Market report

IT & Consumer electronics sector in Finland

StraxQ
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Market report is divided into three main sections which will give you valuable insights into Consumer & IT Electronics sector in Finland.

Regional overview frames the report and discuss macroeconomic indicators. While Country perspective provides comparison between industry sub-sectors and different markets. Finally, Industry insights presents KPI's and concluding remarks.

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.regional overview

Finland is in good economic shape and its **GDP per capita** and all other important economic indicators are growing steadily. Although GDP per capita is above the European average, it is the lowest among the Scandinavian countries.
Compared to Sweden and Norway, it has a significantly **smaller balance of trade**, which means that exports and imports are relatively in balance.

.country perspective

The country has acceptable labour productivity, which is growing year-on-year, with **Publishing of computer games** being the most productive sub-sector.

Turnover CAGR (4y) in the IT & Consumer electronics sector of Finland is 4.74 %, with total value of 144 billion €

.industry insights

As for the IT sector itself, the results are more than **favourable**. New companies are being added to the sector and old ones are being retained after a relatively long period of time. The sector is dominated by Computer programming activities, Computer consultancy activities and Publishing of computer games, which account for **72%** of **turnover in the sector**.

.Finland has the lowest GDP per capita among the scandinavian countries

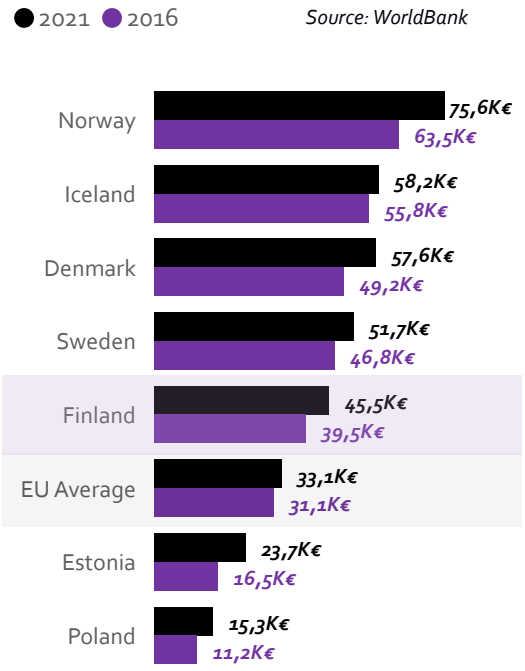
Even though the GDP per capita of Finland (**45.5K€**) is above the EU average, it is lowest value among the scandinavian countries. However, there is a positive trend in GDP per capita growth, which percentually coresponds with other countries.

Since 2016 the domestic product grew by almost **6K€** which represents ***2.87%*** CAGR between 2016 and 2021. However, the growth rate was slightly better in Estonia, Denmark and Norway.

