

contact



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Customer always welcome 12-15



Small moments count for much

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PHOTO: EDUARDO VALENZUELA

Systems building gathers strength

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2002

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New unit to drive mobile network

The Dutch mobile operator O2 is transferring operation of its wireless network to its principal supplier Ericsson. The network will be maintained by a new operating unit that will be completely independent of Ericsson's other operations.

"The unit is part of Ericsson, but will make its own decisions. This is essential for credibility," says Adriana Boersma, key account manager for O2 at Ericsson.

Adriana Boersma, who was one of the driving forces behind the contract, explains why Ericsson and O2 Netherlands were the first to enter such an agreement.

"There are five competitors in the Dutch cellular market and competition between operators is fierce. O2 has expanded very rapidly, growing from zero to 1.4 million subscribers in just a few years. This has forced the operator to devote considerable effort to run the network and not allowed sales representatives to devote themselves 100 percent to customers," notes Adriana Boersma.

She explains adding that there are economies of scale to be realized by letting Ericsson operate the network. Ericsson is also well established in the Netherlands and has extensive experience of the Dutch market.

Ericsson will ensure that O2's overall strategies are realized in practice. The outsourcing contract includes daily operation, configuration of the network, cell planning, back-office support and handling all contacts with suppliers.

In total, 240 persons will be responsible for operations.

O2 will be responsible for customer service, sales and marketing, billing, strategic business decisions at the highest level, the license and contacts with the authorities.

To avoid important strategic decisions being taken by only one party and to ensure that neither party



The contract with O2 was signed by Adriana Boersma, key account manager for O2 at Ericsson in the Netherlands, and Ton van der Stegge, head of O2.

is neglected or favored, Ericsson and O2 have formed a joint body for this type of decision.

"We have put together what we call a Service Demand Organization that functions as an interface between the companies and consists of a dozen representatives from O2 and a handful of Ericsson representatives. This organization will take decisions on proposals from Ericsson's operations unit, O2 corporate management and the sales and marketing people at O2 in the Netherlands.

Adriana Boersma is very pleased with the contract and reports that work on finalizing the contract was intensive but exciting.

"It was essential to show the customer where savings can be realized and how much can be saved by focusing on core business. This contract is very advantageous for both parties," concludes Adriana Boersma.

JESPER MOTT

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Downgrading of credit rating does not affect new issue

During the summer, the two credit-rating institutes Moody's Investor Services and Standard & Poor's downgraded Ericsson's credit rating. In his comment, Ericsson Chairman Michael Treschow stated that this would not have any effect on the impending rights offering.

On July 26, Moody's Investor Services announced that the Ericsson's long-term rating had been downgraded from Baa3 to Ba1. A few days later on August 1, Standard & Poor's announced that Ericsson had been downgraded from BBB- to BB+.

"The fact that these credit-rating institutes downgraded their ratings does not have any effect on Ericsson's rights offering. The guarantees for participation in the rights offering that we have received from banks remain firm, and the same applies for a group of major shareholders," says Michael Treschow, chairman of Ericsson's Board of Directors.

If Moody's were to downgrade its rating by three further steps or Standard & Poor's by two, the banks would have the right to withdraw their guarantee.

"It is unlikely that our rating would be downgraded by two additional steps before the Rights Offering is implemented, and we are certain that it will be completed as planned," continues Michael Treschow.

Both Moody's and Standard & Poor's indicate that they will probably confirm the new credit ratings when the Rights Offering is completed.

Moody's downgraded credit rating means that Ericsson's interest expenses will increase by SEK 101 million, approximately USD 10.1 million, per year, while Standard & Poor's downgrading means an additional SEK 55 million, approximately USD 5.5 million, in higher interest expenses annually.

Credit-rating institutes have recently been lowering their ratings for manufacturing companies in the communications industry. Ericsson views these decisions as a result of the institutes' general view of the industry.

GUNILLA TAMM

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IP network expansion in New Zealand

Ericsson and Juniper Networks have been awarded a contract to expand capacity and coverage in Telstra-Clear's IP network in New Zealand. The network connects and provides coverage for the country's major cities. The expansion will begin in August and include Juniper M-series routers and Ericsson ERX Edge routers.

Major telematics order for Sony Ericsson

Sony Ericsson Mobile communications and Chapman Technologies have signed an agreement valued at USD 142 million regarding joint development of service platforms for the growing market for vehicle safety and telematics.

The platform will be based on CDMA communications and GPS positioning. Chapman Technologies estimates that revenues for the new jointly developed product will be worth more than USD 360 million.

Free MMS during Greek launch

Vodafone subscribers in Greece can now send and receive MMS messages on their mobile phones. To give users a chance to familiarize themselves with the new service, it will be free of charge for the first three months of the subscription.

Initially only subscribers with an Ericsson T68i will be able to make full use of the service.

During the coming months, the service will gradually be enhanced with content-based applications.

Subscribers will soon be able to receive sports news and weather forecasts, for example, that include sound and images.



Sony Ericsson's T68i is ready for Greek MMS.

Ericsson completes sale of Infineon shares

The forward sale of the Microelectronics division to Infineon Technologies AG has now been approved by all responsible anti-trust authorities. Ericsson will receive 27.5 million Infineon shares and has started a process to sell these shares.

The sale is valued at approximately EUR 300 million (USD 280 million) and closing is expected before the end of September 2002.

Ericsson praised for assistance

The UN World Food Programme and UNAMA, on behalf of the humanitarian community in Afghanistan, has officially expressed gratitude to Ericsson for the Mobile Telephone System's Support Operation to Afghanistan, which officially concluded this week.

Ericsson offered a complete GSM system. The system included more than five hundred R250 mobile phones, to assist telecommunications at the core of the emergency operation in Afghanistan. Until this week, the GSM system provided mobile communication for 500 users from the Afghan authorities, UN and other humanitarian organizations, facilitating the essential coordination needed to run one of the largest humanitarian operations worldwide.

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We'll help you lead the way.



Michael Treschow, chairman of Ericsson's Board of Directors, Sten Fornell, chief financial officer, and Kurt Hellström, president and CEO, took part in the press conference held on July 19 at which the report on second-quarter earnings was presented.

PHOTO: EDUARDO VALENZUELA

Greater efficiency needed

Ericsson is planning to reach the break-even point some time next year. In order to achieve this aim, the efficiency measures initiated in 2001 are now being intensified.

Specifically, additional outsourcing is planned, non-core operations are to be sold, priorities in the product portfolio will be reviewed, changes will be made in the marketing and sales organization, and IS/IT costs will be reduced. These were the measures proposed when the report on second-quarter earnings was presented on July 19.

It is calculated that the planned measures will result in annual savings of SEK 10 billion (approximately USD 1 billion), and the target is to reach the break-even point by the end of 2003, even if sales are no higher than around SEK 120 billion (USD 12 billion).

The ongoing efficiency measures will result in further personnel cutbacks. It is estimated that Ericsson will have fewer than 60,000 employees by the end of 2003. This information was included in a letter sent out to all employees by Ericsson's president and CEO Kurt Hellström in conjunction with the six-month report.

He also reported that the company's efficiency-enhancement program was proceeding more rapidly than planned and was six months ahead of schedule. He viewed this as a positive and significant factor, since it shows that Ericsson has control over those areas that the company itself can influence.

Challenging situation

Per-Arne Sandström, Ericsson's chief operating officer, is responsible for improving the efficiency of Ericsson's operations. In an interview for the company's internal television program, 5minutes, in conjunction with the

six-month report, he said that he did not yet know any details about future efficiency measures.

"I realize we are currently going through a difficult period, but hopefully we will get through it and emerge as a stronger company. If we can hold costs at the right level, we should be able to cope with both upswings and downturns in the industry."

Despite the extremely challenging situation in the market, Ericsson achieved a number of successes during the second quarter. In his letter to employees, Kurt Hellström referred, for example, to Ericsson's involvement in J-Phone's preliminary launch of its 3G network on June 30, the expansion of CDMA business in China and MMS orders from three major operators - T-Mobile International, Turkcell in Turkey, and Amena in Spain.

Another positive event providing proof of Ericsson's strength in the core network area was the deal with Telia International Carriers. During the second quarter, Ericsson Mobile Platforms demonstrated its leading position as a supplier of technology for mobile platforms by clinching an important deal with TCL Mobile Communications, the leading producer of mobile telephones in China.

In his letter, Kurt Hellström notes that the negative cash flow showed some improvement during the second quarter. In an interview shown on 5minutes, Ericsson's CFO Sten Fornell underscored the need for further improvements.

"In the short term we must focus on working capital, which means that one of our most important tasks is to collect outstanding customer receivables," he noted.

Extra effort needed

To achieve profitability as soon as possible, Ericsson must focus even more intensively on business operations in order to secure orders and be able to invoice sales.

"We are performing reasonably well compared with many of our competitors, but that is not enough," said Sten Fornell during the interview. "Order bookings were weak during the second quarter and that is a trend we must break. Even though certain individual markets are doing well, it simply isn't enough."

In his letter, Kurt Hellström also emphasized the importance of focusing on sales and securing orders.

"We must make an extra effort when we meet customers and show them how they can make money by working with us," he writes.

Business, focus and costs were the key words at the Business Management Conference in Frankfurt in May. Kurt Hellström repeatedly emphasizes the same words in his letter. He is convinced that, with further savings, a stronger balance sheet and Ericsson's customer base, the company is applying the right strategy to return to profitability and secure the leadership in a communications industry characterized by long-term growth.

