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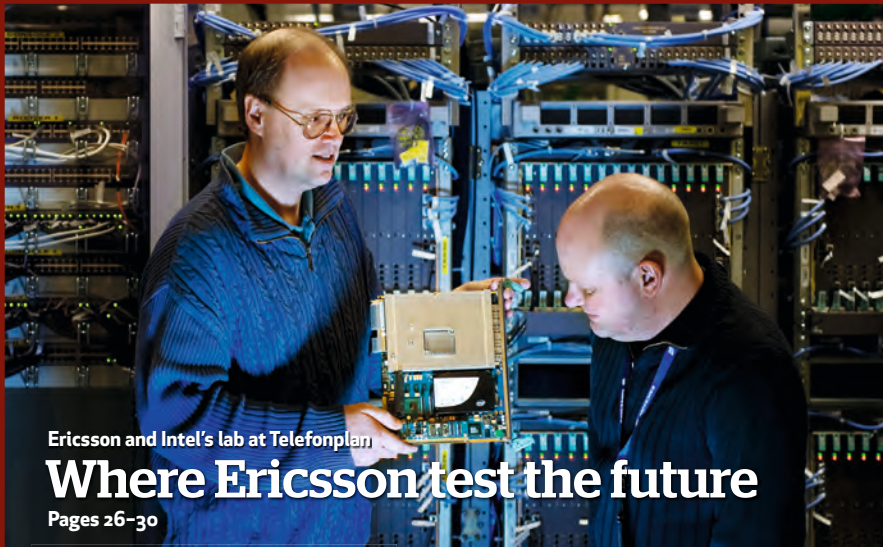
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Ericsson and Intel's lab at Telefonplan

Where Ericsson test the future

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Contact

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

Question every cost

As a wise man once said: you don't get rich by increasing your income; you get rich by cutting your costs. And even if revenue for a company of Ericsson's size is the oxygen that keeps us breathing, we can take a lot from that assertion.

I do not want to suggest that Ericsson is a wasteful company: on the contrary, there is plenty of evidence from over the years that the insights and inventiveness of individual units and employees have helped the company save huge amounts of money. The most striking example of this was the enormous shared effort the entire company made at the start of this decade, which actually saved Ericsson. That time, the wide-ranging savings program initiated by the management worked thanks to every single person getting behind it. As part of that, we had cause to examine our costs and question the way we were handling the company's money.

Our situation now cannot be compared in any way with the years at the start of the millennium. Things are looking good for Ericsson and the cost reductions constantly going on within the company are a natural part of our day-to-day work. And these initiatives are also backed by the management.

We can all be better at finding our own ways to reduce everyday costs, to question every expense. Does the entire department need to travel to that conference? Can we find cheaper and greener ways to transport the products we import and export? Or, can we emulate the live wires in Dubai who kicked off a joint effort across the entire company, going over every expense, and successfully reducing the costs of purchasing and delivering base stations?

Our CFO Hans Vestberg has said it before, but it is worth repeating: nobody expects that an individual or single work-group will find billions in savings under every rock. It is the attitude and approach that matters. Then every krona we save is welcome.

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

WHERE SHOULD I LOOK?

I've just realized that the "Have you been asked?" articles in Contact on page 5 are great. They illustrate very clearly how things work for those of us who are not technical. My dilemma now is that I didn't really focus on this little part of the magazine until a couple of issues ago and I wonder if there is any way I can find the "Have you been asked?" articles that

have been published previously.

Jens Persson, Sweden

ANSWER *Thanks for your comments. You can find all of the "Have you been asked?" articles published so far on the intranet. Go to: internal.ericsson.com/news&events/ericssonmagazines/contact/archive.*

The Editor

A SUGGESTION

I think it would be better if the content in Contact Magazine was more specialized and targeted more specific groups. There could, for example, be special editions for special groups. This would increase the number of readers.

Natalia Gorea, Sweden

ABOUT COMPETITORS

Isn't it a good idea to include an article explaining Ericsson's view of the global competition, particularly Huawei and Nokia, especially when we hear many more rumors than truth at this time of financial meltdown? Shining a light on this matter would certainly increase the confidence of employees.

Sunil Kumar, Egypt

ANSWER *A good suggestion. We are always interested in talking about competitors in the magazine, but maybe it is time to take a broader approach to this subject again.*

The Editor

Readers' pictures



This was actually my friend's wedding car decorated with flowers, with some lights behind. By the time I decided to rotate the phone (a W810i) I had already clicked the button on the camera by mistake. The result was not that bad.

Samiul Amin, Bangladesh



This photo was taken by my girlfriend with my SE K790. The frog was sitting comfortably in a small pond made from an old sink, in a suburb of Buenos Aires.

Alfredo Vitas, Argentina



Here is a picture of my son Isac taken with an SE K610i.

Anders Törnberg, Sweden

Web poll

67.5

... percent of 2660 Ericsson employees think that mobile phones will eventually make MP3 players obsolete.

Welcome...

PHOTO: GLEN ELLMAN



... Amanda Shaw, new contracts manager at Ericsson

Having worked as an attorney, Amanda Shaw has litigation and negotiating skills that are helping her tackle challenges in her new role as a contracts manager in the strategic sourcing group in Plano, Texas, US.

How has your background helped your work at Ericsson?

Before joining Ericsson, I worked with litigation mainly within construction and contract law. At Ericsson, I help secure the company's interests by negotiating customer-procurement contracts, and acting as an intermediary between the company and its customers and contractors.

How have you found working at Ericsson so far?

It's been an easy transition. Although Ericsson's matrix-like structure is very different to that of a law firm, where there is a rigid hierarchy, I really appreciate there being many sources of information and the company being open to new ideas.

Have you been asked ...

...WHAT IS ROAMING?

Roaming The term is used to describe how a mobile subscriber from one network can use another network.

Who pays for what?

One example of how roaming can work in Europe.

Calling long-distance to Sweden

If (A) has a mobile subscription in Sweden and uses their phone to call (B), who is in Sweden, from outside the country, then (A) pays for the call.

Text messaging from abroad

(A) pays when they send a text message to (B) from outside the country. The cost is based on how much the foreign operator charges for the service.

Listening to voicemail from abroad

If (A) calls to listen to voice messages from abroad, then (A) pays for a call to Sweden.



Calling abroad from abroad

If (A) is outside Sweden and calls (B), who is also out of the country, the call is first directed to Sweden, then on to the country where (B) is. (A) pays for the call to Sweden, while (B) pays for the call from Sweden.

Calling abroad from Sweden

If (A) in Sweden calls (B), who is abroad, then (A) pays the calling charges within Sweden. (B) pays the charges from Sweden.

Roaming for data traffic

Within data communication, the term roaming is also used to define a situation where one operator allows another operator's subscriber to use its network. The second operator charges the subscriber's home operator for the connecting service, which in turn charges the subscriber.

Source: Report from the Swedish Post and Telecom Agency and the Swedish Consumer Agency.

Svenska grafikbyrån



11.25am / February 17 / Barcelona, Spain



Building business

Mikael Eriksson Björling, one of Ericsson's business builders, at work during the Mobile World Congress in Barcelona. Here he is showing a customer Ericsson's vision of what the world will look like in just over a decade, with special emphasis on both potential growth areas and the most important issues affecting the telecom industry. On the screen in the picture, these themes are visualized in the "Life in 2020" computer program, which highlights 15 types of people, or personas, and their needs, life situations and attitudes towards new technology. Ericsson had 137 business builders at the Mobile World Congress and met hundreds of customers.

PHOTO: JONAS PERSSON

Swedish company rewarded

COMPETITION Swedish high-tech company Pop Catcher has been given the Mobile Peer Award. The technology it has developed makes it possible to record music from the radio, which is automatically saved as MP3 files in mobile phones, without including speech or adverts, writes newsdesk.se.



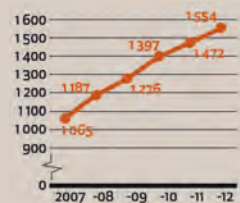
Smile! You are on Facebook

GADGETS Smile or snarl, push a button and you will have your picture on Facebook. Sony Ericsson's C510 mobile phone has the "Smile Shutter" function, where the phone takes your photo when you show your teeth. The phone's principal attraction is the camera quality, plus many simplified applications for popular services. For example, the Facebook and YouTube web services are connected to the mobile, so that with the touch of a button you can have your film uploaded onto YouTube, or your pictures from the camera on Facebook in minutes.

Youth like mobile phones

REPORT More than one billion youths had a mobile phone in 2007. This how the figures are expected to develop.

▼ THIS IS THE EXPECTED INCREASE



Source: Mobile Youth Report 2008

Revolutionizing the mobile world

Social networking forms the basis of the Mobile Life Centre in Kista, which is researching the mobile services of the future. Ericsson is one of the sponsors.

RESEARCH Professor Kristina Höök, head of the Mobile Life Centre research facility, invites us in to a hive of TV screens, computers, cuddly toys and all sorts of gadgets. Twenty-five application developers and behavioral experts work here, but the interior resembles an artist's studio more than a high-tech research center. For two years, the center has been running a variety of projects thanks to donations from organizations including Vinnova, the Swedish government agency for promoting innovation, and Ericsson. These projects focus on how we behave in different contexts, in our free time and at work, and how mobile technology



Kristina Höök

can support social networking.

"The coolest mobile services, such as games, are based on social presence so we want much of our research to be based on the social context," Höök says.

The Mobile Life Centre works with a wide range of methods. These often involve sociological studies based around an environment or a situation, such as studying what friends do when they go to an art exhibition together. Another might involve how hunters behave in a typical hunting environment, to see how mobile technology could be used for such a group.

Paradigm shift

Höök says dramatic changes are on the way within mobile usage.

"Things are really happening in the mobile world," she says.

"Everything is starting to fall into place with adequately high speeds and good capacity in the networks."

New services present



PHOTO: PERNILLE TOFTE

The Affective Health prototype examines how mobile services can help people become aware of the stress levels to which they are exposed. This is one of the Mobile Life Center's research projects.

ted by the Mobile Life Centre include Swarm-cam, which lets a user edit multiple streamed mobile-video clips on the spot, and Geo Channel, a mobile map-based chat service.

