

# 1970's

## Defining priorities – moving to the front line of special technology

At Teleste, the 1970s kicked off with a bang. Olavi Ahonen sold his shares to Sponsor Oy, a development company owned by a group of banks, and stepped down from the duties of Teleste's Managing Director and Chairman of the Board of Directors. The release of the company's founder at 51, was confusing, especially since back in the 1970s company acquisitions were a rare event.

Teleste's new Chairman of the Board was Managing Director Aarno Esilä from Sponsor Oy and the members were Pekka Valkama and Professor Martti Tiuri from the Helsinki University of Technology. Jaakko E. J. Koski, having gained experience in the aerial business at Sähköliike Oy, was selected as the new Managing Director. As the company was clearly in good hands the change over levelled itself out quite quickly.

Sponsor was ahead of its time and clearly reformed Teleste. Internal communication began by establishing the company bulletin Teleskooppi, which strongly represented the views of the staff and encouraged positive team spirit. Clerical employees and management started to get trained in various courses and seminars while work-study programs were similarly commenced. Teleste's momentum of reform in work-related processes could be seen in the early utilisation of computers.

Teleste established useful links to authorities, educational establishment and research institutes. Because of these it became a lot easier to recruit skilled people for any available vacancies, including R&D. Sponsor's reputation is best illustrated when you consider that Mauno Koivisto chaired their administration board until he became President of the Republic.

In those days it was not customary to discuss openly even solutions of this magnitude. According to Pekka Valkama Mr. Ahonen announced his retirement as if it was a registration issue hoping, however, that Mr. Valkama would continue in the company under Sponsor Oy. "It never became fully clear why he wanted to get rid of Teleste in such a radical move. I have come to assume that he wanted to allow the company to move forward into a new era. Perhaps he thought he had done his bit and retired to enjoy the fruits of his labour", reflects Pekka Valkama.



< **Once Sponsor had become** the principal owner of Teleste and Ahonen had left the company, a bulletin about the new organisation was released.

**This logo** was a familiar sight to Teleste employees for the next 30 years.



**The jump from master aerial technology** to CATV was a big investment in a new technology for Teleste. CATV products were the broadband technology of their time.



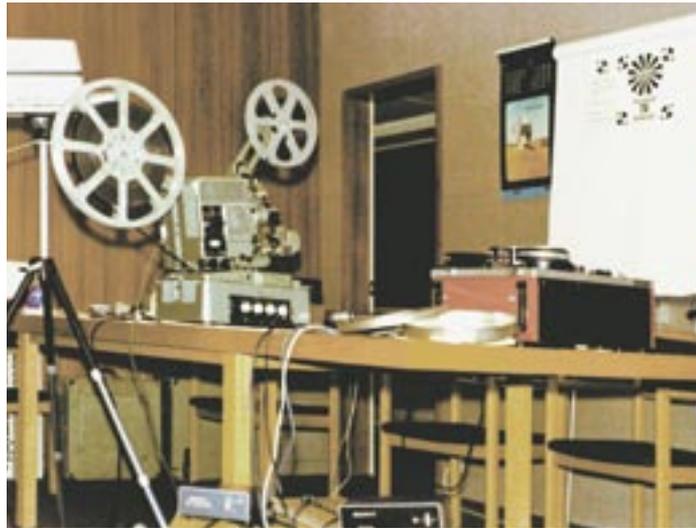
A TV program was broadcast from Teleste factory's **"TV studio"** in the Petrelius residential area for a few evenings. The program was first projected onto a screen from which it was filmed with a TV camera and then broadcast on the cable network. This experiment was carried out to see if viewers were interested in new programs and to find out if the technology worked.

## Cable Television Networks Enter the Scene

Teleste put particular emphasis on creating avenues for exports, this being the driving force behind pondering and examining new product groups. Jaakko Koski made a fact-finding trip to the United States where cable television networks were already widely operational. Networks in America are essential otherwise the scores of television stations would interfere with one another. Because of what he saw, Mr. Koski became convinced that in no time cable television networks covering wide residential areas would be constructed in Europe as well. This trip gave him the impulse to develop cable television networks at Teleste.

There had been previous inquiries to Teleste concerning cascaded aerial amplifiers, mainly from the Swedish-speaking Ostrobothnia, where Swedish television could be viewed with the help of aerial amplifiers. The most significant of these systems was in Uusikaarlepyy but since Teleste's aerial amplifiers could not yet be connected in cascade the local system was put together using components imported from Germany.

