

Contact

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in broadband
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EVERYTHING I WATCH HAS TO BE HD QUALITY

What does it take to be a Televisionary?
A deep understanding of what people want and need.
An ability and expertise in making television more
individual and more personal. As a global leader
in TV technologies, multimedia infrastructure and
services, Ericsson is uniquely positioned to enable
The Individual Television Experience.



Are you my Televisionary?

To find out what it takes to be a Televisionary for
your customers, go to www.ericsson.com/televisionary

ERICSSON 
TAKING YOU FORWARD



Giving you the bigger picture in Gothenburg

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Encouraging development

Our Q1 report this year has surprised many industry analysts. SEK 44.2 billion in sales was way above the market's expectations of SEK 41.8 billion. This can also be compared with sales of SEK 42.2 billion for the same quarter last year. Our profit of SEK 4.5 billion was also better than expected. Our good result also resulted in a pleasing rise in the share price.

Despite this success, we should not be overconfident. It is, of course, great to reveal good figures, especially after the downturn at the end of last year, and our results are far better than those of our competitors. But at the same time, there are many uncertainties over the future, both in the short and the long term. Because of this, we should be cautious in our forecasts and uphold our technological leadership.

As many of you no doubt know, much of our future growth will occur in developing countries. As we focus our efforts on these countries, we do so in the knowledge that our company will not be the only beneficiary of this. Our investments will also contribute to favorable development for all those involved, especially for the local population whose economies can be stimulated both at an individual level and on a larger scale. We give several examples of that in this issue of Contact.

With this in mind, it is extremely sad and distressing that we have cooperative partners that do not live up to the standards we demand of our operations in these countries. As I write this, a Swedish TV documentary has just revealed serious failings among some of our subcontractors in Bangladesh. The documentary paints an unpleasant picture of working conditions that cannot be defended. Under no circumstances can we accept people working directly or indirectly with Ericsson becoming ill at their workplaces. We have not checked things adequately, but we now have to get as clear a picture of these working conditions as possible and minimize the risk of this happening again; in Bangladesh or anywhere else in the world. We should only ever encourage development, never be a hindrance to it.

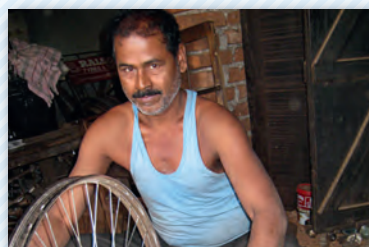


Henry Sténson
head of Group Function
Communications and
publisher of Contact



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Contact

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Have your say

E-mail us your questions, opinions, reflections or work-related images. We will publish a selection of the material on this page.

contact.comments@ericsson.com

AN IDEA

After reading through the new Contact magazine as a PDF I had an idea: why not bring Contact into Web 2.0 by using EriCOLL? EriCOLL was released when the last issue of Contact came out and also featured in that issue. You could probably add one site for Contact, then people could also start to use the new ways of working for Contact. Contact is the most popular (or only) magazine within Ericsson. By using this new EriCOLL platform, we could have easier ways to discuss and share

knowledge. By the way, really like the new design of Contact. It is much easier to read. Larry Cai, China.

ANSWER *We are currently looking into how to develop the intranet and one idea discussed is to link the internal news flow to Contact magazine, making it Contact Online. This would give us the ability to present both the long articles from the printed version, as well as today's shorter and "faster" news items in the same digital flow. We also strive to introduce the possibility for all intranet readers to read the comments about the articles and be able to comment on the comments.*

However, this solution requires some changes in the IS/IT environment.

Malin Nordén, in charge of internal channels

INVISIBLE VISTA

I'm a bit disappointed about not seeing anything about the big step of replacing our aging Windows 2000 ESOE system with the latest Windows Vista. As Contact is read by a large majority of Ericsson users, it would have helped IS/IT to generate a broad interest in the Vista migration project.

Kashif Raza, United Arab Emirates

ABOUT YOUR WEB-SURVEY QUESTION

It's great to hear so many questions about the environment. But I wonder how many people conserve things by printing on both sides of the paper? It should be the Ericsson Group standard. Also, we don't have motion-controlled lighting at our offices.

Mikael Hammarlund, Sweden

Readers' pictures



This is my photo "Enjoying Buenos Aires". I took it with my phone camera while I was enjoying the pool on the 15th floor, on a trip for a 3G course in the city. Actually it was a bit cold, but the view was great.

Ramiro Mesa, Uruguay



Just the other day my neighbor and I were cutting down a large tree in my yard with my neighbor. When we got the tree on the ground, we discovered there was a squirrel's nest in the tree with two baby squirrels. They survived the fall and were successfully reunited with their parents. Before the reunion, I took a couple of photos with my Sony Ericsson W580i.

Don Traister, USA



This one was taken from Caversham Bridge as I walked to work here in Reading, UK, on February 12 at about 7.40. It was a lovely bright morning and the sun was just rising.

Paul Freeman, England

Web poll

77.2
...percent of 680 Ericsson employees say they are using environmentally-friendly means of having meetings, such as web, video or telephone conferencing.

Welcome...

PHOTO: CAROLA PILARZ



... Solmaz Shokatloo, who is new at Ericsson.

Solmaz Shokatloo is 27 and works as a research engineer within Broadband and Transport in Kista, Sweden. She came to Sweden from Iran at the age of 19 and speaks almost perfect Swedish.

Why did you join Ericsson?

"In my time at the Royal Institute of Technology (KTH), I was in the Future Female Leader Award (FFLA) competition. It was an incredible experience and I learned

loads. As one of the finalists, I had good contact with the jury, which consisted of people from many large companies, including Ericsson. My current manager had heard about me and that's how it happened."

What do you think of your new job?

"This is my dream job. When I was studying, I wanted to join Ericsson and work with research.

This is my first job - I graduated from KTH last autumn - and it feels like the best start I could have to my career."

What do you think of Sweden?

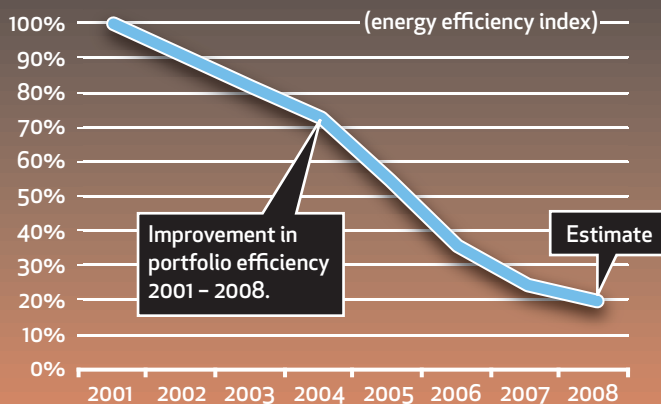
"I came to Sweden eight years ago to study. I have no plans to move anywhere else and I'm very happy here. My life is here now with my friends, my boyfriend, some relatives - and now also my job."

Have you been asked

ABOUT SOLAR-PANEL-DRIVEN BASE STATIONS?

Solar panels are especially suitable when the operator uses a main-remote solution, in other words a base station where the radio unit is mounted on the mast near the antenna to minimize energy losses (in signal transfer) in cables to the ground. Such a solution can give 50 percent lower energy usage than a corresponding GSM macro base station.

WCDMA portfolio energy efficiency index improvement 2001-2008



The solution can, for example, consist of 50 square meter solar panels that can cope with 575W and three days' battery back-up. The panels are mounted next to the base station and the radio link, MINI-LINK, which is used for further transmission out to the network.

The solar-power solution is particularly interesting in the areas around the Equator in South America, Africa and Asia. Solar panels are more reliable than diesel generators and require minimal maintenance cost.

Solar panels work excellently in running mobile systems' base stations.

In many parts of the world where electricity networks are non-existent or unreliable, diesel generators are used to power base stations.

One site consumes about 20,000 liters of diesel per year. But solar panels are a good alternative. Above all, they demand less maintenance and are also more dependable. It basically just requires someone to dry the panels occasionally. The drawback with solar panels is that they easily get dusty or scratched by sand, which reduces their output. But rain keeps them clean.

But the choice of energy source is also a financial issue. The energy often accounts for half of the operator's running cost. Solar panels' relative expense is compensated for after one or two years through lower maintenance costs.

... WHAT IS ERICSSON DOING TO REDUCE OPERATORS' ENERGY COSTS?

Ericsson constantly works to reduce radio networks' power consumption, especially in base stations. With new technologies, Ericsson is making it possible for operators to build networks with fewer sites and reduce power consumption per site through products that require less energy. With software solutions, parts of the radio networks can periodically be taken down to stand-by mode to further reduce energy usage.

Energy-efficient solutions play a central role in Ericsson's Communications Expander Program.

✉ Lars Cederquist

SVENSKA GRAFIKBYRÅN



10:20am / December 3 / Zagreb, Croatia



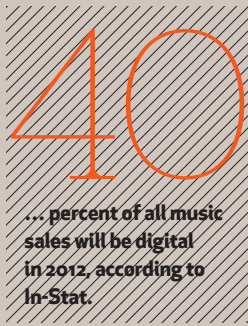
Combating stress

Nevenka Mesarov works as a company psychologist at Ericsson Nikola Tesla in Croatia and spends a lot of her time on issues concerning stress, communication and team building. Here she is holding a workshop for employees in Zagreb about what causes stress and how to guard against stress building up in an organization. Sitting on the left of Nevenka is Marijana Duzel, director of HR & Organization.

PHOTO: PER MYREHED

New San José office to open

RESEARCH Ericsson Research will open an office in San José, US, on July 1. The office will focus on a new research area for Ericsson, packet systems, and on open application environment. The office will be headed by Jan Söderström, who is currently responsible for Broadband & Transport research. By the end of the year, the office will have approximately 10 employees.



What's in it for women?

DIVERSITY Women and children make up 68 percent of the world's population, but most mobile devices are designed for men, by men, according to Gartner. The research firm finds this a bit odd, writing in a press release that mobile-device manufacturers target a user profile of a western male aged 20 to 64 for their products. Gartner's Monica Basso

wants to see a range of differentiated products. "Mobile products will have to address gender diversity and demographics," Basso says.

Measuring the future's multi-antenna systems

Using the Channel Sounder measurement equipment instead of just computer-generated models provides a much better view of how future mobile systems with four or eight antennas will work.

