

# Contact

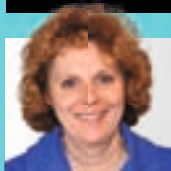
Readers  
choose best  
picture of  
2008  
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## Smooth operator

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"I've never had a career plan or personal goals."

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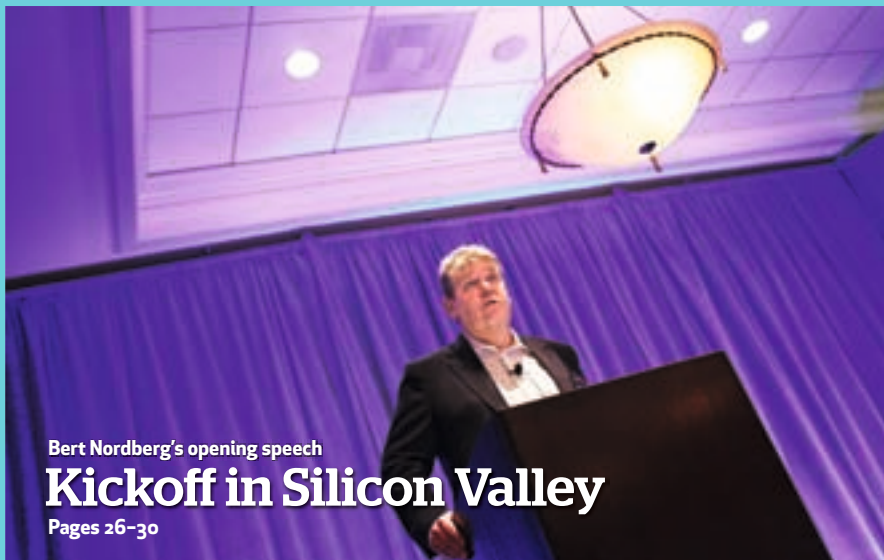
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Bert Nordberg's opening speech

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# Turbulent times

**W**elcome to the first issue of Contact for 2009. It has been some time since you last received a printed copy of the magazine, but I hope that nobody has missed the fact that we are now also producing an electronic newsletter, called Contact Newsletter, sent direct to your e-mail inbox. We are doing this so we can include more of the kind of material that you have been requesting, such as longer interviews, personal portraits and articles that help you in your work. I hope you will find that Contact Magazine and Contact Newsletter complement each other.

There will be much to report in 2009. Ericsson recently announced a result for the fourth quarter of 2008 that was above market expectations. This was positive, of course, but not strong enough for us to feel satisfied when facing a very uncertain year ahead. Our profit margins are still too low. We have so far only experienced marginal effects from the current global financial crisis, but it would be naive of us to believe that we will remain unaffected in 2009. The best we can do is to continue with the cost-reduction program that we began more than a year ago and which has so far resulted in savings of SEK 6.5 billion. Unfortunately, this will also mean Ericsson having to reduce its global workforce by about 5000. We are not doing this to "put safety first," but rather because it is absolutely necessary to achieve smarter and more cost-effective ways of working, so that we can maneuver wisely through the approaching economic downturn and take any opportunity to turn it to our advantage. Handled the right way, we can benefit from this situation.

**In this context**, there are also areas in which our customers could need our services more than before. One such example is managed services. This is an area in which we have become a leading player in recent years. In broad terms, this is based on Ericsson taking over all or parts of a customer's network, to run or support it, or both. This is a complex business offering, which often includes taking over staff from the operator and integrating them smoothly into our company. Fittingly, the year's first cover story in Contact is about managed services.

## Contact

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**Henry Sténson**, head of Group Function Communications and publisher of Contact

## 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](mailto:contact.comments@ericsson.com)

### SOFTWARE MODELING NO CURE-ALL

Regarding your article "The right model" (issue 9, 2008), while I am a proponent of Unified Modeling Language (UML) and object technology as enablers of better designs, we should be careful about believing that tools and technology alone will solve something that is inherently a human issue, and therefore a

management problem. We need to ensure our software engineers understand important concepts for software design, such as coupling and cohesion, and how to strike the right balance between the two.

They should also use known best practices, such as test-first design and brainstorming, and have an open mind and willingness to accept feedback from other team members to improve their design and coding skills.

My main reservation about modeling for code generation is that, in my experience, it is harder to make it work with large teams because tool capabilities in regards to configuration

management (such as merging) are still limited.

Agustin Vega Frias, US

**ANSWER** *I agree. It is both a tool and a technology issue, as well as a staff issue and an issue for management. Ericsson has a lot of experience in visual methods; much of the development of 3G, for example, has been done with visual methods and by generating code. External comments also suggest that Ericsson is viewed as a world leader when it comes to experience and using visual methods. But there is a long way to go before we can develop a process that uses visual methods throughout the product life cycle.*

Anders Caspar, Director Software Research

### Reader's picture



I took this picture on my way to Ericsson one November morning when traveling with my motor boat from Donsö, the island where I live, into the Lindholmen office in Gothenburg.

Johnny Johnsson, Sweden



PHOTO: SONIA APLIN

### READERS PICK THE BEST PIC

This is the photo that readers have selected as the best reader's photo from Contact last year. Bengt Alverborg took it with his K850i on September 17, 2008, at Mount Rainer National Park outside Seattle in the US. It won in a tough competition with photo number 11. Congratulations Bengt. A total of 343 people voted in the competition, 69 of them choosing the winner. Every submitted photo won votes. We on the editorial team thank all of you who took part and voted. And we also encourage readers to keep sending in their photos. You can do that by mailing your photo, with a short comment, to [contact.comments@ericsson.com](mailto:contact.comments@ericsson.com).

### Web poll

54%

... of 285 Ericsson employees don't think there is too much information on the intranet regarding EricCOLL, blogs, wikis and user generated content.

## Welcome...



### ...to Ericsson, Gwyneth Graham,

who recently became Manager, Leadership and Culture, at the HR department at Ericsson in Melbourne, Australia.

#### What does your job entail?

"We're building a culture that better supports our business directions, so that is beginning

to be a focus for me. For the last month, I've mostly been working with the talent management project. It's based on identifying the type of leaders we need in the future within our market unit and then starting intensive training to prepare them for bigger leadership roles."

#### What did you do before you started at Ericsson?

"I've been working in HR within different industries for more than 20 years, including telecom and manufacturing. Before this job, I was a consultant in a similar role, but I prefer being an employee as I can have a longer term impact."

# Have you been asked...

## ... ABOUT LTE?

### Long Term Evolution (LTE)

Long Term Evolution (LTE), which has been developed by the 3rd Generation Partnership Project (3GPP), can provide data speeds of at least 100Mbps and can handle telephony, HDTV and broadband in a fully IP-based environment. The same base stations and masts that are used for 3G can also be used for LTE with some equipment and software updates. LTE is expected to be widely available on the market around 2012.

### Data speeds

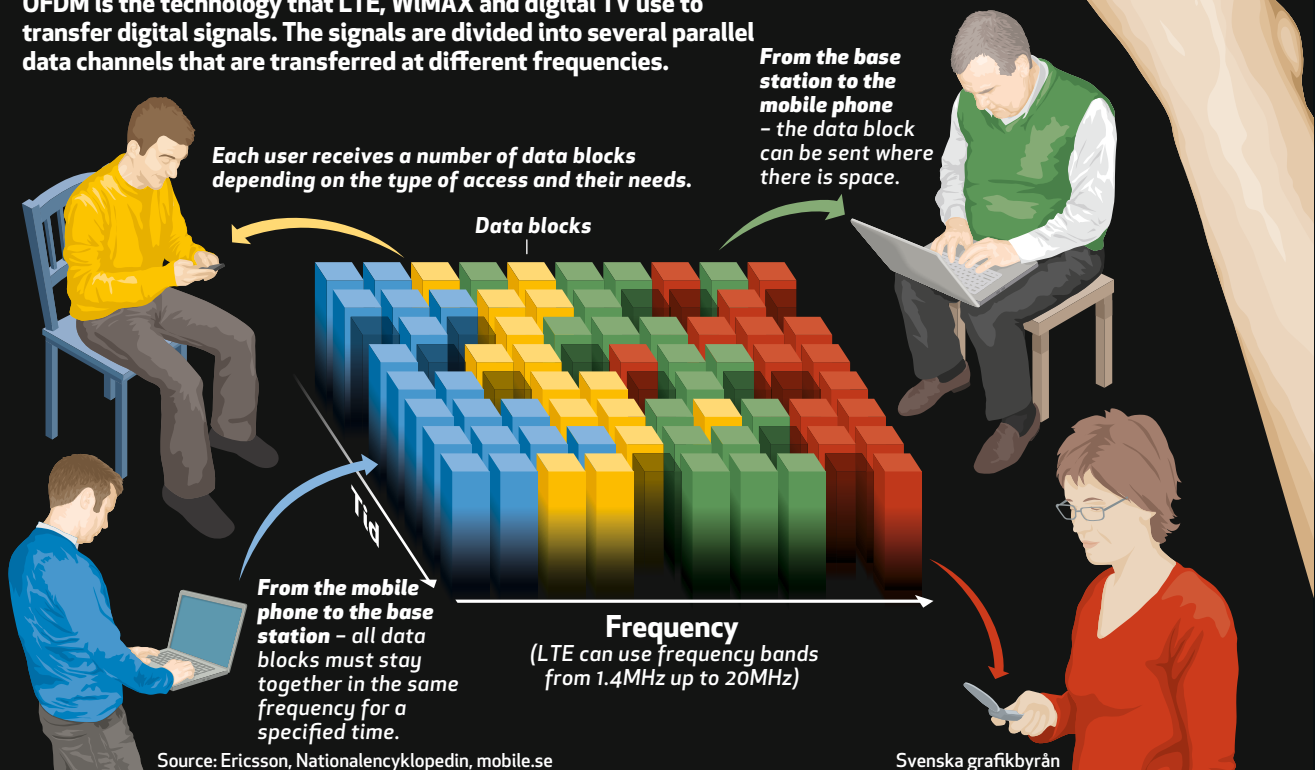
4G	LTE	At least 100Mbps
	WiMAX	About 37Mbps
	2010	84Mbps
3G	HSPA Evolution	42Mbps
	2009	21Mbps
	2008	7.2Mbps
	HSPA	3.6Mbps
	2005	384kbps
	3G networks	210kbps
	EDGE GSM networks	100kbps
2.5G	GPRS networks	38.4kbps
2G	GSM networks	

### Multiple Input, Multiple Output (MIMO)

MIMO, part of the LTE standard, uses more than one antenna both for receiving and sending, which increases the transfer speed between the mobile phone and the network. This is already available within 3G.

