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Imaging

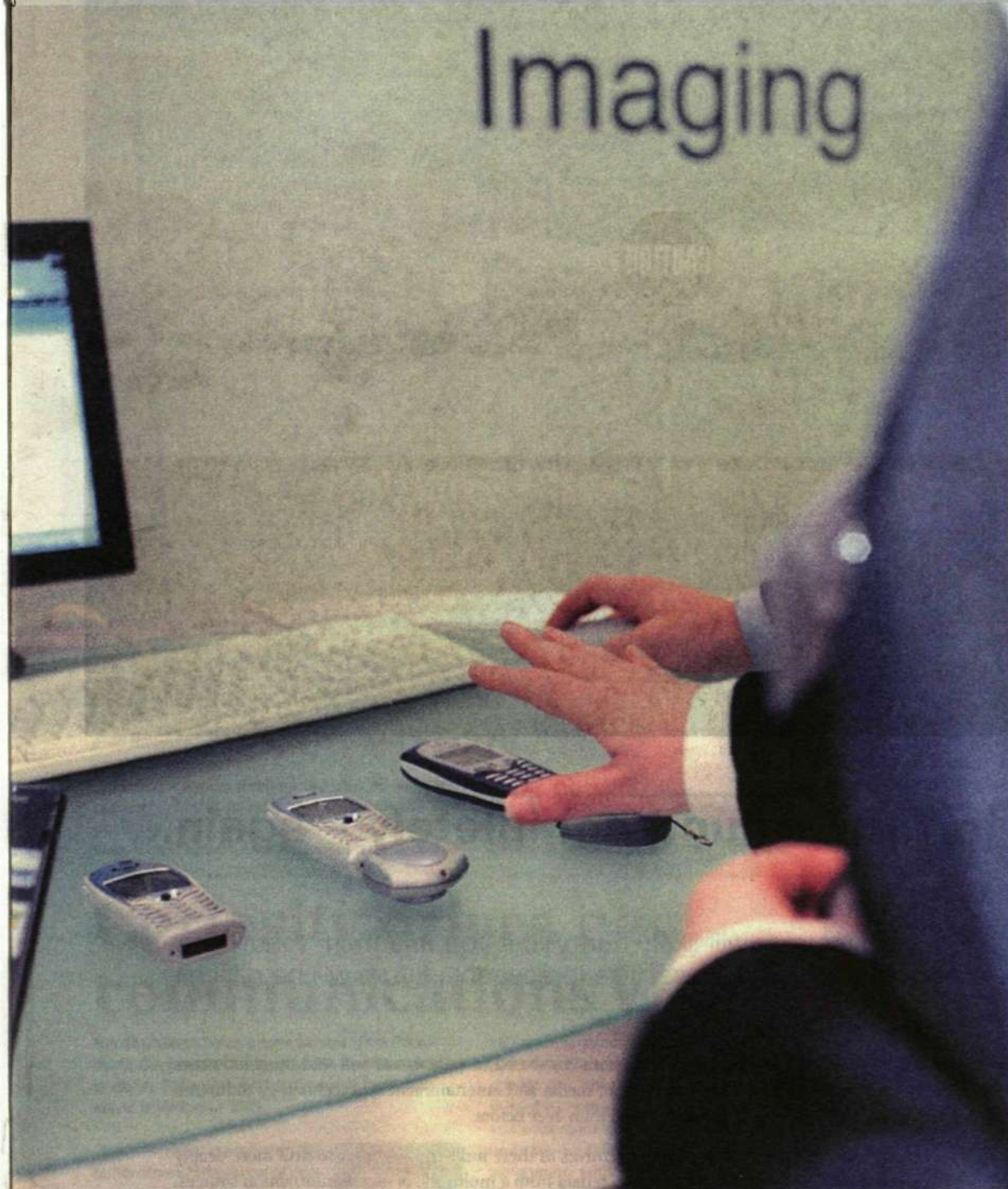


PHOTO: ANNA SCHÖR

Sony Ericsson's new must-haves

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PHOTO: ECKE KÜLLER

Visitors get something to bite on at CeBIT

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Cap Gemini Ernst and Young interviewed over sixty CFO's and senior executives in these industries in order to drill more deeply into the issues surrounding them today, and merged the results with research data from a multitude of global information sources. The result, *Business Redefined: Generating Returns*, exhorts all three of these industries to stop looking for a breakthrough service and, instead, band together in an interdependent environment to deliver customer value.

*For your free copy of this report go to <http://ericsson.extranet.capgemini.se>
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Stock purchase plan proves popular

Canada, Sweden and the US top the list of countries that have seen the greatest employee participation in the stock purchase plan. Over 60 percent of Ericsson employees in Canada have taken up the company's offer to double their invested shareholdings after three years.

In Sweden and the US, more than 40 percent of employees have so far signed up for the Stock Purchase Plan 1+1. A total of 70,000 Ericsson employees in 53 countries were invited to join the plan during the first round. Of these, over 25,000, or 36 percent, felt that the offer was attractive enough that they chose to join.

"I feel that we have had a very good participation rate, considering the general situation Ericsson is in and the fluctuating market. We have not pushed employees into the purchase plan, but have instead emphasized that this must be a personal and carefully considered decision. As a result, I think that those who have joined really believe in the company and its future, and have also felt that they could afford to set aside money for this kind of saving," says Anna Surtevall, global project manager for the stock purchase plan.



Anna Surtevall

The Stock Purchase Plan 1+1 is a way for the company to reward those who are willing to make long-term investments in Ericsson shares. Ericsson will provide the same number of shares that the employee has purchased. The goal behind the plan is to increase motivation and involvement on the part of employees.

Most employees received the offer to join the purchase plan in January this year, and the first purchases were deducted from February salaries. In May, an additional 4,000 employees in 15 countries



Temporary workers were brought in to help handle the large quantity of applications to join the stock purchase program.

PHOTO: CARL-JOHAN DYVERFELDT

will receive the offer. The employees who chose not to join in January will receive the offer again in May, providing them with another opportunity to join.

SARA MORGE

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Curiosity drives new communications VP

Ericsson is to have a new Senior Vice President, Corporate Communications. His name is Henry Sténson and he currently holds the same position at SAS.

Henry Sténson is a 46-year old father of two. At the moment he is senior vice president, Communications at the SAS Group, and he has also held similar positions at Saab and Volvo. He will be taking over the position held by Roland Klein starting this summer, and will join Ericsson's senior management team at that time.



Henry Sténson

How would you describe yourself?

"I'm a rather cheerful and curious person. I'm energetic and like to work on things where I feel I can make a difference."

Why did you take this job?

"Ericsson is enormously attractive and has a special luminosity. It is also definitely one of the most diffi-

cult communications positions at a complex company in a dynamic industry. That's why this was a chance that I just couldn't turn down. At the same time, these opportunities never come along when you want them to. I'm very happy in my current job and with my colleagues and I want to conclude my assignment with SAS in an appropriate manner. That is why I won't be starting at Ericsson until sometime this summer."

What do you hope to achieve?

"Without knowing what things look like inside Ericsson, I can only generalize and say that it is important that the communications operations are in line with the company's business dealings. The majority of my energy will go into supporting and helping the company achieve its objectives. The manner in which you support management is also important. Leadership largely involves communications. Correctly managed, communications can provide enormous support for operations."

LARS-MAGNUS KIHLESTRÖM

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Gaming partners for Sony Ericsson

New partnerships with iPhone and Synergenix will broaden Sony Ericsson's gaming portfolio. Soon, users will be able to download fully featured games, from operator portals or Sony Ericsson's own Mobile Internet portal. iPhone offers well-known games, such as Atari-titles Asteroids, Breakout and the Hasbro range of titles such as and Battleship and many more. Synergenix provides an optimized gaming platform, mophon virtual machine.

Sony Ericsson recently launched the Z700, featuring two embedded games, Men in Black and Charlie's Angels, both courtesy of Sony Pictures Digital Entertainment.

TI inside Ericsson Mobile Platforms

Ericsson Mobile Platforms will use silicon technology from Texas Instruments for the core components in its reference design solutions for GPRS and 3G handset solutions. Ericsson will offer third-generation mobile phone reference design platforms including core components and semiconductor solutions from TI.

The mission of Ericsson Mobile Platforms is to allow wireless equipment manufacturers to bring products to market faster and without spending a great deal on R&D.

In February, Ericsson Mobile Platforms started shipment of platforms in 3G-phone prototypes, which are now running in Ericsson networks.

Bluetooth licensed to Patria Ailon

Patria Ailon Oy has reached a licensing agreement with Ericsson Technology Licensing for Bluetooth technology. Patria Ailon Oy develops products and software for mobile communications and is part of the Finnish Patria Group. The company plans to integrate Bluetooth into its intelligent access points, Ailonet, and in wireless web cameras. Intelligent access points combine several technologies - WLAN, GSM/GPRS and Bluetooth - into the same point.

American Express deal will result in savings

Corporate Travel Management has signed a new global contract with American Express. Through the agreement, which is expected to result in direct savings of USD 3 million, Ericsson will be able to consolidate its outlays for business travel. The savings will result largely from the electronic invoicing process as well as fees waived through negotiations.