RESEARCH The telecom industry will use multiple antennas – in both base stations and in handsets – to increase speeds and capacity in the mobile network. There can be up to eight antennas – the more there are, the greater the capacity.

System development normally involves the use of artificial-simulation models to see how the radio component behaves. At later stages, the system is tested in a real environment, for example by using a vehicle traveling along a specific route. Channel Sounder fits in between these steps.

Better channel models

"It is both a complement and a replacement," says Johan Furuskog, who is responsible for Channel Sounder's functionality at Ericsson Research.

"We drive around in a bus equipped with meters, record the real signal and then replay it instead of the model in various antenna configurations. We know now that this method gives great precision and today it can cope with as many as four transmitting and four receiving antennas."

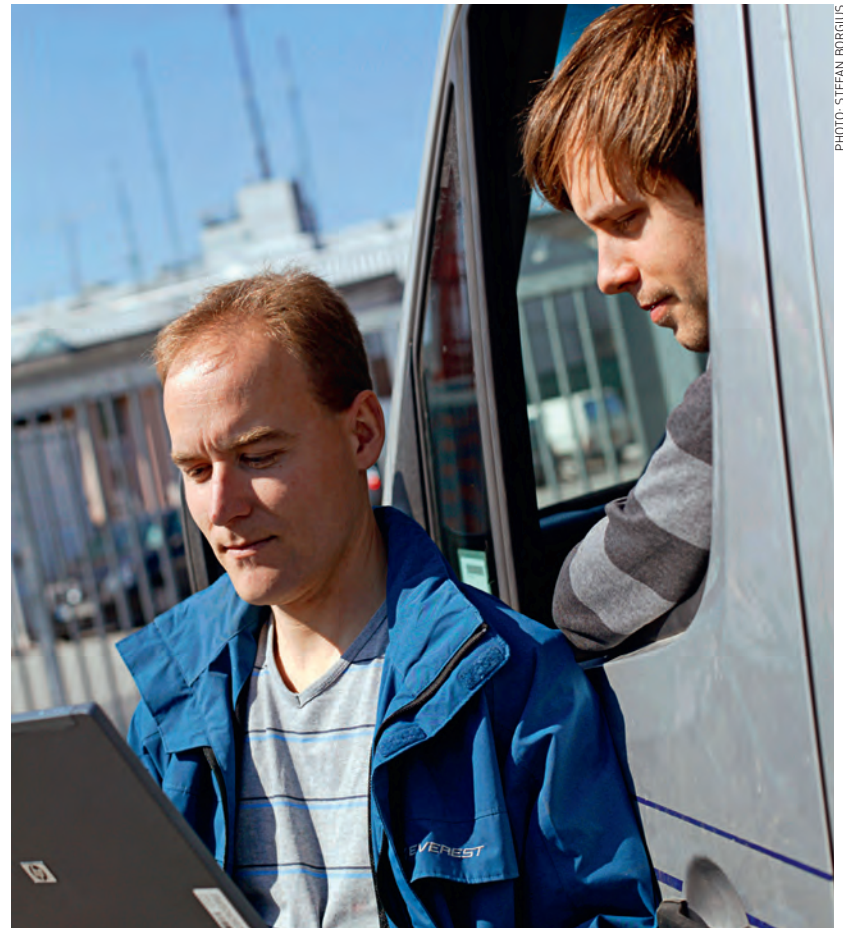


PHOTO: STEFAN BORGJUS

As far as Henrik Asplund and Johan Furuskog know, Ericsson Research is the only organization using measurements with real, recorded radio channels instead of models created by computers.

But you cannot escape from the channel models: they are part of the standard and are used by all manufacturers. Channel Sounder provides a check of how realistic the models are and can create better channel models.

More effective

"These are often oversimplified and do not match a normal day for an operator," says Henrik Asplund, senior research engineer, who has worked for 12 years

at Ericsson Research, solely within radio propagation. "Now operators will be able to plan their networks in a more effective way, he says."

Much remains to be done, such as finding out how to get several antennas in a small mobile phone to work together efficiently. However it at least sounds promising in the 2.6GHz bandwidth, which is one of the LTE frequencies.

✉ Text: Lars Cederquist

Benefits of Channel Sounder

- ▶ more realistic measurements for future radio systems;
- ▶ better models for operators' network planning;
- ▶ better understanding of channel characteristics on specific measurement loops, useful for system testers.

Can Huawei succeed in the US?

Huawei is striving to become the world's leading telecommunications vendor and recently announced plans to break into the American market, particularly in the new 700MHz bandwidth arena.

PHOTO: SCANPIX/AP/ISAAC BREKKEN



Huawei attended CTIA Wireless 2008, which was a hugely important event for all those involved in the wireless industry.

COMPETITION Peter Jarich, analyst at Current Analysis, questions whether or not Huawei will succeed in the US, much less the rest of the world.

“New spectrum openings are often an opportunity for vendors to make inroads into new accounts and markets,” he says. “However, competition will be tough here and Huawei’s absence from Verizon’s LTE trials doesn’t look good, for now.”

Unknown in the US

However, Huawei could have a trump card with its new multiple-standard base station, which it is producing in great numbers as a smooth development of mobile networks – from both CDMA and WCDMA, to the LTE of the future.

“But Huawei is still a relatively unknown

vendor in the US,” Jarich says. “Even if it is good at competing with low prices, which may be key for mature technologies, new technologies also require strong service support and this is where Huawei has faltered in the past.

“The major operators with 700MHz bandwidth licenses have had networks up and running for years and they have strong



Peter Jarich



Rowland Shaw

relationships with their network vendors. It will be difficult for Huawei to penetrate those accounts.”

Important bandwidth

Rowland Shaw, director of Strategic Planning at Ericsson’s Market Unit North America, is not prepared to reveal Ericsson’s business strategy, but says that the company is in a good position to meet operators’ growth plans and that a central pillar in this is having the technology for 700MHz for both HSPA and LTE.

Shaw views each new auction as an unwritten

chapter. Even though Ericsson has competed successfully in the US market previously, he takes nothing for granted.

“The 700MHz band is critical because this represents the last piece of spectrum to be auctioned for commercial mobile solutions for the foreseeable future,” he says. “It is also extremely valuable from a propagation perspective because the inherent characteristics are valuable when deploying a new wireless broadband network over such a large physical land mass.”

Text: Lars Cederquist

ERICSSON FIXED FOR WIRELINE GROWTH

Ericsson’s competitors increased their share of revenue for wireline during 2007. But Ericsson’s share of revenue remained the same.

MARKET This was stated in a report by analysts Dell’Oro. The report says that Alcatel-Lucent went from having 24 percent of its total sales in wireline to 29 percent, Cisco from 29 to 34 percent,

and Huawei from 10 to 14 percent.

Ericsson’s figure was 6 percent in both 2006 and 2007. So is Ericsson falling behind here?

“Ericsson is not the biggest player in wireline, but we are launching the latest technology and are well placed to grow with the market. Ericsson is now winning some of the most important contracts,” Andrea

Spaccapietra, head of Product Area Broadband Networks, says.

In 2007, Ericsson sold its GPON solution to AT&T, marking a breakthrough in the US. Further deals with some of the world’s biggest operators in Asia, Europe and Central America have strengthened this position. And opportunities are there for growth.

“Building on our mar-

ket leadership in U-Wave, accounting for over 60 percent of mobile backhaul deployments, Ericsson has the strongest combined offering in the industry. So we have a leading position in all the key technologies, such as GPON, VDSL2 and WDM, which are driving next-generation networks and this is how we are going to increase market share.”

Text: Staffan J Thorsell

Winner announced

COMPETITION Vibhor Gupta knows about



Vibhor Gupta

multimedia – the support engineer in India fought off more than 6000 fellow employees to

win the Capture Multimedia quiz. His prize will be to go to the start of the Volvo Ocean Race in Alicante, Spain. Daosiri Siriratapanich in Thailand was the runner-up, while Mohamed Hussein, from Egypt, came third.

LG fourth again

MARKET Sony Ericsson lost its position as the fourth-largest mobile-phone manufacturer in the world to LG Electronics during Q1.

▼ MARKET SHARES

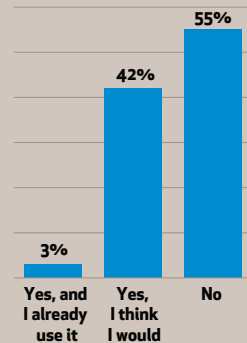
Nokia	40.9 %
Samsung	16.4 %
Motorola	9.7 %
LG Electronics	8.6 %
Sony Ericsson	7.9 %
Others	16.5 %

Source: Strategy Analytics

Half believe in mobile TV

SERVICE Ericsson ConsumerLab has asked end users in 11 countries if they are interested in mobile TV.

▼ WOULD YOU USE MOBILE TV IF IT WAS POSSIBLE?



Source: Global Infocom Study 2007, Ericsson ConsumerLab

What a Guy

FRENCH HONOR Guy Roussel, head of Ericsson in France and head of global customer account France Telecom, can now call himself a knight of the French order of the Legion



Guy Roussel

of Honor after receiving one of the country's highest honors. He received the award for his work within the development of telecommunications in France. The Legion of Honor was introduced by Napoleon in 1802. Roussel has worked at Ericsson since 2000 and before that was at Motorola for almost 25 years.



... percent is the penetration degree of mobile subscriptions in the world. The number of actual subscribers is far lower because there are many inactive and double subscriptions.

Source: Ericsson's annual report

Cash-flow web course now available

COMPETENCE Cash flow is as important to Ericsson as growth and margins. Learn more about the cash flow problem and the relevant processes and tools available, by taking the 30 minute web course "Show me the money." You will find the course on the Learning Portal.



Big contracts signed in China

Ericsson has signed contracts worth more than USD 1.4 billion with China's two largest operators.

CHINA April 14 was a big day for Ericsson. During a ceremony in Beijing, Ericsson signed contracts with China Mobile and China Unicom, which together provide mobile services to about 550 million subscribers in the country.

Reducing energy

Under the USD 1.3 billion agreement with China Mobile, Ericsson will be one of the main suppliers of core and radio network equipment, along

with related services, to expand GSM/GPRS coverage in 19 regions across China.