The target for Teleste was to develop broadband amplifiers that could be joined in cascade. This new development project required additional expertise resulting in the hiring of Pekka Ketonen who had just got graduated with a Master of Science in Engineering. His first job was to come up with solutions



**One of Teleste's first CATV products** was the SLK broadband amplifier, which made it possible to build extensive CATV networks using their own products.

designed along the lines of the American cable television system. The outcome of this effort included the SLK amplifiers, the SJR splitters and the SHR taps, which were collectively called the SYJ products—a Finnish expression for community aerial television, CATV for short and a term that soon became established amongst the experts in the field. CATV products became one of Teleste's main assets in the early years of the decade. They were actively promoted at fairs and exhibitions—the products met with great interest amongst the clients and competition was easily managed, as there wasn't too much of it.

This interest was enough to sustain actual experimenting with cable television including unassuming programming activities. Residents of Petrelius, the nearby district with blocks of flats, could view videotapes of a number of countries provided by embassies, not to forget recordings made by the staff at Teleste. However, testing with cable television truly commenced only in the following decade.

In the early 1970s there was no statutory enactment relating to cable television. Private communication companies were lobbying intensely to get an enactment along with founding private cable television companies. These included Helsingin Kaapelitelevisio Oy and Turun Kaapelitelevisio Oy, commonly called Kaavisio, which were both established in 1973.

**In the 70's**, CATV networks were particularly built in those areas where people wanted to watch TV programs from neighbouring countries. It was not feasible to install the large antennas and amplifiers necessary for reception in every house. With the CATV network, you could build a tall antenna in the best location for reception. Nor would antennas on every rooftop look aesthetic in urban areas.





**At the Nousiainen factory,** shoes were replaced by amplifiers.



**HTV's Technical Manager Lennart Waström** and a plan for a cable TV network in the future.

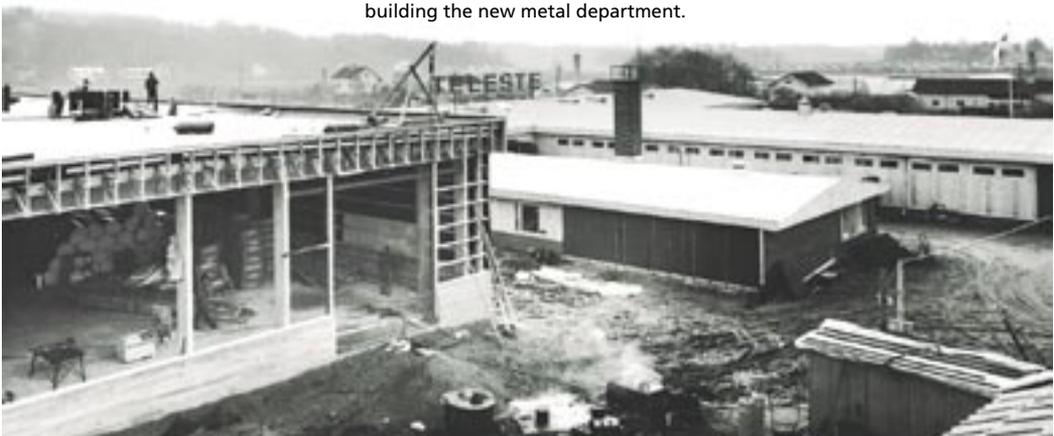


**▲ During the bishop's inspection,** Marcus Moberg explained the inner workings of the amplifier.

**> This black box** opened the door to entertainment for a paying viewer.



**v Once again** need to expand—here building the new metal department.



## The New Factories in Littoinen and Kaarina

In 1972 Marcus Moberg was selected Teleste's new Managing Director. He came from Sähkölähteenmäki, one of Finland's major wholesale businesses in electrical accessories and a significant manufacturer of distribution boards. By this time the floor area of Teleste's premises in Kaurakatu grew to 3,777 square metres and the latest enlargement provided a new spacious metal processing workshop and a painting shop. After a year the vacant adjacent ground of 11,500 square metres was bought to accommodate another new plant wing.