GUNILLA TAMM

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What's another word for wireless?



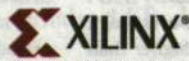
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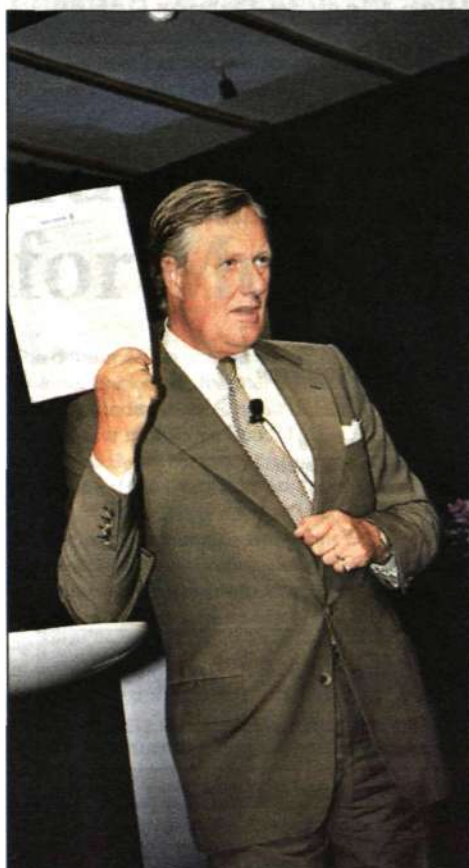


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Rights offering road show on the road



"Our big lay-out, or pay-out of loans of maturity will be in 2006, so until then, things should have started to pick up again," said Ericsson's Chairman of the Board Michael Treschow at a press briefing in Stockholm. PHOTO: EDUARDO VALENZUELA

"At last we can present the rights offering prospectus to investors and the public. During the next weeks, Ericsson's top management will inform investors about the rights offering in nearly 50 meetings around the world," said Ericsson's Chairman of the Board Michael Treschow at a press briefing last week.

The rights offering is intended to strengthen Ericsson's balance sheet by raising SEK 30 billion, some USD 3 billion, from its shareholders. According to Michael Treschow, major stakeholders have stated their intention to take up up to SEK 10 billion, USD 1 billion, of the rights offering and bank syndicates have guaranteed the remaining amount of the rights offering.

"I'm very confident. We have the support by many major shareholders and we have underwriting from the major banks," said Michael Treschow. "Our payment readiness will be some SEK 70 billion, USD 7 billion, after this rights issue, which is a substantial amount of money.

"It seems that this will be enough. You see, our big lay-out, or pay-out of loans of maturity will be in 2006, so I think until then, things should have started to pick up again," he continues.

Financial injection

Kurt Hellström, president and CEO, stated: "This financial injection will improve the equity ratio in our balance sheet from 32 percent to 39 percent, close to our goal of 40 percent solidity. This will generally strengthen Ericsson's financial and strategic position in a challenging industry environment. The new capital will also ensure that we maintain payment readiness at a high level and gain flexibility during the coming six quarters."

Said Sten Fornell, executive vice president and CFO: "The rights offering will increase our cash available to SEK 76 billion, approximately USD 7.6 billion, which will leave us SEK 55 billion, USD 5.5 billion, after deducting short-term debts. A portion of the proceeds from the offering will be used to refinance indebtedness which is maturing prior to year-end 2003. Thereafter, the bulk of debts are not maturing for payment until 2005 and 2006."

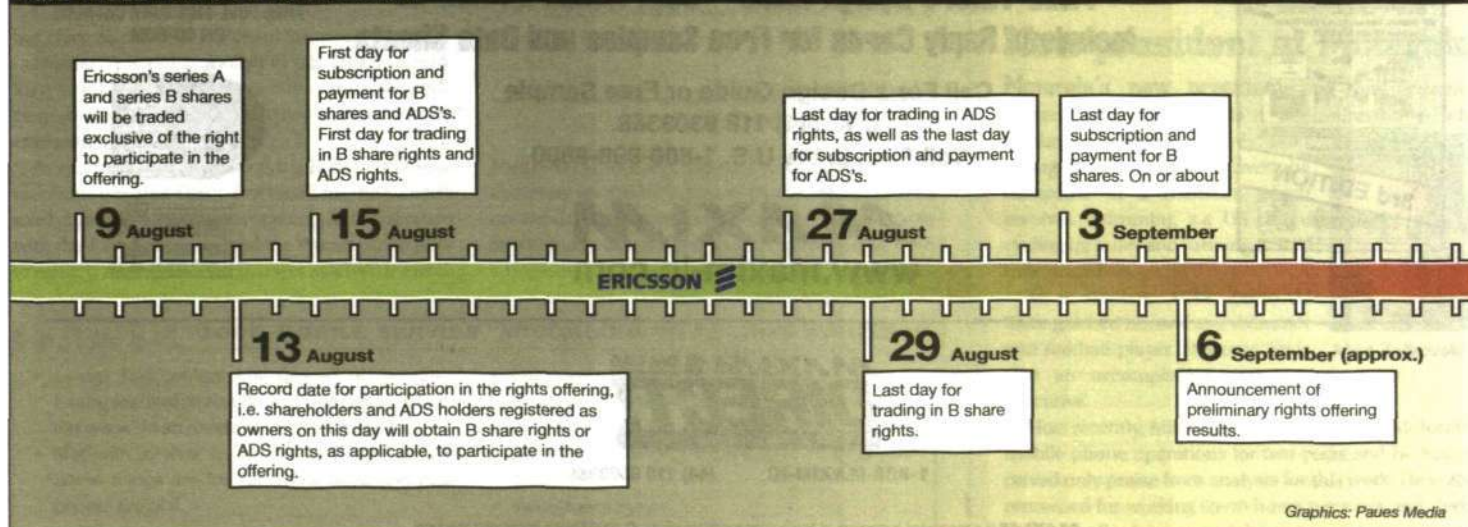
Huge interest

There has been a huge interest for the rights offering from shareholders, media as well as the public. More than 20,000 new shareholders have been registered only in Sweden and at the moment the rights offering "telephone hotline" receive some 400-500 calls every day.

Michael Treschow concluded the press briefing: "The prospectus is by nature very comprehensive and primarily intended for professional investors and advisors. The brochures to our present shareholders, which will be distributed shortly, and our road show presentations will be more promoting and reflect our trust in the company and telecommunications as a long-term growth industry."

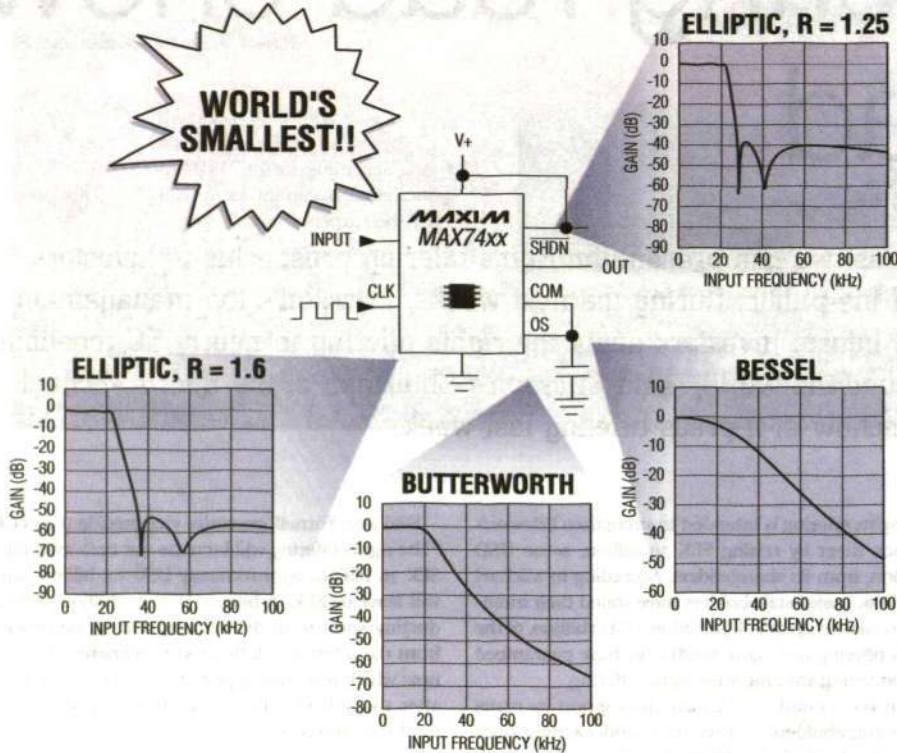
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MAX7420	+5	Butterworth	71	1 to 25	Maximally flat passband and stopband response
MAX7421	+5	Elliptic 1.25	37	1 to 30	Steepest rolloff
MAX7422	+3	Elliptic 1.60	53	1 to 45	Steep rolloff
MAX7423	+3	Bessel	64	1 to 45	Linear phase response
MAX7424	+3	Butterworth	71	1 to 40	Maximally flat passband and stopband response
MAX7425	+3	Elliptic 1.25	37	1 to 45	Steepest rolloff