Ericsson will also provide power-saving features that significantly reduce energy consumption in mobile networks

and contribute to reductions in carbon-dioxide emissions. This follows the "Green Action Program" previously signed between the two parties.

The deal with China Unicom is valued at USD 140 million.

Ericsson will be the main supplier and will help expand GSM networks in 10 regions, including Beijing, where Ericsson has not previously been a supplier. Ericsson will also supply multimedia solutions for WAP.

The expansion projects are set to be completed in 2008. Deliveries to both operators have started.

✉ Editorial Services



PHOTO: SCANPIX

There were many dignitaries at the signing ceremony in Beijing. They included the CEOs of China Unicom, China Mobile and Ericsson, and the Chinese and Swedish prime ministers.

"Never in my career have I seen such devotion. It is truly impressive"

CEO Carl-Henric Svanberg talking about Ericsson employees at this year's annual general meeting in April.

What was happening this time...

...25 years ago

1983 **Ericsson Radio Systems** (ERA) was created through the merger of SRA Communications AB and Ericsson's MI (military) division in Mölndal; Åke Lundqvist became CEO. From **Gällivare in the north of Sweden to Malmö** in the south, the old SRA signs were replaced with ones for Ericsson Radio Systems.

Ericsson delivered the first radio-equipped tracked vehicle, which rolled out of the Borås factory. It had been ordered by the Swedish Army.

...10 years ago

1998 **Operations began** at Ericsson's product center in Milan, Italy. It was the site for the development of the point-to-multipoint system built on Ericsson Microwave's MINI-LINK concept.

Ericsson launched the AXD 301, an Ericsson-designed ATM switch. It was **built to** the same

standards as a telephony switch, making it unique. The AXD 301 was aimed at all types of network constructors.

Ericsson installed a WCDMA test system for NTT DOCOMO, a customer in Japan.

...5 years ago

2003 **Swiss operator** Swisscom named Ericsson as one of the vendors for upgrading its fixed-line network. The contract included hardware, software and maintenance.

Ericsson's relocation to Kista reached **top speed**. During just four weeks in April and May, 2500 staff moved to new workplaces. By the end of September, everyone was in place in Kista. SARS (severe acute respiratory syndrome) struck Hong Kong and one of the operators there offered its customers a service by which they could avoid SARS-affected residential areas.

PHOTO: SCANPIX



Traffic jams will soon be a distant memory – at least for German drivers who own a special GPS system that will gather traffic information from a mobile network beginning in November.

TomTom helps you avoid traffic jams

Buy a TomTom and forget about being stuck in traffic. The GPS manufacturer makes it happen through an agreement with German operator Vodafone D2. Ericsson is the prime integrator for the service.

SERVICE The new service gives users traffic updates every three minutes via Vodafone D2's GPRS network. The service offers accurate arrival times and updated traffic reports.

The solution is based on Ericsson Mobile Posi-

tioning Solution (MPS), which takes data from the radio network and merges it with information from traffic authorities, road operators and commercial third parties.

Available in November Devices using TomTom's High-Definition (HD) traffic service include a built-in Vodafone D2 SIM card. Users are regularly updated with traffic information via the GPRS network. The solution was developed at Ericsson's Systems

Integration Competence Center in the Netherlands.

TomTom HD Traffic Service will be available from the beginning of November 2008. Ericsson will be the prime integrator, delivering anonymous GSM signaling data from the Vodafone D2 network to TomTom's personal navigation devices (PNDs). The contract is Business Unit Multimedia's biggest success with Vodafone D2.

✉ Editorial Services

How it works:

- 1.** Information is retrieved from the mobile network.
- 2.** Information is sent to the TomTom HD traffic information center, where it is processed.
- 3.** Traffic updates are then sent to the TomTom HD traffic users every three minutes via a live GPRS connection.
- 4.** The TomTom suggests the best route option.

Danes top for broadband

EU In the European Union more than 50,000 households per day got broadband in 2007. That amounts to 19 million new fixed connections. The average broadband penetration is therefore 20 percent in the 27 membership states. But there is a major difference between the countries. The Nordic countries have the highest rate of broadband penetration, while Slovakia, Poland and Bulgaria have the lowest.



▼ THE TOP FIVE IN TERMS OF PENETRATION ARE:

Denmark	35.6 %
Finland	34.6 %
Netherlands	34.2 %
Sweden	31.2 %
UK	25.7 %

Source:

The European Commission

Entertaining towards new heights

SERVICES If the mobile industry can achieve good coverage, cheaper data services and simpler interfaces, mobile entertainment has the potential to reach unprecedented heights – or at least bring in USD 47.5 billion in 2010. These are findings from research firm Juniper Research.

Juniper analyst Windsor Holden says that services such as ringtones and wallpapers have traditionally been biggest. "However, usage patterns are changing rapidly with the increasing availability of more sophisticated and attractive content such as streamed and broadcast video, social networking services and multiplayer games, which have been designed specifically for the mobile environment," Holden says.

CLUB SCENE

COLLECTOR Carlos Lopez, from Ericsson in Argentina, loves football. You understand the depth of his passion when you see the 377 football shirts he has in his collection.

"I've always been interested in football – I saw my first game when I was six months old," he says. "I began my collection about 20 years ago when I was 17."

Lopez has the shirt of every

club in Argentina's top leagues and many from the world's best-known teams. He also has the shirts of the teams Ericsson has sponsored.

His favorite shirt is from Argentinean team Independiente. The shirt he dreams of having is from Italian club Inter, particularly from its player Marco Materazzi.

✉ Gunilla Tamm



PHOTO: LAURA MATTIONI

Carlos holding up two of his favorite shirts: on the left, Germany's Hamburger SV and, on the right, England's Fulham.

Green telecom 1

ENVIRONMENT Green business has become a clear trend in telecom, and now Vodafone, one of the world's largest mobile operators, wants to help protect the environment. It has announced that by 2020 it will reduce its CO₂ emissions by 50 percent of its baseline of 1.23 million tons. It says the target will be achieved through improvements in energy efficiency and increased use of renewable energy.

Vodafone says it will also focus on developing products and services that will help customers limit their own emissions.

Arun Sarin, CEO of Vodafone, says the measures are good for the environment as well as the group's finances. "Improving energy efficiency helps us control costs," he says.

Green telecom 2

ENVIRONMENT China Entrepreneur magazine, the Daonong Enterprise Institute and the Guanghua School of Management at Beijing University have named Ericsson as one of 20 companies to have earned the title of China Green Company. Ericsson was honored for its "continuous commitment to innovation in environmental protection in China." The title was awarded to 10 Chinese companies and 10 foreign companies, including Hewlett Packard, General Electric, Toyota, Shell, Unilever and Nokia.



PHOTO: STEFAN BORGJUS

Petter Andersson practices what he preaches. Here he is discussing with colleague Cecilie Tystad how she can develop her competence in multimedia.

Time for a rethink

Six of 10 employees believe their manager considers competence development important. This is a bad score for managers, says Petter Andersson, head of Learning and Development. He wants to see more commitment to competence development.

COMPETENCE The figures above come from the Dialog survey. Another figure shows that just 32 percent of employees believe they have enough time for competence development.

At the same time, the need for employees to acquire new competence is greater than it has been for some time, largely as a result of a broader product portfolio and Ericsson's entry into new areas.

Andersson thinks the Dialog scores are too low, partly because of what

managers and employees see as competence development, a term that is changing.

"When you talk about competence development, it's often easy to think just of courses," Andersson says. "In some cases, classroom education is most effective, but you can learn in many ways. Today, we talk a lot about learning from the situations we find ourselves in and getting the knowledge you need when it's required. This places demands on our managers to make various types of learning possible."

Learning for free

Courses on the web and in the classroom are not disappearing; rather, more of a person's competence development is happening in less formal ways.

Andersson says that

managers and employees should consider how the employee can achieve the required level of competence.

Defined targets

"I want to challenge managers to set clear learning targets in the IPM discussions and try

to increase learning in everyday work," he says. "For example, sometimes the design of the task itself can mean a lot for competence development. And if a manager can get someone to enjoy a task, there is a lot of learning for free."

✉ Jonas Blomqvist

Petter Andersson's tips for learning at work:

- ▶ get feedback – set aside time for reflection after projects or meetings;
- ▶ shadow – tag along with an experienced colleague;
- ▶ job rotation – swap tasks with someone for a while;
- ▶ teach – hold informal training for others;
- ▶ get a coach – ask someone you trust if they can coach you to achieve better results;
- ▶ formulate goals – expand your work tasks. Challenges are often stimulating;
- ▶ use online tools – there are wikis, blogs and communities on the internet and internally. With their help, you can come into contact with experts and others within different areas.

You can find more examples and discuss learning in the Everyday Learning community, which you can access via the Learning Portal.

HOME WORKING SAVES TIME

"I work better from home"

Claudia Fiorini used to have four hours of travel to and from work each day. Now she has none, thanks to the Home Working Pilot Project.

ITALY The pilot project started at Ericsson Italy in January 2007.

"I was involved from the start, and things worked really well," Fiorini says. "I am more motivated about work now that I can adjust my working hours so I get a good balance between work and family life. I also think I perform better when I work from home in peace and quiet, and avoid the stress of all those trips.

Long road to Rome

"The environmental aspect is another advantage. Working from home means less traffic, air pollution and energy consumption."

Fiorini, a customer project manager working



Claudia Fiorini believes she does a better job when she works from home, achieving a better balance between work and family life.

with service delivery, lives 70km southeast of Rome. The four hours a day she used to spend traveling to and from the office can now be spent working or with her family.

Son benefits

She has daily contact with her manager and workmates, and works at the Ericsson office two days a month.

"My two-year-old son is probably one of the supporters of this project," Fiorini says.

HR's Pier Luigi Calabria, project manager for Home Working, says it began with 38 participants and has increased steadily since then. There is great inter-



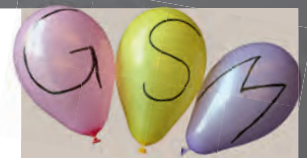
Pier Luigi Calabria

est in the project, and the benefits for both employees and the company are so great that it has now been decided that it will continue.

"Home working is currently being offered in Spain and enquiries from other parts of Ericsson show there is a great interest in this new way of working," Calabria says.

