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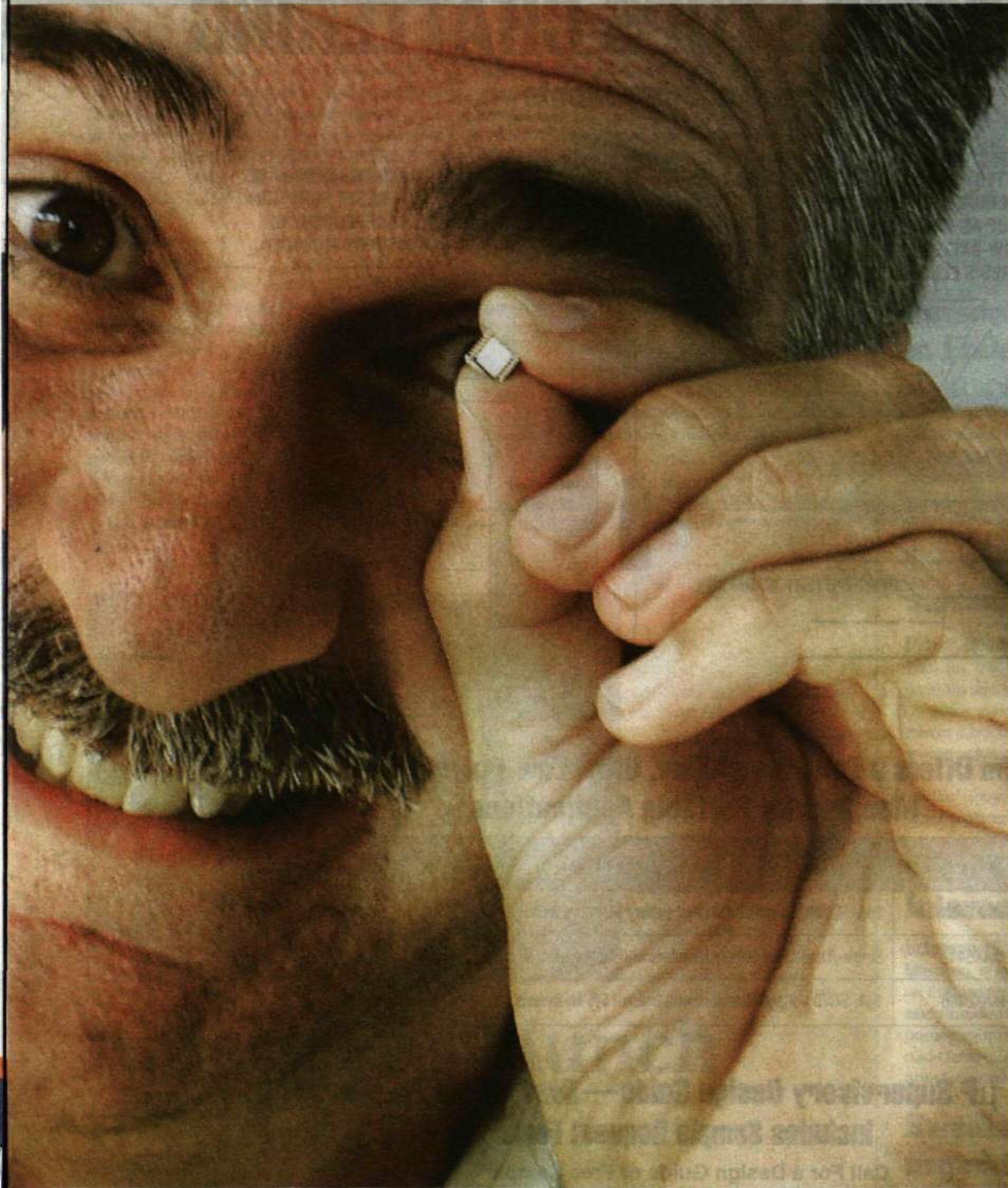


PHOTO: JAN NORDEN

Tripled market for Bluetooth

10



Contest stimulates

6-7



PHOTO: TOMMY JOHANSSON

Dream team for sales

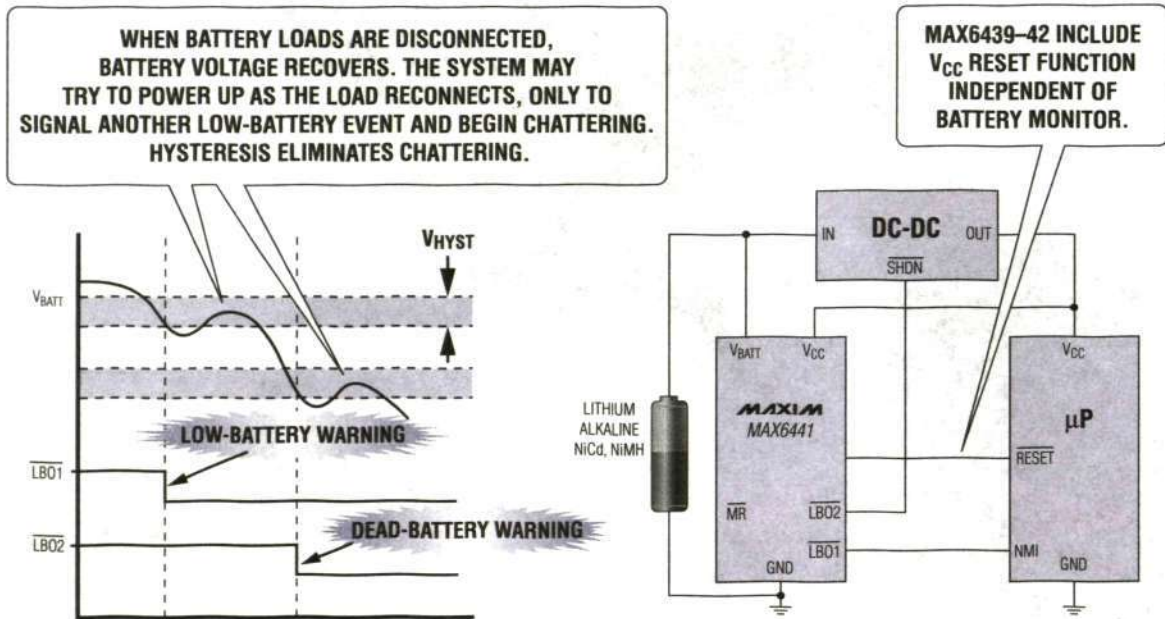
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November 28,
2002

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Ericsson inside Siemens phones

When Siemens launches their new GPRS mobile phones, they will have Ericsson's mobile platform on the inside. The equation looks like this: Siemens has just signed a cooperation with Finnish telecoms equipment maker Microcell to develop and produce a new mobile phone. Microcell is a customer of Ericsson Mobile Platforms.

"It is a milestone for us to deliver the platform for a Siemens mobile phone. It is proof of what we have stated before that the mobile handset business is undergoing significant transformation from a 'vertical' industry with a few companies that supply complete products to a 'horizontal' industry with specialized companies, each supplying their part of the products," says Tord Wingren, president of Ericsson Mobile Platforms.



Tord Wingren

This means that Ericsson Mobile Platforms now

provides three of the top ten mobile manufacturers with platform solutions. Other Ericsson Mobile Platforms customers are Sony Ericsson, LG Electronics, Benetton, GVC and TCL Mobile.

As a leader in Original Design Manufacturing (ODM) and a partner to Original Equipment Manufacturers (OEM), Microcell designs, develops and manufactures mobile communications devices. Microcell has presence in China, Denmark, Finland, and the United States.

In a press release, Microcell CEO Anders Torstensson says, "We are very satisfied that Siemens has the confidence in our ability to deliver complete Siemens-brand mobile phones as a total project."

Microcell's leadership is not foreign to Ericsson. Anders Torstensson became CEO of Microcell in late 2001 from Ericsson's former Consumer Products Division. The Chief Financial Officer is Lars Lindquist, former vice president at Ericsson Service Network and Applications.

DODI AXELSON

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Hear a song you like on the radio? Use mMode to get the name, order a CD, then pay on your telephone bill.

PHOTO: JACK RADGOWSKI

Americans launch own i-Mode

AT&T Wireless has launched its own nationwide mobile data portal based on GPRS, called mMode. Last week AT&T Wireless and Ericsson completed a 13-city road show that went from Boston to San Francisco to promote to top customers and media how to use their data applications.

mMode is a mobile data portal inspired in part by the Japanese i-Mode, packed with inexpensive, useful applications. For example, the title of the song you just heard on the radio is just a few clicks away on your phone, and you can even order the CD to be sent home. Charges appear on your phone bill.