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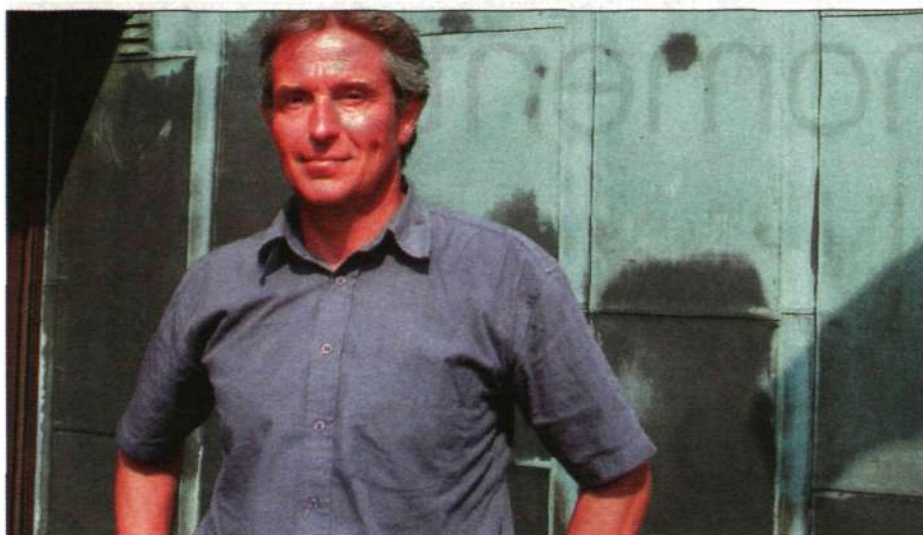
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There are clear indications that large, strong brands will begin to focus on mobility, according to Roland Svensson, president of the Drutt Corporation. PHOTO: ELIN DUNÁS

Turnaround at last for Mobile Internet

The difference compared with a year ago is striking. Back then, the market was pretty slow, but today there is a rather large demand for mobile services. This is the view of Roland Svensson, mobile pioneer and president of the Drutt Corporation.

Anyone who is unfamiliar with Drutt has perhaps heard of Oracle and Halebop. Roland Svensson was one of the people who broke away from Oracle and developed the Halebop mobile portal a few years ago. It was at least successful in terms of the number of users – after 18 months, a million people, mainly Swedes, were using the portal's services. Drutt then decided to focus on the area in which it was best – mobile infrastructure – and the portal was sold to Swedish operator Telia.

"There are clear indications that large, strong brands will begin to focus on mobility. They want to be visible through their brands and to make their own content available. We work a great deal with Telia and Sony. We are now receiving more inquiries, from both operators and other companies," says Roland Svensson.

Color display breakthrough

Why are they waking up now? Clearly, MMS technology has made services more accessible.

"However, the major breakthrough is not MMS, but color displays," says Roland Svensson.

Besides, it is rather foolish to talk about technology, he finds. Everybody knows that users want efficient services that work and do not want to be bothered with technology.

As an example of a good service, Roland Svensson mentions one that Drutt developed for the Swedish market prior to the soccer world cup, in cooperation with the TT news agency and the Pressens Bild photo agency. After each match, users received a match

summary and three images directly to their mobile phones.

"The first time, the results arrived five minutes late and a journalist immediately wrote about it. Otherwise, all users were very positive and contacted us spontaneously to tell us how satisfied they were."

Rapidly oversubscribed

Buyers of the service included Swedish TV4, which offered it free as a marketing activity to a limited number of football fans. Telia's Halebop portal also participated but opted to charge for the service. Although the service required that users had a T68i phone, it was heavily oversubscribed.

"I believe that the World Cup service can be used as a reference for the future. It was easy to start up, independent of operators and was conducted over a limited period. We are going to see much more of these kinds of services."

"We have subsequently noticed that many people want to make use of MMS to do things. It is like preparation for 3G. We now have to get started with services and we can also see a willingness to assess how business models function," says Roland Svensson.

The mobile value chain is now much more complex compared with two years ago. There are several companies behind each service.

"I usually say that inventing services is no problem – the questions are who does what and how to divide the money."

ELIN DUNÁS

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Footnote: The Drutt Corporation AB is an American company owned by Telia and Oracle. All operations are conducted within the Swedish subsidiary, Drutt Svenska AB. Roland Svensson is president of both companies.

GOOD MOBILE SERVICE, ACCORDING TO ROLAND SVENSSON

- Living. The content changes all of the time. Examples: match results and weather. ("Joke of the week" is an example of a static service).
- Met with interest by those using the service. Some things are fun for a few days and then people tire of it.
- Easy to remember. Most people are not particularly technical, which is why it must be very easy to start using the service. Nothing must be allowed to go wrong, if it is to reach a large user group.
- Value-for-money.

Optimism in South Korea

TV and the newspapers want us to believe that the entire telecom sector is in crisis. However, the situation is considerably better in Asia and nowhere is optimism greater than in South Korea.

The country's foremost mobile and fixed network operators reported favorable results for the first six months of 2002. The largest operator, SK Telecom, reported a 42-percent increase in net profits to USD 750 million.

The second-largest operator, KTF, had an even larger increase of 72 percent, up to USD 360 million. The profits of KT, the country's largest fixed network operator, rose by 36 percent to slightly more than USD 1 billion.

Analysts are positive that this favorable trend will continue, according to the UK's Financial Times. Mobile penetration is continuing to climb and the operators have their expenses under control.

Error in Qwest accounts

Qwest, one of the largest telecom companies in the US, has joined the ranks of American companies that have errors in their accounting.

The company's management has voluntarily gone public with the information that transactions totaling USD 1.1 billion were incorrectly booked between 1999 and 2001.

However, Qwest has given assurances that the erroneous figures are attributable to unintentional mistakes. Qwest dominates the market for local calls in large areas of the western United States.

Heavy penalty awaits

WorldCom's former CFO, Scott Sullivan, and David Myers, the former controller, risk multimillion-dollar fines and several years in prison if proved guilty of the fraud of which they are accused.

WorldCom has now admitted financial cheating totaling USD 7.1 billion between 1999 and the first quarter of 2002.

The two former executives are accused of stock fraud and for submitting false documents to the US Securities and Exchange Commission.

Unusual savings measure

ING, the second-largest bank in the Netherlands, has had a fourth of its 11,000 local employees hand back their mobile phones.

According to Reuters, a spokesman for the bank says that phone costs were "extremely high" and that something had to be done.

Those who handed back their mobile phones are people who don't really need them for their work, according to the bank. The employees gave back their phones in June. ING is unable to say how much it has saved as a result of this measure.

New president at Motorola

Motorola's new president and chief operating officer, Mike Zafirovski, is a well-trained man who relishes challenges. Shortly after taking over from Edward Breen, he competed in a triathlon, which involves swimming 2.4 US miles, cycling 112 miles and running a 26.2-mile marathon.

As a student, Mike Zafirovski distinguished himself as a swimmer and football player. However, he is also an accomplished corporate executive.

Most recently, Mike Zafirovski was head of Motorola's mobile phone operations for two years and he has received only praise from analysts for this work. He is also renowned for working 65-70 hours per week and sleeping a mere five hours per night.



Mike Zafirovski

Source: Reuters

Micro moments a major revenue source

Ericsson plans to help operators to give their data services new momentum by focusing on enjoyable activities, invisible technology and a new business model.

"Some operators have woken up to the idea of focusing on their subscribers' needs, while others allow the technology to be the dominant factor," says Ian James, market strategist in the Business Unit Systems.

New marketing materials are now available to put operators on the right track.

"The aim is to learn from the materials, then pass on the lessons to our customers, so that they can give their data services new momentum. A one-percent traffic increase among our GSM customers could translate into investments of about USD 150 million," explains Catharina Lundin, mobile systems marketing manager.

The marketing materials are based on tips from NTT DoCoMo, Turkcell, SmarTone and several other operators. They are based on four success factors: user focus, rich experience, invisible technology and a new business model for cooperating with partners.

All the materials, which include posters, brochures, videos and a brief PowerPoint presentation, can be used when conducting seminars for operators. A video gives a general introduction to the four success factors.

"A common thread running through all the materials is the concept of 'micro moments,' the brief interludes of unoccupied time that may occur between meetings, on the subway, in a traffic queue or while washing clothes. We show how subscribers' micro moments can generate revenues for the operators," Catharina Lundin continues. "The videos were produced on a tight budget and in some cases we reused scenes from earlier Ericsson films," she adds.

Understanding the customer base

"There is much to be learned from NTT DoCoMo's i-Mode in Japan," notes market strategist Ian James, and lists some of the explanations for that particular

success. It is vital for operators to know and understand their own customer base right from the start. NTT DoCoMo focused on teenagers, who are enthusiastic about new products. Applications were developed to attract this customer group and the services were offered at prices young people can afford. A key factor in the mass market is to keep prices low.

"As NTT DoCoMo realized from the very beginning, the engine that drives Mobile Internet is services," says Ian James. "Users expect to be able to enjoy a variety of different activities via their mobile phones, such as e-mail, chatting, downloading music, sending images, games, shopping, news and ordering tickets."

He also identifies so-called invisible technology as a significant factor in i-Mode's success. Up to now, many operators have made the mistake of concentrating too heavily on the technology instead of what it can be used for. This is one of the explanations why WAP has achieved so little success.

It is also important that the technology be easy to use. Purchasers of new telephones should not have to worry about how to configure them – the store should take care of this. Ericsson's Mobile Internet Easy Access enables subscribers to access their personal websites by clicking on a single button on their phone.

It is also important to split revenues between the operators and the content suppliers.

