

Contact

The world's best brands
PAGE 24



Doris is driving the new brand

New possibilities

Pages 16-25



CARLOTA PEREZ, PROFESSOR OF TECHNICAL AND SOCIOECONOMIC DEVELOPMENT:

"Our lifestyles may have to change radically." Pages 32-34

How it works:

MMS - MULTIMEDIA MESSAGING SERVICE
Page 5

Base stations shipped green and cheap

Page 10



PHONE
LINES
LIFE
LINES

Ericsson's mobile telephony is helping
people worldwide stay safe, be healthy,
bank money and make a living.

ericsson.com



Ericsson in Katrineholm

The factory running in the right direction again

Pages 26-30

Giant steps

Who said things were quiet at Ericsson during the vacation period? Not me, and that was particularly the case this year. Let's start at the beginning. In June, it was announced that Hans Vestberg would be taking over the helm at Ericsson from Carl-Henric Svanberg. This change was received positively, especially by the market, and the announcement did not come as a great surprise to anyone. The information handover between the two of them is now underway.

We have also managed to break into two new geographical areas with managed services. First, we got our first managed services contract in Africa with operator Zain in Nigeria. A few weeks later, we announced a major deal with Sprint in the US, a breakthrough into the North American market. During the same period, we also managed to win the auction for Nortel's CDMA and LTE businesses in North America.

As if that was not enough, we and our respective partners appointed a new CEO for both Sony Ericsson (Bert Nordberg) and ST-Ericsson (Gilles Delfassy). That totals six major events in just a couple of months, in addition to the usual quarterly report.

The developments in North America are of particular interest. The deals with Sprint and Nortel (provided that the Nortel acquisition goes through from a legal perspective) mean that we've completely redrawn the map in the US. Add to that the major wireline contract with AT&T, which was recently finalized, and we are suddenly the biggest vendor in the region. Talk about taking giant steps.

And if we play our cards right, we will have fantastic opportunities to further strengthen our position – especially considering all the new competent employees who will join Ericsson through these deals. We now have about 14,000 employees in North America, almost double what we had earlier in the year.

This type of business development, together with our new brand platform, which is being inspired by the advantages that telecommunications brings to the world, means that Lars Magnus Ericsson's vision about the importance of communication in making the world a better place remains strong.



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



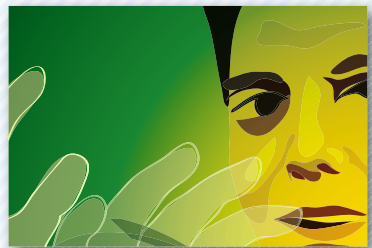
NEWS

- ▶ 9 Meet Sven Varkel, the man behind the award-winning **E-Heat**
- 10 New environmentally responsible base station packaging
- 11 New Ericsson book launched
- 11 **eJobs** help you find the right position and colleagues
- 12 A day in Africa with Benny Iguchi-Eppstein
- 13 **Compete and win**



COVER – THE NEW BRAND

- 17 Behdad Banian, brand manager at Ericsson: "We need to be more aware of the world around us."
- 19 How a **brand driver** works
- 20 New brand strategy already applied within R&D
- ▶ 23 Lisa Fortini-Campbell, **brand expert**: "Many large companies miss the core question."
- 24 **List**: The world's most recognized brands



PLUS...

- 4 Winner of the **strategy quiz** announced
- 5 How it works: MMS
- 26 Hope returns to Katrineholm
- ▶ 32 **Carlota Perez**, professor of technical and socioeconomic development: "We're experiencing a structural shift more than an economic crisis"
- 35 A **typist's** last day at workD
- 36 Test your general knowledge

Contact

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Have your say

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

contact.comments@ericsson.com

HOW CAN I GET CONTACT NEWSLETTER?

I have seen in Contact that the magazine is now being complemented with the Contact Newsletter. Because I worked as an employee for many years and am now a pensioner, I get Contact sent to me, which I greatly appreciate. I would also like to receive Contact Newsletter, so that I can get the whole package. How can I do this? Is it mailed out or do you have to pick it up somewhere?

Olof Karsberg, Sweden

ANSWER Contact Newsletter is electronic and mailed out to all employees

six times per year. Unlike the magazine, only those who currently work at the company have access to the newsletter. This is partly the result of logistics – we cannot handle external e-mail addresses in the mail send-outs. And it is partly because the content in the newsletter is sometimes of a more internal nature in comparison with the magazine.

The editor

CONGRATULATIONS!

Neeraj Priya Bhatt, who works at Ericsson in India, won the Strategy Quiz in Contact and on the intranet. We received more than 2700 entries and many of the entrants answered all the questions correctly. Bhatt, whose name was drawn out of the hat as the winner, will receive a new Sony Ericsson



Neeraj Priya Bhatt

W995. A further 10 entrants who answered all the questions correctly will each receive a new pair of sunglasses, the same type as used during the Volvo Ocean Race. Correct answers: B,B,B,A,A,C,B, A,A. (NOTE! Question 7 has been eliminated because it was rather unclear).

The editor

CREATE YOUR OWN QUIZ!

Would you like to test your colleagues on your knowledge of telecoms? Get in touch with us at editorial. We would like you to contribute innovative and tricky quizzes for the back page of the magazine. The rules are simple, read more here: http://internal.ericsson.com/page/hub_inside/news/magazines/contact/readers_quiz.jsp

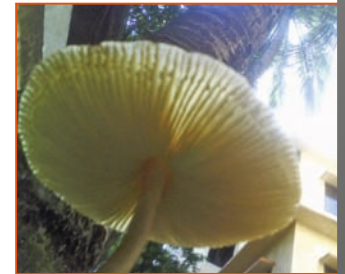
The editor

Readers' pictures



This is a photo I took of a beautiful butterfly with my Sony Ericsson W880i on the Greek island of Kálymnos.

Marios Pettersson, Sweden



The underside of a mushroom. This photo was taken with my W395.

Samiul Amil, Bangladesh



A snapshot of Upper Kachura Lake (a lake of clear water) in Skardu. I took this shot with my Sony Ericsson Pri on September 24, 2009.

Kamran Iqbal, Pakistan

Welcome...

PHOTO: GETTY IMAGES



... to Ericsson, Enya Wu

... who graduated from the Renmin University of China with a Master's degree and who has been responsible for recruitment activities within R&D in Beijing since January.

What made you apply for this job?

Firstly, Ericsson's 133-year history is really attractive, even for

our generation. Secondly, there is the work atmosphere. And thirdly, China is now one of Ericsson's biggest markets. I don't want to miss the opportunity to witness the next business legend in the telecommunications industry.

What has been your main focus area?

This has been the candidate

selection for the R&D departments in Beijing and Chengdu, and promoting campus relations nationwide. Finding effective ways to hire enough qualified employees has become one of our biggest challenges. Within campus relations, I get the chance to establish long-term strategic links with the best Chinese universities.

Web poll

44%

... of 286 Ericsson employees say that they have discussed Ericsson's strategy in their workgroups this year.

Source: intranet

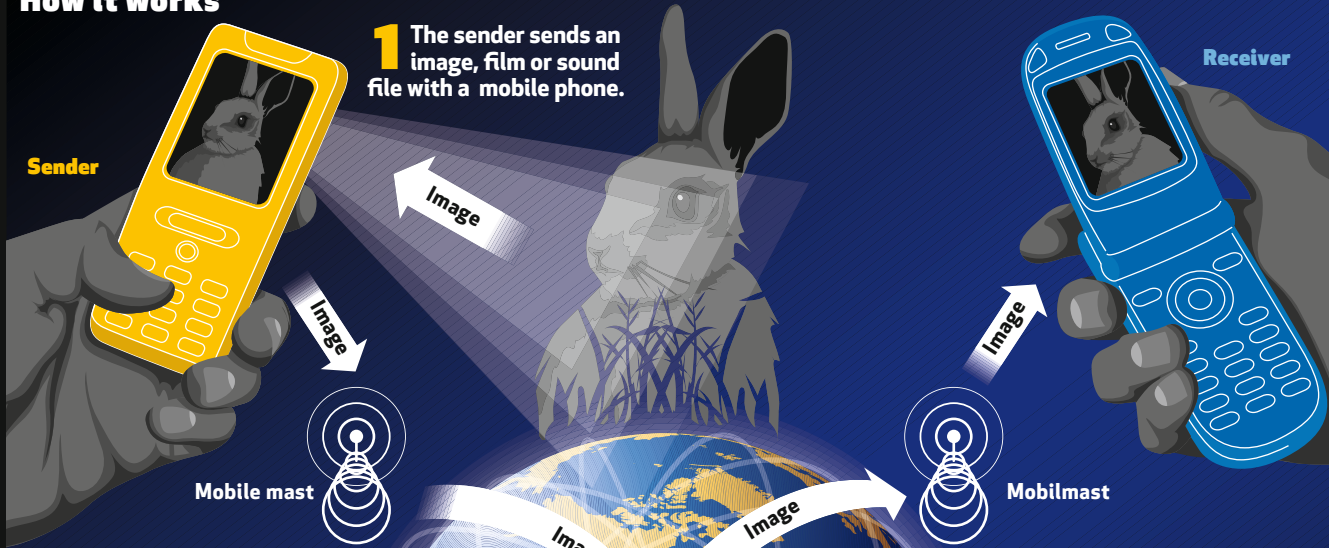
Have you been asked ...

...ABOUT MMS?