"We have good cooperation with Ericsson's research department,"

Höök says. "It's important to work closely with the industry, but at the same time it is frustrating because the telecom sector insists on standardization. They're putting a spanner in the works of the mobile revolution."

□ Lena Widegren

The Mobile Life Centre

The Mobile Life Centre is a research center working with the mobile services of the future. It is based at Stockholm University in Kista and financed by Ericsson, Sony Ericsson, Microsoft, Swedish state innovation incubator Vinnova, the City of Stockholm and other sources. Early experiments form the basis for new services for mobile technology.

By the way...

NOTED ... Sony

Ericsson's new mobile phone T707 will be available in selected markets in the second quarter of this year.

... you can share your opinion about Ericsson's upgraded search engine, the Global Search Tool. Go to Spotlight on the intranet, where you will find the Enterprise Search Survey.

... Ericsson has revealed its F3607 gw mobile-

broadband module, which will be released on the market in June.

... **Sweden's Crown Princess Victoria** was one of the participants at an Ericsson's Volvo Ocean Race stopover in Rio de Janeiro, Brazil.

... **Ericsson has a** mini survey about security. See how aware you are about security and answer the questions under Spotlight on the intranet.

NEW CONTRACTS

► **Austria.** Austrian operator mobilkom has chosen Ericsson as the main supplier for the upgrade of its WCDMA/HSPA radio access network to HSPA Evolution, Ericsson's latest high-speed broadband, which has a capacity of up to 21Mbps. Ericsson is also responsible for the network's installation and integration service.

► **China.** Ericsson has signed a contract with China Unicom to build

WCDMA networks in 15 provinces in China. The networks will offer high-speed 3G communication to tens of millions of subscribers. Ericsson has also won a contract to upgrade China Unicom's GSM network to support 2G interoperability in 10 provinces.

► **UK.** Ericsson has signed a contract with Vodafone UK to maintain its 2G and 3G radio access networks for seven years.



PHOTO: J. PER MYREHED



PHOTO: ISTOCK

Google serves up targeted ads

ADVERTISING If you are looking for a good tennis racket on the internet one month, you may see adverts for tennis shoes the next. The reason for this is that Google has now begun registering users' interests on the internet, writes Ny Teknik. Trials begin in April, and by the end of this year all Google's advertisers will be able to aim their adverts to internet users, based on information gathered from the search engine.

Peter Eriksson has come up with the most ideas so far. Next time, you might be the one with a bright idea.

Realize your ideas

Will you be the one who comes up with the idea for the gadget that everyone needs? You have that chance with the launch of IdeaBoxes. Get inspired by ideas guru Peter Eriksson.

INNOVATION Eriksson is participating in the R&D Global Graduate program and is a software designer at Open Multimedia Platform SAF in Älvsjö, Sweden. He is the one who has contributed the most suggestions to IdeaBoxes by far. How did that happen?

"I think it can be easier to have ideas and see opportunities if you're relatively new at a company," Eriksson says. "And Ericsson is so big. What doesn't work in one department could suit another perfectly.

"For me, it's all about being alert and just listening, meeting different people and

reading a lot about innovations in other areas. I'm convinced that most innovations usually come through a cross-pollination of two separate areas or ideas. IdeaBoxes are perfect because it's easy to post your idea and, in doing that, get it out of your head."

Secure Keys, good idea

One of his ideas was Secure Keys, which reached the final of the "Växthus" innovation competition run by Product Development Unit IMS, and Development Unit Core & IMS. The idea is based on replacing keys or keycards with an application for an IMS telephone. Secure Keys was selected as one of eight finalists from more than 500 contributions.

The process of constructing an ideas-handling system in EricOLL started in September

last year, and at the pilot stage it has already been a far greater success than the project group had anticipated. The test period should have finished in November, but with 700 unique visitors and more than 300 innovation ideas posted on the EricOLL-based website, the group saw the need for a forum for creative, smart, crazy and fantastic suggestions. Today the ideas have topped 500 and the number of users is over 2000.

"We're in a transition phase between the pilot

and the beta version of the tool," George Kakhadze, project leader, says. "Everyone can post their ideas or comment on others, but because we're still developing the site, it isn't 100 percent stable yet."

Discuss Eriksson's ideas or post your own in IdeaBoxes. It doesn't matter whether you are working in HR, in the market units, business units or in R&D. The whole idea of the project is to make use of every employee's ideas, large or small.

☒ Sofia Falk

2 ... Norwegian telephone operator Telenor is investing SEK 2 billion in Indian mobile operator United Wireless, which gives Telenor 33.5 percent ownership of the company, writes Svenska Dagbladet.

Compete and be a winner!

INNOVATION Ericsson's new innovation competition, Sustainovate, kicked off April 2. The five week competition is open to all employees. Its goal is to stimulate new business ideas, increase sustainability awareness and strengthen the culture of innovation. A jury, who will also take employees' votes into account, will name three winners who will each be awarded SEK 50,000. For more information, go to EricOLL and visit the Sustainovate site.



PHOTO: ISTOCK

IDEA BOXES

- ▶ If you have an idea, go to: Ericoll.internal.ericsson.com/sites/IdeaBoxes – the web-based tool where you vote for and communicate ideas.
- ▶ All employees can contribute and comment on ideas, and vote for their favorites.
- ▶ The ideas are arranged into boxes with various themes. Each box is monitored by at least one innovation manager, who can then drive good ideas forward.

Hello...



... **Sasja Beslik**, head of Socially Responsible Investing at Banco, who recently traveled to Bangladesh. This is part of the follow-up work after Swedish public broadcaster SVT revealed problems with some Ericsson subcontractors there in a documentary last year.

What is the situation with Ericsson's subcontractors today?

There have been major improvements in employee health and safety. The subcontractors have carried out the necessary changes relatively quickly and should now comply with Ericsson's Code of Conduct.

What is there left to do?

There is still a lot left to do. This is not something static or something you can cross off a list; it is an ongoing process. The issues include compensation levels for overtime, trade-union rights and further education.

How good is Ericsson in terms of ethical business compared with other companies?

Ericsson is one of the companies trying to conduct business responsibly and it is near the top of the list. My hope as an analyst is that, within 10 years, Ericsson will have linked responsibility to products and services, and that the company will be working in a sustainable way both from a social and an economic perspective. Ericsson has the potential to do that; the company has an organization that is driven by possibilities.

☒ Cia Kilander

More can access new claims system



PHOTO: ALESSANDRO DELLA VALLE

Concur is the new system that helps you check the status of travel expenses.

Concur is Ericsson's new system for reporting travel and other expense claims.

UNDER WAY The tool was gradually introduced

about 18 months ago in Sweden, India, the Netherlands and Germany. But that was just the beginning. The rollout is now continuing, and by the end of

2009, 80 percent of all employees are expected to have access to the web-based tool that is replacing several different local systems.

Concur gives users

faster payment authorization, and they can follow the status of travel and other expense claims.

A new, easier-to-use interface is being developed and is expected to be complete in 2010.

The change will give Ericsson a more effective, common system across the group.

"It will be more efficient for everyone when we have a common standard for handling travel invoices and expenses," says Ali Sadek, in charge of the Global T&T process. "It gives us the ability to see where we are spending money when we travel."

For support, contact your regional Contact Center via the link on the intranet, or call the global Contact Center on 89 900.

☒ Cia Kilander

"This group has been working with Sony Ericsson's most advanced mobile phones. They're going to think about which telephones we're going to have, what they'll look like and what they'll be able to do"

Urban Fagerstedt, Huawei's R&D manager in Sweden, in an interview in dt.se, after Huawei had established a product development group within mobile telephony in Kista and recruited 15 people from Sony Ericsson.

Search engine primed for April update

TOOL Keep your eyes open around April 20. That is when Ericsson will update its internal search engine, the Global Search Tool. This will improve search relevance and make the

tool more interactive. Jonas Andreasson, business information system owner for the Global Search Tool, highlights the importance of users' viewpoints and improvement

proposals and encourages all types of feedback.

"We're collecting all the information we can find about user behavior," he says. "The work of improving

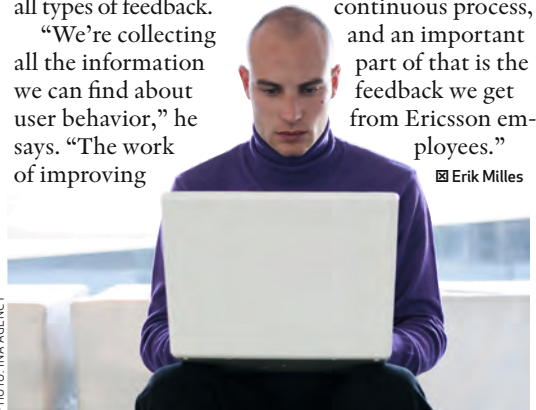
the search engine is a continuous process, and an important part of that is the feedback we get from Ericsson employees."

☒ Erik Milles

► **More sources:** All of EriDoc and all product information for Ericsson customers (cpi) will be searchable.

► **Increased interactivity:** By adding stars, users can rate individual pages and documents based on how relevant they are to a specific search. In this way, documents or pages that users consider useful will be placed higher up in search lists for other users. At the same time, the stars will act like bookmarks for the individual user.

PHOTO: INA AGENCY



Ericsson's improved internal search engine, Global Search Tool, has increased interactivity and more sources.



ILLUSTRATION: EBBA BERGGREN

Top of the reuse league

The Common Graphic User Interface Platform (CoGUP) tops the 2008 list of software reused from Ericsson's database. It cuts development time almost in half and gives the products a similar appearance.

REUSE CoGUP is a framework for graphic web interfaces, mainly for maintenance applications, based on Ericsson's GUI Styleguide. It was originally developed by Ericsson Enterprise, but Ericsson in Shanghai then took shared responsibility for the project. Since its arrival at Business Unit Multimedia in Karlskrona, Sweden, it has acquired new users within IPTV and Mobile TV.