"Today, instead of worrying about whether their services are utilized or not, these companies focus exclusively on the number of subscribers," says Ian James. "If they were to share in the operators' revenues, there would be a common interest on the part of both the operators and the application companies in promoting the use of data services or Mobile Internet."


Good examples

Although many operators focus on technology and, for example, market GPRS and MMS, others have realized that it is services that are most important – such as SmarTone with its "Picture-mail."

"Turkcell, with its GPRSland product, is an excellent example of an operator that has really understood how Mobile Internet should be launched," concludes Ian James.

GUNILLA TAMM

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 bsys.ericsson.se/portfolio/marketing

To help operators give their data services new momentum, Ericsson's marketing experts are focusing on "micro moments," the brief interludes of unoccupied time that may occur between meetings, on the subway, in a traffic queue or while washing clothes. These brief interludes can generate revenues for operators.





The new office building in Kista will house 850 Business Unit Systems employees.

PHOTO: EDUARDO VALENZUELA

Systems organized under same roof

Everything is new for the Systems business unit: not only its management and strategies, now the entire unit is moving into new headquarters. Bert Nordberg himself is one of the first to leave his former office for the semi-open environment of the new building.

By the end of August, 850 of the unit's employees will have moved to the new office building situated in Kista, north of Stockholm.

"I think the move will mark the start of a positive period for our business unit. We have been through some tough times lately and have emerged as a much smaller unit. Now we need to stick together and benefit from



The semi-open environment of the new head office will create an open and communicative atmosphere.

each other's competence," says Bert Nordberg, head of Business Unit Systems.

Improved communication and competence development are two of the advantages of having the unit's employees under the same roof, but there are also financial reasons behind the move.

"Today we have an average of 38 square meters of

space per employee, but the open environment in the new building means that this can be brought down to 19 square meters. This generates an estimated cost saving of USD 5 million, money that I feel we can use in a much better way," says Bert Nordberg.

The building is shaped like a large "H", and has a semi-open environment. Each floor is divided into large rooms, with six workplaces in each, a feature that has caused some concern among employees who are used to having their own rooms. Many worry that they will be disturbed and that it will be difficult to concentrate on their work.

Bert Nordberg agrees that the new environment may take a bit of getting used to, but believes that the creative atmosphere that comes from sharing work areas will more than make up for any inconveniences.

"I am really looking forward to working in this new building. It's not the first time I have been involved in planning an open office, and it is one of the most stimulating working environments I can imagine."

TONYA LILBURN

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A personal visit of significance

Every year, thousands of customers visit Ericsson companies throughout the world. The Systems business unit, for example, will receive 400 customer visits this year. These visits strengthen relations with the customer, sometimes laying the foundation for new business and occasionally being included as part of a contract. *Contact* accompanied the French operator Orange during a day at the Kista facility, north of Stockholm.



PHOTO: ECKE KÜLLER

8:15 a.m. The customer arrives. Luggage is unloaded from the car. At the first meeting, the tone between the customer and the host is formal.

The atmosphere is filled with expectation. Jean-Patric le Guillou and Alexandre Brown from

Orange are greeted by Hans Calminder from Ericsson, host for the visit. The schedule for the day is rather tight. None of the activities during the day should take too much time. At the same time the customer must not feel rushed.



Some of the skilled personnel from Customer Visit Relations. From the left: Carina Grip, Elisabeth Lindberg, Christina Bokelund, Chizuko Hjelmstad, Kerstin Ahlforn Enlund and Birgitta Eriksson.



Planning down to the smallest detail. The French flag is flown in honor of the customer and the day's visit.

9:30 a.m. Staff from the Customer Visit Relations group in Kista have broad expertise. They have previously been involved in marketing, technology, communications or in other customer organizations.

"We plan each visit in consultation with the Key Account Manager," says Kerstin Ahlforn Enlund, head of the Customer Visit Relations group in Kista. "To achieve the maximum benefit from our work, it is important that we have excellent knowledge of Ericsson. For example, we must be able to visualize the company's message, know the customer and adapt the demonstrations to their wishes and requirements."

"The earlier we can start planning a visit, the better. For example, it is positive if we manage to run through the presentations once in advance of the visit to ensure that everything is alright," says Elisabeth Lindberg, one of eleven project managers within the group.

In addition to being well organized, able to cope with stress and socially competent, it is also advantageous if those responsible for customer visits are able to react to unexpected situations.

"I recall one occasion when Kurt Hellström was present at a demonstration. Just before the customer arrived, the demo crashed. We quickly decided to view another demo first and, when we returned an hour later, everything was working again. The customer didn't notice a thing and was satisfied and content," continues Elisabeth Lindberg with a laugh.



10:15 a.m. Now it is time for an activity that is hands-on and fun – mobile phones and handhelds. Cecilia Brändström from Sony Ericsson demonstrates a selection of the latest models from the company. She has brought along the T68i and a P800 handheld, which will be launched in the near future. François Richard is head of Research and Innovation (R&I) at Orange. The camera and MMS functionality impressed him most. On the right, he takes a picture of his colleague, Jean-Loup Hrycenko.



12:30 p.m. Lunch in the Ericshof guest restaurant. Some food to help the guests through the rest of the day. During the afternoon, there will be more demonstrations, a presentation of the Consumer Lab unit and some time has been allocated for a summary of the day and questions.



1:35 p.m. A short walk through the Kistagången passage on the way to the next demonstration at the Mobile Internet Studio. Thousands of Ericsson employees walk, jog and run along this route to and from the subway each day.





ERICSSON 
Mobile Internet Studio

1:45 p.m. The next item on the agenda is a demonstration in the Mobile Internet Studio at Kistagången 26. Mats Guldbrand, technical demonstrator at Ericsson, holds demonstrations every day and is a master of the art of informing and entertaining visitors.

Does he never grow tired?
"No, I meet different types of people every day, everyone from students to operators and VIPs. They all ask different questions, although I am asked some questions many times," he says.



5:30 p.m. The most interesting feature of the day was listening to how Ericsson works in the area of research and development, as well as the presentation on IP networks and business trends in 3G, according to François Richard, head of Research and Innovations (R&I) at Orange. This was his first visit to Kista. His colleague Jean-Loup Hrycenko nods in agreement.

"I have seen extensive expertise in technology and a distinct vision regarding business trends and the direction of our telecom market," says Jean-Loup Hrycenko, who is responsible for partnerships and communications at Orange.

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HOW TO BOOK A VISIT

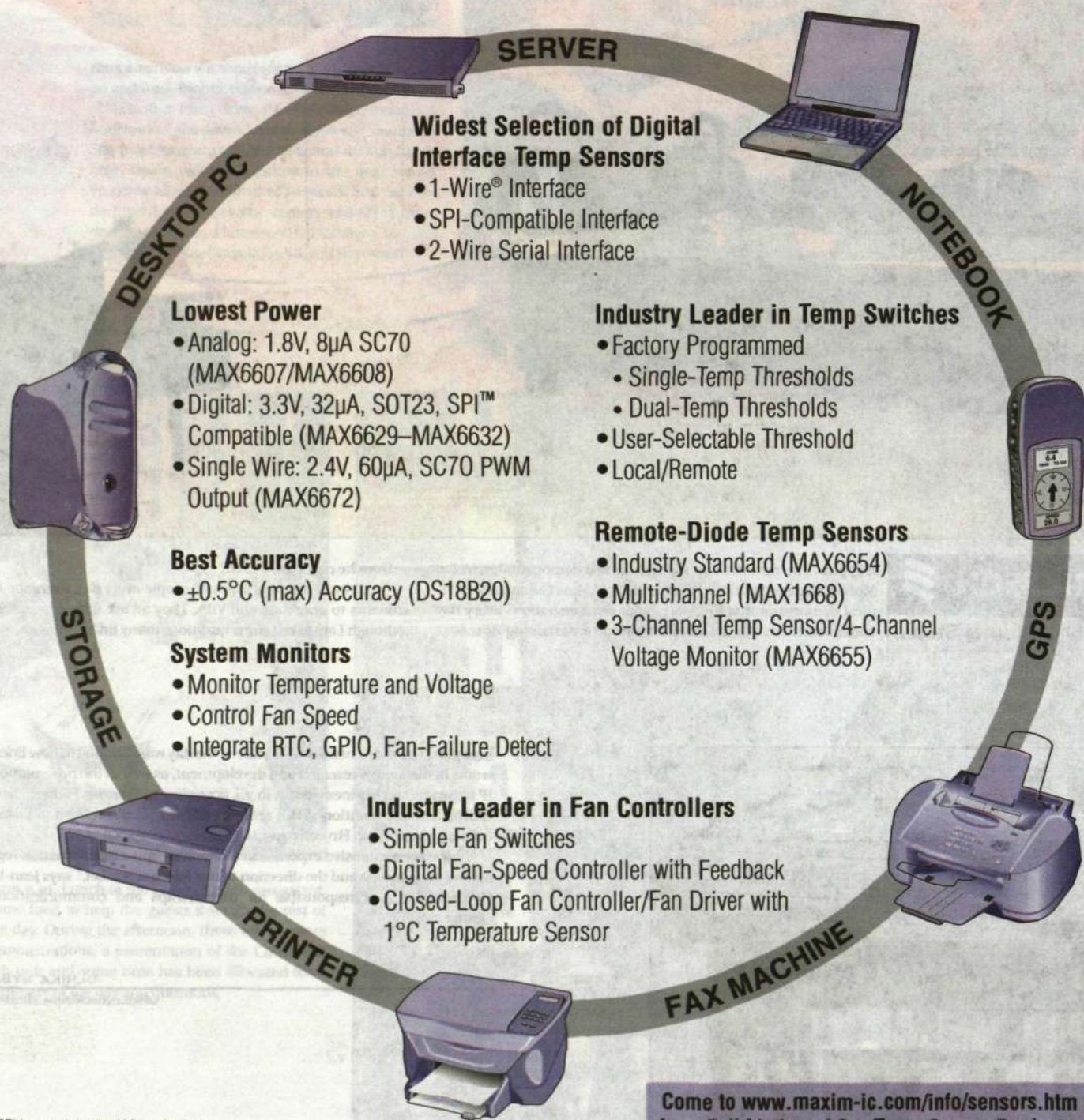
Regardless of where you work within Ericsson, you can visit this website to register a visit:

 Businessworkbench.ericsson.se/

Click on Account Management and then on Customer Visit Planning. There is a separate button called Initiate Visit, where the visit can be registered.