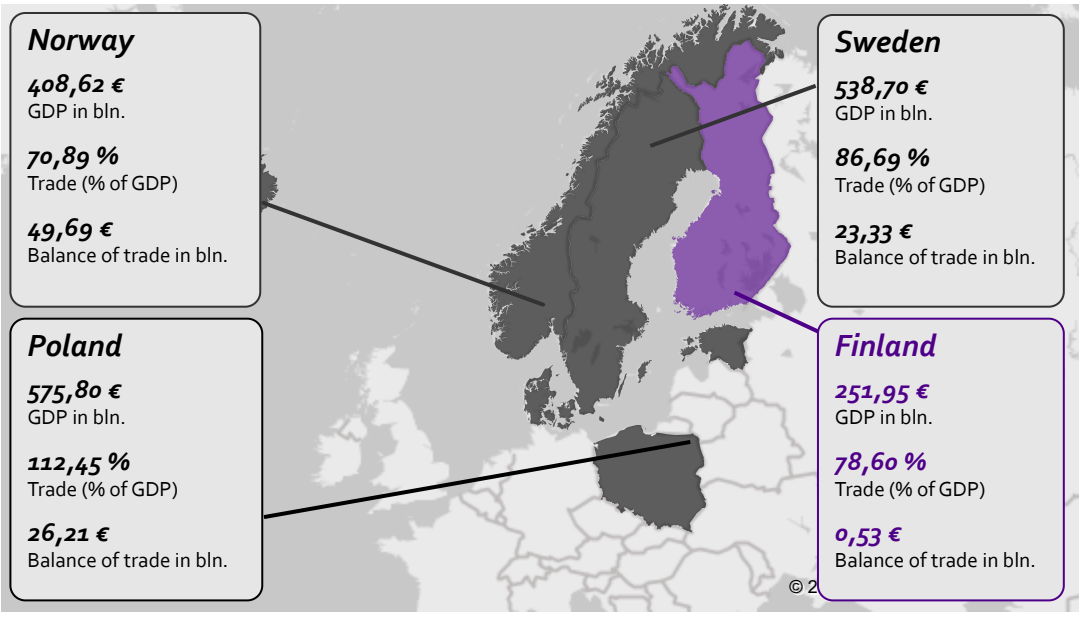
.impact of trade on GDP

The gross domestic product of Finland has total value of **251 *billion €.*** International trade is an important aspect of a country's economic development and it represents ***78.6%*** share of GDP (sum of exports and imports measured as a share of GDP). Nevertheless, other countries in the region are able to generate much more positive trade balances (export - import).

Chart 1: GDP per capita (in thousand €)



Map: Regional overview with main indicators



.national Income Per Capita (NIPC) has been steadily growing since 2012. It grew ***from 30K€ to 35.4K€***, however in 2020 global disruptive events caused decline. The quality of life in Finland remains high, which is also associated with a relatively high per capita income.
Not significant difference between Finnish GDP and GNI p.c. values may indicate that FDI rate is not that high, as we can see below.

*4-year CAGR of National Income Per Capita of Finland is **1.23%***

Net FDI inflows of Finland have been oscillating in recent years. In 2015, 2017 and 2019, they amounted to a flattering **15 bil. €**. However, in 2020 and 2018 Finland experienced significant disinvestment. Negative values of FDI net inflows for a particular year show that the value of disinvestment by foreign investors was more than the value of capital newly invested in the reporting economy.
Nevertheless, it is very easy and inexpensive to start a business in Finland - starting a business score of **93.5** out of 100 is one of the best rating within the whole world.

.the inflation rate in Finland was ***2.19%*** (in 2021). Meanwhile the inflation peaked at ***9.1%*** in winter of 2022, with current value of approximately ***6.3%.*** The percentage of GDP spent on R&D is another positive regarding Finland's macroeconomic performance. The value of ***2.94%*** (which is more than the EU average of 1.7%) represents an outstanding attention to science and innovation. Lastly, only ***42.0%*** of firms in Finland rely on banks to finance their ***working capital***, which is a similar share compared to Denmark (42.7%) and a bit higher share than in Sweden (25%).

