at the local level. Conversely, in the classification of "Europe & Africa", we find the situation much different. This in turn, has given rise to the "Problem Statement" this paper will now briefly examine. Namely, how can the European market be territorially divided, perhaps even proportionally characterised, in order to profitably derive a geographical market promising to the core business of the Astrata Group?

Problem Statement – Division In Europe

Astrata has identified the European and African markets as being operated solely through its U.K. office. This may add a bit of confusion when we bear in mind that each region listed on the Astrata website maintains a local presence. For example, Auckland, Australia; Melbourne, New Zealand; Colorado, U.S.A.; California, U.S.A.; or Kuala Lumpur, Malaysia. Thus, the office listings are more country specific than region specific. In turn, it is possible that because Astrata is a growing organization it has simply grouped the remaining regions of the world into a single heading, “Europe & Africa”. In certain respects this makes sense. On the one hand, whilst the U.K. office serves two continents, it only remains at the most +3 hours GMT behind the markets it serves. The appearance of being “local” and able to support the customer in real time can be maintained. Additionally, the European market remains in close proximity to London. As an example, a flight to Helsinki, the northern most capital in this market, only takes 2 hours 30 minutes to fly. Similarly, a flight to Kiev, the most eastward capital, is just 2 hours and 50 minutes away. A more lengthy venture to the southernmost market of Cape Town, will take 11 hours and 35 minutes.

The amount of business generated in the European market leaves much to be desired. A recently offered perspective as to why business hasn't achieved a satisfactory level included the following:

1. Europe is supported by small sales and management teams
2. U.K. office is too broadly spread.

Indeed, it has been noted that an optimal approach needs to be formulated, in which, additional business can be extracted from the European market. In this analysis, we will consider how Europe can be segmented in order to derive a specific market area that can be potentially profitable to manage. It is important to note that “Europe” will be broken into two parts for the purpose of this discussion forward. Namely, the “New Northern Europe” and “Rest of Europe”. The “New Northern Europe” for the moment, as defined by the Finns, will be considered as comprising the countries and regions of: Denmark, Estonia, Finland, Kaliningrad-Russia, Latvia, Lithuania, Norway, Sweden and the St. Petersburg Corridor. This region has a total population of 38,892,832 and is broken down as follows:

Population of the New Northern Europe

Denmark	5,484,723
Estonia	1,307,605
Finland	5,244,749
Latvia	2,245,423
Lithuania	3,565,205
Norway	4,644,457
Russia, Kaliningrad	955,281
Russia, St. Petersburg Corridor (Russian Side)	6,400,000
Sweden	9,045,389
Total	38,892,832



The population for the “Rest of Europe” is listed below:

Population of “Rest of Europe”

Albania	3,600,523
Andorra	68,403
Austria	8,169,929
Belarus	10,335,382
Belgium	10,274,595
Bosnia and Herzegovina	4,448,500
Bulgaria	7,621,337
Croatia	4,437,460
Cyprus	788,457
Czech Republic	10,256,760
France	59,765,983
Germany	83,251,851
Greece	10,645,343
Hungary	10,075,034
Italy	58,751,711
Netherlands	16,318,199
Poland	38,625,478
Portugal	10,409,995
Romania	21,698,181
Serbia	9,663,742
Slovakia	5,422,366
Slovenia	1,932,917
Spain	45,061,274
Switzerland	7,507,000
Turkey	70,586,256
Ukraine	48,396,470
United Kingdom	61,100,835
Total	619,213,981



As can be concluded from the population, the U.K maintains responsibility over a vast market totalling over 658,106,813 inhabitants. Bear in mind this excludes Africa. I believe the Astrata Group is growing and evolving in it's international business. As seen, success has been achieved in those markets in which offices have been established to cater to the needs of the local market. This is what I believe makes the Astrata Group successful internationally. That said, I would like to offer a comparison between the Astrata defined market regions of “Asia Pacific & Middle East” and that of “Europe & Africa”. As pointed out earlier, and as I tend to believe, countries that have excelled aren't necessarily categorized under a common regional label but rather notated by a country specific connotation. Suggesting a specific office handles a specific region or country. It is my suspicion that the “Asia Pacific” markets are maturing. They have apparently evolved into their own manageable entities within a country under a regional label. Aren't we already seeing this? Australia and New Zealand on the other hand are only referred to by their own country names. Yet, regionally or geographically they have not been assigned. The same holds true for the United States as well. Perhaps as these markets develop they will take on more conventional names reflective of the markets they represent. Like North America or Oceania. Below, is a table I created that stresses my point of view.

Astrata World Headquarters and Field Locations

Asia Pacific & Middle East	Europe & Africa	America	Australia & New Zealand
Singapore	United Kingdom	California	Auckland
Brunei		Colorado	Melbourne
Malaysia			
Dubai			

Cultural Map of Europe

One of the factors that may be compounding issues faced in Europe is that there are many types of people and cultures. I have created a table that identifies specific cultural groups of people in Europe (see below). I have also provided a map that highlights the regions they come from. As can be determined, many regions are bound together by characteristics that include: proximity, language, military occupation and geographical location. As we will soon see, regional characteristics play an extremely important role when deciding where to establish a business.



Cultural Groups within Europe

European Regions				
<i>Artics</i>	Iceland	Greenland		
<i>Nordics</i>	Denmark	Finland	Norway	Sweden
<i>United Kingdom</i>	Great Britain	Northern Ireland	Wales	Scotland
<i>Hispanic Peninsula</i>	Spain	Portugal		
<i>Lone States</i>	Ireland	France	Italy	Greece
<i>Eastern Europe</i>	Warsaw Pact	NIS		
<i>Benelux</i>	Belgium	Netherlands	Luxembourg	
<i>Germanic</i>	Germany	Austria	Lichtenstein	Switzerland

Up until this point, I have attempted to deliver a rendering as to how I believe the Astrata world market has and will develop. My remarks have been based upon conversation, intuition and review of the Astrata website. Additional research was also conducted online. With that in mind, I have attempted to define the problem statement as being that of a “Division in Europe”. This expressed in the context that Europe consists of many nations, many peoples and many cultures. The foundation for this formulated through research, personal experiences and the evaluation of current market evolution and maturity from the corporate level down. The latter being highly expounded upon above. As an “outsider” looking in, it appears that success is measured in terms of individual countries and the business they succeed in bringing through the door. Not necessarily in terms of a “head office” and the geographical territory it is responsible for managing in a conventional sense. I formulated this hypothesis by the notion that a

successful “foreign office”, isn't necessarily identified by the geographical market region it is in, but rather identified locally by the business it is able to acquire from the local market it represents. In this light, are we better able to understand the worldwide offices Astrata maintains and not necessarily the regions you may assume they represent or manage. Overtime, I envision regional development similar to the “Asia Pacific” office. Here we have a regional office and “field” or “satellite” offices in the host countries.

As proposed at the outset, we will consider how the European market can be territorially divided, perhaps even proportionally characterised, in order to profitably derive a geographical market promising to the core business of the Astrata Group. We will specifically look at the role Finland plays in its claim to being the capital of the “New Northern Europe”. This may very well pose some interesting challenges. Challenges that do not necessarily deal with Finland directly, but rather Astrata wanting to conduct business in a foreign market like the “New Northern Europe”, while remaining committed to supporting it. As an example, it is reflected in the foreign offices that Astrata maintains worldwide that each country maintains the English language as an official language. Rationale might then lead one to believe that only countries maintaining English as an official language will be invested or marketed to. Regardless, to be successful in the global market place, we will need to leave certain comfort zones, while overcoming certain risks.

To summarize, performance can be strengthened! Obviously, there are issues effecting profitable performance. Yet the precise causes effecting positive growth are outside the realm of this discussion. What we can do nonetheless is come to the realization that an issue does exist. As to how the problem or problems are appearing or manifesting themselves, has yet to be revealed. But a general rationalization may reside in the markets as an indicator. Entry into foreign markets; and I'm not eluding to this being the case here; without the proper support or marketing plan can have an enormous consequential negative impact. Potential losses can include:

- loss in increased sales and profits
- loss in global market share
- loss in diversification
- loss in lower per unit costs
- loss in the sale of excess production capacity
- loss in product life-cycle expansion
- loss in acquiring new knowledge and experience
- loss of present and future customers

With these thoughts in mind, market entry needs to be planned, calculated and supported. Implementation needs to be precise with precision execution and accuracy. Lastly, a team of extraordinary and high calibre business professionals needs to be put into place in order to carry out the market plan.

