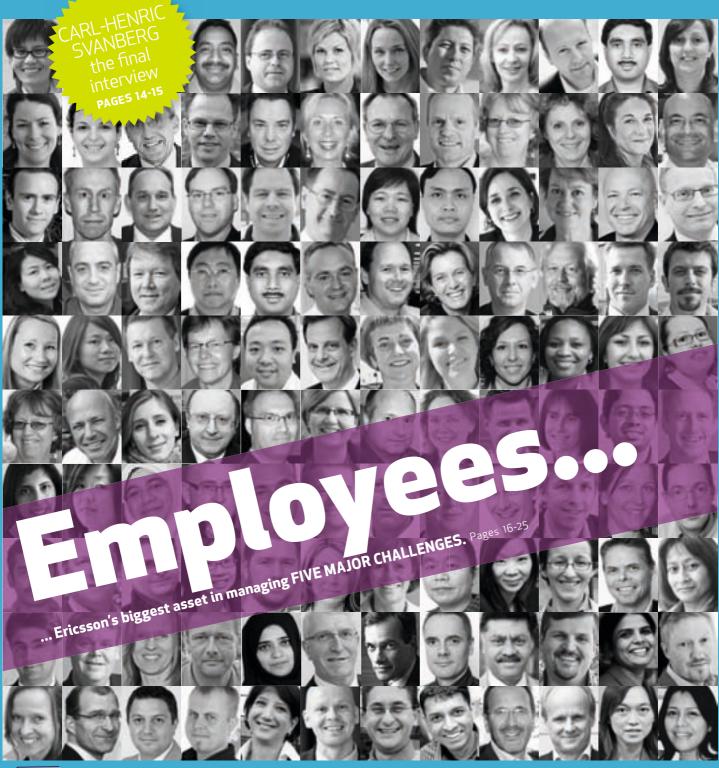
Contact





SECURITY AWARENESS:

The return of Security Sally Awareness Training

NGIN – A SMARTER NETWORK Page 5

How it works:

The man behind fiber optics



SWEAT YOUR ASSISTED

Ericsson helps operators save 25% on network costs by managing its network outsourcing and enables it to focus in its customers lives and experiences.







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Contact

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A new decade

oon 2009 will end and 2010 will begin. For us at Ericsson, this represents a milestone in more than one way. When Carl-Henric Svanberg hands over the role of CEO to Hans Vestberg, a new chapter in the company's history will be written. But that is not our only turning point. We are also facing major changes when it comes to our business.

Svanberg's time at Ericsson began in the aftermath of the telecoms crisis, and he soon finalized a major restructuring process while we solidified our strategy and management structure. It became clear that the basis for the company's continued growth was in our technological leadership, which in turn must rest on genuine customer needs.

Over the years, we have talked a lot about sound values and not wasting unnecessary time and energy. Strong profits and smart ways of working are the only ways for us to take charge of our own destiny. At the same time, there have been dramatic developments both in the telecoms market and among our competitors.

I joined Ericsson in May 2002, in the middle of the toughest times. Back then, there were a dozen or so different companies who could supply a mobile network. Since then, many vendors have merged, or gone bankrupt. But Ericsson is still at the forefront, probably stronger than ever.

With Hans Vestberg at the helm, we need to take care of what we have built, and we must help our customers grow in a fast-moving industry that is one of the most susceptible to change. In just a few years, the world could see 50 billion connections. But consumers and customers are also becoming more environmentally aware, and there is also a clearer focus on social issues, which has come to play an ever larger role in our industry.

So as we end one decade and enter another, we face a handful of major challenges: We must continue to be number one in the world; we will focus more on our customers; and we will lead the modernization of the networks and utilize our established strength within managed services. But most importantly, we will grow with our employees because only those of us who work at Ericsson can realize the company's targets. Read more about these challenges in the magazine and remember – "What brought us here will not keep us here."

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

Have your say

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

contact.comments@ericsson.com

WHICH READER'S PICTURE DO YOU LIKE BEST?

In Contact we have published several readers' pictures on this page taken by employees with their mobile phone cameras. We now want you to select the picture that you like best. Go to internal. ericsson.com and click on the icon "readers' pictures." There you can find all the pictures that have been published during the year with numbers. Choose the number you like best and e-mail the number to us at contact.comments@erics-

son.com. Name the e-mail "Best reader's picture." The winning picture will be published in the next issue of Contact. We need your vote by the latest January 15.
The editor

REGARDING PAGE 35 IN THE LAST ISSUE

I am afraid I don't understand the reason for publishing this picture and comment. For me, it seems to give a negative impression and could lower the spirit of anyone who reads it. I don't know what the reason is behind publishing "wages cut" and "last day at work." I believe employees need motivation in order to walk the extra mile to raise the company profile and produce higher margins; maybe the positive attitude we used to see from Ericsson communica-

tions could produce better results. Haitham Elsaadany, Egypt

ANSWER What a pity that you feel that way. The purpose of page 35 is simply to highlight Ericsson's history and to put the pictures into some kind of context. Ericsson's history is filled with both successes and setbacks and only showing and writing about the positive things in the magazine would give the wrong impression. We also want employees to read the books that have been written about Ericsson, such as "The Ericsson Chronicle" and the latest one, "A Changing World" (which we also wrote about in the previous issue). These books state even more clearly that, like all major companies, Ericsson has experienced both successful and difficult times.

The editor

Readers' pictures



"Sky is the painting of our God," taken with my W902.

Pel Yeng Lee, Malaysia



A beautiful and patient butterfly flew just after I took this close up shot! I had to take the photo lying on the ground; the shadow is actually that of the mobile phone because of the extreme close up. After some research I discovered that it is called the Peacock Pansy (Junonia almana javana).

Deepak Gukar, India

CORRECTION

Unfortunately Hans Åkeby's job title was stated incorrectly in the Hello... interview on page 10 in the last issue of the magazine. The correct job title is Head of R&D IT Program Office.

The editor

PHOTO: ERICSSON

... Serena Lawless, who recently came back to work at Ericsson

Serena Lawless works as a Key Account Manager in Ireland for new business in non-traditional areas.

What are your thoughts on rejoining Ericsson?

"Joining Ericsson feels like coming back home. I am Irish and previously worked for Ericsson from 1995 to 2000. More recently, I worked for a US company called RealNetworks in London, responsible for driving sales and business development in the mobile sector."

What do you think about your new job?

"It is both exciting and challenging. For Ericsson in Ireland, this KAM role is relatively new and we hope it will be effective in driving

future business."

What do you hope to achieve?

"Ericsson is not a well known player in the Irish non-telco space – which covers sectors such as utilities, the media and government. I hope to break into this market by showing that we have the competence and technology to enable our customers make their business more efficient and effective.

Web poll

...percent of 1037 Ericsson employees feel that the new brand strategy will help strengthen Ericsson's position. The rest say they need more information, don't understand it or think it's too early to have an opinion.

Søutce: Intranet

Have you been asked...

...ABOUT NGIN?

Next-Generation Intelligent Networks (NGIN)

Service

Service

Ericsson

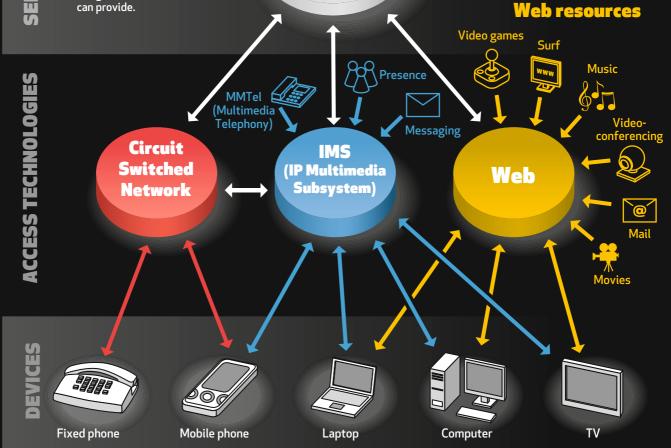
Easing the transition
In today's telephony networks, services other than plain voice – virtual private networks, 1-800 numbers, etc. – are typically created through Intelligent Network (IN) technology. With the transition to All-IP networks, a subscriber wants to retain those functions.

Composition EngineThe Ericsson Composition Engine is the basis for the company's offering in this very dynamic market. It provides a complete platform for bringing existing services to new networks, for building new services to all networks, and for creative integration with all that the web can provide.

But the subscriber also expects the new network to provide innovative and exciting applications, using multiple media streams, combining direct communication with messaging, presence and other web-based applications.

Composition Engine

Service



Source: Ulf Olsson, Ericsson





Welcome...



...Cesare Avenia, who became the company's Chief Brand Officer (cBO) on November 9.
This is a new role that has been created to drive Ericsson's new brand strategy globally.

What does being the сво involve?

It's my responsibility to ensure that the new brand strategy is implemented throughout Ericsson. But it isn't a one-man show; I have many skilled employees in my team.

What do you have to achieve?

The team and I will make sure that there is commitment towards and understanding of the new brand within the company. Every Ericsson employee will be aware of what the new brand strategy means. Another target of this work is for our customers to see us as an innovative company.

How will your work affect employees in their daily jobs?

I want everyone to feel a part of this and I expect all employees to be ambassadors for the new brand.