Teleste had supported bringing Kaavisio Oy, a cable television company, to Turku. The duties of Managing Director were passed to Mr. Moberg. Erkki Bäckman replaced Mr. Moberg as Managing Director in Teleste and remained in the position for the next 11 years.

In 1974 Turku suffered a severe shortage of labour. For Teleste this happened at a particularly unfortunate point in time as the company intended to grow and hire more people. The Company decided to buy a bankrupt shoe factory from Nousiainen. The acquisition included seventeen shoe factory employees.

Sponsor had previously acquired a Turku-based transformer manufacturer, which now came under the control of Teleste. It merged with another small transformer maker forming a new company called MeRa-Sähkösepät Oy, later to become Trafotek Oy. Hannu Tikka, the previous planning director at Sponsor, became its Managing Director. Teleste secured the loan taken by Sähkösepät, from the Industrialisation fund and bought, in turn, from them a lease on a property in Littoinen, a municipality of Kaarina next to Turku. This property was the venue for the new industrial premises of 4,500 square metres, which was finished in spring 1977 that was owned by Teleste but hired by Trafotek.

## Cable Television Networks Enter the Scene

In the mid-1970s the second channel from the Finnish Broadcasting Company covered more than 80 per cent of Finnish homes, which meant a decline in aerial accessory business. Finnish cable television was, however, still in its infancy. So far the first network of Helsinki-Televisio covered just a few blocks in the district of Itä-Pasila. This did not exactly line Teleste's pockets with gold but managed to strengthen faith in the growth of cable television.

CATV aerial system continued to stay afloat but the time seemed to be on the side of cable television. Teleste decided to use the revenue from aerial production to develop a network in cable television. Preparations were being made for the forthcoming era of satellite communication.



**In 1975, Erkki Bäckman** became the managing director; under his leadership, Teleste entered the era of satellites and cable TV.

*"That was the most active period of my life. I had just turned 35 and I was full of energy. Teleste staff was smarter than the average and the atmosphere there was like a family. Pekka Valkama was the life and soul of the enterprise who was in touch with even the most sensitive feelings of the staff. And there was no point in even trying anything of importance without his support. To me Marcus Moberg was an important personal adviser and friend. Without the support of these two grandfathers I could not have made it in the business of being Managing Director. The help was near whenever you needed it. Besides, Moppe knew his way around the restaurant. Dinners and drinks were never second best. You also had to look sharp", says Erkki Bäckman.*



**Teleste's master aerial devices** were modular from the very beginning. In the early 70's, sound devices started to be built using a similar structure – the D series (Domino) included a large amount of various types of plug-in units. The modular structure of products made Teleste a flexible supplier. Manufacturing was done mainly by hand and there was little subcontracting.





**Measuring and designing CATV networks** requires a certain expertise and Teleste often made CATV plans for its customers. Here Tapio Luoto is shown designing ACA and CITY amplifiers.

Telephone companies who bought their components from Teleste established several cable television networks. HTV launched a pay-TV-based entertainment channel and Teleste came up with the required descrambler to be placed at homes colloquially known as the 'black box'. The cable television network to be built in the capital was designed to be based on Teleste's products.

### **R&D Ahead of the Times**

Teleste's product development team kept inventing new products; for instance, the second generation of CATV amplifiers became marketable. Although mechanically still ordinary these new products could be used in cable television systems whereas CITY and MIDI amplifiers went a step further allowing construction of large networks. In addition to which passive components of network such as the M boxes were designed to meet the Nordic requirements.

A gate telephone and burglar alarm system called Polysec designed to improve safety was introduced as a new line in



**Christmas party organisers** had to be in good shape when they moved these presses, each of which weighs thousands of kilos, out of the way for the party. After all that exercise, they must have really felt the need to party.



# Vapari

## Teleste – not just all work



The tangible growth of the 1970s could be seen in that staff started to use the employer's funds for organising joint leisure activities. Teleste first received its own fishing club engaged in hikes and fishing trips. One had to be a member to participate in the activities. The club wanted to have a fishing ground of their own so Teleste decided to procure a waterside holding available for the staff. The company hired a couple of hectares of shore area from Merimasku not too far away from Turku for staff recreational purposes, meaning fishing and camping. Subsequently, a leisure committee was established

with an appropriation in the annual budget. The committee relinquished the Merimasku shore plot hiring a new place in Parainen, which also included an entitlement to use the premises.