.indicators Finland

Inflation rate
2,19 %

R&D expenditure (% of GDP)
2,94 %

Starting a business score
93,50

% of firms using banks to finance WC
42,0 %

Cost of business start (% of GNI p.c.)
0,7 %

Source: WorldBank

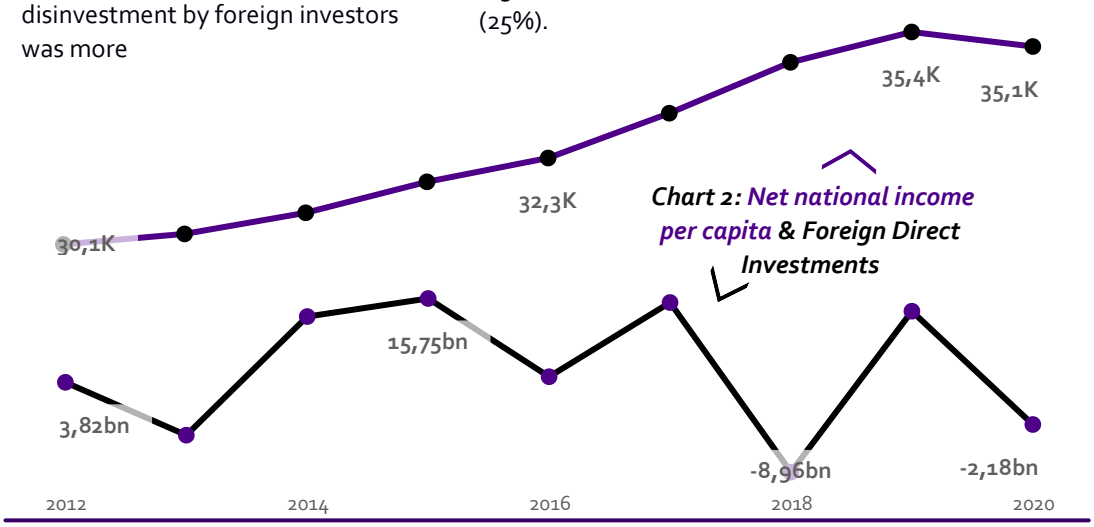


Chart 2: Net national income per capita & Foreign Direct Investments

.the Finland IT & Consumer Electronics sector is the second greatest among Scandinavian countries

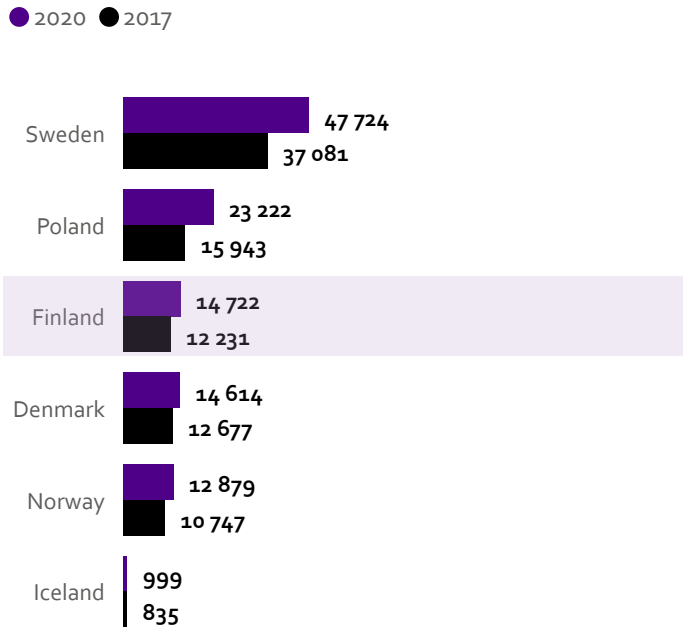
There is clearly a **positive trend** in the growth of turnover in the sector. All countries in the region have seen growth over the last three years , with the most significant being in Poland, where the 4-year CAGR was **7.81%**.

As far as Finland is concerned, **turnover growth** in the sector is **stable**. The highest year-over-year growth was recorded in 2017 and 2019, respectively (which also corresponds with the FDI values, which were the highest in those years).

Turnover CAGR (4y) in the IT & Consumer electronics sector is 6.1%, with total value of 114 billion €

.the finnish and IT related subsectors reported a robust total turnover of **14.7 billion €** in 2020, with an average year-over-year growth of **6.12%**. The top three subsectors driving this success were **Computer programming activities** (6 bil. €), **Computer consultancy activities** (2.4 bil. €), and **Publishing of computer games** (2.2 bil. €).