Sofia Falk

Spotify on the go

MOBILESERVICE The music streaming service Spotify is now available for mobile phones powered by the operating system Symbian. This means the service can be used on Nokia, Samsung and Sony Ericsson phones if the user has a Spotify premium account. The service is currently only available in Europe.

Source: TechCrunch.com

Learning for everyone

Ericsson Academy, the new learning forum, is now up and running. By providing faster, smarter competence development support, the academy aims to inspire employees to stay ahead in the market by improving their knowledge and abilities.

LEARNING We spoke to three people who have used Ericsson Academy in their competence development.

- **1.**What type of knowledge were you looking for?
- **2.** How did you go about it?
- **3.** How has it helped you in your job?

Alex Chang, solutions manager, Taiwan:

1. One of my main tasks at the office in Taipei is to increase sales of Long Term Evolution (LTE) solutions. I need information about marketing, basic LTE technology and about Ericsson's product development strategy to gain more knowledge of LTE and how I can develop my ideas and strategies.

- 2. I downloaded a document from Ericsson Academy, LTE/EPC (Evolved Packet Core) in Ericoll. It contained all the latest information, so it was easy to read and learn from. The document also contained links to online seminars, both recorded and live, which were a great help to me.
- **3.** I have become much more efficient because I can access relevant information more easily. I now feel more confident when meeting customers or when I am producing a sales plan.

Ahmed Elshinnawy, solutions architect, Egypt:

- **1.** I was looking for a course in technical sales support and marketing for SmartEdge routers manufactured by Redback.
- **2.** All the information was in a PowerPoint document that I downloaded from Ericsson Academy, IP Networks.
- 3. It has been a great help to me because I have found loads of technical documentation and courses in IP networks and other IP solutions. I always go to the website first to see if what I am looking for is there.

Carla Ramos, account manager, Portugal:

1. I was looking for basic facts about LTE/SAE (System Architecture Evolution) and strategy,

but also about Core & Radio development in order to provide the right information to our customer – Sonaecom.

- 2. So far, I have only gone through what I found on Ericsson Academy about LTE for Sales & Marketing/Pre-Sales and read a lot by myself.
- 3. It has made it easier for me to formulate messages to the customer about moving from their current network to also supporting LTE, as well as GRAN and WRAN. The positive thing about Ericsson Academy is that all the information you need is gathered there.

Do you want to know more? Go to Ericsson Academy under Employee Info on the intranet.

■ Sofia Falk

"It's a bit like Swedish football player Henrik Larsson playing his last game. I think he feels some sadness and some relief at the same time." Carl-Henric Svanberg, President and CEO, when asked how it felt to give his final press conference on an Ericsson report.

Dagens Nyheter, October 22, 2009.

By the way...

NOTED ... Håkan Eriksson, Ericsson's current cro and head of Group Function Technology & Portfolio Management, has been named the new head of Ericsson Silicon Valley.

... Stefan Parkvall and Erik Dahlman at Ericsson Research received the "Stora Teknikpriset" (major technology award) – the most prestigious technology award in Sweden – for their contributions to HSPA. ... Ericsson has launched a new version of Password Manager, a user-friendly tool for effortless log-in to applications, unlocking domain accounts or resetting passwords. More information is in the IT Service Catalog on the intranet.
...the response rate in the Dialog survey was 91 percent of the total work-

force. Last year go percent

responded.

NEW CONTRACTS

Ericsson and Jordan Telecom Group, an Orange/France Telecom subsidiary, have announced the launch of the first 3G mobile network in Jordan. The network will be commercially operational in the first quarter of 2010. Ericsson will design and construct the new network, which includes the implementation of several broadcast stations, operate them for a year and manage their quality, in addition to providing technical support services.

reden. TV4, one of the major commercial broadcasters in Sweden, has signed a managed services agreement with Ericsson to run the day-to-day operation of its playout services – its 10 TV channels, including TV4, TV4 Sport and TV4+ as well as quality control and studio facilitation. As a result of the agreement, 40 employees from TV4 will be transferred to Ericsson, strengthening the business unit Global Services.



In a society where people are always on the move and always connected, it is more likely that confidential information will end up in the wrong hands. Security Sally Awareness Training, tries to prevent this.

wareness of security

A new version of the interactive Security Sally Awareness Training course will be launched on the intranet on January 18, focusing on awareness of security risks. The course is now mandatory for all employees and consultants.

SECURITY Jacob Henricson, head of Information

LLUSTRATION: ERICSSON

Security at Ericsson. says that the online Security Sally 11 course is a preventative



Henricson

measure to minimize the risks of sensitive information ending up in the wrong hands.

"The course marks the lowest level of se-

curity knowledge that all employees are expected to have," Henricson says. "As well as the course,

> there is further

information for those who want to know more about how to minimize risks."



The emphasis in the

new version is on human behavior and awareness. You get to follow an employee in various typical situations during a normal working day, and in the process learn how to improve your thinking around security. This could include not leaving important papers or your laptop in surroundings where the information could be seen by unauthorized people, such as at an airport or a cafeteria. Or it could involve thinking twice before you talk too openly about something that should be kept within the company or the department.

Mandatory

"Every employee needs this course," Henricson says. "See it as a chance to consider what you usually do and how you can protect Ericsson's biggest assets: its people, information and the brand."

You can find the Social Media Guidelines under Sales & Marketing on the intranet.

All employees will be notified when it is time to take the course. A link to the online course will be provided.

☑ Aimee Ravacon & Sofia Falk

HOW TO SECURE **INFORMATION**

Lock your computer when leaving your workspace.

Clear meeting and conference rooms, and remove writing from whiteboards.

Use encrypted e-mail for internal distribution of confidential information

Go to Internal.ericsson.com/ page/hub_inside/support/ security/inf_sec/index.jsp for more information.

New business unit started

ORGANIZATION A new business unit. Business Mobile Systems (всам), has been launched with its base

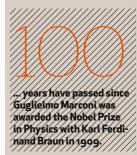
in North America. Thanks



to the deals with Nortel, Sprint, AT&T and Metro PCS, the market region is now Ericsson's biggest in sales terms. The Nortel employees will be integrated into Ericsson in the coming months. The head of the new business unit is Magnus Mandersson and he says he is "looking forward to working with my new colleagues." Ericsson will have 14,000 employees in North America once those joining in conjunction with the Sprint and Nortel deals are integrated, making the region the second-largest in terms of workforce.

Twitter in court

SOCIAL MEDIA Australia's federal court has decided that individual judges will determine on a case-bycase basis if journalists are allowed to report on trials using Twitter. This is the same as with other media formats. us courts have already begun allowing tweets from courtrooms and the phenomenon has now spread further south. Source: Mashable.com



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SECURITY SALLY

Few mobile phones recycled

REPORT More than 90 percent of all discarded mobile phones are thrown away instead of being recycled, according to a survey by US analyst firm авı Research. The result shows that globally only 8 percent of all mobile phones are handed in for recycling or for component reuse. Of this 8 percent, 6 percent goes to recycling and the remaining 2 percent to material reuse. However, ABI Research predicts that the number of recycled mobile phones will increase in future.



One fits all

TECHNOLOGY The International Telecommunication Union (ITU), a UN organization, has approved a new standard that means that one type of charger will work for all types of mobile phones. This will cut down on the manufacture of chargers and hopefully reduce energy. The ITUpredicts that a one-for-all charger for all mobile phones could lead to a 50 percent reduction in energy usage from electronic equipment on standby. The organization also estimates that 51,000 tons of excess chargers could be recycled. The charger will be based on the Micro-usB interface. Manufacturers that have signed up for the new standard include Apple and Sony Ericsson.

Source: Metro Teknik



This year's Inventors of the year are specialists in radio access and communication systems security. Here they receive their diplomas from Carl-Henric Svanberg, CEO and President of Ericsson.

"Dare to share your idea"

This year's inventors are specialists in radio access and communication systems security. "It doesn't have to be rocket science to be a successful invention," says Mats Näslund, one of three winners of the Inventor of the Year Award.

AWARD Champagne glasses were lined up, and the finishing touches were set for the celebratory lunch at the dining room at the head office in Kista. Ericsson's president and group CEO Carl-Henric Svanberg arrived with his team to present prizes and diplomas to the three inventors of the year, who looked proud and full of anticipation.

Simple and obvious

Mats Näslund works in the department for communication systems security at Ericsson Research in Stockholm. He won the award for his inventions in the area of network security within LTE, IMS and converged networks. He says that inventing does not need to be complicated. "It's the simple and reasonably obvious ideas that have the most potential for succeeding," he says.

At the lunch, the three winners chatted about how new inventions are often ideas born out of other projects. And the ideas of winners Jari Vikberg and Tomas Nylander are good examples of this. Both men work at Development Unit Radio Systems and Technology in Stockholm, and received the prize for their innovative work within radio access networks.

"A new idea is seldom a one-man show," Vikberg says. "Instead a patent's quality increases with several inventors working together. Dare to share your idea with others."

Over several years of

collaboration, Vikberg and Nylander have filed 90 patent applications together, in areas from Femto base stations to Ericsson's Mobile@ Home solution.

Prestigious

Näslund, who specializes in security solutions for mobile networks, has 57 patents. "The demand for reliable security solutions is growing all the time as mobile traffic in IP networks increases, and it becomes more common with open standards," he says.

All three consider it an honor to win one

of the company's most prestigious awards. "It's really incredible that our work is being recognized; it's motivating," Nylander says.