☒ Gunilla Tamm

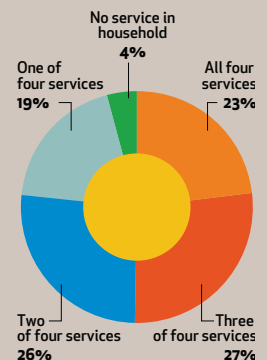
PHOTO: STEFANO FIORINI



What do you have?

SERVICES Ericsson ConsumerLab has asked people in 11 countries worldwide if they have access to fixed telephony, mobile telephony, broadband and cable TV.

▼ HERE ARE THE ANSWERS



Source: Global Infocom Study 2007, Consumer Lab

Dream figure reached

STATISTICS GSM is expanding at a rapid pace. Today, 15 new connections per second are added to all the world's GSM networks, and in April the figure passed the magic 3 billion mark. The first billion was reached four years ago, the next billion two years ago. Of all new GSM users, 85 percent are from developing countries, which is also evident from the list of the biggest GSM markets below. China has been responsible for 14 percent of the latest billion GSM connections, and India for 12 percent.

▼ THE BIGGEST GSM COUNTRIES IN MILLIONS OF CONNECTIONS

1	China	509
2	India	193
3	Russia	178
4	Brazil	93

Source: GSM Association

"Operators are pushing us to go faster with 4G. It's definitely a different environment."

Nortel CEO Mike Zafirovski talking about 4G compared to the development of other new technologies during the CTIA trade show in Las Vegas (Fierce Wireless.)

Charity run reaps rewards



Annemarie Sherlock was one of the 124 Ericsson employees that participated in the Great Ireland Run.

SPONSORING More than EUR 18,000 was raised for charity when 124 Ericsson employees in Ireland participated in the Great Ireland Run in Dublin on April 6.

The target was to collect EUR 10,000 through sponsorship. But that figure was easily exceeded in spite of unfavorable weather that included hail showers. Well done!

Employees in Ireland have previously sponsored

a variety of charities. This year, they have chosen to raise money on behalf of The Irish Hospice Foundation, which provides end-of-life care for the terminally ill throughout Ireland. The aim is to collect EUR 50,000 through various sponsored activities. So far, they have also sold surplus Christmas gifts, held a Saint Valentine's Day auction and raffle and run book sales.

☒ Gunilla Tamm

PHOTO: MARIUS RADOŠ

100

... lives can be saved in Sweden each year thanks to the fact that all four mobile operators can now supply emergency call handler SOS Alarm with the position of the person making the call. The European Union is behind the estimate.

New system introduced

COMPUTERS Windows Vista is a new PC operating system being introduced throughout Ericsson during 2008. It is regarded as being safer and having better functions, including a powerful search function. About 250 users in Stockholm, Kuala Lumpur, Montreal and Madrid have already migrated to Windows Vista and more are on the way.



Handshake over LTE

PATENT Some of the world's leading telecom companies, including Ericsson, have committed to a framework for licensing terms of patents related to LTE. The framework was developed to ensure that terms and royalty levels are fair, reasonable and non-discriminatory – so called FRAND terms. Sony Ericsson, Nokia, Nokia Siemens Networks, Alcatel-Lucent, NEC and NextWave Wireless are the other companies in the agreement. Other companies are welcome to join the framework, from which the companies hope to boost take-up of the technology.



PHOTO: ADALBERTO ROQUE/AFP/SCANPIX

A Cuban man taking photos with his new mobile phone. Cuban citizens were recently permitted to sign private mobile-phone subscriptions.

Cuba allows mobile subscriptions

Cubans are now permitted to sign mobile subscriptions. Mobile phones have previously been reserved for foreigners and government officials.

REVOLUTION Cuba has the lowest mobile usage in Latin America, according to the Reuters news agency. This is not surprising because most Cubans have not been permitted to sign a subscription with state-run monopoly Etecsa. Some Cubans have had mobile phones through foreign subscriptions in another name.

This is no longer necessary because Cubans may

now sign subscriptions. Communist party newspaper Granma announced at the end of March that Etecsa could offer a mobile-phone service to the general public which was pleasing news to many, writes Reuters.

Reforms on the way

University student Jofre Valdes, 23, says: "It was an obvious measure. There will have to be more like it to get rid of the thousand and one obstacles that make life bitter in Cuba."

According to media reports, many reforms have been introduced since Fidel Castro's younger

brother, Raúl, took over as president in February. The average Cuban will soon be allowed to buy DVD players, computers and household goods, hire cars and stay in the same hotels as foreigners.

"This shows there is a change in mentality at the top and recognition that Cuba has to move into the 21st century," a young computer technician said, asking not to be named.

✉ Jonas Blomqvist

The price to pay

The average yearly salary is equivalent to USD 240. Many Cubans, in addition to their salaries, receive foreign currency through jobs within tourism or have money sent to them from relatives living abroad. This means that many can still afford to use mobile phones.

- ▶ Mobile subscription: USD 130.
- ▶ Mobile telephone: USD 75 for a basic model, USD 280 for a camera mobile.

- ▶ Calls within Cuba: USD 0.30 per minute.
- ▶ Calls to the US: USD 2.70 per minute.
- ▶ Calls to Europe: USD 5.85 per minute.

Source: Svenska Dagbladet

Learning from each other

In Rijen in the Netherlands, employees working in services give short, useful workshops for each other. "The content is useful and directly linked to our daily work," says Dave Nason, support-services engineer.

COMPETENCE Jeroen Buijs initiated the How Stuff Works program after realizing that, as a line manager, he was having to spend a lot of time and energy spreading information among his colleagues. He thought a lot of information could be useful to a wider group of employees than just the closest work group. They needed a simple way to distribute information – a knowledge-sharing program, in which people could give their own input, would be a good way to do that.

Benefits

Nason, who has taken part in several workshops since the concept started, sees some great advantages.

"It's a good way of sharing knowledge in a small group," he says. "The biggest difference compared with a normal course is that your colleagues have a better idea of what you need to know. I'm not saying that course leaders don't know what they're talking about, but they're not aware of your daily problems."

Buijs agrees, but points out that How Stuff Works does not replace traditional courses, which offer more extensive training.

Tailor-made learning

"We're providing a simple platform for learning," he says. "Sending 100 people on an Excel course is expensive and there's no certainty that you can get much use out of it in your everyday work. With How Stuff Works, you can get a more tailored course that you can benefit from."

Employees make suggestions for the subjects they want the sessions to

cover. For example, they may have been part of a project they want to share information about. Eight to 10 people usually participate each time. That is the optimal number, Nason says. "Otherwise there is a risk that, if

there are too many questions, you don't reach the course objectives," he says. "Workshops last a maximum of four hours and are free. Those who want more details can easily request them later."

☒ Anders Jinneklint



PHOTO: SIEBE HARTSTRA

Dave Nason and Maarten Cornelissen are attending a workshop in Rijen about financials for people who don't work with financials, given by a colleague of theirs. Nason believes these workshops are a good learning experience.

Have you noticed...

... that the **Wimax Forum** has approved the first eight products for mobile Wimax?
 ... that **Samsung** is on the ball? It has presented one mobile phone for both CDMA and GSM for the Indian market, and its first mobile phone with HSUPA, which will be sold in South Korea.

... that **Ericsson's B-share** has been delisted from the London Stock Exchange?

... that **Japanese** operator NTT DoCoMo is reported to be testing a mobile-scent service? Different scents are secreted from a unit that can be set off with the help of the mobile.

... that **Garmin** is releasing a GPS navigator that has mobile TV?

... that **American Roxanne Austin** has been voted on to Ericsson's board?

... that **Sony BMG** has joined Nokia's Comes With Music service? This allows customers who have bought certain Nokia mobile models free access to songs. The Finnish company has not yet revealed which phones will allow access to the service – or what the music package will cost.

Comes With Music is expected to be launched in the second half of this year.

... that **Panasonic** and **Nikon** have each released digital cameras with WiFi?

... that **Panasonic** and **Nikon** have each released digital cameras with WiFi?



First quarter pleases market



President and CEO Carl-Henric Svanberg.

Ericsson's first quarter was better than market expectations. The share price rose following the quarterly report on April 25.

REPORT Sales in the first three months of the year were SEK 44.2 billion, which was an increase of 5 percent compared with Q1 2007. All the business units increased their sales, as did all geographical regions except for Western Europe. Income

after financial items, excluding restructuring charges, was SEK 4.5 billion. The weak US dollar and rising costs as a result of a higher share of network rollouts in emerging markets affected both sales and profitability.

Positive effects

Overall, the report was good and was received positively by the market. The share price has rallied and several analysts have raised their target

prices and recommendations for the share following the report.

President and CEO Carl-Henric Svanberg said at the release of the report that Ericsson was continuing to do better than its competitors, with organic growth of 9 percent in constant currencies. He also reiterated that, while Ericsson is planning for a "flattish" infrastructure market during 2008, things looked positive in the long term.

PHOTO: ERICSSON



Work has become easier for Indian **cycle repairer** Kalandi, 43. Since getting his mobile phone, his income and the number of his customers have increased.



CONNECTED

COMMUNICATION FOR ALL

It is **not unusual** for a company to help people while making money at the same time. Right now, in numerous projects all around the world, companies are **cooperating** with governments and various organizations in developing markets. Ericsson is one of these companies.

Everyone profits from mobile phones



INDIA, AFRICA, BRAZIL

India is the second-most-populated nation in the world, and a region where many people survive on extremely low incomes. But a significant number of people have been able to raise their economic standards in the past few years, largely thanks to mobile telephony.

Kalandi is a good example of the sort of people who have raised their living standards thanks to the acquisition of a mobile phone. He is 43 years old and has a small bicycle workshop on the main street of Salapada, a little village in eastern India. He lives here with his wife, their three children and Kalandi's mother.

He does all kind of bicycle repairs and also repairs flat tires on motorbikes. He has one employee and works

from 8am to 8pm, with a 30-minute lunch break.

He does not have a landline phone and bought his mobile phone mainly for two reasons. "I wanted a mobile to be able to call my suppliers," he says. The other reason was that he felt that it would improve the family's security in case of emergency. He also wanted a mobile phone so he could contact his relatives.