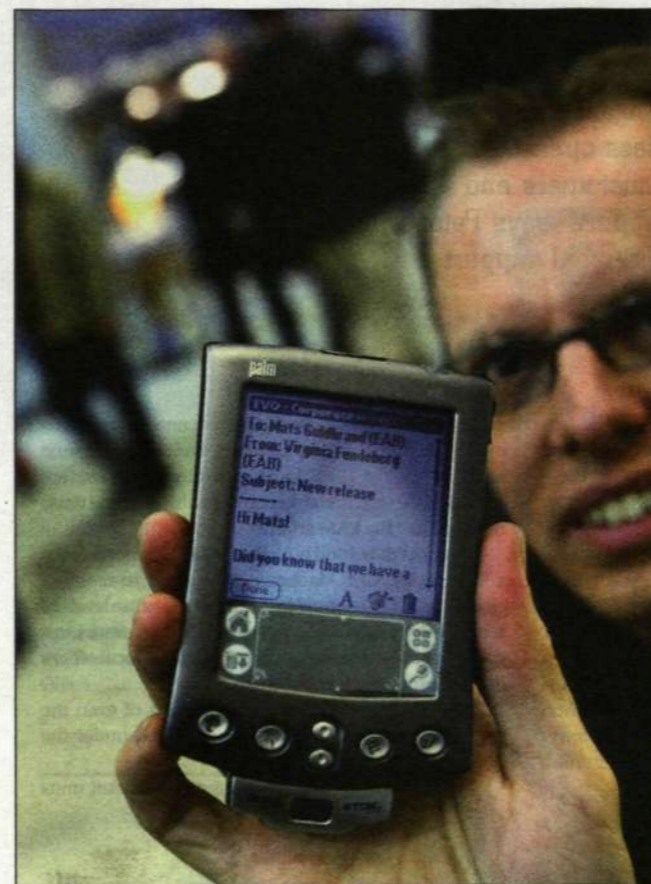
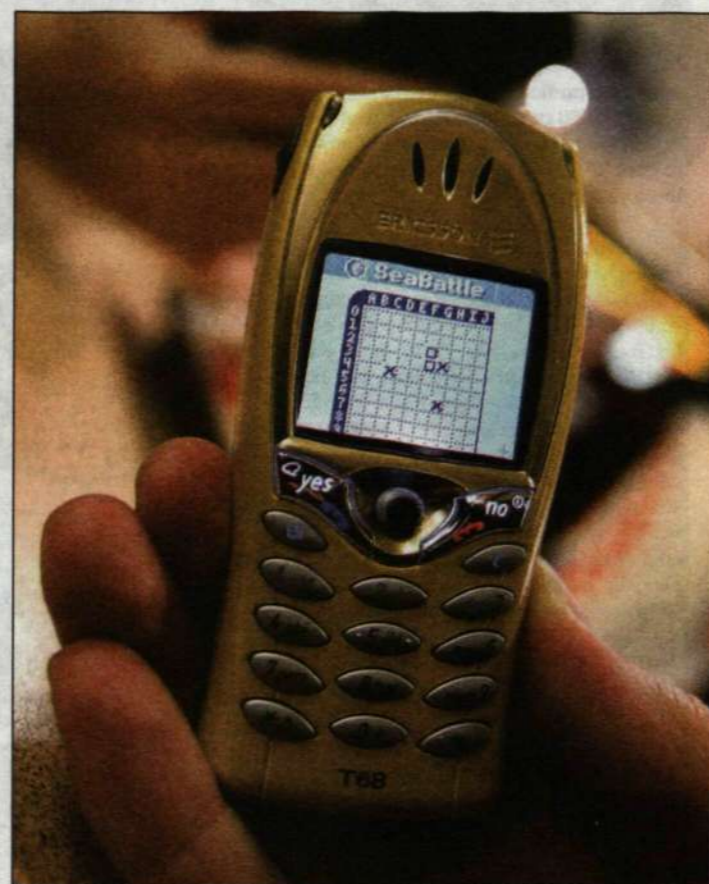
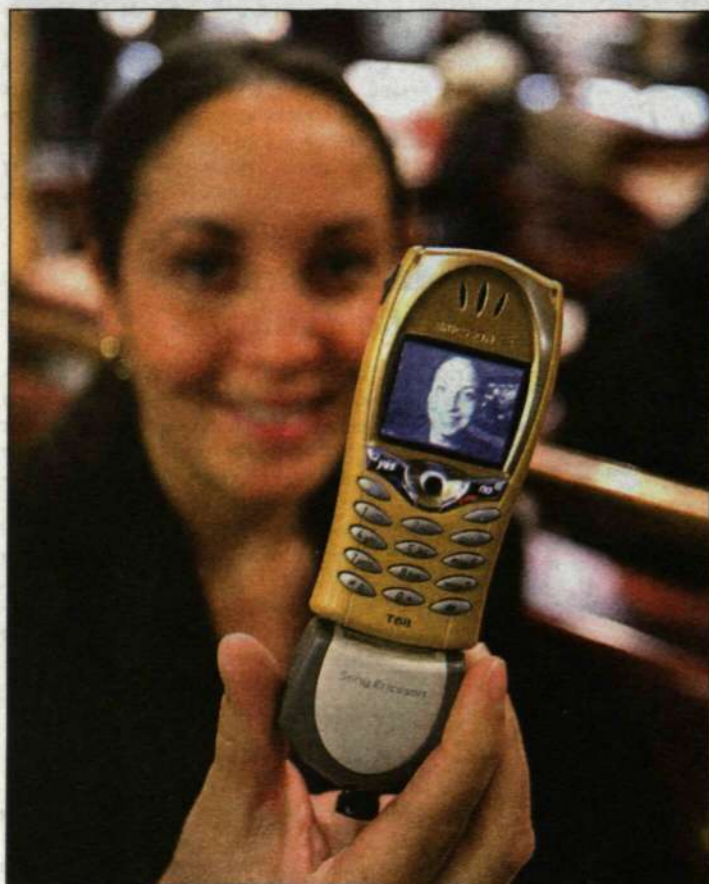
"Amex will supply statistics that will provide the company with insight into which hotels Ericsson travelers use. This will give us greater negotiating power when it is time to sign new agreements. We anticipate that we will be able to generate additional savings as a result," says Brigitte Ringdahl, corporate travel manager at Ericsson.

Hungary ready for MMS

The Hungarian mobile phone operator Westel Mobile Communications has, in cooperation with Ericsson, completed a successful demonstration of Multimedia Messaging Service, MMS, for interested journalists. Westel and Ericsson signed a contract for MMS last year, and the operator plans to implement a commercial launch in the near future.

Approximately 2.6 million of Hungary's 5 million mobile phone subscribers are connected to Westel's network. Ericsson is the operator's main supplier of GSM and sole supplier of GPRS equipment.

New Mobile Internet strategy drawn up



Ericsson's new strategy for the Mobile Internet has long been anticipated. When it comes to applications, efforts will initially be concentrated on three areas: messaging (such as MMS), entertainment (e.g. games) and business access (e-mail and more).

PHOTO: GUNNAR ASK

Mobile Internet is a high priority on the Ericsson agenda. Developments in this area have not proceeded at the pace previously anticipated, however. As a result, the company is changing its strategy somewhat.

The equation is simple. Greater usage of the Mobile Internet increases the need for mobile systems, core networks, terminals, applications and maintenance systems. This translates into more jobs and more money for Ericsson.

Two years ago, it was said that the Mobile Internet would be an immediate success and that people would be lining up to begin surfing with their mobile phones. Reality has demonstrated that it will take longer than anticipated. As a result, Ericsson has revised its plans in several areas, resulting in a new Mobile Internet strategy.

There are two overriding concerns: to earn money from the Mobile Internet and to stimulate the growth of mobile communications.

Osborn Hogevik, director corporate business development, has developed a plan in conjunction with all of the affected business and core units.

"From a marketing standpoint, the term Mobile Internet is itself somewhat of a problem. The name is simply not good and doesn't say anything about what it really means for the consumer. What we need to do is be very specific and spell out what you can do with the technology. For example, it is better to talk about digital postcards, something people can relate to, than to talk about the Mobile Internet."

"On the other hand, the industry made the mistake of promoting individual technologies rather than figuring out what sort of solutions users needed. We thought that WAP would solve everything. Now we know that the technology is just one of several factors. Applications, telephones and payment systems are equally important to this development," says Osborn Hogevik.

Strategy includes others

That reality should not lead Ericsson to get involved in all aspects of the Mobile Internet, however. On the contrary, the strategy involves leaving certain kinds of products completely up to other companies.

"In the past, we were working towards achieving vertical market segments. For example, we developed a WAP system for the banking and financial industries. We won't be doing that in the future, since that is not the sort of activity at which we excel."

"Our strategy is to assist operators by utilizing our radio and core network products and to build on these with service network products, where we can offer enablers and in-



Osborn Hogevik

tegration - providing systems that offer telecom performance. In addition, Ericsson Mobility World should be used as a bridge between operators and application developers."

"One of the primary requirements is that all of our projects should be self-sufficient. Quite simply put, the products that we make should be profitable. You can't operate from the premise that this is a new field and you can't make any money."

Three key areas

The strategic plan has pinpointed three key areas that hold the greatest promise for the development of the Mobile Internet:

- **Messaging.** The ability to send and receive messages, such as SMS and MMS. As far as SMS goes, the application has already become widely accepted and more popular than anyone could have envisioned from the outset. Digital postcards via MMS will now become an option using the new mobile camera from Sony Ericsson.
- **Media.** Playing games via WAP or downloaded in Java format will become popular, as will streaming video. Also in demand will be access to information, such as stock quotes, news and weather.
- **Business access.** Providing employees with the ability to access a company network via mobile phone for e-mail and scheduling functions, for example. Racom is a system that is already in operation and used by Ericsson employees worldwide to access their company e-mail.

These new priorities mean that commerce via mobile phone, also known as m-business, will come somewhat later.

Welcome change of course

The company's new strategy for the Mobile Internet has long been anticipated. It will affect a large number of employees, in both business and core units.

Ingvar Larsson is head of Core Unit Service Network and Applications (CSNA), which employs 3,700 people around the world.

"If we've decided to become number one in Mobile Internet then we also need to have a strategy to do so. As I see it, we did not have a clear companywide strategy before. By creating one, we will be able to see where the gaps are in our offerings and what sort of applications we should focus on developing."

Since the strategy will now also specify which areas Ericsson should concentrate on, at least initially, this work will be more efficient.

"The important thing, really, is not to say yes to doing things, but rather to say no. We shouldn't be involved in activities, such as banking systems, that others can do better," says Ingvar Larsson.

Key areas at the moment for CSNA include MMS (Multimedia Messaging Service), streaming and downloading of Java programs. Streaming involves the playback of video clips, and with downloaded Java programs, it becomes possible to download and play games using new phones such as Sony Ericsson's Z700. Soon it will also be possible to use MMS - send images, text and sound - using Sony Ericsson's upgraded GPRS T68i phone.



Ingvar Larsson

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"The problem with shopping via mobile phone is that it requires solving several complicated problems. Payments must be integrated with the IT systems of various companies and there is still a significant amount of work that needs to be done in this regard. We will still see m-business, it will just take longer than we had previously hoped," says Osborn Hogevik.

This new strategy does not, however, mean that Ericsson will immediately begin developing applications within the three areas mentioned.

"What we will be doing in respect to applications are things like MMS, which lie within our core area of expertise. Another example is to make it possible to position mobile phone users so that application developers can access data from the network and incorporate it into their services. Quite simply, we plan on creating the fundamental conditions necessary for the Mobile Internet to grow."

Everyone can earn money

One of the prerequisites for this to happen is that all of the companies involved are able to earn money.

"Operational systems need to be in place so that application developers can get paid. And, they need to protect their programs from copying and other copyright violations. In the past, the emphasis was on operators making money. In the future, the requirement will be that the Mobile Internet works for everyone involved. Ericsson will be able to influence that through the collaborative organizations of which we are members," says Osborn Hogevik.

Proximity to customers

The concept behind Ericsson's new market organization is to provide better support for operators' increasingly boundless operations.

"With this organization, we'll be closer to our customers and able to provide them better global, regional and local support," says Peter Olson, head of operational development and operational support within sales and marketing at Ericsson.

Major changes have been made to Ericsson's market organization over the past six months. Some 90 market units have been merged into 35. At the same time, customer responsibility has been more clearly delineated within Key Account Management groups (KAM) in those market units. Moreover, there are now six Global Customer Units (GCU) that have been charged with the task of supporting major operators that have extensive global operations. The point behind all of these changes is to provide Ericsson's market organization with a clearer customer orientation that will better fulfill the various needs of customers.

"Under the previous organization, there was sometimes confusion over certain issues. If, for example, Deutsche Telekom wanted to discuss a global issue

with us - such as contract requirements or the like - there was no single contact to which they could turn. Nobody had a mandate to make decisions on these issues on behalf of Ericsson as a whole," says Peter Olson.

Frequently, such issues would end up at one of Ericsson's local companies which, in turn, was unable to make a decision on their own. The end result was unnecessarily long waits for customers to receive answers. However, once the GCU groups were given global responsibility and authority to make business decisions, that problem was solved. Peter Olson explains that the new market organization, with fewer and larger market units, is an adaptation that mimics the way the operators have developed.