At the awards ceremony, the champagne glasses were filled with bubbly and raised. "The company's successes rest with our innovators thanks to their excellent work," says a smiling Svanberg as he hands over SEK 50,000 in Ericsson stock along with a diploma designed by art student Moa Pårup, who won a related design competition.

☑ Lena Widegren

INVENTOR OF THE YEAR AWARD FACTS:

- First year of the award: 1995
- ► Who can be nominated? Ericsson employees and/ or organizational units
- ► What for? Those nominated should, for example, have patented solutions
- that have created technological advantages for Ericsson, and show innovative development over the years.
- ► How many nominations were there this year?

 More than 20.

Winners and losers at CTIA IT Wireless 2009

American industry monitor FierceWireless has reported on the trends. and the winners and losers from this year's стіа іт Wireless convention in San Diego. Mobile healthcare is becoming increasingly popular and this was one of the major topics of conversation at the event

REPORT According to a study undertaken by CTIA and Harris Interactive, 40 percent of respondents (3000 Americans) said they would welcome mobile health offerings to complement visits to the doctor. And 23 percent said that

they would use mobile healthcare if the platform reduced or replaced visits to the doctor.

Scepticism

The study included 25 companies within mobile healthcare, including Us firm Oualcomm, whose CEO Don Jones believes that smaller operators have a leading position within this area.

Mobile TV was this year's loser according to FierceWireless. There were only a few panel discussions on the subject and just a handful of mobile TV companies were present. The lively debates and media attention that had surrounded mobile



The use of mobile healthcare has increased enormously in development countries.

TV at previous events has now changed to skepticism, according to Fierce-Wireless. The reason for this is high prices and an inability to fulfill customer expectations. ■ Sofia Falk

Footnote: CTIA IT Wireless 2009 was held October 7 – 9 in San Diego, US. Ericsson participated and demonstrated its IMS MashUp and Social Media Portal solutions

Ericsson.com is reborn

BRAND The new Ericsson. com site was launched on November 23. The redesign is one stage in the new brand strategy, and the website's appearance is based on the company's new imagery and design. Great emphasis has been placed on user friendliness and the site will reflect innovation and knowledge. Ericsson.com will also be a channel that paves the way for discussion through interactivity. This function is intended to be launched at the заям World Congress in February. Over the coming weeks, the website will continually be filled with new content and solutions.

Mobile mothers on the rise

REPORT According to a survey by us mobile advertising firm Greystripe, mothers are no longer a difficult group to reach when it comes to using mobile applications. At least not mothers who have an iPhone because, according to the survey, 79 percent of them use their iPhones for daily tasks, such as planning grocery shopping and comparing prices. The survey also stated that 50 percent of mothers let their children use their mobile phones and 41 percent also download educational programs for their children.

Source: New York Times

There will be 4.6 billion mobile phone subscriptions around the world by the end of 2009, according to un organization, the International Telecommunication Union (ITU). Source: Reuters

"This fantastic win against very tough competition is proof that Ericsson IPX is top in the messaging and billing transactions industry." Peter Garside, director of IPX North-West Europe, on the prize for Best Transaction

<u>}</u>

irt breaks the ice

Are you too shy to flirt? With the BlooFlirt mobile service, to be released in January, you can contact interesting people you don't want to approach directly just yet, in places such as bars or nightclubs.

MOBILE FUN The technology is based on a platform that has a new method for positioning and communication between mobile phones. If you have the application installed, you can see which people are single in your vicinity, if they

have chosen to show that information in their profile. The search technology is Bluetoothbased, but once the ice has been broken all communication switches to Bloo's positioning server, which uses a more stable technology, as well as far less energy, and can be operated at distances greater than Bluetooth's 10 meter limit

The service will only be available in Sweden initially. You can register on Blooflirt.com. ■ Sofia Falk





What has been your most enjoyable moment at work during 2009?

► Mikael Goldberg, driver, strategy process, Sweden



"For me it was when we summarized the year's strategy

work and the GMC. It was clear that together we'd generated an extremely strong team spirit around a common vision, with a strong customer focus and with the feeling that we have the future in our own hands. I felt privileged to have been a part of the project, and proud of my contribution."

► Silvina Fortuna, customer project manager, Mexico



My most enjoyable moment at work was when we

won the auction for the field maintenance project for Telefónica. The auction process lasted two days. We could not lose this project because it was a very important deal for us and a big team depended on this contract. We suffered for 48 hours, but then we renewed the contract for three more years.

► Alan Zhao. Operational **Development, China**



It's really hard to identify which one was the most

enjoyable. Maybe the best moment was when my competence and effort was recognized during the annual performance review at the beginning of this year. Now I even feel a bit excited about my upcoming 2009 performance review.

⊠ lenz Nilsson

ONE DAY WITH YASMIN GAZIZA

Delivering with focus on the details



Yasmin Gaziza is responsible for the delivery of prototypes at Ericsson's Supply Site мıс Kista in Sweden. Her work demands concentration and a sharp eye for detail - especially when the day's most important deadline approaches.

The alarm on my mobile phone goes off, but most often I'm already awake by then as I'm very alert in the morning. I drink a cup of Indian Chai tea and eat a sandwich before I go to the gym.

The week's first 05:30 "Bodypump" gym class. I look forward to the extra energy it gives me.

OB:00 Arrive at work. I eat a banana and enter the lab. Check email

Time for a meeting with the analysts and we discuss issues and questions. We also plan the day's schedule.

08:00 l take a quien break and have a piece of fruit, and then I help the team with mobile assembly. I take a look in the "work statement" to learn how the products will be delivered and to which country.

The prototype team is waiting but before that I eagerly open my lunchbox with pasta Bolognese inside.

will be shipped from Ericsson Supply Site MIC Kista to customers.

Deadline for ship-



Yasmin Gaziza puts together a mobile phone at Ericsson Supply Site MIC Kista, Sweden.

- the work day's most important moment. It is crucial that everything is in order and that the process is flowing.

15:00 I receive ing IDs from the Iz:00 Iregister and pack the products that ward them to the customers. I then update the lists of products and shipping.

Prepare for tomorrow's work ping the products and turn off the computer.

my way home. Cook an Indian dal (lentil stew) and roti (bread), and Good night! have a cozy family evening As told to Sofia Falk

Shop for food on at home watching TV.

22:00 I turn off the light.

This is Yasmin Gaziza

- ▶ Title: Responsible for prototype | delivery to ST Ericsson
- ▶ Years at Ericsson: २1 years
- Family: Married, two children
- Lives: Kungsängen, just outside Stockholm
- Yasmin prefers:
- √ City
- √ Books

Countryside Morning paper

- ✓ Evening at home Evening out
- √ Individual sports Team sports



Remember this yuppie gadget?

LOOKING BACK) The HotLine Combi was one of the first portable telephones developed by Ericsson. The design of black casing and orange buttons was kept when, in 1987, the first real mobile phone, the HotLine Pocket, arrived.

The HotLine Pocket, which started out as an experiment, was constructed for the Nordic NMT 900 network and based on a police radio model. Nils Rydbeck, head of Research at Ericsson Mobile Telephone Laboratory in Lund, and his team wanted to see whether it was possible to include all the components on a smaller scale. The original intention was to produce only 300 of the new mobile phones – but then Panasonic found out about the experiment and placed an order for 10,000 phones. This was the first time Panasonic had bought a product that was developed and manufactured by another company.

The next HotLine model, the NH 72, came out in 1989. This model has gone down in history because later versions were reconstructed to the GSM standard and it became the GH 174. The GH 174 saw the light of day when GSM was introduced in Germany in 1992 and the Mannesmann Group placed an order for 30,000 phones.

Uddenfeldt wins innovator

AWARD Jan Uddenfeldt. senior technology advisor to the CEO. has won in the Telecom Equipment category of this year's TechAmerica Innovator Awards. The us technology industry's largest advocacy organization chose Uddenfeldt for his contribution in the fields of 2G and 3G (HSPA) technologies.

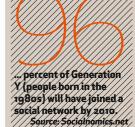
Status in the

SURVEY Mobile telephony is becoming popular among an ever-younger crowd and 86 percent of Swedish children between the ages of nine and 16 have their own mobile phone, according to Mobil. se. Many children start going to school by themselves at the age of nine and that is also when they get their first phones so they can call home. When it comes to features, the color is most important for younger children; brand and functions only become important after a

playground

few years.





"If age is the only problem, that problem will pass automatically."

A comment from Hans Werthén when he was asked whether Björn Svedberg, who was then just 40, could be suitable for the demanding job of becoming CEO for the entire Ericsson Group.

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.

- This was one of • the major topics of conversation at the сті a event, according to FierceWireless?
- In which year did 2. Europe get its so called GSM directive?
- This phone was constructed for the Nordic NMT 900 network and was based on a police radio model.

Write your answer after each question,

put "competition" in the subject field and send your answers to contact. comments@ericsson. com no later than January 15. 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 Nelson Estrada, Colombia,

Answers to last month's quiz:

- 2.40 percent
- 3. Node for Mobile Softswitch and Media
- Gateway

What was happening this time...

...25 vears ago

1985 **This was** the year of major changes in national telecommunications technology in Fiji. After a worldwide tendering exercise by national operator Telecom Fiji Limited (TFL), the LM Ericssonmanufactured digital AXE-type exchange systems were chosen to spearhead network growth over the next decade. Installation of the first AXE 103-type exchange began in Lautoka, July 1985 and went into service early the following year.