Chart 3: Sector turnover in the region (in mil. €)



Source: Eurostat

Chart 4: Sector's turnover development (in mil.€) in the country compared to year-over-year turnover growth (%)

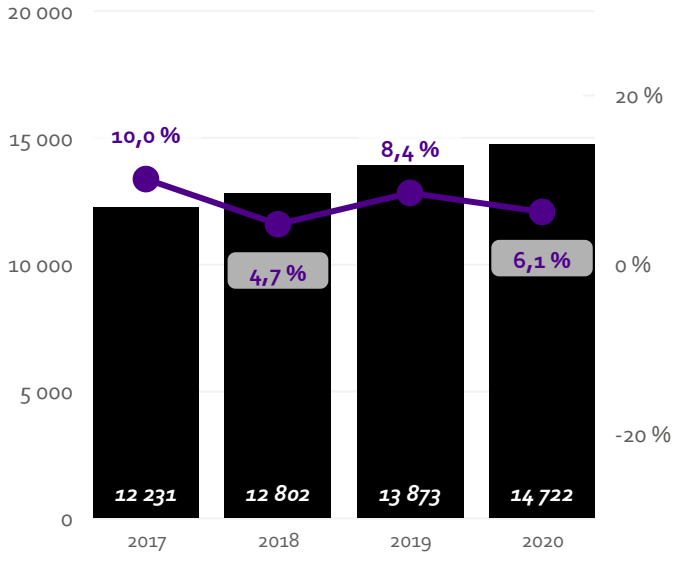
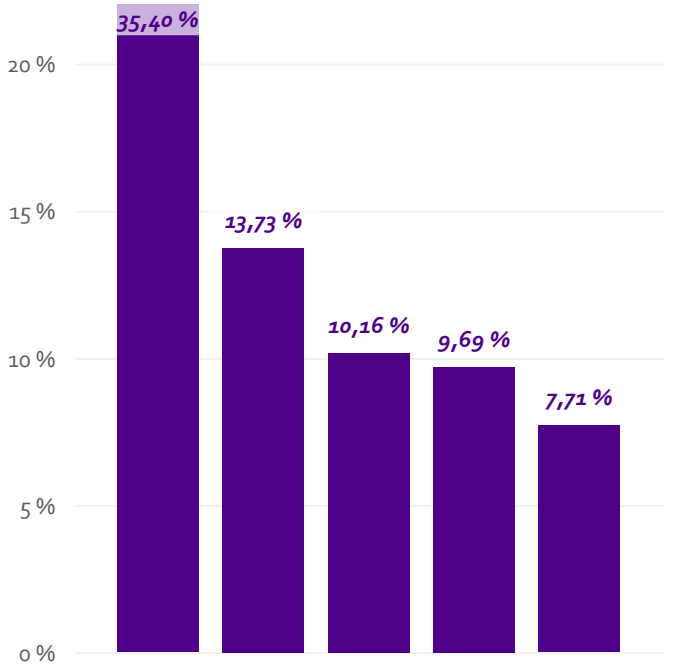


Chart 5 & Table 1: Top 5 best performing sub-sectors according to turnover YoY



Despite the positive trend in most subsectors, **Data processing, hosting, and related activities** experienced a decline of **-5.79%,** and **Web portals** suffered a significant downturn of **-51.57%,** possibly due to the rise of SaaS platforms and mobile apps. However, **Other information service activities** saw an impressive growth of **35.4%,** and **Computer consultancy activities** followed with **13.73%** year-over-year growth.

.moreover, the data processing subsector stood out with an impressive **GOS/Turnover ratio** of nearly **40%,** showcasing its financial strength. Overall, the Finnish IT industry displayed resilience, adapting to market demands and technological advancements.