Another service is weather radar - especially useful during the stormy seasons. All of this is easily ac-

cessible through pre-programmed mobile phones. In order to market the concept and to increase knowledge of what mobile data can bring to the lucrative B2B-segment Ericsson and AT&T Wireless made an eight month long road show to 13 key cities.

"It has been very successful. AT&T Wireless employees did the presentations and we have supported them and helped by adapting the message and packaged applications for the different markets. Even this soon after the launch at least a third of AT&T Wireless GSM subscribers already use the data services, which is an excellent result," says Keith Shank, VP Strategic Marketing.

LARS-MAGNUS KIHLMSTRÖM

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New Chief Information Officer for Ericsson

Effective December first, Björn Olsson is appointed chief information officer (CIO) for Ericsson, reporting to Chief Operating Officer Per-Arne Sandström.

Björn Olsson is currently head of Business Unit Transmission & Transport Networks, where Sivert Bergman will take over.



Björn Olsson

Board member Tom Hedelius to leave

Tom Hedelius announced that he will leave his chair in the Ericsson board by the next Annual General Meeting, in April 2003. He states that with the rights offering in place he feels it is the right time to leave his position.

Personnel transfer in Finland

As part of Ericsson's global development concentration, employees of Ericsson Finland's Oulu site will be transferred to Microcell as of January 1, 2003.

"This is an acknowledgement of the great competence of our staff in Oulu. Microcell is in a growth phase and it can offer interesting new challenges for our current staff," says Rolf Svanbäck, head of Telecom R&D Finland.

Björn Boström moves to China

Björn Boström will become President of Nanjing Ericsson Panda Communications Company. Björn Boström replaces Arvid Jauring, who will retire.

"When the market improves, we'll have the organization in this joint venture ready for a higher demand and greater volumes. And that will hopefully happen first in China," says Björn Boström.

Mats Granryd, presently head of Market Unit North Africa, replaces Björn Boström as head of Core Unit Supply.

Filters block unacceptable Internet traffic

Ericsson Global IT Services is currently installing filters on a global scale to block unacceptable traffic on the Internet and IT support network. The filters are already installed in the Americas and Asia-Pacific. In Europe, pornography sites and mp3 files have been blocked since mid-October. The idea is to prevent Ericsson's resources from being used for anything but business support.

Swedish government urged to aid telecom

Sweden should invest SEK 3.5 billion in IT and telecom during the next five years. This suggestion comes from Vinnova, the Swedish Agency for Innovation Systems, in a new report commissioned by the government.

"These projects seem to need mostly application developers. The engineers that we have laid off were principally in the area of infrastructure technology. However, these proposals are good for Sweden and thereby good for Ericsson in the long run since researchers and engineers can work in these projects, now that we cannot employ them," says Carl-Gustaf Leinar, vice president of Human Resources in Sweden.



Carl-Gustaf Leinar

Henry wants to point the way

Communications is an important competitive tool for Ericsson and must be used to support business operations. Henry Sténson, appointed senior vice president, Corporate Communications, five months ago, compares a communications department to the oil in a car.

"With oil, everything works well and the car can travel faster and farther. Without it, operations start to cough and splutter."

An Ericsson employee who reads the news on the company's internal channels during the day and then buys a couple of evening papers on the way home can easily become confused. The internal channels describe, for example, contracts being signed and awards being presented. The tabloids paint a picture of unreasonable bonus systems and discontented employees who have been served notice.

Henry Sténson, how can you get these images to harmonize better?

"My ambition is for all employees to receive clear and concise information about what is happening within the company, preferably before we make external announcements. But it is a matter of balancing this ambition of being able to clearly communicate overall goals and strategies with the natural restrictions on dissemination of information that a listed company must follow," he says.

When Henry Sténson started as head of Corporate Communications at Ericsson, he wanted to find out what the employees involved in communications issues regarded as functioning well and less well in their operations.

"I quickly understood that there is a vast amount of expertise here and many people with a strong driving force. However, projects were being conducted in something of a bubble, with no coordination. There was no common agenda within which everyone worked and which everyone helped to develop."

He also believes that a company like Ericsson is already full of knowledge about how to handle communications issues and what issues are important.

"We have all the tools necessary for effective communications within the company. Now it's important to define clear guidelines for how communications is to be handled. We have already developed long-term goals, guidelines and a mission for our work. The next step will be to create a common communications strategy."

Developing a common agenda for communications work is what is required right now. By involving communicators throughout the world in this work, the foundation will be laid for a uniform image of Ericsson – internally and externally. Maintaining a constant dialog about what the main issues are is also extremely important to Henry Sténson.



Henry Sténson, Ericsson's senior vice president, Corporate Communications, wants to pursue communications issues systematically to support business operations. But it is equally important to act quickly when the situation requires it. The espionage affair that was recently uncovered was one such example of how the management must clarify Ericsson's position. Ericsson held a press conference 45 minutes after the news was reported by the news agencies.

PHOTO: GUNNAR ASK

"Our job is to create an accurate and positive image of Ericsson, in that order. I like to compare an optimally functioning communications unit with the oil in a car. With oil, everything works well and the car can travel faster and further. Without it, operations start to cough and splutter," says Henry Sténson, who has worked with communications issues for twenty years, most recently at SAS and Volvo Cars.

When it comes to Ericsson's internal information channels, he regards the strongest channel as a person's immediate superior. This is followed by the internal magazine, *Contact*, which is distributed to all employees. He regards the strongest external channel as being when Ericsson's spokespersons provide an accurate image of the company in the external media. According to Henry Sténson, a perfectly functioning communications department should not spend time on how to reach people but on expressing and formulating messages so that everyone within the organization understands where the company is headed. In the future, he wants to be involved in pursuing communications issues systematically and stably to best provide support for business operations.

Although the head of communications believes that a balanced life is a requirement for doing a good job, he has experience of work becoming too much. Autumn 2001 is an example. He was then head of Communications at SAS during the stir caused by September 11 and the accident at Linate Airport in Milan. There were innumerable long working days and, in the end, Henry's son Fredrik threatened to fire his dad's boss if the situation didn't change. What's it like now? Has Fredrik needed to call Kurt Hellström yet?

"No, it's a bit better now. Last autumn at SAS was extreme. At least now I am at home in the evenings and at weekends and we do things together. We usually fall asleep together – often me before Fredrik."

ULRIKA NYBÄCK

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Footnote: Communicators can read about long-term goals and guidelines on Communication Forum on Ericsson Inside.

HENRY STÉNSON

Age: 47.
Family: Wife Carina and children, Anna, age 15, and Fredrik, age 10.
Three most recent positions: Head of Communications at SAS, Volvo Cars and Saab Aircraft.
Has worked with communications issues: For 20 years.
Preferred leisure activity: Being together with the family at his summer cottage.

Interests: Skiing, golf and hunting.
Future dream job: "I have the best job I could have."
What you didn't know about Henry: Served in the military for nine years.
The perfect communications manager, according to Henry: Inquisitive, thinks strategically and sets an example.

Opportunity knocked Outsourcing improves flexibility

Ericsson concentrates on its core operations. In the case of non-core operations, the company may opt for outsourcing or cooperation with external partners. Outsourcing and cooperation are used in such areas as supply, development and IS/IT. According to COO Per-Arne Sandström, it has not yet been determined who will be the global partners for IS/IT.

"In the IS/IT area, we're carrying out an extensive program of which outsourcing is one component. Most IS/IT operations are outside core operations, so this is a comprehensive change that will affect some 4,000 employees," says Per-Arne Sandström.

When selecting IS/IT partners, Ericsson considers such characteristics as global presence, volume, expertise, experience and reputation as an employer. It is not yet clear who will be given the assignment, but Per-Arne Sandström says Ericsson expects the process to be completed during the first half of 2003.

The idea behind outsourcing is to have other companies take over operations that are not part of core operations. External partners can also take over the management of established products within Ericsson's core operations. Certain partners can perform the operations more efficiently, by virtue of being specialists in the area. If they are given the same type of assignment from several customers, they can also achieve volumes that result in economies of scale.

Extensive experience

Ericsson has more than a decade of experience of outsourcing, and it has proven to be a successful strategy. Over the past few years, the strategy has been implemented more intensively. The advantages of outsourcing are that it enables the company to release capital previously tied up and reduces its need to invest.

"We become more flexible, which will eventually reduce our costs. Moreover, we minimize the risk of having to carry unutilized capacity at our sites," says Per-Arne Sandström.

Outsourced operations will also have better chances to grow and develop, since there will be more customers for them.

In the area of supply, even certain core operations can be farmed out to partners – for example, operations related to mature products. The strategy varies for different products, depending on whether they are part of core operations or not.