...IO years ago

2000 Ericsson was strengthening its position as the world leader in 3G mobile systems. The company was named the supplier in 22 of 33 3G/ WCDMA agreements made public. Ericsson formed partnerships with Microsoft, IBM and Worldcom to develop mobile internet applications.

years ago

This is the year that two of the largest contracts in the company's history were signed. The first was a multi-year agreement to manage 3's networks in Italy and the UK, covering more than 8 million subscribers. The second was Ericsson's acquisition of Marconi's business in optical transmission. broadband access and related services.

THE INTERVIEW: CARL-HENRIC SVANBERG

"It was a challenge"

Ericsson CEO and President **Carl-Henric Svanberg** is heading for new horizons after six-and-a-half years at Ericsson. Contact interviewed him one last time just weeks before he takes up his position as **chairman** of BP.

salways, it's a man pressed for time

- but ever so personably present
in the moment - who sits down
on the couch and asks whether he
should leave his suit jacket on. Still, this day
you can sense a certain feeling of humbleness from him.

How does it feel?

Good, but a bit sentimental. Someone asked me recently how it felt to submit my last quarterly report. I compared it to Swedish footballer Henrik Larsson's last game. I recognize that. If you've played 1,000 games, game number 1,001 is less exciting. There is something exhilarating about moving on, but it's sad at the same time.

What are you most pleased about achieving during your time at Ericsson?

That we have managed to establish a good, strategic direction with a clear vision that I feel the employees are behind. I don't think anyone is uncertain about where we're going. We've been consistent in improving our efficiency and this has led to better results than our competitors.

I'm also very pleased that we have chosen to continue to our focus on GSM. As a result, we're now easily the leader and a driving force within wireless telephony.

Is there something you haven't had time to do?

I wish I'd had more time to be out there in the organization. But the fact that we're present in more than 170 countries means that there hasn't been enough time for everyone.

And we perhaps haven't really been prepared for the shift from being a traditional supplier of hardware to a software supplier. We didn't realize in time how important software sales would be. We issued our profit warning in 2007 just before the financial crisis and everything has taken on a different perspective within Ericsson since that time. We learned a lot from this and today we're much more focused as a company.

What turned out as you had expected in your job – and what has not?

I always expect a challenge when coming to a new company, but especially in a company as complex as Ericsson. And it was a challenge. But I would have never predicted the intensity and commitment that is present among employees. Such dedicated colleagues create enormous dynamism and this makes everything happen very quickly. I realized very quickly that Ericsson attracts the most competent and ambitious people. It was fantastic to get involved in the operations so quickly.

What didn't turn out as expected, perhaps, was how quickly competitors such as Huawei came into the picture. We've dealt with them well, but we initially underestimated their progress.

How will you spend your last working days?

Hans (Vestberg) and I have agreed that he'll deal with the long-term issues and leaving me to take care of what is happening right now. It's now more a question of me being at his disposal, and him forming his own processes and methods. This has given me more time to focus on my new assignments at BP.

On the subject of BP, what can the oil industry learn from Ericsson and vice versa?

They are two completely different in-

dustries. For BP, 10 years isn't a long time, while 10 weeks is a long time for Ericsson because the telecoms industry changes so quickly. I believe that both companies can make decisions more quickly. Sometimes it takes time before consensus is reached within companies. But once both companies have decided something, all employees are behind it and they move forward.

How will you keep in contact with Ericsson?

Ericsson will always be in my heart. I'm still on the board. And I'm sure that I'll have informal, personal contact with Hans Vestberg, as well as with old and new friends in the company. I'm sure there will be contact.

Can you mention some of the highlights from your time as CEO?

Our management conferences (GMC) have been a highlight. I've felt how we're driving things forward during these conferences. And the breakfast meetings we've had with different employees have been very nice moments. Those meetings were always informal and very sociable. And I'm constantly fascinated by how quickly things can happen within Ericsson sometimes. There have been times when I was at dinner with employees and customers until late in the evening, and then on my way to work the next morning. someone had called me to say that: "We won the contract in Southeast Asia last night." That's when you realize that deals can happen in just a few hours. There is a passion and a desire among the employees to make the company as good as possible. That has meant a lot to me.

☑ Text: Staffan J Thorsell Photo: Stefan Borgius

I would have never predicted the intensity and commitment that is present.



CARL-HENRIC SVANBERG

- ► **Age:** 57 years
- ► **Born:** Porjus, Sweden
- ► **Lives:** Sigtuna, Sweden
- ▶ **Background:** cEO and President of Ericssonsince April 2003. He was previously the CEO of Assa Abloy and has held various positions at Securitas and ABB.
- ► **Hobbies:** Sailing and skiing.





CHALLENGES

Events happen quickly in the **telecom world**. The question is if there is any other industry in which things change so fast, so radically and with such continuity. Ericsson's target is to be the industry leader and the telecom company with the greatest **influence on the world around us**. But there are a number of challenges the company must meet to hit that target.

Everything is connected

here are expected to be 50 billion connections within the next few years.

Every device that can be connected to the internet and to each other will be – from mobile phones and computers to car engines and kitchen ovens. In addition, there are increasingly clearer demands for profitability, environmental awareness and a sound personnel policy. To keep up, telecom companies must predict trends and master the tasks that these developments bring about.

Ericsson faces many tests to fully achieve its vision of being the prime driver in an all-communicating world and to live up to its new brand strategy. There are five major challenges that stand out for the company. These have no order of importance, but together they cover the areas in which Ericsson simply has to be the best.

Read about these five challenges and the measures the company is taking to fulfill them on the following pages.



Sylvie Schwer is a consultant working in Vienna with water-related issues. For her mobile broadband means freedom. She doesn't need to go to the office to check e-mail, get important documents or search for facts on the internet. This saves both time and energy.

Number one

- ERICSSON WILL BE THE INDUSTRY LEADER

It may be the cto of an operator, a businessman in Africa, a teenager in Paris or a government official in Asia – but in the future, everyone should see Ericsson as number one in the industry. The biggest threats to becoming a world leader are getting too comfortable and developing what Douglas Gilstrap, Ericsson's head of Strategy, calls "blind spots."

Operators should obviously regard Ericsson as the world's top telecom company. Yet for the company's products, solutions and services to really take off, government authorities, companies and consumers must also view Ericsson as the industry thought leader. But what does being the industry leader really mean?

"We're already the industry leader within radio and mobile

services, which means we have economies of scale, the biggest market share and the best technology," Gilstrap says. "Eco-

nomies of scale of course cover all the competent people we have around the world. We just have to make sure we don't get too comfortable because there is also a risk with economies of scale; if you're big enough, you could have blind spots and not really see what is happening off your radar."



Douglas Gilstrap

Gilstrap says innovation is key. Ericsson needs to take advantage of its market leadership and proactively look to solve customers' problems and add value with new ideas and business models.

Also, he says there are other areas in which Ericsson must advance.

"If you're big enough, you could have blind spots"

Douglas Gilstrap

Did you know that...

...the term "thought leader" was first coined in 1994, by Joel Kurtzman, editor-in-chief of the magazine Strategy & Business. The term was used to designate interview subjects who had contributed new thoughts to business.

For example, Ericsson is going to focus on developing closer relationships with internet companies, including firms that develop applications. Telecom companies - in other words the owners of the networks - will continue to be the main entry point to the internet for most consumers, especially as mobile internet sweeps across a growing area of the world. And telecom companies will thus be able to shape the development of internet services because the networks are becoming more accessible to internet and content providers.

Ericsson will also focus more on media distribution.

"Mobile phones are already media centers," Gilstrap says. "It's not just about TV, video, news and so on, but about sharing content. In the future, it will be hard to differentiate between media and telecommunication."

Machine-to-machine (M2M) communication will also become increasingly important. Gilstrap believes that everything that has any benefit from being connected will be. This could include cars being connected to a garage, home electronic devices that are connected together or heating in the home that is controlled by being connected. The

same category covers consumer gadgets, such as cameras, stereo systems and games.

So, when Ericsson talks about 50 billion connections, this is far more than just mobile phones and computers. But with so many connections to make and with everyone taking aim at Ericsson and its number one spot, you may think that the company faces an almost unreal challenge.

"We must get involved in a selection of solution areas, learn everything, become the best there, and take a leading position," Gilstrap says. "In most cases, we'll do that with the operators, but in some cases also directly with companies like service and content providers."

And according to Gilstrap, Ericsson's size is extremely important - and it will become even more so.

"Regarding new services, an individual service may not be very large but our economies of scale still make it worthwhile. Services can be run from ever greater distances, and this is how we create efficiency in our operations through economies of scale."

☑ Text: Staffan J Thorsell Photo: Getty Images

ERICSSON'S CTO ON ERICSSON'S TECHNOLOGICAL LEADERSHIP



How will Ericsson strengthen its world-leading position within the making subgrap?

"We will continue to invest in research, patents and standardization, for example, common standards between the wireless sphere and fixed access technologies like passive optical network (PON) and wireless local area network (wlan)."

Which investments must be made within R&D for Ericsson to be the industry leader?

"We must become even quicker and more receptive to our customers. To do this, we must bring the R&D organization closer to the customer. Employees who work more directly with product development can then hear a customer's demands and suggest a solution that is based on first-hand

"We're already making major in-

vestments within R&D. and we must maximize them in the right way to meet customers' needs. This means that we must work in a smarter way by reducing the number of technical platforms and increasing the reuse of hardware and software. We're already utilizing the synergies we've created internally and through acquisitions, and they're helping us become a leader in the transfer to all-IP. But we can't just focus on R&D - we must focus on the whole chain from our contact with the customer all the way to the product line."