Sub-sector	*Turnover (mil. EUR)*	*Turnover YoY*	*Gross operating surplus (mil.EUR)*	*Gross operating surplus /Turnover*
Other information service activities n.e.c.	*122,4*	*35,40 %*	*7,00*	*5,80 %*
Computer consultancy activities	*2 421,3*	*13,73 %*	*276,50*	*11,40 %*
Other information technology and computer service activities	*345,8*	*10,16 %*	*9,90*	*2,90 %*
Computer programming activities	*6 095,7*	*9,69 %*	*704,30*	*11,60 %*
Publishing of computer games	*2 208,6*	*7,71 %*	*649,70*	*29,40 %*

Source: Eurostat

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Chart 6: Persons employed and wage adjusted labour productivity median

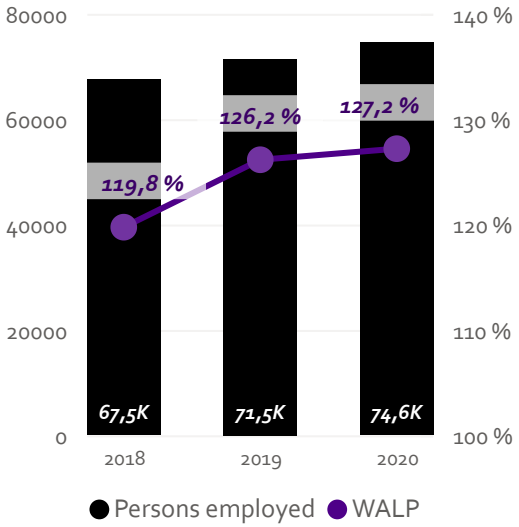


Table 2: Top 5 employers by subsector

Sub-sector	Persons employed	WALP
Computer programming activities	45682	119,60 %
Computer consultancy activities	12077	125,50 %
Computer facilities management activities	8097	128,90 %
Data processing, hosting and related activities	3527	328,60 %
Publishing of computer games	1881	399,00 %

Source: Eurostat

.both sector's employment and labour productivity are continuously increasing

The chart 6 and Table 2 show WALP - a metric that takes into account both the value added and personnel costs of a business. The Wage-adjusted labour productivity of ***127.8%*** is indicating a quite low efficiency of the sector's businesses,. The largest sub-sector in terms of employment is *'Computer programming activities'* with almost ***46K*** workers. Additionally, the *'Publishing of computer games'* sub-sector is the most efficient one with an exceptional WALP of ***399%.***

.as mentioned in the regional overview section, Finland has a great business environment. It is one of the **TOP 20** countries in terms of ease of doing business, has a relatively low tax burden (compared to other European countries) and has an efficient judiciary system where enforcement of judgement takes an average of **106 days**. Finland is a country of start-ups and these indicators only confirm a good **entrepreneurial ecosystem**.

.doing business *Source: Worldbank*

.ease of doing business in Finland

.score & .rank

20.

12,1 %
.profit Tax (% of profits)

23%
.labour Tax & contributions

.enforcement of judgment

106 Days

.enforcing contracts - Score

13%
.attorneys fees (% of claim)

The IT & Consumer electronics sector in Finland has been booming for a long time.
All key indicators are growing and with the exponential growth of IT technology there is no reason to assume that this will be any different in the coming years. Moreover, high survival rate even after 5 years contributes to the sustainability of the sector's profitability.

8,4K

.total number of active enterprises is steadily growing. Currently, there are **8 409 enterprises** in the finnish IT sector. More than half of the firms operate in the **Computer programming activities** (**4 900**), followed by **Computer consultancy activities** (**1 989**).

1,8M€

.the average turnover per company has been growing steadily year-on-year. The subsectors with the highest value of the aforementioned indicator are **Publishing of computer games,** which has absolutely dominated the market since 2018.