It has become the norm to reuse finished

blocks of software to save time and money, and Ericsson is investing much effort in introducing this new culture. All newly developed software is now entered into a database along with a short description. Other designers can then search and find components there.

Johan Boström, who works with CoGUP and usability issues within Business Unit Multimedia in Karlskrona, says: "It isn't actually hard for a designer to find suitable components to reuse. But the problem is that you want



Johan Boström



Magnus Franzén



Jelte Jansons

to write the code yourself to be in control of it."

Some designers therefore feel that their hands are tied by recycling software, but for the user interface, it is an advantage that everything is the same.

Magnus Franzén, who is a colleague of Boström's, says: "We need frameworks so we can access a lot of software for free and avoid getting stuck in a long development process. It creates an Ericsson style and, above all, we can avoid many of the usual discussions about where a button should be, or what it should be called."

The nucleus of CoGUP is internal, but the latest layout was bought externally. One of the big advantages of reusing software, internally or externally, is that you can

quickly produce a prototype that looks professional.

Jelte Jansons, chairperson of the CoGUP architectural board and a specialist in Java EE, points out that most programmers are neither experts at usability, nor graphic artists. The best way to ensure quality quickly is therefore to reuse.

"We should be concentrating on the application's business content," he says.

☒ Lars Cederquist

Reusing software ...

... is both about cutting costs and increasing revenues.

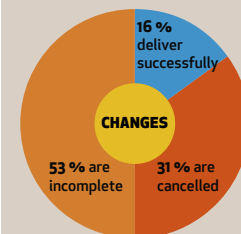
▶ Reuse makes it quicker to put together new products, and get them onto the market.

▶ Maximum reuse can cut costs by up to 30 percent.

Change does not happen overnight

SURVEY A study by The Standish Group International has shown that most change initiatives never meet their targets, often because of unclear leadership.

▼ 16 PERCENT ARE SUCCESSFUL



Touchscreens taking off

TREND It's all about touchscreens this year. Samsung has already thrown its weight behind the technology by launching six mobile phones with touchscreens. But Samsung is far from alone; Sony Ericsson has its Iduu, Nokia its N97 and LG its Arena model.



HP selects Boston Power batteries

COMPANIES Sweden's Christina Lampe-Önnerud is CEO and founder of the newly-formed Boston Power. The company, which is based in Boston, us, is working in conjunction with other firms to produce a battery technology that she has developed. HP recently decided to use lithium-ion batteries in its laptops. The advantages with the batteries are that they charge quickly, last for long periods and can be used at least as long as the computer they are placed in. idg.se reports.

Hello...



... Jonas Sundborg,

from Standardization within Group Function Technology & Portfolio Management, who was recently elected as deputy chairperson of the board for the European Telecommunications Standards Institute (ETSI).

What does your position as deputy chairperson of the ETSI board mean for Ericsson?

It is important strategically for Ericsson that we have representatives in leading positions with standardization bodies such as ETSI, to maintain our leadership in standardization. Being involved and influencing priorities and decisions gives us a competitive advantage over our competitors. ETSI is the largest stakeholder in the 3rd Generation Partnership Project (3GPP), the organization setting global standards for future mobile broadband.

What are you working on now?

The organization is currently evaluating the direction it should take over the coming decade. We are now working with new growth areas including various collaborative services, machine-to-machine communication, energy efficiency and intelligent transport systems.

Why did you get this job?

I am probably seen as diplomatic, competent and reliable, and I also know what I want. There are many different cultures and personalities represented within ETSI, so you need to be able to balance them all.

☒ Erik Milles

SWAPPING SUCCESS

QUICK CHANGE IN TOKYO

In January, two months ahead of schedule, Ericsson swapped out 1821 of Japanese vendor NEC's base stations in Tokyo for its 3000-series base stations. The success of this project for operator Softbank Mobile was partly due to experience gained from a similar project last year in the Kansai region of Japan.

JAPAN During the switchover, the network was down for just 12 minutes and 29 seconds, which exceeded the customer's expectations. Softbank Mobile had allowed for a maximum downtime of 25 minutes.

The switchover is part

of Softbank Mobile's overall plan to use only two vendors for its network – Ericsson and Nokia.

The exchange also included the installation and implementation of 10 new radio network controllers.

The pre-study for the project began in April last year, during the final days of the Kansai project, which involved swapping more than 4000 UMTS sites for the same customer, Softbank Mobile.

Reusing knowledge

"We used a lot of what we learned from the Kansai project to ensure good



PHOTO: ERICSSON

The exchange surpassed Softbank Mobile's expectations. The network was down only 12 minutes and 29 seconds instead of the estimated 25 minutes.

process development, implementation, use of resources and ways of working in the project," says

Eric Kowalski, customer project manager at Market Unit North East Asia.

☒ Kathy Kuc & Cia Kilander

"This isn't much of an improvement. Microsoft is really suffering right now"

Carolina Milanese, Gartner's mobile device expert, speaking to Swedish daily Svenska Dagbladet, about Microsoft launching a new version of its operating system for mobile phones, Windows Mobile 6.5.

Top heads together



PHOTO: STEFAN BOLKE

Ericsson's CEO Carl-Henric Svanberg gave Dr Hamadoun I Touré, secretary general of the United Nations agency ITU, a tour of Ericsson's Site City in Kista, Sweden.

MEETING Hamadoun I Touré, secretary general of the UN's International Telecommunication Union (ITU), visited Ericsson in Kista in mid-March at the invitation of Ericsson President and CEO Carl-Henric Svanberg. His visit was partly to hear Ericsson's view of developments within the market and technology.

Tom Lindström, from Ericsson Government & Industry Relations, who took part in the meeting, tells Contact: "It's vital for Ericsson that the use of radio spectrum is harmonized as much as possible across all countries and that as much of it as possible is made available for

commercial mobile communication."

Lindström says there was a wide-ranging agenda. "We discussed future possibilities for cooperation and Ericsson's participation in global ITU conferences. It could also be particularly interesting to coordinate Ericsson's Millennium Villages project in developing countries with the ITU."

☒ Cia Kilander

ITU

The International Telecommunication Union is an international organization that negotiates conditions for cooperation within international telecommunications and the use of radio spectrum.



PHOTO: IPERNILLE TOFTE

"We think of the design first and then we have a discussion," say Sean Ma and Lily Hendra, who have produced the IP Tube prototype.

Idle day led to winning idea

Being at home with nothing to do can sometimes bring astounding results. For Lily Hendra, it led to her idea for the IP Tube, the award-winning prototype that improves Ericsson's IPTV offering.

PROTOTYPE It was just a normal day. Hendra was off work and had no plans to do anything special.

"The idea just popped into my head," says Hendra, who works at the R&D department at Telefonplan in Stockholm. "I sat at my computer and a few hours later I had it down on paper."

About one month later, she discovered that her proposal was selected as one of 11 finalists in the Best Multimedia Prototype 2008 competition out of 230 proposals received worldwide. Hendra then had three months to turn her idea into a finished prototype, ready for the grand final.

She had to hurry. She needed people but

knew that resources were scarce.

"I knew I couldn't do the job myself," Hendra says. "After some discussion they offered me one person. It was Sean Ma. Because we'd worked together before, I knew he was the right person for the task."

Ma is also a designer and works at the same department as Hendra; they had previously been working with Ericsson's IPTV solution.

Frustration fuels idea

Hendra says frustration at a lack of choice when she wanted to watch regular TV triggered the idea for the IP Tube.

"The reason why people go to YouTube is because it's more fun and more flexible than regular TV," she says. "If we're going to get people to watch TV again, we have to have more interesting content."

After three months of dedicated work on the IP Tube, Hendra's reward came in December when

she and Ma won first prize in the Best Product Enhancement category.

Advantage for producers

The great thing about the IP Tube is that it expands the possibilities for Ericsson's IPTV solution. Its basic idea is that anyone can produce and consume content with as little interference as possible from the middlemen, who normally pocket most of the profits, and the content owners get more revenues from their creativity.

Ericsson is still trying to find interested operators to do a trial on the

new enhancement. But some challenges need to be addressed before the IP Tube's commercial launch. These concern revenue, management rating, content piracy and digital rights – difficult areas that are keeping specialists within their respective departments at Ericsson fully occupied.

"If we're going to sell this solution to our customers, we have to deal with these problems first," Hendra says.

✉ Cia Kilander

Footnote: IP Tube is in an idea stage and product management is currently evaluating the business feasibility prior to any commercial offering.

ADVANTAGES OF THE IP TUBE

1. With more content choices, TV viewers get more interactive and personalized TV.
2. Content owners can reach directly to consumers, and gain more income from and control of their own work.
3. It enables individuals, corporations, and organizations to publish content for commercial and non-commercial purposes.
4. Operators who own the IPTV solution and infrastructure are presented with more revenue-generating options.



Where do you network?

NETWORKING Are you from Australia, Spain, Switzerland, France, the UK or Italy, and like to network? Then you are probably on Facebook. Research and analyst firm Nielsen found that Facebook is not only the most popular networking site in these countries, but is the top networking site in the world with a total of 108.3 million unique visits during 2008. Brazilians are the most enthusiastic networkers, but prefer the Google site, Orkut.



Focus on security

INTERNET IT security firm Arbor Networks has begun cooperating with more than 100 internet providers all around the world to create what is claimed to be the world's most ambitious system for monitoring internet traffic, reports idg.se. The main aim of the system (Atlas 2.0) is different types of security-related traffic, including various forms of attack.

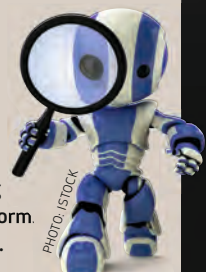


PHOTO: ISTOCK

3 HAVE THEIR SAY

Who do you regard as Ericsson's biggest competitor, and why?

► **Carolina Narvaez**, customer project manager, Colombia



In Colombia, it is Huawei. Their advantage has been

low prices, but their products are also becoming better. Ericsson won some business from Huawei by offering shorter delivery times. This has allowed Ericsson to win some contracts despite having a higher price.