Let's take a look now and consider how the “New Northern Europe” can play a vital role within that responsibility.

The New Northern Europe

Overview

The collapse of the Soviet Union is 18 years behind us. Yet, it is still evident that the path to a free and open economy has stressfully posed challenges to many newly independent states within Europe. At the same time, countries such as Finland, which depended upon the Soviet Union as an important trading partner, soon felt the rug pulled from under her feet. A valuable export market was lost. Industries declined and economic chaos was on the horizon. One of the deepest recessions to hit Finland started in the early 90's. By 1994, the unemployment rate rose to over 21%! Economic stability wasn't restored until almost a decade later.

The IMD is one of Europe's leading business schools. Each year the IMD releases their yearly "IMD World Competitiveness Yearbook", which contains statistical data on 55 countries from around the world. 331 types of criteria are measured. The criteria is broken down into four categories known as "Competitiveness Factors". They account for such things as: economic performance, government efficiency, business efficiency and infrastructure. Once the country scores have been tallied they are published in the "The World Competitiveness Scoreboard". Below, I have created a table which lists all the countries in the "New Northern Europe" along with their rankings from 2000 to 2008. I have also extended the table and data to include totals, average and rank. As can be seen from each countries world ranking the Nordic countries, with the exception of Iceland, have on average consistently ranked in the top 11% during the past nine years. When we look at the Baltic States, the story is much different. With the exception of Estonia, both Latvia and Lithuania did not even gain recognition by the IMD to even be included as a country with importance to the world economy. Thus they failed to place. Having worked in this region for the Government of Finland, I reported the economic, business and political climate of the Baltic States, in various monthly journals I wrote for. My conclusion as to why Latvia and Lithuania have not been included in the IMD yearbook may have more to do with socio-economic issues then anything else. As one example, the "Russian" question is still an open and unresolved issue in Latvia. Not too long ago, Latvia refused to even issue these citizens passports. Preferring to issue only alien passports instead. Lithuania on the other hand seems to have just crumbled. Just recently it was ranked in 1st place by Gallup as the most corruptible country in the world. Russia was listed as 7th and Latvia 12th. As for the least corruptible countries in the world, Finland took 1st place as the world's role model society. Denmark followed in 2nd. Norway and Sweden came in 7th and 10th place respectively. Estonia ranked toward the middle at 39th place..

The World Competitiveness Scoreboard 2000-2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total	Average	Rank
Denmark	13	15	6	3	7	7	5	5	6	67	7.4	2
Estonia	DNP	22	21	17	28	26	20	22	23	179	19.8	5
Finland	4	3	2	1	8	6	10	17	15	66	7.3	1
Latvia	DNP	0	0	7								
Lithuania	DNP	31	36	67	33.5	6						
Norway	17	20	17	12	17	15	12	13	11	134	14.8	4
Sweden	14	8	11	7	11	14	14	9	9	97	10.7	3
Russia	47	45	26	54	50	54	54	43	47	420	46.6	8

DNP=Did Not Place

The Nordics

The Nordic countries have a long tradition of openness towards the outside world. This tradition is the most important explanation of their strong economic development. The Nordics are committed to the conviction that future economic prosperity will depend heavily on a willingness to participate in the increasingly open and global economy. The Nordic community shares a clear commitment to free trade, a market economy, the rule of law and democracy.

The Nordic Region is defined as comprising Denmark, Finland, Norway and Sweden. It is an extremely sophisticated and lucrative market. All are very competitive, maintain political stability and economic harmony. Ranked as the eighth largest economy in the world, its 24.5 million consumers are constantly on the lookout for high-quality and reputable products from abroad. This makes the region an ideal test market for new products and services, while at the same time, remaining a region easy for companies to enter. The Nordic region, particularly from Finland, serves as a gateway to the Baltic States, Northwest Russia and many other surrounding regions.



The 2008 World Economic Forum's annual review of global competitiveness ranked three Nordic countries among the six most competitive economies in the world. The rankings are calculated from both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum together with its network of Partner Institutes in the countries covered by the report. Last year, over 12,000 business leaders were polled in 134 countries. The survey is designed to capture a broad range of factors affecting an economy, including: business climate, quality of economic policies, fairness and transparency of legal environment, as well as new technology and innovation. The report also includes comprehensive listings of the main strengths and weaknesses of countries, making it possible to identify key priorities for policy reform.

Country	GCI	GCI	GCI
	2008 Rank	2008 Score	2007 Rank
United States	1	5.74	1
Switzerland	2	5.61	2
Denmark	3	5.58	3
Sweden	4	5.53	4
Singapore	5	5.53	7
Finland	6	5.5	6
Germany	7	5.46	5
Netherlands	8	5.41	10
Japan	9	5.38	8
Canada	10	5.37	13

Global Competitiveness Index 2008 and 2007 Comparisons

Foreign companies active in the Nordic market rarely encounter trade barriers or market entry difficulties. Each country has its own strengths, but all countries are well known for their state of the art infrastructure, efficient wireless telecommunications, transportation and logistic, as well as, smoothly functioning societies.

Denmark, Finland and Sweden are members of the European Union (EU). Norway is linked to the EU through the European Economic Area (EEA) agreement. By virtue of the EEA, Norway is practically a part of the EU's single market. Norway implements most of the EU directives as a result of its EEA obligations. Keep this latter point in mind when we take a look at Kaliningrad.

The Nordic countries are among the world's wealthiest and most highly educated societies. The Nordic people are dynamic self-starters. Finland has a virtual 100% literacy rate and the rest of the Nordics place in the top 99+% as well. English is widely spoken and commonly used in business, making the market easy to enter and business agreements reliable and trustworthy. Below are the recently released figures for the 2008 GDP per/capita for the Nordic region.

2008 Gross National Product per Capital

GNP	Population	GNP/Capita(est.)	
Sweden	\$450 billion	9.1M	\$49,000.00
Norway	\$390 billion	4.6M	\$85,000.00
Denmark	\$312 billion	5.4M	\$58,000.00
Finland	\$246 billion	5.2M	\$47,000.00
Latvia	\$27 billion	2.8M	\$10,000.00
Estonia	\$21 billion	1.7M	\$12,000.00

The Nordic countries are also the strongest European performers in the area of innovation, attributable to their aggressiveness in adopting new technologies and their level of spending on R&D, and the high degree of collaboration between universities and the private sector in research. In terms of innovation “output”, they register the highest rates of patenting per capita internationally. The Nordics have also achieved a high level of social inclusion, with low unemployment, and a strong participation of women in the workforce, especially in Finland and Sweden. The Nordic countries also invest in developing high level skills and skills upgrading through educational programmes and strong on the job training.

Entry into the Nordic market is a straight forward and seamless process. Unlike other foreign markets, entry into the Nordic region is void of problems that include issues involving:

- Environmental problems
- Social Unrest
- Underdeveloped infrastructure
- Non-convertible or undervalued currency
- Varying laws from country to country
- Poor standard of living
- Market access hindrances
- Language & inter cultural barriers
- Laws, regulations & forms not easy to find in English
- Too many government departments with different objectives
- Different standards & norms from country to country
- Tremendous trade barriers

So why do businesses locate to the Nordics?

- The market is open, near, sophisticated and technologically advanced.
- Wealthy and educated consumers make the Nordics the most appealing market in the world
- Widespread use of English ensures a straightforward market entry
- The Nordics are well placed to bridge together between different parts of Europe and the world. 65 of the world's largest companies have set up regional headquarters in the region.
- The Nordic countries regularly appear in the top 10 world rankings of anything that is measurable. Including: World Economic Forum's, Growth Competitiveness Index, Gallup and the Economist list of the “Best places to do business”. Finland even holds the world record for the longest non-stop round of karaoke singing.

Baltic States

For the purposes of this analysis a detailed and in-depth consideration of the Baltic State economies would be out of place. The primary reason being that the Baltic's are still a developing region economically. Although the three nation states have acquired membership into the European Union, each still uses its own currency.