"For products that are part of core operations, we use external partners, particularly for volume production. For products outside core operations, Ericsson

defines the standards and external partners take over operations early in the process. Definition of product status is currently under way."

Just what belongs to core operations is under ongoing consideration. Ericsson continuously reviews operations in order to be efficient in the market.

Critics say that Ericsson outsources operations too early in the production process – a contention with which Per-Arne Sandström does not agree.

"They only look at a small portion of our operations. Ericsson distinguishes clearly between core and non-core operations. For our most important products, we always stay in the game – albeit to varying degrees – throughout all production phases."

Wide-ranging effort

A wide-ranging effort to enhance efficiency and increase concentration is under way in research and development. In 2002, Ericsson plans to reduce the number of its product development centers from 80 to 40, and next year the company plans to further reduce the number to 25. The goal is to have each center responsible for a complete product line. Outsourcing is primarily considered for development work.

"We will keep the most important expertise in the company. Outsourcing parts of our development operations will allow us to reduce risk and improve our flexibility."

JESPER MOTT

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OUTSOURCING

Numbers of employees who have joined partners during the past two years:

Flextronics: 4,200 (2001)

Infineon: 700 (2002)

TietoEnator: 850 (2002)

Teleca: France 185,
Norway 70 (2002)

Wipro: India 300 (2002)

Per-Arne Sandström, Ericsson's COO, points out that Ericsson has over ten years' experience of outsourcing of its operations and that it has been a successful strategy.

PHOTO: ALEXANDER
FARNSWORTH



IPX is ready to test its wings and leave the nest provided by Ericsson Business Innovation. Björn Zethraeus and Kjell Arvidsson head IPX and Niklas Johansson is project manager. PHOTO: GUNNAR ASK

Seeking new ideas

Time to choose the Ericsson Entrepreneur 2003. Ericsson Business Innovation, a greenhouse that captures promising ideas and helps them to grow to emerging companies, organizes the competition. The winners will have a chance to commercially explore their idea with support given from Ericsson Business Innovation.

"A competition is a good way to inspire employees to be bold and come up with new ideas," says Jöran Hoff, head of Ericsson Business Innovation. "The competition considers not only the product, service or business idea, but also the individual or team behind it."



Jöran Hoff

that may create opportunities for additional business now and in the future," Ericsson CEO Kurt Hellström points out.

"We are looking for entrepreneurs – people with drive, enthusiasm and business sense. In this competition, inventiveness and business go hand in hand," explains Mattias Raunio, who is in charge of New Business at Ericsson Business Innovation.

All employees are welcome to submit proposals, either individually or as a team, before February 17. Mattias Raunio explains the criteria that apply:

"The entries must be commercially viable and have obvious value for customers and end-users. The ideas must be unique in that they can generate business on their own merits. They must lead to profitable business and appeal to a global market. Last but not least, the people behind the ideas must be entrepreneurs."

A number of projects will be selected from those received to proceed to individual coaching. During this stage, Business Innovation will provide support and advice to the entrepreneurs in whom they have the most confidence. Mattias Raunio expects that about ten entries will receive coaching.

At the end of May, the candidates being coached will

have a chance to present their proposals to a jury consisting of Per-Arne Sandström, Mats Dahlin, Britt Reigo and Jöran Hoff. The jury will then appoint one or several final winners who will have the opportunity to develop their ideas further at Business Innovation.

"This is an excellent chance for the individuals chosen to demonstrate their abilities for company management. The proposals that the jury finds viable will then be developed in the form of 'innovation cells' within Business Innovation, for three to six months. This is the time for those wishing to create a young company (venture) to prove that they can," says Mattias Raunio.

Jöran Hoff points out that it is when times are tough that it is most important to cultivate new ideas for the future.

"We know from experience that there are lots of top-notch ideas floating around in the company. Now, clever employees have an opportunity to join the ranks of the entrepreneurs already running interesting and successful startups at Business Innovation."

JESPER MOTT

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Opportunity knocked

Slightly less than two years ago, Björn Zethraeus and Kjell Arvidsson contacted Ericsson Business Innovation to talk about a business idea. Today, their fledgling company, Internet Payment Exchange, is well on its way to independent operation.

"Developing within Business Innovation was ideal for us," explains Björn Zethraeus.

In 2000, Björn Zethraeus and Kjell Arvidsson were on foreign contract for Ericsson in China, in charge, respectively, of mobile Internet and launching GPRS in China. By coincidence, both of them were thinking about how to solve the problem of payment over mobile Internet. Together, they came up with an idea, in which they decided to invest all their efforts.

"Ericsson Business Innovation recognized the value of our idea and believed in us. The success of mobile Internet stands on two pillars: good services and a payment system that enables all stakeholders to charge for services provided – that is, revenue sharing. Our solution is called Internet Payment Exchange, IPX. It inspires media companies to market their mobile Internet services, which in turn means increased traffic," says Björn Zethraeus.

At the beginning of 2001, they submitted a business plan to Business Innovation. There was a period when they often had to work seven-day weeks, since they continued doing their regular jobs during IPX's initial stages.

"For some time, there was a lot of parallel work – however, we consistently received full support from the units to which we belonged," Kjell Arvidsson recalls.

In September, 2001, IPX became an "innovation cell" – an early stage of development within Business Innovation. Everything proceeded as planned, and in April 2002, the operations morphed into a venture – a start-up – with a steering group, a formal budget, an income statement and a balance sheet.

The new company is currently in a hectic period, in anticipation of its actual launch. The solution is to be

launched in two selected markets, one in Asia and one in Europe. These regions were chosen for their strong positions in mobile Internet and the fact that the local companies there cooperate closely with Ericsson Business Innovation. The opportunity provided by Ericsson's global presence, of reaching out at an early stage, is extremely important for startups, while the opportunity to present new concepts and solutions to key customers is an advantage for Ericsson.

"Business Innovation steers the entire undertaking in a profit-oriented manner. It establishes business-oriented milestones, such as signing cooperation agreements with partners and declarations of intent with customers built on clear business targets," says Björn Zethraeus.

"Just like other startups, we have had to apply for funding. But unlike many other development projects the young companies in Business Innovation function as commercial companies from day one," Kjell Arvidsson adds.

IPX's future course has yet to be charted – however, no companies stay inside Business Innovation forever.

"Either IPX becomes part of the company or we establish ourselves as an independent entity, but with Ericsson as part-owner. Whatever the outcome in that respect, it is ideal for a company like IPX to develop within Business Innovation. Here, we have enjoyed support, advice, and access to Ericsson's unique global network of colleagues and customers," Björn Zethraeus concludes.

JESPER MOTT

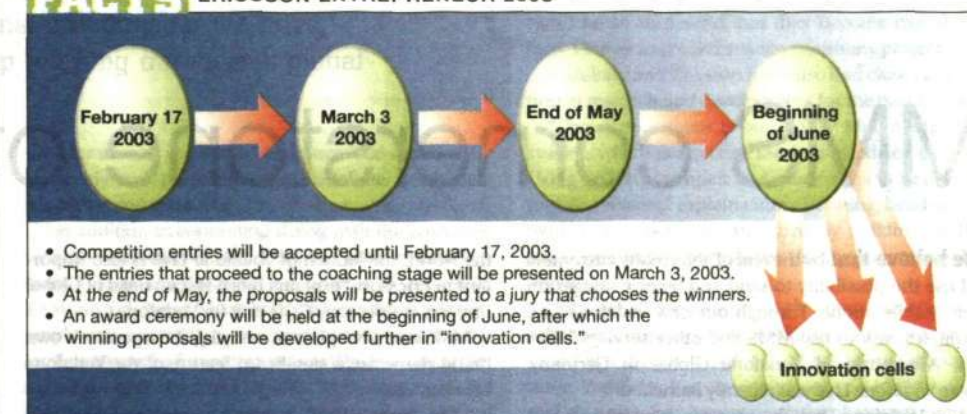
THE CONTEST

How to register:

- Contest entries may be submitted on a registration form that can be downloaded from: <http://inn.ericsson.se>. Entries must be received not later than February 17, 2003.
- The entries must specify customer and customer requirements, solution, business model, competitive advantages of the solution and a presentation of the entrepreneur/team.
- The entries will then be evaluated based on the description, and the best submissions will proceed to the coaching stage, where they will be given help to further develop the ideas they contain.
- The home page contains further, more detailed information about the contest, the contest rules, the evaluation criteria, and the Business Innovation approach.

inn.ericsson.se

ERICSSON ENTREPRENEUR 2003



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Mobile investments create new markets

MMS, mobile positioning and video telephony are some of the eleven global mobile Internet projects that Ericsson is currently conducting with Vodafone. The Service Delivery Platform – the platform between the core network and the applications – is another project that has particular significance.