### Orthogonal Frequency Division Multiplexing (OFDM)

OFDM is the technology that LTE, WiMAX and digital TV use to transfer digital signals. The signals are divided into several parallel data channels that are transferred at different frequencies.



Source: Ericsson, Nationalencyklopedin, mobile.se

Svenska grafikbyrån



**5.30pm / November 17, 2008 / Kumla, Sweden**



### **Competent components**

The Ericsson factory in Kumla received a new contract on September 1, 2008, for the predevelopment and commercial preparation of products, including radio modules, for the new RBS 6000 base station. The assignment also covers some production and global-master responsibility for all RBS 6000 modules. More than 500 people work at Ericsson in Kumla. Here we see Marcus Behr and Jennie Pettersson at a final assembly station for radio units.

PHOTO: GUNNAR ASK

## Mobile mail on the move

**ANALYSIS** Blackberry mobiles became popular a few years ago, and the company has now about 21 million users around the world. New figures from analysis

firm Gartner show that the market has started to change rapidly. In 2008, the global number of users of e-mail on their mobile phones increased from 20 million to 100 million, writes Svenska Dagbladet.

## Patents hit record in US

**INVENTIONS** Despite the economic downturn, the number of registered patents in the US rose by 20 percent in 2008, a survey by IPI Patent Intelligence shows. A total of 157,774 applications were submitted. Here are the companies that top the list:

1. IBM 4186
2. Samsung 3515
3. Canon 2114
4. Microsoft 2030
5. Intel 1776

## 3G releases in China

**LICENSES** China's Ministry of Industry and Information Technology has issued different 3G licenses to the country's three operators. This will generate business estimated at about SEK 230 billion. China Mobile, which has 70 percent of China's mobile-phone customers, will build a 3G network in line with China's own TD-SCDMA standard. China Unicom has been given a license for the European WCDMA 3G standard, and fixed-network operator China Telecom is to use the US 3G standard CDMA2000.

# First LTE contract won

**Ericsson has started building an LTE network in Stockholm for TeliaSonera. The network is expected to be completed in 2010 and is Ericsson's first commercial LTE order.**

**BREAKTHROUGH** The contract includes base stations and a core network, and the network will cover central Stockholm, as well as Kista, the Globe Arenas, Stockholm International Fairs in Älvsjö, and the southern suburb of Farsta. The network will have download speeds of 140Mbps and upload speeds of 40Mbps. Ericsson will run the network for the first 18 months, after which TeliaSonera is expected to take over.

The contract is a milestone for Ericsson, and the project will provide the company with useful insight and experience of LTE projects that it can use with other customers. It also gives



PHOTO: SCANPIX

Ericsson Globe in Stockholm is one of the areas covered by an LTE network with a download speed of 140Mbps and an upload speed of 40Mbps.

Ericsson the chance to test new functionality in a real environment and receive direct feedback on how it works.

### More equipment

TeliaSonera also placed an order for a similar network in the Norwegian capital, Oslo. Huawei won this contract

and it expects to have the network ready in 2010.

TeliaSonera will purchase additional equipment this year, writes Swedish business website di.se.

"That will be a whole new ball game," says Lars Klasson, CEO, Business Area Mobility

Services at TeliaSonera, in an interview with Ny Teknik. "The evaluation of the networks in Stockholm and Oslo won't be that important in this evaluation. Our delivery strategy is to have competition, but the really big tender will be won later this year."

☒ Cia Kilander

## By the way...

**NOTED** ... **the MUS** business system has changed name to **ONE**, which is currently being implemented throughout Ericsson.  
... **the new** Global Search Tool (<http://search.internal.ericsson.com>) recently became accessible.  
... **Sony Ericsson's** quarterly report was in line with analyst expectations but the gross margin was worse than forecast, 15 percent against the anticipated 21.5 percent. A savings program of SEK 2 billion is planned.

... **Ericsson's** report exceeded expectations. Turnover rose during the fourth quarter by 23 percent to SEK 67 billion and for the whole year by 11 percent to SEK 209 billion. But savings are planned, which will result in a reduction in staff numbers.  
... **Canada's** Nortel Networks recently applied for bankruptcy protection.  
... **Business** Unit Global Services has opened a new Global Service Delivery Center in Warsaw, Poland.

## NEW CONTRACTS

- ▶ **Slovakia.** T-Mobile Slovakia has selected Ericsson as sole supplier for its mobile-core IP infrastructure, using the Ericsson Mobile Packet Backbone Network solution. The contract, which includes Redback's SmartEdge products, will boost network capacity and manage increased traffic growth.
- ▶ **Luxembourg.** Ericsson has been selected by P&TLuxembourg to replace its existing nationwide WCDMA/HSPA access network.
- ▶ **Nigeria.** Ericsson has signed a contract with Nigerian telecom company 21st Century Technologies to

- supply, build and integrate a nationwide residential fiber-optic broadband network. The contract includes the latest GPON Fiber-To-The-Home (FTTH) technology.
- ▶ **Bangladesh.** The BBC World Service Trust has selected Ericsson as its strategic mobile partner to help develop its mobile learning strategy in Bangladesh. Ericsson will help develop English-language learning tools for mobile phones in Bangladesh.
- ▶ **Madagascar.** Ericsson has signed a contract with the Zain Group to expand the core network and GSM radio access network for Zain Madagascar.





**Lavatory literature.** Market Unit North East Asia used an innovative way to communicate knowledge about services: posters in the restrooms. It worked out well – people even began asking when posters with new messages would be put up. Petter Araki, driver for the Services Expansion Program, has just swapped posters.

# The services rocket

**Market Unit North East Asia (MUNEA) decided in 2005 to become better at services. Since then, sales have more than tripled and profit has increased nine-fold.**

**FOCUS** By 2005, MUNEA had been through a few difficult years. The previous year, it had been the worst performer within Ericsson for services. After analyzing the situation, the management team came up with strategic priorities. One of these was to increase the services business considerably over the coming three years, while maintaining profitability.

It soon became obvious that this would involve major changes for the unit: staff would need training, and many new employees would be required. MUNEA therefore chose to implement change through a change program.

The Services Expansion Program (SEP) began in 2006, and three years

later MUNEA is reaping the benefits: sales have tripled and profit has increased nine-fold, customer satisfaction is up and the number of employees has more than doubled. In 2006, 2007 and 2008, MUNEA was the best-performing market unit in terms of services.

“The SEP is a good example of what an organization can achieve when it pulls together,” says Fredrik Alatalo, head of MUNEA.

**“Passion at every level”**

Patrik Melander, former head of services and the initiator of the SEP, explains the success: “It is important to have a good business plan and passion at every level, especially from the management,” he says. “A couple of basic things must also be in place for the change to be a success.”

These basics included management confirming the importance of the SEP, and finding the

right steering group and the right drivers who knew the organization well. Other factors were having a budget for the program, having people who worked solely with the program, and good communication.

“Without these factors, it wouldn’t have been such a success,” Melander says.

**Simple and fun**

He stresses that working with change is not a popularity competition – it is difficult and demands perseverance. It took three years before services really became a part of MUNEA’s culture.

“The SEP team has



**Fredrik Alatalo**

**Patrik Melander**

done a remarkable job,” Melander says.

When it comes to communication, MUNEA has used a quite unorthodox method. In 2008, the SEP team decided to go for simple messages, tailored to reach everyone.

“Where do people have 20 seconds to spare? In the toilet,” SEP driver Petter Araki says. “Using about 20 posters, we got the message out in a quick, simple and fun way.”

Call it strategy as toilet literature if you like.

✉ Jonas Blomqvist

## For a successful change program

- ▶ Find the right drivers and create a dedicated change program team.
- ▶ Top management must show passion and participate in the steering group.
- ▶ You need a budget.
- ▶ Set clear targets with measurable KPIs linked to the business plan.
- ▶ Make communication simple and fun.

PHOTO: JEREMY SUTTON-HIBBERT/GETTY IMAGES



PHOTO: ISTOCKPHOTO

## Paying with your ears

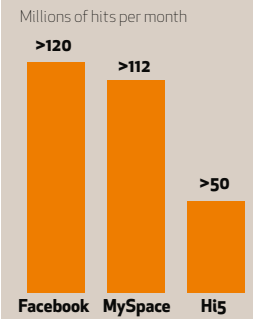
**UK** Mobile operator Blyx, whose business is financed by advertising, has brought in 100,000 customers since its launch. Its business idea allows customers to pay with their time. Instead of paying monthly subscriptions and call fees, the user pays by listening to advertising messages and receiving advertising text messages on their phones. The company is planning to expand into other European markets in 2009, writes Svenska Dagbladet.

**293**

...is the amount in billions of US dollars that the Chinese communication ministry predicts operators will invest in 3G over the next three years, according to Ny Teknik.

## Facebook tops networking poll

**INTERNET** Comscore has carried out a global survey of the most popular social-networking websites. Not surprisingly, Facebook is the clear leader.



## Hello...



...**Marie Westrin**, head of DU Radio at Business Unit Networks, whom Computer Sweden magazine has named the most powerful woman in the IT sector in Sweden.

### What advice do you have for success?

Getting the award was unexpected. I've never had a career plan or set personal goals to be achieved by a certain age or within a certain time frame. It doesn't work that way for me. The only advice I can give is to be open to opportunities and to do things you find engaging and exciting.

### What does leadership mean to you?

Leadership is very important and Ericsson could work on that even more. We will work at maintaining technology leadership within the areas that we lead today, and look to move into new areas. We should also go on training our leaders to lead others.

### What are your strengths?

One of my major strengths is finding weaknesses. Driven by the desire for efficiency, I like to optimize processes, making them faster, better and cheaper.

### Is there anything else you can tell us?

I have an aim to make customers happy and satisfied. It is really nice and rewarding to get feedback directly from customers. In my role, I get to work in the whole process chain, from the development of new radio technologies, all the way to the introduction of products to the market.

Therese Krupa

# New fiber node has premiere in Egypt

**When Ericsson recently supplied air-blown fiber to a new resort development, at Port Ghalib in Egypt, it also marked the world premiere of a new fiber node.**

**EGYPT** Port Ghalib is expanding quickly and is expected to be the size of a small city by 2015.

The first phase of the air-blown fiber solution has provided 500 apartments with fast broadband.

Christer Björn, head of Ericsson's broadband development in North Africa, says Ribbonet – as Ericsson's air-blown fiber technology is called – has several advantages, especially a reduced risk of damaging the fiber.

"First you install the pipes, or more correctly the ducts, and then blow the fiber through the duct from point to point," Björn says. "The

process means you do not have to worry about the fiber breaking or other complications from construction work, for example."