MMS – Multimedia Messaging Service

MMS is the advancement of SMS technology. The difference is that, in addition to text messages, you can also send digital images, video clips and sound files.

How it works



1 The sender sends an image, film or sound file with a mobile phone.

2 The information is sent via a mobile mast...

4 The information is automatically downloaded from the internet address at the Multimedia Messaging Service Center via a mobile mast to the receiver's mobile phone.

Quick Facts

- MMS is a combination of SMS (Short Message Service) and WAP (Wireless Application Protocol);
- WAP is a technology that makes it possible to use the internet from mobile phones and other devices;
- The cost of sending an MMS depends on your subscription or certificate of value. It costs nothing to receive an MMS.

3 ...and on to a Multimedia Messaging Service Center, where the information is stored until the receiver downloads it.

SMS versus MMS

Largest size per message.

SMS | Maximum 160 bytes (160 characters)

MMS | **approximately 300 kb (300 000 bytes)**







Sole ownership secured

Xiaoqiang Que, who works at the Shanghai Ericsson Electronics factory, is gluing the thermocouple to the surface of a power module with a UV gun. This is part of the preparation for terminal verification. Shanghai Ericsson Electronics was formed in 1996 and is based in Jiading, about 30 kilometers northwest of the city of Shanghai. In May this year, Ericsson became the sole owner of the factory, which employs about 270 people, most of whom are involved in manufacturing telecom modules, such as power modules and radio frequency synthesizers.

PHOTO: ANDERS ANDERSSON

Wooden mobile soon a reality

TECHNIQUE Japanese mobile operator NTT DoCoMo announced at ITU Telecom World 2009 in Geneva, Switzerland that it has developed a mobile phone prototype made of wood from surplus trees culled during thinning operations done to maintain healthy forests. The prototype is made from cypress wood, which has excellent durability. The wooden mobile phone was created in collaboration with Sharp and Olympus and is called Touch Wood.

Source: NyTeknik

Forbes meets Svanberg

INTERVIEW In an exclusive face-to-face interview with Forbes, Carl-Henric Svanberg is frank about the difficult years after 2001 and the future of the telecom giant. Talking about the period after the burst of the telecom bubble, Svanberg says he learned to never take anything for granted and that "there was one thing we agreed internally – never, ever get into a situation where we can't steer our own destiny."

Source: Forbes.com

Quarterly winner

CONTEST Each quarter, Business Unit Test Environments (BETE) gives an award for the solution or way of working that is regarded as being the most innovative, results in major cost savings and promotes co-operation. In September, the winner was "GGSN sharing within BETE," which helps minimize the investment cost in new nodes. Read more at: internal.ericsson.com/page/hub_testenvironments/news/newsarchive.

South Korea takes the lead in the broadband race

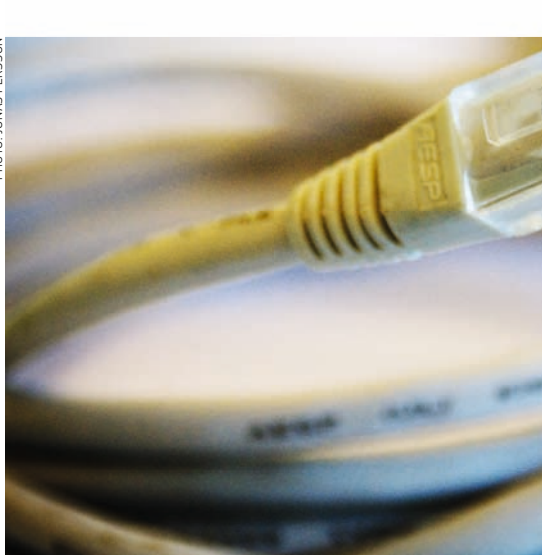
South Korea takes the lead in the global broadband race, according to a recent survey by Gartner.

REPORT Despite the global economic crisis, the number of broadband connections in the world is increasing. Analyst firm Gartner estimates that one in five households in the world will have fixed broadband in 2009.

Sweden overtaken

This means that 422 million households will have fixed broadband this year, compared with 382 million in 2008.

PHOTO: JONAS PERSSON



Despite the global economic crisis, the number of broadband connections in the world is increasing.

Sweden, with its 54 percent, has been over-

taken by countries such as South Korea, where

93 percent of households now have fixed

broadband; in the Netherlands that figure has increased from 80 to 88 percent and in Denmark from 75 to 81 percent from 2008 to 2009.

Lower prices

According to the report, this growth is driven by an increase in PC ownership, lower prices for PCs, and people switching to broadband from dial-up connections.

☒ Sofia Falk

"This is a good deal for Ericsson. It will strengthen its position in North America and also help outpace its competitor Nokia Siemens."

Jouni Forsman, analyst at Gartner, on Ericsson's acquisition of Nortel's CDMA and LTE operations. Source: News Agency Direkt/Dagens Industri July 27, 2009

By the way...

NOTED ... you can register at Installed Base Management System (IBMS) on the intranet to access useful information about Ericsson contracted products (proprietary and sourced) operating in customer networks.

... **Ericsson and TANDBERG** won three awards, one for each product area, in Solution Area TV, at the International Broadcasting Convention in Amsterdam.

... **almost 60** percent of the world's population now has GSM and WCDMA-HSPA.

... **Ericsson launched** the latest version of its Info Service on October 1 – a web publishing tool for news, project information, organizational changes and products.

... **Ericsson will be** a founding member of the Advisory Board of the Digital He@lth Initiative, a multi-stakeholder partnership aimed to accelerate the achievement of the Millennium Development Goals for health through the utilization and promotion of digital health solutions.

NEW CONTRACTS

► **US** MetroPCS has selected Ericsson as its network vendor for its upgrade to LTE. This deal positions Ericsson well in North America and could help it secure deals with other CDMA operators.

► **Sweden** Ericsson has finalized a field service agreement for fixed networks with Telia Sonera in Sweden. The agreement covers: maintaining the cable network in three regions in the south of Sweden; corrective maintenance for all Swedish AXE nodes; and deploying transmission nodes in some areas. The two-year deal includes an option to extend for another year.

The fact that the contract is for fixed networks is particularly noteworthy, as this area represents a much larger value than corresponding services for mobile networks.

► **Sweden** Cable TV operator Com Hem is to launch TV on demand via an interactive platform supplied by Ericsson. The project has been implemented byn TANDBERG Television, a part of Ericsson Group, and Market Unit Nordic and Baltics. The on-demand TV platform supports a wide range of advanced services, such as video on demand, catch-up and start-over TV programs, and music on demand.



PHOTO: STEFAN BORGJUS

Sven Varkel is one of the winners in Sustainovate 2009.

Energy saver a winner

Sven Varkel and his team at Ericsson in Estonia were one of three winners in Sustainovate 2009 for their Ericsson Heating and Energy Saving Application Toolkit (E-Heat) entry. Varkel is a project manager within software development and is a true inventor.

PROTOTYPE The E-Heat application is designed to save energy in the home. Varkel says: "E-Heat helps people save energy in their houses in an easy way. The idea is that, via your mobile phone, laptop or the remote control for your TV, you can adjust the temperature level in your house and, as

a result, the amount of energy you use."

Frustrating

Furthermore, E-Heat will also show you how much money you actually save by using the application. On your mobile phone or laptop screen, you can clearly see heat levels and their relation to the actual cost of energy, in real time. If you reduce the temperature a couple of degrees, the financial saving is shown as a graphic at the same time.

"The idea came about after a meeting with Styr and Ställer, a small Swedish company that works with energy and heating systems," Varkel says. "The project team

consists of members of that company, as well as me, Raigo Raamat, Tarvo Treier and Jevgeni Holodkov from Ericsson in Estonia."

Varkel adds that the team's biggest challenge during the project has not been solving the technical details, but struggling with the decision-making processes within Ericsson, which he thinks can be long and frustrating.

Throw a party

"E-Heat is not ready to be used yet; the next step is to produce a prototype that we can show at events," Varkel says. "But that takes time. Luckily, we have a lot of support from Thomas Kinnman, Kjell Wallin

SVEN VARKEL'S ADVICE FOR INNOVATORS

- ▶ Believe in your idea
- ▶ Don't give up
- ▶ Have lots of patience

Read more about Sustainovate 2009 at internal.ericsson.com/page/hub_inside/news/090611_sustainovate.jsp

and Erik Oldmark at Ericsson, who are helping us drive this forward."

Varkel already knows what he will do with his sek 50,000 winnings.

"We'll split it equally within the team and then we'll have a party for our colleagues," he says. "After that, I think I'll spend some on books and trips."

☒ Sofia Falk

Internet turns 40

BIRTHDAY Forty years ago on September 2, a group of scientists at the University of California, US, managed to get bits of data to pass from one computer to another through a network cable. They were working on the government-supported ARPANET project, the forerunner of today's internet. The first message between two units was sent on October 29. "Lo," it said. The system crashed before the whole word "LOGIN" was typed.

Source: Boingboing.net



Bharti launches venture fund

BUSINESS The Times of India reports that Bharti Airtel, the country's largest private telecom operator, has launched a venture fund with an initial investment of USD 44 million to promote content and technology development. This is the first time that a dedicated venture fund platform has been conceptualized for telecoms in India. This means Bharti Airtel has jumped on the bandwagon of global telecom companies, such as Deutsche Telekom and Nokia, which also have venture capital arms.

50%

... is the figure that Facebook is planning to increase its staff numbers by before the end of 2009. Today, the company has about 900 employees.

