Information and Communications Technology Profile [1] - Oslo - Norway

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Sector Overview

Norway is one of the world’s top per-capita users of ICT, one of the most wired countries in the world, and has one of the highest rates of ICT spending per capita in Europe – just behind the world’s top spenders like the USA and Switzerland. This small country, with a population of just 5 million, is home to over 5.5 million mobile phone subscriptions; broadband coverage is at 95%; and PC penetration in households is over 91%. Norway is also one of the largest markets for FTTH in Western Europe. Norwegians - like the rest of the Nordics - are advanced IT users and early adapters of new technology.

Norway’s challenging topography and climate, and small, scattered population have influenced developments in this sector. Much of Norway’s ICT expertise is built up around the country’s traditional industries such as technology for sustainable fisheries and aquaculture, communication equipment for the shipping industry, and technology for the offshore oil & gas industry. However, there is also strong local expertise in niche areas such as food tracing, mobility, banking solutions, micro-payment, customer relationship management (CRM) and location-based services. The content sector is also gaining ground and experienced a bigger growth in turnover than the industry average last year.

Annual turnover in Norway’s ICT industry was approximately NOK 188 billion (CAD $33.5 billion, 2010 figures) 2, making it Norway’s second-largest land-based industry. Figures for 2010 show that exports and imports of ICT goods amounted to NOK 16.8 billion (4% decrease from the previous year) and NOK 37.8 billion respectively (3.5% increase from the previous year). Imports to Norway are dominated by computers and related equipment (32% of total imports) and telecommunications equipment (26% of total imports); while exports are dominated by telecommunications equipment (32% of total exports). ICT goods valued at NOK 17 billion were exported in 2010.

Over the last 25 years, employment in high-tech industries in Norway has grown by 160%. The ICT sector employs 85 000 people, which constitutes about 4% of total employment in Norway’s mainland economy. ICT employment in Norway is dominated by IT consultancy services, which account for roughly 45% of all ICT employment. There is little hardware manufacturing, unlike Nordic neighbours Finland and Sweden.

A recent OECD report, “Going for Growth”, ranked Norway top-5 among OECD countries in research, development, and economic growth. ICT research is identified as a national priority and is supported by the Research Council of Norway’s large-scale programme for ICT, “VERDIKT”, which spans 10 years (ending in 2014) and has an annual budget of NOK 160 million. Current focus areas for VERDIKT include the internet of the future and the themes of social media, the internet of things, and mobile internet. R&D expenditure in ICT manufacturing and ICT services industries represents just under 30% of total industry R&D expenditures in Norway. Norwegian company Eltek is one of Europe’s top-10 R&D investing companies (in the
telecommunications sector). Norway has identified Canada as a priority country for increased research collaboration. Institutes such as SINTEF IKT are leading the ICT research environment.

Most of the large global ICT companies such as IBM, Microsoft, Ericsson, and HP are located here, usually with sales and marketing or services, and to a lesser extent research and development facilities. International systems integrators/consultancy companies such as Accenture, Tieto and Capgemini are major actors, but their regional and local counterparts such as Steria, Evry, and Atea also have a significant share of this market. A number of Norwegian companies have also proven to be strong international players such as: Telenor, Canal Digital, Opera, Tandberg, Ignis Photonyx, Q-Free, Kongsberg, and Nera, to name a few. These companies have an international outlook and are usually open to mutually-beneficial partnerships with Canadian suppliers. Companies such as Statoil, Hydro, DNB, and Aker are important drivers of the local ICT industry; alongside public sector organizations like the Agency for Public Management and eGovernment (Difi), Norwegian Labour and Welfare Service (NAV), Norwegian Tax Administration and the Data Inspectorate.

**Market and Sector Challenges (Strengths and Weaknesses)**

The Norwegian ICT market is valued at around 16.6 billion CAD. Growth in the market has, however, declined by about 2-3% in recent years. Areas with the highest projected market growth include mobile data services, internet services, application software, and IT services (project and outsourcing).

