

Our Intangible Assets

A Competitive Advantage

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Elements of Intellectual Capital Classes

HUMAN CAPITAL	RELATIONAL (customer) CAPITAL	ORGANIZATIONAL (structural) CAPITAL	
		intellectual property	infrastructure capital
know how	brands	patents	management philosophy
education	customers	copyrights	corporate culture
	customer loyalty		
vocational qualification	customer penetration and breadth	design rights	management processes
work-related knowledge	company names	trade secrets	information systems
	backlog orders		
occupational assessments	distribution channels	trademarks	networking systems
psychometric assessments	business collaborations (joint ventures)	service marks	financial relations
work-related competences	licensing agreements	trade dress	corporate strategies
models and frameworks	favorable contracts		corporate methods
	franchising agreements		
cultural diversity			sales tools
			knowledge bases
			expert networks and teams
			corporate values
			source: Brooking 1996

Human Capital

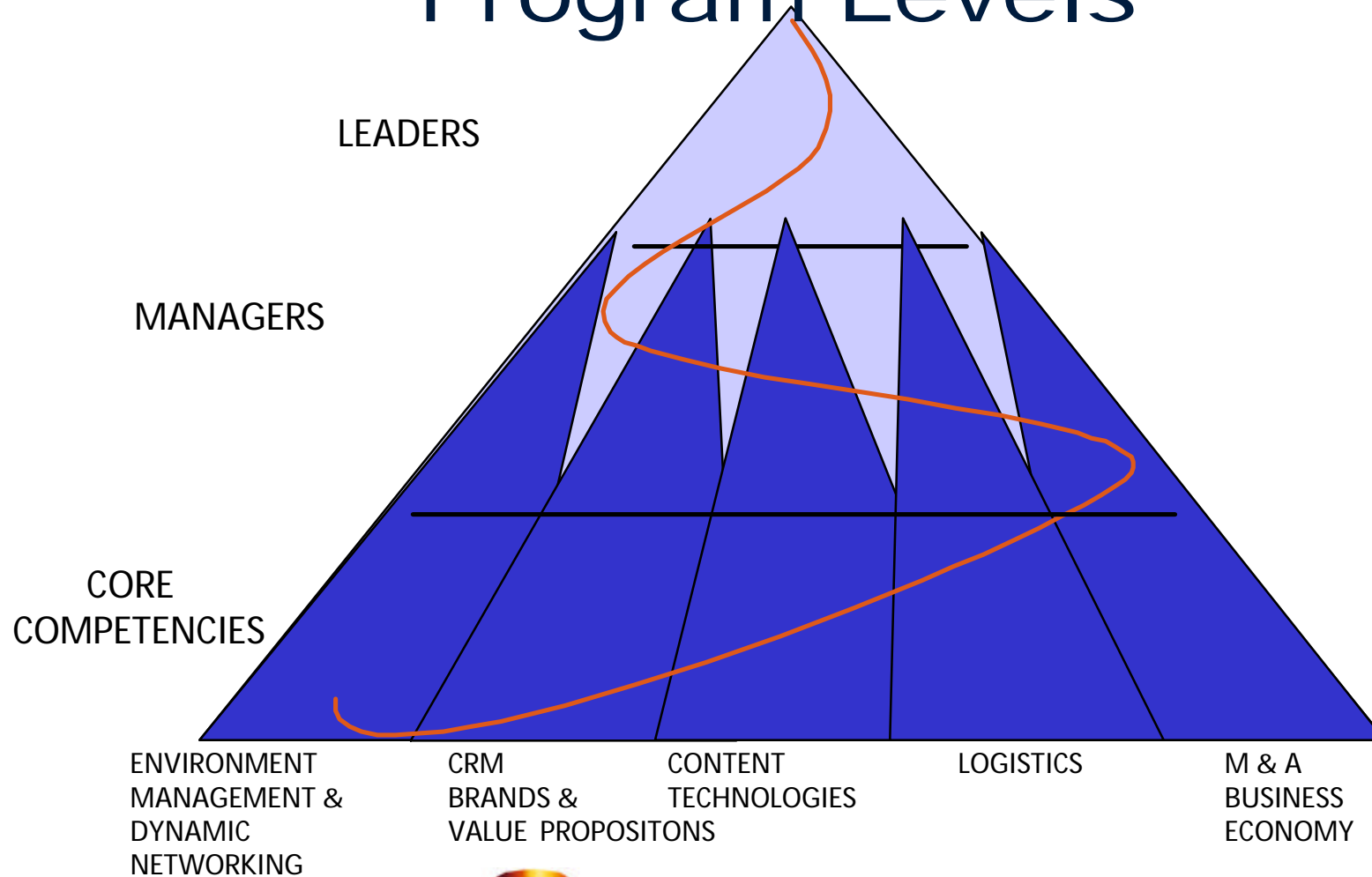
Work-Related Knowledge and Core Competencies