The operator's answer to Japan's i-Mode, Vodafone Live, recently launched on a broad front in several European countries, is an excellent example of a project for which Ericsson delivered the core components, including MMS and Multi Media Library.

"The projects connected with the mobile Internet are important because they can result in sales of a variety of services, thereby creating new business. Through MMS, Ericsson can also enter Vodafone markets to which we have not previously delivered," explains Björn Eisner, head of Global Projects and Operations at the GCU unit Vodafone. He mentions Italy and Hungary as examples, where Ericsson recently secured MMS services.

The Service Delivery Platform (SDP) is a major project consisting of several phases and comprising a large portion of Ericsson's Service Networks product portfolio. The work is conducted in a virtual global team, with participants from Ericsson in Düsseldorf, several



key accounts and employees from business and product units in Kista.

"We have conducted local sales activities and also received local inquiries for quotes. We recently received the first order for an SDP solution for Romania. This is an important reference order from Vodafone," says

Vodafone Live is the operator's largest single global investment to date. The portal was recently launched in several European countries.

Thomas Granström, head of Internet Solutions and Applications.

He believes that SDP solutions are an area of substantially greater value than MMS and can establish Ericsson as Vodafone's leading partner for mobile Internet platforms.

Video telephony is another current project, according to Rune Rönning, head of Network Technology. This involves video calls between 3G phones over the UMTS network. Earlier in the autumn, there were demonstrations of Vodafone's 3G network in both Germany and the UK.

Mobile positioning is also in focus. Vodafone has stricter demands than are currently offered by Ericsson's solutions. More exact positioning in real time is one of the demands.

Several projects are also based on third-party products, with Ericsson assuming total responsibility for the solution.

"In these projects, we often cooperate with small companies. Our participation doesn't involve products, but service. A global agreement with Vodafone would give us the opportunity to enter markets where Ericsson currently has no business. Just as with all of our global projects, it is our task to prepare the market for Ericsson's local customer organizations," concludes Björn Eisner.

GUNILLA TAMM

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MMS cornerstone of portal

"We believe that by the end of 2003 many customers will use the possibility to send and receive images on their mobile phone. Through our new Vodafone Live portal, it's easy to use MMS and other services," says Dirk Wierzbizki of Vodafone Global in Germany, where Vodafone Live was recently launched.

With Vodafone Live, the user can send and receive color images, download games and various ring signals, and view the latest sports results, for example. At the end of October, Vodafone Live was launched simultaneously in Germany, the UK, Ireland, the Netherlands, Portugal and Italy. At the end of this year and the beginning of next, the portal will be launched in Vodafone's remaining markets in Europe and in Asia. This is the largest single launch that the Vodafone Group has conducted globally.

"MMS is the cornerstone of Vodafone Live. Since we delivered the MMS technology to Vodafone throughout

the world, the launch of Vodafone Live is also important to Ericsson," explains Björn Eisner, head of Global Projects at Ericsson's GCU unit for Vodafone.

MMS and Java phones carrying the operator's own brand name are a significant feature of the Vodafone Live launch.

"The phones, which feature a large color display and built-in camera, have an extremely important role. They work 'out of the box,' that is, as soon as the SIM card is inserted. The phone doesn't need to be configured," says Dirk Wierzbizki, head of Innovation Management at Vodafone Global.

Vodafone's subscribers do not pay a separate fee for Vodafone Live, but do so for the various services. Sending an image costs EUR 0.39, while it is slightly more expensive to download a game, for example.

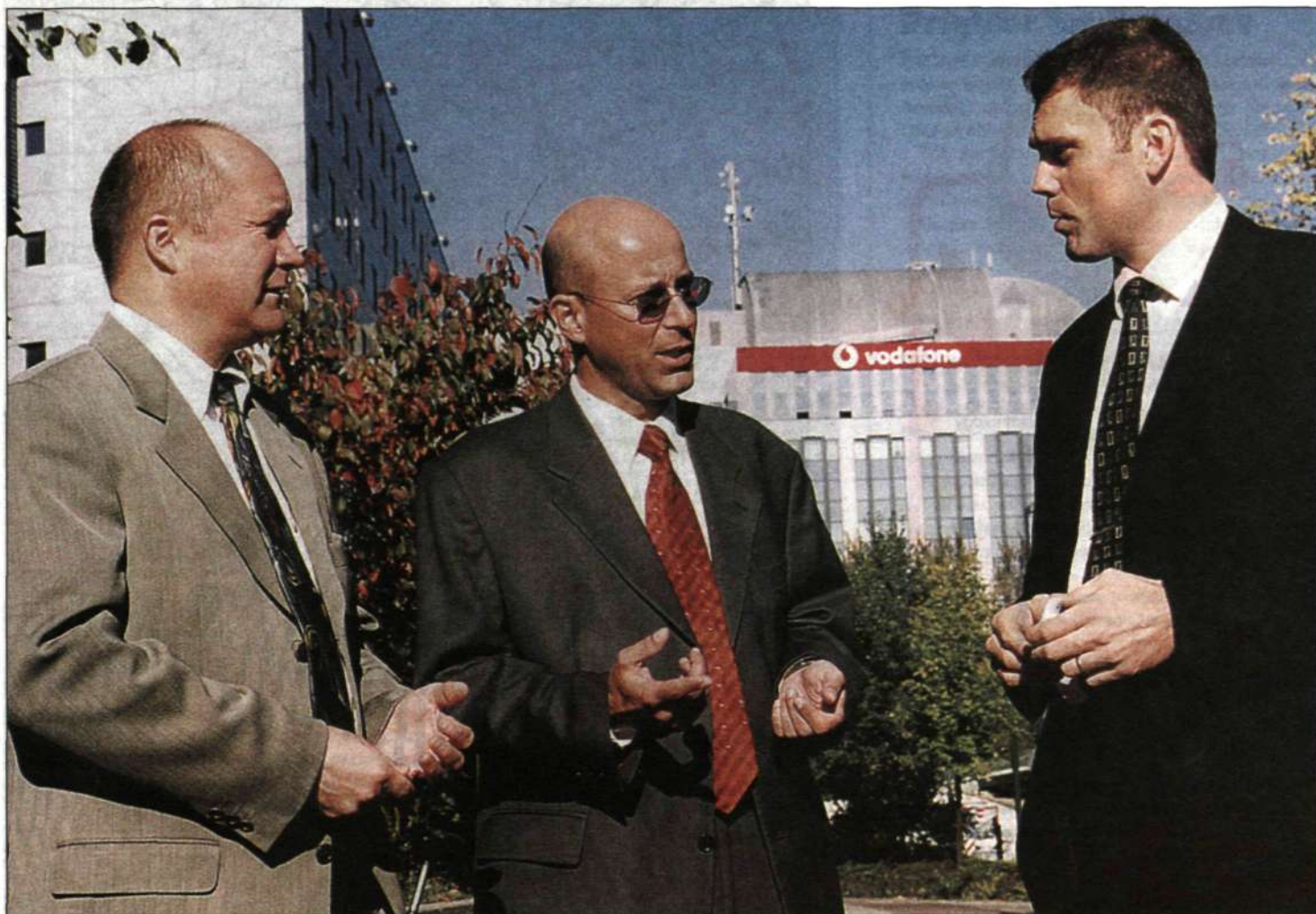
"Today, many of our customers use SMS and we hope they will now start to use MMS. The service is also



"Using MMS must be easy and the phone should already be configured when the customer buys it," says Vodafone's Dirk Wierzbizki. PHOTO: JENS KÜRTEN

attracting early adopters, people who are interested in technical innovations," says Dirk Wierzbizki.

GUNILLA TAMM



Rune Rönning, Björn Eisner and Thomas Granström have close cooperation with Vodafone on global projects. Their work includes coordinating assignments and ensuring that projects are manned.

PHOTO: BERNHARD MOLL

Global projects show the way

Ericsson is located at Fritz-Vomfelde-Strasse 26 in Düsseldorf. A few hundred meters away is the Vodafone office.

"It's practical in terms of the customer relationship we have," says Björn Eisner, who heads a group working on various global Vodafone projects.

In April 2001, Vodafone reorganized and created a unit that works with global products and services. It comprises such areas as global products, IT and technology, as well as the global brand. In connection with Vodafone's new organization, Ericsson fine-tuned its Global Customer Unit for Vodafone. Today, both companies have organizations that reflect each other.

"Vodafone, which is at the forefront of the mobile Internet, has a group that is working on developing ideas within this area and another group that is working on realizing the ideas in technical terms. We have close cooperation with both and are involved in all work at an early stage," says Björn Eisner, who is in charge of a group of 14 employees. His business card says Global Projects and Operations.