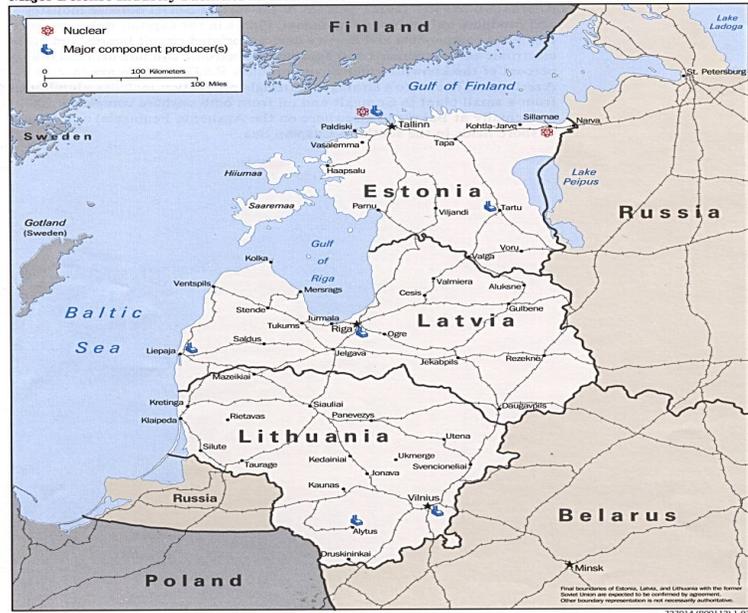
Estonia's krooni is still pegged to the Euro, as is the Latvian lat and Lithuania litas. Economic woes still plague the region and a transition to the Euro has been delayed by all three countries. Estonia was suppose to change over to the common currency in 2007, Latvia in 2008 and Lithuania 2010. Now, Latvia and Lithuania both say it won't happen until 2012. Estonia, on the other hand claims it will convert at the first possible opportunity.

As mentioned earlier, I believe that the Baltic States have a long path ahead toward improving the socio-economic position of their citizenry and economy.

Only last week on the 16th of January did Lithuania protesters hurl stones and “Molotov Cocktails” at their Parliament building in down town Vilnius, during an anti-government protest, setting fires and breaking windows. Over 100 arrests were made. But this followed a much more larger riot which occurred in Latvia's capital of Riga, where on 13 January over 115 rioters were arrested. Here a more forceful response was delivered by police who used tear gas and rubber bullets to keep protesters at bay. Prime Ministers of both countries called for emergency cabinet meetings as government buildings burned. The protests are the result of spending and wage cuts that were enacted more that a year after the IMF warned of an economic meltdown. Tension is so high that the violence was stimulated by government leaders refusing to step down from their cabinet positions.

Although unrest and economic uncertainty prevail in the Baltic States, I firmly believe opportunity does exist. The market is small and only has a combined population totalling 7.1 million. Yet managing affairs from a remote location, like Finland, would be rather easy to accomplish. Actually, I have done this before! Having been located in Finland, proximity offered me obvious advantages. As we will consider shortly, Finland can be looked upon as a regional office that either provides direct field support, or administrative oversight and management, to offices or relationships as they become established. Below, I have prepared a table that shows the driving distances from Helsinki to the 3 capitals in the Baltic's. As can be seen, client's can be reached on moments notice.

Major Defense Industry Facilities in the Baltic States



Driving Distances Between Helsinki and the Baltic Capitals

FROM	Kilometers	Miles	TO
Tallinn, Estonia	85	53	Helsinki, Finland
Riga, Latvia	394	245	Helsinki, Finland
Vilnius, Lithuania	687	426	Helsinki, Finland
Kaliningrad, Russia	969	602	Helsinki, Finland

St. Petersburg Corridor

Historically, Finland has had a long history with Russia. Between 1809–1917, Finland existed within the Russian empire as the “Grand Duchy of Finland”. Although the U.S.S.R. attempted to seize Finland during World War II, their plans met with utter disaster. As Finns are known for proclaiming, they “lost the war but won the peace”. Finland also lost territory. All of the Karelian Isthmus, which today is promoted as the St. Petersburg Corridor, was ceded to the U.S.S.R..

The Finnish City of Lappeenranta has three main target areas in coordinating international EU projects with Russian and the Baltic States:

- City of Saint Petersburg and the Leningrad Region (Oblast)
- City of Viipuri and its urban area
- Cities within the Baltic Sea countries

Projects within the City of St Petersburg, the Leningrad Region and the Viipuri (Vyborg) urban area are all included in the EU

Community Programme’s Interreg II A and III A for Southeast Finland, St Petersburg, as well as, the EU Community Programme’s Tacis Cross Border Cooperation and new Neighbourhood Programme.

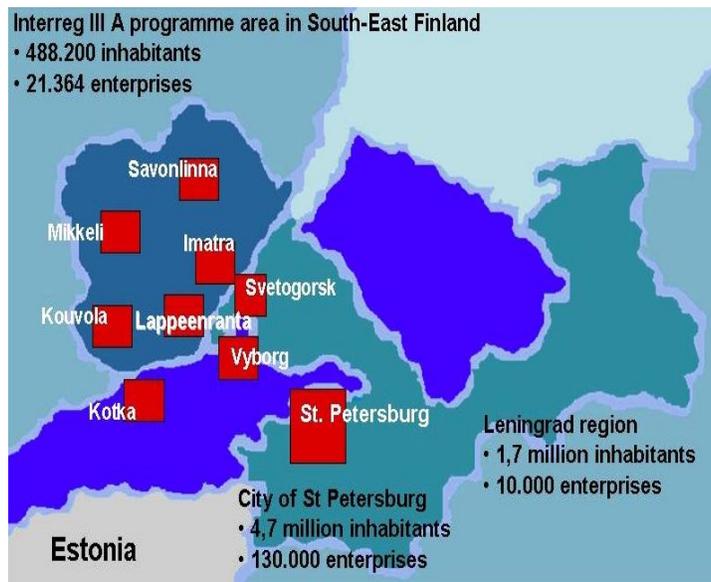
From 2007 onward, the European Neighbourhood and Partnership Instrument programme has been the common instrument for financing cooperation between Southeast Finland, St Petersburg and the Leningrad Region. The Interreg III B programme finances Baltic Sea projects.

Current ongoing projects include: The St. Petersburg Corridor, Heart of the Northern Dimension, The New Partnership Programme between Northwest Russia and Southeast Finland, provides a new approach towards harmonized cross border cooperation between the EU and Russia. Since 2002, the City of St. Petersburg, the Leningrad region and six major cities from three regions of Southeast Finland (South Karelia, Kymenlaakso and South Savo), have been in close collaboration, developing new solutions for improving efficient cooperation.

Many E.U. sponsored initiatives exist in which the Finnish-Russian relationship is being capitalized upon. The St. Petersburg Corridor, specifically, is funded by E.U. monies in order to:

- Foster access to joint facilities and resources
- Support the E.U.'s strategy toward Russia
- Combine individual business and research projects into strategic cooperation within the area of Southeast Finland, city of St. Petersburg and the Leningrad region.

The vision of the E.U. is to create global recognition of the St. Petersburg Corridor as an area of cooperation between Russian and the E.U. A region internationally attractive to businesses and a driving force for Nordic and Baltic economies. An area promoting innovation and economic vitality.



Kaliningrad

The Kaliningrad region of Russia is located on the Baltic sea and isolated from mainland Russia by the borders of Lithuania and Poland. Its geographical positioning offers both positive and negative aspects on issues effecting overall business opportunities and overall competitiveness.

Major Pan-European transport corridors run through Kaliningrad connecting it to the more extensive European transport infrastructure within the E.U.. This enables the Kaliningrad region to promote itself as a partner conducive to the trade links it maintains with its E.U. Partners. Additionally, Russia maintains an ice free port on the Baltic Sea at Kaliningrad. Combined, Kaliningrad is poised at becoming a transport hub for E.U. exports using Russia as a bridge to the Asian market or further into Europe. On the other hand, however, shipments of cargo from Kaliningrad to mainland Russia must obviously cross over land and across EU borders. This makes transport more complicated and expensive. Especially when considering the retaliatory response some nations have recently taken against Russian transports. Because of this cargo being shipped between Russia and Kaliningrad is a multi-stage process adding extra time and cost to shipments. Much of the inconvenience faced on the Russian side is created by stricter E.U. requirements regarding freight insurance, carrier liabilities, sanitary controls, transportation of dangerous products and motor vehicle classifications. However, the Russians too have also been guilty of causing problems. Some examples include moving military troops over Lithuanian territory in railway box cars. Or improperly renaming consignments containing military armaments and nuclear material.