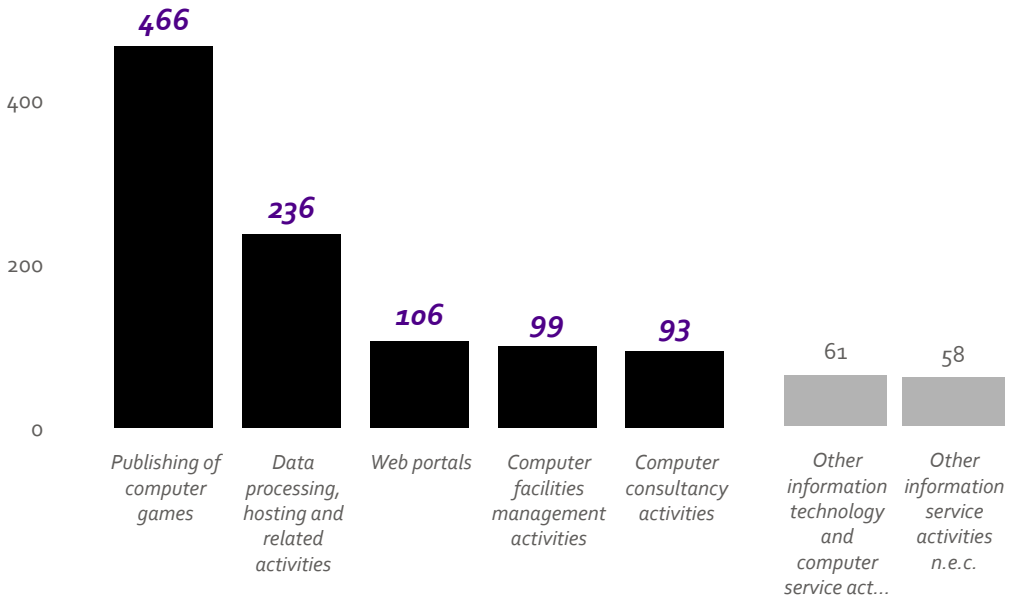
334,1K

.average turnover per employee in the IT & Consumer electronics sector has decreased by ***24k*** since 2019.

0,39K

.5-year survival rate there are 390 enterprises that were founded in 2015 and still operate in market.

Chart 7: Top 5 & Bottom 2 subsectors according to gross value added per employee (thousand €)



Sources

.data sets
Annual detailed enterprise statistics for services

.data sets
World Development indicators / Doing Business / Worldwide Governance indicators / Global Economics Prospects

Data

.regional overview.macroeconomics.map&Chart 2

country_name	GDP in bln.	Trade (% of GDP)	Balance of trade in bln.	Foreign Direct Investments inflow
Denmark	337,55 €	112,18 %	22,15 €	12 464 402 531,24
Estonia	31,52 €	156,96 %	-0,15 €	6 238 325 633,51
Finland	251,95 €	78,60 %	0,53 €	20 228 198 536,58
Iceland	21,70 €	78,18 %	-0,39 €	78 923 060,19
Norway	408,62 €	70,89 %	49,69 €	12 021 528 910,15
Poland	575,80 €	112,45 %	26,21 €	31 451 694 915,25
Sweden	538,70 €	86,69 %	23,33 €	44 645 771 390,02

.regional overview.macroeconomics.indicators

country_name	R&D_expenditures	Working Capital financed by Banks ratio	Cost of business start
Sweden	29,66 %	51,6 %	4,3 %
Denmark	26,76 %	42,7 %	1,6 %
Finland	26,63 %	42,0 %	6,8 %
Norway	17,54 %		8,6 %
Iceland	16,80 %		17,7 %
Estonia	14,11 %	51,3 %	10,3 %
Poland	9,63 %	76,4 %	98,9 %

Notes

.charts & tables

.indicators

Balance of trade - difference between the monetary value of a nation's exports and imports
Enterprise birth rate - number of births as a percentage of the population of active enterprises.
Trade as % of GDP - Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product.
Wage-adjusted labor productivity (WALP) - metric that takes into account both the value added and personnel costs of a business

Abbreviations

CAGR - compounded annual growth rate
EU - European union
FDI - Foreign direct investments
GNI p.c. - Gross national income per capita
GOS - Gross operating surplus
NIPC - National income per capita
R&D - research and development
ROI - return on investment
YoY - Year over Year
WALP - wage adjusted labour productivity
WC - working capital