The leisure committee organised a number of activities: a whole host of parties were provided with entertainment by the house band Bruno Pois and Flik; members of the fishing club used to inform others about their catch on Mondays and the ice hockey team played other Turku-based companies. More recently the leisure committee has been involved in organising summer parties and skiing tours. The staff bulletin provided a forum for information dissemination of any issues involving parties, staff and the company. Nowadays announce-

ments, like any other, take place on the intranet.

The first-ever Company Christmas party was held in 1972. The Kaurakatu enlargement had just been completed and a new metal processing workshop had been built, which is why the first party took place there. Eccentric presses were pushed aside to make room for the celebrating. This provided the name for the Christmas party, which came to be known as the 'press party' and is still known, by that name till this very day. Pekka Valkama was pondering tongue in cheek that the name for the party could have been provided by the clear need of a break after a long pressing session. But in the end he, too, towed the line agreeing that the party received its name from the premises.



**Winter frolics** in Hirvensalo. A number of Teleste employees felt compelled to have a go at the action-packed winter sports taking place.



Summer parties in Teleste's back yard just before holiday period.



For a long time, **Haraldsholm** in Parainen was a place to spend the summer for Teleste employees.



It was located at a good spot for fishing and the rent agreement included the right to use three islands.

**“Leisure committee – Vapari – was allocated a budgetary line of its own by means of which we could organise joint activities for the staff. Most of the money was spent on arrangements of the traditional Christmas celebration but we also visited theatres, dropped in on other companies and in springtime we used to have Shrovetide frolics. Teleste also supported the staff’s exercise pursuits; we even played other company teams. Joint activities were as appreciated as they are today. Even in hard times we have never failed to set up a Christmas party”,** says Ms. Jaana Liikanen, who joined the house in 1984 having been in charge of Vapari for 10 years in all. At Teleste she started at the drawing board and is currently engaged as Teleste’s Web editor.

**Teleste’s Dragon rowing team** ready to take on the challenge in the Aura River.





Teleste Sweden's representative at the **Signal Service** trade fair.

R&D. It was based on the dwelling's coaxial aerial network to relay information concerning unauthorised movement and events within the property. Polysec was developed up to a fully functional prototype but the construction companies wouldn't have it since it was considered too expensive. The widespread view was that residents were not yet prepared to pay any extra for the improved safety. At the time the concept was put on hold for the future.

Nonetheless there were other uses for the coaxial cables. A new central hospital was just starting construction in Kuopio. The selected electric contractor was Teleste's old partner ARE whose head of telecommunication announced that they couldn't take on the patient telephone system unless it was redesigned to accommodate coaxial cabling. Without Teleste's good name and dependability a deal would never have been done. The company was trusted because—thanks to aerial technology—Teleste was well versed in coaxial cabling. The coaxial patient telephone system was successfully developed and it became a rapid commercial success.

Another impulsive innovation was the intercom unit allowing external calls to be put through Teleste's system all the way to the patient's pillow speaker or audiphone. Exclusive in the whole country the unit was approved by the telephone authorities. This was remarkable because at the time the telephone network was strictly regulated and only deregulated a decade later.



**The patient device and pillow loudspeaker** from a patient's phone.

## Focus on Internationalisation

Ever since the early days Teleste had a keen eye on internationalisation. As early as 1964 the company made an attempt to get a foothold of the Swedish market but at the time what this boiled down to was only one single contract.

With Sponsor in the picture internationalisation gained new momentum. Once again, the export drive was focussed on Sweden. Teleste's Board of Directors ordered the new export engineer to spend at least half of his time in the neighbouring country. As a result of this export drive two new representatives of aerial accessories and one for audio equipment were achieved. Both of these product groups also found agencies in Norway.

A number of Finnish companies started to expand their businesses by acquiring existing agencies or, at least, complete product concepts from behind the western border. Teleste was no exception. Teleste's subsidiary Norge A/S was founded in Norway to manage exports there. Another subsidiary of Teleste – Svenska AB – was established to promote local audio business based on the fact that hotel systems were considered a growth area particularly because exports to Sweden began to grow. Internationalisation boosted R&D ideas. Teleste's representatives visited a number of international shows and conferences looking for new ideas.

Aerial product group was reorganised to form a distinctly separate unit headed by Pekka Ketonen. The aerial group came up with a plan for achieving market leadership, at least within the Nordic countries, by means of a range of cable television products being developed at the time.

