

# Silicon valley dreams untempered by high tech slowdown

The eTampere project has no less a vision than to become one of the world's leading e-commerce centres, but the transition from industrial heartland to high-tech powerhouse will take time, despite community spirit

From the outside, the James Finlayson textile factory looks like any other monument to the industrial revolution - a disused red-brick monolith deposited by a tradesman from Manchester, who helped secure Tampere's status as Finland's second city and industrial heartland in the 20th century. But inside the factory building, a second, more discreet revolution is underway, with the aim of ensuring that Tampere holds its own in the post-industrial economy of the new century. In offices alongside newly opened shops and cafes, the former textile mill houses a handful of small enterprises working in various niches of the technology sector. But much of the factory is still empty. Tampere does not have as many hi-tech entrepreneurs as it once had industrial labourers. Unemployment in the city stands at around 13 per cent. Completing the transition from old-economy engine-room to silicon-powered flagship is the goal of eTampere, a local government-sponsored project to create up to 20 new enterprises in five

years, reduce unemployment by 5 per cent and generally put Tampere on the digital map. "We have very ambitious goals," says Jarmo Viteli, director of the eTampere project "to make Tampere one of the leading cities of the information society in the world".

Mr Viteli is a professor at the University of Tampere,

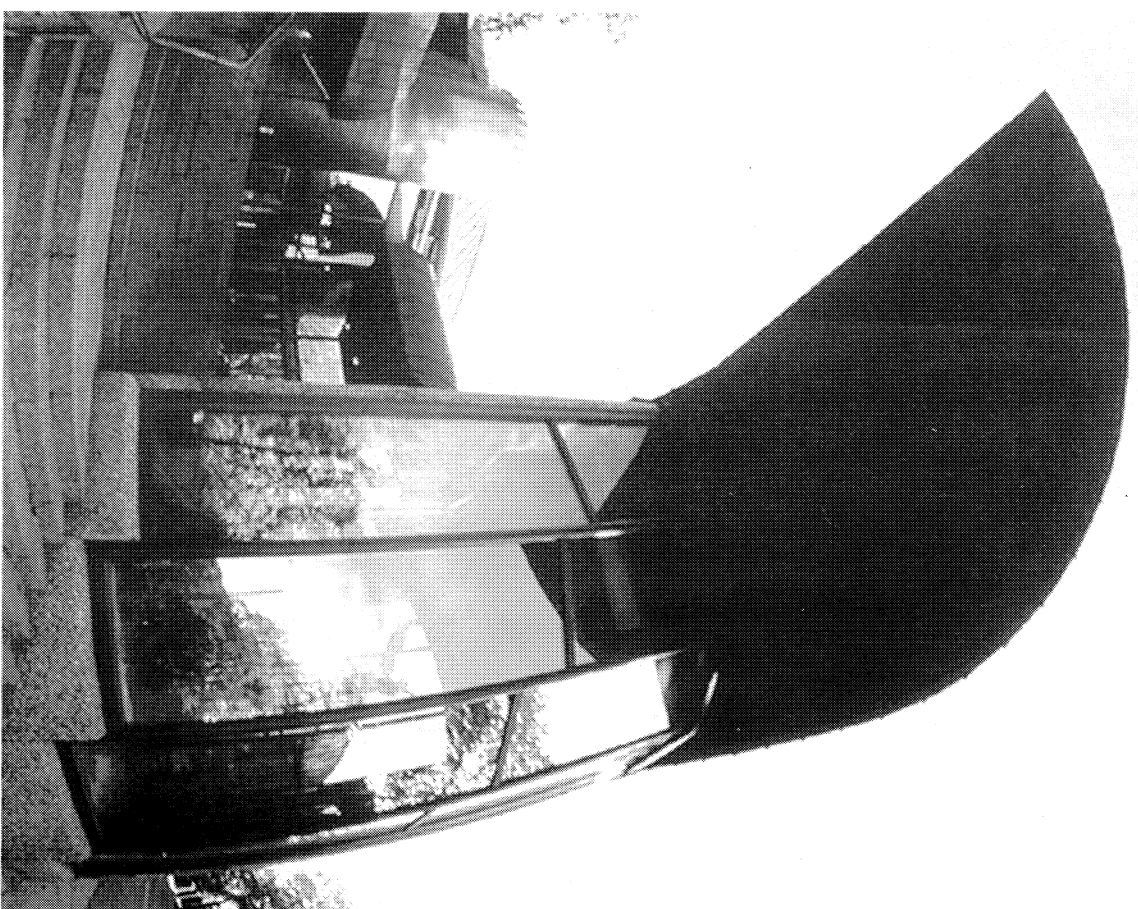
one of the institutions that provides the cadres for the myriad small enterprises that hope to find tutelage with the eTampere project. The city's respected higher-education institutions, churning out computer science graduates and engineers, are, says Mr Viteli, a key factor in the city's changing profile.