► **Yvan Roux**, solution integrator, France



Huawei will be the biggest competitor, for at least two reasons.

The first is obviously the low Chinese labor cost, which enables the company to offer aggressive prices. The second is the emphasis it places on R&D. On the other hand, Huawei also has weaknesses, most notably its lack of transparency. This could harm it when it comes up against Ericsson.

► **Yannick Bultingaire**, South Africa



During my years in the sub-Saharan Africa market, I have seen

the influence of the Chinese vendor Huawei growing. Despite a strong history in the region, natural competitors such as NSN and Alcatel-Lucent are facing decreases in sales due to a loss of focus. But, with its strategy of continuous expansion, the Chinese vendor has never missed a single opportunity to increase its market share.

☒ Jenz Nilsson

A DAY WITH TIBOR LAKATOS

ONE – the only way for Tibor

Every day offers new challenges and progress, says Tibor Lakatos, describing his job in Kista as program driver for ONE, a new IT system that supports financial, order and manufacturing flows.

08:00 Find a great message in my mailbox: The ONE system has gone into operation in Brazil, two days ahead of schedule. We now have more than 120 Ericsson units working in ONE.

08:50 Take the elevator nine floors down to the first floor of my office building. I'm holding a workshop. The Hippo program has been added to the already large scope of the ONE program. It is now all about getting the R&D managers onboard with the idea of change in the operations.

09:00 Start my presentation. People seem interested.

09:45 Find out that Algeria has just had a successful transfer to ONE. Just after that, the same news comes from Oman and Kuwait. Everything went according to plan. This means that about 75 implementations are left before all of Ericsson is using the ONE system, which should happen in 2010.

10:38 Get an SMS from my daughter: "Can I be on the show-jumping team this spring?" Of course she should compete for the riding club with her new horse.



Tibor Lakatos prefers to ride his motorbike when he commutes between his home in Linköping and the office in Kista.

11:30 Accept an invitation for a meeting about the ONE system's performance. Everything has to work well even under high pressure.

12:15 Eat an egg and anchovy sandwich.

13:30 It will soon be time to report to Group Function Operational Excellence because ONE is a global change program. Meet Mattias Forsell, who is program manager for ONE. He ensures that the more than 80 sub-projects function as a whole. We discuss what should be included in the status report. There is a lot of focus on realizing the value of the investment.

14:35 Update on how the tests of the ONE solution are going. At

the moment, ONE is being tested onsite at the supply units in Gävle, Sweden and Chongqing, China before they officially change systems.

15:00 How many people do we need to successfully get us through the next phase of ONE implementations? Meeting.

16:00 Meeting with steering group. Discuss the change work: getting the employees to understand what trans-

ferring to ONE means to them. Changing IT systems means a change in how you work, especially if you have had a totally different system before.

18:00 Travel in to Stockholm city to meet three friends. A rock concert is followed by dinner together.

22:50 Come home, close the front door after a good day.

☒ Told to Jenny Sköld and Cia Kilander

This is Tibor Lakatos

- **Title:** Program driver for ONE
- **Years at Ericsson:** 20
- **Family:** One daughter
- **Lives:** Stockholm and Linköping
- **Hidden talent:** Good at riding and driving motorcycles

Tibor prefers:

- City
- ✓ **Cinema**
- ✓ **Evening at home**
- ✓ **Individual sport**
- Books
- ✓ **Countryside**
- DVD
- Evening out
- Team sport
- ✓ **Morning newspaper**

PHOTO: PERNILLE TOFTE



PHOTO: ARCHIVES

Videophone an overrated accessory

LOOKING BACK Ericsson produced a videophone in the mid-1960s. After a few years of experimentation, it developed a model it believed in. The target group included larger companies and authorities. The model tested could be used in two different ways. It had a mirror that could be flipped up and pointed towards, for example, a drawing. This let a caller talk while the colleague could see where on the drawing the caller was pointing. The other way was to turn the camera lens towards the face, which meant the caller could see and be seen during the call. The idea was that it would make communication easier and let employees save time by not having to leave their offices. Thorough calculations showed the number of staff hours that would be freed up as a result. But most users were not impressed, and a final report on June 20, 1977 revealed that demand was less than anticipated. This signaled the end of the attempt to launch the videophone.

✉ Cia Kilander

Wanted worm

REWARD Microsoft has offered a USD 250,000 reward to the person who can track the creator of the Conficker worm, also known as Downadup, reports cnn.com. The worm exploits a vulnerability in Windows that allows it to get into a network and spread itself. Experts describe it as the worst worm yet.

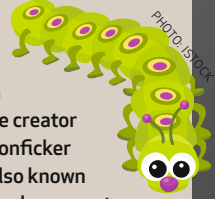


PHOTO: ILLUSTRATION

Nokia loses ground

MARKET Samsung, RIM, HTC and Apple grew in the global smartphone market during last year, but Nokia lost ground, shown by new figures from Gartner reported by mobilebusinessbriefing.com. Samsung grew an impressive 138 percent during 2008.

▼ ANNUAL GROWTH PERCENT

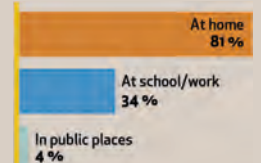
Nokia	-16.8
RIM	84.9
Apple	111.6
HTC	19.9
Samsung	138

Source: Global smartphone sales to end users 2008.

No place like home

SURVEY Ericsson ConsumerLab asked users when and where they used mobile broadband for their everyday internet use.

▼ ANSWERS



Source: Mobile broadband user study, Southeast Asia.

“There are very few things that are on the banned list in our household, but iPods and iPhones are two things we don’t get for our kids.” Melinda Gates, wife of Bill Gates, on the family’s preference for gadgets, in vogue.com.

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. INQ1 is the product name of a phone that was launched recently. But what is it also called?
2. “The idea is based on replacing keys or keycards with an application for an IMS telephone.” What is the official name for this solution?
3. What does the abbreviation ETSI stand for?

Write your answer after each question, put “competition” in the subject field and send your answers to contact.comments@ericsson.com no later than May 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 Michael Brodin, Sweden.

Answers to last month’s quiz:

1. SEK 100,000 per year
2. Ubiquitous government
3. The year 2000

What was happening this time...

...25 years ago

1984 A new facility opened in Richardson outside Dallas, Texas that would be the headquarters of Ericsson’s AXE business in the US. That year, the company was focusing on gaining entry to the US market, specifically targeting the regional US telephone companies. Two years later, Ericsson received its first US AXE order.

...10 years ago

1999 Nokia and Ericsson announced simultaneously that they were supporting the global standard for GSM for the 450MHz frequency. They promised that products adapted for GSM 450 would be available in 2001.

...5 years ago

2004 Ericsson participated for the first time at MILIA, the leading international media and music trade fair in Cannes, and demonstrated services such as a new mobile music platform (M-USE), live video streaming and the payment service IPX.





Usman Malik and Lars Bäck have put their clever heads together many times to find smart ways of saving money within purchasing and logistics.

CUTTING COSTS

Employees all around the world have always been looking for good **ways to reduce costs**. But smart cost alternatives have so far largely been the result of individual initiatives on different levels. The next step is to **instill cost-effective solutions** into the entire organization, while maintaining quality.

Saving in Dubai

Ericsson's Market Unit Middle East has come a long way in finding smart ways to save money in its daily operations. By working cross-functionally and reviewing all expenses, it has significantly reduced costs, especially for the purchase and delivery of base stations.

DUBAI
MIDDLE EAST

In late 2006, Lars Bäck and Usman Malik, who were working with procurement and would later form the local sourcing team, were sitting in the Ericsson office in Dubai pondering an issue that had been bugging them. They had plenty of customers who were paying well and the

outlook for new deals was promising. But they wanted to find ways to cut costs and, as a result, increase margins. The costs for purchasing products and for delivering to radio sites were high. What could they do?

Bäck and Malik began by asking people around the company – first within their own offices, then in other units, and eventually around the region – Market Unit Middle East covers 14 countries which vary greatly – and finally colleagues at the head office in Kista. It soon became clear that other employees had similar questions. ▶

CUTTING COSTS



Dubai is characterized by fast-paced development, both in economic and physical terms. In a short time, the little emirate has become a world center for trade and tourism, and the city is constantly expanding with new luxury buildings. In this growing economy, the local Ericsson company has found clever ways to cut costs so it can offer customers good prices and increase margins at the same time.

Did you know ...

... that the new SoCat (Site on Cost Analysis Tool), web application, enables accounts around the world to benchmark the cost level of RBS sites, including both hardware and services?

“And there is still a lot we can cut out in our business, because it’s so multifaceted” Patrik Sivermalm

► “The ideas around what is now called cost obsession were there long before the term started to be used in the organization,” Bäck says.

That was certainly true. Take Mattias Gidlund at the Dubai office. In his position as head of Supply for the entire region, he had several years of experience dealing with such issues. The previous year, in 2005, he had got together with Patrik Sivermalm, head of strategic product management for radio sites at Business Unit Networks at Ericsson in Kista. Sivermalm had also spent lots of time considering how to save costs and how this could increase margins in radio site deals.

“Today, cutting costs is part of how

we approach a whole deal; then it felt particularly appropriate because there wasn’t so much focus on it,” Sivermalm says. “And there is still a lot we can cut out in our business, because it’s so multifaceted, in order to optimize margins.”

By that, he means both Ericsson’s operations and services in general and BU Networks’ in particular. As well as logistics costs for parts for radio base stations and material to build sites, there are expenses such as cost for storage and delivery and customs fees.



Mattias Gidlund



Patrik Sivermalm

Gidlund and Sivermalm sketched out a business model with a two-part structure. The first part involved reviewing all aspects of the installation and building of radio sites. The second part was more holistic and involved examining all service aspects, rather than just looking at delivering products. Bäck and Malik began by looking at how this model could work in their region.

They started by talking to people from the services organization about what they could do to cut unnecessary costs. At that time, there was no sourcing unit in Dubai, so they had to start from scratch.