"Today, numerous operators have networks outside of their original home markets and have become regional, rather than local, operators. It therefore makes sense for our market units to also become more regional, like the KAM groups."

The concept behind both the Global Customer Units and Key Account Management is that regional or global customers should be afforded the same levels of service when discussing the same kinds of issues, regardless of whether they contact Ericsson's local offices in Germany, Austria or Australia.

Peter Olson believes that the interests of even the very smallest customers are better served under the new organization.

"In the past, we had numerous small market units

MARKET ORGANIZATION AND MARKET UNITS

Ericsson's customer base includes more than 500 operators worldwide. Of these, 122 are served by KAM groups, including 39 that are part of the six new GCU groups. For other customers, who do not have a KAM, an Account Manager is normally available.

Market Units:
Australia & New Zealand
Bangladesh
Benelux
Brazil
Caribbean

Central America
Central Europe
China
Eastern Europe & Central Asia
France
Germany, Austria, Switzerland & Liechtenstein (DACH)
Iberian Peninsula
India & Sri Lanka
Indonesia
Israel & Turkey
Italy
Japan
Malaysia

Mexico
Middle East
Nordic & Baltic states
North Africa
North America
Northern Latin America
Northwestern Europe
Pakistan
Philippines
Singapore
South Korea
Southeastern Europe
Southern Africa
Southern Latin America

Taiwan
Thailand
Vietnam

Six Global Customer Units:
Deutsche Telekom
France Telecom
Hutchison
Telecom Italia
Telefónica
Vodafone

Program offers new business perspective

In conjunction with the new streamlined market organization, Ericsson EMEA (Europe, Middle East and Africa) is conducting a Business Partnership program. The focus of the training program is to improve KAM groups in their new roles and to create deeper business partnerships between Ericsson and its customers.

The goal behind Ericsson's new market organization is to make Ericsson an active business partner that is responsive to the wishes of its customers and able to offer favorable business opportunities.

In order to succeed in this endeavor, however, many KAM groups will need reinforcement in their new roles, including more knowledge about their customers.

"In order to achieve successful sales results, we need to have a greater understanding of the needs of customers, even as we reinforce customers' opinions of us

as a long-term business partner," says Petter Andersson who, together with Omer Onur, oversees the program.

Every session of the program lasts seven weeks and has openings for about 30 people.

"We don't want to call this a course, rather it is what we would call on-the-job training. We learn by working with real business activities and business relationships," says Omer Onur.

Every individual participant receives the task of reporting to the group about a client situation and the business opportunities that exist. Using this as a starting point, KAM groups are formed with the task of learning to understand the

immediate and long-term needs of customers and then attempting to fulfill those needs.

"We also invite clients to participate, including as guest lecturers," says Petter Andersson.

The program always begins and ends with a forum at Mobility World's facilities in Istanbul. So far, 68 people have completed the program. Three new sessions are being planned and the goal is to have all KAMs within EMEA complete the program before the end of this summer.



Omer Onur



Petter Andersson

JENZ NILSSON

paves way to success

which, over time, became too small to have sufficient knowledge within all of the essential areas. Now, all market units have enough resources and contain sufficient levels of expertise to provide all customers with the best possible service," says Peter Olson.

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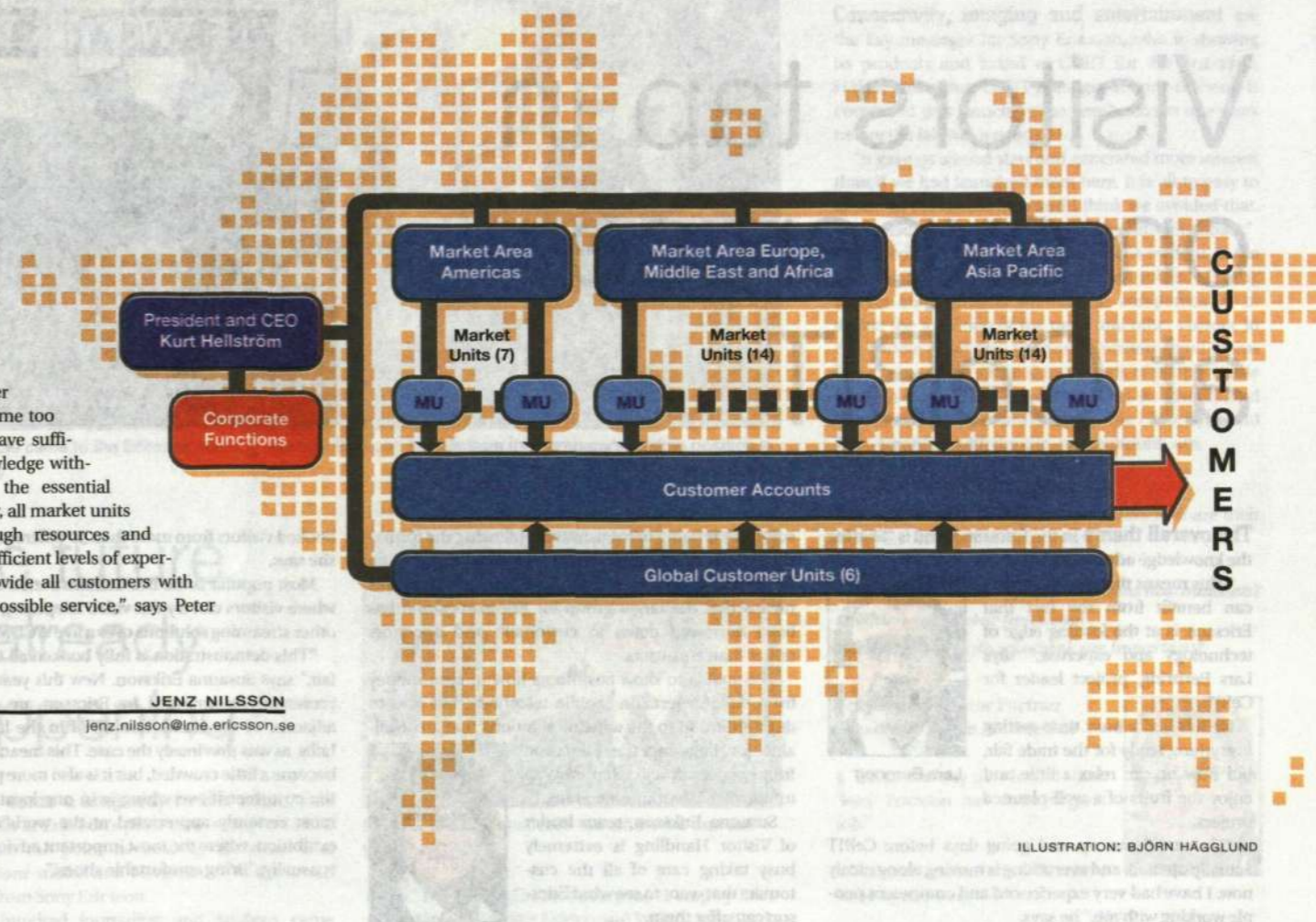


ILLUSTRATION: BJÖRN HÄGGLUND

Globalization gives boost to UK group

David Glayphan, head of the KAM group for Vodafone in the UK, believes that Ericsson's new market organization has given a boost to his entire organization.

"The change feels essential in order for us to keep up with the rapid developments that our customer is experiencing," he says.

In just a few years, Britain's Vodafone has gone from being a dominant local operator in the UK to becoming the world's largest mobile phone operator with approximately 200 million subscribers in its global network. Already back in 1985, when Vodafone put its first mobile phone system into operation, Ericsson was serving as the company's supplier. Collaboration between the two companies has expanded over the years, and when it was time for Ericsson to choose which of its customers would be supported by a Global Customer

Unit, Vodafone was one of the obvious choices. Today, Ericsson has twelve different KAM organizations for Vodafone situated around the globe. David Glayphan is responsible for the KAM group that operates in the UK. The new market organization has meant that he and his 100 person group has had to make a transition from providing a local customer focus to one that offers a regional and global business perspective.

Major challenges

"The merger of market units has expanded my areas of responsibility to now also include Vodafone's operations in Ireland. I have global responsibility for MMS (Multi Media Messaging Service) for the customer as well."

"That transition has not been without its problems, but I still believe that the reorganization has been very positive for my group," he says.

Ericsson in the UK is anticipating major challenges this year. The GPRS network is going to be built out and stabilized, there are plans for 3G networks to be rolled out and with them will follow the introduction of MMS.

"Now that we have a clearer responsibility to our customer, we have gotten a better handle on business

developments within the region. I think that will help us be much better equipped to succeed in our endeavors for Vodafone in the future."

Valuable information

Once a month, a GCU meeting is held where all the heads of Vodafone's twelve KAM groups meet to discuss global and local strategies, problems and questions.

"These meetings provide me with very valuable information. I have much more in common with these other KAM teams than I do with the other British operators that I used to meet with under the old market organization."

"Since Ericsson has become such a dominant telecom supplier in the UK, there is very little information here about our competitors. That's why it is so rewarding to meet with KAMs from countries such as Germany and the Netherlands and hear them tell about their competitive situation and how companies such as Siemens and Nokia are developing."

JENZ NILSSON

Between March 13 and 20, nearly a million people will visit the CeBIT fair in Hannover to view the latest in telecommunications, IT, and software. Ericsson's offerings did not disappoint.

Visitors tap in on expertise at CeBIT

The overall theme in the Ericsson stand is "Sharing the knowledge advantage."

"This means that our customers can benefit from the fact that Ericsson is at the leading edge of technology and expertise," says Lars Bernring, project leader for CeBIT.



Lars Bernring

He has had a busy time getting everything ready for the trade fair, but now he can relax a little and enjoy the fruits of a well-planned project.

"The stand was up and going days before CeBIT actually opened, and everything is moving along nicely now. I have had very experienced and competent people working with me," he says.

The stand consists of some thirty different stations, where everything from Engine networks to MMS

solutions is being demonstrated. Following the formation of Sony Ericsson, consumer products are no longer being displayed under the Ericsson flag. This means that the target group for Ericsson's stand has been narrowed down to customers and operators rather than end-users.

The goal is to show customers how to earn money from third-generation mobile telephony, but also to draw attention to the wireline solutions that are available for handling the migration from conventional telephony to tomorrow's IP communications.

Susanna Eriksson, team leader of Visitor Handling is extremely busy taking care of all the customers that want to see what Ericsson can offer them.



Susanna Eriksson

"There has been a great interest this year, so far we have pre-

RACE NOTHING LESS THAN ENTREPRENEURIAL SPIRIT
ATE PIONEERING TECHNOLOGY CHANGE LIVES
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MIT TO INCLUSIVE COLLABORATIVE PARTNERSHIPS
ART NEW REVENUE STREAMS FOR CUSTOMERS
CONNECT THE INDUSTRY TO A DYNAMIC FUTURE VISION
KSTART NEW REVENUE STREAMS FOR CUSTOMERS
FACE PARTNERSHIP SHARE KNOWLEDGE
NETWORK INVESTMENT



Many people came to the Ericsson stand to see how they can benefit from the company's leading position in technology. PHOTO: ECKE KÜLLER

booked visitors from more than 30 different countries," she says.

Most popular is the live demonstration of WCDMA, where visitors can try out video telephony, games and other streaming solutions over a live WCDMA network.