The competitiveness of Kaliningrad manufacturers of goods heading back to mainland Russia is hindered by increased transportation costs since rail is the only viable means of transporting product to Russia. As a result, Kaliningrad shipments by rail to Russia typically encounter an overall price increase of 15% to 20%. Although alternative modes of transportation are available, they are not only less economically feasible, but physically unable to handle the volume of trade that flows back and forth between Kaliningrad and Russia. This factor makes the Kaliningrad region extremely vulnerable. Especially when we consider hikes in fuel prices and changes in E.U. laws and legislation.

Being surrounded by E.U. member states offers certain benefits to Kaliningrad. But first, to take full advantage the mindset must change. Like Norway's. The enclave relies strongly on trade with it's EU neighbour's. It would only be in Kaliningrad's interest to adopt EU technical norms and standards so that it is able to benefit from improved market access within the EU. Here it would be important to note that prior to joining the E.U. Lithuania had and 5.3% tariff and Poland a 15.8% tariff on Russian produced industrial goods. However, after both countries joined the European Union in 2004, the E.U. tariff came into force at the rate of only 4.1%. Given its proximity to the European Union, this prospect of easier market access represents an important opportunity for Kaliningrad.

Finland

Located in Northern Europe, Finland has coastlines on the Gulf of Bothnia, Gulf of Finland and Baltic Sea. It shares borders with Norway, Sweden and Russia. Forest covers three quarters of the country. There are over 190,000 lakes and as many islands. Especially in the self governing archipelago of the Åland Islands. Finland is the fifth largest country in Europe by area.

Finland is a member of both the United Nations and the European Union. It served in the E.U. Presidency in 1999. The country has a population of 5.2 million. The republic's capital is Helsinki. The Finnish economy is highly advanced with metal, engineering and electronics industries accounting for over 60% of exports. Finland leads the world in Internet usage and 98% of the population own a mobile phone. Finland also placed number one in the OECD's 2007, "Programme for International Student Assessment" test of 15 year olds.

Finns are respected for their genuine honesty and rank in first place as the least corruptible country in the world. Finnish society maintains a strong well structured rule toward law and order. Unemployment is low and the economy remains stable with controlled inflation monitored closely by the Bank of Finland..

Finland's foreign policy stresses international development, stability and security within the international community. Emphasis on the principals of democracy, the adherence to the rule of law, human rights all create the framework of long established Nordic values. The country's foreign and security policy are based on military non-alliance. Finland maintains a very strong national defence. Men must enter the military following their 18th birthday for 18 months. Women may volunteer. The Finns cooperate often with NATO and United Nations peacekeeping operations. Finland is also a large purchaser of military armaments from the United States. The most notable being the purchase of 65 F-18 Hornets. More recently in 2008, the U.S. Congress allowed the third phase of the F-18 "Mid-Life Upgrade Program" to move forward with Finland. This sale is valued at \$408 million dollars. Finland's long established role as international mediator has resulted in numerous treaties and acts effecting the world political scene. A few notable examples include:

- Helsinki Accords
- The Helsinki Agreements
- Helsinki Process

With the final ratification of the "Helsinki Final Act" (Helsinki Accords), the United States dedicated it's adherence by establishing "The United States Helsinki Commission" in Washington, D.C., in order to monitor compliance and commitments of member countries.





Finn's are regarded as reclusive and modest. It is sometimes said that a Finn would rather talk to you via text messaging than to meet face to face. Finn's rarely brag or boast about themselves and sometimes their complacency may lead others to interpret that they don't see the significance in a crisis situation? Regardless, the Finn's are a proud people and a just people. Ask anyone, and their most proudest claim will be to honesty. Perhaps, internationally this makes Finland a good role model? In 1931, U.S. President Herbert Hoover granted debtor countries in Europe a 1 year moratorium on loans they owed to the United States. This postponement of payment was to last one year resuming in 1932. With the sole exception of Finland, all countries took this as meaning a pardon for their debts, which until this day have remained unpaid. This left Finland as the only debtor country to continue paying it's load until the end. This level of honesty established Finland as a trusting and worthy debtor, while resulting in over 3,000 published newspaper stories in the United States crediting Finland's faithful repayment of her loan.

Finland is by no means new to the international scene. As outlined above, participation in the world community is a vital component to Finnish economy, security and prosperity. Finland, nonetheless remains a young 91 year old democracy. Perhaps it is this youthfulness that keeps the Finnish psyche competitive and on its toes. Without going into a full blown discussion on world history for the last 100 years, below are some of the challenges Finland has had to deal with in recent times. Perhaps it is these events that have lead Finland to where it is today. Consider the following:

- 1917-Finland breaks from Russia and declares her independence
- 1918-Civil War in Finland
- 1920-Finland becomes member of the League of Nations
- 1932-Finland and the Soviet Union sign the non-aggression treaty
- 1939-Soviet Union invades Finland - Winter War begins
- 1940-Finland forced to cede 10% of Finnish homeland to Soviet Union
- 1941-Germany attacks the Soviet Union, Finland attacks Russia in order to reclaim lost territory. Britain declares war on Finland
- 1941 to 1944-"Continuation War" with Russia
- 1944-Armistice signed. Finland cedes additional territory to the Soviet Union. Millions of dollars in war reparations demanded
- 1945-Finland attacks German army in Lapland. Germans burn Finnish Artic villages and cities.
- 1947-Peace treaty signed between Soviet Union and Finland
- 1948-Finland and Soviet Union sign "Treaty of Friendship, Cooperation and Mutual Assistance"
- 1952-Olympic Games held in Helsinki
- 1955-Finland joins the United Nations and Nordic Council
- 1956-Soviet Union returns Porkkala Naval Base to Finland
- 1958-"Night Frost Crisis" - Soviet Union intervenes in Finnish elections

- 1961-"The Note Crisis" - Soviet Union attempts to force mutual military consultations according to Article 2 of the 1948 FCMA treaty. Finland fears threat of Soviet military intervention.
- 1961-Finland becomes an associate member of the European Free Trade Association (EFTA)
- 1973-Finland signs free-trade agreement with European Economic Community (EEC)
- 1975-Conference on Security and Cooperation in Europe takes place in Helsinki
- 1986-Nationwide postal strike occurs and lasts more than 6 months
- 1989-Finland becomes a member of the Council of Europe
- 1991-Soviet Union crumbles - Treaty of Friendship, Cooperation and Mutual Assistance expires
- 1991 to 1993-Soviet Union collapses - Finnish economy suffers deep recession
- 1994-Finland becomes member of NATO's Partnership for Peace Program - Voters approve membership into the European Union
- 1995-Finland becomes a member of the European Union
- 2000-Tarja Halonen is elected Finland's first female president - New Constitution goes into effect
- 2002-Finland adopts the Euro - Parliament approved construction of fifth nuclear reactor - Green Party withdrew from government coalition in protest
- 2003-Centre-Left government formed by three political parties - Anneli Jaatteenmäki becomes first female prime minister
- 2005-Nationwide paper industry strike is launched
- 2006-Parliament votes in favour of EU constitution
- 2007-Centre Party wins parliamentary elections

When considering Finland's modest history, it is easy to see how the nation has had to learn adaptability rather quickly, in an ever changing political and economic scenery. The Finns call it “*Sisu*”. Both at home and abroad. Finland, quickly learned that international affairs would play a large role in it's survival as an independent state. Today, the country is respected for the many roles it has played and supported in the world community. This has helped Finland create a wealthy society for its citizens in the form of infrastructure, environment, health care, standard of living and education.