When Sivermalm and Gidlund had reviewed the supply part and factored

Low-cost transport in Pakistan

One of the countries included in Market Unit Middle East is Pakistan, a country that is considered high risk and has challenging geographic conditions for telecom companies. But Ericsson has made huge savings here by using surface transport instead of airfreight.

"Flying is very costly," says Prabath Welaratne, Supply Ma-

nager, who has improved Ericsson logistics in Pakistan. "By bringing in imports by sea to Karachi, which is located in the far south of Pakistan, and transporting by road within the country, we've reduced our overall Supply costs enormously. It makes deli-



Prabath Welaratne

very time slightly longer, but with better communication and coordination with projects and key account teams. "Importing material from China by plane gives us a delivery time of 10 to 15 days. By sea, it could take 40 days. But airfreight costs up to 14 times as much. With good planning, we can optimize our stocks and cash flow in this way."

Did you know ...

... that the SoCat application supports accounts in developing competitive customer offerings? Based on cost and customer requirements, the tool generates reports that give input for comparisons of these different solutions, requirements and costs.

in the technical aspects, they saw that much of the material Ericsson was delivering to sites and installing was purchased. And a remarkably large amount of that material was imported from China. When this was transported to Dubai – or wherever it was bound – it went the long way via Sweden, and was then frequently sent by plane to the rollout project.

Supported by Gidlund and Sivermalm's efforts, Bäck and Malik continued their work. Together with other colleagues, Sivermalm had also been working on a measurement tool that could compare radio site cost data from different countries, eventually called Site on Cost (SoCat). Being able to compare cost data has been vital when cutting costs in the Middle East – and in other market units around the world.

"We started by benchmarking around the market unit," Malik says.

The population in Dubai is rather unusual in that only about one-sixth of the people come from the emirate (the United Arab Emirates consists of

seven emirates, of which Dubai and Abu Dhabi are the two largest). The vast majority of those living in Dubai are expats – either employees of Western companies, such as Ericsson, or guest workers from Pakistan, India, the Philippines and the surrounding Arab countries. The city of Dubai has grown at an enormous pace in the last decade, especially in economic terms. One result of its development is that the emirate has an incredible mobile-penetration rate of 211 percent (2008). Internet connection is not far behind. The latter is most clearly evident in districts called "internet and media cities." Large investments in digital infrastructure and technical advancement have been made there, and until recently Ericsson had its office in one of them (it has now moved to newer, cheaper premises in an area that is under development).

It was against this backdrop of high-speed development that Malik and Bäck started analyzing the cost situation. After having reviewed Market Unit Middle East, they cast their nests further to business units

Networks and Global Services. And the results were not slow in coming. In the case of BU Networks, the price pressure it placed on local suppliers for third-party products (3PP) brought only positive reactions.

"People in the industry understand the laws of the game, so they mostly had to view the price pressure as a good business possibility under the circumstances," Bäck says.

For Global Services, it was more about pushing subcontractors to improve the quality of services they offered.

"It's really the same thing for Networks. In the end, it's about us saving money, optimizing margins and helping our customers save money," Malik says.

Progress has been fast. In 2006, Market Unit Middle East identified the need for a sourcing department. The following year, it defined organizational structures and seriously began challenging subcontractors' prices. In 2007, a sourcing organization was created. By the end of the year, the overall costs had been reduced by 18 percent. In 2008, it continued to improve operations to be as efficient as possible.

Mansura Ebrahim also works in the Dubai office, focusing on what are called "indirect channels," which means customers who are not operators. These are small customers, or at least small in terms of sales volumes. Being cost-effective is part of her everyday work.



Mansura Ebrahim

The products, and to some extent the services, that Ericsson sells are included ▶

SHORTER JOURNEY FOR BATTERIES



Erik Sandin

In North America, as in the rest of the world, batteries act as a back-up for base stations. However, these batteries were sent on a long and expensive journey to their final destination – from the US to Sweden and back to the US, where they were connected to the base stations.

Erik Sandin and his colleagues at the Ericsson office in Texas reviewed this process and realized that they could

make a lot of savings.

"The batteries are produced in Springfield, Missouri," Sandin says. "From there, they're shipped to Sweden. When we later ordered a radio base station, it arrived complete with batteries. On closer inspection, this appeared totally unnecessary!"

Market Unit North America now buys its radio base stations and batteries separately and assembles them on



site. This saves at least two journeys across the Atlantic.

The example of how Ericsson in North America has saved money in this way is even more interesting when you see how the new ways of delivering and packaging have generated new business. Being able to provide batteries more cheaply has led to operators becoming aware that Ericsson can also supply the back-up systems for batteries to work as an alternative power source.

“Site on Cost is in itself a very good initiative and a good foundation when you want to reduce costs in the business” Ingemar Blomqvist



Local and foreign businessmen gather in Dubai's many luxurious office buildings. Technological development in the emirate has come a long way and mobile penetration is at an exceptional 211 percent.

▶ as small parts of bigger packages that other companies sell on. Ebrahim says that in this case, Ericsson provides only the Ericsson portion of the solution to large EPC contractors, with the rest of the scope and risks being handled by these contractors. For example, in pipeline projects for oil and gas companies, the telecom portion is very small compared with the large overall complex project.

“We sell to authorities, energy companies, oil and gas companies and so on. And our risk of losses is virtually zero,” Ebrahim says. “As well as selling small parts to many customers instead of the other way around, which minimizes the risk of major losses, the main advantage is that we always work with distributors of our products who really know their customers well. Personal relationships are hugely important in this region.”

Ingemar Blomqvist is looking over the concept of cost obsession in the organization on behalf of CFO Hans Vestberg. He is impressed by Ericsson's successes in the Middle East.

“Site on Cost is in itself a very

good initiative and a good foundation when you want to reduce costs in the business,” he says. “And the efforts they've been making in the Middle East are good examples of how to do it.”

The issue of transport routes is partly included in Ericsson's large

savings program, but the initiatives that are being taken locally are also very important, Blomqvist says.

“It's very good to look at logistics generally,” he says. “There's a lot of money to be saved there. It depends, of course, on what time perspective you have. But in terms of the whole group, more than SEK 1 billion could be saved by just stopping flying as a means of transport.

“Given the conditions, Market Unit Middle East has shown particularly good results in this area.”

But the tangible gains are not the only thing that Blomqvist is looking for at this stage. Commitment in the organization is also very important.

“We knew that many people in our company have been thinking smart for some time when it comes to being economical,” he says. “But it inspires hope that the cost-obsession initiative has already been such a success. The extent to which you can influence Ericsson's costs goes together of course with the position you have and what you work with. You could say that managers have a greater responsibility here. And all contributions are welcome.”

Text: Johan Kvickström Photo: Bodil Bergqvist

GET ON BOARD

You can save lots of money when using your phone and computer.

THINK ABOUT:

- ▶ Always calling the fixed-line number or, within Ericsson, using the ECN code and the Ericsson extension.
- ▶ Mainly reserving mobile numbers for sending SMS and MMS.
- ▶ Using the Ericsson Communication Client (ecc) when you are abroad. The ecc is an application based on IP telephony that allows you to make internal and external phone calls

from your Ericsson computer. To do this, you must be connected to the Ericsson intranet.

- ▶ Connecting your Ericsson PC via fixed broadband or W-LAN (at hotels, airports, etc) when you are abroad.
- ▶ Avoiding using mobile-data services on your Ericsson PC when you are abroad. The fees for these services are extremely high and have no maximum limit.
- ▶ Using Ericsson Mobile Organizer (EMO) or Ericsson Dynamic Mobile Exchange (DME) to synchronize your Outlook with your mobile phone.

For further information and more tips, go to:

<http://prodcattit.internal.ericsson.com/pn.asp?productnumber=FAV201028>

It is hard to find more obvious symbols of Dubai's gigantic economic growth than the Burj Dubai skyscraper. When it is complete, it will have a height of 819 meters. It is mainly being constructed by foreign workers.



»» **Handelsbanken took costs into account early on** »»

CUTTING COSTS

Handelsbanken



At Handelsbanken, the employees fix most things themselves. Here, private advisor Lisa Dahlqvist is taking down a poster from the window inside the branch office.

"Cancelling the fruit basket is the wrong way to save"

STOCKHOLM
SWEDEN, EUROPE

Handelsbanken pushes harder for cost awareness than many other companies, including Ericsson. When other banks had problems during the Swedish financial crisis at the start of the 1990s, the organization was able to carry on as usual.

"We were already prepared for worse times. And the same still applies," says Thomas von Schéele, branch manager at Handelsbanken.

When von Schéele arrived at the office on a recent morning, Lisa Dahlqvist, one of the employees, was standing on a table, unscrewing a poster that needed to be removed from the office window.

"We take care of things like that. When things need to be sorted out at the office, someone in the group always says 'I'll bring my tools tomorrow.' We don't call workmen unnecessarily," he says.

Von Schéele's office has no back-office employees, and, apart from cleaning, the bank staff take care of the branch's general maintenance.

"We change the light bulbs ourselves," he says. "Christer usually buys new ones on the way home. People have wondered whether a well-paid and well-educated banker's work time should really be used for such things, and I reply 'Yes, especially in tough times.'"

In his 20 years as a branch manager, von Schéele, who now manages the branch on Birger Jarlsgatan in Stockholm, has been in charge of five Handelsbanken offices.

"To make the staff aware of costs, I think it's important to work in small groups, so everyone feels close to the decision-making process," he says.

"There are 14 of us at the office, and everyone knows that everything



Thomas von Schéele

we do affects our overall final result. Right now, we're in the middle of an incomprehensible financial crisis with a lot of unanswered social questions. But there isn't much difference in our cost strategy compared with before."

Time with the customer is highly prioritized at the branch, as customer contact leads to new business.

But because time-consuming administration often limits opportunities for such meetings, the processes for paperwork and computer work have been simplified.