Source: Socialnomics and Facebook.com

Hello...



... **Hans Åkeby**, R&D security manager, has the overall responsibility for the Hub program that is currently consolidating the R&D IT environment from 37 sites to seven new R&D IT hubs in key locations around the world.

Why are you doing it?

In the beginning, the idea behind the migration was to improve security and to create better IT synergies across the organization. But we have realized that such projects can also save a lot of money. We hope to reduce IT costs by 30 percent per R&D user by creating one hub in Canada, one in Germany, one in China, and four in Sweden. All the IT R&D sites, including some Industrial Production Units and Global Competence Center sites, will be consolidated into the seven hubs by 2011, with an expected cost reduction of SEK 500 million annually.

Will there be any redundancies?

Not for R&D. In fact, it will allow more people to work for R&D because by implementing this centralized IT infrastructure, people can hook up to the network from their pcs wherever they are and without waiting for us to set up a local IT structure.

How will staff benefit from this project?

By consolidating our IT sites, we can invest in newer and better technology. We also aim to have a smoother-running IT environment with more capacity and availability benefiting the individual R&D user.

☒ Torunn Tangen-Hansen

Cardboard is base station's best friend

Ericsson will save millions of Swedish kronor every year thanks to a new way to pack base stations for transportation. Corrugated cardboard is replacing plywood and metal, as it is lighter and has a lower environment impact, while remaining plenty strong enough for the job.

ENVIRONMENT Freight accounts for about 40 percent of a product's total packaging costs at Ericsson. The goal is to reduce packaging weight by 30 percent and material costs by 20 percent.

Peter Adamsson, project manager for the new base station packaging, says that base stations from the Gävle factory have already been packed in the new material for a few months. The first base stations that are being packed in cardboard are the RBS 2216 for indoor use and the new 6000-series 6201. Eventually it is hoped that it will be used for all products.

"Next in line are our factories in China and



PHOTO: PER MTHREMED

At the Gävle factory base stations have already been packed in the new material for a few months. Here is Peter Adamsson, project manager for the new base station packaging with one of them.

then India, where we will do a test at the end of the rainy season during the worst possible conditions," Adamsson says.

Tough material

Corrugated cardboard does not sound particularly solid, but the material has proved to be very tough, he says.

And it is not just the cardboard that is new: the company's whole

way of thinking about packaging has changed. Previously, planning the packaging was done at the end. Now it happens in the beginning, as an important part of the product planning and design for environment.

2500 times

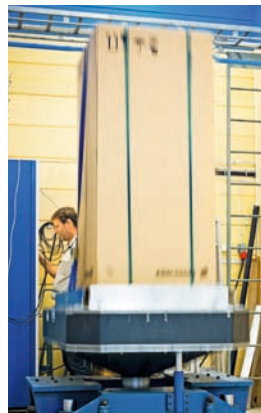
"We sit in on product design sessions in development projects and have now become an R&D

unit," Adamsson says. "With systematic work, we can significantly streamline the packaging and save a lot of space."

The new packaging also has other environmental benefits. The company not only saves on transportation emissions because of the reduced weight (in one year the weight savings of the RBS 2216 and 2116 correspond to carbon emissions that could drive a Volvo S80 car around the world 2500 times) but also in recycling terms.

"Wood and metal used together is difficult to reuse," Adamsson says. "You can't grind it down, and in Japan, for example, it costs SEK 1000 to get rid of a plywood box as landfill. The same box costs SEK 600 to buy new."

☒ Lars Cederquist



HOW THE NEW PACKAGING IS TESTED:

- 1.** The material (corrugated cardboard) is exposed to temperatures of 40C and 90 percent humidity for 72 hours.
- 2.** Two base stations are stacked on top of each other in the new packaging, and the package is dropped repeatedly onto a concrete floor from a height of 30cm.
- 3.** A packed base station is vibrated on a table for four hours.
- 4.** A packed base station is placed on a cart and driven at a speed of 7km per hour straight into a wall.

New book about Ericsson

“Changing the World” tells the story of Lars Magnus Ericsson and his successors and has now hit the bookstores. The accounts are based on hundreds of interviews with key people inside and outside both Ericsson and the telecom industry, as well as in-depth research.

NEW BOOK The book is written by Swedish authors Svenolof Karlsson and Anders Lugn and examines the many factors that helped Lars Magnus Ericsson and his company as it grew

from a small shed in Stockholm in 1876 to its position today as a world leader in telecom.

The book has been funded by Ericsson but is not an official history, and the comments and conclusions are those of the authors.

Henry Sténson, Senior Vice President and head Group Function Communications, says:

“Telecommunications is increasing in importance in the development of a sustainable and prosperous society. We felt that a book about the history of telecom-

munications and Ericsson’s part in it would be interesting and relevant.

While it is an account of Ericsson’s work and was commissioned by us, it is also important to note that we have given full independence to the authors. This book is their account and makes for great reading.”

Both the Swedish

edition and the English-language version are available for

purchase before Christmas. It is up to each market unit to handle employee purchases.

In Sweden, employees may order

the book from Brandon, Ericsson’s preferred supplier of promotional merchandise at a price of SEK 150 per book.

John Ambrose



The book’s cover.

Flu preparations in place

Ericsson is closely monitoring the H1N1 flu pandemic and following World Health Organization (WHO) recommendations. There are no current company travel restrictions related to the pandemic.

HEALTH “We have established crisis management teams for each country at market unit (MU) level, and a Group level task force to monitor the development of the H1N1 virus and provide information,” says John McKay, director for Health and Safety at Group Function HR & Organization.



PHOTO: JONAS PERSSON

Good hand hygiene decreases the risk of virus transmission.

In accordance with Ericsson’s global Business Continuity Management (BCM) framework, every manager is in charge of ensuring that proper business

continuity is in place for operations within their area of responsibility. Business and market units must guarantee that Ericsson operations are prepared to properly

implement the BCM policies to handle any situation – including a pandemic flu – which threatens to disrupt critical operations.

“Although some MUs have progressed further in terms of information availability and planning than others, the company as a whole is well ahead with its business continuity plans,” McKay says.

According to McKay, Ericsson is following the precautions and recommendations on a country-to-country basis, and will not get involved with vaccinations.

Julie De Angelis

GLOBAL RECRUITMENT TOOL IN PLACE

NEW TOOL Ericsson now has one common recruitment tool, eJob, which means that all job ads, applications and candidates’ cvs are handled in one global system. At the same time, the internal and external career portals have been revamped.

For internal job seekers, the most visible change is the improved search functionality and the possibility to view and search jobs at Ericsson globally. Candidates can also upload their personal profiles and let the system feed them with matching job

opportunities. The internal career portal has also been renamed Search Jobs (previously called Job Site).

Check out the new career sites at: Internal.ericsson.com/page/hub_inside/employee/search_jobs/index.jsp

Ericsson components in veteran computer

RETRO The world’s oldest complete computer, built in 1949, is to be restored to working order at Bletchley Park National Codes Centre in the UK. The computer, which has memory components made by Ericsson, was in operation between 1951 and 1973 at the Atomic Energy Research Establishment in Oxfordshire and, later Wolverhampton and Staffordshire Technical College. That makes it the longest-serving computer in the UK.

Source: NyTeknik

Search surge

INTERNET There were more than 113 billion searches carried out using internet search engines during July 2009. That is up 41 percent on the same month last year. Google takes the No.1 spot, with 76.6 billion searches in July, giving it a market share of 67.5 percent. Most searches, regardless of search engine, are done by Europeans.

Source: Comscore



PHOTO: ISTOCKPHOTO

6.6

comScore indicates that Russia has the most engaged social media audience in the world with visitors spending 6.6 hours and viewing 1,307 pages per visitor per month.

3 HAVE THEIR SAY

How do you and your colleagues normally get information about Ericsson's strategy?

▶ **Felicia Laing**, Operational Excellence manager, Malaysia



I normally get this information from my manager (the head of GSC Malaysia) in the regular management team meetings, or from one of our quarterly meetings. The information is also available on the intranet. This year I received this information from my head of GSC Malaysia immediately after he returned from the GMC.

▶ **Lamia Bouzari**, account manager, Morocco



I'm still new at Ericsson, and not really familiar with the GMC

yet. But I get the information through weekly meetings with my manager or through the all-employee meetings that take place every quarter.

▶ **Peter Hemmingsen**, HR, Egypt



I believe the best way to learn more about Ericsson's

strategy is through our intranet, and articles on this topic also give you a better understanding of our way forward. I have already attended several meetings where the key messages from the GMC were presented and discussed.

☒ Jenz Nilsson

ONE DAY WITH BENNY IGUCHI-EPPSTEIN

Long days traveling in rural Africa



Benny Iguchi-Eppstein is Ericsson's program manager for the Millennium Villages Project (MVP). His job requires constant travel to different countries. He says that the use of Ericsson's core technology for social, economic and environmental benefits is what most attracts him to his work.

06:00 I wake up and get ready for the long journey to the North Eastern Province of Kenya.

07:00 Transportation arrives, picks up the team, and we move on to Garissa, where the United Nations Development Programme (UNDP)/MVP local offices are located.

11:00 Upon arrival, we have a brief meeting with the local team leader and the ICT coordinator and then continue the journey to the Dertu Millennium Village.

13:00 We pass by our repeater site, checking on the workers' progress. A repeater works like an amplifier in a digital network.

14:00 Finally, we arrive at the village and meet with the local chief and village elders. To support local health workers, clinics and schools, we supply them with some SIM cards, Sony Ericsson phones and Ericsson fixed wireless terminals.