- **Environment, trends, & forecasts**
- **Management & dynamic networking**
- **Customer relationship management (CRM)**
- **Brands & value propositions**
- **Content**
- **Technologies**
- **Logistics**
- **Mergers & acquisitions**
- **Business economy**



Human Capital

SanomaWSOY-learning Program Levels



New Media Training Program

- **The objectives:**
 - **train content producers for web-based applications**
 - **integrate internal content know-how with outside know-how of new technologies (participants from within and outside the Group).**
 - **Managed by the Sanoma School of Journalism in cooperation with universities.**
- **Kick-off on August 14, 2000.**



Media Trainee Program

- **Objectives:**
 - **recruit potential top talent**
 - **train future cross-media professionals by systematic rotation**
 - **use rotation to promote the transfer of intellectual capital within the Group**
- **The program was launched in May 1999.**



Relational Capital

Brands on the Internet

- 2ndhead.com
- Ajasto
- Aku Ankka
- Bluebook
- Dose
- Esmerk
- Etelä-Saimaa
- ET-lehti
- Finnkino
- Geodata
- Gloria
- Helsingin Sanomat
- Hifi-lehti
- HTV
- Ilta-Sanomat
- iMedia
- IT-viikko
- Kodin Kuvalehti
- KotiPC
- Kouvolan Sanomat
- Kymen Sanomat
- Lehtikuva
- Lehtipiste
- Lönnberg
- Macmaailma
- Matkaopaslehti
- Me Naiset
- Merkurius
- Mikrobitti
- Nalle Puh
- Nelonen
- Oikotie
- Pelit
- Pizza Hut
- Proessori
- R-Kioski
- Sisters Club
- Skimbaaja
- Startel
- Suomalainen Kirjakauppa
- suomalainen.com
- Talous Sanomat
- Tiede2000
- Tietokone
- Vauva
- Veikkausrasti
- Verkkoliite

Relational Capital

Registered Customers

CUSTOMER TYPE	COMPANY	ACTIVE
Newspapers and magazines: subscribers and circulation	Sanoma / HS	675 000
	Helsinki Media	3 000 000
Books (multivolumes) Book clubs	WSOY / W+G	150 000
	Helsinki Media	113 000
Advertisers	Helsinki Media	11 000 (=7200 companies)
	Sanoma / Helsingin Sanomat	10 000
	Sanoma / Ilta Sanomat	430
	Sanoma / Talous Sanomat	540
Other customerships	NewCo / Helsinki Television	40 000
	WSOY business publishing	45 000
	Helsinki Media / Blue Book	170 000



Relational Capital

Distribution Channels

Kiosk Networks	Finland 726 kiosks, Estonia 201 kiosks	
Cable Television	over 200,000 HTV households (Helsinki/Espoo/Vantaa/Kauniainen)	
Leijonajakelu	In Uusimaa alone 625,200 households (+ 38,300 firms), newspapers	
Bookstores	58 bookstores + 1 multimedia store Dose	
Communities	Helsinki Media and WSOY book clubs	over 300,000 members
	Suomalainen Kirjakauppa (bookstore)	60,000 customers
	suomalainen.com	15,000 registered cust. (incl. in SK)
Movie Theatres	In Finland: 23 theatres with 86 screens (Finnkino) In Latvia: 3 theatres (Baltic Cinema SIA) In Estonia 2 theatres (AS MPDE)	



Relational Capital

Building on Content Strength and Customer Relations

Content / Brands

Customer-related functions

- identification / personalization
- CRM
- packaging, other features
- billing

Technology platforms

- Internet platform (Virtual portal)
- Wireless platform (2ndhead)
- Digi-TV platforms (pay-TV services)

decentralized
development

coordinated
development

centralized
development



Relational Capital

Building on Content Strength, Customer Relations, and Distribution

Content / Brands

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- identification / personalization
- CRM
- product & service enhancing features
- billing

Technology platforms

- Internet platform (**Virtual portal**)
- Wireless platform (**2ndhead**)
- Digi-tv platforms (**pay-tv services**)

Whole equals
more than the sum
of the parts:

- content packaging
- packaging of advertising
- efficiency through joint **e-commerce** logistics

Platform principles:
openness, flexibility,
and scalability



Intellectual Property Trademarks and Service Marks

Registered trademarks and service marks:

• Finland	242
• European Union	11
• Other European Countries	<u>87</u>
	340



Intellectual Property Trademarks and Service Marks

Trademark and service mark applications:

• Finland	31
• European Union	9
• Other European Countries	3
• International (Madrid Protocol)	2
• Outside Europe	<u>4</u>
	49