How will Ericsson advance within Business Support Systems (BSS)' "To take parts of the customers'

business within BSS, we must utilize and learn from the agreements we already have within managed services, our deals within systems integration

and our products for payment services and handling of users, terminals and services. If we're to take market share here, we must ensure that our solutions can handle more than just the networks. Today, our BSS solution actually only supports our own networks - we must ensure that it can be integrated with others' networks and equipment. To do this, we must first sharpen up our business internally so that our products work the same when they're used in different ways."

What is the biggest threat today to Ericsson's leadership?

"That employees and management assume that we can simply keep doing business the way we're doing it today and maintain our leadership. This fits in with the saying often heard at Ericsson's annual management conference, the GMC: "What brought us here is not enough to keep us here."

ALLENGES

"In simple terms, it's about the courage to develop individually"

- ERICSSON WILL GROW WITH ITS EMPLOYEES

Did you know that...

... the tendency to showcase corporate culture in recruitment processes has increased significantly since 2000? Describing a corporate culture "corporate storytelling" has become a way to make a company's operations more visible and to attract the right applicants.

Everyone at Ericsson - managers as well as employees should feel fulfilled in their professional role in a leading company and understand that they are a part of influencing the world around them. Only then can the energy and innovation be created that will make Ericsson the customers' first choice.

Regardless of which company, or perhaps even which industry, you work in, you constantly face new challenges, new work methods and new opportunities. But you may also feel demands to always be available and connected, for example through teleconferencing, with colleagues from every part of the world.

To feel fulfilled at Ericsson, according to Marita Hellberg, Ericsson's head of Group Function HR & Organization, it is important to try to take on board new approaches and discuss them with colleagues, regardless of whether they concern working methods, technologies, Hellberg business models or customer solutions.



"In simple terms, it's about the courage to develop individually and change the way you work," Hellberg says.

This is where leadership comes in. But, says Hellberg, leadership involves many aspects.

"Leadership is important for every one of us in the company, regardless of business area. It is about the people that actually are Ericsson. All of them should drive the company forward. Today, hardware and products aren't what primarily separates us from our competitors. We have already proven our innovative ability and will continue to do so. But it is our intellectual capital, that is, our employees, that separates us from our competitors."

Ericsson's leadership model is based on seeing the entire picture, and it consists of three aspects of leadership. People leadership means that all managers and employees develop and challenge themselves. Organizational leadership is about creating effective global processes regardless of geographical boundaries, disciplines or hierarchies. And thought leadership is based on the further development of the company's role as market leader within the information and communication industry.

Hellberg also says that Ericsson's culture must continually evolve. There has always been a definite Ericsson culture, which according to Hellberg is one of the company's strengths. All companies' cultures have certain practices and unwritten rules, which offer a kind of security to employees - by allowing them to take more personal responsibility.

In direct relation to the company's development, Ericsson will also develop its employees and will more clearly convey the core values, targets and ambitions that it stands for. Hellberg says it is about the company's ways of working, but also about how Ericsson is perceived – and wants to be perceived – by its customers as the new brand strategy gains momentum (see last issue of Contact, ed.).

"Our cultural platform should shine through in everything we do, through discussions and arguments that are developed together so that our culture can also be adapted to the challenges we see in the future," Hellberg says. "It's a journey that is undertaken with the help of, for example, our employee survey. The employees' views, creativity, suggestions for improvements and commitment should be encouraged and reinforced."

Hellberg talks about participation, or "empowerment," as part of Ericsson's strength.

"Our leadership is about putting the individual in focus," Hellberg says. "Our belief in our employees' desire and ability to do a good job is one of our our biggest strengths. I myself think that it's exciting and challenging to go to work and I wish all Ericsson employees the same joy and satisfaction in their work."

Of course, Hellberg says, the company's managers must work to maintain employees' commitment and motivation. But there are also clear demands on the individual employee.

"As an employee, I should be able to relate to how my contribution fits in to the bigger picture," Hellberg says. Today Ericsson has 82,500 employees, of which about half work in the services area. The company's business is becoming more of a people business, as the services business grows. And that places new demands on the company.

"To deliver globally, we must have competence that



Some of Ericsson's 82,500 employees. In the future the company is going to invest even further in what it calls its intellectual capital, for the employees actually are Ericsson.

matches our deals, in numbers, and in the right geographic spread," Hellberg says. "Work rotation has always been an important issue and by transferring competence, networking and increased cultural understanding, the right

THREE STRATEGIC CHALLENGES FOR ERICSSON EMPLOYEES:

The ongoing competence shift.
The telecom world is moving towards all-IP, and Ericsson employees should continue to be the most qualified and engaged within the telecom industry. The Ericsson Academy was introduced at the 2009 GMC and will be the center for training in the company.

The changing company. Today, 48 percent of Ericsson employees work within Business Unit Global Services, a radical change compared with five years ago. This means that products are no longer the company's principal offering: the focus is on smart and effective business solutions. Ericsson must now understand its customers' business far better.

Talent management. Ericsson needs leadership that is equipped to meet and implement the changes the company is facing. This means involving and inspiring the employees, having insight and courage to drive change, and opening a dialog on how to continue to develop the ability to perform and

competence will be where it matches a specific deal."

This places great demands on the company's managers. According to Hellberg, a manager's most important qualities are that they can instill enthusiasm into their employees; that they can focus on the company's assignments; and that they can see how their operations fit into the bigger picture. But managers also need to improve their ability to work on flexible assignments and in organizations. The hierarchies that have been built up for generations are partly breaking up and the ability to network will be vital to success – traditional hierarchies are no longer most important. Today, Ericsson works on projects in partnership with its customers, and this requires managers who can handle the leadership challenges that exist in several parts of the organization and in several different projects.

Flexibility is also important. There should be a desire and ability to take on other tasks, identifying and developing the next generation's leaders, and to work with planning, preparation and coaching.

"All of our industry is changing, so we must become quicker and more flexible to match the pace of the change within our industry, or rather in the world," Hellberg says.

☑ Text: Staffan J Thorsell Photo: Archive



Sofía Puente Ascariz from Telefónica in Spain and Stefan Myrälf of Ericsson Racing Team struggle to make Ericsson 3 go faster during a stopover in the Volvo Ocean Race 2008-2009. Ericsson is focusing on getting closer to the customers and to better understanding their environment.

Relationships

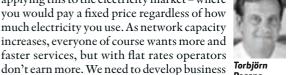
- ERICSSON WILL GET EVEN CLOSER TO ITS CUSTOMERS FROM MORE ANGLES

Traditionally, Ericsson has approached customers from a technical perspective. And while technical leadership remains central to Ericsson's business, in the future it will be just as common that customers are met by marketing, information or financial executives as they are by engineers or technical directors.

Torbjörn Possne, head of Group Function Sales and Marketing, says: "We will increase our customers' revenues by making available new applications, services and products. We also need to be able to address new customers, such as cable TV companies, internet providers and content providers."

This means that Ericsson and its customers have to create working business models together - in even closer cooperation. Possne sees great opportunities in this area but says there are still challenges to deal with.

"Flat rates are a really crazy concept," he says. "Imagine applying this to the electricity market - where you would pay a fixed price regardless of how much electricity you use. As network capacity increases, everyone of course wants more and



Torbjörn

mers with rates that lead to clear and predictable costs for consumers.

models in close cooperation with our custo-

"There could be a ceiling in relation to how much capacity a consumer uses. If they exceed this, then they go from a fixed price to a fluctuating rate.

"The salesperson's job is to keep themselves up to date" Torbjörn Possne

Did you know that...

... the term total cost of ownership (TCO) was developed in the late 1980s by analysis and research company Gartner to determine the cost of owning and using a personal computer.

As in the case of the electricity market, this could also be a model in which you pay a fixed rate for characteristics in the network, such as maximum capacity and delay, where you pay a low rate per megabyte."

For large operators cash flow and margins remain the clear focus.

Vodafone's revenues have increased by more than 9 percent and cash flow by 29 percent, at the same time as it plans to reduce costs by almost USD 1.7 billion by 2012. Telefónica's revenues have decreased by 6 percent, profits by 1 percent, and investments by 19 percent. France Telecom has seen its profits dip by 8 percent, while profits for Deutsche Telekom rose by 7 percent. Both operating expenses and investments are under pressure. As a result, more and more operators are centralizing their decision processes - Deutsche Telekom in Bonn, France Telecom in Paris, Telefónica in Munich and Vodafone in Luxembourg are a few examples.

Possne says: "Ericsson has well-functioning global processes that are readily available to the entire company. These should be used because they make the organization more effective. Then we can support operators even better when they need to reduce their costs. At the same time we need to be more innovative.

"Our salespeople in the market units and their local competence are great assets, but at the same time, the salespeople have a lot of responsibility. They are required to know the company's products and solutions. The salesperson's job is to keep themselves up to date.

"We've established eight new regional centers that will support the market units when it comes to new, more complex products and solutions."

So how do you approach a customer who is only focused on reducing costs and wants Ericsson to always reduce its prices? Possne says that in this case it is important to be clear with the customer and present other alternatives.