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CDMA base station for increased capacity

In June, Ericsson launched a new radio base station for CDMA2000, the new RBS 1130, which is an indoor macro base station that allows operators to provide extremely high capacity using very little floor space.

The RBS 1130 is intended for use in both rural and densely populated urban areas. It is an indoor macro base station measuring 180x60x45 centimeter (height/width/depth) and weighing about 200 kilograms.

Because it is increasingly important to limit site costs, the ability to increase capacity without adding equipment is a key factor for operators. The RBS 1130 addresses this issue providing lower costs initially with the ability to successively increase network capacity.

More carrier frequencies

This highly configurable base station can be matched to operator requirements, meaning that limited spectrum resources can be allocated to the areas where they deliver the greatest benefit. The base station supports the use of multi-carriers and can handle all configurations from 1x3, meaning a carrier frequency of 1.25 MHz in three sectors, to 6x3 in one cabinet or 12x3 in two adjacent cabinets.

"We are very excited to introduce the RBS 1130. It is yet another example of our commitment to helping operators offer cost-effective 3G CDMA services," says Åke Persson, head of Ericsson Mobile Systems CDMA.



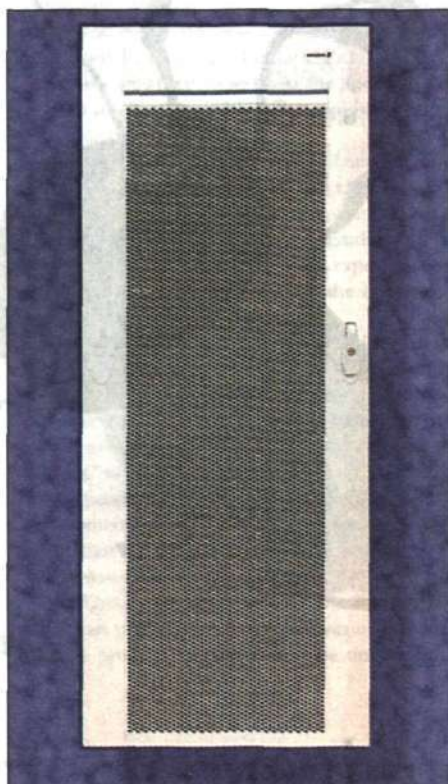
Åke Persson

CDMA technology does not use channels in the same manner as GSM networks, but has resources in a pool. The pool can be used by voice or multimedia services with varying capacity requirements. Capacity is commonly expressed as channel elements, which roughly correspond to one voice user. According to the technical specifications, the base station can handle 3,072 channel elements.

Common ground

The RBS 1130 is based on CPP (Cello Packet Platform), Ericsson's technical platform for 3G products, which also provides the foundation for several other radio network elements in CDMA (and WCDMA). Such are the BSC 1120 Base Station Controller, the RBS 1127 Radio Base Station as well as the PDSN Packet Data Serving Node, the HA Home Agent and the WSN Wireless LAN Serving Node that provides high-speed connections to local data networks.

A common platform means fewer spare parts and



The new RBS 1130 macro base station for the CDMA2000 3G system can be configured to provide optimal support for the operator's needs.

lower costs for maintenance, while simplifying training and providing a common interface for users.

The RBS 1130 re-uses radio components and the channel cards from the previous RBS 1127 radio base station, which consists of a main unit and up to six remote units that are mounted near the antenna and each support one sector and up to two carrier frequencies.

Easy and rapid installation

Other RBS 1130 benefits include rapid installation, since the base station is pre-tested and configured at delivery.

The design, in which all cards and cables are accessible from the front, facilitates maintenance and allows cabinets to be placed back-to-back or side-by-side. In addition, the base station is designed to support migration to an all-IP network.

LARS CEDERQUIST

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MMS demonstration feather in Ericsson's cap

Thanks to the CDMA Systems business unit, Ericsson became the first company in the world to demonstrate in June at the 3G World Congress in Hong Kong how an MMS (Multimedia Messaging Service) message can be sent from a handheld PDA (Personal Digital Assistant) over a CDMA2000 network to a GPRS terminal.

During the demonstration, an MMS, which may contain text and images taken with a PDA camera, was sent using Ericsson's PDA Messenger application, which consists of a client on the PDA and an application running on a PDA Messenger Server.

The server gives users access to MMS via a Multimedia Messaging Center (MMC), which allows them to send messages to mobile phones and e-mail terminals. The handheld can access the server over the Internet via a fixed or wireless connection.

"Ericsson is committed to the evolution of CDMA-2000 and to helping operators supply the most innovative mobile Internet services to their customers," says Åke Persson, head of Ericsson Mobile Systems CDMA.

The MMS demonstration further solidifies Ericsson's commitment as the only wireless vendor providing end-to-end support for all paths to 3G.

Read PDF files on a mobile phone

Adobe Systems is launching Acrobat Reader for reading PDF (Portable Document Format) files directly on a mobile. Users who have the Symbian operating system and a minimum of 1.3 MB of memory in their phones (e.g. Sony Ericsson P800) will be able to download PDF files by the end of the year.

i-Mode's runaway success a stroke of luck?

i-Mode is not going to conquer the world. At least not according to telecom analyst David Boettger.

David Boettger believes that NTT DoCoMo i-Mode's success was the result of a coincidence of lucky circumstance and compares it to Halley's comet, an event that occurs once in a lifetime.



Rick Wilson, Mary Drobnis and Kitt Medrano receive their award.

Technical communicators awarded

Ericsson's technical communicators at Ericsson's business unit for CDMA Systems, BMOC, have received an Award of Merit from the Society for Technical Communication.

The four members of Ericsson's Technical Publications Group receiving the award were Mary Drobnis, writer, Kitt Medrano, editor, and desktop publisher, Michael Hecht, illustrator, and Rick Wilson, graphic designer. They received the award for their publication of Workforce Web User Guide and Quick Reference.

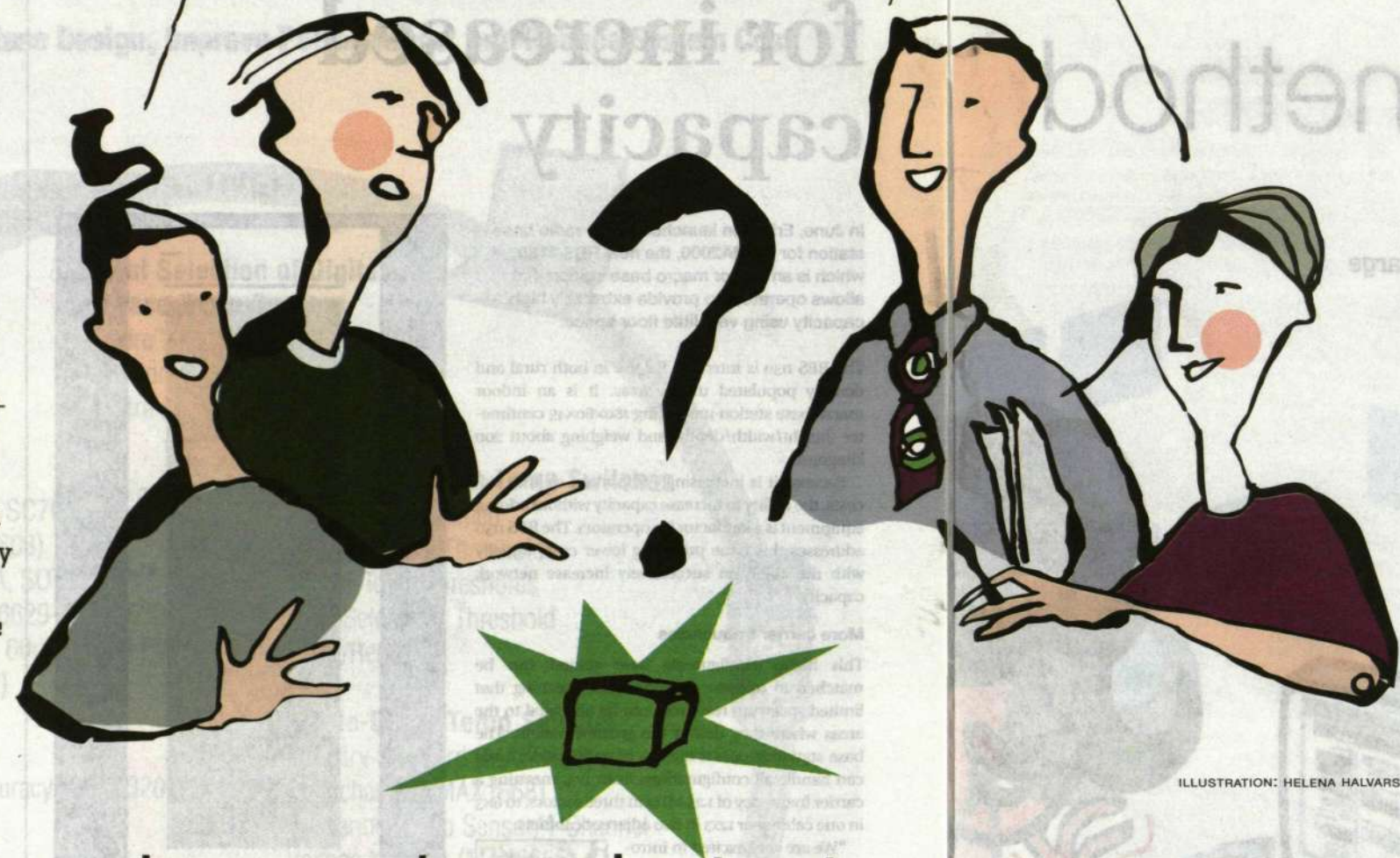
"We were surprised and very pleased," says Mary Drobnis.