"What we work with is actually pre-sales, which falls somewhere between marketing and sales," he explains.

Well-prepared

Thomas Granström, manager of Internet Solutions and Applications, says that the ideas discussed with Vodafone are often related to services that are sched-

uled for several years into the future. The aim is to be extremely well-prepared when Vodafone needs new platforms and products.

"In addition to continuing dialog with the customer, we have close contact with Ericsson's product management in Kista and Business Unit Systems. We also assist KAMs on a global and local level. This can involve, for example, sales material that we prepare and preparing our local accounts for future technology. We always base this on what Vodafone plans to offer its customers in the future. Our work is conducted through various types of networks and projects and we also have employees from local KAM organizations here on job rotation," he says.

Added value

The guiding principle in all projects is that the product developed must create added value for the customer. It is important to have the appropriate products and partners because the scope is then reduced for other suppliers to enter the market.

"Our task is to ensure that the projects are manned and to coordinate them. Much of the work is conduct-

ed in virtual groups. Ericsson's local companies are involved in taking the decisions," says Björn Eisner.

Activities conducted at local companies can sometimes be so successful that they become global projects. One example is the video telephony project.

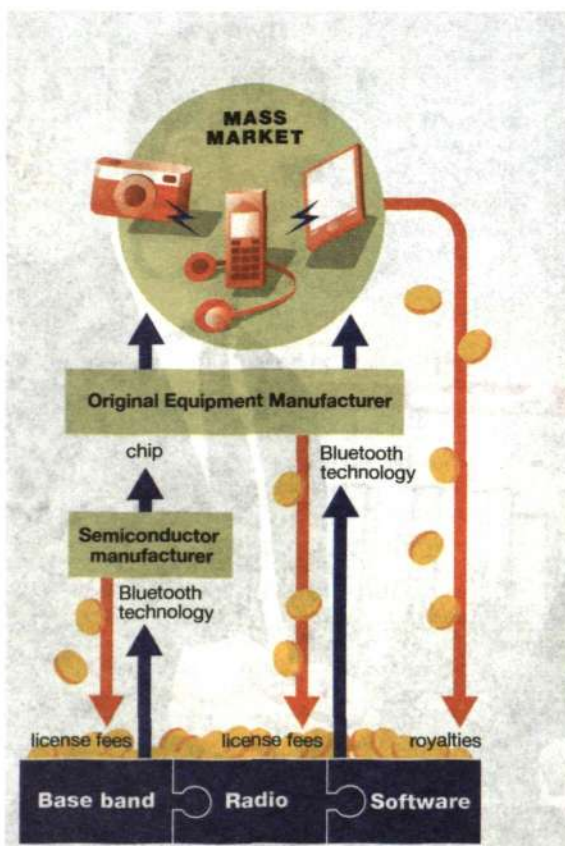
Vodafone and Ericsson have also had close cooperation in research and development for the past 15 years.

"The current focus is on IMS, IP Multimedia Sub-system, which is a service level standardized by 3GPP. Using IMS, it is simpler and more efficient to develop mobile services," explains Rune Rönning, head of Network Technology. "We are currently building an IMS test system in Newbury, in the UK, in cooperation with Vodafone."

Ericsson is cooperating with other companies to achieve a complete product offering. Ericsson Mobility World is a gathering point for these cooperative ventures. Vodafone has an equivalent to Mobility World and this also involves cooperation between the two companies.

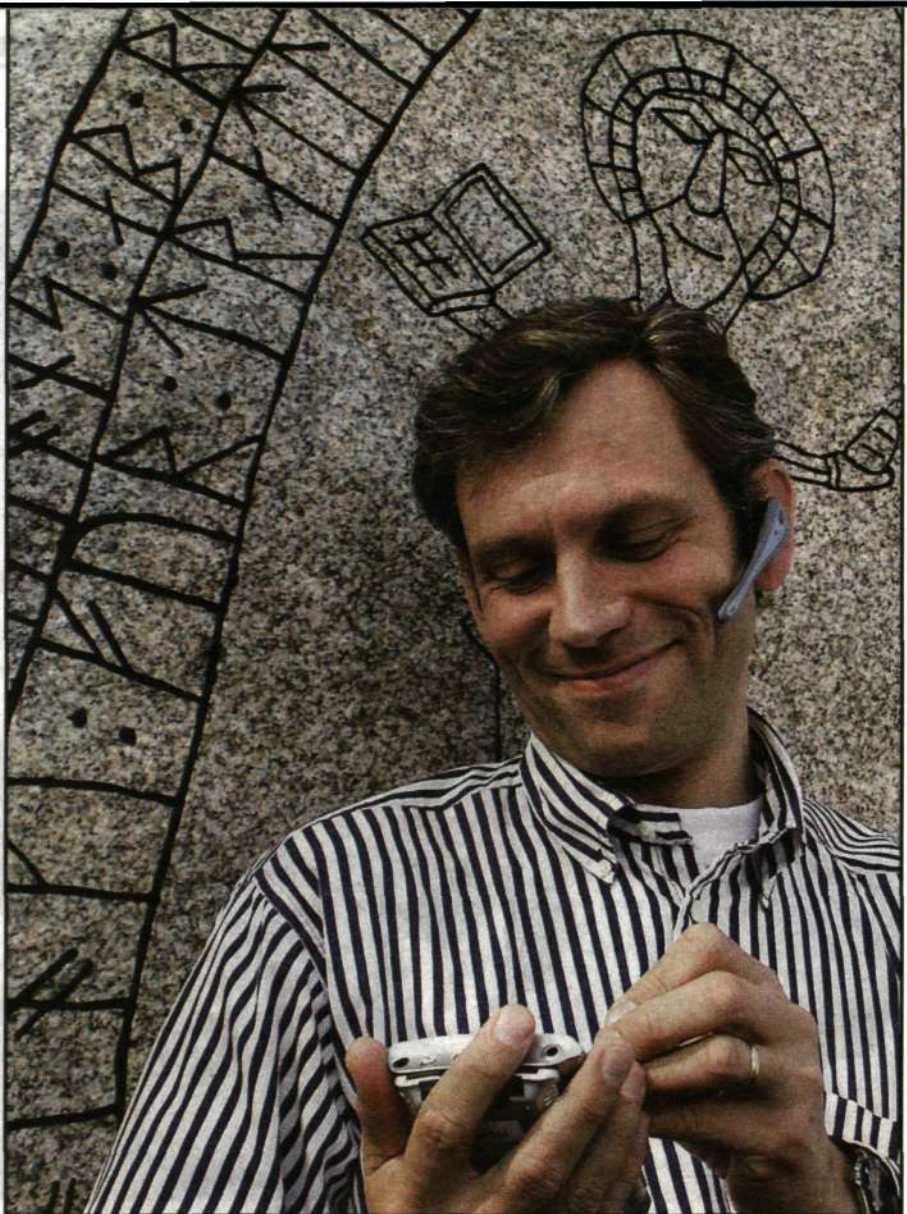
"Being located close to the customer is positive and we have this in Düsseldorf, but favorable relations are even more important – this is the norm for all of our projects," says Björn Eisner.

The close relationship will also be visible at the CeBIT exhibition next year. Ericsson will not be participating with its own stand, but will be included indirectly in Vodafone's stand.



This is how Ericsson earns money on Bluetooth. Semiconductor manufacturers pay a license fee to manufacture Ericsson's Bluetooth circuits. The circuits are sold to manufacturers of end-user products, Original Equipment Manufacturers (OEM). Ericsson receives royalties for every chip produced. Certain OEMs sign their own license agreements and manufacture the circuits themselves. Ericsson also earns royalties in this case, when the products are mass-produced.

ILLUSTRATION: MARTIN GRADÉN



Johan Åkesson is marketing director for Ericsson Technology Licensing, which develops and sells Ericsson's Bluetooth solutions to some of the world's largest manufacturers of semiconductors and consumer products in a market that is expanding strongly.

PHOTO: JAN NORDÉN

Bluetooth moves into high gear

The market for Bluetooth technology is expected to take a giant stride forward in 2003. Analyses show that 130 million units equipped with Bluetooth will reach the market during the year, which is more than triple the 2002 amount.

For Ericsson Technology Licensing, the section of Ericsson that develops and sells Bluetooth technology, 2002 has been a favorable year. Next year also looks highly positive.

"We have seen an increased interest in our products during the past six to twelve months. The market has gradually grown and, according to market analyses, the number of products reaching the mass market next year will grow to about 130 million units from about 30 to 40 million units this year," says Johan Åkesson, market director at Ericsson Technology Licensing.