15:00 We visit a few clinics and the village school, checking that the operator settings are configured properly. For example, we make sure the



MILLENNIUM VILLAGES

▶ As part of the Millennium Villages Project, Ericsson, in partnership with Columbia University's Earth Institute, is bringing mobile connectivity to more than 500,000 people in 11 African countries.

Benny Iguchi-Eppstein spends almost all his days traveling to meet colleagues and people connected to the Millennium Village Project.

emergency toll free number and the free SMS service for various applications are functioning properly.

16:30 The team passes by Ericsson's e-site – a radio site powered by wind and solar energy – to ensure that work is progressing and that our vaccination fridge, powered by the radio base station, is still supplying the local village with snake bite, cholera and malaria vaccinations.

17:30 We head back to the hotel in Garissa.

20:00 We arrive at the hotel.

20:45 I take a quick shower and have dinner at the hotel.

21:30 We cross the road to the only bar

in Garissa for a couple of chilled local beers.

22:30 I am back in my room. Good night!

☒ As told to Carmen López-Clavero

This is Benny Iguchi-Eppstein

- ▶ **Title:** Program Manager, Millennium Villages Project
- ▶ **Years at Ericsson:** 5
- ▶ **Family:** Married, with two children, Mika, 6, and Aki, 3.
- ▶ **Hobbies:** Playing guitar, music and hiking.

Benny prefers:

- ✓ **City**
- ✓ **Books**
- ✓ **Evenings at home**
- ✓ **Individual sports**
- ✓ **Culture**
- ✓ **Countryside**
- ✓ **Morning paper**
- ✓ **Evenings out**
- ✓ **Team sports**
- ✓ **Sport**

PHOTO: GETTY IMAGES

PHOTO: WWW.ERICSSONHISTORY.COM



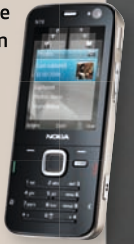
Dialog – a “child” of the 1960s

LOOKING BACK When Ericsson and the Swedish PTT Televerket developed the new Dialog phone in the early 1960s, the aim was to create a modern phone with a sturdy design, and one that would not break if dropped on the floor. The casing and handset were made of thermoplastic so the new phone could be produced in many colors: white, grey and black. The task of designing the Dialog went to architects Ahlgren-Olsson-Silow (AOS), who were to ensure that the handset matched the size of a human face and was as light as possible. This model also had a built-in handle so it could easily be moved to another location in the home. You could also adjust the volume of the ringtone on the bottom of the phone. Thanks to its design, all components could easily be mounted or replaced, which helped speed up production. The case was attached with a single screw. The Dialog became very popular, and in 1969, it was introduced as a standard phone for Televerket’s network, which meant it was the model that subscribers were given when they signed up for a new subscription or moved to a new address.

Source: www.ericssonhistory.com

Pauli takes phone-throw throne

CONTEST Pauli Kosunen won this year’s world championship in mobile phone throwing in Savonlinna, Finland. His winning throw measured 79.6 m. Suvi Torikka won the women’s competition with 37.05m in this unusual contest that was first held in 2000. The phones used for the championship are donated by local retailers and collected afterwards to comply with environmental regulations.



Source: NyTeknik

“Marconi invented the radio and that is ... the reason we are here today”

Carl-Henric Svanberg commenting on the merger with Marconi in 2005.

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. When was Shanghai Ericsson Electronics Co., Ltd. established?
2. What percent of a base station’s total package cost represents shipping costs?
3. What product recently passed the 5000 production-mark at Ericsson’s factory in Katrineholm, Sweden?

Write your answer after each question, put “competition” in the subject field and send your answers to contact.comments@ericsson.com no later than November 13. 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 Zsolt Szalai in Hungary.

Answers to last month’s quiz:

1. 20 years
2. Machine-to-Machine
3. 1939

What was happening this time...

...25 years ago

1984 In the UK, BT embarked on a program of modernizing and expanding its network. Three international contenders were in the final running for a tender. Ericsson (in the name of TEL, a cooperation with UK-based Thorn Electrical Industries) won the contract – a two year deal with an estimated value of GBP 120 million, covering 100,000 lines of AXE in the first year and a minimum of 300,000 in the second.

...10 years ago

1999 Ericsson acquired US operator Qualcomm’s infrastructure division. Strategic cooperation was established with Microsoft and Juniper. The first mobile phone with an EPOC operating system was introduced. In July, Sven-Christer Nilsson stepped down as president and CEO.

...5 years ago

2004 In Sri Lanka, Ericsson was awarded the contract for the major portion of national operator Dialog Telekom’s GSM network expansion and introduced EDGE into the network.

Twingly finds your news

INTERNET Twingly finds the news you want. You create your own news channels and the internet filter tracks down everything written about your chosen topics in news articles, blogs, tweets and so on. It then presents the results on your personalized web page on Twingly.com, in real time. You don’t find the news, the news finds you. A beta version of Twingly was released on October 1.

Source: Micco.se



13

... million articles are now available on the free encyclopedia Wikipedia. Of these articles, 78 percent are in languages other than English.

Source: Wikipedia.org



**It's critical for us that
service deliveries work.**



FACTS BHARTI AIRTEL

- ▶ The largest operator in India and the world's third-largest single-market operator
- ▶ Profit in 2008: USD 7.4 billion
- ▶ Number of subscribers: 105 million
- ▶ Subscriber growth in 2008-2009: 50 percent
- ▶ In 2008, the Wall Street Journal named the company India's most innovative company.

THE INTERVIEW: ATUL BINDAL

“3G will revolutionize India”

How can Ericsson **support Bharti Airtel** in its 3G transformation and what improvements does the operator want to see within services? Atul Bindal, **head of Bharti’s mobile services offering**, was at Ericsson’s headquarters in Stockholm for a yearly meeting and Contact Magazine sat down and talked with him.

Bharti Airtel is one of Ericsson’s most important customers. And because it is the largest single-market operator in India – with an investment budget of up to US 2.7 billion for 2009 and 2010 – its annual visit to Ericsson’s headquarters is not only a courtesy call but areas for improvement and possible future projects are also discussed.

Within the next few months, Bharti will be one among many private operators in India to receive a coveted 3G license, bringing new opportunities for growth as well as some challenges. Ericsson supplies two-thirds of Bharti’s network and therefore plays an important role in helping Bharti find effective ways of supplying 2G technology – which is continuing to grow at a fast pace in India – while introducing 3G at the same time.

“It’s important to sit down for a couple of days, talk about the past year and discuss things from a one-to-three-year perspective during our meeting with Ericsson management,” Bindal says. “The discussions are about how we can ensure that we’re optimally positioned to benefit from the possibilities of 3G in a market that is constantly

changing and, which in coming times, will be even more competitive.”

Bharti is the world’s third-largest single-market operator and India’s biggest operator with 105 million of the country’s 479 million subscribers, a figure that is quickly growing. In the country’s sparsely populated areas, the emphasis is on getting good coverage for voice calls, while subscribers in highly-populated areas are demanding more capacity for mobile services, such as downloading music, film and B2B. More services are expected to take off with 3G.

Bindal says: “3G will revolutionize India in the same way that mobile telephony has. New customer segments are appearing, and we need to find ways of supplying value-added services to the customer in a profitable way. Our partnership with Ericsson is entering a new phase.

“We need to understand the end users and their need to benefit from the possibilities of data communication, online shopping and entertainment more than before, while at the same time focusing on keeping the customers we already have.”

As the enormous Indian market devel-

ops, many telecom companies want to be part of the action. In the near future, 13 or 14 new players are expected to try and gain a foothold in the country’s harshly competitive market.

The major managed services contract with Bharti that Ericsson won in 2004 will soon be renegotiated, and Ericsson can expect more players to compete for that order. Earlier this year, Bharti’s CEO Sunil Mittal outlined several improvement areas he would like to see for managed services and for the operator’s relationship with Ericsson. Bindal also confirms that improvements need to be continually reviewed.

“It’s critical for us that service deliveries work across the board, that we feel confident in handling them and that it is an issue that we always have up for discussion,” he says. “It’s particularly important for our users in rural areas that the service deliveries are comprehensive. But we have a strong partnership with Ericsson and a good relationship, which we’re definitely going to continue to develop.”

✉ Lena Widegren



Ericsson aims to influence the world around us in a clearer way and to become a driving force in improving society. Behdad Banian is responsible for making sure that Ericsson's new brand strategy becomes reality.



BRAND NEW

The increasingly **intelligent societies** of the future will be driven almost entirely by services within voice, broadband and multimedia. The world economy is expected to triple by 2050, while global carbon-dioxide emissions are to be reduced by 50 percent. This presents a huge opportunity for Ericsson to get involved and to influence events. But it also requires a new way of thinking – a new brand strategy.

A new voice



STOCKHOLM
SWEDEN, EUROPE

“What is happening at Ericsson right now is something big. With a new brand strategy, Ericsson will no longer simply adapt to the conditions created by the market and society. Ericsson will now be clearer in its ambitions and try to influence – and improve – the world around us.

The new strategy includes the statement: “innovating to empower people, business and society in order to shape lives and shape worlds.” This implies a whole new role for Ericsson, where the company to a much bigger extent sees the possibilities that its solutions create. The company is going to be

a leader in changing the telecoms industry and improving society, together with its customers, partners and vendors. Also, Ericsson will be involved in influencing major political issues – such as sustainability, energy, security and education.