**“Getting Janco Electronics as a client took creativity. They wanted to exchange their then supplier to Teleste, but this could be done only after Teleste founded in Norway a subsidiary with large enough financial backing to grant Janco a credit in order for them to pay the supplier out”,** remembers Marcus Moberg.



**Norwegian Janco Electronics** and its subsidiary Janco Kabel-TV turned into a major customer for Teleste over the years. At one point of time, Janco Kabel-TV was owned by Finnish Helsinki Media.



The first hotel system was sold to **Hotelli Rosendahl** in Tampere.



**Erkki Bäckman and Esko Halenius** with a hotel system in a photo from the Turun Sanomat newspaper in 1977.

> **A typical room panel** for the hotel system.



**Teleste hotel professionals** in their new rented facilities in the lot next door to the Kaurakatu facility.



The efforts to boost exports were met with success yet fell short of the target. A new overseas operation post was established titled International Business Manager.

Teleste arranged a wide fact-finding tour of West Germany where the secretary for industrial affairs at the local embassy, former Teleste managing director, Jaakko Koski had prepared a comprehensive itinerary. The aim was to find out how to develop the company so as to boost exports to Continental Europe. The result was slightly surprising. Teleste should have taken a couple of steps backwards in development to reach the price level acceptable for the products in the area.

Pekka Ketonen took part in various standardisation work-groups getting acquainted, for instance, with Danish and Norwegian companies operating in the cable network business, thus creating new foreign contacts for Teleste. After much effort, the Norwegian Janco Electronic A/S became a client, who was also involved in the standardisation work. To begin with, Janco was involved only in construction of a small cable television network, which in the end came to cover the whole of Oslo.

### Spearhead of Hotel Systems to Europe

The order books for Teleste's hotel products were advancing rapidly right from the beginning of the decade. The company had developed a completely new product involving the hotel management system, which was technically superior to the competition. The new system was computer-controlled turning the standard room panel into something that could be called an intelligent appliance.

Computerised services were increasingly combined with audio systems so that the next stage would allow hotel rooms to be pooled from the reception terminal into one announcement group. The first system of this kind was sold to Hotelli Rosendahl, which was under construction in Tampere. At the time the product only existed on paper so Teleste had to secure guarantees from Sitra – The Finnish National Fund for Research and Development. The system was successfully implemented under the leadership of product manager Esko Halenius. The innovation answered all expectations and the system was handed over to The Rosendahl Hotel in compliance with the contract.

However, Teleste was not entirely familiar with the bit technology and had to learn it the hard way similar to many others. One drawback of the system was that it was vulnerable to all kinds of interference coming in through the wide digital networks. A good case to point this out was learned at the site of The Hotel Admiral in Copenhagen. It was highly embarrassing as the hotel's entire alarm system went off in all the rooms at two o'clock in the morning. One source of interference was found to be vessels entering the adjacent harbour; their active radar systems were interfering with the signals in the cabling



**The Hotel Hamburger Börs** has become familiar to many Teleste employees working abroad and for guests of Teleste – here it is, still in its original form, in 1976.

*“The time in Paris was rotten. It was all because of the then Managing Director of Sponsor, Johan Horelli, who had got it into his head that Teleste's going international would best be served by moving the Managing Director over to Paris. Once one hotel system was sold he would then run the firm, from there. Now, it's hard to imagine a more difficult place to begin an export business. Nevertheless, him and I are still good friends and we even managed to sell the one hotel system in the end. That was no doubt the number one sweat in my business career”,* remembers Erkki Bäckman.



**The most important part of the hotel systems** was the computer and its software. As early as the 70's, Teleste had a number of programmers and computers.



**The computers** were large, expensive mainframes that were used through these kinds of terminals.



In 1977, at Teleskooppi, **Auditek's logo** was introduced.

in a big way. To solve these problems Teleste hired Doctor of Science Pertti Ahonen.

The hotel system was designed with an eye on the Continental market. Teleste decided for a spearheaded approach into Central Europe. To secure growth and internationalisation the resources had to be focussed with pinpoint precision. Product development of hospital equipment was put on hold for a while. No further investments were made just revenues were collected.