Several recent successes have also contributed to the positive outlook. These include the contract with Taiwan's VIA Technologies, one of the world's leading computer electronics manufacturers. This contract means that there will be Bluetooth Technology in increasing numbers of laptop and handheld computers in the future.

"VIA is a fantastic partner, aggressive and successful. This means that we have a leading partner who will drive the market for our solutions," says Global Sales Manager Rob Cadman.

Ericsson Technology Licensing's other customers include Intel, Samsung, Philips and ST Microelectronics, which are all among the largest semiconductor manufacturers in the world.

Recently, Ericsson Technology Licensing also developed a fourth-generation radio circuit, considered by many to be the best in the market.

"When we talk to our customers, they say that our radio is the best that exists. If you compare size, energy consumption, price and degree of integration, we can see ourselves that we are quite simply ahead of all the others," says Johan Åkesson.

The market development of Bluetooth is driven by mobile phones. In particular, Ericsson's successes with the T68 model helped to raise the level of interest. Many people who have Bluetooth in their phones also want to try out the accessories that are available. There are now about 300 consumer products equipped with Bluetooth.

Ericsson Technology Licensing earns money from two sources - license fees from chip manufacturers and royalties from manufactured chips.

This means that profits are maximized when the circuits reach a real mass market.

"This is why it is important to target the major players and the large semiconductor producers who control the market. If the manufacturers buy from us, they can go directly to the market with their products. This is where we offer a major advantage. We can demonstrate that our solution works, which minimizes the manufacturers' risk. We also offer extensive customization of our products. Nor can we disregard the strength of the Ericsson name. After all, we were the ones who invented Bluetooth and the customers know that Ericsson stands for quality," says Rob Cadman.



Rob Cadman

The president of the company, Maria Khorsand, is just as confident in the company's possibilities.

"Personally, I will do my best to ensure that we have the largest chip manufacturers as customers. Some of them have their own Bluetooth solutions, but ours is better and more stable, and we are incredibly cost-effective," she says.



Maria Khorsand

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Henrik Ringmar, right, president of Svenska UMTS Nät AB, notes the increasing stability of the 3G networks in preparation for commercial traffic. The photo was taken when he and Staffan Henriksson of Ericsson were jointly demonstrating video telephony at a recent seminar in Stockholm. PHOTO: PELLE HALLERT

3G networks increasingly stable

"The media debate about 3G is excessively negative. Our owners are financially sound and we have noticed that the networks are becoming increasingly stable." This is the view of Henrik Ringmar, president of Svenska UMTS Nät AB, partner company to Swedish operators Telia and Tele2.

In June 2001, Svenska UMTS Nät AB (the network company) selected Ericsson as its sole supplier of 3G equipment in Sweden. This was also the first contract in the world involving two operators working together to construct a shared 3G network. Many people were surprised that Telia and Tele2 – of all companies – decided to cooperate. Certain experts took the view that two major competitors with different market positions and corporate cultures constituted an altogether too volatile cooperation project. Yet one and a half years later, the two operators, aided by Ericsson, are building 3G networks in Sweden at a rapid pace.

"Thanks to Telia's existing infrastructure, we already have roofs, water towers and other structures on which we can install equipment," says Henrik Ringmar. "If we had to rely solely on building permits, our progress would have been considerably slower."

Henrik Ringmar believes that a major factor contributing to the success of the cooperation so far is that the two companies complement each other.

"The owners have a common goal and the ability to utilize each other's strengths. Telia has tradition and the most infrastructure, while Tele2 has cost control as its main strength, combined with the ability to initiate activities rapidly."

The network company's main task is to procure 3G networks for the two operating companies and

ensure that the networks are constructed in accordance with their wishes.

"We supply Telia and Tele2 with the platform that enables them to operate 3G networks. On the other hand, we are not involved in where and when 3G services are launched to end customers – each operating company handles that issue independently."

In common with other license-holders in Sweden, the network company has given an undertaking to deliver a nationwide 3G network by the end of next year.

"That is our target, and with Ericsson's help we will probably cover the major urban areas considerably earlier," Henrik Ringmar continues. "Our owners are financially sound and produce strong earnings, which makes us confident that we will succeed with this project."

Henrik Ringmar believes that the debate that breaks out in the media at regular intervals regarding 3G being behind schedule is exaggerated.

"Most of the stories are written to create headlines. Any new technology takes time to introduce; the same was true of GSM. While there are certain elements that are not fully functional at present, this is not at all unusual in an industrial-development context."

"During the first year, cooperation with Ericsson has primarily focused on making initial deliveries and completing the basic installations. Now we are in a new phase aimed at making the networks sufficiently stable for commercial traffic. This work will continue for six to 12 months, but we are already noticing the increasing stability of our networks," concludes Henrik Ringmar.

Brighter for Vodafone

Europe's largest mobile operator, Vodafone, was able to report reduced losses in its six-month report. Revenues before deductions increased 30 percent to USD 9.9 billion, which was higher than expected.

"We are really pleased with the figures. They are the fruit of a lot of hard work," comments Vodafone President Chris Gent.

Despite increased investments during the next six months, Vodafone expects to post a profit within six months.

Italy to get 3G this year

Italy seems likely to be the first country in Europe to have a functioning large-scale 3G network. Unlike Hutchison, which is trying to ease 3G into operation in Europe, Telecom Italia's mobile unit, TIM, has gone full steam ahead.

The company expects to sell tens of thousands of 3G phones with subscriptions by year-end. It is also planned that some 1,000 3G base stations, providing coverage in all the major cities, will be in operation by 2003.

Hutchison, by contrast, is uncertain whether it can deliver its 3G phones before Christmas, due to "minor technical problems."

OK to exchange 3G patents

As another link in its efforts to speed up the 3G build-out in Europe, the European Commission has now given the go-ahead for telecoms to exchange 3G patents.

The Commission sees the exchange of patents as a necessary step to speed up development and does not believe it will have a negative impact on competition.

The background to the Commission's ruling is a decision made during the summer by the Patent Platform Partnership organization to make it easier for manufacturers to utilize key 3G patents.

Telenor invests in Russia

Norwegian operator Telenor has decided to team up with VimpelCom and the Alfa Group of Russia to invest USD 175 million in mobile networks and mobile services in Russia. Telenor owns 29 percent of VimpelCom and plans to contribute one third of the investment sum.

"Russia is a growth market, with low penetration and a large population, compared with the Nordic market. We are focusing on this market long-term," says Telenor President Jon Fredrik Baksaas to Reuters.

To date, Telenor has invested nearly USD 350 million in mobile systems in Russia, and the company states that it is pleased with developments in the Russian market.

3D telephony in Japan

Not content with being in the front line of 3G development, Japanese operating company NTT DoCoMo now plans to be first to launch 3D telephony too.

On November 16, the company launched its new telephone model, SH25iS, which can show three-dimensional color images.