Helsinki – Capital of the New Northern Europe

With the changing landscape of Europe, Finland sees its geographical position as strategically viable to its own domestic policies, as well as to the interests of the European Union. Especially, when we think in terms of Russia. Finland is a facilitator between east and west. Today that role is broadening. Geographically, Finland is in the middle of the “New Northern Europe”. The country is ideally situated to serve many regions. Including:

- St. Petersburg Corridor
- Via Baltica
- Via Baltica Nordica Development Zone
- Northeast Corridor
- Baltic Palette Region
- Baltic Northeast Corridor
- Nordic Triangle

Via Baltica Nordica Development Zone



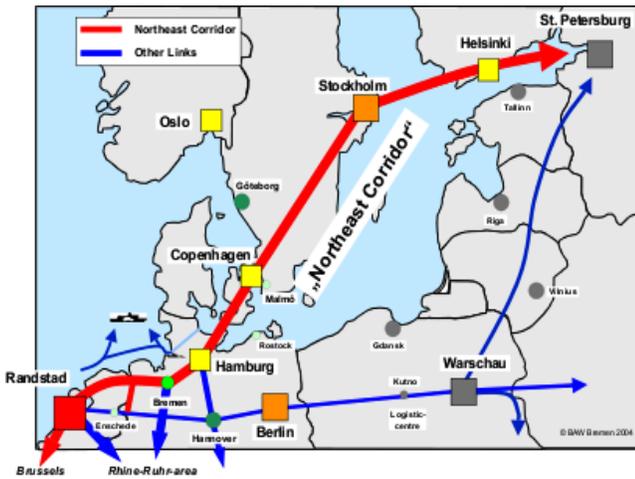
St. Petersburg Corridor



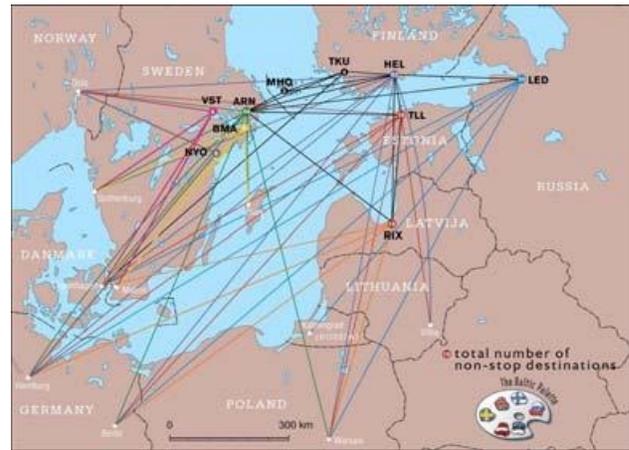
Via Baltica



Northeast Corridor



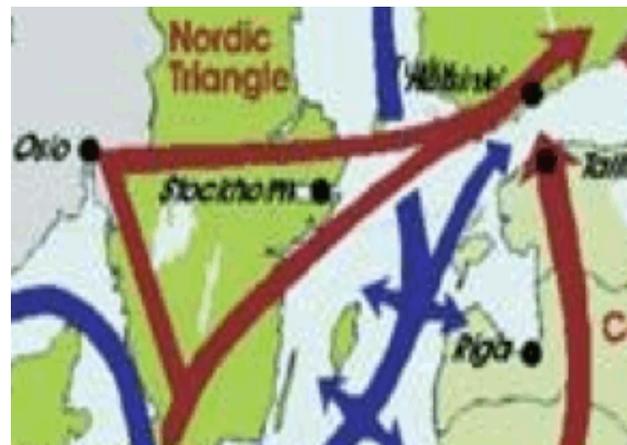
Baltic Palette Region



Baltic Northeast Corridor

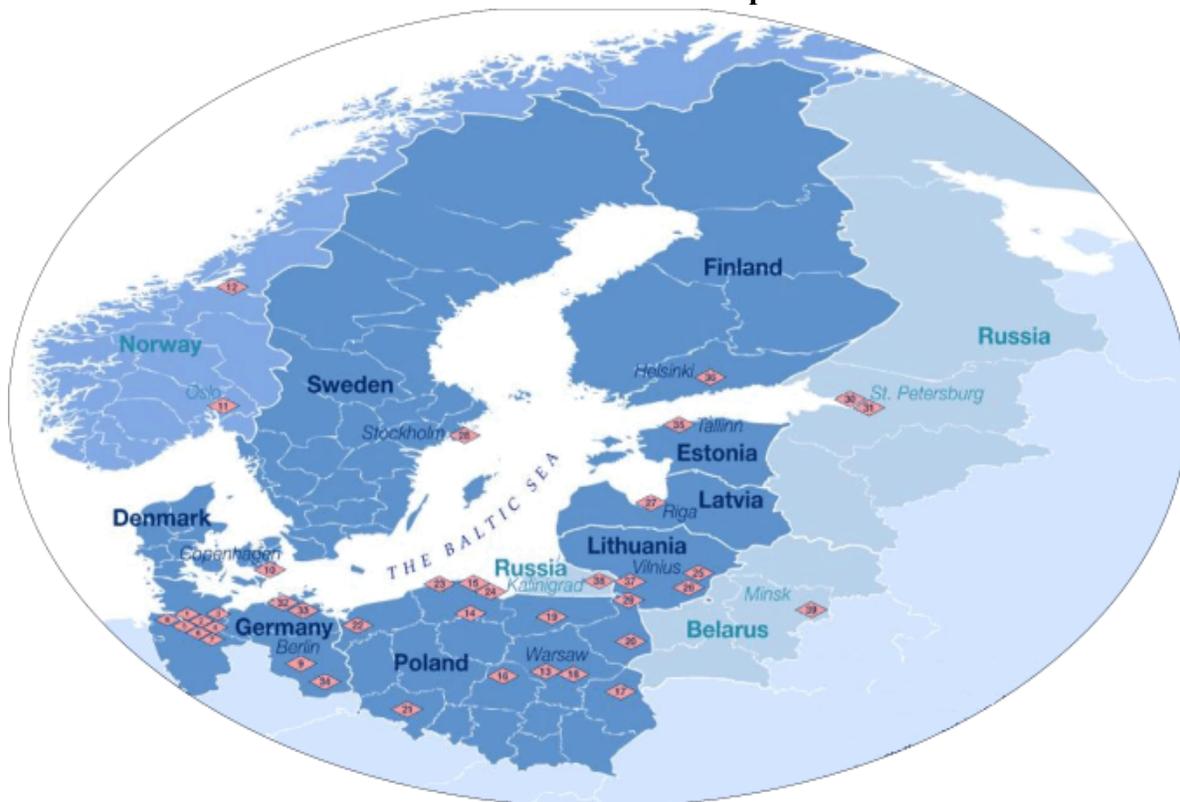


Nordic Triangle



Indeed, Helsinki is already promoting itself as being the capital of the “New Northern Europe” with easy access to major foreign markets. As a matter of fact, Helsinki claims that more than 70 million potential consumers reside within the “New Northern Europe” region and accessible by truck within 24 hours. I would, however, like to take note to the claim of 70 million consumers residing within this region. Firstly, the “New Northern Europe” is being defined as consisting of the Nordic countries, Baltic States and northwest Russia. Once the maths is done using accurate statistical data, the numbers simply do not add up. I arrived at this conclusion by using population data provided by the Central Intelligence Agency, Statistics Finland and online research. However, if we were to broaden our market to include Poland and the four northern provinces of Germany, our market area would broaden as indicated in the map below. The population increases accordingly. Now the numbers are falling into place.

The New Northern Europe



Population Data

Our population data for this area increases to 89.5 million consumers. To the right is a table I prepared that includes the new population data for the German provinces and Poland.

This is important to bear in mind because when outlining the territory of the “New Northern Europe”, we also need to remember that different countries and regions also have a vested interest in this market. This point highlighted by the six gateway illustrations presented above.

Denmark	5,484,723
Estonia	1,307,605
Finland	5,244,749
Germany-Freie und Hansestadt Bremen	665,000
Germany-Freie und Hansestadt Hamburg	1,600,000
Germany-Niedersachsen	7,300,000
Germany-Schleswig-Holstein	2,600,000
Latvia	2,245,423
Lithuania	3,565,205
Norway	4,644,457
Poland	38,500,696
Russia, Kaliningrad	955,281
Russia, St. Petersburg Corridor (Russian Side)	6,400,000
Sweden	9,045,389
Total	89,558,528

Another factor that makes this region increasingly attractive is that all major capitals and cities are within easy driving distance to one another. Below are the distances between major cities and capitals. The distances from Helsinki to both Stockholm and Tallinn include the calculation of travelling by ship during part of the journey.