Alongside the Nordic orders Teleste rapidly received Continental assignments but was constantly falling short of the target. Managing Director Erkki Bäckman left for Paris for half a year with the intention of selling the hotel systems to Central Europe. He came to realise, however, that in France one does not make money by selling hotel systems. Nevertheless there was one contract even to Paris, which came home later on.

Teleste's sale of hotel systems was gaining momentum as the 1970s were drawing to a close. Three new sales reps were hired to criss-cross foreign waters. Product manager Esko Helenius chose men with training in hotel management. He noticed that when it came to how the future of the hotel would have to be equipped they could approach the clients in an effective and productive manner.

Based on computer control, services became more versatile since hotels and restaurants could now be provided with almost anything that would make their work easier.

### Language Laboratories Come into the Picture

Teleste found language laboratory as an interesting new area since the concept was so closely related to audio amplifiers. Queries concerning language laboratory products came in from customers but also from a new Turku-based language studio manufacturer Auditek Oy. Teleste had a wealth of knowledge about production, which dated back to the days of manufacturing mechanical components in house. Auditek was interested in buying these mechanical components from Teleste for their language laboratories; the snag was that there was no pricing system for the products designed to be used in subcontracting. Nevertheless, close personal ties were established between the companies during negotiations, which finally—in November 1977—lead to Teleste acquiring a 40 per cent holding in Auditek. This acquisition of Auditek was one of the first transactions, which gave Teleste an impetus towards formation into a group.

Considering their size, Auditek had already achieved outstanding merit, so language laboratories were not taken under Teleste's name. However, press reports about the acquisition claimed that Auditek would strengthen their export potential through Teleste's international marketing channels.



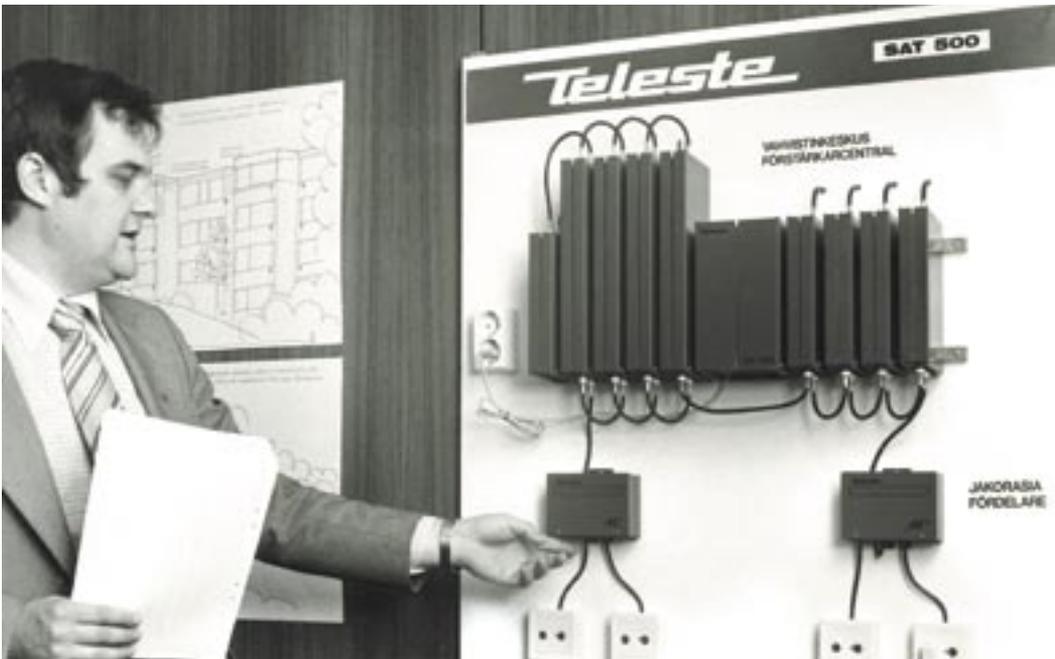
**Auditek's IC 2000 language laboratory** was one of the first microprocessor-driven language laboratories in the world. The teacher no longer had to be part engineer to operate it.



**An older version of Auditek's language laboratory** for comparison –the teacher's desk resembled more the control panel in a nuclear power plant than the workstation of a student of the liberal arts.

The idea of moving towards educational electronics was based on sound judgement followed by development and further investment. In 1979 in the context of Teleste's 25th Anniversary a press briefing was set up. At this juncture language laboratories were presented as one of the most promising growth areas. Teleste family was about to expand into manufacturing of recorders.