"This demonstration is fully booked all through the fair," says Susanna Eriksson. New this year is that the presentations arranged by Ericsson are being held adjacent to the stand, instead of in the large lecture halls, as was previously the case. This means that it can become a little crowded, but it is also more practical for the customer if everything is in one location. This is most certainly appreciated at the world's largest IT exhibition, where the most important advice to visitors is usually: "Bring comfortable shoes!"

TONYA LILBURN
tonya.lilburn@me.ericsson.se

New handsets star at CeBIT

Connectivity, imaging and entertainment are the key messages for Sony Ericsson, who is showing its products and brand at CeBIT for the first time. Håkan Frestadius, CeBIT manager at Sony Ericsson is convinced that launching the new handsets one week before the fair was a good move.

"It gave us a head start and generated more interest than if we had launched them here. It is all too easy to drown in the media flow and I think we avoided that. We've had an enormous amount of positive feedback"

The competition for media space is evident at the worlds largest IT fair. Loud music and voices, blinking images and lights fill the halls as companies try to attract the attention of the press and other visitors. In the middle of all this, the Sony Ericsson stand looms like a great white space ship. Crowds of people bustle through it to see all the exciting offers on display. And the stars of the show are of course the P800, Z700 and T68i, complete with the clip-on CommuniCam.

Contact asked a few of the visitors to share their views on the new mobile phones.

- 1. What do you think of Sony Ericsson's new handsets?
2. Which one is your favourite?
3. What features do you think are important?

Ebba Asly, Director Partner Relations, Anoto AB, Sweden



- 1. "I love the way they look, I think Sony Ericsson has done a great job."
2. "I'm not sure but the T68i seems to be a good one."
3. "MMS is important I think. And a colour screen."

Shahid Merari, Technical Support, ROS-TEL, Portugal



- 1. "They are great. I've been expecting excellent phones from Sony Ericsson, and that is what I've seen here today."
2. "I have a T68 already that I am quite happy with, but the P800 looks quite interesting. It has an integrated PDA and a few other functions that are missing in the T68."

3. "Most important is to be able to make a phone call, but I think that SMS and MMS are good additional features. An integrated camera is handy as well and it's really nice to be able to send pictures."

Janin Reininghaus, Area Sales Manager, Dräger Safety, Germany



- 1. "They look very nice. My general impression is that they are very handy, with many integrated functions."
2. "I haven't got a favourite yet, I'll have to check them out more closely first."
3. "They should be light and comfortable against the ear. SMS and Bluetooth are also features that I like."

The future is already happening



Mats Dahlin demonstrated the difference that ten years can make.

We have come a long way in ten years, said Mats Dahlin at Ericsson's press conference at CeBIT. To illustrate the point he held up Ericsson's first mobile phone model and compared it to the brand new T68i from Sony Ericsson.

A few hundred journalists and analysts came to hear Mats Dahlin, head of Market Area Europe, Middle East and Africa speak of Ericsson and the future. He was optimistic for the long term future and stressed the importance of looking ahead.

"CeBIT itself is a symbol for how strong the industry is today, and I am positive that 3G will be as popular

as 2G," he said, and invited everyone to stop by Ericsson's stand to see live Engine and WCDMA networks and the other solutions that show that Ericsson is not just talking.

"3G is already happening. Just come to our stand and see for yourself."

TONYA LILBURN

Solution for prepaid market

Operators are getting ready to introduce Multimedia Messaging (MMS) on the market. At CeBIT, Ericsson launched a solution that lets them target the growing number of prepaid customers.

At the Ericsson stand, visitors in dark suits are grouped around the various demonstration islands. In the middle of a particularly large throng stands Niclas Melin, product marketing manager for Charging Solutions. He is demonstrating how to charge prepaid customers in real time for content services via the Open Charging Interface in Ericsson's PrePaid solution. Using his new Sony Ericsson phone, he shows his audience how an MMS can be ordered from a content provider, and the cost immediately drawn from his prepaid account.



Niclas Melin demonstrated a new charging solution.

"The advantage of this solution is that operators can check if there is money in the customers account before they deliver the service. Previously there was no way of doing this which meant that operators were reluctant to launch new services to this customer segment," says Niclas Melin.

The solution has great potential, since prepaid customers are an important target. Not only is it the fastest growing subscriber group - last year prepaid customers increased by 50 percent globally - they are also eager to try new services. So now the problem of charging prepaid customers is solved, operators can go ahead and launch services to a mass market. Most importantly, the real time charging solution clears the way for a mass launch of MMS.

"Drawing on experience from when SMS was first launched, it was when it was introduced to the prepaid customers that the market really exploded. We think that MMS will follow a similar development," says Niclas Melin.

TONYA LILBURN

From chip to platform

Forget about chips and radio technology. With the 'New Bluetooth Concept' from Ericsson Microelectronics, customers can tailor their own product and get the whole Bluetooth solution, "ready-to use".

A small device similar to a Personal Digital Assistant is the center of attention at Ericsson Microelectronics stand in the Bluetooth pavilion at CeBIT. This "Concept Product" has a wide range of mobile functions based on an embedded Bluetooth platform. The idea is to use it as a basis for discussion of application development with the customer.

"This is a totally new way of marketing Bluetooth.

Magnus Eriksson and Henning Robach show the evolution of Bluetooth, from chips to new concept product.

Instead of discussing technology we can use the concept product to help customers develop the functions they want in a solution that we can then specially tailor to suit their needs," says Magnus Eriksson, market area manager for Bluetooth.

The New Bluetooth Concept, launched for the first time at CeBIT, is targeted primarily at manufacturers of mobile devices who need a reliable solution for short distance communication. Already a potential customer has been in touch - an automobile manufacturer that is looking to offer remote control of certain functions in their car.

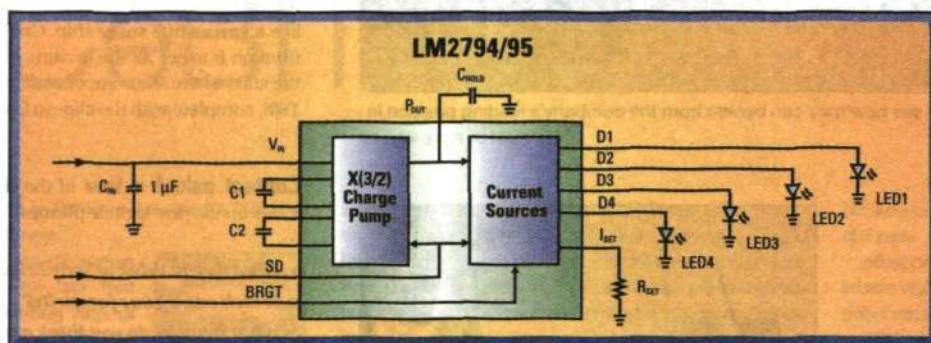
"One great advantage for the customer is of course that we can offer a one-stop-to-shop solution and shorter time to market. They tell us what they want, and we put together the hardware, software and applications. So far, we are first on the market with this concept-based way of selling Bluetooth," concludes Magnus Eriksson.

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White LED Drivers – Switched Capacitor						
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LM2792-L/H	1-2	Switched Cap	LLP-10	3 mm x 3 mm x 0.8 mm	Low/High	900 kHz
NEW LM2794	3-4	Switched Cap	micro SMD-14	2.08 mm x 2.4 mm x 0.845 mm	Low	325 kHz
NEW LM2795	3-4	Switched Cap	micro SMD-14	2.08 mm x 2.4 mm x 0.845 mm	High	325 kHz

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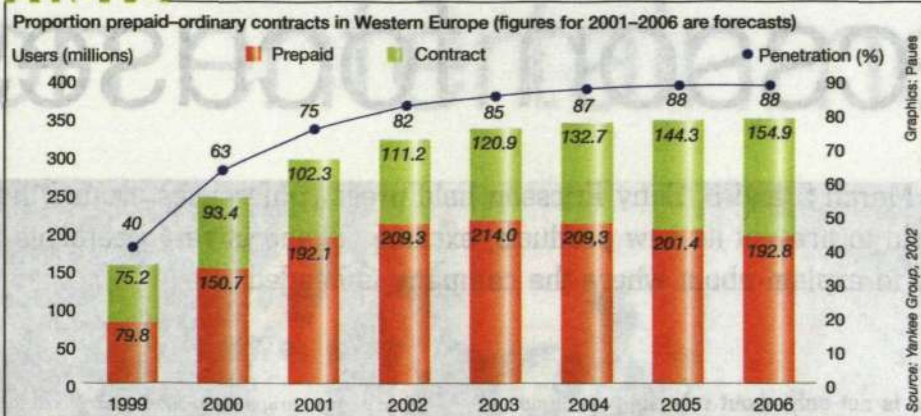
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TREND IN NUMBER OF PREPAID CUSTOMERS



In their eagerness to increase the average revenue per subscriber, mobile operators want to encourage their prepaid customers to sign conventional contracts. However, although the percentage of prepaid customers is expected to decline somewhat, prepaid will still account for more than 50 percent of subscriptions in 2006. This figure applies to Western Europe.

Prepaid customers are here to stay

Prepaid customers are less profitable than contract customers. As a result, operators are trying different methods to encourage the customers to opt for standard contracts, a strategy that is successful to a certain extent.

Naturally, the intention is to increase the Average Revenue Per User (ARPU). In Western Europe, operators only earn a third of the money per month from prepaid customers that they receive from contract customers. No wonder they prefer the latter.

"One important point is that shifting will vary by market," says Farid Yunus, senior analyst at the Yankee Group and the brain behind the report, *Adapting to Prepaid Realities in Europe*. "In Italy, where prepaid is the rule rather than the exception, it is unlikely that Telecom Italia will ever try to persuade all of its customers to sign contracts that involve invoices, while their colleagues in the UK are becoming increasingly aggressive," he continues.

"The most important lesson is realizing that prepaid is here to stay."

Reduced subsidies

One way of encouraging new customers to select the contract option is to reduce the subsidies for prepaid phones. When Farid Yunus visited a retailer in London the other week, he discovered that entry-level handset prices had increased to about GBP 60 from the 2001 level of GBP 10-20.

"And Vodafone is now trying to push the prices up to about GBP 100," he says.

PREPAID

- Prepaid customers call less time than contract customers and are thereby less profitable. With Orange of France, they make calls totaling an average of 55 minutes per month, compared with 216 minutes for contract customers (first six months of 2001).
- Average revenue per prepaid customer in Western Europe is USD 16 per month, slightly less than one-third of the revenue for a contract customer (2001).
- Italy has the highest percentage of prepaid customers, with nearly 90 percent, while the figure in Finland is only 6 percent.

SOURCE: THE YANKEE GROUP, 2002

Sophie Yorke, a research analyst at Mobile@Ovum, says that the operators previously pinned their hopes on getting customers to switch to conventional contracts.

"But users are saying more and more that they like the flexibility of prepaid, which means that operators are starting to realize that they have to increase the revenues from prepaid customers," she says.

"In Italy and Spain, prepaid customers are being offered GPRS, which is a way to enhance the value," Sophie Yorke continues.

Customers with prepaid are generally anonymous, making it difficult for operators to know what services to offer them.

"SFR in France is now offering those who choose not to be anonymous the possibility of joining a bonus program in which they can collect points."