The equipment introduced by Ericsson Network Technologies at Port Ghalib also includes the EDA 1200 point-to-point fiber node. The node is part of Ericsson's end-to-end solution, which is characterized by a uniform, standardized construction process.

"The node is easy to install. Large sections of the cable assemblies are prefabricated and installation time is shorter than usual. This means the customer can begin selling services sooner," Björn says.

"This is the world premiere of the EDA 1200 fiber node, which makes us proud. End users now have access to 100Mbps."

Katarina Ahlfort



PHOTO: ERICSSON

Port Ghalib on the Red Sea is under construction. Ribbonet is part of the comprehensive end-to-end solution for broadband, with a planned capacity of more than 80,000 connections.

## Air-blown fiber solution in Port Ghalib

- ▶ **Total solution:** Integrated triple-play solution that manages internet, voice over IP and IPTV.
- ▶ **First phase:** Broadband access for 500 apartments, offices, restaurants, shops and the marina.
- ▶ **Infrastructure:** Based on Ribbonet, Ericsson's air-blown fiber technology.
- ▶ **Auxiliary equipment:** EDA 1200 point-to-point deep-fiber solution.
- ▶ **Telephony:** Services handled by MX-One Telephony Switch.

**"More than anything, let's give this company some breathing room. It's been too crazy, everybody on the outside deciding what Yahoo should do, shouldn't do, what's best for them. That's going to stop."**

Carol Bartz, speaking to the press after having been appointed CEO of Yahoo, IDG News Service reports.

## THIS YEAR'S IT TRENDS

**WHAT'S HAPPENING** What will rule in IT this year? What do users want? Here are some of the trends spotted by the magazine Computer Sweden.

**1.** Paparazzi on the internet: We will see more attacks aimed at top celebrities. Last year, Sarah Palin's e-mail inbox was hacked, as was Barack Obama's Twitter account. That was just the beginning. This year, there will be more leaks about the private lives of famous people through hacking.

**2.** Mashed internet: Mashups, sites that combine information or services from other websites, are the next step as people want to keep a simultaneous eye on both the latest news and whether someone is contacting them via Facebook, LinkedIn or e-mail.

**3.** Open mobiles: Open operating systems for mobile phones, such as Symbian and Android, will make it easier for developers to create interesting services for the mobile phone.



# Ericsson warms to energy reuse

**Waste energy from Ericsson's controlled-climate facility in Karlskrona on Sweden's south coast is being used to heat an entire local high school.**

**ENVIRONMENT** Ericsson's computer complex generates a lot of surplus energy, which previously went to waste – until a new opportunity was discovered.

“In October 2008, we began using a common heat pump, which today heats a total of 35,000 square meters of space in the local high school and at Ericsson,” Jörgen Malmberg, security manager at Ericsson in Karlskrona, says.

## Benefits everyone

The cooperation between Ericsson and the municipality can be regarded as a pioneer project.

“We're definitely the first within Ericsson to use this sort of waste energy outside the company,” Malmberg says.

And the project seems to benefit all those involved:

- Ericsson is helping the environment and also gets paid for reusing surplus energy.
- Törnströmska High Schools's heating costs are reduced through buying cheap energy from Ericsson. The municipality will save SEK 100,000 per year up to 2012; after that the savings are expected to be even greater.
- District heating network Affärsverken frees up capacity for new customers who have been waiting to connect to its system, but have



Törnströmska High School's cuts its heating costs by buying cheap energy from Ericsson. The municipality will save sek 100,000 per year up to 2012.

been forced to burn oil.

Ericsson is supplying the initial SEK 1.7 million investment in the heat pump, which will be completely repaid within two years.

“The energy we're reusing now is equivalent to the amount used by 100 average-sized houses in one year. Calculated in oil, we're saving 200 metric tons per year,” Malmberg says.

## Good relations

Håkan Franzén, the municipality's facilities manager, praised Ericsson as a partner and said that the fact that Eric-

sson and the school already had good relations and a common facility made the process that much smoother.

“But this model should definitely be interesting to more companies and municipalities in the country,” he says.

“We need this way of

thinking; not only to save money, but also for the environment.

“There were many difficulties to solve during the project, but you have to dare to think in new ways. If you only see problems, nothing gets done.”

☒ Katarina Ahlfort

## Benefits from energy reuse

- ▶ The reused energy equates to 1,600,000 kWh per year – the amount of energy used by 100 houses.
- ▶ Annual carbon-dioxide emissions from heating are reduced by about 51,000kg per year.
- ▶ Törnströmska High School's heating costs are reduced by about SEK 100,000 per year; from 2012 the reduction in costs is expected to reach about SEK 350,000 per year.

PHOTO: MATZ AHLSTRÖM



## Recycle for cash

**ENVIRONMENT** Do you have any old electronic gadgets that you do not know what to do with? Electronics firm HP has now started paying its customers for returning old computers, printers and mobile phones. The amount of money handed over depends on the product's market value. If it is completely worn out, you can still hand in the product and have it recycled for free. Unlike other companies with recycling programs, HP accepts all brands.

19 ... million mobile phones were sold by Motorola in the last quarter of 2008, half the number sold compared with the same period the year before, the Wall Street Journal reports.

## Mobile shopping

**PILOT PROJECT** Pay-Buy-Mobile could exist within two years, if the GSM Association's hopes come to fruition, writes Metro Teknik. The idea is that, instead of swiping your credit card in a reader, you hold up your mobile phone in front of it. Transactions can be made through a chip installed in the phone that enables the transfer of funds. A pilot project is in progress in about 10 countries.

## Hello...



... **Jan Bosch**, vice president, Engineering Process, for software developer Intuit in California, us, and professor of software engineering in Groningen in the Netherlands. **You have said the traditional, integration-based way of developing software is outdated. Why?**

It is too expensive, too complicated and too time-consuming. The way forward is reuse, composition of software components and introduction of software product lines. In this way, software can be produced faster, more flexibly and in a less expensive way.

**How will that work out?**

If you can develop and pay for software once, and reuse it in multiple products, the advantage is obvious.

**What are the other benefits?**

Shorter software development time means shorter time to new product releases, resulting in a richer product portfolio. The more contexts a component is used in, the more tested it will be, which means higher component quality.

**What is the success factor?**

A business strategy that assumes software reuse, and a technological architecture and roadmap on how to make your vision a reality. But the reuse approach also calls for a new way of organizing software development. This includes self-selected teams that are self-directed and that release their results frequently, when they want.

☒ Lars-Magnus Kihlström

# Dialog result stays high

**Ericsson received the same high Human Capital Index (HCI) result in the 2008 Dialog survey as last year, about 70 percent.**

**SURVEY** The high Human Capital Index score, which indicates how satisfied employees are with Ericsson as an employer, confirms the company's continued strong position in the industry.

"Motivation is a vital factor in having satisfied employees, and according to the survey motivation among employees

has increased from 61 percent to 62 percent,"

says Cathrine Vincenti, who is responsible for Dialog at Group Function Human Resources & Organization.

"Compared with 2007, the Leadership area has improved by one percentage point," Vincenti says. "We have many good leaders and managers in the company, and the overall creative environment index is at a high level of 71 percent."

The next stage will be for the organization to identify conditions highlighted within the HCI that can be further improved.

"We encourage all our employees to be involved in the local improvement activities," Vincenti says.

☒ Katarina Ahlfort



Cathrine Vincenti

**The frustrated have high commitment but low job satisfaction.**

- High energy, eager to contribute.
- Unclear context. Difficulties understanding tasks and priorities.
- Lack of direction, lack of trust, may lack goals.
- Over or under-supervised.
- Over or under-stimulated.
- Poor cooperation may be an issue. Micro-management.

**The motivated have responded favorably to the commitment and the job satisfaction questions**

- High energy, "the engines".
- Hard-working.
- Can be trusted and are loyal to the company.
- Realistically optimistic.
- Healthy balance between needs and tasks.
- Trust in management.

**The alienated have both low commitment and low job satisfaction.**

- Feels different, an outsider.
- Withdraws from common meetings/gatherings.
- Disillusioned. Explicitly expressive.
- Very quiet, does not express him/herself at all.
- Destructive behaviour towards tasks and relations. Feeling of being treated unfairly. Lack of direction.
- Uneven performer.

**The satisfied have low commitment but high job satisfaction.**

- Positive attitude. Likes the job, the environment and the colleagues.
- No high demands or expectations on work or challenges.
- Enhances the spirit in the team.
- Co-ordination of roles and tasks.
- Solid performance, but not necessarily a high performer.

Motivated employees are committed and have high job satisfaction. Ericsson is slightly above the average for motivation compared with other companies.

**"If Facebook were a country, it would be the eighth most populated in the world, just ahead of Japan, Russia and Nigeria."**

Facebook CEO Mark Zuckerberg in his blog, reacting to the number of users reaching 150 million

## Party honors long-time staff



"Gold medalists" Agneta Hesser from Kista and Björn Berglund from Linköping (on the right), together with the evening's guest of honor, Jan Birath, who worked at Ericsson for 47 years.

**PARTY** The "Gold Medal Party" at Stockholm's City Hall, held to honor Ericsson employees who have been working for the company for 30 years or more, is an event with a long tradition. It was held in December for the 65th time.

A total of 173 people were awarded gold bracelets (for the women) and gold watches (for the men). Jan Birath, who had worked at Ericsson for 47 years before recently retiring, was specially invited to the event.

Among the Swedish

delicacies served at the dinner were char, white-bait roe and fillet of veal. Later, a band kept the guests entertained on the dance floor.

Only once over the years has the event not been held at the City Hall. That was at the turn of the new millennium when the number of participants exceeded the venue's capacity. That year, to cope with the largest ever number of "gold medal" attendees – a total of 507 – Stockholm's Globe Arena was used to host the party instead.

☒ Cia Kilander

PHOTO: ISTOCKPHOTO



Incoming cash flow has improved significantly in China.

# China speeds up cash flow

**Market Unit Greater China has significantly improved its cash flow, with major efforts freeing up about SEK 900 million in just one year.**

**CHINA** Cash flow is strategically important for Ericsson. To improve it, you need to shorten the time it takes from a customer placing an order to when payment is received. To give you an idea of the figures we are dealing with, if the whole of Ericsson cut the time to receive payments by one day, it would free up SEK 500 million each year. This money could then be used for something else.

## Great success

Greater China is one of many market units that has improved cash flow. Cash flow is measured in WC/NS, which stands for working capital in relation to net sales. In 2008, Greater China cut its WC/NS by more than

5 percentage points. This freed up more than SEK 900 million, says Stefan Block, head of Business Control & Treasury at Greater China; that helped the unit cut its bank loans and save SEK 50 million in interest costs alone.