"We make sure we change things that we discover are a waste of time and material," von Schéele says. "For example, all customer printouts would previously automatically include loads of extra pages with specific conditions. To avoid throwing away lots of paper, the printing program was changed centrally and now allows us to just print the pages with conditions in ▶

THOMAS VON SCHÉELE'S 10 TIPS FOR COST-EFFECTIVENESS

- 1. Establish a central** suggestion box on the intranet, where staff can contribute with their own ideas for making work routines or data systems more efficient. Reward those who come up with usable and profitable proposals with rewards such as gift vouchers.
- 2. Consider continually** improving and making different computer functions more effective. Minor adjustments to data programs and templates can speed up a simple administrative process by several minutes, which could save several thousand kronor in just a few days.
- 3. Dare to think** differently and reevaluate old truths. Consider what is most beneficial for your office.
- 4. Smallness brings clarity.** Divide large groups into smaller work units with their own financial responsibilities. This creates commitment and cost effectiveness.
- 5. Listen to the employees** – an organization that listens has everything to gain from paying attention to both criticism and positive feedback, as well as suggestions for change.
- 6. It may be profitable** to buy material yourself, without always going through the central purchasing department. Haggle on the price and make sure the purchase is covered by full return rights, so the office does not run the risk of being stuck with expensive poor purchases.
- 7. Review and minimize** the administration work done on paper to benefit both the environment and your finances. Print individual brochures on the local color printer when they are requested, instead of receiving general deliveries and having to throw away large amounts of outdated information material.
- 8. Do not call** on workmen for small tasks in the office. Let the employees help with simple, quick tasks such as putting up shelves and changing light bulbs.
- 9. Postpone major** renovation work. Happiness at work is not dependent on the premises being newly decorated at great cost.
- 10. Have your staff** conference in an employee's summer cottage, or in an employee's home, instead of going on expensive conference trips.

“A central suggestion box on the intranet gives the bank’s employees the opportunity to contribute with ideas for improvement” Thomas von Schéele



More fruit for the employees, especially in times of crisis. That is Handelsbanken's plan.

Did you know...

... that on Fridays, the office employees at Handelsbanken gather to eat a breakfast of fresh bread and fillings, instead of biscuits and candy? The breakfast idea came from an employee who discovered that most people in the group preferred breakfast meetings to afternoon coffee breaks, which often come with unhealthy and expensive cakes.

► the final copy to the customer.” Another way Handelsbanken limited the waste of paper was by eliminating the thick packs of brochures that were previously sent out to hundreds of local offices. The staff grew tired of throwing away kilograms of paper and made their voices heard. “We now print all the brochures on the local office’s color printers, if the customers want the paper,” von Schéele says. “This benefits both the environment and our finances.” A central suggestion box on the bank’s intranet gives employees the chance to contribute with ideas for improvement. “All the tips that benefit the organization are rewarded,” von Schéele says. “Depending on how valuable the idea turns out to be, the employee can receive anything from a couple of hundred Swedish kronor to figures I believe once went up as far as a few hundred thousand kronor.” When other companies stopped de-

liveries of fruit baskets to save money, von Schéele did the opposite.

“We have to have energy,” he says. “Cancelling the fruit basket is the wrong way to save in stressful times. I’ve checked to make sure fruit deliveries are cost effective. We get better fruit than if one of us was to go shopping once a week. You get the right amount of fruit, not too much or too little; everything gets eaten and we don’t spend time fetching it.”

Another of von Schéele’s “contrary measures” has been to buy a coffee machine instead renting one, which is the normal move in difficult financial times.

“The staff help out by looking after our new coffee machine,” he says. “It’s cheaper in the long run because we’ve become good at haggling with suppliers when we buy supplies.”

“We don’t always use the bank’s central purchasing department to make our purchases, but we sometimes ask for advice. Our agreements always include full right to returns. We never get stuck with expensive bad purchases.”

Even though every employee’s voluntary, daily cost-effective efforts cannot be rewarded individually, everyone is happy to contribute.

“Everyone cares because they have a role in the social context and can contribute with what they want and know,” von Schéele says. “It boils down to everyone at our branch feeling a responsibility for every kronor.”

“Everyone feels that we don’t want to pay too much for things. It’s our money. I think everyone feels that.”

There are 461 Handelsbanken branches in Sweden.

“Overall, we have fewer people at each office than many of our competitors,” von Schéele says. “We’re also less specialized and more ‘all-round,’ so we can come in each other’s place and change work tasks when we want to or when necessary.”

He summarizes by saying that “smallness brings clarity,” and says that

it is possible to create small units with their own, clear financial responsibility within large organizations.

“Interestingly, small offices with fewer staff actually seem to find more time for the customers,” von Schéele says. “It’s easier to be invisible in bigger offices. When you see everyone, it’s harder to be a prima donna.”

In his time as a branch-office manager, von Schéele has gained a reputation of being a boss at offices that do very well and that achieve solid financial results.

“People are happy; that’s why it goes well,” he says.

What do you do to make the employees satisfied?

“It could be something as simple as remembering each employee – I always check afterwards on things we talked about last time. I’m always there for the staff on the days when their group manager isn’t here.

“When I come through the door in the morning, I often sit and have a long talk with someone with my coat and scarf still on.”

No expensive team-building activities, kick-offs or workshops are needed to strengthen the work groups, he says.

“It’s sometimes useful to meet in gym shoes, t-shirts and jeans, and not just in the usual bank clothes.”

On two occasions, von Schéele has been responsible for moving branch offices to new premises.

“The first time, the staff packed their own things on a Friday, moved everything together on a Saturday and finished with a crayfish party with our partners on Saturday evening. Doing a move together creates a fantastic commitment within the group.

“We’ll continue to fix everything at the office ourselves. We solve any problem, whether it has to do with the business or buying new chairs. And this sort of commitment is impossible if you’re not happy in the group.”

Text: Katarina Ahlfort Photo: Bodil Bergqvist

“Everyone must do their bit”

In a tougher market with greater competition, Ericsson has to cut costs, both large and small. It is important for everyone at the company to review their costs; there is a lot to be gained from cost obsession. Contact spoke to Ericsson’s CFO Hans Vestberg about cost obsession.

What is the difference between cost obsession and “normal” savings programs?

A savings program has a start and a clear target figure that you try to achieve. Cost obsession is more a question of culture, a way of thinking and acting on a daily basis. You also have to be aware that this means different things to different people. But in these times, we all have to see cost obsession as important and think about the best way to spend the company’s money in every situation.

Doesn’t cost obsession come naturally?

Yes, it does. And we have always made major savings

and considered our costs. But once again, we have had concrete target figures. As Ericsson employees, we may not have always been in the habit of constantly thinking about what we can do to spend less money, to always question costs. At many other companies, the employees think about the company’s expenses as though they were spending their own money, and we have lots to do there.

It is best for a company if individual units, departments and employees work with financial reorganization, so that they avoid central savings programs. If everyone in the company thinks in terms of “How can I work smarter?” or “I can do this cheaper,” we would be able to make many of the necessary savings.

How much support and input should come from group management in a cultural change such as this, and how much responsibility rests on each unit or work group?

There is a common responsibility. Group management could send out some interesting decisions on the issue. But in the end, it is about changing a mindset. At group management,

we want everyone in the organization to think about where you can make savings.

What have you seen and taken on board when you have looked at how other companies are working with such issues?

We have our core values of professionalism, respect and perseverance. If you look at other companies, there are those that rate cost obsession as a core value. We do not. We are standing by the core values we have; they will remain. But even if cost obsession isn’t one of our core values, we can take steps in that direction.

What should individual employees try to think about regarding costs?

You have to question much more. You should not be afraid to go to your manager with suggestions and ideas about costs. *Can you give examples of some successful initiatives?*

There are many, although I don’t want to highlight any one initiative above any other. I’m quite surprised by the effect it has had in six months: wherever I travel in the world, I meet employees who come up to me and talk about cost obsession. They want to show me the “little things” they have done. And that is what is important: we don’t expect people to find gigantic savings left, right and center. The point is that everyone is thinking about it.

Which changes regarding cost obsession do you want to see carried out at Ericsson within one or two years?

These are not to do with major changes, and, as I said, there are no target figures for cost obsession. So during the coming year, I hope we will all become increasingly aware of the costs we have and what we can do, and that everyone will do their bit.

Text: Johan Kvickström Photo: Bodil Bergqvist



Ericsson’s CFO,
Hans Vestberg.



Staffan Ålund installs a 10Gbps network card in one of the servers in the Ericsson-Intel Performance Lab.



ERICSSON-INTEL PERFORMANCE LAB

Testing the future

Banks of servers inside glass cabinets emit a **low buzzing sound** as they generate the capacity needed to test how future-generation IMS or applications for IPTV will work with the processors of tomorrow. This is the new **performance lab** at Telefonplan in Stockholm, jointly run by Ericsson and Intel.


STOCKHOLM
SWEDEN, EUROPE

The Ericsson-Intel Performance Lab is located in one of the biggest laboratory complexes within the Ericsson group. It is an extension of the Ericsson-Intel Technology Alignment Program, a collaboration that started three years ago with Intel, the electronics company that develops and manufactures Pentium, Core i7 and Xeon microprocessors. Within the program, the two companies meet regularly to discuss future market needs, networks and technology.

“It’s been so successful that we both realized we wanted deeper, more hands-on cooperation,” says Jonas Bjurel, one of Ericsson’s experts at Core & IMS.

“So in August 2008 we agreed to build a common lab to evaluate how Intel’s new technologies could be used in Ericsson solutions.”

The lab gives Ericsson access to next-generation technology from Intel so that together the companies can determine – at an early stage – what is required to successfully combine their technologies and solutions. In other words, they want to be first to produce architectures that suit faster processors, new memory technology, more energy-efficient technology and faster communication over IP.

So far, customers have not been invited to see the work going on; the lab is being used for internal evaluation only. But Bjurel says that the innovation being nurtured in the lab is highly likely to lead to ideas that will be interesting to demonstrate to customers.

One current prototype project is looking at creating, with the help of new processors and memory technology, ►

“This is where we test the future. We haven’t previously carried out combined activities like this.” Staffan Ålund



Jonas Bjurel with one of the open servers at the lab.