Norway is not one of the top ten ICT markets in Europe in terms of absolute spending on ICT services, but this market does offer business opportunities for Canadian companies. Norway is a relatively insular market that can be challenging to enter, particularly for SMEs. There is also significant local capability that will provide formidable competition to Canadian products and services. Canadian companies are relatively under-represented in this market, and Norwegian companies have traditionally done business with their Nordic or European neighbours. Canadian companies wishing to enter the market should consider establishing a local presence, for example through an agent or partner. Norway’s ICT industry is populated by a number of SMEs and a sizeable research community which would be excellent partners for Canadian companies in the form of technology transfer, joint venture, or R&D collaboration.

Norway is not a member of the European Union (EU), but companies located in Norway or doing business with Norway have access to the EU market through the European Economic Area (EEA) agreement. In accordance with this agreement, Norway implements all EU legislation relevant to the functioning of the internal market. Norway also participates in a range of EU programmes and initiatives, for example the EU Framework Programs for research and Innovation Relay Centres.

On July 1, 2009, the free trade agreement signed between Canada and the EFTA countries (Iceland, Norway, Switzerland and Liechtenstein) went into force. The Canada-EFTA FTA is a “first-generation” agreement with an emphasis on tariff elimination. It does not include substantial new obligations in areas such as services, investment, and intellectual property. However, the agreement will increase overall trade between Canada and Norway, and provide a strategic platform for expanding commercial ties with the European Union.

Canadian companies considering investing in Norway will find that it can be an expensive place to do business but the economy is relatively transparent, open and international: Foreign Direct Investments have more than tripled from 1998 to 2009, and the corporate tax rate stands at 28%, one of the lowest in Europe. Currently, Foreign Direct Investments in Norway are concentrated in the mining, services (financial intermediation, insurance, real estate, commercial), and manufacturing sectors.
**Sub-Sector Identification**

**Telecommunications**

Telecoms operators have increased VoIP services and expanded 3G coverage in recent years. The market for telecom end-user equipment increases steadily year-on-year, albeit by a small percentage. There is an almost 130% saturation rate for mobile phones, and Norwegians are leading Europe in terms of the demand for smartphones. Mobile traffic represented over 45% of the total telephone traffic, and has consistently increased. On average, Norwegians talk 2.4 hours a month on their mobile phones and send 99 messages a month. The use of mobile phones is estimated to surpass fixed line in the very near future. Use of mobile data services and multimedia such as e-mail, social networking, Web browsing, music downloads, and instant messaging is increasing. About 60% of Norwegians use social networks actively. Opportunities exist for companies with innovative solutions for service providers, systems integrators or content providers.

**Software**

Many of Norway’s successful software companies are spin-offs of research projects. They include top-notch software powering everything from search engines to healthcare management, to engineering cybernetics for petroleum finds in the North Sea and the tracking of farmed salmon. There is a growing emphasis on innovation, commercialization of research, and increased cooperation between industry and research institutions. Canadian companies entering into joint venture or R&D partnerships with Norwegian research institutes or start-ups will tap into local expertise and opportunities. The Norwegian software market can be broken into three main segments: applications, infrastructure, and tools. The application software market in Norway is the fastest growing segment (primarily through demand for CRM and ERP software). The IT infrastructure market is highly concentrated and competitive. Demand in this segment is concentrated on infrastructure optimization (i.e. virtualization and grid computing). In the tools segment database management systems have the largest market share. This market is very mature, offering limited growth potential.

**Sources:**

- Statistics Norway

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**Industry Canada**
300 Slater St., 17th Floor
Jean Edmonds Tower North
Ottawa, ON K1A 0C8
Website: www.ic.gc.ca/ic_wp-pa.htm
Useful Websites

Market information

- European Information Technology Observatory
- Statistics Norway
- Norwegian Ministry of Trade and Industry
- Norwegian Post and Telecommunications Authority
- Norwegian Customs

Establishing and running a business in Norway

- Bedin
- Oslo Technopole (publications)

Norwegian industry

- Nortrade (official Norwegian trade portal)
- Innovation Norway
- ICT Norway (industry organization)
- Abelia (industry organization)
- The Norwegian Computer Society

Research

- Research Council of Norway
- SINTEF ICT
- Norwegian University of Science and Technology
- Nordic Innovation Centre

[1] The Government of Canada has prepared this report based on primary and secondary sources of information. Readers should take note that the Government of Canada does not guarantee the accuracy of any of the information contained in this report, nor does it necessarily endorse the organizations listed herein. Readers should independently verify the accuracy and reliability of the information.