**Pekka Ketonen** introducing the principles of satellite reception to the press in 1977. At that point of time, the SAT500 main amplifier was supposed to look like this.



# SPONSOR

## What Sponsor?

Sponsor, was founded in 1967 in honour of the 50th Anniversary of Finland's Independence, as a development company with the objective to

diversify Finnish business life by creating and supporting competitive business activity. Sponsor was involved in investing risk capital in potential

growth companies that develop their business idea in close co-operation with the company management. Sponsor also had their representative

## Towards the Satellite Era Supported by Organisational Reshuffle

Pekka Valkama and the small shareholders had relinquished their holdings and Sponsor was now the sole proprietor of Teleste. Teleste switched over to a business unit organisation. Pekka Ketonen was in charge of aerial and audio equipment and Pentti Ahonen headed the hotel business unit. Subsequently, the organisation was divided into Aerial and Audio business units.

In 1979 Teleste's Board of Directors was discussing Martti Tiuri's initiative concerning taking on production of satellite receivers. The intention of Germany and France was to launch directly broadcasting hot bird satellites into the sky and the Nordic satellite project Nordsat, having reached an advanced stage, provided the backdrop. Mr. Tiuri took the view that as a manufacturer of aerial amplifiers Teleste had to get involved in this development. Examination of reception equipment of satellite transmissions had begun as early as the mid-1970s and was led by Mr. Tiuri and Ketonen. The meeting of the Board of Directors came to the decision to give the production of satellite receivers the official go-ahead.



**This antenna** was on the roof of the Teleste Kaurakatu facility and participated in many press conferences.

on the Boards of the related companies. Sponsor's business idea was to support profitability and growth of the companies concerned while acquiring new companies that would, thus, be strengthened while consolidating the entire Sponsor group. The initial

idea was to sell the companies but Teleste's success was a decisive factor changing the development companies mode of operation. The new policy was to grow and develop a strong permanent group of core companies for the Sponsor group.

Sponsor acquired the entire share capital of Teleste Oy in two stages, first of which took place in 1970 when Olavi Ahonen with his wife sold their holdings; the second was carried out in 1976 when the family of Pekka Valkama relinquished their shares.



**Pentti Talvio** presenting audio equipment at a fair, i.e. product exhibition in the mid-1960s.



**Auditek is presenting** Cybervox language laboratories in the 1970s at a time when they had none of their own.



**A little bit later** they could present Auditek's own IC1000 language laboratory.

## Going International requires presence at the Fairs

Teleste has been in many exhibitions and fairs to make Teleste's products and name known. Hospital patient telephones were presented early 70's in Dublin and hotel system was shown in export trade fair in Beirut. Auditek participated in 80's in Basel in Didacta fair and in Paris in Educate fair. In 90's Teleste's language labs has been

presented annually in different educational fairs. Montreux's 12th International TV symposium in 1981 was the Teleste's first large international exhibition. Teleste was the only Finnish company in the fair. There were only three companies showing live satellite reception and Teleste was one of them. Since early 80's Teleste participated

Montreux exhibition till 1993. Then focus moved to the UK where cable television was in the hot spot. UK cable market potential was huge and cable television companies invested in ECE fair in London. Later IBC fair in Amsterdam got more foot hole when digital television became common. In addition Teleste participates annually



< **In the beginning of the 1970s** in the Soviet Union, Teleste was present in the ARE department.



< **Sometimes the fair came** to the customer. Teleste had a mobile product exhibition built in a touring car, which frequently criss-crossed the Nordic Countries in 80s.

> **Teleste's 'fair car'** featured a fully functional satellite system, which Geir Eriksen is tuning for a demonstration.

>> **At the EEC97 Fair** held in London Teleste impressively displayed the new modular intelligent optical node BXX.

>> **Teleste Video Networks** at a fair in the Middle East.

↪ **At the Montreaux Fair** in 1987 many novelties were presented such as the SMA100 headend, SOF100 fibre optic link and the new 550 MHz amplifiers.



many local fairs globally. Today Teleste Broadband Cable Networks and Video Networks participates annually the most important fairs in the markets where Teleste is present.



▼ **At the Amsterdam IBC Fair** in 2002 Teleste won a prize with this stand.