This, in turn, requires Ericsson and its employees to think through what the company can do for the customer. Ericsson employees must talk more about what the company’s solutions can do for the world that the customer is actually living in.

Vital to success here is that every single employee becomes an ambassador for the brand, according to ►

BRAND NEW



More variation – Ericsson’s new brand consists of more colors and more tones. Also, the language is more daring. The company is simply becoming more dynamic, says Behdad Banian.

“The rest of the world will see Ericsson as a more dynamic, perhaps slightly younger, company with a stronger pulse”

Behdad Banian

Did you know...

... that if a word that was originally a brand has become so colloquial that it can no longer be regarded as enjoying brand protection, you say that the brand has “genericized.” A court often has to rule whether a brand has genericized.

Source: Wikipedia

► Behdad Banian, director brand management.

“We’re definitely not going to deviate from our technical leadership. That is one of our central strengths. We’ll keep this strength and become even better.

“Also we will more clearly put forward our unique strength in professional services. We will become even better at talking about the customer’s market and reality and explaining what our customers can use our solutions for and the result that it creates. The rest of the world will see Ericsson as a more dynamic, perhaps slightly younger, company with a stronger pulse.”

The main aim of the new strategy is to earn more money from the core business, while at the same time leading the company’s business through change, renovation and long-term growth.

“We need to become much more

aware of the world outside,” Banian says. “This means we’ll continue to concentrate on the operators, but we will also show them a broader world view in terms of our solutions and how they shape every part of people’s daily lives. And in the future, we could also have new types of customers.”

Ericsson will be clearer in explaining what it does, summed up in the first few words of the new brand idea: “innovating to empower people, business and society.” But, and perhaps even more importantly, it will show the effects of Ericsson’s work to the rest of the world – illustrated by the phrase “shaping lives and shaping worlds.” Banian says that the foundation of the new brand strategy is built on Ericsson’s core values: “professionalism,” “respect” and “perseverance.”

Visually, employees and the outside world will see an Ericsson that is more

colorful, emotional and open, according to Banian. The company has a new version of its logo and on September 14, the introduction to the changes began for all Ericsson employees.

So why is this being done now?

The time is precisely right, says Banian. In the last 10 years, penetration for voice has increased enormously, and today more than 4 billion people use voice services. But until very recently, these services have mainly been accessible only to the wealthier parts of the world.

“We’ve been driving the development towards all people having access to, and the opportunity for, communication – and within a couple of years, everyone on earth will have that opportunity,” Banian says.

At the same time, broadband has really taken off – both in terms of quality and number of users. Today, there are more

“We’ve been driving the development towards all people having access to, and the opportunity for, communication”

Behdad Banian

ERICSSON'S NEW BRAND – THE START OF THE JOURNEY

- ▶ **June 2009:** Implementing the brand strategy began at the GMC, when it was communicated to the organization's top managers.
- ▶ **September 2009:** The launch took place with tools and support functions presented to the entire company.
- ▶ **All new messages** and visual material will now be used to highlight the new brand.
- ▶ **November 2009:** Ericsson's new website (ericsson.com) will be launched.
- ▶ **February 2010:** The change will be fully noticeable at the Mobile World Congress in Barcelona.

Read all about the new brand strategy here: <http://brandportal.internal.ericsson.com/brandportal>

than 400 million broadband users; by 2013 the GSM Association predicts that more than 2 billion people will have access to broadband, and 80 percent of these connections are expected to be over mobile broadband using HSPA and LTE technologies.

“This means we’re extremely well positioned, not just on the technical side,” Banian says. “Few others can measure up to us within professional services and multimedia, and this gives us an important springboard.”

In addition, Ericsson’s competitors are going through tough times, while operators are under pressure from conditions in the market. Meanwhile

Ericsson has managed to maintain its market leadership through this economic crisis.

Banian says that what Ericsson is actually doing is building a nerve system for society – more and more of what people do every day is connected to an information and communication infrastructure.

“This is when it starts getting really interesting,” he says. “Now that we have voice and broadband services in place, there are endless possibilities for us to have influence.”

According to Banian, all employees are facing a cultural change; they need to understand their responsibility and

become ambassadors for the new brand.

On the other hand, the company cannot implement a new brand strategy in one quick step.

“This doesn’t work like some ‘big bang’ theory,” Banian says. “The strategy places demands on all of us, and the implementation will be done over a couple of years. Such a change requires time, and we’re building the brand from the inside, which means that our focus will be on our employees. It’s down to us to implement this change together.”

In many units, employees have already begun noticing the new strategy.

Göran Klang is line manager at Access Technologies at Ericsson Research. He says that employees at the unit have received information about the new brand and held workshops to discuss what the strategy means. But more importantly, he says, he has noticed a change in attitude, not just by the other functions with which he has close cooperation, ▶



Göran Klang

“I ENSURE THAT THE BRAND STRATEGY IS PUT INTO PRACTICE”



Doris Sdogati

Doris Sdogati is head of Communication at Market Unit South East Europe and one of the brand drivers within Ericsson.

What does a brand driver do?

My assignment is to prepare and plan the tactics for the implementation of the brand strategy in our region, in close cooperation with the global brand team and the head of our market unit, Cesare Avenia.

That means I have to ensure that the brand strategy is put into practice. At this initial stage, a lot of my work has to do with sharing information with all other parts of our organization so that everyone is on board and engaged. It’s like making sure everything is in

place before we set off on an exciting journey. But it is also about being a role model and a brand ambassador for my unit.

What plans do you have as a brand driver?

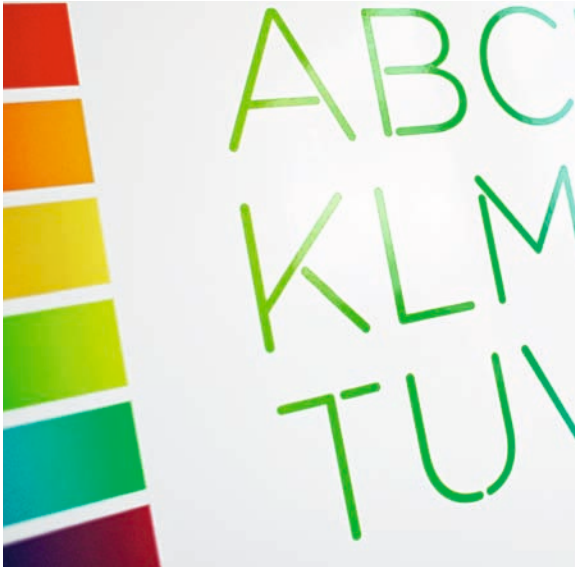
The planning focuses on laying the ground for 2010 now. We aim to make a positive impression and draw every employee’s attention to the brand strategy. We are looking at several activities to complement the global launch and give every employee a chance to participate in and gain a better understanding of the brand strategy. We will have internal unit brand drivers to create discussion on the brand and the strategy – everyone

needs to know the brand and be on board.

What will the brand strategy mean for individual employees?

It means a new way of thinking. We want to drive change from within, focusing on making all our employees true brand ambassadors who carry the strategy forward. That is why our employees are the primary focus in the initial phase. For the strategy to work, everyone needs to be involved. Therefore, we want everyone to feel part of the strategy and brand and to get involved – and we will be looking for the ‘early believers’ among our employees – those who best live and promote the new Ericsson brand.

“We’ve begun a journey that every individual employee will be a part of every day” Carl-Henric Svanberg



New fonts and new color scales are part of the new brand platform.

► such as product management, but by the entire company.

“There is a new openness in the company,” Klang says. “First, I’ve noticed that we’re getting better at realizing the importance of what we’re doing, and how we’re contributing to society on a global scale. I also sense a stronger desire within the company to adopt the culture of innovation that we in the unit have always stood for – in terms of creating new business possibilities that are sustainable and that improve people’s daily lives.”

Klang says that this is particularly important for a unit that is based on innovative strength and that has regular contact with customers, politicians and academics. The unit is dependent on Ericsson’s brand in terms of how it is regarded externally – whether it is seen as being trustworthy, innovative and a technical leader.

At Ericsson Research, the employees will, in the short term, notice an even stronger focus on customer requirements and on developing new solutions for increased sustainability and life quality. A detailed dis-

ussion will also be started about why the new brand strategy is so important – for the company and the unit.

In the long term, there will be more regular contact with the customer, Ericsson’s product management, development units and the managed services organization. This is so that knowledge about the consumer, sustainability and the rest of the company’s operations will reach deeper into the unit’s projects.

Klang sees some challenges in this respect.

“I believe that the understanding of a brand generally can be quite low, even when it comes to what a brand strategy implies,” he says. “You have to create an understanding of it for it to stick. But on the other hand, it isn’t nuclear physics – it’s about common sense, about thinking how we want to be regarded and about actively representing our values. But it places demands on the employees.”

Klang says he believes that this is where the success lies; that through Ericsson’s innovation and culture, every employee can maintain and expand customers’ trust and belief that Ericsson is a technological leader – not just within mobile infrastructure but also within professional services and multimedia. The customers will see that Ericsson is best when it comes to supplying cost-effective solutions for their business – and their situation.

Or as Ericsson’s President and CEO Carl-Henric Svanberg puts it when he is talking about the new brand: “We’ve begun a journey that every individual employee will be a part of every day. We’re a company that essentially changes and improves lives. That is why everyone within the company must understand the brand strategy. And if you do, I think that you’ll feel great pride in what we do.”