3G TECHNOLOGIES

CDMA2000 is one of three technologies now being developed for third-generation mobile systems. The other two are WCDMA (Wideband CDMA) with a broader carrier frequency of 5 MHz, instead of 1.25 MHz, and an enhancement of GSM called EDGE.

The first-generation CDMA system, cdmaOne, supports voice and packet data at speeds of up to 64 kbps, while the 3G-version CDMA2000 is being developed in several stages: CDMA2000 1X, 1xEV-DO (Evolution-Data Only) and 1xEV-DV (Data and Voice).

SOLUTION



They provide the answers, you ask the questions

Ericsson contains an enormous amount of knowledge. Whether we're talking about technical know-how, familiarity with a certain customer or unique insight into a particular market, we stand to gain in terms of both money and time by disseminating and utilizing this knowledge as well as possible. The mission of Knowledge Networking is to do just that.

John Christopher and his colleagues at Ericsson Research in Montreal are developing a completely new product – the Ericsson Application Server (J2AS). They understood early on that salespeople, marketing personnel and customers would have a multitude of questions when the time came for the launch. This was why they chose to use the Xpertise portal – a tool that has been available for a couple of years at R&D in Canada (LMC). The portal contains a global virtual network in which people with common interests can chat and network socially, and “knowledge desks” where employees create reserves of knowledge support regarding their own products while developing their own expertise. A similar type of portal was also created for the Ericsson Application Server. “Since there are only a few people with expertise in our area of technology, we were keen to capture this knowledge in an effective form. All the questions that we in the design team asked ourselves during the work process were published on Xpertise accompanied by the answers,” says John Christopher. Four people are responsible for looking every day to see if someone from outside has posted a question and ensure that it is answered. Everyone with a question is thereby assured of an answer. John Christopher sees many benefits from this model. “We can provide consistent and correct responses on how the product functions. We save time because we

avoid answering the same question several times. When the product is then on the market, we are quicker at providing the customer information because the market units do not need to conduct research from scratch when faced by a specific problem. We have quite simply chosen to regard this method as an important feature of supplying the product to the market.” Anders Hemre, chief knowledge officer at Ericsson in Canada and one of the people who took the initiative for Xpertise, is equally enthusiastic. “The portal emerged at a time when operations were expanding dramatically, leading to work being fragmented. The employees thought that there was a problem in finding one another and avoiding work duplication. Publishing questions and answers is an excellent complement to the Product Information Status Cards that are available on the Net.” Although Anders Hemre finds it important to meet in person, he sees many advantages in networking online. “It is easy to participate. You don't need to ask anyone's permission or be absent from work,” he says.

MARIA PAUES

Footnote: The Ericsson Application Server (J2AS) is a robust, standard-based server that enables operators and service suppliers to provide income-generating telecom services in existing and next-generation networks.

ILLUSTRATION: HELENA HALVARSSON

Knowledge gives a head start

A totally new assignment lands on your desk. How do you find background material? Who can you call for help? You are liable to spend too much time on basic research, and turn to Alex and Kim – people you already know – whether they are familiar with the area or not. In fact, there could be someone on the other side of the world who would be the perfect contact. Finding such a person in a large company like Ericsson can be tricky.

greatest assets are its employees' skills and talent. “By working in teams, sharing our knowledge and building on our strong customer relations, we are unbeatable,” he wrote.

Many people have already realized this very fact. About ten thousand employees, customers and partners participate regularly in one or more of the global networks currently operating within Ericsson. In several instances, networks have established ways of sharing knowledge about technical solutions such as Java, routers and Engine. Much of the work of Ericsson Foresight, for example, which takes a long-term approach to technological trend forecasting, is a matter of putting the right people in contact with each other.

helping customers optimize their systems. She recalls an assignment in Ecuador. When problems arose, she could go to the small Ericsson office and log onto KSTool.

“Sometimes I could find a report by someone who'd had similar problems somewhere else. If the report was too brief, I could see who the author was and call that person to talk about it,” she says.



Maria Gabriela Landazuri

KSTool has now grown to include about 2,000 members in 16-18 communities. While a large proportion of the interaction takes place via the portal, there are still many groups that opt to meet in person now and again. “Such meetings are often a lot of fun and very exciting,” says Kicki Thornér.

It is very important, as Catherine Vincenti stresses, that Knowledge Networking does not become merely a fuzzy idea that people expect will be taken care of by some corporate-level desk.

“Because this affects everyone, and it can only take off if employees themselves take stock of their needs and get involved. It's really not that complicated.”

MARIA PAUES
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Footnote: “KSTool” stands for Knowledge-Sharing Tool for Network Design and Network Performance Improvement.

Keep it simple

So what is it that makes networks work? “It mustn't be too complicated.” “I have to be able to use it in my work.” “There has to be some kind of leadership – someone that energizes the network and makes sure it constantly generates valuable content.” These are some of the most common replies.

Kicki Thornér is just the type of energetic person who is so essential. As knowledge manager at Global Services Professional Services, she helps employees run networks. Many of them interact daily via KSTool, a virtual conference room originally created to enable field engineers to support and help each other.

“Visiting a customer site far from home can be a lonely experience,” she points out. “It often involves services in complex networks, and individual employees can't be expected to know everything.”

Maria Gabriela Landazuri used to work as a senior consultant for TDMA and traveled around the world



Catherine Vincenti

“We believe this is a problem for many people,” says Catherine Vincenti, who heads up Knowledge Networking at the corporate level. “In a small and less complex company, I might look for advice from someone who has been with the company for a long time. If I needed to find out who does what, I could just call the switchboard. At Ericsson, however, we have to create facilitating networks. We need both technical solutions and procedures for getting together and exchanging ideas.”

Difficult balancing act

Catherine Vincenti explains that Ericsson is often praised for being good at harvesting local ideas. The downside is that you have a culture in which it has always been easiest to start again from scratch:

“It's a difficult balancing act. We want the good ideas, but we don't want to waste time duplicating our own work. That would put us behind the competition.”

So it's no coincidence that, in his New Year's letter to employees, Kurt Hellström wrote that the company's

System architects cut costs

When a team of system architects from completely different areas of technology focus their collective attention on a key project and in only two days come up with rationalization proposals that sharply reduce costs while improving the system, this is an example of successful networking.

project. The theme of this year's analysis meeting was cost optimization in architectures. Corporate Technology had chosen an existing application for one of the company's platforms for the group to examine. The results after two days included a way to dramatically cut costs while not sacrificing performance. The solution would simultaneously create greater scalability. They also identified a number of difficulties associated with using UML (a tool that automatically generates code) when the aim is to increase capacity and real-time performance – an astonishing achievement, according to Hans Broström.

There is no doubt in Klas Lundin's mind: it is a privilege to be part of a network such as the Ericsson System Architect Program, also known as ESAP.

“I learn a great deal about new areas of technology, gain better understanding of the company's informal structures, and get to know people from widely varying cultures,” he says.

Since 1997, ESAP has gathered a select group of young and inquisitive system architects from different parts of the world. The program originates in a need for people with a comprehensive vision, since nowadays the company deals with several different systems simultaneously. At present, the network has 45 people who get together at least twice a year, and who are each offered a mentor.



Klas Lundin

“The group is a congenial mix of ages, nationalities and technical backgrounds,” says Klas Lundin, who works with 3G systems at Ericsson Radio in Sweden. “What they all share, I think, is a certain humility and unpretentiousness that is pretty essential if we are to make any progress in our discussions.”

The program is headed by Hans Broström from Ericsson University, who explains that every year the group travels to visit interesting universities and companies. The participants also meet once a year to analyze a specific problem or

“No doubt about it, we could never have achieved that much working individually,” says Klas Lundin. “Someone puts forth an idea, the next person adds to it based on his or her experience, and so on.”

Concrete improvement suggestions are just one of the benefits of the network, according to Louis-François Pau, technology manager at Ericsson CNCP. Other advantages include the enhancement of the participants' expertise and the possible enhancement of system architects' status.

“ESAP is extremely important, since Ericsson's competitiveness now depends primarily on knowledge of architecture, innovation and optimization. This is the result of all the competition having access to essentially the same tools and hardware.”