New subscription types

In parallel with the two forms of subscription, a hybrid solution is now emerging, Farid Yunus points out. Some contract packages now allow customers to specify how much they want to spend each month - when the ceiling is reached, no more calls can be made. In this way, the operator is guaranteed a certain amount of revenue per customer and month, while the customer can keep a check on costs. In the end, however, operators must understand that not all customers can have the same level of profitability.

"It may not be possible to increase ARPU for a large number of users, even if they are migrated from prepaid to contract. Some will never spend more money," says Farid Yunus.

Nevertheless, these customers are important. Although they don't make as many calls, they represent numbers that others can call, thus increasing the ARPU among other subscribers.

ELIN DUNAS

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The report, *Adapting to Prepaid Realities*, is available at:

bic2.ericsson.se/sources/yankee/

Another interesting report is *Prepaid Migration Strategies*, available at:

bic2.ericsson.se/sources/strategy_analytics/

Deutsche Telekom in alliance with Microsoft

During the CeBIT trade fair in Hanover, Germany, Microsoft and Deutsche Telekom presented a new alliance to develop handsets based on Microsoft's operative system Pocket PC. The companies will also offer new mobile services based on Microsoft's solutions. The new smart phones will be sold under the label "T-Mobil," and be competing directly with handsets from Nokia, Sony Ericsson and Motorola.

German i-Mode to be launched

The German operator E-plus will launch its i-Mode service on March 16. The subscription fee will be USD 2.65. Various data services will cost between USD 0.22 and 1.75 per month. To send an e-mail message, for example, users will pay USD 0.17.

E-plus has signed agreements with 60 content providers who will offer 500 services. Content providers will receive 86 percent of the revenues for services, while the operator will retain the remainder.



Using the NEC N21 phone, E-plus customers will now have access to i-Mode.

New members of gaming forum

Picofun, Codeonline, Konami and Cappoom are the names of the new members of the board of directors of Mobile Gaming Interoperability Forum (MGIF), an industry organization working to ensure that mobile games can be distributed regardless of the gaming servers, networks and mobile terminals used. MGIF was formed in July 2001 by Ericsson, Motorola, Nokia and Siemens. With the addition of the new members, the board of directors is complete.



The Swedish company Picofun was elected to the MGIF board.

www.mgif.org

Less mobile phones sold

According to research group Gartner Dataquest, overall sales of mobile phones to consumers declined by 3.2 percent to 399.6 million in 2001.

Gartner Dataquest says sales were influenced by saturated European markets, the removal of subsidies by telecoms operators, a burgeoning second-hand market in developing countries and unlisted imports from overstocked distributors wanting to get rid of inventories built up in 2000.

M-commerce revenues rising

Mobile e-commerce, also called m-commerce, increased from USD 7.2 billion to USD 10.5 billion during 2001, according to market analysts the Gartner Group.

Growth is considered to have been held back substantially by the economic downturn last year.

The Gartner analysts expect greater growth this year, in part because companies no longer need to devote such substantial resources to survive.

Sony Ericsson focuses on entertainment

On March 5 and 6, Sony Ericsson held press conferences around the world to present its new products, exciting collaborative agreements and to explain about where the company is headed.



P800

A large touch screen sporting 4,096 colors is just one of the many finesses of Sony Ericsson's new Smart-phone. It also has a built-in camera with photo album, phonebook with pictures, e-mail, SMS, EMS, MMS, WAP, html and i-Mode browsers, triple band/GPRS/HSCSD, calendar, contacts and notes that can be synchronized with MS Outlook and Lotus Notes.

The P800 also features downloadable games, ring-tones and backgrounds. Built around the Symbian operating system, the phone is therefore open to third-party applications. The cover is removable.

"This is not only about releasing new products onto the market," said Philip Vanhoutte, head of global marketing, as he laid out the company's strategy. "From now on, every telephone we launch will enable people to use their phone in a way that they have not done before."

Approximately 70 journalists gathered at Sony Ericsson's new headquarters in Hammersmith, in the UK, where company management was on hand to answer questions.

It was Sony Ericsson's first official press conference and naturally, it drew a large amount of attention.

"Good design and color displays will be a key to our success," said President Katsumi Ihara. He also emphasized the importance of encouraging users to adopt new behaviors by constantly delivering new applications and exciting content.

News of collaborative agreements with Sony Music, Sony Pictures and Sony Style Imaging provided clues to what that content might consist of. Users can expect plenty of new ring-tones, music from world class artists, photos, background images and games with tie-ins to current movies.

"That sounds promising," said Lucas van Grinsven of the Reuters news bureau. He also liked what he saw of the new phones, but said that is no guarantee that they will sell in sufficient numbers.

When it comes to applications, Sony Ericsson is focusing heavily on imaging, entertainment and connectivity. This strategy is evident from the new products launched. For example, the T68i in combination with the CommuniCam MCA-20, offers new opportunities within imaging.

The concept not only involves using the camera to take photographs. In order to make things interesting for users, it also has to be possible to send, receive, save and use pictures to lend a personal touch to the phone. All of that will now be possible.

The Z700 is one example of how Sony Ericsson is incorporating entertainment into its products. The telephone comes with two games installed: Men in Black and Charlie's Angels. That's not all, however.

"With a color display, significantly better sound and high data transfer rates, we hope to make the entire mobile gaming experience more fun," said an enthusiastic Ken Odaka, head of the GSM/UMTS product area.

The company predicts that gaming will become the first successful entertainment area for mobile phones.

Philip Vanhoutte also described the company's ambition of delivering telephones that are ready to use right out of the box.

"Currently, when you buy a WAP or GPRS phone, it takes quite a while before all of the settings have been



Journalists posed numerous questions to Katsumi Ihara, Jan Wäreby and Ken Odaka, including inquiring when the company will be coming out with a 3G telephone. At the end of the year was the reply. PHOTO: ANNA SCHORI

entered and you can start using all of the functions. We would like the content and applications to be there as soon as you open the box of your new phone. You should be able to find pictures or games right away, so that you can immediately get that feeling of, 'wow, this was really

a good investment'. Users can then download more content - through our website, for example."

MARIA PAUES
maria@pauemedia.se

T61g

A GSM phone for the US market. Included among its features are over eight hours of talk time, voice activation, continuous connection to the Internet, e-mail, EMS and the ability to synchronize with a PC.

A blue backlight makes it possible to read messages in the dark.



T206

A CDMA phone aimed at young, active users. Among other things it offers EMS, voice activation, GPS and a high data rate. It is also the first CDMA telephone to include a built-in antenna.



T62u

A GAIT telephone capable of operating on both TDMA and GSM networks. This is Sony Ericsson's first Java phone for the North, South, and Central American markets. Its primary customer is Cingular.



T68i

The successor to the T68 is the world's first mobile phone to offer Multimedia Messaging Service (MMS) and Sony Ericsson's first GSM product to sport the new logo. With MMS, users can combine digital color photos, text, animation and sound in a single message. Complementing this new application is the CommuniCam (see below).

Another new feature is the facility enabling users to create their own albums and to store photos in the phonebook. The display shows a photo of the person who is calling.

While the successful color display is familiar from the T68, the telephone's design has been updated to reflect the Sony Ericsson brand.



Z700

Sony Ericsson is reaching out to young, computer and media savvy users with this gaming and entertainment phone. A virtual Java machine makes it possible to download games and applications. The Z700 includes GPRS, polyphonic sound, Bluetooth, WAP, html, e-mail and a 256-color screen. The advantages of Java are demonstrated by the pre-installed games Men in Black and Charlie's Angels.



Bluetooth Car Handsfree HCB-30

Bluetooth Car Handsfree HCB-30 provides both greater safety and convenience while driving. With the device it is possible to leave one's mobile phone in a jacket pocket or bag while driving. As soon as the car is started, all new calls are automatically connected via Bluetooth to HCB-30. When the phone rings, the car radio is automatically muted and the person on the other end of the line can be heard over the car loudspeakers. Users place calls, answer, hang up and adjust the volume using a control device that can, for example, be fastened to the car's instrument panel.



Chatpen

The Chatpen is now part of the Sony Ericsson lineup. Even though it is based on highly advanced technology, this digital pen is simple to use. Chatpen both looks and works like an ordinary ballpoint pen. When the pen is used to write on paper printed with the unique Anoto pattern, coordinates are stored within the pen and then transmitted via Bluetooth to a mobile phone and forwarded to another mobile phone, handheld computer or PC. The technology enables handwritten notes to be sent in graphic form using SMS, e-mail or fax.



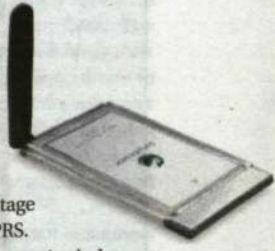
Bluetooth headset HBH-30

This newest headset weighs a mere 28 grams, has a talk time of up to four hours and a standby time of up to 100 hours. It is targeted at professional early adopters who like new technology and new products, and who value convenience and efficiency.

GC75

With this PC card modem, it becomes possible to work efficiently even while on the road. The card provides transmission speeds that rival fixed lines - with the advantage of wireless connections using GSM/GPRS.

The product is aimed at those who want wireless access to the Internet or external links to company servers. The card also makes it possible to download files, send and receive e-mail, text message and fax directly into a laptop computer. This is an application area that offers new revenue streams for operators.



CommuniCam MCA-20

This digital camera connects to the T68i, making it easy to take photographs. The telephone's display serves as the viewfinder. Photos can be forwarded directly via e-mail to a PC or as an MMS to another mobile phone. Photos can also be used as a display background or screensaver or be stored as a thumbnail image in the phonebook. It is small, lightweight and easy to use.

Efficiency spurt at TDMA systems

TDMA is a standard that is being replaced by an increasing number of operators in favor of GSM. However, Ericsson's TDMA Systems in Montreal, Canada, still has a very important task to fulfill. It must convince its customers that Ericsson has a unique customer focus and make Ericsson's GSM systems a natural choice.

"We have promised our customers that we will provide them support for another ten years. Nobody should feel that Ericsson has let them down," says Sören Elsberg, head of TDMA Systems.



TDMA Systems focuses on helping customers to earn money from TDMA until other technology takes over. Ericsson will then be a natural choice and will offer operators a straight move to 3G.
ILLUSTRATION: HELENA HALVARSSON

It has long been Ericsson's strategy to transfer TDMA operators to GSM, but, during 2001, this migration process suddenly avalanched when the largest operators made their choice. For TDMA Systems, this came as something of a shock.

"I started as the head of the unit on January 1, 2001. At that time, the market was still rather large and we still had extensive research and development. From March 2001, we nearly halved the amount of development work. The development projects that were maintained were those that contributed to safeguarding network operation. Other forms of development were halted immediately. We went from having about 2,000 employees to approximately 1,000. This has been a difficult period for us at TDMA," says Sören Elsberg.

Ericsson had already begun its migration to GSM during 2000. The four product units that were involved in TDMA were merged into one and operations were gathered in Montreal, since most of the TDMA operators are located in North America.

When the market situation changed rapidly at the

Management by walking. Sören Elsberg has worn out a few pairs of shoes during his walks around Ericsson's premises in Montreal. He believes the best management is achieved by meeting employees face-to-face.