"This is of course an important discussion," Possne says. "We must be able to show the customer how much our solutions will cost and be clear about it. And their total costs should include, among other things, energy consumption and upcoming platform changes. We will have the best total cost of ownership (TCO) for our products and solutions over a five-to-seven-year period."

☑ Text: Staffan J Thorsell Photo: Gustav Morin/Ericsson Racing Team

"WE SHOULD WALK IN THE CUSTOMERS' SHOES"



How will Ericsson in Australia and New Zealand change the way it works

"This is an interesting question. Our customers have said that we haven't been listening to their needs and that we've often come to them with dollar signs in our eyes – that we've had a very transactional relationship. We've now started the journey of changing how we interact with our customers. We've begun a three-year program to support our employees to become more customer focused. Our goal is to have customer relationships in which we deeply understand our customers' current and future environment, so that we can strategically partner with them to grow their business."

that are the challenges in this? "Creating 'One Ericsson' – our customers should experience a seamless Ericsson experience. There is no quick and easy solution here, but all of us must put the customer at the center of everything we do."

What does focusing even more on customers mean in practical terms? "Here we talk about striving for 'zero

degrees of separation. This means that internally we have 'zero degrees' between each other (no silos) so that we are collaborating to achieve the best possible results for our customers. But it means that we also aim for 'zero degrees' in relation to our customers – where we should walk in the customers' shoes to understand them and their customers. For example, our KAM units and Global Service Delivery Center (GSDC) Australia have collaborated to set up a development opportunity, whereby gspc engineers sit at a customer's premises for a week, learning their business and sharing their knowledge"

What support do you need from the management team to focus more on customers?

"We need assistance in articulating the value of choosing Ericsson as a partner. By this, I mean access to relevant insights and information about Ericsson solutions and services."

What are the biggest challenges for the Market Unit's customers?

"The proposed national fiber network builds in both Australia and New Zealand are probably the largest and most exciting opportunities our industry has seen. But it also means that our customers are facing uncertainty in the regulatory environment and competition from other operators. They're also being challenged by companies like Google, Yahoo! and Cisco. Sustainability is another key challenge for our customers, as they look for new ways to reduce their carbon emissions."

(中国)(中国)

ne networks

- ERICSSON WILL LEAD NETWORK TRANSFORMATION

They say that 10 years in some industries equals 10 weeks in telecoms. Consumers have barely gained access to a service before they want a faster version and more devices. Ericsson must keep up.

"We must constantly adapt and change if we're to lead networks modernization," Johan Wibergh, head of Business Unit Networks, says. "Ericsson has 400 customers. This means 400 approaches, 400 business plans and 400 ways of developing our offerings."

Being a global company with experience and great technological know-how is, of course, a major asset. But sometimes, size can mean that the company is so occupied with global challenges that local organizations slide down the priority list.

"We must give our key account managers around the world better tools and easier access to both global and local expertise," Wibergh says. "Ericsson can be a very professional partner, but this is naturally based on a strong local customer relationship and a good local team. Johan Network modernization projects are long-term Wibergh and must be built on great confidence between ourselves and the customers."



In other words, it is the key account managers and local organizations who will play a major part in expanding customer relations from a more classic vendor role to a long-term partnership that helps modernize networks.

Wibergh says that a combined effort is the right way

"Our product portfolios within business units Global Services and Networks, in combination with our leadership within many technology areas, give us a position of strength," Wibergh says.

So what demands are customers placing on Ericsson? Wibergh says that customers want to grow their business and increase profitability, and, as a result, many projects within network modernization begin with a strong focus on reducing costs. To achieve the networks of the future, Wibergh says it is important that the operator considers the opportunities and threats in both the fixed and the mobile areas. An operator that shares Ericsson's vision of 50 billion connections and a continuing increase in personal services will build a more complete network.

"This means that we and the customer must dare to produce business models and plan beyond voice and beyond today's quarterly figures while facing the acid test of an economic downturn," Wibergh says.

"I'm impressed by the material we have produced in connection with the 2020 project and by our vision. I'm convinced that our customers have just as many ideas and high ambitions - and we must support them in making cost-effective and future-proof networks a reality."

The question then is whether customers regard Ericsson as sufficiently innovative to help them. Wibergh believes that in some areas they do. In others, the company must make greater efforts to gain customers' confidence.

"Our business in Silicon Valley is an asset that will help us gain credibility within this area," Wibergh says. "We have excellent consultants within Ericsson, and if we can combine these with our customer-relations and technological competence, we'll be a unique partner for the operators within many areas, including all-IP.

⊠ Staffan J Thorsell

THREE QUICK QUESTIONS FOR BUSINESS UNIT MULTIMEDIA



topic in network modernization Which of Business Unit Multimedia's solutions do you think will be the mo

"That we strengthen our Business Support Systems (BSS) offering, including revenue management; that Ericsson's customers always know what their costs will be; and that, through provisioning, our customers' networks are always prepared for more advanced services," says Roland Svensson, vice president, Management & Technology at Business Unit Multimedia. "Many network changes are directly dependent on the development of BSS because the customers ıртv and Content Distribution Networks

(CDN) are also vital as operators review how they can modernize their networks. We're seeing a greater desire among operators to become CDN companies, in other words, content providers, mainly so they can distribute video content efficiently. We must observe that trend. But our leading role within fixed access networks and mobile broadband gives us a bright future within TV"

What must Ericsson become better at to lead network modernization?

"We've seen the synergies between increasingly modern networks and BSS, and we've cemented our strong offering within revenue management through buying LHS. We must now make use of that investment and show the customers that we have a holistic view of BSS. We must become better at showing the connections between our applications within multimedia and вss. We've come a long way within trends towards, for example, multimedia telephony, social networks, LTE and "Over-the-Top" тv (отт). Network modernization is largely being driven by the need for capacity for mobile applications and video services. We must also become better within the area of machine to machine (м2м), where everything is connected. We have not positioned ourselves here. We need to become better at explaining our product portfolio generally."

"We're leaders within mobile broadband. which is driving network modernization."

Ericsson maintains

- ERICSSON WILL LEVERAGE ITS STRENGTH IN MANAGED SERVICES

New and faster services - these are vital to the survival of the operators, and today they need to free more time to focus on their core business - the consumer. That is where Ericsson comes in, as the demand for the company's managed services has skyrocketed. Now, the company is finding new ways of taking advantage of that success.

And to do that, says Gösta Lemne at Business Unit Networks' Product Development Unit, cooperation between Ericsson's managed services operations and its product development will become increasingly important, as there are benefits from watching Ericsson products performing in live networks.

"This is very important," Lemne says. "It's an enormous source of inspiration and innovation that we in product

development can see the problems and opportunities that occur. We're good within technical innovation, but I think we miss the more basic opportunities to reduce operating costs for operators. We could be more receptive."



Ericsson aims to leverage its strength in Gösta Lemne managed services by using the knowledge and experience from previous deals to add value by developing and using its products more efficiently. There are, in other words, many reasons for Ericsson to safeguard its leading position in managed services, which is not a given. According to Valter D'Avino, Ericsson's head of Managed Services, the key to Ericsson's future success within the area is employees not relying on that leading position, but instead continuing to find new ways of making use of the enormous combined strength of Ericsson.

"If you're number one within one area, there are many who see you as a target. That's why it's very dangerous if we get comfortable and complacent. It simply mustn't happen." But being number one also presents another issue that Ericsson needs to address. If several competitors are chasing a leading vendor and are desperately looking for market share, there is a risk that their maneuvers will disturb the market's structure.

D'Avino says: "We're actually building our managed services business based on how the market is developing and that development will follow an industrial logic. If other vendors then try to take market share in a variety of ways, that industrial logic will be affected and the market situation could change. We must be prepared for that."

Ericsson's tactic therefore is to reinforce and display its strength within managed services, while looking for new models - and new markets. In the past, Ericsson has had managed services deals mainly in Western Europe. But now customers in, for example, Africa and the us are clearly beginning to make managed services part of their business model.

"It has been extremely important to prove that we can



supply that little extra," D'Avino says. "We've already shown that we can run other vendors' equipment and other technologies end to end, from the traditional network into the IT space."

Ericsson is able to handle the entire chain, by which D'Avino means people, not infrastructure.

"Managed services is about people and we have shown that we are able to take on new staff from the operators, leveraging their competence in managing our customers' networks. In one way, we play the technological role of D'Avino an operator. We must predict problems and



be able to solve them. The customers' network is our network, their success guarantees our success, and we have to develop the right sense of urgency in order to manage it even better than they do."

☑ Text: Staffan J Thorsell Photo: Getty Images

EXAMPLE OF A BIG MANAGED SERVICES CONTRACT:

► In November 2008, the guk and T-Mobile joint venture. Mobile Broadband Network Limited (мвиL) signed a four-year agreement for managed services, giving Ericsson the responsibility for running and maintaining both the consolidated network and T-Mobile's 2G network. But cooperation between the two companies actually began in December 2005, when Ericsson and 3 uk signed a mana-

ged services contract. Two years later, in December 2007, T-Mobile chose Ericsson as its managed services partner for field maintenance. In early 2009 it was also announced that MBNL had selected Ericsson to provide managed services to complete the consolidation of its 3G infrastructure. Throughout this whole process, about 300 people have transferred to Ericsson.





GOVERNMENT & INDUSTRY RELATIONS

Powerbrokers

Working to convince influential people is the main task for employees within Government & Industry Relations. Ericsson's smiling lobbyists work **hard and successfully** to lift the telecoms sector high up on the agenda of **governments and authorities**.

