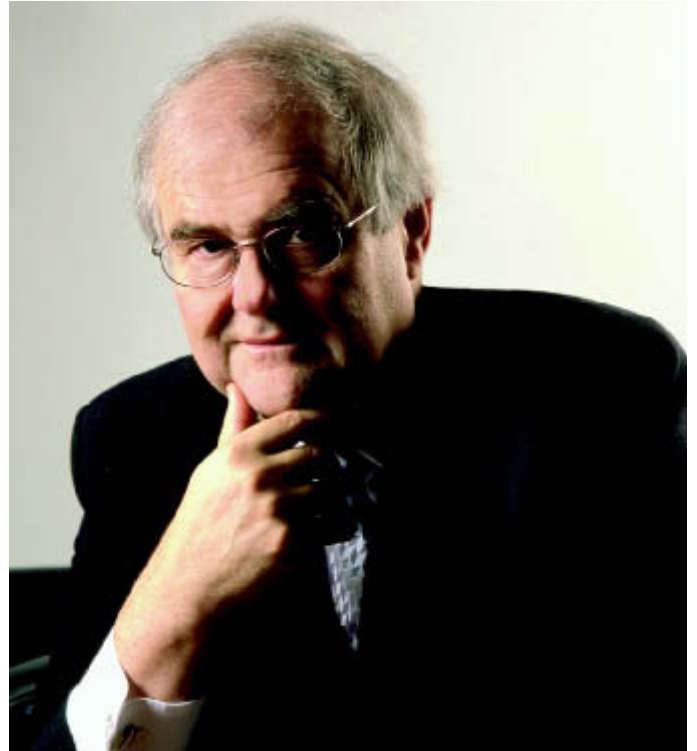


Insource the core, outsource the context

"Insource the core, outsource the context" is a business slogan, which is applied in many global companies. The key message is that in order to be competitive, resources should be focused on the core activities of the business, that is to say, to areas which generate a competitive edge. Non-core or context activities should be purchased from competent service providers. At times it is even better to take some of the core pieces from strategic partners, if you are unable to meet the volume required by that activity.

I believe that this guidance applies equally well to the meteorological community. For most of our customers the ultimate need is weather observation data or further value added information, supporting operational decision making in a specific application. Activities such as integrating and installing a system, owning it, operating it and maintaining it, have all traditionally been mandatory in order to meet one's need for data or information. Those originally mandatory activities may have changed over time to become activities determined to be context.

Technology development is also creating a push for change. Increasing automation makes equipment challenging to maintain and upgrade. During the equipment's lifespan upgrades can increase the value of data and information. Using the Internet enables new system architectures, where central processing can be done efficiently on a global level. More skills are needed to manage the recent developments in technology and it is in-



creasingly more expensive to maintain resources for that on the local level.

The paradigm is changing and the key word today is service. I believe that our customers will increasingly need services as they begin to focus their resources on their core activities. At the same time they will increasingly want supporting services from a reliable partner. Our technical and application competencies give us a good position to take responsibility in system integration, maintenance, operations, financing, and to meet the ultimate needs of the customer: deliver high quality information and data.

Vaisala has done similar things in our own industrial activity. We rely on competent service providers, who have devel-

oped expertise by focusing their efforts on their core. A wide range of manufacturing activities belongs to this category. This transformation has helped us to develop our competitiveness and growth.

I may have been a bit provocative above. But we have good experience already in many areas of shifting from being solely a provider of hardware to providing services and data. In the U.S we already provide lightning data to multiple applications. This will be an area to increase our offerings.

Let's talk about it. ●

Pekka Ketonen
President and CEO