For small-business owners such as Kalandi, the use of mobile phones affects the ways supplies and deliveries are handled – the chain of suppliers, transportation and storage. Supplier chains have expanded because deals can now be made over the phone, and physical distance is no longer a limitation. Supplies are delivered more promptly and can be ordered



The UN's Millennium Village project, through which Ericsson is providing communications opportunities for many people in countries such as Rwanda and Kenya, is paying dividends. Areas of success include healthcare, which has made rapid advances with doctors and other staff getting access to mobile telephones and other communications tools.

“A school and a clinic have been connected so far and are now part of the global internet”

Themba Khumalo

Did you know...

... that there are more than twice as many mobile subscribers in developing markets than in developed markets. ... that 90 percent of future mobile subscriber growth will be in developing markets.

Source: Informa Telecoms & Media

► when needed. This has meant retailers can hold less stock in their shops and have faster turnaround.

Before Kalandi had a mobile phone, he used to go a larger town four times a month to get supplies for his workshop and store. Every time it took him one or two full days to get there, buy the supplies, pack, then come back. It meant he had to close the shop for four to eight full days per month to manage his supplies. “Now that I have a mobile I never need to travel to the city. I just call my suppliers. They send the supplies by truck or bus and I pay the money to the driver.”

Jobseekers are another group benefiting greatly from the mobile telephone. Deva is one of them, a day laborer who lives in the small village of Khidrat

in northwestern India. He is the only member of his family of eight who can take on paid employment, so he has great responsibility as a provider and starts every morning by looking for work.

He previously had to travel to various job sites, involving trips of up to 400 km three or four times every month; all this without knowing if he would come home having earned any money at all. The travel itself was very costly. “Each trip would cost me 300 rupees (USD 7.50) and would take a lot of time,” he says. But now that has all changed. “I have a mobile phone and can call and see if there is any work.” Deva spends around 400 rupees (USD 10) per month on phone calls for employers, saving him up to 1200 rupees (USD 30) by not having to

travel. Considering the fact he makes a meager 3000 rupees (USD 75.50) per month, this means a great deal to him and his family.

In a similar way, bike mechanic Kalandi's way of handling contacts with his customers has also changed. Before he got a phone, they would come to his shop to hand in their bikes for repair. They would then either come back to check if the bike was ready a couple of times per day or Kalandi would give them a time when he thought the bike would be ready. Customers were often annoyed by having to visit the workshop several times a day only for their bikes not to be ready.

This has changed since he got a mobile. Kalandi just calls the customer so they only have to come to his shop

Deals on wheels

Calling its subscribers to ask if they want to top up their pre-paid cards is not the only thing that Brazilian operator Local is doing to speed up its business and stimulate customer interest.

It is also seeking out its subscribers in the flesh. Local's local presence also means that a number of employees travel around on mopeds in the villages where they have operations. They then park their mopeds outside the customer's house or apartment and knock on the door to present their offering. Talk about personal service.



A local employee takes a break.

once. "This is considered good service by my customers," he says.

"I am very happy with having a mobile and I really have no negative things to say about it. Coverage in the village is good. My income and number of customers have increased, even if I can't say exactly by how much."

The connection between improved quality of life and mobile telephony is becoming increasingly obvious. But this is affecting more than people's living standards: the amount of traffic in the network is also soaring, which naturally makes it interesting for operators and vendors to get involved in projects and find ways to stimulate mobile usage.

The United Nations Millennium Development Goal of reducing world poverty by 2015 represents an unprecedented opportunity for companies to usher in a new era of collaboration in the fight against poverty. It is within this context that Ericsson is working with Columbia University's Earth

Institute and its leader Professor Jeffrey Sachs to bring mobile communications and internet access to 12 Millennium Village clusters in 10 African countries – to more than 400,000 people. Ericsson's partners include the operators Zain Group (formerly MTC) and MTN.



Themba Khumbalo

Pan-African operator MIN is involved in the Millennium Village project in several African countries. In Rwanda it is specifically involved in the provision of voice and data infrastructure. MTN Rwanda CEO Themba Khumbalo says: "Together with Ericsson we have delivered EDGE technology to allow high-speed connectivity to the villages. A school and a clinic have been connected so far and are now part of the global internet.

"This work is also part of our corporate social responsibility program. Our partners are also providing applications that will enhance the quality

of medical care in the villages using interactive EDGE applications, providing instant medical information and privacy to the individuals."

One question is what business model to use when the operator approaches low-income earners. MTN Rwanda has chosen to increase accessibility in various ways: low-cost handsets, innovative business models such as shared access to voice and data with low rates, free network access for healthcare workers, and so on.

MTN is not alone in thinking along these lines. On the other side of the globe, in Brazil, operator Local has a similar philosophy.

Brazil, like India and many African nations, is an enormous country with a large part of the population living on very low incomes. Operators in Brazil have traditionally focused on subscribers who can pay for more advanced services. Local does the opposite.

Local's CEO Dennis Coté says the competition in this segment was not particularly tough. The company's strategy was clear right from the start. "Our business model is directed at remote towns and villages with low-income earners with a fundamental need for some sort of mobility in their village. To address that, we decided to go with a low-cost structure, decentralization and having more people working in the villages, as opposed to having people working in the headquarters."

One example of the company's new way of doing business is taking

ELAINE WEIDMAN-GRUNEWALD: "CORPORATE RESPONSIBILITY IS HERE TO STAY"



Elaine Weidman-Grunewald

Elaine Weidman-Grunewald is Director of Corporate Responsibility at Ericsson.

What is Corporate Responsibility?

It is an umbrella term covering how we work with the triple bottom line profit, people and planet.

A company's success is increasingly

measured by not just the economic performance, but also on other aspects such as the positive social, environmental and ethical effects of our activities.

It is a 'trendy' topic and it is frequently in the media. Does it have a future?

Corporate Responsibility is here to stay but it may evolve.

“We decided to go with a low-cost structure, decentralization and having more people working in the villages”

Dennis Coté

► place in the small city of Quixadá, in the rural state of Ceará. There, the average annual income per capita is about USD 1000. Being an operator here is very different from elsewhere in Brazil. “Typically, a big operator will put about 85 percent of its resources in the densely populated areas, while Local has 85 percent of its resources in the villages,” Coté says.

“**More specifically**, you can say that the main factor behind our success is that our investment is lower than that of most operators. And the reason for this is that our license fee is relatively low. Another key benefit is that, in Brazil, the regulator allows us to use mobile bandwidth for our fixed license, so if you combine these, our initial investment is very low. We also don’t need to subsidize handsets.”

The handsets, he explains, are al-

ready there in the market; people just switch them to Local’s service.

What makes Local unique is its way of maintaining personal contact with its customers. The most common subscription in Brazil is a pre-paid card. When the operator notices that a customer’s account is running out of money, the customer gets a personal call from a salesperson with a suggestion to top up the card. “On average, we probably talk to our customers once a month,” Coté says.

The personal contact brings other benefits, for the operator and the customer. “It allows us to understand their needs, to tailor the product as we go and to adjust the offer if we need to,” Coté says.

✉ Text: Johan Kvickström Photo: Ericsson



Dennis Coté



The small town of Quixadá in Brazil is a good example of operator Local’s business idea of focusing on subscribers with low incomes in small towns and in the countryside. With a profit margin of about 40 percent, the idea seems a successful one.

JESPER RHODE: “THIS WILL INCREASE ERICSSON’S SALES”



Jesper Rhode

Jesper Rhode, vice president for Multimedia and Consulting at Ericsson in Brazil. He and his colleagues have worked with Local and its management team to plan strategy, set up the business model and provide the communication infrastructure.

What has been the secret to Local’s success?

Local’s business model is truly scalable and can easily be replicated in other areas of Brazil as well as in

other countries. The secret behind Local’s success may well be that it chose not to copy the big operators and compete in the highly populated centers, but rather to focus on remote areas and low-income earners.

What has Ericsson learned from its relationship with Local?

Operators are ready to pay a higher price for specific features and services that support their specific market or operation. To them,

selling communication – even to remote, low-income subscribers – is a retail business. It is really important to understand how the choice and deployment of technology affects the operator’s business case.

How will Ericsson work with Local in the future?

We are supporting its growth and expansion plans for other countries. And the fact that other operators are eager to learn from this case will also increase Ericsson’s sales.



ERICSSON REWARDS

1. Green Leader: Ericsson ranked fifth among the 10 best global environmental performers, according to Ethical Investment Research Services (EIRIS) and the FTSE4Good Index. Ericsson has been identified by EIRIS as a Green Leader among nearly 3 000 companies.

2. Rated Best in Class by Carbon Disclosure Project: Ericsson was honored as Best in Class in its approach to climate change disclosure in a report released by the Carbon Disclosure Project (CDP), a coalition of more than 315 global

investors with more than USD 4.1 trillion in assets. Ericsson was the only telecommunications supplier and Swedish company to be named in the global leadership index, and ranked third overall on the Nordic index.

3. Inaugural China Information Industry Energy-Efficiency Innovation Award: The China Center for Information Industry Development selected Ericsson for this award, partly for the company's work on improving the energy efficiency of its products, and partly for overall network energy optimization.

4. Ericsson Response honored with 2007 PMI Community Advancement Through Project Management Award – Organizational Category: Ericsson Response was honored for its work with communities in need through its program for international assistance in disaster situations.



After the earthquake in Pakistan

PHOTO: GANPIX

»»» **“The professor making the connections”** »»»

CONNECTED

COMMUNICATION FOR ALL

...ccess to
go...s to
The Digital Divide is
World Bank, February 2005



Images courtesy of Jon Stern

11



2008-02-18

ERICSSON

ERICSSON
MAKING YOU FORWARD



Professor Leonard Waverman from London Business School during his lecture in Kista earlier this year.

"Give it enough time and you will see results"

The connection between growth in telecoms in developing countries and GDP growth is obvious to Professor Leonard Waverman.

Studies by Waverman, from London Business School, and other researchers have defined the relationship between telecom and economic growth: when mobile penetration in a country increases 10 percent, economic growth rises 0.6 percent. His research also shows that mobile communications' positive effects on countries' economies are twice as great in growth markets than in mature ones.

It is not surprising that Waverman and his research have become popular among leaders in the telecom industry.

"These are figures that every telecom CEO can recite in his sleep," says the Canadian-born professor with a smile.

He feels that Ericsson, as an industry-leading company, should continue to pursue business all over the world, not just in growth markets.

"This is not about charity," he says. "Aid is important, but in terms of telecoms, it's about bringing business to these places."