BRUSSELS BELGIUM, EUROPE he sun is rising over Brussels as Mats Nilsson enters his office on Avenue de Tervueren. This morning he has been accompanied by the autumn's first night frost on his way to work as head of the Ericsson European Affairs Office. His colleague, Magnus Madfors, has already arrived to prepare for the day's busy program.

"Here is yesterday's crop of business cards," Nilsson says as he pulls a large bundle from his jacket pocket.

The previous evening had been spent at Telefónica's annual party for the telecom society in Brussels, where he made several important contacts.

"This is from a woman from Telenor, who wanted to talk licensing conditions in Asia, which I'm sure we can help her with," he says, flicking through the other cards before finding one from an EU commissioner who had been discussing the regulation of broadband networks.

Nilsson, Madfors and Walter van der Weiden form Ericsson's Brussels department within Government & Industry Relations – a global business that promotes issues that are important to Ericsson and the telecoms sector on the political agenda. In the case of the Brussels office, this means the European Parliament, the EU Commission and the Council of Ministers. This involves considerable work because the EU decides on 80 percent of the legislation that concerns telecommunications.

Spectrum is another hot topic right now, even though it is not a new issue.

"We've been driving the issue of spectrum with the commission's administrators ever since 1987 when GSM became the common standard for the whole of Europe and was allocated the 900MHz band," Nilsson says.

Madfors adds: "Today, it's all about digitalizing TV broadcasts in Europe that free up the spectrum for mobile broadband. We're passing on knowledge about what this can do for the general public in terms of low cost, accessibility and services for the future. Things that are obvious to us aren't always that way among the decision makers."

We walk out into the chilly Brussels morning. The sun is shining over the Cinquantenaire monument that was built to commemorate the 50th anniversary of the creation of Belgium

"The biggest competitors in the market are generally the best of friends here"



Good contacts are vital in the work and even though there is a lot of smiling and dining it is always connected to real issues. ▶ in 1830. We get into a taxi, which slowly takes us through the morning hustle and bustle to Le Chatelain Hotel and the Next Generation Technology conference.

Nilsson is there to give a speech about the expansion of fiber networks to an audience consisting of people from the EU Commission, industry representatives and national regulators.

"The commission wants to strongly regulate fiber networks even before they've been expanded. We're trying to convince them that you have to invest first," Nilsson says after his speech.

All of the work is focused on convincing influential people and being a serious partner in discussions. To succeed in a role within Government & Industry Relations you need to have broad competence within telecoms. But the ability to negotiate and understand where an issue is in the political process is at least as important.

"For example," Madfors says, "it might have to do with something like patent issues being taken up by a part of the commission that normally doesn't work with those matters. When that happens, you have to be sharp and notice where the issue crops up before it's too late to have an influence."

Social events, such as the Telefónica party, take up a lot of time, but everything has a purpose.

Nilsson says: "All of our work is social, but everything is connected to factual questions. But of course there is a lot of smiling and dining at the same time."

Good contacts are vital and the Ericsson team often works together with

other companies through industry organizations such as Digital Europe, which has about 50 firms as members, including Nokia Siemens and others that normally compete with Ericsson in the market.

"The biggest competitors in the market are generally the best of friends here because we have similar long-term interests regarding how politics and regulations form the game plan for the industry," Nilsson says.

One common interest is how the role of the information and communication sector will change after 2010. Earlier in the week, Nilsson visited the EU Parliament to discuss the matter with Sweden's Minister for Communications Åsa Torstensson and EU parliamentarian Lena Ek. The industry and the politicians strongly agree that the sector is important for increasing productivity in Europe and taking up the battle with the Us to become the number one knowledge society.

"We can use video conferences instead of going to far-off meetings, reduce emissions with the help of intelligent solutions for the construction industry and improve logistics for the transport sector – to name just a few examples," Nilsson says, and mentions e-health as another example.

"With the help of technology, it's possible to consult doctors via a TV screen and connect yourself to your own care center to check your pulse every day. Through the EU machinery with its various projects, we'd easily be able to come up with such test programs for medical care and see if the 70-year-

olds of the future are interested in these opportunities. Considering Europe's aging population, we must be at the forefront in such issues."

Another taxi takes us through Brussels to the next stop of the day. We drive past vast glass façades surrounded by EU flags before we stop at the Hotel Silken Berlaymont, where Madfors meets us brandishing his mobile phone and with a hands-free device in his ear. He explains that he has spent the lunch break on his all-day meeting in a telephone conference with another work group. He has to make the best use of his working day.

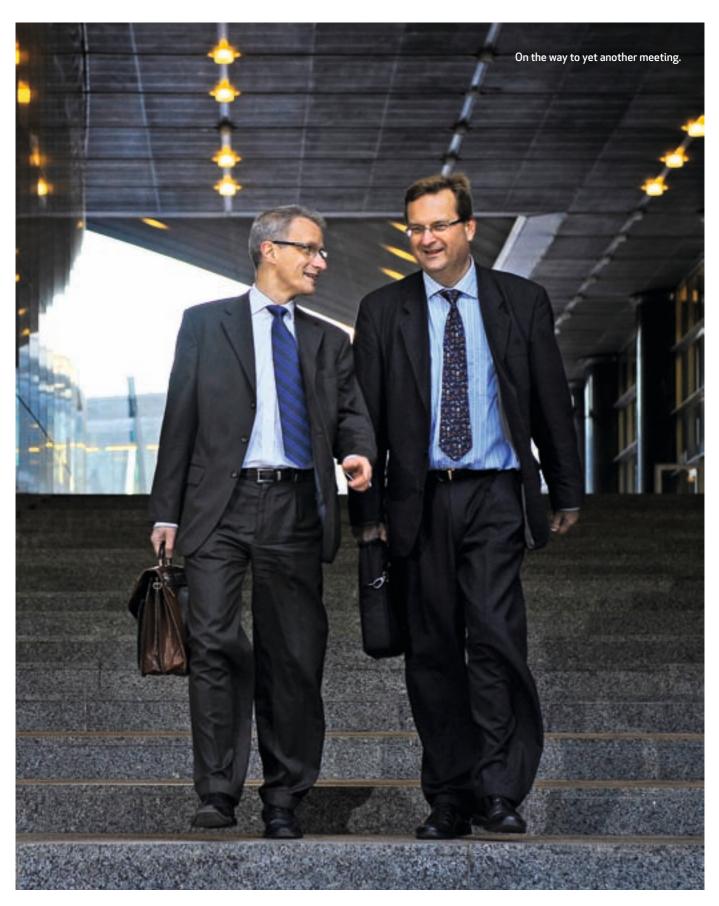
The group he is meeting at the hotel is the EU Information Society Technologies Programme Advisory Group (ISTAG), which Madfors is part of through his own choice and not on behalf of Ericsson. This involves 27 people sitting round a large conference table and discussing topics such as the future of the internet, which is soon expected to have 50 billion connections.

"The group consists of some selected experts who are actively working with and following the development in the short and the long term," Madfors says. "We meet four times a year to discuss future research priorities and to give recommendations on how the EU Commission's research program can be directed in the future. Representatives for the Commission host our meetings."

It is easy to think of the word lobbyists when looking at the work that is being done in Brussels. The global

GOVERNMENT & INDUSTRY RELATIONS

- ► Government & Industry Relations' task is to create beneficial conditions for growth in the IT and telecoms market by influencing governments and authorities. Employees participate in general debates and give Ericsson's view on issues that concern technology and the market. The group has seven employees in Kista, including its head Ulf Pehrsson, and three in Brussels. It is also represented in the Us, Malaysia, Mexico, Japan
- and Canada. The department comes under group functions, but the market units are also involved in the work. For the last three years, Government & Industry Relations has belonged to Group Function Sales & Marketing.
- ➤ One of the employees at the Brussels office, Magnus Madfors, reports to Research & Industry Relations within Group Function Technology & Product Portfolio.



o The hottest issues right now imes

"We're like lobbyists, but you can lobby in different ways" Uf Pehrsson

Did you know that...

...Ericsson Government & Industry Relations helped to stop a proposal about paying duty on mobile phones in the Eu? The proposal would have meant that duty would have been added to all mobile phones with advanced functions such as cos and video. Ericsson managed to stop the proposal thanks to cooperation with Nokia and the Swedish and Finnish governments.



Mats Nilsson during a meeting at Le Chatelain Hotel in Brussels, where he gave a speech about the expansion of fiber networks to members of the EU Commission, industry representatives and national regulators.

▶ head of Government & Industry Relations, Ulf Pehrsson, describes the assignment as creating a beneficial environment for growth in the market Ulf Pehrsson



by influencing authorities and governments.

"We're like lobby ists, but you can lobby in different ways," Pehrsson says. "For Ericsson to have an opportunity to influence governments and authorities, we must do it from our position as leaders in the market and in technology. We contribute with our credibility as a global player."

He points out that Brussels and other local offices play a decisive role because it is not always easy to influence decisions in the country in which you are based. Much of Pehrsson's time is taken up with meeting external contacts.

"We have about 100 international visits a year from government representatives, regulators and ambassadors," he says. "That makes two or

three per week. We invite some of them here, while others come spontaneously to meet Ericsson and hear what we can contribute within their countries."

