GLOBAL STRATEGIC AGREEMENT BETWEEN ERICSSON AND CIENA

Ericsson and Ciena Combine Strengths for IP Optical Convergence and Service Provider SDN

Feb 2014
JAN HäGLUND

Vice President,
Head of IP & Broadband, Ericsson
AGENDA

Agreement Summary
Market Strategy
Product Solution
OPERATOR CONCERNS

AGILITY
“Bring products to market much quicker”

INNOVATION
“Providing cloud services to enterprise”

EFFICIENCY
“Radically simplified network”
Flexible Applications
“Shared, Efficient, On-Demand”

Programmable Network
“Flexible, Dynamic, Intelligent”

Unified transport network
“Simplified, Efficient”
IP OPTICAL INTEGRATION
INTEGRATED IPoWDM / LOGICAL SYSTEM COMBINATION

Total Addressable Market, Revenue BUSD

- 2014: IP & WDM (affected)
- 2020: IP & WDM (affected)

32% of total
~60% CAGR

Source: Ericsson, 2014
NETWORK EVOLUTION

Applications

IP Control Plane

Optical Control Plane

ACCELERATING EVOLUTION TO THE NETWORKED ENABLED CLOUD
NETWORK EVOLUTION

Applications

IP Control Plane

Optical Control Plane

IP Services Data plane

Data plane

Transport Data plane

Network Function Virtualization

SDN Control

NMS

IP Optical

Router/Switch

Router

AN

Public | © Ericsson AB 2013 | February 2014
› Joint development of IP Optical solution
  ≈ Leverage Ciena Optical Transport - Ciena WaveLogic coherent optical processors
  ≈ Build IPoWDM interfaces/boards for Ericsson SSR 8000 platform
  ≈ Develop multi-layer and multi-vendor open Service Provider SDN Transport Control

› Global resale agreement
  ≈ Ericsson to resell Ciena 6500, 5400 and OneControl NMS to its customers
  ≈ Provide complete e2e solution
Benefits

› Combined strength of industry leaders
  – Ericsson’s Service Provider SDN and Information Communication Technology (ICT)
  – Ciena’s optical expertise and vast installed infrastructure

› Complete solution providing lowest TCO
  – Capitalize on existing Ciena-based optical infrastructure investment
  – Add Service Provider SDN and Ericsson IP to existing infrastructure

› Accelerates benefit of Service Provider SDN and convergence for operators
  – Fast time to market of multi-layer and multi-vendor solution
  – Competitive best-in-class solution from industry leaders
4th Generation IP Portfolio

#1 Mobile Backhaul & Mobile Edge Router

#1 Microwave Networks

#3 Fixed IP Edge & Converged Aggregation

#1 Evolved Packet Core & Policy Control

Distributed IP services & Unified Network Management
STRATEGY FOCUS AREAS

4TH GEN IP

Unified Network Management

Grow
IP & Transport Networks

Lead
Mobile Backhaul Evolved Packet Core

Innovate
Virtualized Network Applications & SDN

SMART

SCALABLE

SIMPLE

SUPERIOR PERFORMANCE
ERICSSON’S CURRENT POSITION

- Microwave
- IP Metro & Backhaul
- Optical Transport
- IP Edge
- Network Management System
- Service Provider SDN Controller & Apps
- Packet Core

#1, #4-6, #10-12
STRENGTH TO SHAPE THE FUTURE

Agreement puts Ericsson together with Ciena in leading position
AGENDA

Agreement Summary

Market Strategy

Product Solution
SOLUTION MAPPING

Network Function Virtualization

Ericsson SSR
Ericsson SSR
Ciena 6500
Ciena 6500
Ciena 5400

Transport
Data plane

IP Services
Data plane

SDN Control

App SDN-Cntl

Transport SDN-Cntl

Access
Aggregation
Core

IP/MPLS
Data plane
JOINT DEVELOPMENT

› IP Optical Interfaces (IPoWDM)
  › Ciena WaveLogic coherent optical processors
  › Ericsson SSR multiservice platform

› Transport SDN Controller
  › Application running on open SDN platform
Ericsson focuses on growing network value and our customer’s business with 4GIP and SP-SDN

Ericsson-Ciena solution offers the lowest TCO for SP-SDN and IP Optical convergence

Industry change is accelerating and Ericsson and Ciena respond quickly and leverages its respective leadership

Operators can realize benefits of SP-SDN and IP Optical convergence faster
Q&A
This presentation has been prepared by, and the information contained herein (unless otherwise indicated) has been provided by, Telefonaktiebolaget LM Ericsson (the “Company”). By attending the meeting or otherwise viewing this presentation you agree to be bound by the following conditions. This document is being furnished to you solely for your information on a confidential basis and may not be reproduced, redistributed or passed on, in whole or in part, to any other person.

This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company in any jurisdiction or an inducement to enter into investment activity. No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

This presentation may include forward-looking statements and they may include matters that are not historical facts or statements regarding the Company’s current intentions, expectations and projections about future events at the time and thus involve uncertainty and risks. By their nature, forwarding-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The forward-looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. The Company does not assume any obligation to update or supplement any particular forward-looking statements contained in this presentation. Important factors that could cause actual results to differ materially from management’s expectations are disclosed in the Company’s annual report filed on a Form 20-F with the U.S. Securities Exchange Commission. Investors are urged to consider these factors carefully in evaluating the forward-looking statements contained in this document.

The information contained in this document has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the Company, any of its subsidiaries, or any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

The information contained in this document is provided as at the date of this document and is subject to change without notice.