PHOTO: JACQUES DESHARNAIS



beginning of 2001, TDMA Systems had to adjust to a new kind of assignment. Instead of developing technology, the goal was to be unbeatable in terms of customer focus and to establish Ericsson as the natural choice for operators that are choosing a GSM provider.

Categorizing customers

One of the first measures of this new status was to prioritize among TDMA customers and focus on the three most important operators: AT&T Wireless, Cingular and Telcel. They represent a combined total of about 70 percent of revenues.

"We subsequently segmented the customers into three categories: customers that could quickly adapt to GSM, customers that are overlaying the TDMA network with a GSM network, and customers that have selected to remain with TDMA for the foreseeable future. The three most important operators are among those that are building overlaying networks."

Sören Elsberg says that the most important customers and Ericsson are currently working very closely. The key customers are like a part of the organization and they have the possibility to be involved in Ericsson's meetings and directly influence decisions.

"Several of our designers have met the customers face-to-face. This makes it easier for them to work with a customer focus."

There are clear indications that efficiency has improved. For example, the time that it takes for Ericsson to handle inquiries from customers has been reduced

several times over. The total time that the network is down has been reduced from 21 minutes per year to three minutes, and these are figures that impress the customers.

"The experience we are acquiring will be valuable for Ericsson when GSM is replaced sometime in the future. It is no fun to work with dismantling and right-sizing processes, but I believe this is important know-how for Ericsson. If you move into a new technology, you must leave the old one behind – it is a natural fact of a technology shift."

Göran Olsson, product and marketing manager at the WCDMA and GSM Mobile Systems business unit, says that TDMA Systems is now preparing its own income statement and, with the shift from technology to a business focus, the organization operates in principle as a separate business unit.

"TDMA Systems has an important role in fulfilling the needs of North American customers and has been extremely fast in restructuring its cost mass. The most important task now is to continue to earn money and prepare the way for new business," says Göran Olsson.

Must be visible

It has been a challenge for Sören Elsberg to keep the employees motivated for the new assignment during a time of extensive cutbacks. The most important aspect for him as a manager is to be visible and available. He is very proud of how everyone in the organization has stepped up and taken responsibility in the new situation.

"I don't believe in sitting and conducting operations from a computer and only having e-mail contact with employees. I call my approach 'management by walking,' meaning that I try to go around and meet employees personally to hear what they are doing and give them directives. During the transition period, it has been especially important to provide information and therefore we have arranged general meetings almost every month, at which we have explained how the TDMA market is changing and what this means to us. Our people have been great at focusing on the new mission."

Sören Elsberg explains that the goal of TDMA Systems is to further improve network operations, making the networks easier and less expensive for customers to operate and to release frequency spectrum so that there is capacity to build up GSM. The customers are dependent on the revenue from their existing TDMA systems and Ericsson will continue to help them. After 2002, the TDMA networks will enter what Sören Elsberg calls "response mode," meaning that the product will not be further developed, unless functions are requested specifically by customers and they are willing to pay for them.

"We have promised our most important customers that we will assist them with TDMA networks until 2010."

JESPER MOTT
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Ericsson has six Global Customer Units to see to the special needs of operators with expanded markets. The idea is to match Ericsson's own global structure with the operator's, and improve customer service. The Global Customer Unit for Telefónica recently held a kick-off in Madrid, Spain.



The Global Customer Unit Telefónica recently held a kick-off in Madrid, Spain. Representatives from the operator, Ericsson Business Units, Market Units and the Global Customer Unit were there.

Global Customer should feel a difference



I feel very happy about what we have accomplished during these very intense days, says Eduardo Restuccia, head of Global Customer Unit Telefónica, at the kick-off. PHOTO: ANNE LEHES LOWENBERG

"Ericsson has transformed into a more customer-focused company, also when it comes to financial reporting and consolidation of results. This, combined with eliminating internal struggle will definitely be a success factor that makes the difference," says Eduardo Restuccia, head of Global Customer Unit Telefónica.

Eduardo Restuccia is very happy about what was accomplished during the intense two-day event in Spain: "Now we have to make sure that Telefónica feels the difference."

Representatives from the operator, Ericsson Business Units, Market Units and the Global Customer Unit were there. In addition to taking the lead for relationship management, business development and a unified approach towards the customer, the main functions call for the Global Customer Unit to coordinate customer roadmaps and ensure internal efficiency.

Good start with Telefónica

Indeed the new approach has garnered compliments from Telefónica CEO César Alierta, who says it will bring "mutual benefits to both companies." He acknowledges that his own company is complex, which presents special challenges to Ericsson.

A long history exists between the two companies. Ericsson is present at almost all of Telefónica's operators around the globe, and has a significant share of capital expenditures. But performance feedback shows room for improvement.

Eduardo Restuccia believes that improved efficiency and a common approach from Ericsson's side will resolve performance issues and increase business.

"If we show that Telefónica can lower both their capital and operating expenses by doing business with us, they will listen. The road to success is simple and yet very challenging – to acknowledge the customer needs before they become visible and turn these needs into business opportunities for Ericsson," says Eduardo Restuccia.

Cooperation

Close co-operation between Business Units, Market Units and the Global Customer Unit is a key success factor according to Johan Gyllenswärd, head of Business Management for Business Unit Multi-Service Networks.

"The kick-off was done in that spirit and I believe our opportunities in doing business with Telefónica look great," said Johan Gyllenswärd.

Eduardo Restuccia continues:

"Business Units and the GCU are there to support sales teams!"

As head of the GCU, Eduardo Restuccia promises to assign clear responsibilities and keep his organization small in size.

The Account Manager for Telefónica Móvil in Chile, José María Daza, had a positive outlook after the kick-off.

"Getting together, it becomes more than evident how similar our problems are and how much we have to gain in using joint opportunities and ways of working."

Rima Qureshi, head of the Global Expertise Center in Montreal, speaking to Andrew Pan, a support technician. Rima Qureshi sees major advantages in having operations in Montreal. One of Ericsson's largest R&D centers is located here and the two organizations gain from each other's presence.

PHOTO: JACQUES DESHARNAIS



Global experts find local advantages

The Global Services Business Unit has now concentrated its top-level expertise within systems service into five Global Expertise Centers, GECs. The Montreal operations is included among the five. Rima Qureshi, head of the Montreal Global Expertise Center, stresses that it is important that the five centers are perceived as a single seamless delivery organization.

The idea behind the restructuring of Global Services was to gather resources dispersed among regional units and position them where their expertise could be most effectively used to meet the demands and the future forecast for service requirements from the market units.

The Global Services operations in Montreal used to belong to the North America Market Unit. However, since October 2001, it has been one of the five Global Expertise Centers. There are also centers in Stockholm and Gothenburg in Sweden, Kuala Lumpur in Malaysia, and Dublin in Ireland.

The primary task of the GECs is to provide the market units, and other Ericsson service organizations, with expertise to complement their resources whenever they lack this expertise themselves.

About 300 employees in Montreal were the first to be included in the GEC Montreal. After them, other groups matching the profile of the organization were identified in North and South America. At present, the GEC Montreal has operations in New York, San Diego

and São Paulo, and the total number of employees is about 500. Rima Qureshi explains that the main task now is to bring all parts together to function as a single organization.

The five GECs are now aligning their competencies in their particular areas of knowledge based on the needs of the market units. Each GEC is equipped to offer competence that supports the Global Services portfolio. This includes the main service areas of customer support and education, systems integration, network rollout and professional services.

The customers are increasingly global and so is Ericsson. The major customers for GEC Montreal are located in the Americas region, but their activities are not limited to these customers. Rima Qureshi explains that the nature of the mandate is that GECs deliver services according to their expertise and the customer requirements.

"We at GEC Montreal offer specialized expertise and service delivery excellence – this is our portfolio. We have unique knowledge of migration from TDMA to

GSM, currently an issue of prime importance in the Americas. Our other areas of expertise are CDMA and CDMA 2000. However, we are moving toward GSM and GPRS as demand grows in the markets that are closest to us. Our service development group both develops new services and adapts existing ones. We are extremely customer focused and create true solutions to help our customers face a host of issues," says Rima Qureshi.

Additionally, GEC Montreal hosts an Integration Center – one of two in Ericsson – that concentrates on open system architectures for multi-vendor equipment.

There are many advantages in being established in Montreal. One of Ericsson's key R&D Centers is located here and the two organizations gain from each other's presence. As products and software are developed, the GEC develops the expertise required to support them. In this way, each area can be ready at the same time.

No two assignments are the same. All networks are different and every market has its own character. This is what makes the work so stimulating, according to Rima Qureshi.

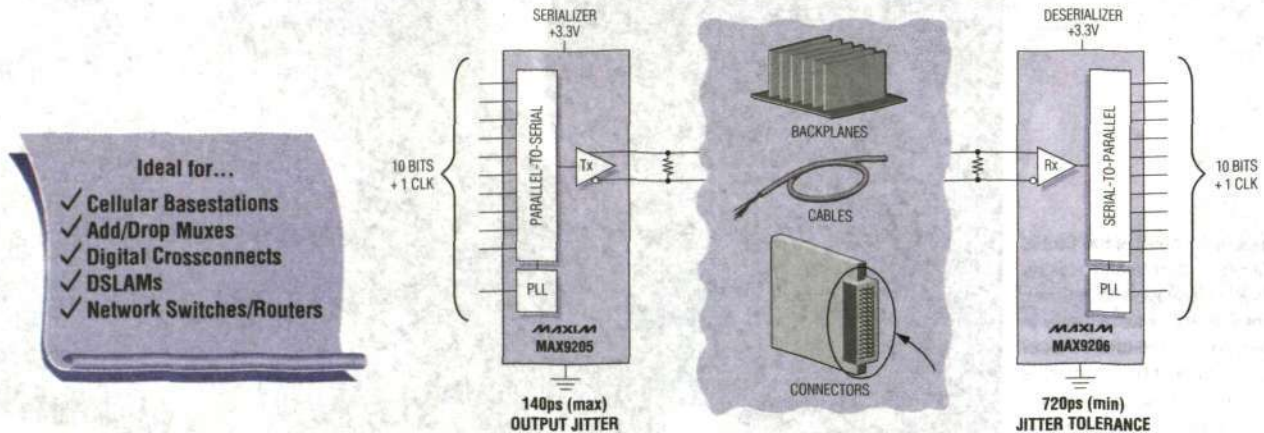
Rima Qureshi says that it's an exciting challenge to realize the goal of Global Services, which is branded "Power of One" – one brand, one portfolio, one service culture and one delivery process.