## Benchmarking

Block believes this success can be attributed to tough requirements, clear and measurable targets, and the fact that the different regions within Greater China have been able to benchmark with each other.

“The management has been behind the efforts and that is essential,” he says. “In the beginning, we focused on education and creating awareness



Stefan Block



Alfred Ling

about the cash flow situation. We have ‘capital’ on the agenda all the time and have set targets for each region.”

## Better awareness

A system was created to show accounts receivable at project level, making it easier for sales teams and regional management to see how well they are progressing towards their targets.

Greater China’s biggest customer is now allowed to invoice on cluster level instead of after an entire contract is

fulfilled, which speeds up the cash flow. A toolbox and a detailed process in Mandarin have been set up to help sales teams implement new contracts terms. There is also a team of controllers who can answer questions if required.

Alfred Ling, head of the Central and Western regions in the market unit, says: “All our local account directors are committed to securing the payments from their customers, and clear targets make that easier.”

Jonas Blomqvist

## How you can help

- Sales:** Scale contracts correctly, ensure good terms and conditions, and clear acceptance procedures.
- Project execution:** Efficient project execution and low inventories are important. Ensure timely acceptance to manage good invoicing.
- Sourcing:** Optimize payment conditions towards Ericsson’s suppliers.
- Finance:** Push for prompt invoicing and collecting. Support cash-flow analysis in the tender stage.

## Phone for the environment

**RECYCLING** Samsung launched a mobile phone made from corn in 2008. Now Motorola has also picked up on the environmental trend with the moto W233, the casing of which is made from recycled plastic bottles. The packaging is made from recycled paper and the phone comes in a stamped addressed envelope that you can use to send your old mobile phone to Motorola.



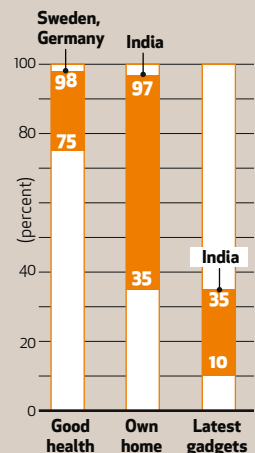
## Huawei growing

**MARKET** While others are tightening their belts, Huawei has announced that it expects growth of 29 percent in 2009. It anticipates sales of about USD 30 billion this year, Light Reading writes.

## The good life

**SURVEY** When defining a good life, most people around the world choose good health and having their own home. The latest gadgets come way down the list, according to a consumer survey by Roperts.

▼ THE FIGURES IN ORANGE SHOW THE GAP BETWEEN HOW MUCH OR HOW LITTLE PEOPLE VALUE GOOD HEALTH, THEIR OWN HOME AND ELECTRONIC GOODS.



# 3 HAVE THEIR SAY

How will Ericsson perform in 2009?

► **Helen Cook, CS Sales Support Manager SME, Market Unit sub-Saharan Africa**



I'm sure Ericsson will do very well in Market Unit sub-

Saharan Africa. We have such a huge market and so much more to develop. We only have 25 percent coverage on mobile subscriptions. Globally, I think it will be a difficult time due to the financial situation, but Ericsson will do well.

► **Fatima Raimondi, head of Market Unit Brazil**



Ericsson will do fine, working hard to continue its leading

position and being well prepared for the challenges of the new market situation after the financial turmoil. In Brazil, Ericsson will be helping to spread broadband all over the country as quickly as possible.

► **Ni Putu Rama, project leader for Ericsson's cooperation with Indonesia's Telkomsel**



In 2009, competition will be very tight and difficult; the

economic situation will be unstable and uncertain. The price war between operators and rollout speed will be key issues as operators try to protect revenues and market shares. The collaboration between sales staff, project management, solution, sourcing, and logistics is the key to Ericsson's future.

☒ Staffan J Thorsell

## ONE DAY WITH TARA SOLANKI

# Hard working days, quiet evenings at home



**Tara Solanki works with quality assurance and process control at Ericsson's regional distribution office for GSM base stations in Jaipur in northern India. Her job requires her to constantly check and then follow up on action points.**

**06:00** My mobile alarm is ringing; it's time to wake up. I finish my routine morning chores, have a bite of breakfast and head out to my office.

**09:00** I arrive at my office, and exchange lots of morning greetings. I scan through my new e-mails over a cup of hot tea.

**09:15** Time to participate in my departmental meeting. We discuss any issues encountered during the night and fix the action points for the day.

**10:00** I start to prepare a work priority list as per the action points, plus work planning and reports for my manager. I also advise my employees who are performing a product inspection that we planned at the morning meeting.

**13:00** I enjoy my lunch with my colleagues. It is very nice to take a short stroll in the sunny winter afternoon after my lunch.

**13:30** Back to my office desk, taking few moments to review the status for the day's work so far and action points. I call my team to get updates on target work completion.



PHOTO: MIKI AKALDE

Tara Solanki's work requires her to follow up action points all the time.

**15:30** It is time to meet the shift operation staff in my team. I ensure a smooth shift migration before the start of the evening shift.

**17:00** Check the Supplier Code of Conduct (S-CoC) calendar to plan audits, check pending reports, corrective/preventive action from suppliers, perform follow-ups, collect reports from all other Indian S-CoC auditors, and update them in Eri-Doc.

**17:45** Review and sum up the day's work after receiving inspection

statistics from my team. Set the action plan for tomorrow.

**18:10** It has been a long and productive day. Now I switch off my computer; it is time to go home.

**19:30** I am at home, with the weight off my feet and taking a deep

breath to relax. I watch the latest news on TV.

**21:00** It is my call for dinner. Mom is ready with delicious Indian food. Thanks mom!

**22:30** Now it is getting very late, time to throw myself into bed. Good night!

☒ As told to Jenz Nilsson

## This is Tara Solanki

- **Title:** Quality Assurance Officer
- **Years at Ericsson:** 12
- **Family:** My parents, one younger sister and me.
- **Lives:** Jaipur, India

Tara prefers:

- City
- Books
- ✓ **Sport**
- ✓ **Evening at home**
- Individual sport
- ✓ **Countryside**
- ✓ **Morning paper**
- Culture
- Evening out
- ✓ **Team sport**



PHOTO: ARCHIVE

## Speakerphone was the boss's favorite

**LOOKING BACK** Ericovox was launched in 1959. The name reflected the word vox, meaning voice. The model was often described as the "manager's telephone." It was cumbersome, though there was a certain status in having a telephone that left your hands free to flick through papers while you spoke. The device was constructed like a pyramid and contained all the speaker equipment.

Ericovox's forerunner had had problems with disturbing ambient noise and echo. When transistor technology arrived in the 1950s, it allowed for entirely new possibilities to develop a more functional speakerphone. Ericovox's patented amplification system was the first to use completely electronic voice control.

☒ Cia Kilander



PHOTO: SCANPIX

## What do you do with your mobile?

**SURVEY** What do people actually do with their mobile phones? It is not always what mobile-phone manufacturers and companies that provide mobile services may think.

A survey by NOP Group shows that 45 percent of mobile-phone users in the US only use their mobile phones for calls. Just 20 percent of the users use their phones for something else, such as listening to music, watching videos or surfing the internet, Wireless Week writes.

## Don't be a cyberchondriac

**INTERNET** Health information on the internet is giving rise to a generation of cyberchondriacs, people who, without reason, believe they have contracted serious illnesses after surfing health-related sites on the internet, according to a survey by Microsoft. The searches often led to increased fears because search words for simple symptoms, such as headaches, often led people to sites that described serious, though much less common, illnesses.

**23**  
... thousand patents have been registered by Ericsson.

**"When we design mobile phones today, what we have in the back of our minds is how a PC works. It's a huge challenge going the whole way from there."** Charlotta Falvin, CEO of The Astonishing Tribe, in Metro Teknik

## COMPETE AND WIN A PRIZE

**CONTEST** How carefully do you read Contact? The answers to the three questions below can be found in this issue of the magazine.

1. How much does the Karlskrona municipality save (in Swedish kronor) per year through Ericsson supplying it with surplus energy?
2. What does u-government stand for?
3. Which year was the annual "Gold Medal Party" held at Stockholm's Globe Arena?

**Write your answer** after each question, name the e-mail "competition" and then send your answers to [contact.comments@ericsson.com](mailto:contact.comments@ericsson.com) no later than March 20. The winner will receive a luxury Ericsson Racing Team beach towel. If more than one person answers all the questions correctly, the name of the winner will be drawn from a hat.

**The winner** of the last competition was V.Durga Prasad, India.

**Answers to last month's quiz:** 1. Smartphone  
2. Carl-Henric Svanberg  
3. Managed Services

## What was happening this time...

...25 years ago

**1984** **Tunisia ordered** an NMT-standard mobile-phone system worth more than SEK 5 million. The order, the first for Africa, consisted of a base station with eight channels and 100 mobile phones. The system was in operation by the end of the year.

...10 years ago

**1999** **Contact celebrated** its 60th anniversary. The first issue of the magazine came out in January 1939. Contact is one of Sweden's oldest staff magazines and has been published under the same name for 70 years.

...5 years ago

**2004** **Ericsson in India** celebrated 100 years in the country and opened a new head office there.

- Ericsson in Denmark also celebrated its 75th anniversary.
- After two difficult years, Sony Ericsson announced a profit for the second successive quarter. The company also launched its first 3G phone, the Z1010.

ERICSSON RACING TEAM



“Technology is technology, though we weren’t just consolidating the networks but also many different work cultures”

Walter Schlehmeier



# SMOOTH OPERATOR

Managed services is about people – and the ability to explain to **potential customers** that you can run parts of their operations more efficiently than they can on their own. For Ericsson, this is an increasingly large and **important business model**, one that puts new demands on the company.

In the UK, Ericsson has exceeded any of its previous accomplishments in this area.

## Foot in the door



LONDON  
UK, EUROPE

**There is no other way to describe it – the cooperation between Mobile Broadband Network Limited and Ericsson is one of the biggest of its kind in the world. The aim is to have the UK's most extensive 3G network by 2010. Where do you start?**

**S**imon Kirby is operations director at MBNL.

“We’ve merged 3 and T-Mobile’s networks for radio access and will be able to deliver 3G so much faster than we would without Ericsson,” he says. “We’ll physically cover about 98 percent of the UK. What we’re doing is huge.”