▶ a smaller, far more energy-efficient and less complex node for Home Location Register (HLR), the database that contains positioning information for mobile phones using GSM and WCDMA. This would not have been possible with older technology.

“Such knowledge is an advantage for both companies,” Bjurel says. “Intel gets a better insight into the telecom industry’s special requirements, and Ericsson can work out how best to utilize new technology before the project is actually launched. We can then remove some delays in projects and launches, and we can also predict which opportunities may be open for our competitors.”

There are many trends behind the cooperation between Ericsson and Intel. The clearest is perhaps that, when it comes to the core, service and multimedia segments, the industry is now

moving towards x86-processor architecture, the Linux operating system and all-IP. This means a consolidation towards server technology as platforms in these networks. In addition, new memory technologies are on the way, such as Flash and solid-state memory – primarily driven by the consumer segment in the form of cameraphones and MP3 players. This technology is faster and more energy-efficient than its mechanical predecessors and is of great interest to Ericsson, especially as a replacement for primary storage in large real-time databases, which require more capacity.

Staffan Ålund is system manager within Core & IMS at Ericsson. He says that hardware will remain important and that it forms the foundation that new technologies are built on – the lab means that Ericsson can get an overview of next-generation processor technology and, most importantly, how this can be used with Ericsson’s future applications, software and platforms.

So, if you find yourself among the thousands of cables, the humming cooling facilities and the blinking servers at Ericsson’s premises at Telefonplan, you can actually stretch out your hand and touch innovation. Ålund says, the lab is a part of Ericsson’s strategy for cementing its technological and innovative leadership.

“This is where we test the future,” Ålund says. “We haven’t previously carried out combined activities like this. We’ve had individual projects, where we’ve evaluated technology

and where we’ve had access to Intel’s latest technology. But the lab gives us a mosaic of new technologies from all of Intel’s units. In this way, we build a database of experience that is accessible to all units within Ericsson.”

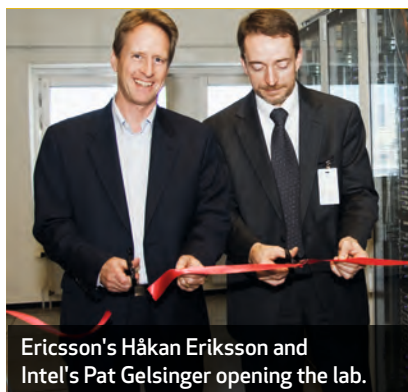
Pat Gelsinger, head of Intel’s Digital Enterprise Group, agrees.

“It’s been exciting to see how the relationship between Intel and Ericsson has strengthened in recent years and this common lab strengthens it further,” he says. “I see Ericsson as a true technological leader and innovator, and we have a lot to gain from our R&D units working together.”

So has Ericsson managed to build its own crystal ball? Bjurel and Ålund are both quick to point out that the lab is a center for assessment. They say that new technology often experiences an early boom and is therefore pushed forward way too early in product form. The result is a poorly functioning product with a bad reputation – which in turn leads to another, new technology replacing the first one. Many companies have wiped themselves out just because they have written off or driven forward new technologies far too early.

“The lab gives us better opportunities to make well-formed assessments about the future, but these are just assessments,” Ålund says. “The most important thing is that we follow, test and evaluate technology trends, even those that at first glance seem immature or very far off.”

Text: Staffan J Thorsell Photo: Gunnar Ask



Ericsson’s Håkan Eriksson and Intel’s Pat Gelsinger opening the lab.

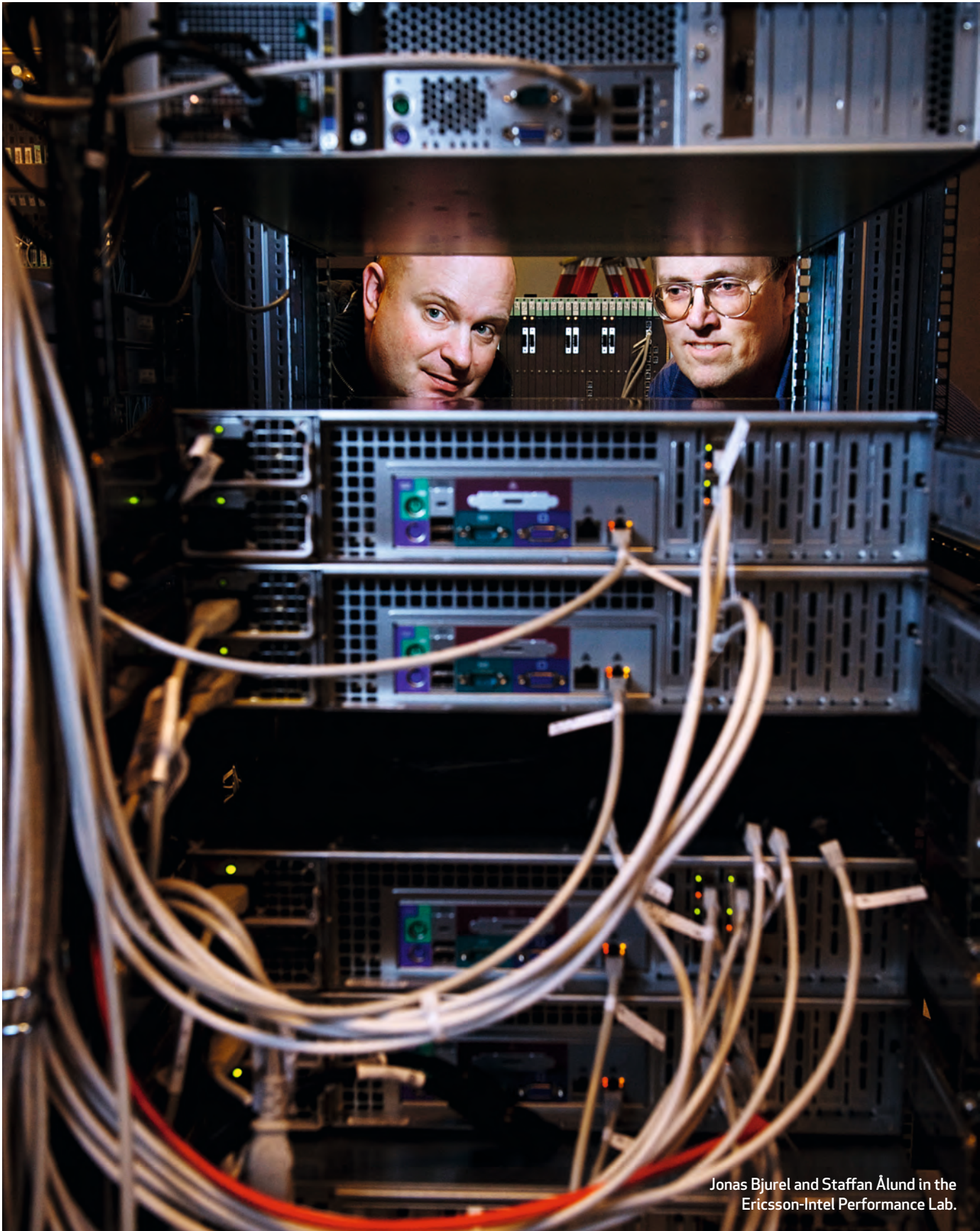
THE LAB IN BRIEF

1. The lab is a collaboration between Ericsson and Intel and is jointly governed and financed. The lab will – together with the Ericsson-Intel Technology Alignment Program – provide a powerful tool to explore new and potential disruptive technologies and early workload tuning.

2. The lab provides opportunities to set up test benches interoperating with Ericsson solutions such as MSS, IMS and IPTV. It is primarily intended for early evaluation of new processor, memory, storage, power conservation and reliability technologies that can have a significant impact on the

way Ericsson designs its nodes, networks and solutions. It also provides an important test bench for legacy applications.

3. Although hosted by Development Unit Core & IMS and Business Unit Multimedia, the lab is open to any of Ericsson’s R&D units.



Jonas Bjurel and Staffan Ålund in the Ericsson-Intel Performance Lab.

»» **Want to use the lab?** »»

“Nobody works in the lab itself because the working climate and the noise make for poor working conditions”

Jonas Bjurel

Did you know ...

... that, in 1971, Intel created the world's first micro-processor, the Intel 4004?



Hans Nilsson and Joe Armstrong measure the performance of the HLR prototype, which is being tested in the lab.

Some tests take months

The Ericsson-Intel Performance Lab, which was officially opened on February 27, 2009, is available for all units within Ericsson. So what do you do if you want to test your innovation?

“**You have to** submit a description of what you want to evaluate and how long it is expected to take,” Jonas Bjurel says. “After the project, you should also submit a report about the result and the experiences you’ve gained. This is presented in the form of a wiki on the lab’s website.”

The projects that are submitted are first assessed by a reference group from Ericsson, then by a common steering group made up of both Ericsson and Intel personnel. All project groups get access to one support person from Intel

who can help solve problems, suggest ways to optimize a particular implementation or interpret the result.

The project’s relevance to Ericsson, the relevance of the technology for potential problems, intellectual property rights (IPR) and patent status form the basis of the assessment.

The time for the projects varies from weeks to several months.

Bjurel says that it is hard to estimate how many people work in the lab. One person works part-time with lab administration and support. Then there are project members.

“But nobody works in the lab itself because the working climate and the noise make for poor working conditions,” Bjurel says. “The projects are run remotely, often from Ericsson’s

international design centers.”

Projects from Sweden, Spain and Hungary were in progress when Contact visited.

As well as the actual projects, Intel takes part in regular steering-group meetings, where projects are prioritized and followed up. Once every six months, Intel and Ericsson managers meet with Pat Gelsinger, Intel’s head of Digital Enterprise Group, and Ericsson’s CTO Håkan Eriksson to evaluate the results from the work in the lab.

“We’ve been cooperating in the Ericsson-Intel Technology Alignment Program for almost three years and the lab is the next step in combining Ericsson and Intel’s strengths in technology,” Eriksson says.