Text: Staffan J Thorsell Photo: Stefan Borgius

WHAT DOES A STRONG BRAND MEAN TO YOU?



Muhammad Maulana,
opex and service
delivery controller,
Indonesia

For me a strong brand means a good image, that everybody knows and trusts the product or service, but also that when people look to buy a product or service they will ask for the brand and not only the product. In short, a strong brand is the advantage or value added in relation to the brand strategy.



Christian Babonich,
customer project
manager, Austria

In my opinion a strong brand stands for quality, performance and innovation. That people are willing to pay an appropriate price for these characteristics. This leads to satisfied consumers and customers and a positive attitude towards the brand.



**Fida Kibbi, head
of Communication,
United Arab
Emirates**

A strong brand means knowing who we are as a company and what we stand for, and using that knowledge at every internal and external opportunity to represent our values. For me, the secret of a strong brand is to act simultaneously, internally and externally, to deliver what we promise when communicating internally with our colleagues and externally with our customers.



Göran Klang, line manager at Ericsson Research thinks that employees' understanding of a brand generally can be quite low. But also adds: "it's about common sense, about thinking of how we want to be regarded."

»» **A brand expert's opinion** »»

BRAND NEW

Branding is not just something that happens at events or in advertising; it is what represents your company. The key is to be aware of the company's reputation, says Lisa Fortini-Campbell, branding expert at Kellogg School of Management, Northwestern University, outside Chicago, US.



"Be prepared for uncomfortable questions"



Imagine you woke up one morning as a world-famous superstar. You would no longer be just you. You would also inevitably be a brand. Now everything you do will be monitored and judged. How would you act?

Whether you are a famous rock star or a well-known global company this works the same. There will always be opinions about your brand and the directions you choose for it.

Lisa Fortini-Campbell is a lecturer and branding expert at the Kellogg School of Management, Northwestern University, outside Chicago, US. She has a strong opinion about the best way to understand a brand.

"To really meet a company and its brand there's only one true way: be a customer," Fortini-Campbell says.

She ought to know. In addition to her academic work, Fortini-Campbell has her own consulting practice, where she is involved with customer-centered marketing and developing popular executive education programs. She is also the author of the book "Hitting the Sweet Spot: How Consumer Insights Can Inspire Better Marketing and Advertising." She therefore has several years of experience on the subject.

Fortini-Campbell quotes from Moments of Truth, written in 1985 by the then president of Scandinavian Airlines (SAs), Jan Carlzon, who defined the way brands are formed: "Anytime a customer comes into contact with any aspect of a business, however remote, is an opportunity to form an impression."

According to Fortini-Campbell, this still applies.

"Companies that do this well are mostly companies in the service business," she says. "They have constant interaction with the customers. It also works well for retail companies that sell something that has a physical component, such as furniture.

"The classic example of a company that works everyday with its brand is Disney. At its theme parks, the staff members are trained to always be alert. If a child drops his ice cream cone, a staff member will be there immediately to give him a new one, for free."

By paying that extra attention to their customers, both SAs and Disney achieve trust. Methods such as greeting the customers in a friendly and professional way, something that seems obvious, add the credibility that is needed to survive and expand. Carlzon was one of the early adopters of this approach.

But what about non-service companies, such as technology or manufacturing businesses? How do they avoid missing out on customer contact and losing credibility as a consequence?

Fortini-Campbell stresses the importance of finding ways to reach out.

"Generally, companies in technology businesses are very committed to their research and manufacturing, but we see that the risk of eroding the brand is bigger here simply due to the lack of direct contact with the customers," she says. "For a brand to survive, every employee must ask themselves: 'Did I live up to the brand today?' every now and then.

"Branding is not just something that happens at events or in advertising; it's how you represent your company."

The key word is awareness –

SUCCESSFUL BRANDS

► Lisa Fortini-Campbell picks five global brands with winning strategies

1. Disney Theme Parks – The goal is to create "memories that last a lifetime" and Disney does this by turning the negative experiences of a theme-park vacation, such as standing in lines, into positive ones.

2. Google – The web giant has resisted the temptation to make its interface the "star of the show" and does nothing that interferes with the user's ability to get the most relevant search results as fast as possible.

3. Singapore Airlines – This airline has placed extraordinary emphasis on excellence in customer service, both in the air and on the ground, so that customers feel they are personally attended to.

4. Lexus – In marketing its luxury brand, Toyota focuses on the total automobile ownership experience and places a great deal of emphasis on sales and customer service.

5. Zara – This clothing chain puts resources into supply chain management so that it can design and manufacture in response to customer purchase patterns, delivering new designs much quicker than any competitor.

particularly awareness of the company's own reputation.

"Companies are generally aware of the brand they think they've created," Fortini-Campbell says. "When they think branding, they think of things they've done deliberately: ►

“If Ericsson loves operators more than the actual radio waves, there will be no problems”

Lisa Fortini-Campbell



Lisa Fortini-Campbell's office is full of brand related literature.

Did you know...

... that Sony Ericsson is number 20 on the Millward Brown Optimor's Brandz Top 100 - Most Valuable Brands 2009 (measured by their value in US dollars).

► presentations, positioning and statements. But they think less of the real brand, the one that is in the minds of people. That is the challenge of branding.”

According to Fortini-Campbell, when it comes to rebranding a global company there have been too many examples of management missing the core issue: “What do we want to achieve?”

“**First, rebranding** takes self-examination and an understanding of what the world wants from you,” she says. “Second, it requires the ability to translate that vision into reality. And third, every employee needs to be aware of the implications of rebranding. The process takes strong leadership and immense discipline.”

Having employees participating in the branding work can help measure the strengths and weaknesses within

a company. Managed correctly, staff involvement can be a valuable asset, Fortini-Campbell points out.

“Staff at all levels should be allowed some kind of input, but the management must then be prepared for and willing to answer uncomfortable questions,” she says.

As an example of less fortunate ways to proceed, Fortini-Campbell says one mistake is when employees are encouraged to share their opinions about the brand and the management is then not clear in communicating which road they have decided to take. In other words, if management makes a decision that is not in line with employees’ suggestions without clearly explaining why these suggestions have been discarded, the employees may feel neglected.

“If the management decides not to consider these opinions, they should

at least give the employees a rational explanation,” Fortini-Campbell says. “We’ve seen that this is especially important at technology companies. Their employees are generally very sharp, independent thinkers who must be rewarded – at least with an explanation.”

External threats to a brand identity include a failure to move with the times. As the market changes, a company has to do the same, Fortini-Campbell says.

“Statements such as: ‘But this brand has been the same for 100 years, we can’t change now’ are not excuses. As the demands of the field grow, you have to grow with them,” she says.

“Flexibility is something to strive for. Allow the brand to move forward. Your brand might one day have something more to its identity than was first planned.

“Take Budweiser, for example. They know they don’t make the best beer in the world, but their brand has come to stand for events, socializing and fun. That makes Bud a positive brand in people’s minds.”

Fortini-Campbell stresses that it is important to stay close to the customers and never overrate the product or technique.

“If Ericsson loves operators more than the actual radio waves, there will be no problems,” she says.

Text: Sofia Falk Photo: Getty Images

The world's top 10 brands in 2008

- Coca-Cola
- IBM
- Microsoft
- General Electric
- Nokia
- Toyota
- Intel
- McDonald's
- Disney
- Google

Source: The BusinessWeek/Interbrand
Read more: Interbrand.com

“This is an important step for Ericsson”

Between 2004 and 2006, AT&T experienced a journey with its brand similar to the one that Ericsson has recently begun. David Christopher, CMO Mobility and Consumer Markets, AT&T, gives his views on how you should implement and manage your brand.

How did the transfer from Cingular to AT&T work in terms of the brand? What were the challenges and how did you deal with them?

The most important thing was to get everyone to adopt the brand internally. A brand will never be successful if you don't place at least as much importance on establishing it internally as externally. How the brand is regarded and, actually, the entire road that a company takes externally, depends on how well the employees have adopted the brand. Internally, you should see the brand as a call-to-action, a plan for how the entire company will be driven forward and how to map out the needs required to succeed.

How do you get the employees on board?

My conviction is that a brand strategy should be communicated from the top down, but lived from the bottom up – or from the bottom out. Internal communication is an important part of this, but it is still just one part of the overall work. The company must behave in line with the brand and that requires a lot. Many years ago, before Federal Express became FedEx, the brand was totally built on not arriving late. The company was based in Memphis, Tennessee, but it was well known that Federal Express had as much snow removal equipment as Chicago's O'Hare Airport – one of the world's busiest airports. It simply showed that the company really invested resources in being on time. This is a perfect example of how a company lives its brand in operational terms.

What do you think your customers think of your new brand and how well do you think AT&T has succeeded with its targets regarding the new brand?

We are doing extremely well in delivering on our targets for the brand. Our vision is to connect people to their world, everywhere they live and work, and do it better than anyone else. Our successes with, for example, iPhone and U-verse TV, have shown that we're doing that. On the other hand, a brand is a journey that never ends. The brand is the entire company and the company is constantly developing while you're operating in the market. The brand is like the company's DNA.