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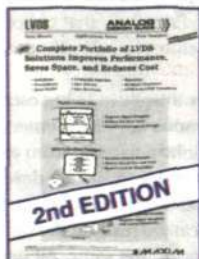
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MAX9207	3.3	10	40 to 66	660	32	28-SSOP	DS92LV1023	7.35
DESERIALIZERS								
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MAX9208	3.3	10	40 to 60	600	55	28-SSOP	DS92LV1224	7.65

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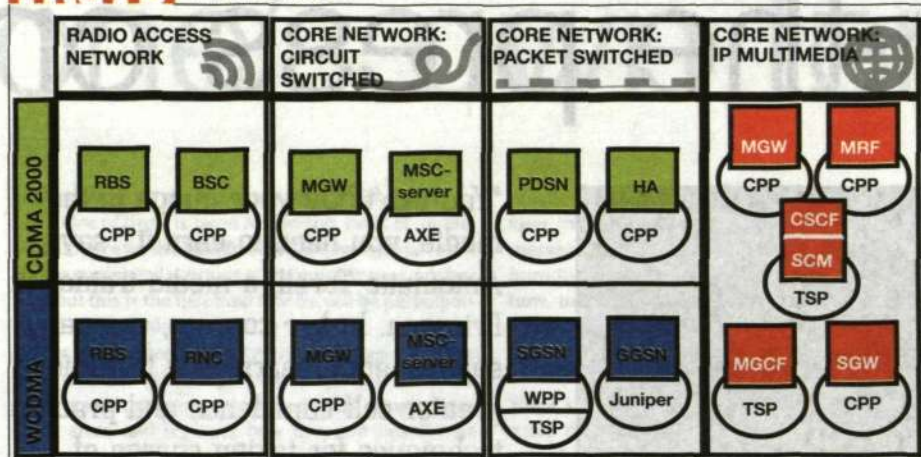
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By building CDMA2000 on the same technology platforms as WCDMA, Ericsson gains several advantages, including faster market launches and lower development costs. ILLUSTRATION: KEROLD KLANG

CDMA and WCDMA on the same platforms

Three years ago, when Ericsson decided to invest in the US mobile standard CDMA as well, quickly catching up with the competition was the first priority. After developing a total solution for 2G by using core Ericsson products, Ericsson also decided to create a 3G solution based on the same platforms as WCDMA.

There are three 3G standards: Wideband CDMA, which is the technology that Ericsson helped to develop, CDMA, a narrowband version of US origin, and EDGE, an enhancement of GSM on existing spectrum.

In record time

When Ericsson entered the CDMA market, competitors already had a relatively large installed base of the 2G system variant called cdmaOne. Ericsson purchased the infrastructure division of Qualcomm and created a cdmaOne system in record time using base stations and a Base Station Controller (BSC) from Qualcomm and a modified version of its own TDMA switch.

At the same time, Ericsson decided to develop a true 3G solution that would be based on many of the same platforms as WCDMA. These technical platforms are the AXE810, CPP and TSP, which will support the development of CDMA2000 all the way to an all-IP network.

"It was a daring decision," says Egil Grönstad from CDMA during management in San Diego. "We chose to invest in a future-proof solution, rather than enhancing our 2G system."

Many advantages

Ericsson works with common technical platforms for its systems, an approach that has many advantages. TIM (Time to Market) is reduced, meaning that products become available more quickly and development costs are minimized.

Costs are also lower for products that are manufactured in larger volumes, as are costs for maintenance and spare parts. The same applies to training.

Ericsson's decision to base CDMA2000 and WCDMA on the same 3G platforms also provides operators with a future-proof solution, since they

can operate both systems simultaneously or move from one to the other. Work is in progress within the 3G standards bodies 3GPP and 3GPP2 (for Europe and the Americas, respectively) that is intended to ensure that the two standards can work together. Ericsson is very active in these efforts.

Similar architecture

AXE10 is used in today's CDMA networks for the Mobile Switching Center (MSC), while the new AXE810 is used for the MSC in CDMA2000. TSP, which is a server platform, is used for the HLR/AC (Home Location Register/Authentication Center), AAA (Authentication, Authorization and Accounting) and for the IP multimedia network, which is more or less identical for CDMA and WCDMA.

CPP (Cello Packet Platform) is used in both the access and the backbone networks. In CDMA2000, both the base stations and the BSC are based on CPP.

The base stations have much in common with those used in WCDMA, and the BSC is nearly identical to WCDMA's RNC (Radio Network Controller). In the Packet Core Network, CDMA's equivalent to the GPRS nodes are the PDSN (Packet Data Service Node) and the HA (Home Agent), which are both CPP-based.

For operation and maintenance, CDMA2000 uses much the same architecture as WCDMA and includes the same software components, such as CIF, EFM and SMO.

Launch in mid-2002

"We have come very far in the development of the new 3G nodes based on CPP and expect that the radio network should be available by mid-year," says Johan Johansson, who works with CPP for CDMA.

CPP was previously a part of the WCDMA unit, but a year ago, CPP development was transferred to Ericsson's CNCP (Core unit Core Network Development). This means that the requirements for the CPP are now determined jointly by WCDMA, CDMA, media gateways, the RXI transmission node and other products.

New measurement method saves millions

Measurement of distortion (error signals) in linear amplifiers is problematical in 3G systems. In contrast to 2G systems, 3G demands extremely linear amplifiers that are so exact that the measurement equipment that is used to measure them is no longer better than the equipment being measured, which it must be.

ETCC, the Ericsson Test Competence Center, has now found a solution to the problem that saves many thousands per test and millions each year. The previous system used fixed filters, which are both expensive and inflexible.

The new method is carrier cancellation in which the input signal to the amplifier is split in two and one signal is phase-shifted 180 degrees so that it can be added to the output signal. The output signal is then measured with and without suppression. Since the signal that did not pass through the amplifier cancels the one that did, the only remaining signal is the error signal. This method is based on the feed-forward technique and Black's patent from 1927, which is used in today's 3G amplifiers.

Now there is a method that can be used in production tests that can handle 3G, GSM and other standards, as well as several simultaneous input signals with different frequencies.

New portal for hardware developers

There is now a new version of the CDPH (Common Design Principles for Hardware) portal. It contains rules, methods and tools and is significantly easier to use while providing more content than the previous portal. "All essential documents and links are gathered in one place, and it is easy to find the right person to answer questions or request services," says Anette Jacobaeus, who is responsible for the portal, adding that XML technology will make it easier to extract information from documents.



cdph.ericsson.se

tech tips

Reduce telephone costs by phoning via EriNet. A ten-minute call from Sweden to Australia that costs SEK 3.85 on EriNet costs SEK 119.45 via a normal operator. ECN numbers are available at:

phone.ericsson.se/voice/services/ecn/ecncodes.shtml

Do not save large amounts of information in your Outlook mailbox. Use your project group mailbox instead. You can see how much data your Outlook mailbox contains by right-clicking on Outlook Today in the folder pane, selecting Properties and the clicking on Folder size.

Success for TMA in London

Ericsson's tower-mounted amplifier (TMA) has achieved excellent results in London. TMA, which amplifies the signal from mobile phones to the base station, is primarily intended to reduce the number of dropped calls. Two months of statistical testing in a GSM 1800 network in central London showed a reduction of as much as 75 percent. Better indoor coverage is a probable explanation.

Meeting the press on



"You can't buy your image in the media, you need to earn it," says Antoinette Torell, a media trainer at Ericsson. In her courses, company spokespeople learn how to achieve greater self-confidence and practice techniques for taking charge of interview situations.

It is still early morning as the nine course participants filter into the coffee room at Ericsson's communications department in Stockholm. They will be spending the day practicing their skills in dealing with journalists. The coffee machine churns out one paper mug of steaming hot coffee

Antoinette Torell poses questions to Jason Andersson during the first part of the training program: the surprise interview.

PHOTO: ECKE KÖLLER

Media training leads to stronger messages



A spokesperson should be able to convey a message in a simple, easily understood manner, according to Ericsson's communications director, Pia Gideon.

The biggest challenge for a spokesperson at Ericsson is to present the company's operations in a simple and exciting manner. Pia Gideon, vice president of External Relations at Ericsson, explains what is involved in being one of Ericsson's representatives in external relations.

What is a spokesperson?

"He or she is a person who has been appointed by the department of External Relations to represent Ericsson to the media. Who is chosen for this task depends on the subject."

"If it involves questions of a technical nature, then an employee with the relevant expertise is chosen to speak. If the issues are more general in nature, then the task goes to someone at the senior management level."

What is required of a spokesperson?

"You need to be clear and straightforward, be able to convey a message in a simple and easily understood manner. There is a big difference between giving a customer presentation and meeting with a journalist. You can be a very focused presenter within customer settings, but be very unpracticed, and make

slips, when speaking with the media. In the end, it's all about understanding what the role of the journalist is and having respect for that."

Why is it important to train spokespersons?

"A person can never know all there is to know about communicating a message in a simple manner. Telecommunications is a complex field and difficult to explain to a general public without background knowledge. It is easy for misunderstandings and confusion to arise."

"Many people use a scientific or technical model in their explanations, presenting first background material and then their conclusions. The media operates in the opposite way. Consequently, one's conclusions need to be presented early on in order to capture interest. An article that does not have a good, exciting introduction loses the attention of readers. The same principle applies to presentations."

"When training to deliver a message, techniques are taught on how to avoid going into details without oversimplifying, and how to use images and metaphors to make abstract concepts such as radio technology and the like more clear. It is also important that everyone understands how their area is connected to those around them, in order to avoid putting out conflicting messages. Everything is a piece of a larger puzzle, and we always want to be consistent in our communication."

TONYA LILBURN

one's own terms

after another for the expectant and somewhat tense men. One of them is Jason Andersson, head of mobile e-commerce for the Mobile Internet development unit. He has completed portions of the training program before, but this is the first time that he will be participating for an entire day.

"For me, it's mostly about getting updated about the new rules that exist for press spokespeople. It's also a good opportunity to network and meet people from other areas and find out how they are positioning themselves with their products, so that you don't overlap into other areas when making statements."

No preparation

Media trainer Antoinette Torell enters the room and leads them in, one at a time, for the day's first and most feared exercise – the surprise interview. Without any preparation, course participants have to respond to a number of questions pertaining to a sensitive topic. Later, their videotaped interviews are used as the basis for discussion when the entire group reconvenes.

"People often get scared and freeze up when they encounter a pressing interview situation. But with

practice one can learn how to feel more confident and view the situation as an opportunity to deliver one's message. This is primarily what we work on during the introductory course, as well as teaching techniques on how to be more aggressive during an interview," explains Antoinette Torell.

Courses are in high demand

Since she first began offering courses last October, more than a hundred Ericsson employees have received media training or support as she prefers to call it. Participants are chosen by the department for External Relations and often include managers, experts, trade show workers or others who frequently come into contact with the media in their work. The goal is to have someone within every area of the company who has been trained to deal with journalists.

"We've experienced an increased demand for the courses as people find out about us, so we have to prioritize. This means that those who are subjected to the greatest media exposure are given priority," she says.

After the surprise interviews, it is time for the group to gather and critique their performance. They discuss

what could have been done better and learn various techniques which they must then practice. It is all about learning to formulate messages that are adapted to one's target audience, but also knowing which subject areas to avoid discussing.

"Being interviewed is not primarily about answering questions. Rather, the most important aspect is to take charge and, for example, be able to direct the conversation to those subjects that you want to talk about," says Antoinette Torell.

Pitfalls and body language

Jason Andersson was very satisfied after taking the course. He has considerable experience in dealing with the media, but he still believes that he learned quite a bit from the one-day course.

"There are always areas that you can work on – body language, the clarity of your message, avoiding pitfalls. And, of course, it's always fun to get feedback from others and learn from each other's mistakes and successes."

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Three questions to four spokespersons

Why do you need media training? What would you like to improve? Have you ever made a slip when speaking with the media?



Niklas Rosvall, strategic marketing manager, Service Network and Applications

"I work as a press spokesperson from time to time and give interviews, most recently at the 3GSM trade show in Cannes."