Text: Staffan J Thorsell Photo: Gunnar Ask



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ERICSSON 
TAKING YOU FORWARD

On a 3G mission

Blown away by enthusiasm for the **Facebook phone**, 3 UK's Marc Allera explains the transition from being a 3G maverick **to embracing** the mobile internet completely.

The young enterprise launched in the UK in March 2003 seems almost like a headstrong teenager with its embrace of the internet and internet services such as Skype and Facebook, and its self-described role as a challenger to older operators. What lies beneath the surface, however, is something less radical: a forward-thinking business plan with stable and sustainable revenue streams. But just how is the company grabbing the bull by the horns and riding it into the future?

"Mobile internet," says Marc Allera, director of Sales and Marketing at 3 UK.

Despite the fact that 3 UK is not one of the larger mobile operators in the UK, Allera sees the company as a leader in mobile internet, and says that its path to leadership began with



Marc Allera

bringing mobile broadband to the masses.

Mobile broadband and its benefits, once overpriced and with restricted distribution seemingly targeted at men in gray pinstriped suits, are now available to a larger group of customers. Allera says with a smile: "We basically exploded the mobile broadband market wide open."


As 3 UK entered the market, it brought mass-market pricing and propositions, such as pay-as-you-go. "We gave the customer more possibilities, and now, in just a year, we're the market leader, with close to 1 million subscribers. I think a key reason for this is that we're different."

He adds: "We have always been at opposition with the approach of the incumbents," which is what he calls older, more traditional mobile operators. "We're proud to have a different philosophy where we embrace the internet. We're trying to differentiate ourselves based on pro-

ducts and services, unlike the incumbents, who are trying to block access for customers and hold on to every penny they can manage. Our belief is that you can either fight against the tide of customer demand, or you can embrace what they want, and do something about it.

"We much prefer the latter approach," he says, laughing. "And we're starting to see the benefits from this approach, in terms of services take-up and increased customer satisfaction. I like to think that 3 UK is gaining a reputation as a leader into the new world of mobile internet, which is what we were born to be."

Indeed, while other mobile operators are wary of internet companies, 3 UK is practically giddy. Allera speaks proudly of 3 UK's customer vision. "We want to empower the customer to get whatever they get on the internet on their mobile, and we've made great progress toward



this end in just the last year. At the start of 2008, our four main internet communication services had almost 400,000 users. As the year draws to a close, usage has increased to nearly 1 million."

Obviously, 3 UK does not see the internet as a threat, but as a significant opportunity. Allera explains: "For example, we're seeing a tremendous growth in demand for social networking. If you talk to companies like Facebook, they say that they see that one day, pretty much all of their traffic will move to the mobile. That's a tremendous opportunity right there, one that we have jumped on with the INQ1 phone."

INQ1, referred to by some as the "Facebook phone," was released in December 2008 in cooperation with London-based mobile-phone manufacturer INQ. The phone integrates a user's Facebook profile into the heart of the device as well as offering services such as Skype calling,

Windows Live Messenger, and Last.fm integration.

When it first approached Facebook about the possibility of the INQ1, 3 UK was blown away by the internet company's enthusiasm. "They have previously been frustrated with their own experience of trying to access Facebook on mobile, along with the fact that it was stopping their customers from accessing their services more often," Allera says. "When we showed them what we thought we could do, they said that it was exactly their vision online taken to a mobile environment."

Allera is not surprised by Facebook's previous frustration; it is something he has seen all across the market. "Customers have been let down by the industry over the past few years," he says. "There has been such incredible over-claim and hype, and when customers finally got to use the

products and service, the experience just wasn't good or consistent enough. Add confusing pricing to that, and it's amazing how many hurdles we've put between the customers and a great mobile experience."

With its focus on mobile broadband, 3 UK has moved its marketing to focus on the wider benefits of 3G. By pushing the mobile broadband message, the company is catering to the needs and desires of the user rather than trying to change consumer behavior.

"This is different from our approach of about four or five years ago, when we were trying to push 3G services, like making video calls or watching football games on the mobile," Allera says. "It was very difficult, particularly when you're a lone voice like we were," Allera smiles and shakes his head. "We were the Lone Ranger, trying to talk to our customers about something they've never done before when the others were ▶



“We were the Lone Ranger, trying to talk to our customers about something they’ve never done before” Marc Allera

► still very much focused on 2G voice and text.”
Now, Allera says, 3 UK is more about extending what consumers already do on the PC to include the mobile as well. “We’re not trying to change anyone’s experience; we’re trying to improve on it by adding flexibility, mobility, and the ability to continue their online interaction even when they leave the house.”

But a company that features services such as Skype, which basically decrease its mobile-call revenues, simply could not be financially successful – could it?

It may seem unlikely, but 3 UK is successful. For 2007, the average revenue per active user was GBP 43.40 (USD 63.15), 33 percent of which

was from non-voice services. This is up from 29 percent in 2006.

“The key for us is to be smart about how we work, and structure our business for the internet world,” Allera says. “We’re not working to have a 2G cost base and a 2G way of working. If you set yourself up for success in the mobile internet world, and you get your head in that space in terms of revenue and margin and how you manage the customer, then it is possible to have sustainable revenue streams.”

Allera explains that this 3G approach can be seen in the company’s network rollout, which it is working on with T-Mobile. The 50:50 joint venture will supervise the creation and operation of their shared 3G access networks; and by combining

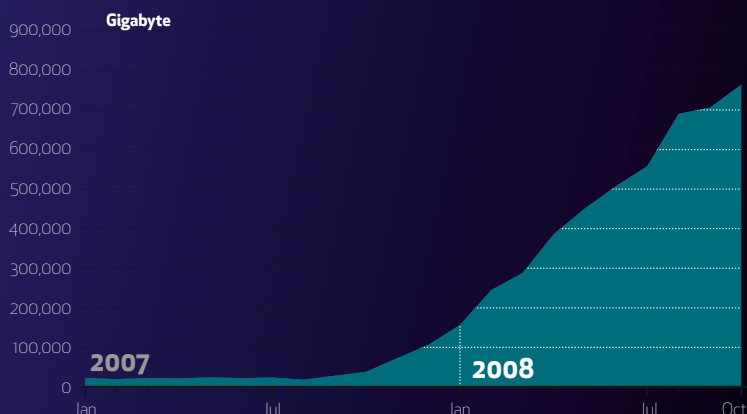
the infrastructure over the next two years, the joint venture is expected to result in significant savings in operating costs, together with lower future capital expenditures.

“We began with the first 3G-only network, and today we have the largest and most extensive 3G network in the country with some 7500 base stations around the nation, which is probably 2000 more than our closest competitor.”

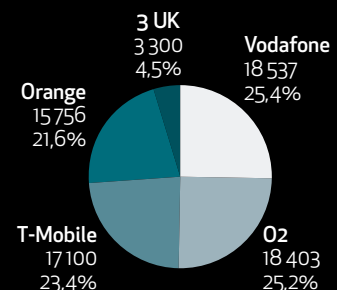
With this new rollout, Allera says that 3 UK’s broadband coverage will be closer to 98 or 99 percent population coverage, so that, starting from the second half of 2009, every day it will bring 3G mobile broadband capabilities to 10,000 more people in the UK.

☒ Text: Christine Luby Illustration: Ebba Berggren

▼ THE INTERNET DIVIDEND-DATA USAGE IN 3UK’S NETWORK



▼ UK MOBILE OPERATOR MARKET SHARE Q1 2008



Källa: The Worldwide Directory of Mobile Network Operators 2008

Stockholm, 1957

Indian Prime Minister **Jawaharlal Nehru** called in at Ericsson's main factory at Telefonplan in Stockholm during his short state visit to Sweden at Midsummer 1957. Ericsson's CEO at the time, **Sven Ture Åberg**, led the hour-long guided tour. Nehru was particularly interested in the exhibition hall, where he was quickly able to find out a lot about Ericsson's products.

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
History Which year?	Gary Thuerk, also called "the father of spam," sends the first unwanted e-mail.	Pope John Paul I dies after just 33 days in office.	The Rolling Stones release the album Some Girls and the film Deer Hunter has its world premiere.	Ericsson signs a very important AXE contract in Saudi Arabia.	In tennis, Björn Borg wins his third consecutive Wimbledon title. The FIFA World Cup is held in Argentina.
Geography Which country?	This is one of the world's largest producers of beef, wool, wheat and maize.	In 1920, Ericsson became part owner in Compania Entrerriana de Telefonos S.A. in this country.	This country is Latin America's third-largest economy.	It is situated at the southern end of South America and the Andes mountain range forms its border in the west.	Football legend Diego Maradona was born here and so was actress Evita Péron.
Culture Which rock group?	This group was formed in England in 1968 following the break-up of The Yardbirds.	Their first album was released in 1969 and contained the song Communication Breakdown.	This "high-flying" rock band was one of the first to be associated with heavy metal.	The singer is Robert Plant and the guitarist is Jimmy Page.	The band's best-known songs include Stairway to Heaven and Whole Lotta Love.
Sport Which sports event?	Jules Rimet came up with the idea for this tournament.	Sony Ericsson has been named the official handset provider for this tournament in 2010.	Ericsson's service delivery platforms will make it possible to see the games on mobile phones in 2010.	The tournament is held every four years.	Italy will try to defend the title in South Africa in 2010.
Trade & industry A telecom operator	The company was privatized in three stages, which were called T1, T2 and T3.	In October 2006, the operator launched its Next G network in its home country.	Ericsson won an early and major managed services contract with this operator.	Sol Trujillo recently resigned as CEO.	The company is Australia's biggest fixed-telephony vendor.
Technology A communications system	This system has a modular construction with a function block, making it highly flexible.	This technology began the digitalization of telephone networks.	It is built on the PLEX programming language.	The world's first station of this kind came into operation in Södertälje, Sweden, in 1976.	You can also chop wood with this in one spelling of the word.

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 ANSWER

History: 1978; Geography: Argentina; Culture: Led Zeppelin; Sport: FIFA World Cup; Trade & Industry: Telstra; Technology: AXE; The picture: 1910 in Odense in Denmark.