Intellectual Property Domains

- around 300 Finnish and international domain names
- a quarter of the domain names are active, the rest of them have been registered for name protection purposes

**Organizational
Capital**

Intellectual property

Patents

- 1 patent application



Intellectual Property Copyright

- **Collective employment agreements give employers the right to**
 - **first use and re-use** of copyrighted material in the medium/media to which the employment contract applies
 - **distribute in electronic form** through any selected distribution channel copyrighted material supplied under employment contract to a newspaper or magazine as part of said newspaper or magazine

Intellectual Property Copyright

Collective employment agreements also give employers the right to **use**

- material that has been published or is intended for publication in a newspaper or magazine
- **in electronic media unrelated to the magazine or newspaper, if the publisher is in full control of the content.** This right includes processing of editorial material as required in said environment.

Intellectual Property Copyright

SanomaWSOY copyright program:

- In addition to copyrights secured under the collective agreement SanomaWSOY has secured
 - all copyrights under 747 employment contracts, including all Startel's employment contracts (both known and unknown uses)



Intellectual Property Copyright

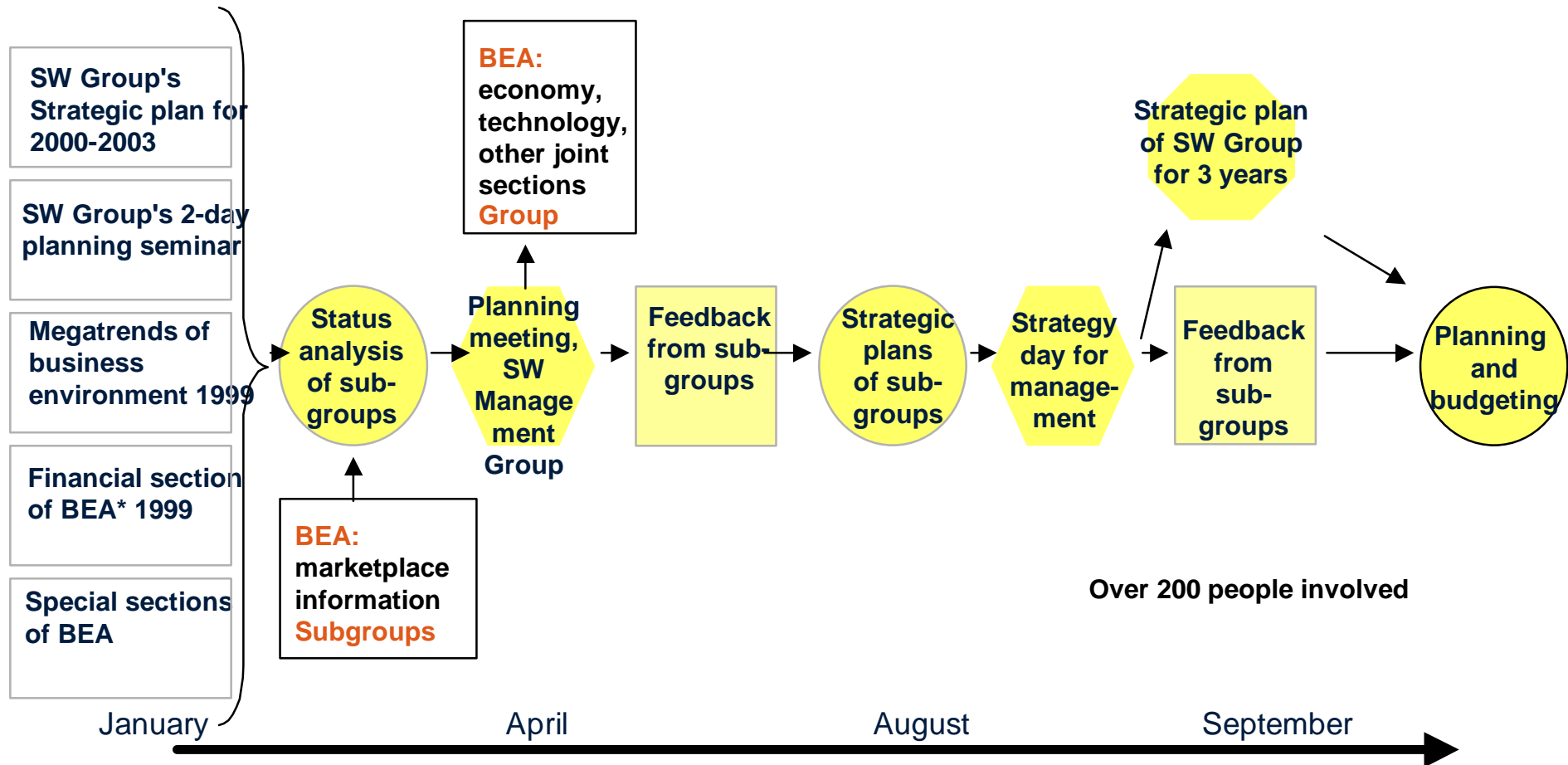
- **about a thousand freelancers have agreed to the Group's general freelancer conditions, which allow**
 - **SanomaWSOY to provide freelancer material in any form from print to on-line as part of its products and services**
- **copyright notices in newspapers include a notice that the publisher claims similar rights to any materials submitted for publishing in print**