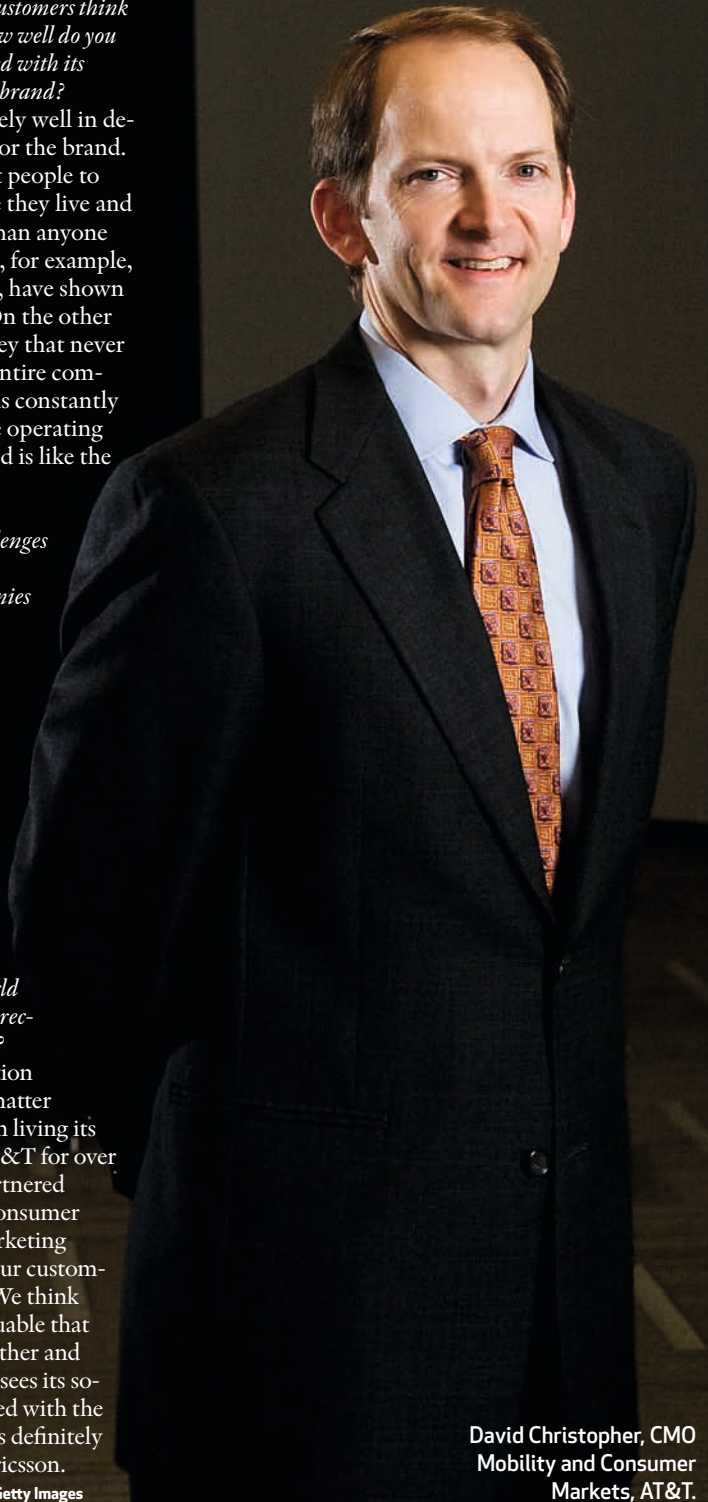
What are the biggest challenges in today's unstable, global climate in terms of companies and their branding work?

Delivering what the brand says. If you can't do that, you face an enormous strategic risk.

Ericsson is now establishing a new brand strategy, where it wants to show more clearly that it understands the customer's situation and wants to influence the world around it. Is this a good direction at a well-chosen time?

It's a very good direction to take right now. As a matter of fact, Ericsson has been living its new brand here with AT&T for over five years. They have partnered extensively with us on consumer market research and marketing support to understand our customers in the marketplace. We think that it's enormously valuable that Ericsson wants to go further and longer and in the future sees its solutions as more integrated with the customer's world. This is definitely an important step for Ericsson.

Text: Staffan J Thorsell Photo: Getty Images



David Christopher, CMO
Mobility and Consumer
Markets, AT&T.



“Things now happen very quickly when we’re going to improve something because those of us who work here know that our views are taken seriously!”

Ása Hedin



ERICSSON IN KATRINEHOLM

Back on track

Five years ago, the factory in Katrineholm in central Sweden was running at a loss, sick leave was high and its **future** was uncertain. Today, things are completely different. Lead times have fallen from 14 days to 72 hours – and you cannot fail to notice the **confidence** in the air here.



KATRINEHOLM
SWEDEN, EUROPE

The heads of the different sections in the delivery chain at the Ericsson factory in Katrineholm are standing in front of four whiteboards, going through risks, improvement opportunities and customer orders. There is an informal and quiet atmosphere as figures are rubbed off and new ones are written with whiteboard pens. It all looks almost strangely simple.

On the factory floor, the change that Katrineholm has gone through is clear and it is obvious that the factory is now an important part of Ericsson's delivery organization.

Anders Persson, who is responsible for the operational excellence work

at the factory in Katrineholm, says: "In 2005, we realized that we needed to change and modernize to be able to be a good asset to Ericsson in the future."



Anders
Persson

And the site has succeeded in changing. In June 2009, the employees in Katrineholm celebrated the milestone of having sold 5,000 nodes for two Ericsson solutions – Mobile Softswitch and Media Gateway for Mobile Networks, which make it possible to handle communication between different devices and networks.

And in 2008, the factory came second on the list of Sweden's Lean

“Instead of pushing out as many nodes as we guessed that we’d need, we now base the operations around the customer’s order”

Hans Nilsson



Hans Nilsson and Johanna Fridsén during the daily briefing by the whiteboards.

► Forum – an organization that trains and promotes organizations in “maximizing their value.” This annual list contains organizations that think “lean,” and eliminate the waste of resources, focus on their employees and constantly look for improvements.

The run-through by the whiteboards is done every day and goes by sections – nodes, modules, materials and miscellaneous – and is split into four categories: safety, quality, deliveries and finances. The person responsible for each section is given time to highlight any problems or risks, needs and targets.

“In this way, everyone gets the same picture of the operations every day,” Persson says.

He says that before, the world was moving quicker than briefings were being held. Now, they establish activity plans and brief each other every day. Every Monday, the employees are e-mailed a summary called “Monday morning news,” covering overall targets, planned activities for the coming week and any problems that must be solved.

“**The entire operation** must keep in step,” Persson says. “If the briefing isn’t done as often, there is a risk that problems will escalate and that the links in the production chain will be-

come less and less synchronized. We’ve been pioneers when it comes to running the operation, all the way between factory management and employees, from day to day, and we can handle staffing, cost and results much more effectively.”

And this is obvious on the factory floor. There is one catchword here: flow. In the area where nodes are put together, the various stations are arranged in straight lines, and on every station the different components are mounted in a standardized way of working and in synchronized time. Components and material are taken from the factory’s “supermarket,”

where one person puts the material on shopping carts that are taken to every work station. The material is placed in the carts in the order that they will be mounted in the node.

Hans Nilsson, the factory’s head of production for nodes, says: “We’ve also trained our employees so that they can work on all of the different stations. This makes us flexible when it comes to staffing issues and makes the employees’ tasks more varied and interesting.



Hans Nilsson

“We’ve increased our flexibility more by manufacturing different sorts of nodes in the same production line because we know that many basic components are the same in different products.”

Right next to the production line – and not in some far-away office – employees in support functions and several managers sit at their work stations.

“This means we can solve any problems immediately,” Nilsson says. “And those who sit here can also carry out the jobs in the production line if required.”

Nilsson says that communication has been a decisive factor in reducing lead times. Having the management and support functions closer to the manufacturing reduces distances. This leads to shorter communication routes, which means that all information ►

FACTS ABOUT KATRINEHOLM

- **The factory** in Katrineholm manufactures nodes and modules for systems and solutions within fixed and mobile networks, and for services and applications within multimedia.
- **The losses** around 2005 were largely the result of there being too many employees in proportion to what was produced. At that time, the factory had 464 employees. In 2009, after consolidating with the factory in Östersund, Katrineholm has about 500 employees, including consultants.
- **The emphasis** has constantly been on

improving the ways of working, and to support this they hold seminars for all employees, as well as using material about company management, such as “The Toyota Way,” “The Seven Habits of Highly Effective People” and “Good to Great.”

- **The Katrineholm factory** is a part of Ericsson’s supply. Other units within the organization are in Borås, Kumla, Gävle, Kista, Linköping (Sweden), Jaipur (India), Nanjing (China), São José dos Campos (Brazil), Marcanise (Italy) and Tallinn (Estonia).

Rabin Jaber is rolling out another node onto the loading platform.



»» **Floor space has been reduced by two football fields** »»

“All employees here have played a part in the efficiency work and that is the key to all of our success”

Asa Hedin

Did you know...

...that the factory in Katrineholm was founded in 1946, that it was the first Ericsson factory outside Stockholm, and that it has been at its current address since 1948?



Caisa-Stina Heribertsson and Carlos Andersson at one of the workstations in Katrineholm.

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And lead times have fallen. For standard products, the lead time has dropped from 14 days a couple of years ago to 72 hours today. Nilsson says that they changed their way of thinking to achieve today's results; they went from what they call a “pushing” flow, where they built large inventories, to a “pulling” flow, which avoids stockpiling and delays.

“So instead of pushing out as many nodes as we guessed that we'd need, we now base the operations around the customer's order,” Nilsson says. “When we get the signal about an incoming order we “pull” out the products instead, which means that we don't have products just sitting on the loading platform.”

It is also about having standardized ways of working and flexible employees with broader competence to create the condition for higher volumes, more variation and shorter lead times.