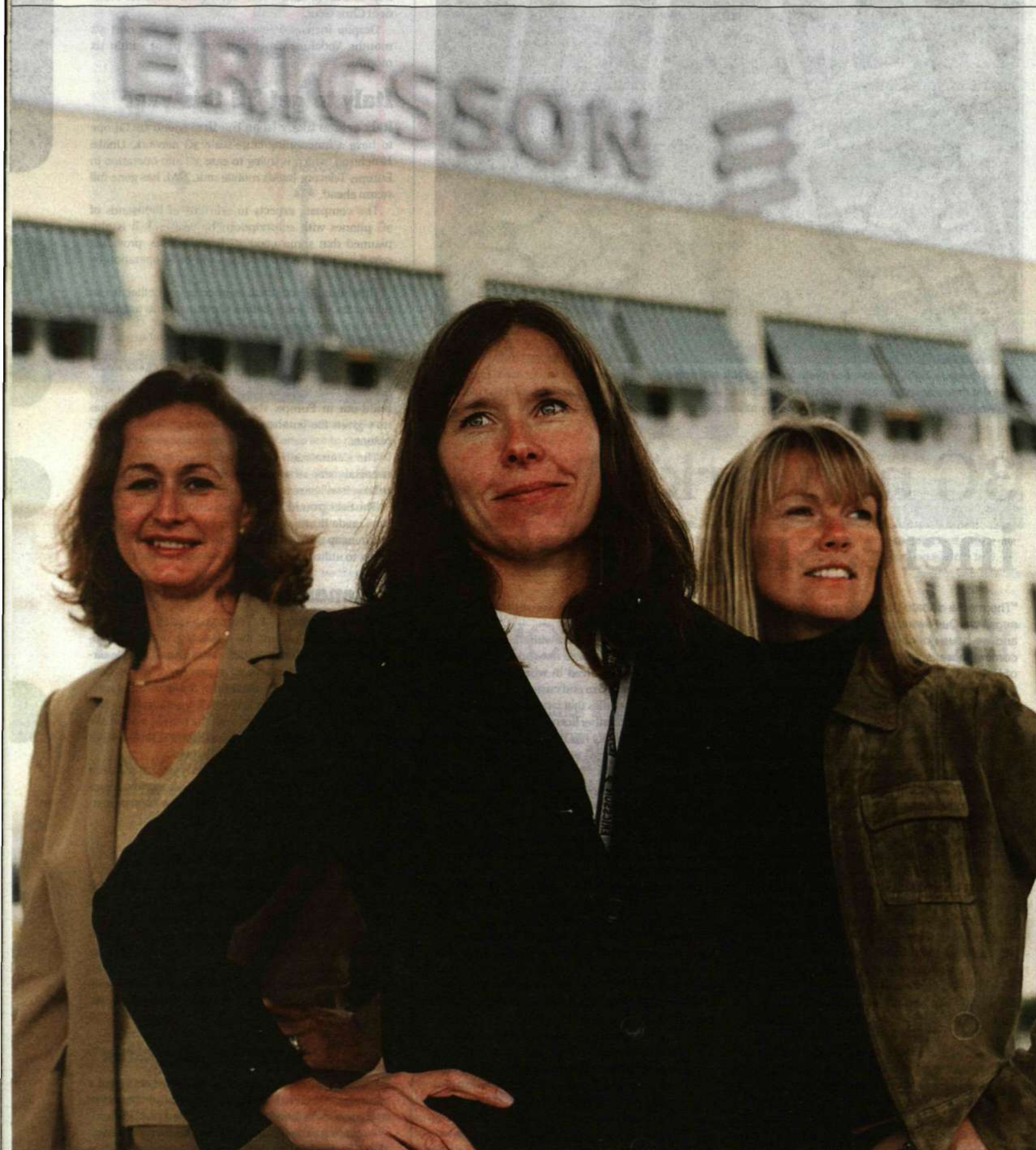
The mobile can convert ordinary two-dimensional images into images that also show the depth dimension.

Mobile screens film clips

German mobile operator T-Mobile has signed a contract with Sony Pictures for the right to show clips from movies on mobile phones.

According to the Financial Times, the contract will enable T-Mobile's customers to see clips from films such as Men in Black, Spiderman and xXx (Triple X). The price for the service will range from EUR 1.49 to 2.99, of which Sony will receive more than half.

Open policy best – even in tough times



Katarina Burton, Marie Lönn and Mari Nilsson are part of the team that was recently named Best Sales Team within Ericsson's market unit EMEA. The team signed two major contracts with Skanova, a Swedish fixed-network company, during the past year. Both contracts have created new business opportunities with Skanova.

PHOTO: TOMMY JOHANSSON

The team that sells fixed networks to Telia in Sweden was recently named the best fixed-network sales team in Ericsson's market unit EMEA (Europe, Middle East and Africa). The winning team attributes its strong success to their total disregard for prestige and their initiative in making counter demands, during a period when many other sales teams have experienced tough times.

Ten happy salespersons gathered in Kista on September 19 to accept the award as the Best Sales Team serving fixed-network customers in EMEA. The award was presented by Mats Dahlin, market area manager. There were many justifications for the award, but a large Engine contract with Skanova, Telia's fixed-network company, was a major factor. The package agreement, which was announced in January this year, has secured deliveries of products and support to Telia's fixed networks in Sweden through 2004. A few months later, another large contract was signed with Skanova, providing Ericsson with supply rights for MINI-LINK E, which further underlined the award-winning team's strong performance.

"Yes, we know we've achieved considerable success, and it's not because we work with naive customers who don't understand that economic conditions are weak," says Katarina Burton, head of the Telia Fixed Networks sales team in Sweden, with a smile.

Skip the prestige

Contact met Katarina Burton and two other members of the winning team – Marie Lönn and Mari Nilsson – to find out just what drives their specific sales team and what makes it so successful.

"There is probably no specific sales model adapted to all sales teams within Ericsson. However, I do believe all parties benefit from being open in their business relations and skipping any form of prestige-thinking," says Mari Nilsson. Marie Lönn has worked in sales for several Ericsson

units since 1996 and, based on her experience, she believes that a territorial approach is relatively widespread in many parts of the company.

"I've worked in sales departments where every member of the staff has kept a very firm grip on his or her contacts. Many people seem to think there is an element of power in being the only person with their specific knowledge," she says.

"For the individual salesperson, this approach may seem profitable over the short term, but it can also be devastating for the company. If information is not shared within the team, it can be extremely difficult to create an holistic overview of a customer, which is a basic prerequisite for the success of any sales team."

They believe a sales organization should be a key element in building relations with customers and within Ericsson. Katarina Burton also says that everybody within the company who can contribute is welcome to work with their customers.

"It's important to utilize and take advantage of all available expertise. We often bring colleagues with specialized know-how to our customer meetings. They are much better qualified to answer detailed questions about design and technology. Customers think their input is a positive factor, and their assistance also saves a lot of time," she says.

The sales manager's approach is also a key factor in the success of any sales team.

"From the very beginning, we have always had the

confidence of our manager, Karl Thedéen. His support allows us to make many important decisions during our meetings with customers. You grow, quite simply, as a salesperson, which in turn, instills confidence with the customers," says Mari Nilsson.

Initiative in counter demands

The ability to place counter demands on customers is a delicate art, but also an absolute necessity in creating profitable, long-term business relations, according to all three women. They also work hard to make every transaction profitable for both parties.

"You can only place counter demands on customers if you have something good to offer them and, in order to make our intentions crystal clear to the customers, we work with so-called package agreements," says Katarina Burton.

A package agreement is a written business agreement that states clearly what both parties will give and take if the agreement is signed. Both of the contracts with Skanova, as mentioned above, are based on these types of package agreements.

"This approach, naturally, has not evolved without a few snags. As a salesperson, it's important to learn that you have to give in to certain demands and the customer has to give us something that will enable us to develop more business in the future. However, as long as we can show that it's profitable to be a long-term customer, our experience has proved that a mutually beneficial agreement can always be reached."

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Footnote: Other members of the winning sales team are Karl Thedéen, Ulf Holm, Anders Hillbur, Waldemar Dyrak, Bo Andersson, Peter Augustsson, Fredrik Norring and Ulf Stenbom.

"Business relations are better than ever"

"We have been forced to resolve various differences in order to move forward together," says Martin Pehrsson, purchasing manager at Skanova. He also says current business relations between Skanova and Ericsson are better than ever.

Martin Pehrsson is responsible for procurements of system platforms at Skanova, Telia's fixed-network company. He or members of his 12-person purchasing team attend business meetings with the telecom industry's largest system supplier almost every day. In a market where competition for contracts is more intense than ever, good business relations are extremely important.

"The most important factor in good relations with system suppliers such as Ericsson is that we have mutual trust and confidence in each other. Naturally, we have to abide by what's written in the contract, but there should never really be a need to refer to the contract. The terms we have agreed to should be so precise and deeply rooted in the contract that everything just moves forward without any problems," he says.

In the past, he says, Telia (then Televerket) and Ericsson were able to take each other for granted in the business world, but those days are gone now.

"We have a customer-controlled market today in which the supplier that presents the best offer is

awarded the contract. We can never ignore the fact, however, that we have a nationwide telephone network that was delivered by Ericsson, and Ericsson is still our largest platform supplier."

Martin Pehrsson says his experience from contacts with Ericsson sales personnel is extremely favorable.

"I have only worked here three years, but I believe Ericsson is much better at selling its products today than when I joined Skanova," he says.

He is particularly pleased that Ericsson has discontinued the practice of what is commonly referred to as backdoor selling.

"There was a time when Ericsson tried to sell the same solutions to management personnel at every possible level and unit within the company. In the best case scenario, these people received the same information about the contract terms, but the result was usually chaotic and created irritation and misunderstandings," he says. Today, he and his staff have close and mutually beneficial business relations with Ericsson.

"Absolutely, we have signed a few major contracts this year (see article above). These contracts will pave the way toward longstanding cooperation and, for Ericsson, they offer an opportunity to become more involved in our radio link activities (MINI-LINK)."

The close business relations were not created overnight, however. Martin Pehrsson says there were some old differences that had to be settled before the companies could move forward.

SKANOVA

Skanova, formerly Telia Nät, is a subsidiary of Telia AB with about 2,700 employees. Skanova operates Telia's telecommunications networks for fixed telephony and data communications in Sweden. Skanova's telephony networks include access networks, telephony networks, data communications networks and networks for Internet services. Customers consist primarily of telecom operators and service providers.