Intellectual Property Licensing, Know-how and Business Secrets

- **special care has been taken to ensure the right to meet the changing needs of consumers in all existing licensing agreements**
- **special attention has been given to agreements related to intellectual property in general, including know-how and business secrets**

Group Strategic Planning Process



Intranet

Entry levels:

- **Group**
- **Sub-group**
- **Business Unit**

Content:

- **General**, all entry levels
- **Financial**, only group & sub-group reporting restricted
- **Business intelligence services (BIS)**, all entry levels, some restrictions
- **News**, all entry levels, BIS
- **Operative business information**, business unit level anything from general information to daily metrics

**Organizational
Capital**

Business Intelligence Services (BIS)

Extent of operation

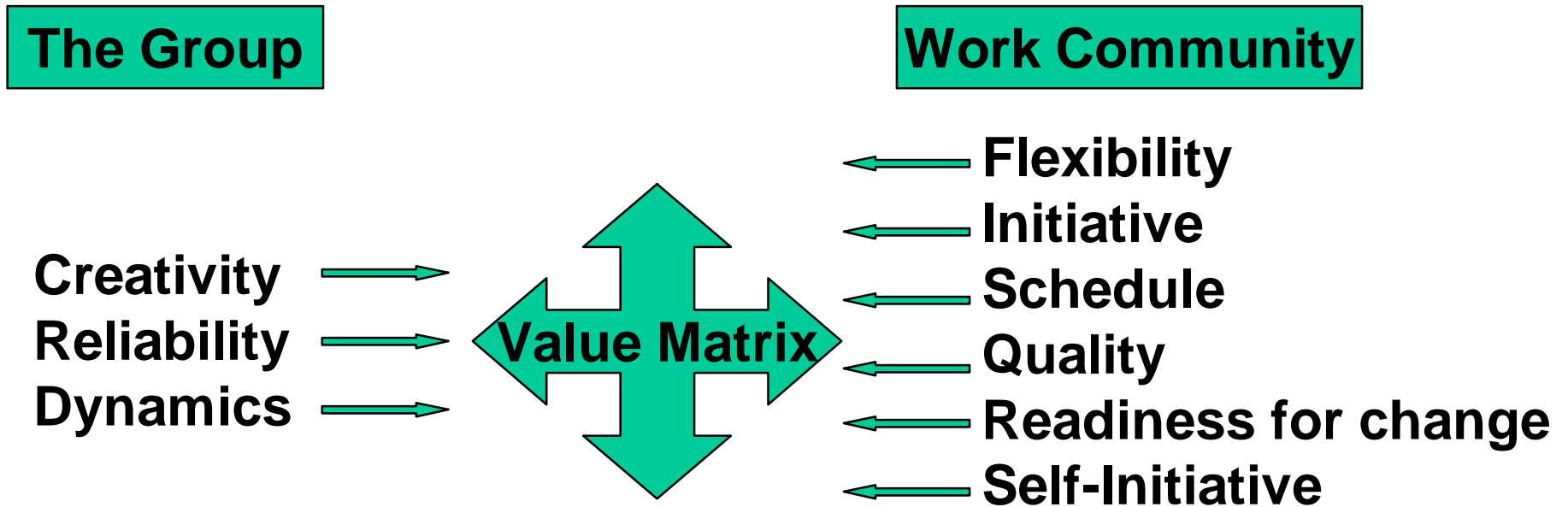
Business intelligence	1-6/2000	1-6/1999
• Number of users (estimate)	2000	200
• Page impressions per day	1000	600
• News summary via e-mail	250	150



Organizational
Capital

Corporate Values

The Value Matrix of the Helsingin Sanomat Printing Plant



Intellectual Capital Teams

- **Human capital teams (195 people)**
- **Relational capital teams (156 people)**
- **Organizational capital teams (73-78 people)**

Building on Intellectual Capital

- **multiple content-related revenue streams: broad base of intellectual capital extending into the Internet and wireless world, as well as digital television**
- **multiple advertising revenues: unique combination of volume and good demographics**
- **multiple bases for e-commerce: from advertising to selling**
- **multiple bases for internationalization: business concepts and management models**