Your research has primarily looked at the effects of voice telephony. Are your results also applicable to the increased reach of broadband?

Basic voice services offer a variety of functions – some social, connecting with the family, which is very important, and some business, such as getting information about crops and prices. Broadband will probably be less personal and more business-oriented. But I guess that it could also be more for entertainment.

Broadband is important because it provides the internet to growth

economies. In the beginning, it will be more a business tool for early adopters. But eventually it will also become an entertainment device, as it is in developed markets.

Who takes responsibility for what in these markets?

The regulator should only be responsible for setting the level playing field – liberalizing the telecom sector, allowing competition, providing licenses and the appropriate framework from which players can operate. And then, get out of the way. Operators decide what services, what products and what prices.

Broadband over the fixed-line network has fixed prices, and mobile broadband will follow the same pattern. Will a fixed-price system affect things when we no longer differentiate between fixed-line telephony and mobile broadband?

I think there has to be a flat package, but with limits. That's because even on the internet they are finding that they must start to have limits, because you don't want somebody paying SEK 20 per month and downloading full-length videos to their mobile phones. That is going to kill the business. I don't think you can have "all you can eat" plans because the spectrum is scarce. It's a different business model and you have to be careful not to crowd out voice, which is going to continue to be profitable.

You make the point that the telecom industry plays an important role in development. What other industries are significant here?

We need electricity and healthcare, we need roads and other forms of infrastructure, and we need communications. We need a whole variety of things.

Let's say you want to have a new crop and, thanks to your mobile phone, you get more information about prices so you can optimize your pricing. But



KERALA PROJECT-FACTS

- ▶ ... the state of Kerala is situated along India's west coast. A large part of its population supports itself on fishing. This industry has mainly formed the basis of studies carried out by Robert Jensen, researcher at the Watson Institute for International Studies.
- ▶ ... between 1997 and 2001, Jensen examined the result of the region's fishermen gaining access to mobile phones. Mobile telephony became accessible in three stages: January 1997, July 1998 and May 2000.
- ▶ ... the opportunity to use mobile phones meant that fishermen in the region could examine what they received the best payment for among their catch and also choose where and to whom they wanted to sell.
- ▶ ... mobile phones brought an increased information flow and created a better, more effective market, which benefited everyone. For example, the research shows that the fishermen's income increased by 8 percent while the price to consumers fell by 4 percent.

“In India, the scope for development can be huge, as well as in China”

Leonard Waverman

Did you know that...

... Ericsson's offering to developing regions is called Expander. The offering, which will make networks more intelligent, is built on a number of business solutions that help operators generate revenues and expand their networks cost-efficiently.

Source: Contact 4/2007

▶ you have no roads to travel on to get to the market, so you cannot deliver whatever you have, so what's the point? This is why I think we need a complementary infrastructure.

Ericsson, like other telecom companies, is involved in some unusual projects, such as the biofuel project to find solutions to the lack of electricity in parts of Nigeria. Should telecom companies be doing this, or should they concentrate on their core businesses?

I honestly think they should focus on their core business – at least stick to what is clearly related to that. Telecoms could maybe deliver telecom devices for example, but biofuel should be left to, say, BP. *Is such a project too small or too experimental?*

I'm not a great lover of small experiments. I would rather see a telemedicine service that's

running for five years in a village. Don't leave too soon, is my message. Give it enough time and you will see results.

With regard to this, I'd like to say that I don't like experiments if that is all they are, like a short-time showcase. I like it when it's the real thing. You can look at the Millennium Villages in sub-Saharan Africa, because I think that is exactly what they are trying to do there. This is a project with so many important partners involved – local governments, the UN, different companies, a good mix of the private and public sectors – and it's crucial that it has been given time to really develop.

For ages, government monopolies have been essential in establishing fixed-line networks. Now there is no central institution running the infrastructure. Is that a good thing?

I believe it was Mohammed Ibrahim, the founder of Celtel, who said it took 100 years to provide fixed-line telephones to 2 percent of the African population. That kind of says it all, doesn't it? Since then, with deregulation and private initiatives from people such as Mr Ibrahim, development in the mobile-phone arena has been very fast. Competition is clearly much better than a monopoly situation.

Where do you see the greatest growth potential – for the population as well as for vendors' and operators' business?

That would be the countries currently most talked about, India and China – India to a great extent because of the enormous number of software engineers in the country and its highly developed IT sector. In India, the scope for development can be huge, as well as in China. With the large populations and numbers of highly skilled people, companies such as Ericsson won't have any problems recruiting in these countries.

Can you give us concentrate examples of where we can see development taking place?

Besides the Kerala example in India (see box), which may be the best one, there are also development projects happening in Kenya, for instance, and of course the Millennium Villages in Africa. Then there are other good examples, particularly in Asia.

If you compare Ericsson to other telecom companies, are there any differences when it comes to the question of improving people's lives?

I can honestly say that I don't know much about Alcatel-Lucent. But I think that both Nokia and Ericsson are working with various foundations. Nokia has its franchise model. Ericsson may be working slightly differently. But I think that they're both being quite effective in their work, although Nokia is being more aggressive in its messaging.

Text: Johan Kvickström Photo: Stefan Borgius



The morning lecture in Kista was followed in the afternoon by a small workshop, where it was discussed how Professor Waverman's research findings could be used to consider what Ericsson should do when developing its operations in the world's growth markets.

“The numbers speak for themselves”

The divide between the rich and the poor is huge in many parts of the world. For those at the bottom of the income pyramid, life can be a struggle for survival and a fight for basic human needs. In this environment, how can Ericsson achieve its vision of an all-communicating world and still remain profitable?

Johan Haeger is the driver of Marketing Theme Communication for All, a strategic marketing activity aimed at supporting Ericsson’s growth in emerging markets.

“We want to ensure Ericsson’s position in those markets and increase their demand for voice and data services. This is done through interaction with governments, regulators, and operators conveying messages that hopefully lead to sales in the three-to-five-year time frame.” Haeger says.

But why should the efforts focus on emerging markets?

I think the numbers speak for themselves as 90 percent of new subscribers come from these markets. The business potential is large.

Many people living in emerging markets are poor. How can they afford mobile communications?

A few years ago this seemed like a paradox: if you were poor, how could you afford a mobile phone? We know now – through Ericsson Consumer-Lab studies and analyst reports – that even if people have low incomes, a relative large proportion of their earnings goes to telecommunications, if we compare them with higher-income segments. Our mission now is to repeat earlier years’ increases in voice calls, but this time for data services while continuing to increase voice calls.

So once they have a phone, what can they do with it?

Ericsson’s research in emerging markets has shown that telecommunications that enable voice calls and internet access bring important socioeconomic benefits. These

services help people keep in touch, stimulate business, reduce the need for travel and enhance development in rural areas.

Mobile health and education are also important possibilities: ability to obtain instant medical advice over the phone or live interactive check-ups via telemedicine made possible by mobile broadband.

Mobile communications are relatively cheap, easy to use and do not need a regular power supply. Mobile broadband will develop much faster than fixed broadband has developed in emerging markets, partly due to the lack of alternatives, such as DSL services via copper networks which are limited and of poor quality.

From what you have said, should we not call for charity organizations to be involved?

Charity can provide short-term relief, but the answer lies in sustainable business plans for running economically-viable network operations, which generate profits (and thereby focus interest) for all stakeholders.

About five years ago, operators in emerging markets did not dare to invest much in infrastructure outside the large cities. Now, they have become very innovative and are introducing new business models in order to succeed in low-income sectors. By setting low tariffs and relying on high traffic volumes – rather than high ARPU (Average Revenue Per User) – cutting handset subsidies and new ways of taking care of customers, these operators are able to produce profit margins that many of their developed-world counterparts would be jealous of.

Text: Carmen López-Clavero
Photo: Stefan Borgius

Johan Haeger, marketing manager,
Communication for All





Ingela Persson at the Ericsson TV Center in Gothenburg fine-tunes a piece of TANDBERG head-end equipment. This converts satellite signals to IP data streams. Her job also includes producing demo scenarios based on Ericsson's IPTV solution, which is shown to customers who come to visit and at trade fairs around the world.



VISION FOR THE FUTURE

All systems go for IPTV

The Ericsson TV Center in Gothenburg is the company's **IPTV** competence hotspot, where it builds and **gathers knowledge** in its quest to become a leading supplier of equipment and services.



GOTHENBURG
SWEDEN, EUROPE

The center, within Ericsson's Gothenburg office at Lindholmen Science Park, is where Ericsson employees from all over the world come to learn how IPTV works from a commercial and technical standpoint. This is also where customers – the operators – come to study how Ericsson builds IPTV systems, and to hear how Ericsson can maximize the opportunities and minimize the limitations of their networks.

The faint sound of a fan from the server room is all you can hear in the TV lab at the heart of the center. The lab is a long, narrow room with 12 workplaces, half of which are occupied today by Ericsson staff. Some of them have come here to build new customer solutions for IPTV; others are here to learn more about the technology. Two 42-inch (107cm) TV screens stand on

one of the tables; the graphics for an IPTV portal are being tested on one of them. The TV signals to the lab come down through a satellite dish to some head-end equipment from Ericsson subsidiary TANDBERG Television, which converts satellite signals to IP data streams. The technicians adapt the transmissions for customers and configure the middleware computers, whose software is the “brain” for Ericsson's IPTV solution. Ericsson has a cutting-edge middleware solution under development, which could be a secret weapon in the battle for IPTV leadership.

At one of the workplaces is Sean Crasto, from the Content & Media Group in Montreal. He is working hard on the assignment he has brought with him from Canada: to develop a working



Ericsson's office in Gothenburg houses the competence center for IPTV. Ericsson employees from around the world come here for training. This is also where customers can see what Ericsson's IPTV system can do.

“What usually impresses them most is that we have an IMS-based demo ready.” Henrik Ericsson

▶ IPTV solution for the North American market. He constantly documents his work so that he in turn can train his colleagues rolling out IPTV in the US and Canada.

“The first thing I’ll do when I get back to Montreal is to sit down with my team and share the new knowledge I’ve acquired,” Crasto says. “Then we’ll try to implement that in our work with the customers.”

Crasto is in Gothenburg getting on-the-job training. He hopes one day to take his customers from the US and Canada there and sit them down on the red sofas in the display room one floor below the lab. The three large LCD screens here let customers see what the IPTV system that Ericsson wants to integrate into their networks can do. Crasto says this is also where deals are done.

