

Ericsson wins Nortel auction, leaves NSN empty-handed

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By Cantab Wireless

Cantab Wireless reported last month that Nokia Siemens Networks (NSN) is about to buy Nortel's CDMA and LTE assets for 650 million USD. However, the NSN announcement was a little bit premature: other competitors also got interested in the deal and after some hesitation, Ericsson submitted the highest offer; USD 1.13 billion.

This deal results in Ericsson becoming even stronger in North America. NSN must feel disappointed after losing a chance to break through in this market where it has so far been struggling. NSN will get USD 19.5 million as contract severance compensation, but that is unlikely to improve the moods in the NSN headquarters.

This deal is not as important for Ericsson as it would have been for NSN. Granted, Nortel has several large CDMA customers and those customer operators are likely to be the first ones to adopt LTE technology. Ericsson wants to be the largest infrastructure provider also in LTE networks. However, unlike NSN, Ericsson already has lots of channels to those operators.

But indeed, in addition to making good deals yourself, in the business world it is important to prevent competitors from making such deals, and in that sense Ericsson has achieved a major success.