Driving Distance Between Major Capitals/Cities			
FROM	Kilometers	Miles	TO
Helsinki, Finland	85	53	Tallinn, Estonia
Helsinki, Finland	203	143	Lappeenranta, Finland
Helsinki, Finland	390	242	St. Petersburg, Russia
Tallinn, Estonia	310	193	Riga, Latvia
Riga, Latvia	291	180	Vilnius, Lithuania
Vilnius, Lithuania	421	261	Kaliningrad, Russia
Kaliningrad, Russia	316	196	Warsaw, Poland
Warsaw, Poland	869	540	Hamburg, Germany
Hamburg, Germany	331	206	Copenhagen, Denmark
Copenhagen, Denmark	608	378	Oslo, Norway
Oslo, Norway	526	327	Stockholm, Sweden
Stockholm, Sweden	479	297	Helsinki, Finland

Strategically positioned, Finland is centrally located to many expanding economies. Particularly as regards Russia, The Baltic's and Poland. Helsinki, offers global companies looking to locate to the “New Northern Europe” region excellent access to diverse, growing and attractive markets. Additionally, due to Finland's focus on international issues, many E.U. projects involve Finnish participation. Especially as regards the St. Petersburg Corridor, Baltic States and transport infrastructure projects within the Nordic Triangle and Northeast Corridor.

Finland is also actively seeking investment from abroad. Below are key business factors that attract investors to Finland. They include:

- No ban on wholly owned foreign enterprises
- Advanced technology expertise
- Extensive and professional competence amongst workforce
- Safety in the work place
- Clean and beautiful environment
- Little bureaucracy
- 0% corruption and 100% literacy
- Excellent transportation infrastructure equals short trips to work
- Ranked as the best in knowledge transfer between universities and companies
- Heavy investor in R&D per capita. Ranking third globally
- GDP growth 2.8% in 2008. 2009 growth estimated at 0.5%
- 25% of companies investing in Finland also manage business in neighbouring markets from Finland.
- Workers are well educated with strong linguistic skills and teamwork experiences
- 200 new foreign companies are established in Finland each year
- Foreign-owned companies account for more than 20% of corporate turnover

Three influential factors have been identified in effecting a company's decision to locate to Finland and its future prospects in the country. They are:

- Domestic demand for the company's products
- Access to excellent Finnish expertise
- Company's regional strategy

In the next section of this report, we will look at a potential market entry strategy focusing on Finland as the base for our operations.

Brief Facts About Finland



Finnish National Flag



Finnish Coat of Arms

Area: 338,000 square kilometres
Location: neighbouring countries are Russia to the east, Norway to the north-west and Sweden to the west
Population: 5.2 million, 17 inhabitants per square kilometre
Capital: Helsinki
Languages: Finnish 92%, Swedish 6% and Samish 2%
Religion: Lutheran 90%, Orthodox 1%
Currency: Euro €
Head of State: President of the Republic Ms. Tarja Halonen

- The Finnish name for Finland is Suomi.
- The National Anthem of Finland is Maamme. "Our Land"
- The Finnish company Nokia produces not only mobile phones, but also tyres and boots.
- In Finland there are approximately 190,000 lakes and 180,000 islands.
- The Finnish musical experience encompasses Sibelius, Saariaho, HIM and The Rasmus.
- In Finland you can stand in the midnight sun whilst cheering on your favourite rally and Formula 1 drivers at the Neste Oil Rally (formerly Rally of the 1,000 Lakes).
- In 1906, Finland became the first nation to give women the right to vote in national elections. As of the late 1990's, almost 40 percent of its legislators were women, and women represent over 60 percent of the students taking university examinations.
- Finns are also known for their caution, reserve, and silence. A Finnish joke illustrates this emotional reserve: "A Finnish man loved his wife so deeply...that he almost told her."
- The Finns have the world's highest rate of coffee consumption per person. Coffee drinking in Finland constitutes a ritual that has been compared to the tea ceremony of Japan.
- Finnish folk tales tend not to feature royalty, fairies, or talking animals. Many are about simple people who confront challenging problems. The Kalevala is the most widely known folk tale.
- Finnish children celebrate both a birthday and a name day.

Assessing Market Risk In the New Northern Europe

Now that we have identified our new market area, let's assess the three common risk factors companies would consider when engaging in international market entry strategies. These include:

- Commercial Risk
- Currency & Financial Risk
- Political & Legal Risk

Commercial Risk

Commercial risk considers components of doing business directly effecting daily operations. These can include a broad variety of issues involving:

1. Weak Partnerships
2. Operational Problems
3. Timing of Market Entry
4. Competitive Intensity
5. Poor Execution of Marketing Plan

In regard to the Nordic countries, I see weak partnerships, timing to market and competitive intensity as being the most critical factors to be focused upon prior to market entry. As for operational problems, the Nordics have a long history in proficiency and self sufficiency. Attention to detail in daily business operations is closely observed and issues, when identified, are immediately isolated and dealt with. Once it has been confirmed by the market study that opportunity exists, I would assume that management will create a winning team. With that said, I'm going to believe that we will establish a winning team and that costly mistakes will simply not occur.

Focusing on Finland, I see adherent advantages of having a base of operations located in the Helsinki, Vantaa, or Espoo metro areas. Specifically as applies to weak partnerships, timing of market entry and competitive intensity. As highlighted above, Finland serves as an international gateway to many regions. I believe that a formal market study will show that locating to Finland will serve many ends. Especially when considering the challenges of the Baltic States and the St. Petersburg Corridor. These economies are still developing, I don't necessarily see partnerships being developed immediately. What I do envision is participation in ongoing government sponsored projects that include the Astrata product portfolio. Perhaps overtime as name and brand recognition take hold and the Baltic economies stabilize, can we consider serious partnerships or the opening of field offices. Nonetheless, there is a lot of "buzz" in these markets and it is being financed by the E.U., Nordic and Baltic governments and in one way or another Finland is always involved. Finland will also provide a strategic benefit when considering its Nordic neighbours against the points I noted above. With a successful marketing plan Sweden and Norway will be profitably developed. But they will not share the same risks as the Baltic's in that they have developed economies and infrastructure. From a socioeconomic standpoint they are also more stable. As for competitive intensity, I see Astrata regionally filling a void and creating a niche in all markets by delivering product that is focused and tailored on addressing local needs. Additional strength in market position can also be gained if local support can contribute to overall product composition. This in relationship to government sponsored project requirements Astrata may wish to participate in.

Currency & Financial Risk

Today's global economic crisis has governments around the world implementing new policies and macro economic stimulus packages in order to revive their economies. It has also forced businesses to re-evaluate their positions in a global market. The crisis has also demonstrated to the world how interconnected our financial systems really are. Below, we will take a brief look at five considerations a corporation will undertake when considering entering a foreign market. Of importance to a company are:

1. Currency Exposure
2. Foreign Taxation
3. Inflation
4. Transfer Pricing
5. Global Sourcing

Currency Exposure

The current economic crisis quantifies the volatility of the world's financial markets while drawing attention to just how intertwined they were allowed to become. The Euro in turn has caused a devaluation in overseas property, equities and currency markets as it appreciated against major world currencies. A high exposure to today's currency markets requires any MNE to maintain a more hands on approach to the current economic situation. In 2002, Finland adopted the Euro as its currency. Finland is also the only country in the "New Northern Europe" region to use it as official tender. This makes Finland attractive to foreign companies establishing a presence in the region. Finland is often used as a means for clearing accounts and processing orders from customers throughout the region. Thus, Finnish banks are accustomed to the international requirements of their account holders.

Foreign Taxation

When compared to the rest of the Nordic countries, Finland has maintained the more stable and corporate friendly attitude toward corporate taxation. The table below highlights this.

Nordic Corporate Taxation Rates	
	2009 Corporate Tax Rate
Finland	26% since 2003
Sweden	28% to 26.3% in 2009???
Norway	28.00%
Denmark	28% to 22% since 2007

Finnish Inflation Rates
2000-2008

Year	Inflation (%)
2000	2.9
2001	2.7
2002	2
2003	1.3
2004	0.1
2005	0.8
2006	1.3
2007	3.8
2008	4.1

Inflation

In a recent statement, the Bank of Finland released it's economic forecast for 2009, predicting the economy to contract by 0.5%. Previous indications saw the level in GDP growing at a rate of 1.3%. The latest analysis took into account that the global economy is deteriorating especially fast. Finland is thus looking at its own internal economic policies to soften the downturn realising that it cannot prevent it. By 2010, it is expected growth will be at 0.7%.