“When customers can see how things work in reality, they feel more confident. They can get answers to their questions here,” he says.



Sean Crasto

His training in Gothenburg should bring in new customers quickly, and also allow his group to finish some projects it has already begun.

“We’ve created some demos for Cable-Labs in Colorado, which is owned by a consortium of cable-TV companies,” Crasto says. “We were the first to show how IPTV works in its networks. And we’ve also come a long way in our cooperation with Valtech, which plans to start an IPTV network in Canada. Our goal is for Ericsson to become number one in IPTV in North America.”

But Crasto is not just in Gothenburg to learn things; he also has knowledge to share.

“Within Content & Media, we have a lot of experience of working with providing and storing content, portals and statistics,” he says. “These skills are useful within IPTV and we want to spread them within Ericsson.”

IPTV is expected to become telecom

operators’ next big business, thanks to ADSL and a deregulated TV market. The technology is advancing quickly, the networks are in place and the operators have already developed systems to charge for their services.

At the TV center, Contact also meets Henrik Ericsson, who is responsible for IPTV operations within Ericsson Solution Area Content & Media. He describes a typical customer visit.

“Before the customer comes here, we’ve already found out what they want to know, so we can show our solutions to their questions,” Ericsson says. “It could be about fast channel-zapping (how quickly the system changes channel), different set-top boxes (see page 30) and coding techniques, video-on-demand systems and much more. We also show how we can help customers with different support systems, such as for payment or service activation, and how quickly they can connect new customers.”



Henrik Ericsson

The customers’ marketing people sit in front of the screens in the display room, while the technicians are taken up to the lab where, together with Ericsson staff, they run the TV broadcast shown in the display room.

“The marketing people often want to see the interface with the customers



and how quickly they can work with the portal,” Ericsson says. “They also want to see the add-on services, such as games, and look at our payment solutions.

“What usually impresses them most is that we have an IMS-based demo ready. IMS is the standard for the future of IPTV and other multimedia communication.”

But during a customer visit, there is at least as much talk about quality as there is about new, eye-catching features.

“I was recently at the IPTV World Forum in London, where they discussed why some operators who offer IPTV are more successful than others,” Ericsson says. “As well as the right content, it was about quality. The quality

In the TV lab, staff work with development, customer solutions and training. Customers’ technicians are also brought here to test Ericsson’s IPTV solutions.

The essentials

The Ericsson TV Center

opened in June 2006 and about 30 people are working here with developing business solutions, providing training, giving sales support and delivering customer projects. By June or July it will have 50 employees. There is strong demand for solutions architects and systems engineers who know about IPTV or who understand how to distribute

video over IP networks.

Ericsson employees from all over the world are trained in IPTV at the center so they can sell and deliver IPTV solutions to customers. This is done partly through on-the-job training, with selected employees working for three months on existing projects at the center. Thirty people within Ericsson have completed the training so far. The center also

has three other, shorter training courses:

- ▶ Stage 1 is aimed at sales.
- ▶ Stage 2, aimed at project managers and solution architects, focuses on how an IPTV project is delivered.
- ▶ Stage 3, technological solutions, is targeted at solution architects and system engineers. Almost 200 people have taken some of these courses so far.

“Marketing departments often have high-flying plans for glossy graphics and many special features.” Henrik Ericsson

Did you know...

... that about 15 million people around the world have IPTV today? In five years, almost 100 million people are expected to be able to watch TV via broadband.

Source: Ericsson



The marketing people often want to see the interface with the customers.

- ▶ must be at least as good as in normal TV broadcasts, or better. You also have to avoid poor quality. Every time quality makes the user call support, it costs money. If you have a million users and bad quality, it could end in catastrophe.”

This makes everyone understand that there is no room for an approach involving testing during an ongoing broadcast.

“When you build an IP network to deliver web TV, the demands on quality aren’t quite as high,” Ericsson says. “But regular TV viewers have high demands on sound and vision, and things have to work perfectly from day one.”

It is therefore important to explain to customers what IPTV requires if it is to work as well as the end users demand.

“Marketing departments often have high-flying plans for glossy graphics and many special features,” Ericsson says. “But there are limitations. The first is that the set-top box, which converts the IP data stream to TV signals, must be relatively cheap but also

future-proof, and we must build portals with graphics that work on these boxes. The broadband networks pose another limitation. To ensure network quality, we’re working on being able to offer customers an audit service, to

check if the networks can cope with IPTV and where the bottlenecks are. Then we can give suggestions on how to improve the networks.”

✉ Text: Tomas Ericsson Photo: Bodil Bergkvist

IPTV AND ERICSSON

IPTV places new demands on Ericsson as a supplier. Ericsson wants to ensure important specialist competence through acquisitions and cooperation.

ACQUISITIONS

- ▶ **TANDBERG Television**, a leader in TV signal compression.
- ▶ **Entrisphere**, a leader in fiber access.
- ▶ **Redback**, a leader in “edge routing” of multiple services (TV, internet, telephony) for IP networks.
- ▶ **HyC**, systems integration and consultancy firm specializing in the TV domain.

COOPERATION

- ▶ **Tilgin**, manufacturer of digital boxes for IPTV.
- ▶ **Gosu Design House**, design and graphical interfaces for IPTV.
- ▶ **Accedo Broadband**, games and other consumer applications for IPTV.
- ▶ **Agama Technologies**, equipment for supervising delivery quality for video streams all the way to the TV.

Customers that have visited the Ericsson TV Center: Telenor Nordic (Norway), Cantv (Venezuela), Vodafone Portugal, Telecom Media (South Africa), Cable & Wireless (UK and Monaco) Teracom (Sweden).

I'M A TOTAL SHOE DIVA I NEED TO KNOW WHAT'S HOT IN MILAN -AND WHERE IT'S ON SALE HERE

What does it take to be a Televisionary?
A deep understanding of what people want and need.
An ability and expertise in making television more
individual and more personal. As a global leader
in TV technologies, multimedia infrastructure and
services, Ericsson is uniquely positioned to enable
The Individual Television Experience.



Are you my Televisionary?

To find out what it takes to be a Televisionary for
your customers, go to www.ericsson.com/televisionary

ERICSSON 
TAKING YOU FORWARD

"We must improve our bottom line"

Multimedia has a bright future and will become an even larger part of Ericsson, says business unit head Jan Wäreby. But the acquisitions of **TANDBERG Television, Drutt and LHS**, to complement Ericsson's portfolio, have also cost money. One aim is to increase sale volumes.

How was the first year?

It was hectic and exciting. Initially, we spent time setting the strategy and acquiring the new companies we needed to further strengthen our existing portfolio. Then we started with the difficult process of integrating, reaching out to the markets and, equally important, building the competence. Multimedia is still small compared with Ericsson's business in Networks and Global Services.



Jan Wäreby

There has been some internal criticism suggesting that little is new. How do you react to that?

Several new things have happened during the year, for example, we have launched IPTV. Since the formation of the business unit we have

also aligned the organization and prioritized a number of focus areas such as networked Media and messaging, enterprise applications, service delivery platforms and provisioning, revenue management, and mobile platforms. A lot of work has been done internally and so might not have been noticed outside the business unit.

Your business unit consists of several varied areas and many new acquisitions. What are you doing to create a common culture?

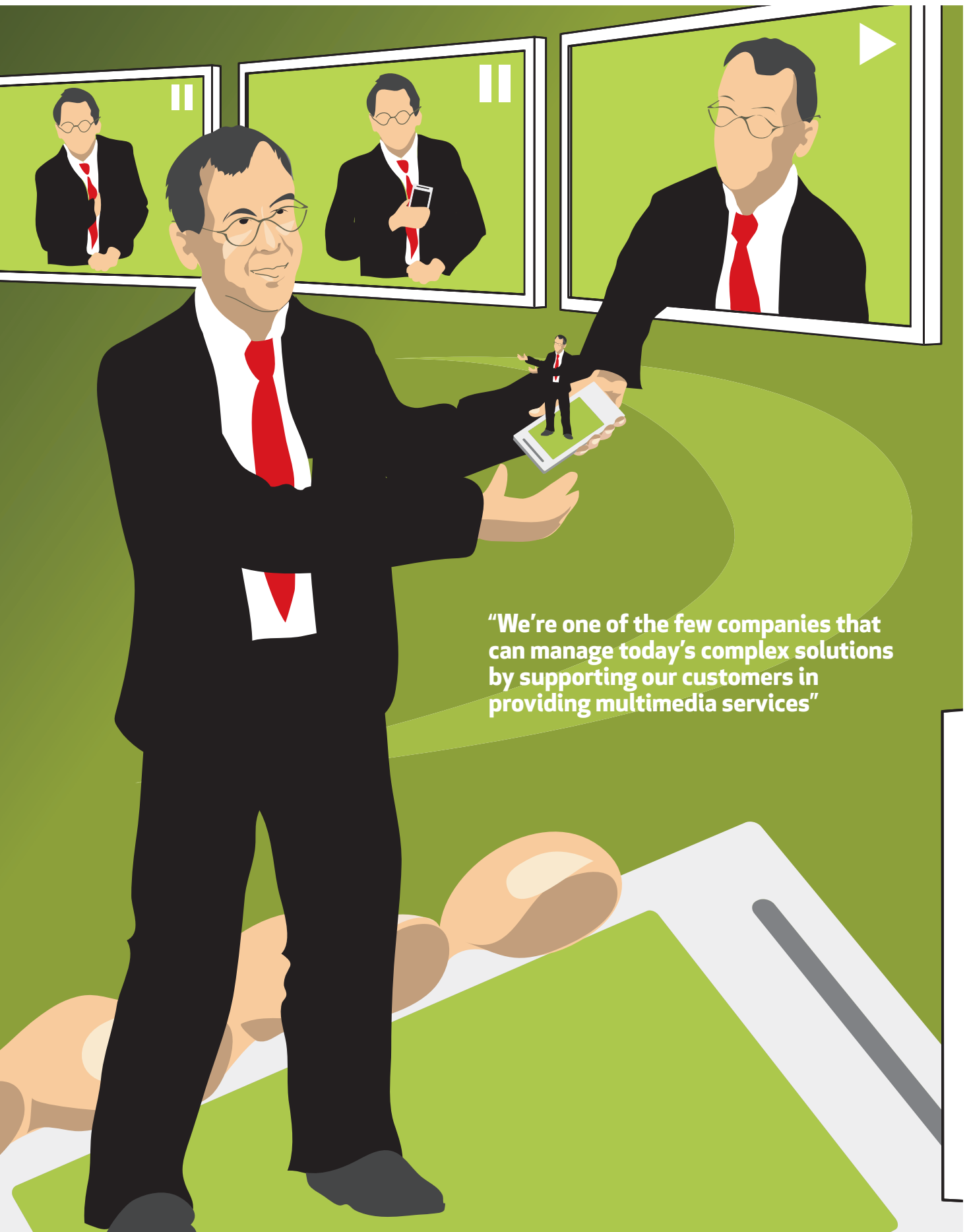
We're moving forward cautiously. We are strengthening our offerings in multimedia with the acquisitions and creating a common culture that takes the best from each area. TANDBERG Television, for example, has a culture that is very similar to Ericsson's, with a focus on high technological quality. In this case, we let their visions complement our overall TV offering.