"I want to get better at leading journalists in the direction that I would like them to go. I would also like to become more polished and

be able to reply to rapid questioning, as well as learn a little bit more about general corporate figures and the like."

"Although I've never really directly made a slip, while I was down in Cannes. I gave an interview to a Japanese analyst, and just as our 20 minutes were up we figured out that we had completely misunderstood what it was that he had wanted to know."



Jason Andersson, head of mobile e-commerce, Service Network and Applications

"I've been a spokesman and frequently come into contact with journalists at trade shows and presentations. I sometimes also give telephone interviews."

"I would like to learn more about how my area interacts with others and how we can complement each other in order to present a solid, unified message. That information is good to know when touching on other people's areas, so that you can avoid it."

"A while back we had a press event in New York. One journalist posed a question that none of us could respond to and finally it was passed on to me, since I was there in the capacity of technical expert. When I stood up, I had spotlights in my face and couldn't see anything. I felt a little lost, but afterwards people said that it had gone well anyway."



Philip Vanhoutte, head of marketing, Sony Ericsson Mobile Communications

"Since I occasionally meet with journalists in my work, it is always good to receive practical training in how to deal with them."

"It's helpful to refresh one's skills now and then, especially within certain areas. The last time I attended media training, I noticed that I needed to learn more about topics such as health and safety. In that respect it's good,

because it helps identify areas that one can continue working on in your everyday work."

"Many years ago, before I had started working at Ericsson, I was tricked by a journalist into providing information that subsequently gave rise to numerous speculations. I think that everyone who has had extensive contact with the media has their scars, in one form or another. So it is obvious that you need to be very well prepared."



Jesper Nyström, marketing manager, Service Network and Applications

"I am one of several spokespeople for Charging Solutions. Journalists who want to find out more about this area are referred along to me. When we issue a press release or have a presence at trade shows, it is also my duty to be on hand and answer questions."

"I want to become more confident when I

speak, and this is good training that will help me feel more secure in such situations. It's easy to encounter pitfalls in my field. This is the second time I have attended media training, and I feel that I learned much more the last time."

"Fortunately, I have not made any slips yet, knock on wood."

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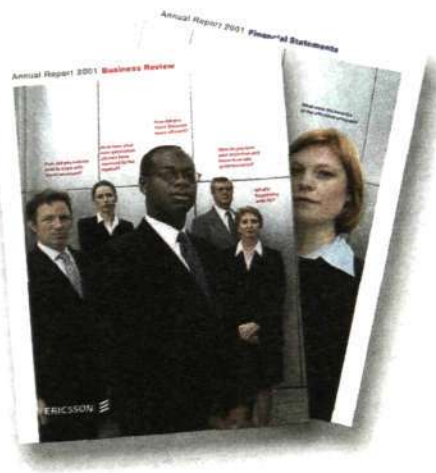


New perspectives on annual report

Ericsson's annual report for 2001 is hot off the presses. It consists of two parts – an operational overview and a financial part – and contains all of the facts and figures pertaining to Ericsson's operations over the past year. Here are a few facts and figures about the report itself:

- A total of 690,000 copies of Ericsson's annual report for 2001 were printed, of which 160,000 were in Swedish and the remainder in English.
- If you were to line up all the copies one after another, they would form a line approximately 40,000 kilometers long, enough to encircle the earth.
- The total weight of all of the annual reports is 345 tons, equal to the combined weight of three large blue whales.
- If you were to pile up all the copies one on top of another, it would form a pile 6,900 meters tall – almost as high as Aconcagua, Latin America's tallest mountain.
- All of the pages in all the copies of the annual report would cover an area equivalent to the size of Barbados.

While the number of trees consumed is unknown, the annual report was printed on very environmen-



tally friendly paper, thus minimizing its environmental impact.

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If you would like to receive a copy of the annual report, e-mail a request to: investor.relations@lme.ericsson.se

Diploma awarded to Ericsson in Japan

Every year Japanese operator NTT DoCoMo invites its suppliers to a Partners Meeting. This year's meeting was held on February 22 and approximately 300 people were in attendance.

Dr. Tachikawa, CEO of NTT DoCoMo, took the opportunity to thank everyone who had contributed to FOMA becoming a success. He also awarded diplomas to a select number of suppliers for their especially valuable efforts. One of these went to Ericsson and it was received by Morgan Bengtsson, president of Nippon Ericsson.

FOMA stands for Freedom Of Mobile Multimedia Access and is the trade name of the world's first 3G system, which was rolled out on October 1, 2001. Ericsson is one of DoCoMo's four base station suppliers.

Guidebook to Multi-Service Networks

Those who want to know more about how the Multi-Service Networks business unit operates can satisfy their curiosity with a new book – Primer for the curious. The book, inspired by an educational children's 'How it works' book series, describes in easy-to-understand language what the business area does and how it is organized.



The online version can be found at:

tnweb.tn.etx.ericsson.se/primer

new assignments

Effective March 1, Kjell Englebretsson will take over as country manager in the United Arab Emirates. Bo Nilsson will continue as key account manager for Etisalat and will also serve as senior advisor to the country manager.



Per Jomer has been named head of strategic business partnering at the corporate level as of March 1, 2002.



from the archives



Pedestrians to the right and cyclists to the left. During the 1950s, Ericsson's product portfolio included not only telephones but also controlled entry equipment, such as this installation at the Schou Ravnholm plant, outside Copenhagen.

During the day the lanes were opened up to traffic but in the afternoon, at the end of the workday, control gates were rolled out. Two bicyclists and two pedestrians could pass simultaneously, each pushing a button as they exited. If a white light came on, they were free to pass. On the other hand, if a red light illuminated, they then had to stop and be checked. Selection was completely random and the system could be set to stop between 4 and 60 percent of those exiting.

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Anna-Christina Landgren shows Ludvig Landgren his finishing time on her mobile phone.

PHOTO: HENRIK HANSSON

On track with SMS

This year mobile phones were beeping as never before during the Swedish classic ski race Vasaloppet. For the first time ever, spectators could follow the progress of their favorite skiers with the help of SMS messaging. One of those who tried out the new service was Anna-Christina Landgren, who monitored her husband Ludvig, of Multi-Service Networks, as he skied his first Vasaloppet.

The thermometer read -12°C as the 77th annual Vasaloppet cross-country ski race got underway at exactly eight o'clock in the morning.

"A perfect temperature, you hardly need to wax your skis at all," said Anna-Christina Landgren, a consultant at Ericsson.

She was one of the participants on an Ericsson-sponsored trip from Stockholm to Sälen to experience one of the year's largest skiing events. She left her skis at home, however.

"I think 90 kilometers is too far to ski, so I'm satisfied just watching. And to cheer my husband on of course."

His name is Ludvig Landgren and he works as a product manager in the Multi-Service Networks business unit. Anna-Christina Landgren enters his race number into her mobile phone, enabling her to receive an SMS message every time he passes one of the seven checkpoints along the racecourse to Mora. This is the first time that this service has been offered during the Vasaloppet and its popularity is readily apparent. When we arrive at the checkpoint at Mångsbodarna, beeping can be

heard from everywhere as spectators take mobile phones in and out of their pockets. Approximately 14,000 requests for the SMS service were received from around Sweden, which is just about as many participants as there were in the race.

Anna-Christina Landgren stands right next to the track, with her telephone in one glove and the video camera in the other, tensely waiting for her husband's arrival. Suddenly her phone starts beeping and she has just enough time to get the camera up before he comes skiing by. A quick smile and a wave and then he is gone again.

"Oh my, I almost didn't make it! But it seemed to be going well for him," she says as she pulls out her phone to check when he is expected to cross the finish line.

Many hours later, we are in place at the finish line in Mora, where the atmosphere is electric. The announcers' voices echo from large loudspeakers and race officials are lading out blueberry soup for tired but happy skiers. The sun is starting to set and the winner of the race, Daniel Tynell, received his medal several hours ago, and yet the steady stream of skiers shows no sign of waning. Beeps are heard as the chips fastened around skiers' legs come into range of the antenna at the finish line, and their finishing time is registered.

Ludvig Landgren arrives at the finishing line about 5:30 in the afternoon, just as predicted in the SMS message transmitted as he passed the final checkpoint in Eldris. He is exhausted but very happy.

"It feels unbelievable to have completed the race. My entire body hurts but it was worth it. It'll be nice to go and take a shower and then go to bed," he says as he hugs Anna-Christina.



As usual, the Ericsson champion was Kjell Lindborg, a support engineer at Ericsson in Norway. He crossed the finish line in 144th place, almost exactly a half-hour after the winner Daniel Tynell.

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coltunn

LARS-GÖRAN HEDÍN
corporate editor

Serious tone lends greater credibility

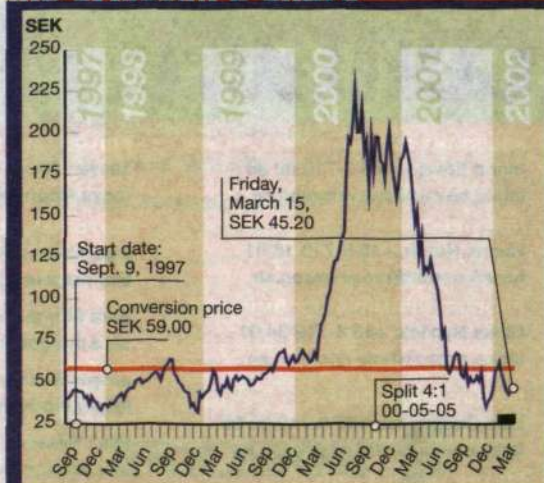
The other day it arrived from the printers – Ericsson's annual report for 2001. As every insightful reader understands, it was not enjoyable reading for those who only value a company based on how much money it earns. This past year was one of the toughest in the history of the industry, so it would have been surprising if our company had not been drawn into the terrible market situation as well.

Already within the first few hours after publication, the first inquires from colleagues came in, wondering why we had chosen such serious images for the cover. They wanted to know why we had not attempted to be more outgoing and positive. This is an interesting question, since it reflects one of the major dilemmas that must be handled by every company that is part of an industry in crisis. The question is how you deliver a negative message in a way that does not cause a further downward spiral, but which demonstrates both your credibility and your own unflagging optimism about a better future.

In the annual report we focused on the need to show respect for a nervous market. While reflecting upon the difficult issues we faced, we also attempted to convey an image of a company that still managed to deal with the situation better than most others and in particular a company that has emerged even stronger following the crises faced by the industry last year. Despite everything, Ericsson was able to increase market share for systems and achieve a positive margin, albeit a modest one, in that area.

A serious cover image, a well-formulated and honest letter from the CEO, followed by a detailed account of market developments during 2001, put into a longer term perspective, describing a telecom sector that has experienced declines in recent months, but which is still a stable growth market. This is the opening message conveyed in Ericsson's annual report, which goes on to highlight more positive aspects – our message of how we have handled problems and what our strong points are. Those who read or browse through our entire report will not only encounter a number of employees who explain why they believe in the future, they will also be provided with numerous facts to support the image of a company undergoing positive changes. If you are one of those who have been depressed about disappointing market developments in recent months, I warmly recommend that you read through the annual report!

the ericsson b share



For additional information, access the website:
<http://inside.ericsson.se/convertibles>