In January 2008, T-Mobile and 3 in the UK launched the company Mobile Broadband Network Limited (MBNL). In 2010, it will have the UK’s largest 3G

network. And in November last year, MBNL signed a four-year agreement for managed services with Ericsson – Ericsson was given the responsibility for running and maintaining both the consolidated network, as well as T-Mobile’s 2G network.

The cooperation actually began in December 2005, when Ericsson and 3 UK signed a mega managed services contract. Two years later, in December 2007, T-Mobile chose Ericsson and Market Unit North Western Europe as its partner within managed services and gave the company responsibility for field maintenance (*see page 23*).

**As a result** of the latest contract alone with MBNL, 80 employees have been transferred to Ericsson.

Graham Payne, managing ▶



"Obviously, we needed someone who could deliver on what they promised," says Graham Payne, managing director of MBNL. "But managed services is about people."

## Did you know...

...that Ericsson has more than 100 officially announced contracts within managed services with more than 250 million subscribers, easily making it the market leader?

## "Once we found out that it was Ericsson that was taking us over, everyone wanted it to happen as quickly as possible"

David Warrender

▶ director of MBNL, says the company had many important issues to consider before the decision was made.

**"A staff transfer** is no easy task, especially if those moving from the operator to Ericsson feel concerned and uncertain. Obviously, we needed someone who could deliver on what they promise, but managed services is about people. We knew that our employees would be going through major changes, and we had to be convinced that they'd be treated well and fairly. This puts huge demands on the one that has to do the convincing," he says.

David Warrender worked as an engineer at T-Mobile solving problems at sites; then in 2007 he was moved to Ericsson. Today his role remains the

same in many ways, even though he is now also an area supervisor for his group. When he talks about how he felt when he found out that someone was taking over T-Mobile's field maintenance, he uses one word – heartbroken.

"The day we found out about it, we'd been on an exercise to strengthen the team spirit in the group, and we were asked to take part in a telephone conference on the way home," he says. "But our group manager did a really good job of giving us the news. He called everyone individually after the conference to talk about any concerns we had but had not wanted to talk about in the group."

**Warrender says** that everyone expected to lose their jobs. Some wonde-

red whether their salaries would be reduced and whether they would lose their employee benefits. But none of that happened. When Warrender looks back on the project, he thinks that the deal was the best thing that could have happened to T-Mobile and to the people who were transferred to Ericsson.

**"T-Mobile** reduced their costs and got a stronger position in the market," he says. "And, above all, our group was received with open arms by a world-leading technology company that offers greater career opportunities and personal development by bringing us into contact with new systems, groundbreaking technology and new customer contacts.

"Once we found out that it was

Ericsson that was taking us over, everyone wanted it to happen as quickly as possible. Concerns were quickly replaced by enormous expectation and positive energy.”

Warrender believes that Ericsson handled the transfer well – almost like a “military operation,” he says. The company carried out exercises to deal with the salary system and held a full-day workshop.

“The best thing was that the process was personal,” he says. “For example, we got a text message from two of the top managers on the day of the transfer. It showed they’d taken the time to welcome us. It was a simple gesture that went down very well. Details like these made us feel welcome and realize that Ericsson really wanted us onboard.”

**A couple of** days after the transfer, the new employees were invited to a workshop where they discussed Ericsson’s values and where they could receive answers to their many questions.

“Everyone left with a USB memory stick with all the personnel information from HR and documentation about Ericsson,” Warrender says. “It worked very well, and we felt we’d come to a good place.”

He says that the communication was by far the most important aspect, and he has just one piece of advice for others who will experience the same process in the future.

“Call me. Personal communication with someone who has gone through

the whole register of feelings in a project like this is the best way of getting rid of your concerns. Don’t keep it to yourself, talk to someone about it,” he says.

**Phil Hooper**, head of HR at Market Unit North Western Europe, agrees with Warrender.



**Phil Hooper**

“Communication and HR work are vital within managed services,” he says. “HR is the main point when it comes to ensuring customers that their employees will be treated fairly.”

Hooper says that, for that very reason, HR has become an increasingly large part of the sales work. In discussions with potential and existing customers, Ericsson must be able to show that it has effective processes to take over staff. Ericsson’s sales staff make sure the company wins contracts, but, if that sales work is for managed services, HR must be included – both before and after the contract has been signed.

**“We know that** major changes cause people worry and suddenly being outsourced can feel like a huge change,” Hooper says. “That’s why we’ve been working very hard for those who are going to be Ericsson employees to feel at home. Ericsson has good processes for taking over staff, and we have a very strong future within managed services.”

Keith Westcott, who is responsible ▶

### 3 QUESTIONS TO...



**...Nadine Allen, Ericsson’s account director for MBNL. She has been a driving force in the project.**

#### 1. Why do you think MBNL chose Ericsson?

“We’re very strong within managed services, and we had long-term cooperation with both 3 and T-Mobile UK. I believe that we demonstrated a strong understanding of their requirements both operationally and commercially and that they saw how devoted we are when it comes to the human aspect.”

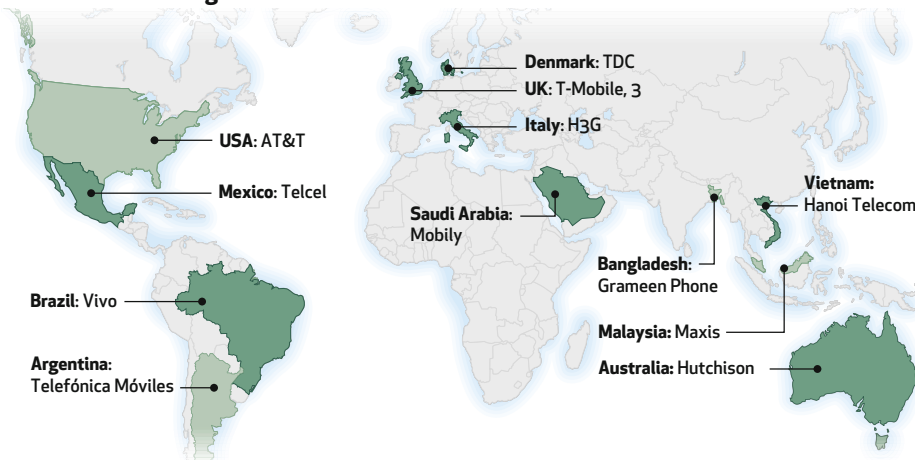
#### 2. What is most important in the preparatory work with such a contract?

“The offer is most important. We must show that we understand what the overall outcome will mean for the two operators, and that we have good processes in place to deal with the new employees and show that they’ll be treated very well. Perseverance is everything during this work.”

#### 3. Is this the start of something new for Ericsson?

“Many companies are focusing more on managed services for its role in managing costs and service performance. What MBNL is doing is new and unique and our partnership with them demonstrates a new dimension in which we can help customers in managed services.”

**Examples of the more than 100 Managed Services contracts that Ericsson has signed around the world since 2002.**



Source: Business Unit Global Services

Svenska grafikbyrån

## “Personal communication with someone who has gone through the whole register of feelings in a project like this is the best way of getting rid of your concerns” David Warrender

### Did you know...

...that Ericsson established managed services 100 years ago with a contract to manage the Mexican government's telephone network?

► for communication at Market Unit North Western Europe, says it is important to ensure consistency for new employees. They need assurances that they will be able to continue doing their job straight after the transfer.



**Keith Westcott**

“In a contract of this size, there was no room for any mistakes,” he says. “And it’s important not to underestimate differences between work cultures. Only communication can deal with these. In the original 3 deal, we traveled the entire country and met the staff that were affected and let them ask questions. We produced special welcome packages instead of giving loads of PowerPoint presentations.

“During the Global Management Conference (GMC) in 2007, the head of Global Services at the time, Hans Vestberg, talked a lot about effective and common processes, methods and tools. It is then important to remember that it is people who carry out processes and



who use methods and tools. Managed services is about people.”

Walter Schlehmeier is probably one of Ericsson’s most recent additions within managed services. He is shift

manager at Ericsson’s Network Operations Center in Hatfield just outside London. He came from T-Mobile to Ericsson in November last year and says that the technical aspect of the shift did not cause any problems because the technology is basically the same as before.

“Technology is technology, though we weren’t just consolidating the networks but many different work cultures,” he says. “Our customers are the first priority. Not only did we manage to carry out the consolidation without any disruptions for them, all of us who are new to Ericsson felt welcome from the beginning.”

Schlehmeier says it was incredibly important that Ericsson really worked hard to integrate the new employees.

“The communication was perfect. They had an introduction program and we got answers to our questions. That has made me feel like a part of Ericsson,” he says.

✉ Text: Staffan J Thorsell Photo: Bodil Bergqvist

## “I WANT ERICSSON TO THINK MORE LIKE AN OPERATOR”

Peter Garratt is head of Network Operations at T-Mobile. He says the employees’ well-being was the most important aspect when MBNL, T-Mobile and 3 UK were considering suppliers.



**Peter Garratt**

“The price is naturally not always the most important thing. We needed to ensure that Ericsson understood our ambitions, that the company could add value through expertise, processes, systems and tools and, perhaps most important of all, that they had the same values as us when it comes to the people. We knew the company was extremely strong within managed services, but we

needed a huge commitment from Ericsson.”

**Environmental sustainability is an important aspect. How does this cooperation affect the environment?**

“This cooperation allows us to reduce the number of sites significantly, which means that we emit less carbon dioxide, and use less power and less land. This is of course a very important advantage.”