According to Louis-François Pau, ESAP is definitely a profitable investment for the company.

“If the participants know what is being done elsewhere within Ericsson, they can avoid duplicating work,” he says.

Klas Lundin understands his obligations: “I have to pay the company back by passing on what I learned, and the insights the group acquired, to my own organization,” he says.

MARIA PAUES

Internet provides effective saving method

Link via Internet (LVI) is a new technical solution that could save Ericsson large sums of money. Instead of expensive permanent connections, LVI uses encrypted communication via the Internet to provide access to the Ericsson Corporate Network.

The hunt for more cost-effective ways of using IS/IT within Ericsson continues. Ericsson Global IT Services recently launched Link via Internet, which is designed to provide a cost-effective method of handling connection to Ericsson's internal network from the company's various units worldwide.

"In simple terms, we utilize the existing Internet structure and insert an encrypted communication between the connection points to the internal network," explains Åke Westberg, product manager for LVI at Ericsson Global IT Services.



Åke Westberg

Traditionally within Ericsson, external traffic between the local networks within ECN has been routed via leased lines, or even via satellite in areas where the terrestrial network is patchy.

Although this provides a relatively trouble-free method of accessing ECN, it is also expensive, costing Ericsson millions each year to maintain this form of IT traffic. Åke Westberg and his colleagues estimate that Ericsson companies that switch from fixed lines to LVI will reduce their costs by at least 30 percent.

Previous solutions expensive

The new solution fulfills all the security requirements that apply to ECN, and Åke Westberg rejects suggestions that the Internet itself could compromise security for this type of network operation.

"Before long, most of our internal IS/IT traffic will be Internet-based, and in fact this can often be a more reliable alternative than fixed lines," says Åke Westberg.

"When communication via fixed cables is lost, the usual reason is a cable break, which often takes at least 24 hours to repair. If the same thing happens on an Internet link, the traffic is simply rerouted to another operator, with the result that communications can normally be resumed within a few minutes."

According to Åke Westberg, employees who connect to the internal network via LVI will not normally notice any difference compared with connecting via fixed cable.

"Some users will even notice a distinct improvement," he adds.

Smaller offices head the queue

"We believe that in the introductory phase, the new solution could be particularly attractive for smaller Ericsson companies, which have extremely high connection costs per user," continues Åke Westberg.

The other key application area for LVI relates to Ericsson's various partners. The new link will enable partners and subcontractors to connect to Ericsson's internal network rapidly and at considerably lower cost than before.

JENZ NILSSON

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ILLUSTRATION: BJÖRN HÄGLUND

Jordan first to try new connection

Ericsson in Jordan was the first local office to try out Link via Internet. After minor initial installation problems, the link to ECN has been working so well that there are plans to install LVI throughout the entire Middle East market unit.

Rami Abboud heads the department responsible for IS/IT infrastructure within the Middle East market unit.

He reports that Ericsson in Jordan has been using LVI since mid-April to access Ericsson's intranet.

"The entire organization in Jordan has been using LVI - from customer account managers and service engineers to personnel in the IS/IT department. We had a few installation problems initially, but the connection

has now been working extremely well for several months."

Ericsson in Jordan estimates that the use of LVI will save it about 30 percent per year on connection costs to ECN.

"I receive regular reports from Jordan about how the connection is working, and I must say that so far we are extremely satisfied," notes Rami Abboud. "The fact is that we can see the potential for similar savings on ECN connection in Ericsson's other operations in the Middle East. As a result, we have made it our objective to implement the solution throughout the entire market unit."

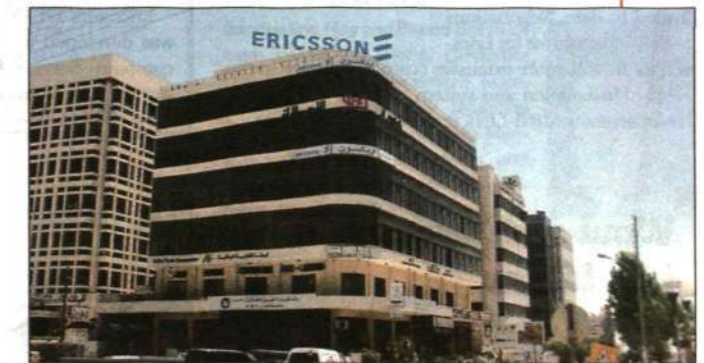
JENZ NILSSON

ERICSSON IN THE MIDDLE EAST

The market unit Middle East, one of a total of 35 Ericsson market units, is included in the company's EMEA (Europe, Middle East and Africa) market area.

The market unit covers the entire Middle East and is represented in ten locations, of which Jordan is one.

The unit is headed by Cesare Avenia.



Ericsson in Jordan has been testing Link via Internet since April this year. The results have been highly satisfactory, and the next stage will be to implement LVI throughout the entire Middle East market area. PHOTO: SALEH BAGHDADI

More effective protection for stolen computers

Theft of their portable computer is a nightmare scenario for many business travelers. Ericsson Global IT Services has developed a security solution that prevents the worst of the damage if such a misfortune occurs. Ericsson Hard Disk Encryption, EHDE, ensures that the information on the hard disk remains inaccessible to unauthorized persons.

"Similar solutions have existed before, but none of them quite satisfied our customers' wishes and at the same time worked well in Ericsson's product environment," explains Mikael Eriksson, who works on security solutions for Global IT Services.

The EHDE software is installed in com-

puters that need protection. The user is assigned a user ID and a special password that is entered when the machine is started up.

If the log-in is approved, encryption of the entire contents of the hard disk is initiated, with the result that the information is only accessible to the user and other persons authorized to access it. According to the product managers within Ericsson Global IT Services (EGIS), it is extremely difficult for an unauthorized person to unscramble the encryption algorithm.

However, it is important to note that EHDE only functions when the user of the computer has logged out; if an activated machine is left unguarded, anyone can

access the confidential information on the hard disk. Since the log-in and encryption process takes about ten minutes, it is designed in such a way that the user can work with applications on the computer while EHDE simultaneously encrypts the information and applications that are not currently in use.

EHDE has been available since the beginning of summer, and the EGIS home page reports that more than 600 Ericsson employees have already installed the security solution on their portable computers.

EHDE can be ordered via GORDON.

JENZ NILSSON

Ericsson's activities in the global market do not stop just because *Contact* takes a break. The summer has seen several new operator contracts, new investments in research and product launches. Here is a selection of summer news.

Russian expansion for Microwave

Ericsson is in the process of signing a two-year framework agreement for delivery of microwave equipment to Russia. The Russian operator VimpelCom will be using MINI-LINK in a nationwide GSM network for which deliveries have already started.

VimpelCom is Russia's leading cellular operator, with a market share of about 50 percent in Moscow. The company has licenses that allow coverage of about 70 percent of the Russian population, or about 100 million persons. With its aggressive expansion plans, it was important for VimpelCom to find a supplier that is able to deliver microwave equipment quickly.



MINI-LINK BAS installation.

More than 500 MINI-LINK base stations have been delivered to date. Negotiations are now in progress for Ericsson to provide more extensive customer service in the form of installation and system support. VimpelCom has been using MINI-LINK in its network since 1994.

Japan's Yozan chose Ericsson's WLAN

The Japanese operator Yozan has selected Ericsson's WLAN solution for deploying a test system for mobile Internet services. Yozan is building a network in which the conventional PHS network is being supplemented with wireless LAN access in selected hot spots in which traffic is heavy.

Ericsson's WLAN solution employs temporary passwords that are generated at login and sent to the user via Yozan's Magic Mail paging service. This guarantees secure data access and billing services. The system is intended for users with handheld or laptop PCs. Access is provided by a plug-in card for PHS or WLAN.

Yozan will first build a test network in parts of Tokyo. Trials will begin in September with some 1,000 users. Ericsson is supplying network equipment for WLAN and will design and install the network. Technical support for the product during the test period is also included in the contract.

Ericsson's WLAN system for mobile operators was developed in cooperation with the Swedish company Service Factory, which is a leading supplier of systems and services for WLAN.

Turkcell and Amena to launch MMS

Both the Turkish operator Turkcell and the Spanish operator Amena are seeking Ericsson's help in launching MMS in their networks. Contracts have been signed that include infrastructure, as well as services and integration with the existing networks. Content and applications will be provided by Mobility World.

Turkcell introduced MMS services on July 17, while Amena followed a few weeks later. Both operators are the first to launch commercial MMS services in their markets.

Both Amena and Turkcell are previous Ericsson customers and operate systems for GSM, UMTS and GPRS. The close cooperation between Ericsson Mobility World and Turkcell in Turkey has resulted in the GPRSland concept, which has become a success in other parts of the world.



With MMS, it will be easy to get quick shopping tips, for example.

Wind and Ericsson join forces

The Italian operator Wind has joined with Ericsson in a research and development program for mobile multimedia services. A contract was signed in Rome in July by Kurt Hellström and Tommaso Pompei, who is CEO of the Wind group. The contract is a strategic step in the development of infrastructure and services. Ericsson and Wind will work jointly to develop mobile telephone services, Mobile Internet solutions and 3G applications. A number of joint initiatives are planned, including analyses of market potential and the development of technology and standards. The parties will not only pool resources to develop innovative services, but also jointly market the results of their collaborative efforts.