A bigger factor, however, is the presence in Tampere of a huge Nokia research facility. The Tampere region is, the city's residents like to point out, the cradle of Finland's most successful company. The small town that gave its name to the mobile communications company is just a few kilometres away.

Nokia is Tampere's largest private employer, with 3,700 people working in its research facilities. It is also, thanks to a system that sees Finnish corporations' national tax revenues spent in the areas where they operate, a major underwriter of the city's development. Without Nokia, it is hard to imagine municipal authorities raising the €130m budgeted for the eTampere project. Nokia's meteoric rise is also an inspiration to the city's entrepreneurs, nearly all of whom come proudly armed with the Communicator - Nokia's flagship mobile device created in Tampere.

"Everyone here remembers when Nokia was a company making rubber boots and car tyres in Tampere," says Helena Salmi, chief executive officer at SecGo Solutions, a company specialising in encryption software. SecGo was spun off from Instrumentointi, an old family-owned manufacturing business.

But SecGo also has an advantage in its established roots. Few of Tampere's innovative companies are in a position yet to make a profit and many started working at a time when capital was more widely available and the soaring Nokia share price created an exuberant (by Finnish standards) mood in the IT sector. The global downturn in technology and telecoms stocks in the last year makes the task of raising capital for the proposed new eTampere companies trickier. The proj-



Tampere: the close-knit community is determined to become a technology haven

ect envisages raising €50m from external sources for start-ups.

Mr Viteli admits that the plan was conceived in the white heat of the IT boom, but insists that the mood now is not so much pessimistic as realistic.

"Now if you are able to attract venture capital money it means you have solid ideas and will work hard," he says. "You don't get any more money for having dreams."

With its roots in old economy manufacturing industry, Tampere's IT sector claims to have its feet firmly on the ground.

The city has yet to see any high profile bankruptcies that would spoil the collective mood.

For collective it is: in a city of 200,000, the people involved in internet-related

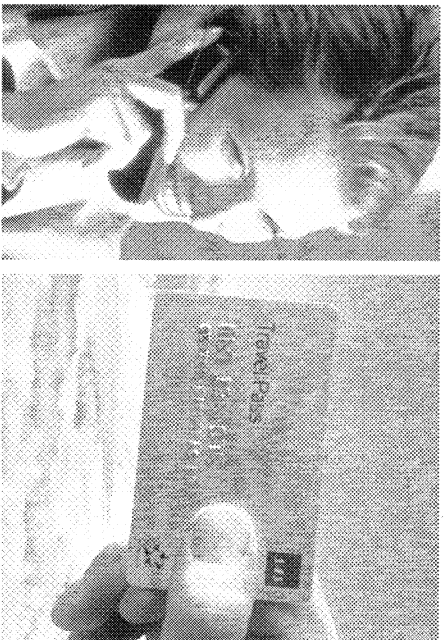
business invariably know one another, and often studied together.

The lines between the city's academic institutions, its private business and local government are blurred, as the local community has collaborated closely to put their town on the map.

"The whole profile has changed," says Hanna Puro, co-founder of web design and content provider NiceFactory, of the changes in Tampere. "We have big projects like eTampere which are trying to make the city world famous."

But in the bidding for world celebrity, Tampere has stiff competition. Helsinki draws the lion's share of investment, talent and publicity.

Further north, the city of Oulu is itself something of a competitor, being well-en-



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