**What do you expect of Ericsson?**

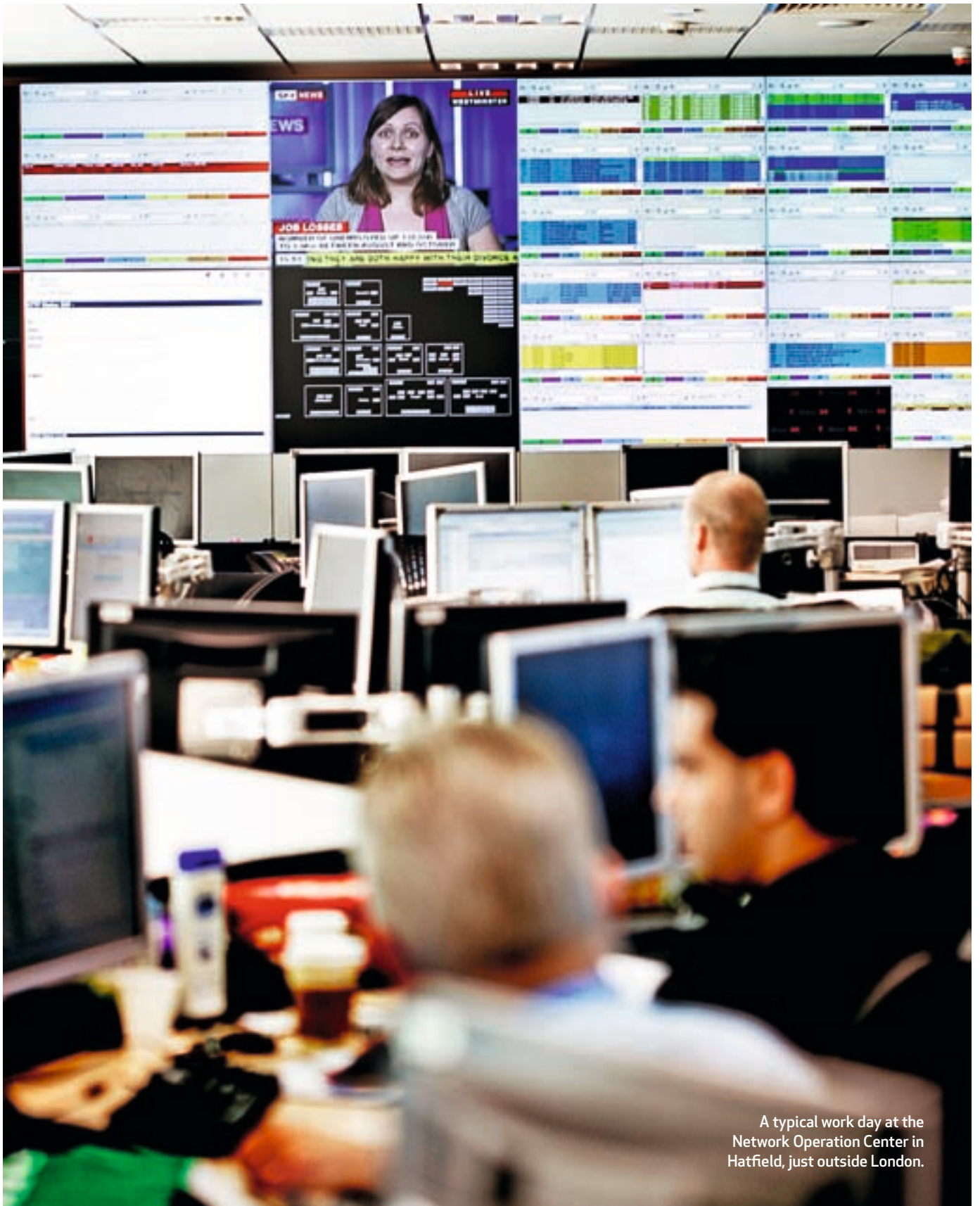
“I want improved 3G capacity with more and faster data services. I want to see new initiatives and constant updates of systems and processes. I want the employees to feel proud. I also want Ericsson to think more like an operator; so that they can speak my language, and talk about customers and services and not just about platforms and network elements. Ericsson must be flexible to meet future chal-

lenges, and we’ve also seen that the company has shifted market focus somewhat and become more operator-minded.”

Bradley Mead, who is in charge of Service Delivery at Market Unit North Western Europe, predicts that Ericsson will develop an increasingly strong end-user perspective simply because the Managed Services business model is closer to the consumers.

“Ericsson’s more traditional business is still the foundation, but managed services will be an enormous part of the business at the market unit. And our partnership with MBNL is something of a flagship,” he says.

“I can hardly wait until about 18 months from now when we can look back and say ‘Just look at what we’ve achieved.’ Other market units will be able to use this as a model.”



A typical work day at the Network Operation Center in Hatfield, just outside London.

# SMOOTH OPERATOR



Managed services – built on the basic principal that you should be as close as possible to your customer.

# A well-oiled machine

**Managed services can be defined as “the practice of transferring day-to-day related management responsibility as a strategic method for improve the efficiency in operations.” This is a rather dry definition of something that means so much more to Ericsson.**



LONDON  
UK, EUROPE

**J**osephine Edwall-Björklund is head of Communications at Business Unit Global Services.

“It’s largely the same as when acquiring a company,” she says. “It’s all about people and taking over their competence and sharing that globally.”

This business model has grown enormously within the telecoms industry in recent years – and not just managed services. The Services business as a whole has climbed in the value chain and for example systems integration and consultancy services are also gaining ground, says Jan Frykhammar, head of Business Unit Global Services.

Edwall-Björklund says: “If we brought up the discussion about managed services with operators a few years ago, the big players showed us the door. They just said ‘definitely not. We’re not interested.’ Today, managed services is a natural part of operators’ progress.”

Edwall-Björklund says that Ericsson

was a pioneer within managed services. And for that reason, the company has had more time than its competitors to figure out what works. “Today we’re the industry leader, managing networks that together serve over 250 million subscribers.

“Ericsson now has well-established processes and tools for managed services that are constantly being improved. This is because, after having taken over thousands of employees through deals like this, we learn something new and become more effective with every contract.”

**But how does** Ericsson work with managed services? Fredrik Strand, head of Service Delivery & Operations at Business Unit Global Services, says that the entire work process is built around one basic principle: You have to work as close to the customer as possible. This is vital, he says, because these types of deals are very complicated.

“You only have to look at what is actually happening,” he says. “We tell a company that we can not only take ▶



Josephine  
Edwall-  
Björklund



Fredrik  
Strand

## MANAGED SERVICES AT ERICSSON

Ericsson’s Managed Services offering consists of four segments:

- ▶ **Managed Operations:** Taking over parts of, or the entire, operations of a network. This means Ericsson takes over the responsibility for the planning, design and construction of the network for the customer. Ericsson can also manage the daily running and maintenance of Network Operations Centers and sites.
- ▶ **Field Maintenance:** The customer runs its own network but Ericsson manages the

maintenance “in the field” – in other words, at the sites.

- ▶ **Operational Readiness:** This means that Ericsson supports operators in less mature markets that want to build or expand their networks. Ericsson contributes by building the new network, running it for a limited period and then handing it back to the customer.
- ▶ **Shared Solutions:** Ericsson offers operators services that are run with technology owned by Ericsson. This could apply to an application or an end-user service, as well

as to either an entire network or just parts of it.

Ericsson’s Managed Services offering is flexible, which means it can be applied in access, transmission, core and service networks, as well as in operational support systems (oss) and in business support systems (bss).

Managed services can therefore mean taking over an activity in all parts of the network, several activities in a part of the network or all activities in all parts of the network.

## “If we brought up the discussion about managed services with operators a few years ago, the big players showed us the door”

Josephine Edwall-Björklund



Employees should always keep established processes and synergies in mind.

▶ over much of their operations but that we can run the operations more effectively than one operator can on its own. This shouldn't actually be possible.”

Strand says that therefore it is crucial that the customer feels it can trust Ericsson 100 percent.

“We can now offer the entire chain within managed services (*see fact box, page 23*). But we also have to be available to the customer and support them whenever they need us. This means that we must be committed 24 hours a day, seven days a week,” he says.

**This requires** effective internal processes. Ericsson's head of Managed Services, Valter D'Avino, talks about three “Ss” – synergies, sourcing and service. Synergies should constantly be on an employee's mind because they are vital for efficiency, whether they be synergies with the customer, internal synergies, cooperating more effectively with a supplier, or synergies between global and local operations.

When it comes to sourcing, or purchasing, the target is to make the cooperation with third-party suppliers, which are used to a large extent within managed services, more effective. D'Avino's third “S”, service, means Ericsson, or rather all its employees, must embrace a new way of thinking.

“Our traditional business will always be important, and our equipment will form the basis of everything we do. But we must become even more of a services company,” he says.

**Business Unit** Global Services and those who work within Managed Services are also working with a number of focus areas. For example, they have identified deals or contracts that should be prioritized and compiled a list of the 20 most important Managed Services deals for the business unit (the top 20 program), as well as the three most important ones for each market unit. There is a program to create an effective organization with optimal processes, where people can easily share knowledge and experience. It is designed to handle the challenges that come with taking over staff with different ways of working and to ensure that both the customer and the employees are satisfied. Another focus area is to make the work involved with the contract and cash flow more effective after the sales work.

Strand says that while some of the activities within Managed Services still need to be performed locally, Ericsson is now moving more of the local work to Global Service Delivery Centers (GSDCs).

“It improves efficiency more. We now have many global centers, where we can support more customers and more markets at the same time,” he says.

**Frykhammar says:** “We are concentrating so much on managed services for two reasons. This business model is important to be able to build long-term cooperation and partnerships. Additionally, managed services is an important catalyst for enhancing every part of Ericsson's portfolio.”

Does this mean, therefore, that the market units need to be able to handle managed services to a larger extent?

“Managed Services will become a principal point in the work at the

market units, and we want them to particularly focus on acquiring knowledge of this type of sales work there,” he says. “We want them to understand how you sell and deliver this type of offering. For example, you must be aware of how important communication is and how important staff issues are in comparison with more traditional deals.”

**Top managers** in Ericsson have realized that communications and human resources play a vital role in the success of a managed services deal. For that reason, Edwall-Björklund says that market units must strengthen their abilities within these two areas.

“Many of our customers have said that Ericsson's knowledge and ability in communications and HR were important components when choosing us,” she says. “Communication is part of the value proposition to the customer, as you have to deal with taking over staff. It's easy to see how important this is when you have to deal with people who feel that their entire life situation is changing.”

**Ericsson has** developed common tools for communications and HR in Managed Services deals which make the process more or less seamless. Edwall-Björklund says that there is no other alternative if you want the takeover process to work as well as possible – both for new employees and existing ones.

Staffing issues and communication played a vital role when Mobile Broadband Network Limited (MBNL), a joint-venture company created by operators 3UK and T-Mobile UK, chose Ericsson to run and maintain the two operators' now consolidated 3G network (RAN) in November 2008.

The contract means that Ericsson is responsible for the running and performance of MBNL's entire 3G radio access network and for T-Mobile's 2G network.

Text: Staffan J Thorsell Photo: Bodil Bergqvist



# “Vision and experience gave us the lead”

**It is about people, about trust and about efficiency across the playing board. Valter D'Avino is the new head of Managed Services. Contact wanted to find out where he thinks Managed Services can take the company.**

*What does managed services mean?*

Essentially, managed services refers to when a customer lets a vendor take over a part of their activity. It means that the customer, for example an operator, can focus even more on their end users, on maximizing their top line, and on reducing their operational costs. Therefore they see the huge potential in this offering.

At Ericsson, we have four segments within Managed Services: Field Maintenance, Managed Operations, Operational Readiness and Shared Solutions, which are all adapted to the customers' specific needs and maturity (see fact box on page 23).