Multimedia has been cited as the future for Ericsson. What is your view on that?

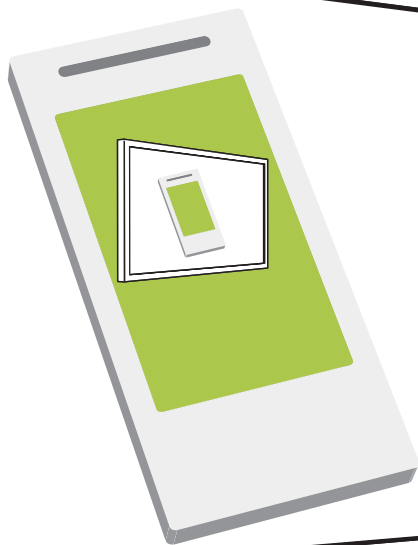
We believe multimedia will make up an increasingly larger part of Ericsson, but we will also support our other business. For example, we're creating new interfaces with operators and extending our customer base in a converging industry, which will benefit all of Ericsson.

What are the problems, and how do you intend to solve them?

We achieved 14 percent growth in the first year, but we must improve our bottom line – our net results. The acquisitions have cost money. We're going to focus on developing and selling software and on quickly increasing our sales volumes within some key areas. ▶



“We’re one of the few companies that can manage today’s complex solutions by supporting our customers in providing multimedia services”



“We’re also open to new segments apart from the traditional ones”

► **What exactly will Ericsson Multimedia earn money from?**

In mobile TV and IPTV, where we now have 40 percent of the market thanks to the acquisition of TANDBERG Television. We also believe in our Multimedia Communication Suite (MCS), which we demonstrated at the Mobile World Congress in Barcelona in February and which easily provides consumers with access to attractive services. Service Delivery Platforms and Provisioning, our solution to help operators launch and manage multimedia services efficiently, is also generating money and we have already completed 60 installations globally. We should not forget Charging and Billing systems, Enterprise Application and our Mobile Platforms.

Will you continue to focus on operators or is your role changing?

Our aim is to support operators and service providers, but we’re also open to new segments, apart from the traditional ones, such as cable-TV companies, satellite companies and media firms.

Does this mean you are not getting closer to the consumer?

No. We’re getting closer to the consumer through Sony Ericsson and our focus on IPTV. In addition, through Ericsson ConsumerLab, we’re also working on increasing our understanding of consumers so we are better able to support our customers.

Will the cooperation with Sony and Sony Ericsson be intensified?

Yes, it will and we’ve already made great progress together. The MCS, which I mentioned previously, is a good example of this. We’re also cooperating with Sony in the Open IPTV Forum and by tying together home-electronics networks and our mobile networks. We want to give users wireless access for all home electronics.

Why should operators choose multimedia from Ericsson?

Because of our competitive advantage; we’re one of the few companies that can manage today’s complex solutions by supporting our customers in providing multimedia services. We’re also unique in having a global presence, which means many large customers who are themselves global turn to us. They know we can help them all over the world.

Who are your biggest competitors?

We see three groups of competitors: the classic ones such as Nokia Siemens and Alcatel-Lucent; pure systems integrators, such as Accenture and IBM; and specialist companies, such as those within IPTV.

✉ Text: **Lars Cederquist**
Illustration: **Ebba Berggren**

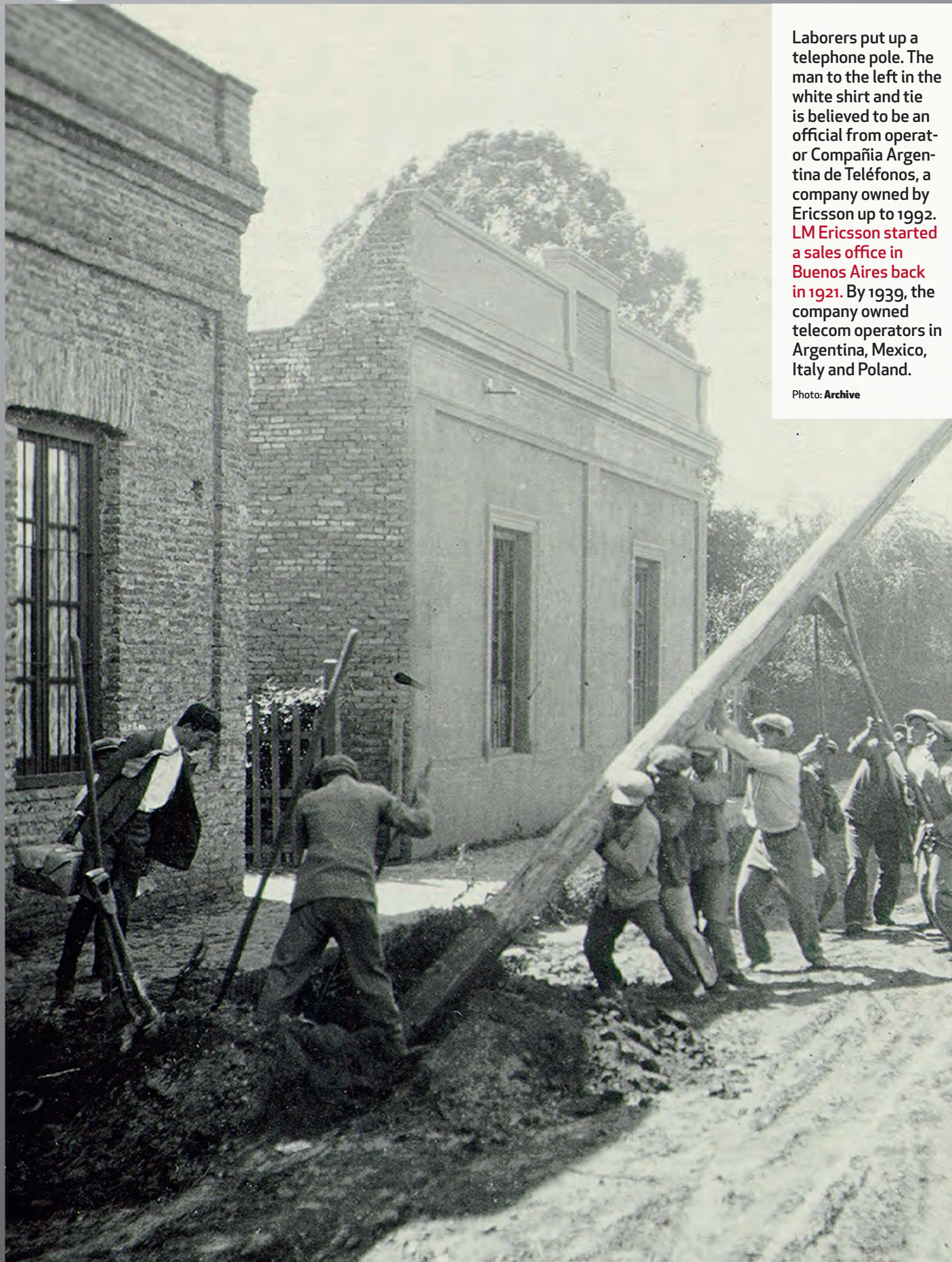
JAN WÄREBY

Do you practice what you preach; do you also use multimedia services?

“Since my time at Sony Ericsson, I’ve been fascinated by electronic devices and use a lot of such services.

At home, I have IPTV, of course, and the latest Blu-ray (the successor to DVD) player from Sony for my HDTV. I watch CNN on my mobile, use push e-mail and, with the latest Sony Ericsson handset, the W8go, I’ve become hooked on positioning services, such as for finding restaurants.”

Argentina 1927



Laborers put up a telephone pole. The man to the left in the white shirt and tie is believed to be an official from operator Compañía Argentina de Teléfonos, a company owned by Ericsson up to 1992. **LM Ericsson started a sales office in Buenos Aires back in 1921.** By 1939, the company owned telecom operators in Argentina, Mexico, Italy and Poland.

Photo: Archive

Mobile Adventures

by Jola Cederschiöld

ERIC@ AND SONY ARE ENJOYING A DAY OUT IN A CITY PARK. ERIC@ DECIDES TO SMS HER FRIEND AND ASK IF SHE WANTS TO JOIN THEM, WHEN...



"YES! I DIDN'T THINK ABOUT THAT! COME WITH ME TO THE PHONE STORE, SO I CAN GET A NEW PHONE AND ALL MY INFORMATION BACK!"

IN THE MOBILE PHONE STORE ERIC@'S LIFE IS PUT BACK TOGETHER, AND SHE IS ALSO OFFERED A NEW SERVICE FROM HER OPERATOR, MAKING THE INTERNET EVEN MORE ACCESSIBLE...

"I JUST TALKED TO YOUR OPERATOR. ALL YOUR CONTACTS AND INFORMATION HAVE BEEN TAPPED AND TRANSFERRED TO YOUR NEW PHONE. WANNA CHECK IT OUT?"

"IT'S ALL THERE! I JUST NEED TO CHECK MY E-MAILS IN CASE SOMEONE HAS TRIED TO REACH ME IN THE LAST HOUR. DO YOU HAVE A COMPUT... WHAT IS THIS? 'NEW SETTINGS', 'AUTOMATIC DEVICE CONFIGURATION'? DO I WANT INTERNET AND MMS? YES, PLEASE..."