“And of course it's about common sense,” Nilsson says.

One example of this, he explains, is how they use the floor space in Katrineholm.

In December 2006, they were using 22,540sq m. In the same month in 2008, they had reduced the need for space by about one-third – about the size of two football fields. At the same time, they have consolidated operations in Östersund to the premises in Katrineholm. So while the production has doubled, they have continued to reduce the floor space. In practice, this is particularly noticeable from one aspect – almost everything is on wheels. To save space, stations and components can be moved easily according to needs instead of having stations that are temporarily empty.

“Space costs money,” Nilsson says. “And through our employees' commitment and desire to constantly change and improve, we've managed to reduce our need for floor space.”

Åsa Hedin is one of the employees in Katrineholm. Her title is “water spider” – she keeps a check on all the

material, make sure all components are in order and “runs around on top of the whole operation” to support those who pick up material from the “supermarket.”



Asa Hedin

“All employees here have played a part in the efficiency work and that is the key to all of our success,” she says.

Hedin explains that the entire approach at Ericsson has changed in recent years. Those who work at the factory have been able to give their views to an increasingly large extent and the top management at the unit has listened. If that does not happen, she says, most people feel a certain opposition to changes.

“Things now happen very quickly when we're going to improve something because those of us who work here know that our views are taken seriously, and that in turn leads to us constantly and actively looking for change and improvement,” she says.

Text: Staffan J Thorsell Photo: Gunnar Ask

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The road to the next 'Golden Age'

Examining historical patterns, Professor Carlota Perez says that the way out of the economic crisis is to realize the potential of full **globalization**, sustainability and information and **communications** technologies (ICT).

Perez, professor of Technology and Socioeconomic Development at Tallinn University of Technology in Estonia, says that by studying the patterns of diffusion of technological revolutions in the past 250 years, we can expect a new "Golden Age" of productive growth after the current economic crisis.



Carlota Perez

Perez stresses that the recession is not the result of an accidental financial crisis, but rather a phenomenon that has happened before with every technological revolution.

"**We are not living** through a financial crisis as much as through a structural shift," she says. "We are moving from one period to another marked by the collapse of a major financial bubble, such as what happened in 1929. This happens because once the revolutionary new technologies – this time information technologies, the previous time the automobile, plastics and mass production – have diffused enough, they transform not only the economy, but also the way we live and work." ▶

Perez says that the sequence has been regular since the end of the 18th century. "We've seen this happen time and time again," she says. "First, there is a period of what I call 'installation.' This period is led by financial capital, and is characterized by the concentration of investment in the new technologies, especially the new infrastructures, such as computers, telecoms and internet now; electricity, radio, automobiles and airplanes in the late 1920s. It is an unstable time with the accent on individual wealth and a breakdown of collective values, both social and economic. This happened in the Roaring Twenties as much as in the 1990s and 2000s. Then, the bubbles burst."

The burst is followed by a time of uncertainty, Perez says. "This is where we are at the moment. We are at a turning point where it is possible to begin to move towards more sustainable deployment and growth. This depends on reforms in finance to favor investment in production rather than in a sort of financial casino. There are also changes in consumption patterns which this time will probably have to involve policies that focus on environmentally sustainable growth." ▶

CARLOTA PEREZ

Name: Carlota Perez

Nationality: Venezuelan

Lives: UK

Hobbies: Bird-watching and dancing

Book: Technological Revolutions and Financial Capital. The Dynamics of Bubbles and Golden Ages.

Current positions:

▶ Visiting Senior Research Fellow at CFAP (Centre for Financial Analysis and Policy), Judge Business School, Cambridge University, UK

▶ Professor of Technology and Socio-economic Development at the Tallinn University of Technology in Estonia

▶ Honorary Research Fellow at SPRU, Science and Technology Policy Research, University of Sussex, UK





“Getting everyone connected is key to making this new ‘Golden Age’ a reality”

Carlota Perez

► **These periods** can be easily recognized throughout history. The Victorian boom in the 1850s and 1860s followed the Railway Panic of 1847. The Belle Époque, the period of peace and prosperity that began during the late 19th century and lasted until World War 1, followed the crashes of the 1890s. The post-war “Golden Age” followed the Wall Street Crash of 1929 (but only after the Great Depression and World War 2). The length and depth of the recession after the major collapse depend on how effective government policies are in creating the conditions for the growth of production and employment.

In such a transition, the control of investment in the economy shifts from financial capital to production capital. Perez explains: “Financial capital is very flexible and mobile and has a short-term focus. This is very good for moving money around fast, for leaving behind the dinosaurs and experimenting with young entrepreneurs and new technologies in free markets. But it is not good for carrying growth and expansion after those technologies are widely available.

“Production capital is much better for that. The leaders of the companies that provide the goods and services in the economy need to think about investing in expansion and in technology for the long-term and to take their

decisions without the stock market demanding quick profits.”

Perez says that we must work to shift the focus from financial capital to production capital to achieve the next “Golden Age.” To do this, we must harness the power of three movements: globalization, sustainability and ICT.

She explains: “These three movements are interconnected. Internet access provided by the ICT community is the social and geographical frontier of the global market. Full globalization is only possible through sustainable production and consumption patterns, and ICTs are the main enabling instruments of sustainability.” With this, Perez says we will move into the second half of this historical pattern, where we can realize the full economic and social potential installed during the technological boom. However, at this period, it is important to have the help of the state at both local and national government levels.

“The state – the local and national governments – is needed to create the conditions for reaping the full benefits of ICT,” Perez says. “This means that it is of crucial importance to have low-cost internet access for everybody. Getting everyone connected is really key to making this new ‘Golden Age’ a reality. If everybody has access to the exchange of information, this

creates the most gigantic space for market action – all sorts of companies can grow on the basis of this.”

“It is important to realize that lifestyles may have to change radically. We would need several planets if the populations of China, India and Russia were to adopt the consumerist mode of life that has been typical up to now. The accent will have to move to health, entertainment, information, the creative industries and other elements of the quality of life that are more intangible and based on the power of ICT and on human relations. Products will have to be durable, beautiful and of very high quality.”

And she adds: “Nowadays, you get an appliance, and you have to replace it every few years – the time is even shorter for smaller devices such as electronics. Products should be so valued that we wouldn’t want to throw them away. Otherwise there won’t be enough natural resources for us all.

For Perez, it is up to us to make the next “Golden Age” possible. “The technological stage is set today for the global ‘Golden Age’ of the 21st century,” she says. “Now, we must make it happen.”

✉ Text: **Christine Luby** Illustration: **Ebba Berggren**

Footnote: Carlota Perez was one of the external speakers at this year’s GMC (Global Management Conference).

Sweden, 1934



Sigrid Sommar was a **typist and stenographer** at Ericsson between 1908 and 1934. In the 1920s, typists at Ericsson earned SEK 350 per month, which was reduced to SEK 322 following the Kreuger Crash in 1932. Almost everyone at the company had their wages cut during this economic crisis. This picture was taken in February 1934, and it was Sommar's last day at work. Her desk is adorned with flowers, in honor of her final day.

Photo: www.ericssonhistory.com

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 points
History Which year?	Actress Jennifer Aniston and Formula 1 driver Michael Schumacher were born in this year.	LM Ericsson introduced its first push-button telephone this year.	Concorde made its maiden flight on March 2 this year.	In Roman numerals, this year is written as MCMLXIX.	Astronaut Neil Armstrong took a giant leap for mankind on the moon in this year.
Culture Which action hero?	This fictitious hero made his first appearance in 1953 in a short story.	The first film about him premiered in London on October 5, 1962.	Since then, 22 films have been made about this man.	In the latest film featuring this man, he uses a Sony Ericsson C902 phone.	The character is also called 007 and has a "Licence to Kill"
Geography Which country?	Ericsson began doing business in this country in 1907 when it was still a Dutch colony.	The Barisan mountains are on this country's largest island, which lies on the equator.	The world's most populous Muslim state; 200 million of its 237.5 million people identify with Islam.	Its islands are popular tourist destinations, several of which were hit by a tsunami in 2004.	This republic consists of more than 17,000 islands. The capital, Jakarta, is situated on Java.
Music Which musician?	He was born on May 13, 1950 in Saginaw, Michigan, US.	He has recorded more than 30 top-10 hits and has won 22 Grammy awards.	In 2006, he sang and played together with Andrea Bocelli on his Amore album.	His real name is Stevland Hardaway Morris.	In 1984, this blind singer released the single, "I Just Called to Say I Love You."
Chemistry Which material?	This material can appear in several variants, such as novolac.	The material is produced from phenol and formaldehyde.	It is named after its inventor LH Baekeland, who patented the material in 1907.	It can withstand very high temperatures and was previously used for handles on pans.	The DBH 1001 telephone was produced from this material for more than 30 years.
Communication Which object?	A modern version was invented by Nicolas-Jacques Conté in 1795.	Cedar is traditionally the best type of wood for this object.	This object is used by writers, architects and carpenters.	Its grades of hardness are determined on a scale from gB (softest) to gH (hardest).	Often has an eraser on the top, which is appreciated by those who do crossword and Sudoku puzzles.

Which year?

- 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: 1969; Culture: James Bond; Geography: Indonesia; Music: Stevie Wonder; Chemistry: Bakelite; Communication: Pencil; Picture: 1950, Ericsson's former headquarter at Telefonplan in Stockholm.



PHOTO: WWW.ERICSSONHISTORY.COM