Transfer Pricing

In Finland, the requirement to produce written transfer pricing documentation applies only to large companies. Small and medium sized companies are exempted from preparing transfer pricing documentation. Small and medium-sized enterprises are interpreted as entities that:

- Employ fewer than 250 people
- Have an annual turnover not exceeding €50 million or total assets not exceeding €43 million
- Satisfy other requirements under European Commission Recommendation 2003/361/EC.

Global Sourcing

As applies to Finland, the country is an excellent source for educated, technology savvy and hard working skilled professionals. Although wage rates may not be as competitive as in countries like China, India or Eastern Europe, other advantages exist which certainly weight more in favour toward growing international market share. These including:

- Using Finland as a gateway in learning how to access foreign markets in its sphere of influence
- Tapping into skill sets and resources which are not available domestically and hinder product R & D, international product trends and customization to local needs.
- Ability to develop a list of approved suppliers and vendors in order to foster competition
- Worry free dedication by employees to produce high quality products and services
- Centrally located to its customers, Finnish buyers all are easily accessible through a network of highly developed carriageways. A small trip driving through all the major capitals in the Baltic's, Poland, Hamburg and the Nordics is only 4236km/2631 miles.

Political & Legal Risk

Obviously, any investment into a host country will encounter certain levels of risk. Indeed, some more avoidable than others. In this brief analysis, we will consider the more avoidable forms related to political and legal issues consisting of the following forms:

- Social & political unrest and instability
- Economic mismanagement and inflation
- Government intervention, bureaucracy, red tape
- Market access; barriers; profit repatriation
- Legal safeguards for intellectual property right

As presented above, the Nordic countries all maintain socially stable and politically sound societies. They are economically well managed, yet retain levels of government intervention when areas of national prosperity, individual safety or national security are affected. The Nordic countries continuously rank in the top 10 of every possible forecast there is to predict. Regarded as the most economically well rounded economies in the world, the Nordics have come to realize that bureaucracy, red tape and barriers to trade negatively impact economic growth. Therefore, they maintain a forward looking approach and actively engage the world community at all levels. The Nordic people are well educated and hold the world record in the number of intellectual property patents that are filed each year. Perhaps it is because of this that many consider taxation toward patents, copyrights and trademarks slightly outdated.

The Baltic States and Russia on the other hand leave much to be desired. Although the Baltic republics of Estonia, Latvia and Lithuania are E.U. members they, like Russia, remain politically unstable and corrupt. Just this year alone social unrest erupted in Riga and Vilnius as protesters violently voiced their discontent with the direction their economies are heading. The Estonians on the other hand, continuously provoke the Russians and the Russian minority living in Estonia, which account for 1/4th of the entire population. This January, as an example, the Estonians published a 2009 Estonian SS calendar for the sole purpose of erupting anger and condemnation from Moscow. Russia too is facing protests and crisis. Lately, more and more political groups have taken to the streets in major Russian cities to call attention to the dire economic situation. Bureaucracy in all four countries is rampant and present in all levels of government. Consider this example. At the Finnish-Russian border, trucks are backed up on the Finnish side for 7 kilometres on good days and 100km on bad days, simply because too few Russian customs agents exist. However, there are scores of highly paid senior level Russian officers on post doing nothing more than watching two or three agents process the incoming traffic. Finnish President Halonen spoke personally, face to face, with Putin about the situation, but nothing was improved from the Russian side. The situation is similar at the Baltic State borders with Russia too.

The Marketing Plan

The goal of this report has been to primarily offer a basis upon which a new market area could be constructed given the considerable size of the European continent. In turn, I have focused attention on Finland, as it is centrally located in what has been defined in this paper as the “New Northern Europe”. That said, it would be imperative to create a new market entry strategy that would outline in detail the marketing plan of Astrata for this region. We can do this by investigating the following:

- Define the Market
- Product Positioning
- Supply Chain Management
- Channels to Market
- Product Support

Define the Market

In this example, we obviously need to define our potential market. Finland offers some very interesting opportunities. First, we have the country itself to consider as a market. Secondly, great levels of cooperation between the European Union and the St. Petersburg Corridor are taking place with Finland leading the way. Thirdly, the Baltic States are also a big recipient of E.U. funding. Once again, Finnish participation is involved here too. With this in mind, we need to determine who the customer is, who the customers are and what projects are in the pipeline. We also need to clearly understand what it is that will give us a sustained competitive advantage in the respective markets. I therefore view Finland as offering an opportunity to participate in valuable infrastructure projects at the government level, while at the same time, allowing for profitable ventures in the B2B space.

We can also deploy the following fact finding objectives in order to further enhance our understanding of the market:

1. Meet directly with potential customers that would use our product. Attempt to try and sell the product. Not necessarily in order to acquire a sale but to receive qualified feedback from the potential customer.
2. Network locally and within the business community in order to gather information and verify data relating to market size, key players, projects etc...
3. Consider verifying search results with an independent third party research firm.
4. Data mine leading industry associations, government ministries, international trade associations, chambers of commerce etc... using the internet in order to collect information, insight and intelligence.
5. Subscribe to industrial journals and email newsletters.

Product Positioning

Positioning a product portfolio needs to be carefully calculated. Especially if you are testing the market through potential customers or competitors. Boasting about a product's uniqueness or the lack of competition could call your credibility into question. Particularly if a product like the one your

marketing does exist or an alternative version is readily available. Finland is a technologically savvy country and people do know their stuff. Therefore, it would be strongly recommended that product differentiators be created consisting of such items as product specs., cost/volume ratios, ability to cater to local needs etc... so that product highlights are clearly visible. Lastly, customers expect a return on investment for their purchase bought today. Describing the next generation of products can only serve to diminish that perspective or potentially bottleneck your sales pipeline into the future.

Supply Chain Management

Competitiveness within the market demands that products be manufactured at the least possible cost. This being one vital component in deriving profit. Supply chain management plays an important role in manufacturing and sourcing products and services. Three issues can significantly effect a marketing plans success in a foreign market if not correctly analysed or understood. These include:

1. The volumes of raw material required to source competitively
2. The vulnerability to cost fluctuations and ability to pass such costs on to the customer
3. Are the logistics costs for doing business clearly understood and defined

Additionally, it may also become necessary to develop contingency plans to protect against external forces affecting the overall cost to manufacturer a product. One example of this could include protectionism or a new component supplier. Currently, the E.U. is under pressure from device manufacturers in Southern Europe to increase tariffs on imported handsets with GPS. The import tax would increase prices by 25%. The end result would lead to an increase in prices to the customer, which in this case is the mobile operator, who in turn subsidies their branded handsets which now they can't afford to purchase. Whether or not the handset duty is implemented has yet to be determined. However, what it does shed light on is the fact that competitors may be able to source larger volumes of materials combined with lower labour costs. Thus resulting in competitively priced products. A contingency plan may then look toward alternative sources for raw materials in cutting overall manufacturing costs or investigating how much of a product needs to be "completed" to be considered an E.U. made product. As a simple example, a U.S. made boat trailer delivered to an European distributor may have costly import tariffs levied against it because it is manufactured in the United States. However, by selling it as a "parts kit" and putting it together within the E.U. may reclassify the trailer as an E.U. made product.

A contingency plan is then the "action plan" or "protocol" which is followed when a disruption in the supply chain occurs. It takes into account the vulnerabilities a company may face with regard to cost fluctuations in raw materials, or the costs which can or cannot be passed on to customers. It also considers the costs of doing business from a logistical standpoint. Defining the systems and processes that will be required to manage the supply chain, especially from the Finnish sphere of influence will need to be developed and understood.

Channels to Market

From the viewpoint that Finland will serve as the primary location for distributing product, we also need to take into consideration how product will reach the end user. Fundamentally, the Astrata channels to market strategy will be established based upon information gathered during the analysis of defining the market and supply chain. Many items will still be closely examined when considering the actual channels Astrata may have at its disposal. These can include::

- Nature of the products we sell and whether or not we must interact with the customer

- Financial strength and/or need for equity
- What will be the composition of the Finnish team. Can we identify weaknesses and strengths such as marketing and sales skills?
- Do we need to get to market quickly? If so, how? Should we consider:
 - Direct Investments
 - Joint Ventures
 - Branch office
 - Exporting
 - Licensing
 - Agents
 - Acquisitions
 - Distributors
- If time to market is not an issue, yet intellectual property needs to be protected, should we go it alone?
- How varied are the geographies and cultures of our new customer base? Do we possess the necessary cultural sensitivity?
- Once we establish our mode of operation, do we face licensing or regulatory issues?
- What does the competitive landscape look like? How does this effect product pricing and the type of relationships we can engage in?
- Do we need to formulate an exit strategy? If so, what will be the timing?