Perseverance is one of the key words for Government & Industry Relations. There are employees who work to get issues on the agenda as far ahead as

"Things rarely happen quickly,"

Pehrsson says. "Our work is about being present in different forums and pursuing one line in the long term. If we don't make our voices heard, there are other interested parties with other agendas who will move into that space. We create opportunities for Ericsson to act in the market and through that we also contribute to sales in the long run."

☑ Text: Anders Jinneklint Photo: Getty Images

HOT TOPICS

Government & Industry Relations is driving many issues at the same time and on different levels of the political system. Here are some of the hot topics right now:

- ► **Spectrum.** The access to radio spectrum is central to Ericsson and the issue of harmonized spectrum has been on the Eu's agenda since the GSM directive of 1987. The task now is to ensure that there is harmonized spectrum for HSPA and LTE in all regions of the world.
- ► Fiber. Creating beneficial investment conditions for fiber networks. Europe is trailing behind North America and Asia
- due to regulation that is slowing down Ericsson's customers, the operators.
- ► **Multimedia.** Identifying and working to reduce obstacles, especially for Ericsson's IPTV solution. Operators in some countries are currently stopped from distributing TV.
- ► **Trade policy.** Removing all the remaining trade obstacles such as duty within the telecoms sector.

ericsson.

MAKE CALLS GROWN COUNTRIES

One quarter of the world's population is making calls thanks to Ericsson.



The star of fiber optic

Charles K. Kao, one of this year's Nobel laureates in physics, demonstrated as early as 1966 how to transmit information over large distances by sending pulses of light through an optical fiber – a discovery that has had a profound impact on telecommunications and on society as a whole.

Through his pioneering work, Kao paved the way for today's information society. Fiber optical infrastructure is a prerequisite for most of today's broadband services - fixed as well as mobile. Without it you would not be able to enjoy ıртv, web тv, or check out YouTube clips on your PC or mobile phone.

Kao, known as the "Father of Fiber Optic Communications," was born on November 4,

1933 in Shanghai. His family moved to Hong Kong in 1948 where, four years later, he finished his secondary education. Aftercompletinghisundergraduate studies in electrical engineering K. Kao in London, he went into research



and received his Php in electrical engineering in 1965 from the University of London.

While studying for his PhD, Kao also worked as an engineer for Standard Telephones and Cables (later Nortel Networks) at their Standard Telecommunications Laboratories (STL) research center in Harlow, uk, where he did his groundbreaking work.

Kao, together with George Hockham, was

the first to propose that the signal strength loss (attenuation) in optical fibers could be substantially reduced, which would make fibers a practical medium for telecommunication.

They suggested the attenuation in fibers available at the time was caused by impurities, rather than fundamental physical effects. By removing the impurities, the glass could be made to absorb less light and be able to transport light over longer distances.

After his period at STL, Kao held a number of prestigious positions at different companies, research institutes, and universities in the US and China, and is currently based in Hong Kong.

Kao was recognized by Ericsson in 1979, when he and the American physicist Robert D. Maurer were awarded the LM Ericsson International Prize for Telecommunications, for their work in fiber optics. Explaining the motivation behind awarding the prize to Kao and Maurer, the chairman of the awarding committee said:

"They have, in the true sense of the expression, shed new light on the fascinating path the telecommunication researchers and engineers will follow in many years to come."

Today, fiber optics is a central part of Ericsson's business and the work of Kao is not forgotten.

"Fiber optics is a cornerstone of today's information society," says Hans Mickelsson, head of Broadband Technologies at Ericsson Research. "It is a fundamental tool for basically

all transport and transmission networks, and is the basis of telecom infrastructure ranging from cross-Atlantic fibers to lastmile access."



Ericsson has for many years

been doing research in fiber optics, currently following two main tracks. One covers the socalled Fiber to the x (FTTX), which refers to the use of fiber for residential access and fiber as a backhaul. In some instances it is used to cope with high bandwidth traffic to and from base stations, and for demanding IPTV services.

The second track is research into transport networks, looking into high-speed interfaces supporting 100 Gbps and beyond. In that area, the world record was recently broken when Bell Labs managed to send data over a distance





➤ of 7000 km at an impressive rate of 15.5 terabits per second (Tbps) through one single optical fiber.

Stephen Ferguson, marketing strategy manager at Business Unit Networks, has worked in fiber optics since the mid-1970s and joined Ericsson via the acquisition of Marconi in 2006. He says Marconi's work in fiber optics goes back to 1978, when the company delivered the second optical fiber system in Europe.

"But the real take-off in optical fiber transport happened in the mid 1980s, after the introduction of the so-called single-mode fiber, pioneered by the us-based company Corning Incorporated," Ferguson says. "They built on the initial work done by Kao and developed the technology into something really practical and costeffective for long distance communications.

"Later, in the 1990s, Synchronous Digital Hierarchy (SDH) started to be deployed, which became the backbone of optical communication for a decade and a half.

"Now things are moving rapidly towards packet transport, largely based on carrier Ethernet where Ericsson has a good product family, much strengthened by Redback's portfolio. And the newest and fastest growing area is IP transport."

Ferguson says Ericsson is involved in most of the product areas for fixed-line optical communication, covering everything from ultra-long haul, to metro systems, to optical fibers. Right now, he says, Ericsson is harmonizing the fiber optical portfolios of the different companies it has acquired over the past few years, getting the best products out of their expertise.

"Fiber optics is a fiercely competitive market and Ericsson is a relatively small player on a global scale," Ferguson says. "But because fiber optics is such a huge business, our turnover represents a sizable part of Ericsson's business as a whole, a figure we are very keen to grow. Key to succeeding is extending our market share in North America, where we have achieved only a toe-hold so far in fiber optics.

"Prospects are looking good. The growth of the optical communication business has been phenomenal over a number of years, because of the surge in demand for broadband traffic, and we want to secure our share of it while making a reasonable profit. And we have some quite exciting product plans coming through that we expect will give us a lot of traction."

Per O Andersson, driver of strategic issues at Group Strategy, calls Kao a true pioneer and says he is deeply impressed by the ingenuity of Kao's ideas. He says fiber optics has benefited Ericsson in many ways.

"It is part of our core business, and it will

have an increasing impact on the mobile business – the low prices, high traffic volumes, and massmarket reach of mobile services we see today will not continue to grow without the support of fiber infrastructure," he says.



rer U Andersson

Fiber optics has not only changed the business for Ericsson and the rest of the telecommunication industry, Andersson says, but has had a profound impact on our society as a whole.

"For instance, it is a significant factor behind the internet revolution and has thereby tremendously benefited end users," Andersson says. "It has also strengthened our democracy, because it has given people easy access to much more information as well as better possibilities to make themselves heard."

☑ Text: Benny Ritzén Illustration: Ebba Berggren

Footnote Charles K Kao shared the 200g Nobel Prize in Physics along with the two US-based physicists Willard S Boyle and George E Smith. Boyle and Smith received the prize for their work related to Charge-Coupled Device (CCD) technology, which converts light into electric signals.

Sweden, 1979



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
Communication What device?	It reached its height of popularity in 1989 with 4 million devi- ces in use.	French inventor Edouard Beeline developed the basis for today's device in 1925.	It was a success in Japan as tele- printers could not handle Japanese characters.	It is based on these technologies: an optical scanner, a modem, and a printer.	It is an abbreviation of the word facsimi- le, meaning an exact copy.
Geography Which country?	This country's name comes from a word meaning "village" or "settlement."	Its largest telecom vendor was esta- blished in 1895 and went bankrupt in 2009.	It has more fresh- water lake area (8%) than any coun- try in the world.	It is known for Alex- ander Graham Bell, Rogers Communica- tion and the Black- Berry.	Think hockey, map- le syrup, beavers, lumberjacks and bilingualism.
Technology Which technology?	Originally a limited company, it became a foundation in 2008.	This industry consortium makes an operating system for smart phones.	It was set up as a partnership between Ericsson, Nokia, Motorola, and Psion.	Competing sys- tems include: App- le, RIM, Microsoft, Palm, Qualcomm and Google.	The Satio is Sony Ericsson's first devi- ce to use this.
Culture Which band?	It had 27 top-40 hits in the us and uk but never a number one single.	Aside from lead singer, Jeff Lynne, band members in- cluded Roy Wood and Bev Bevan.	This band had a top- ten hit in 1976 with Telephone Line.	Its name plays on the combination of electric rock and light orchestral music.	Their 1976 album Olé is an anagram of the band's name.
Sport Which sport?	This sport's slang includes: "carry the pizza, Canadian egg roll" and "cookie."	It is described as a combination of basketball, soccer and hockey.	It is played using a small solid rubber ball and a long- handled racquet.	From 1859 to 1994 it was the sole national sport of the country in ques- tion 2.	The stick reminded early French settlers of a Bishop's crozier or "crosse."
History Which year?	Harry Potter actor, Daniel Radcliffe, is born in July.	The first DECT 900 cordless telephone is introduced.	Madonna's 'Like a Prayer' is the year's biggest hit single in several countries.	George H. W. Bush succeeds Ronald Reagan to become the 41st us presi- dent.	East Germany opens points in the Berlin Wall, allowing free passage to the west.

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.

Communication: Faxmachine Geography: Canada. Technology: Symbian. Culture: ELO (Electric Light Orchestra). Sport: Lacrosse. History: 1959. Which year (photo): 1876. Entrance to the first LMEricsonworkshop at Drottning-gatan in Stockholm.