Wind will have early access to products and services developed within the framework of the agreement with special emphasis on advanced solutions for wireless and fixed Internet-based multimedia services. Ericsson has been the principal supplier for



Visiting Rome's Trevi Fountain can now be an interactive experience. PHOTO: STEFAN BORGIUS/PRESSENS BILD

Wind's build-out of its 2G and 3G mobile networks, as well as its foremost technical partner in building

Italy's first integrated network for fixed and wireless Internet access.

Ericsson sole GSM supplier in Nicaragua

Nicaragua is a new country on Ericsson's GSM map. On July 12, wireless operator Enitel announced that Ericsson will be the sole supplier of equipment, software and services for GSM 1900. Enitel will build a nationwide network with advanced GSM services, such as voice mailboxes, automatic roaming, prepaid subscriptions and SMS.

The operator, which was recently privatized, is undergoing a transformation to become a more customer-oriented company. By investing in mobile and fixed networks, Enitel will increase telephone penetration in Nicaragua from 2.5 percent, the lowest level in Central America, to 6 percent.

Turnkey system for Serbia's Mobtel

The Serbian operator Mobtel has ordered an expansion and enhancement of its GSM network. With the contract, which is valued at more than USD 105 million and was signed on June 26, Ericsson becomes the sole supplier of equipment, software and services for the network expansion.



Switching components for the expansion will be delivered by Global Services, which is supplying a turnkey system that includes installation, implementation and integration. Dimensioning and design of the network is also included in the assignment.

Increased capacity for Telia International

Ericsson and Juniper Networks will help Telia International Carrier (TIC) to increase capacity in its European backbone network. This will take place through the delivery of IP routers for the backbone network based on Juniper Network's T640 Internet Routing Node. Ericsson will place these routers into operation in the network that TIC built in 2001. Ericsson's PBN (Public Broadband Network) solution will allow TIC to significantly increase bandwidth in the network, while reducing capital and operating expenses. The T640, which supports data speeds up to 640 Gbit per second, can be scaled up to speeds of several terabits per second.

History and vision provide common view

A new version of "The Ericsson Story" is available on the intranet, Inside. The Web site is a useful tool in communicating Ericsson's background, strategies, way of working, and much more.

"Although the story is comprehensive, the philosophy is to keep it in as easy a format as possible so you can retell it. It tells you how we look at the market and much what the subscriber forecast is, but it's not a strategy document. It is a communications document," explains Mads Madsen, director of Media Relations.

The site is split into sections: Vision; Strategy and strengths; Way of working; Social responsibility; Main business areas; Brand; and Ericsson as an investment. The heavier topics are interspersed with lighter facts, such as the average age of an Ericsson employee (35).

"Within Ericsson, we need to know this so that we always communicate with the 'one company' approach," says Mads Madsen. "It's important to show our space in the market and to tell the story the same way, or we lose impact," he continues.



The view of the company has been updated over the years. Lars Magnus Ericsson is in the background

The Ericsson story is useful in many contexts.

"It's one element to use as a basis in communicating with employees, colleagues, customers and partners. And it's a good refresher when you're preparing a company presentation or a speech, or if you're looking for text excerpts in letters, articles, and so on," Mads Madsen suggests.

The Ericsson story is updated every quarter, when a new financial report is released. This new edition highlights the messages that Kurt Hellström brought forth at the Business Management Conference in Frankfurt: Business, Focus, Cost.

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Lennart Alvin, the Swedish Ambassador to Canada, presented Lionel Hurtubise with the Order.

PHOTO: LOUISE LEONHARDT

First class appointment

Lionel Hurtubise was named Officer First Class of the Royal Order of the Polar Star in recognition of his service to Sweden. Lionel Hubertus joined Ericsson in 1986 as president and chief executive officer of the Ericsson Canada and was appointed chairman of the board in 1994. He recently completed a five-year term as honorary consul of Sweden for the Greater Montreal area and he is currently a member of the board of the Canadian Swedish Business Association.

new assignments

Jacqueline Hey and **Bernd Schmidt** have joined the Global Customer Unit Vodafone Management Team.

While Jacqueline Hey assumes responsibility for Relationship Management, Business Planning and other specific business development activities, Bernd Schmidt is responsible for Global Marketing.



Bernd Schmidt

Toby Seay joins Ericsson as key account manager for AT&T and Affiliates in Market Unit North America. Seay comes straight from AT&T Wireless where he headed National Operations.

appointments

Erik Westerberg has been named expert in GPRS and EDGE Access Networks.

Martin Körling has been named expert in Network Architecture.



Erik Westberg



from the archives

Already in 1976, engineers dreamed of both hearing and seeing telephone calls. In the caption published in *Contact* number 6-7, young Rocky Rosen was shown testing the latest technology in video telephony. He spoke to Jöns Ehrenborg, then director of Research and Development. Rocky's father Harold was an LME-prize laureate.

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PRINTED AT:

Nerikes Allehanda Tryck Örebro, 2002

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A Swedish paratrooper lands with the Nordic Peace flag to signal the start of the largest military exercise to take place in Northern Europe this year. PHOTO: MAJA SUSLIN/SCANPIX



column

LARS-GÖRAN HEDIN
corporate editor

The reality behind headlines

It was time to get busy with the next issue of *Contact* after our customary summer pause. Viewed from my perspective, it has been a summer of contrasts. Perfect Swedish summer weather one day, followed by torrential rain. Markets rising in the morning, only to fall again in the afternoon (unfortunately, the daily rhythm seems to have got out of kilter, so that we have had more afternoons than mornings). Headlines full of doom and gloom about Ericsson in the external press, while the reality, as usual, was more humdrum.

This latter phenomenon demands an explanation. Prior to and after publication of Ericsson's six-month report, streams of articles appeared describing how badly things are going for Ericsson, the company's allegedly secret bonus system, reduced credit ratings, falling share prices, and whatever else my fellow-journalists in the external media could throw at us. The image presented of Ericsson is unrelentingly somber, assuming that one has nothing with which to offset it – and that is unfortunately the position in which most people find themselves.

However, as corporate editor of *Contact* I am privy to other sources of information. One of my tasks in preparation for this issue was to review the internal summer news flow. Was I surprised when an entirely different picture emerged? Of course not. The fact is that people continue to work tirelessly at Ericsson. We are doing business in all corners of the world, refining our work methods and noting various signs that the markets are not as stone-dead as the headlines would have us believe.

While it is true that Ericsson is still making a loss, incredible efforts have been made to reduce costs and become more efficient. When the markets recover, we will be – to quote the phrase used by Per-Arne Sandström on 5minutes – "a very strong and fast-moving player."

As we go back to the grind here in Sweden after a well-earned vacation, we will not let media forecasts about our future depress us. The same applies to all our colleagues in other parts of the world. It is up to all of us now, more than ever, to roll up our sleeves and set about the tasks of selling more, earning more and spending less.

We'll show all the doubting Thomases that Ericsson is worth believing in!

Fighting with Ericsson

Seven nations and representatives from NATO and Russia, as well as the UN, the Red Cross and Doctors without Borders. All told, 3,000 participants from military and civilian organizations. Plus Ericsson of course!

The whole of central Sweden is under siege. A full-blown civil war has been raging since 1998 and it is estimated that more than 45,000 civilians have been killed.

The area around Lake Mälaren has been divided into the territories of Kasuria and Mida, and both sides are battling for the port of Södertälje. Several mass graves have been discovered on the island of Askö and repeated human-rights violations have been reported. For the moment, a fragile cease-fire is in force.

The scenario for Nordic Peace 2002, the largest military exercise to take place in Northern Europe this year, is based on the conflicts in Bosnia, Kosovo and Afghanistan. The main focus is on peacekeeping efforts based on military and civilian cooperation, making effective communications essential.

"The Swedish defence called and asked us to lend them some R250 telephones for the exercise. They also invited us to show them some of our other solutions," relates Kristina Forsman, corporate citizenship manager at Ericsson Response.

Kristina Forsman brought the Ericsson's GSM and satellite communications trailer, a completely

self-sufficient system that enables mobile communications to be established rapidly in crisis-affected areas. The equipment on hand also included a telematics-equipped Volvo V70 Cross Country.

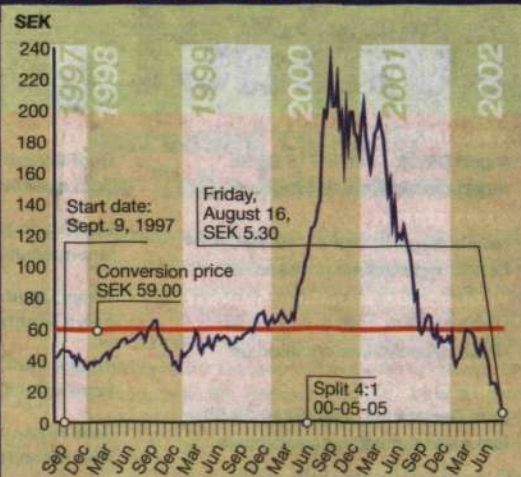
"This vehicle is equipped in such a way that the responsible decision-makers can see where it is and what condition it is in," explains Gunilla Rydberg, director of Defence Telematics at Ericsson Microwave Systems. "It can save a substantial amount of time, making sounder and more rapid decisions possible."

Both vehicles attracted considerable attention and prompted questions from participants in the exercise, who came from all the Scandinavian and Baltic countries, as well as the UK.

"It is more obvious than ever that we will need each other's support in the event of conflicts, and also that the military depends on cooperation with non-military organizations," said Major Harri Ints of the Estonian army.

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The ericsson b share



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