*Why is it an important business for Ericsson?*

It is important for two reasons. First, Managed Services is a profitable business for Ericsson in itself. The second reason is that in Managed Services we work very closely with the customer's in-house organization on a daily basis. Therefore we have greater possibilities to show even more clearly what we can do as a company. We can create even greater trust in Ericsson, and sell more systems and solutions as well.

*What do you do specifically to strengthen Ericsson's Managed Services offering?*

We are changing the organi-

zational structure within Operations in order to emphasize clear responsibilities for operations performance. One example of this is our MSIP program, which we are now reinforcing. MSIP means Managed Strategy, Infrastructure Lifecycle Management & Product Lifecycle Management, and through these we assure full accountability on global activities, local activities and third-party suppliers, in order to deliver the service to the customer and fulfill each business case. The ultimate goal of doing this is to optimize our utilization of resources in all operations.

*Is Ericsson better than the competition at Managed Services – and, if so, why?*

That is an interesting question. We are the market leader in the Managed Services field and have gained more experience in doing this than any other vendor. In the early 1990s there were those within the company who realized that this would happen and who had a vision. That's why we were first. Experience means that we have learnt from our mistakes. And we can apply that knowledge to all the other contracts and every new customer that comes along. It's as simple as that. We've built processes, methods and tools within Managed Services that have given us the lead over our main competitors. It's about vision and experience.

*Isn't Managed Services sensitive in terms of staff?*

Managed Services is about people, so yes. In principle, you can compare it to

an acquisition in which we take over staff. We have to integrate cultures and work closely with the customer even before the contract is signed to ensure them that we can manage the staff transfer well. HR and communications play a very important part here. The driving force when it comes to Managed Services and staff transfers is firstly the customer, who has to feel confident that the quality of service will remain at a high level once the employees have been transferred to Ericsson, and then that the new company treats the transferred staff well. Naturally, the customer wants their employees to arrive at as good an employer as possible.

Text: Staffan J Thorsell Photo: Stefan Borgius



Valter D'Avino is head of Managed Services.



"It is never boring here. You are always in the forefront and you are always being challenged"

Farooq Khaliq



## ERICSSON IN SILICON VALLEY

# The pioneers

Silicon Valley is known as the **birthplace of the computer industry and the internet**. Ericsson has come to this legendary valley to work as a matchmaker.

SAN JOSE, US  
NORTH AMERICA

**H**is eyes are sharp, although they should be tired after only five hours sleep. But it is easy for Arpit Joshipura, responsible for marketing at Ericsson in Silicon Valley, to be alert on a day like this. In a minute he will take the stage to welcome people to Ericsson's official kickoff in Silicon Valley.

The audience includes managers from the businesses that have made Silicon Valley famous: venture capital companies, technology giants and start-ups. Bert Nordberg, Ericsson senior vice president, takes the stage. He is leading Ericsson's Silicon Valley push and starts delivering the messages.

Ericsson has begun a transformation, from a focus on mobile voice to becoming a broadband company. Mobile broadband with Long Term Evolution (LTE) is the future; and Ericsson, Silicon Valley's application developers, and its internet and handset companies – big and small – can all be winners together.

"We need to marry the internet and mobile broadband worlds," Nordberg says.

**The scene for today's** event, the Cypress Hotel in Cupertino, seems to have been selected with one thought

in mind: the cooperation of the mobile and internet worlds. It is just a stone's throw away from Apple's headquarters and is where AT&T did much of its work to win exclusive rights to sell the iPhone, possibly the clearest example of the convergence of these two worlds.

**At Ericsson Campus** at Headquarters Drive outside San Jose, Farooq Khaliq discusses a test of GPON functionality with manager Afarin Daftari. Khaliq's life story is in many ways typical for Silicon Valley. He studied at a US college and then, as a newly graduated engineer, he set his sights on the place that best combines good climate, innovation and stimulating job opportunities.

"I wanted to be in the middle of technological innovation," says Khaliq, who has been in Silicon Valley on and off for 20 years, and who came to Ericsson through Entrisphere. "For engineers, Silicon Valley is the place to be. It is never boring here. You are always in the forefront and you are always being challenged."

Daftari's group beautifully illustrates another of Silicon Valley's ►



Afarin  
Daftari

## “It is quite simply The American Dream, with palm trees and beautiful sunsets”



Google's name is a twist on the mathematical term “googol,” a number represented by the figure 1 followed by 100 zeros. The founders thought it was a suitable name in view of their mission: to organize the almost infinite amount of information on the web.

► special features: cultural diversity.

“There are 37 of us, from 10 countries,” Daftari says. “I’m originally from Iran and Farooq is from Pakistan. We come from Russia, Taiwan, India, China, Turkey, Korea, Thailand and from different corners of the US.”

**Jonas Ericsson** from Sweden, who works in another campus building, was one of the first Ericsson employees to sign a long-term contract for relocation to Silicon Valley. After 15 years at Ericsson, he moved from system management at Business Unit Networks to product management at Redback, exchanging slush and snow

for sunshine, and telecom for IT. He sees benefits in both worlds.

“Ericsson is more methodical and has more stable processes,” he says. “Redback is characterized by drive, innovation and time-to-market. I believe each side can learn from the other.”

He enjoyed working in Kista, but does not regret the move.

“It is a fantastic experience,” he says. “The family loves it, the children pick up English, work-wise it’s a challenge and I can’t complain about the climate. The weather is great, and just a few hours away you have skiing and beaches.”

**Driving around** in Silicon Valley for an hour is like working through a checklist of famous companies. Intel, Sun, YouTube, eBay, Oracle, Adobe and Apple are some of the names you see as you drive by. This is the place where Google has its own road sign, the hockey arena is called HP Pavilion and the streets have names such as Technology Drive, Innovation Drive and Cisco Way.

Although many of the companies are now multinational giants, they started largely according to the Silicon



**Jonas Ericsson**

Valley myth: Some young men (preferably two) go to university (preferably Stanford) and get an idea. They put in a lot of time at home (preferably in the garage) and their studies suffer. In the end, they find a venture capitalist who believes in them. For some, it goes – obviously – well, and Silicon Valley gets a few extra millionaires.

Silicon Valley is sometimes referred to as being a state of mind, pointing to the fact that it is not a city or even a geographically defined place, but rather a melting pot of ideas and entrepreneurs striving for The Next Big Thing. Nothing is impossible here. It is quite simply The American Dream, with palm trees and beautiful sunsets.

Ericsson has tried to gain a foothold in Silicon Valley before, but without success. Bert Nordberg is certain that now the time is ripe.

“It is a survival issue for us as an end-to-end supplier,” he says. “There are two important reasons we need to be here. One is that the core networks of the future will be based on IP, and Silicon Valley is the place where IP is developed. This is where the talent is, where you find the crème de la crème of IP.

“And Ericsson has things to learn in the IP world. I’m humble about that.”

The second reason for being here ►



### ERICSSON IN SILICON VALLEY

- Ericsson gained a presence in Silicon Valley two years ago with its acquisitions of Redback Networks and Entrisphere.
- Ericsson has built up significant operations at its campus outside San Jose during 2008.
- Bert Nordberg is leading the push. Six months ago, Jan Uddenfeldt also moved there. This means the management team is represented on site.
- Product Area Packet Networks has been established with its base here, notable because product areas are usually based in Sweden. The unit runs Ericsson’s IP business and comprises the old Redback organization and Ericsson’s Packet Core business.
- Silicon Valley also has Product Line Broadband Access, including the old Entrisphere organization.
- Group Function Technology & Portfolio Management is present here through Uddenfeldt. This is also a unique situation: all other group functions are in Stockholm.
- The research unit Packet Technologies has been set up in San Jose. The unit, part of Group Function Technology & Portfolio Management, researches mobile applications and IP network technologies. San Jose is also one of the locations for the research unit Service Layer Technologies.
- Redback and Entrisphere will now be Ericsson.
- Ericsson’s Silicon Valley campus comprises four buildings with about 1000 employees.



"We need to marry the internet and mobile broadband worlds," Bert Nordberg told a one-day event for Silicon Valley companies where Ericsson announced its plans. Nordberg is heading Ericsson's Silicon Valley push.

# “This is where the talent is, where you find the crème de la crème of IP” Bert Nordberg

## Did you know ...

... that Silicon Valley was the main location for the James Bond movie *A View to a Kill*? The villain, Max Zorin, plans to blow up reservoirs, flooding the valley and giving him a monopoly of the microchip market. The plan failed and Silicon Valley is still there...



Sunshine, palm trees and internet companies ... all familiar sights in Silicon Valley.

► is broadband. Everyone wants to know what will fill the pipes. And most companies that in recent years have produced innovative devices, applications and services that create traffic come from the West Coast of the US. Think Apple, Google and eBay. A large proportion of the communication industry is here in Silicon Valley.

**The investment** is a special and strategic one for Ericsson (*see page 28*), says Jan Uddenfeldt, senior adviser to Ericsson CEO and President Carl-Henric Svanberg, and who has been in Silicon Valley for six months.

Few have as long a record of accurately predicting the communications industry as Uddenfeldt.

“The internet companies want to get into mobile communications, but they have a poor understanding of mobility because they have never worked with it before. Together with them, we can lead mobile development from Silicon Valley,” he says.

**That is why** Ericsson wants to build up an ecosystem for all the stakeholders, with the aim of spreading mobile

## Dynamic duos

Several Silicon Valley companies have been founded by a pair of entrepreneurs.

- Hewlett-Packard: Bill Hewlett and Dave Packard
- Intel: Robert Noyce and Gordon Moore
- Google: Sergey Brin and Larry Page
- Apple: Steve Jobs and Steve Wozniak
- Yahoo: Jerry Yang and David Filo
- Cisco: Len Bosack and Sandy Lerner

broadband and finding ways to make money from it.

“This ecosystem is still in its infancy,” Uddenfeldt adds.

One big role for Ericsson to take involves the shift in the mobile world towards open operating systems. This has also led to the construction of what are called “verticals,” in which operating systems developed by different players do not “talk” with each other – and so the applications based on the different operating systems can’t communicate. This is not good for

consumers, and Ericsson has a part to play here.

“Together with the operators, we can get the verticals to work together,” Uddenfeldt says. “This will be good for the application developers and handset manufacturers, who don’t have to create different versions of their applications for every operating system.”

**The journey has** just begun, but there has already been plenty of progress. Ericsson is part of the Open Handset Alliance based on Google’s Android mobile platform; it is cooperating with Intel so that computer manufacturers Lenovo, Dell and Toshiba get HSPA modules and Intel processors in their products; it has collaboration projects with HP, Sun and Google; it is working with Stanford University; and it is talking with companies including Apple.