Product Support

Providing excellent customer service and support is of paramount importance. Indeed, happy customers are repeat customers. The marketing plan must also consider how product support will be provided in the new market area. This will become more apparent in approach once the exact channels to market have been determined and established. For example, support can be provided through the joint venture partner or an agent if those type of relationships have been entered into. Or maybe a product is simply shipped to a regional headquarters for repair or replacement. Alternatively, maybe it makes more sense to outsource this function locally if intellectual property isn't put at risk. Maybe it's easier to just include it as an addition to the company's already established 24/7 call centre responsibilities.

Supporting the customer will always happen after the sale because a situation will arise with the product reflecting an unanticipated result that the customer may or may not be familiar with. This can be considered as resulting for whatever reason. Product defect, lack of understanding, incorrect installation, maybe even as the result of a third parties product or service not performing adequately. The latter being an example of poor wireless coverage provided by the network operator's service area the unit is being used in.

A good response in providing excellent customer care is going to include a strategy that establishes a reporting chain in how customer service requests are documented and handled. Specifically, in as how service requests are:

- Reported
- Processed
- Escalated

The importance cannot be stressed enough. It is said that when a customer reports an issue 40% of that attention revolves around people they interact with, 40% with the process they experience and 20% about the actual problem itself.

Next Steps

My attempt up until this point has been to lay the groundwork as to why Finland, would be the most appropriate location to establish a base of operations. Provided that I have succeeded in establishing that perspective, it would be prudent to conduct a formal marketing plan and/or study. Further reviewing and analysing the market potential the region has to offer.

As I have identified above, a market entry plan for Astrata's investment includes a number of considerations that need to be properly addressed. Ideas and interests also need to be formulated and solidified with an action plan put into place. With that in mind, I envision such a study to focus on how Finland, would grow its market share domestically. Then once an acceptable sales level is achieved, to expand into other neighbouring countries/regions. However, it may also be determined that because all markets lay within extremely close proximity to one another, it would be ill served not to enter them simultaneously as well. Particularly when we think of possible projects in the St. Petersburg Corridor and the Baltic States. Below are listed some of the past and present programmes and projects funded in these markets:

Funding of the St. Petersburg Corridor Programme

- EU Interreg Programme
- EU Tacis programme
- City of Lappeenranta
- Municipal funding
- Companies

Baltic States

- Baltic Gateway project -Financed in part by the Baltic Sea Region INTERREG IIIB-programme
- The Baltic Palette
- Baltic Tangent-EU funded
- InterBaltic-EU funded
- BaSIM Project (Baltic Sea Information Motorways) Project partly financed by the E.U.

Priority Projects In Poland

- Baltic Sea Highway
- Project No. 15: Galileo EU's autonomous GPS navigation system
- Project No. 23: Gdansk-Warsaw-Brno/Zilina mixed railway line
- European Union initiative INTERREG IIIA Lithuania, Poland and Kaliningrad Region of Russian Federation Neighbourhood Programme Project Nr. 2005/201 “Development of Infrastructure of the Lithuania and Poland borderline roads”

Kaliningrad Projects with CBSS Member States

- Transport of humanitarian aid to day care centre for elderly people- Funded by Denmark
- Transport of emergency aid to Kaliningrad-Funded by Denmark
- Via Hanseatica – European Transport Corridor; Modernisation of the IX D corridor
- E.U. Transport Infrastructure Projects

Northeast Corridor

- Trans-European Transport Network (TEN-T) programme
- Transport Corridors project of Nordic Transportpolitical Network
- COINCO – Corridor of Innovation and Cooperation

As can be seen, there are a variety of projects and programme's that exist within the region. They engage all aspects of development and modernization. In order to promote Astrata, it would be advantageous to gain membership in those organizations, associations and councils, directly impacting the industrial sectors we wish to do business. The benefits of networking and establishing alliances would greatly impact our success in future projects and opportunities in the region. This approach would be inline with how business at Astrata is currently being acquired. However, this can also be a double edged sword. Well connected individuals in the Nordics are also technically savvy. Caution needs to be exercised. Especially, when considering the fact that Finns aren't necessarily too talkative during meetings or introductions. Think of them as only absorbing what you have to say. Sitting still and looking on in silence. Expressionless.

From a business-to-business relationship, I would rely on the Astrata Group in providing additional insight into the markets they have been successful. Industries Astrata may not have looked at, given their current worldwide locations, should also be considered. One example might include manufacturers of heavy equipment for the forest industry. Another might be the military and rail authorities. In Finland, the military has on occasion lost sight of tanks, armoured troop carriers and other military assets sent by rail. All because of too much snow. Being able to pinpoint an assets location might just be of interest. Particularly, if it incorporates military RAN bearers. In any case, my hit list of B2B potentials would include:

- Forest industry
- Manufacturers of heavy machinery
- Railway authorities
- Postal authorities
- FedEx , UPS, Schenkers etc...
- Avis , Hertz, Eurocar, Budget, Alamo, National
- Specialised finance industry
- Banks
- Trucking companies, freight forwarders
- Networking events
- Customs-Bonded warehouses-Border crossings
- Petrol industry: StatoilHydro, 1-2-3, Svenska Statoil AB, Norsk Hydro Olje AB, Neste, Teboil, SEO, BP, shell
- Outsourced entities that deliver fuel for petrol stations
- LBS resellers and distributors
- Vendors supplying complimentary product within EU projects
- Used car industry
- Rental industry of heavy equipment
- Mobile crane operators
- Companies with fleet vehicles
- Mobile road signs
- Suppliers of ATM machines
- Boating industry
- Construction companies

Viewing Finland as a regional headquarters in the “New Northern Europe”, I see it supporting and overseeing operations of individual countries/regions within its sphere of influence. This may be done through Astrata established field offices or by business relationships formed through joint venture, distributorship or agent agreement. I also believe that certain areas may simply be managed from Finland directly. Including those countries with unstable economies and currencies. In addition to the criteria considered in the marketing plan, I would also supplement it with additional reference material relating to:

- Establishing a foreign owned business in Finland
- Taxation information
- Briefs on prominent accounting firms
- Biographies of potential legal representatives
- Acquisition of workforce
- Information relating to renting a corporate location
- Social & economic data
- Review of current players in the GSM space and their reliability
- Information relating to patent filing and intellectual property
- Service Centres – (product repair and maintenance)
- Insurance companies
- Subscription to Bank of Finland press releases.
- Financial institution information

In closing, I would be delighted to consider opportunities in which I can join the Astrata Group in Finland. I am available to explaining the various aspects I have set forth within this paper. Realising that certain points of view may need to be clarified or discussed in further detail. I look forward to your review!

Conclusion

I have attempted to deliver through this report a brief overview of what I deem could be the Astrata European expansion plan. I then proceeded by defining a problem statement relating to achieving market success in Europe, based upon a division of the continent. As requested, I outlined a market region incorporating Finland as the hub for operations. I elected to use the same name the Finnish capital of Helsinki is using in promoting itself throughout the region. Thus, the name “New Northern Europe” was kept in place. I left open in my analysis the fact that the region would not be complete without the inclusion of Poland and the four northern most provinces of Germany. Leaving the actual matter of boundaries left for further consideration. I also pointed out that after carefully analysing statistical data, the Finnish definition of the “New Northern Europe”, did not match the population data reported as having lived within the region. After examining the data further, it was concluded that without including Germany or Poland, the population data would simply make no sense. With this correction, not only does the marketing collateral have more appeal, it is also the obvious approach needing to be taken when marketing the region internationally. Analysis of the “New Northern Europe”, included a brief region specific synopsis of the Nordics, Baltic States, St. Petersburg Corridor and Kaliningrad. This was then followed by a more detailed overview relating to Finland. I then highlighted Finland's appeal as a business location by assuming an academic approach by assessing the three common risk factors companies face when establishing a foreign presence. I also included the Nordics, Baltic States and Russia within this examination. Finally, I reviewed some of the characteristics that comprise a marketing plan. In conclusion, I trust that my brief overview was informative and enlightening. Should you have any questions or require additional information, please feel free to call on me at anytime. I will be happy to answer any questions you may have.

Respectfully,

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