“I can assure you, we are exploring every avenue in the market,” Nordberg says.

The matchmaking between the internet and mobile broadband worlds has begun.

Text: Jonas Blomqvist Photo: Justin Sullivan



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# Super cities

**Hyperconnected cities** are not defined by numbers. They are not about connecting more citizens than other cities, but about using connectivity to create new value. Seoul is one example – a place where connectivity has brought democracy to new heights.

**Networks are like water**, electricity or roads: they just have to “be there” in any large city. Cities throughout the world are increasingly looking to improve their networks, and the aim is to bring together broadband, wireless and mobile networks so that any citizen can connect – anytime, anywhere.

But, just as roads demand vehicles if they are to be of use to people, networks have to be loaded with services to become valuable. The term “hyperconnected cities” stresses this totality; the defining factor is ubiquitous wireless and fixed broadband connectivity for everyone, with everyone using it. The network is seen as the facilitator for good services for people and for business.

**One important insight** is that the economies of hyperconnected cities do not thrive on stealing business from others. Knowledge, not money, is the new capital of these cities, and knowledge grows as it is shared.

Here, we take a closer look at Seoul, the 20 million-strong capital of South Korea (itself

the most wired nation in the world) which has seen one of the most astounding developments of any city over the past 50 years. In terms of household broadband penetration, Seoul – with more than 75 percent (and 95 percent of households have internet) – tops the list of connected cities; 3G is being rolled out in the country too.

**The use of broadband**, fixed and mobile, is already well understood in Seoul. Social networking is old hat in South Korea – local social networking sites claimed penetration rates higher three years ago than Facebook has today. Gaming comprises a large proportion of broadband traffic. South Korea is the world leader in online role-playing games, at least in terms of household penetration; there are even several TV channels broadcasting the moves of famous players. The mobile web is everywhere. Being connected has become second nature to the people of a country where mobile TV, although not personalized, was introduced several years ago, and the mobile phone is as

important a means of communication as the personal computer.

The city is not afflicted by urban sprawl: South Koreans mostly live in apartments. Identical high-rise towers abound along the extensive subway network, and all of them have fiber-optic connections. Many are “intelligent homes” where the appliances communicate with each other and with the owners, using mobile phones. If the refrigerator that it is out of items for dinner, it can order them itself, and notify the family using a mobile.

**In Seoul** (and in Singapore and Dubai), technology is taking democracy to a new level through e-government. Ban Ki-moon, Secretary-General of the UN and himself South Korean, has pointed out that e-government can lead to more transparency and better governance.

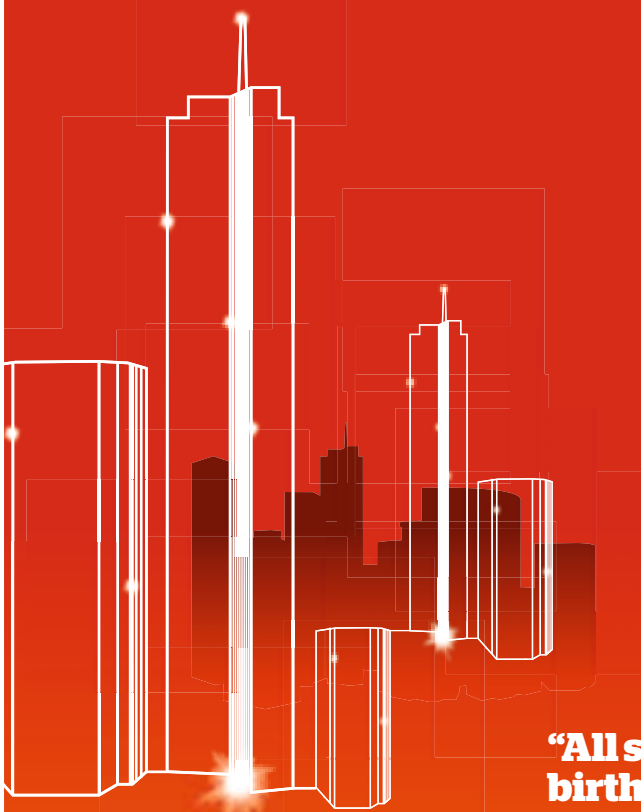
Seoul does not have a vision for its networks, but it does have one for its civil services, and the government’s efforts are measured against user satisfaction.

Dr Junghee Song is CIO and assistant ▶





Handwritten signature or mark.



## THE MOST CONNECTED CITIES IN THE WORLD

Daily Wireless's list of the top places:

1. Seoul, South Korea
2. Taipei, Taiwan
3. Tokyo, Japan
4. Hong Kong, China
5. Singapore
6. Stockholm, Sweden
7. Various municipal Wi-Fi projects, United States
8. Paris, France
9. Silicon Valley, United States

**“All services are available online (except birth registration, where the authorities have to see the baby)”** Junghee Song

► mayor of Seoul. One of her goals is to use the network to create more openness and transparency in the city administration.



Junghee Song

On the wall of her office is a large flat-panel screen, updated every three minutes to show the status of the network. Keeping a personal eye on operations, she would immediately phone those responsible if an icon turned red – or if citizens started complaining.

**Today the vision** of Seoul is a “clean and attractive global city” which also must be a “ubiquitous city”, with “ubiquitous computing” techniques used to realize the vision.

“The information technology is a necessary tool to help us create something that is coherent, and where the citizens can see what we have achieved,” Dr Song says.

There are few decisions today that are not taken electronically. All services are available online (except birth registration, where the authorities have to see the baby). There is a constant update of the city's systems used to deliver the services.

“Ultimately, this is about the quality of life of our people,” Dr Song says. “The many projects we run all have that as the ultimate goal.”

The success of the city's e-administration is also applied at the national level, where many of

the initiatives from Seoul are adapted centrally. But integration is not enough. New services must be created all the time to fulfill the vision, the latest thing being location-based services, part of the effort to take the city government mobile.

One issue, of course, is the digital divide: if people cannot afford the technology or do not know how to use it, the hyperconnected city concept suffers. In Seoul, for instance, the city administration provides the needy with computers and can provide network access free of charge.

“Citizens should be surrounded by government services,” Dr Song explains. “They should enjoy secure, convenient and caring services from us in the government. It is about going from e-government to u-government (ubiquitous government). And the people driving the change are the citizens themselves. They want to know more about the way the city is run.”

**The citizens do** not just want to see web pages presenting their local politicians. They want active involvement in decisions, and Seoul city is giving it to them. “People are actively involved in discussions with politicians now. It really steers thinking about policies, widening the communications around the policy process,” Dr Song says.

The government of Seoul, like governments

in all developed countries, must deliver more with a smaller budget. Its mobile and ubiquitous communications technologies enable the government to reduce the cost of contact between citizens and government.

**“If citizens send** a complaint as a multimedia file, it is already data, and we can process it faster, reducing our own administration,” Dr Song says.

But the electronic provision of services is not all. Technology is also used to get new ideas for projects. This feature, called the Seoul Oasis, provides discussion forums where anyone can post ideas. The forums are moderated by a senior civil servant, and politicians can reply.

“The politicians love it,” Dr Song says. “They were a bit skeptical at first, but now they see that the citizens are giving them good ideas – and they love the applause from the crowd when an initiative is going well. But the most important aspect is that these are real people. The politicians get day-to-day, bottom-up contact with citizens that they could not get any other way.”

“The internet makes dialog with citizens easy. And we are now delivering the same services on mobiles.”

✉ Text: Johan Hjelm Illustration: Ebba Berggren

*This is an edited version of a theme of articles originally published in Ericsson Business Review.*

## Sweden, 1945



**Payday: When wages were paid in cash.** Cashier E. Johansson had the enormous responsibility of handing out SEK 300,000 to the 3800 employees at LM Ericsson's factory at Telefonplan in Stockholm. The size of the pay packet was based partly on how many telephones an employee had assembled during the week. Photo: Archive

# Point to Point Communication

**Instructions:** Read the subject category and question. Start with the five-point question and continue to the right until you have an answer. When you have gone through all six categories and guessed a year for the picture below, calculate your total score and compare it with the maximum tally, which is 35.

Subject	Points	5 points	4 points	3 points	2 points	1 point
<b>History</b> Who is this person?		A Swedish financier and engineer born in 1880.	In his twenties, he spent several years abroad, working as an engineer.	Over time he was appointed head engineer on several projects.	He shares his first and last initials with the founder of the company IKEA.	He had the nickname "The Swedish Match King" and died in Paris in the spring of 1932.
<b>Geography</b> Which country?		Ericsson delivered and installed its first telephone switch in this country in 1893.	Ericsson opened a factory in 1897 in the city that is now the country's second-largest.	The country is considered the world's leading producer of minerals.	The country is also well known for its success in ice hockey.	In its own language, the country's name is spelled Россия.
<b>Business</b> Which company?		Founded in 1847 and got its current name in 1966.	Seen as one of the world's leading electrical technology and electronics groups.	Two of the group's most important achievements were the pointer telegraph and the dynamo.	The company's CEO and president is Peter Löscher.	The company's network division merged with Finnish telecom company Nokia's in 2006.
<b>Music</b> Which band?		Formed in New York in 1974.	Debut in 1976 with a self-titled LP.	In the early 1980s, the band was considered a central part of the New York punk and new wave scene.	Was behind the possible telecom-inspired hits Call Me and Hanging on the Telephone.	The band's most famous member was singer Deborah "Debbie" Harry.
<b>Communication</b> Which product?		Developed by Canadian company Research in Motion.	Introduced first in 1999 in the US and Canada.	The first model communicated using a Mobitex network.	Primarily in the US, the product is closely associated with mobile e-mail.	The product's name is colorful and tasty.
<b>Sport</b> Which sport?		The game has a known history dating back to the 16th century and is popular in many countries.	England, South Africa and India are among the most successful countries at this sport.	Ian Botham and Brian Lara are two well-known names in the sport.	There is a World Cup and the most recent winner was a country in which Telstra is a major operator.	Innings and wicket are two terms used during a match. One of them rhymes with ...

## The picture

From which year is this picture?

- 5 points for the right year
- 4 points for the year +/- 1 year
- 3 points for the year +/- 2 years
- 2 points for the year +/- 3 years
- 1 point for the year +/- 5 years

## TURN THE PAGE FOR THE RIGHT ANSWERS

History: Ivar Kreuger  
 Geography: Russia  
 Business: Siemens  
 Sport: Cricket  
 Music: Blondie  
 Communication: Blackberry  
 The picture: 2003  
 Carl-Henric Svanberg, Michael Treschow and Kurt Hellström at a press conference.