"It was mainly a matter of some unsuccessful cooperation projects from past years that had never been completely resolved. The package agreements we sign with Ericsson today, however, have also helped clean up old business."

What he would like to see in Skanova's business relations with Ericsson is a stronger element of risk sharing, whereby both companies enter projects for which they assume the same risks and reap the same potential rewards.

"Both companies would benefit, and it would create the same goals for the implementation of any given project," he says.

JENZ NILSSON

More traffic in networks – engine for telecom sector

Frequent use of mobile telephones and handhelds – this could be the recipe for success for operators and telecom providers. Ericsson in Asia is now implementing a program aimed at increasing voice and data traffic in networks, in accordance with a proven concept.

In certain countries in Asia and Europe, mobile penetration is nearly 100 percent. The operators in these countries can no longer measure their success in numbers of subscriptions alone – they must start to measure how much voice and data traffic is carried in the networks.

At Ericsson, interesting ideas abound regarding how the public and companies can use their mobile phones and handhelds more often and in a greater number of ways. This was demonstrated, for example, when Ger-

many, Austria and Switzerland implemented the Vision Program a year ago, a project aimed at increasing traffic in telecom networks. A similar initiative is now underway at Ericsson in Asia, this time using the name Traffic and Revenue Growth Program.

Smart use of mobiles

"This is an excellent way of spreading and reusing good ideas within the company. Through close dialog with the operators, we will try to find new and smart areas of

use for the mobile phone," says Ragnar Bäck, head of Market Area Asia Pacific. He was responsible for Market Area Western Europe when the Vision Program was initiated and was one of the people who had confidence in the idea from the start.

The program in Asia consists of two parts. One part is conducted from Market Area Asia Pacific and is based on using the employees' ideas in the area and increasing own usage of mobile functions.

A competition has just been started, whereby the employees can submit their ideas via an Internet site. The best idea will be rewarded with a Sony Ericsson P800 handheld.

"We have already received about 180 suggestions on the recently launched Web site. When the competition was held in Europe, about 2,000 ideas poured in, out of which we conveyed about 200 to the op-



Göran Eriksson

erators for further development," says Göran Eriksson, head of the Traffic and Revenue Growth Program in Asia.

He also emphasizes the importance of all Ericsson employees being good ambassadors for mobile usage. For example, everybody should know how to hook up a group call, how to use the call-waiting function and especially how to use voicemail regularly.

"This type of knowledge is often passed on in an informal manner, such as during dinners and when a neighbor asks, so it is important to know this," Göran Eriksson emphasizes.

Positive workers

The second part of the program consists of workshops for operator customers. These are arranged by the customer organization and have already been under way for six months, with positive results.

About half of all operators, including SingTel, from Singapore, FarEasTone, from Taiwan, and SmarTone &

Peoples, from Hong Kong, have already participated in these workshops. It is expected that all customers will have been offered the possibility to participate before Christmas.

"The workshops are highly appreciated. But what is more important is that we have moved on to concrete solutions with many of the customers, everything from developing new applications to their choice of Ericsson for various types of consulting services," says Tomas Ageskog, vice president, Mobile Internet and Systems Integration, Southeast Asia.



Tomas Ageskog

"The team that conducted the workshops has done a fantastic job and are worthy of generous praise," he continues.

In these forums, Ericsson discusses with the operators how voice and data traffic, as well as network qual-

ity, can be increased for them. It is a matter of such factors as pricing models and new and improved applications.

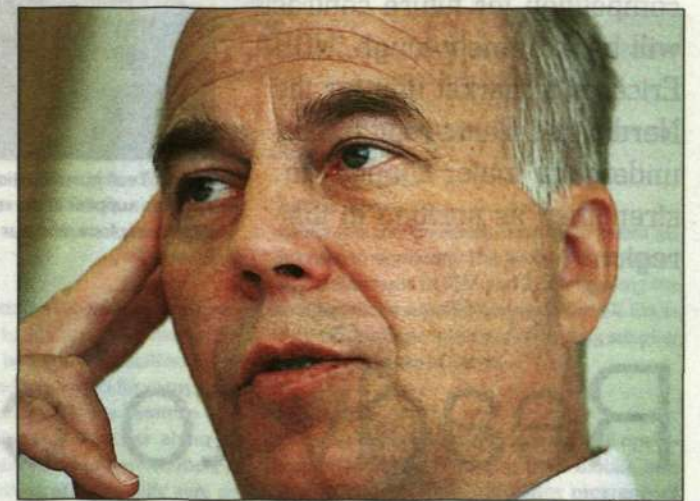
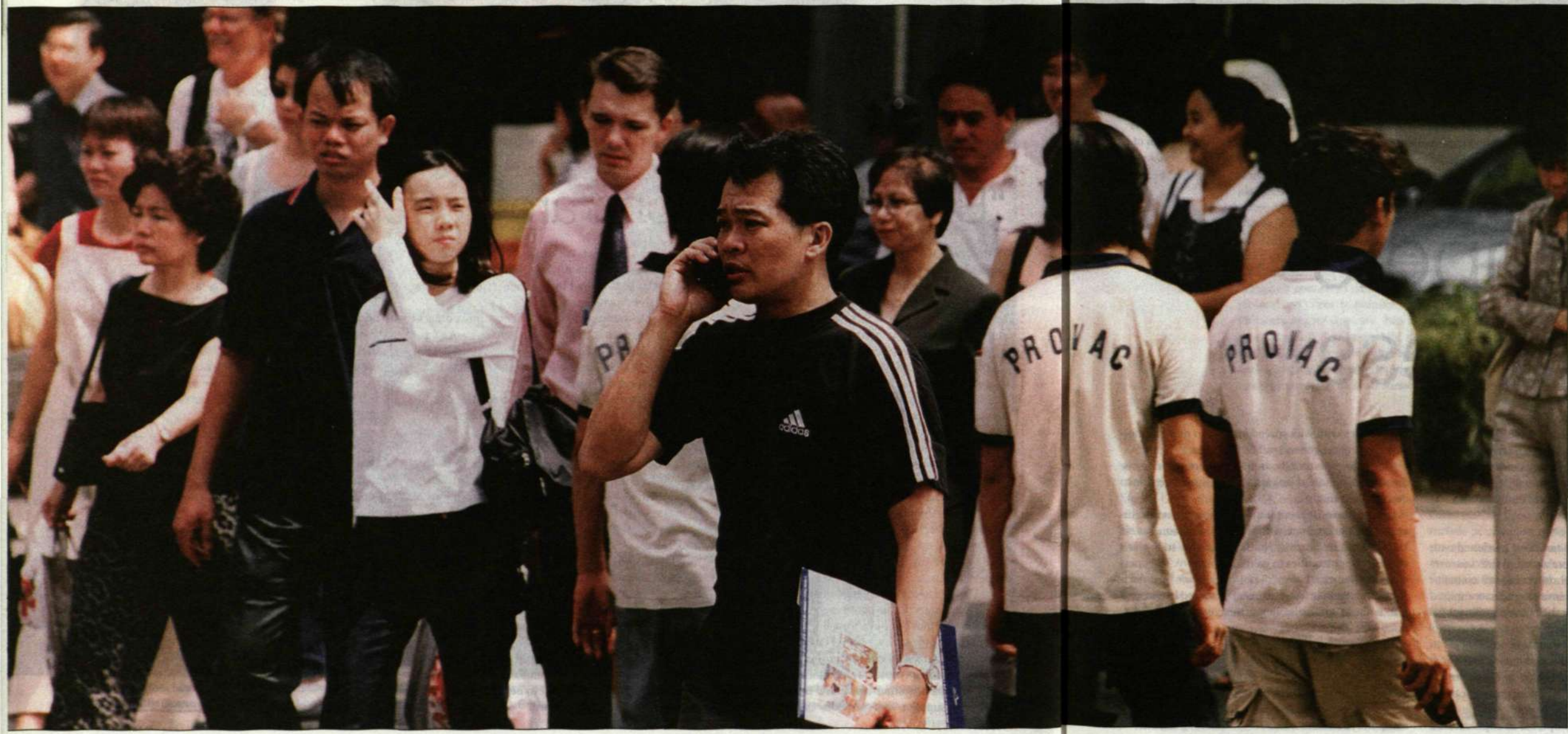
"We also look at other operators' good examples. For example, an American operator offered its customers the possibility to make a large number of calls for a fixed monthly fee. This meant that subscribers began to call very much more. Another example is special call charges for internal calls within a company. This has led to employees gradually progressing to only using their mobile phones," says Göran Eriksson.

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The suggestion box can be found at:

www.edd.ericsson.se/vision/apac/



Through close dialog with the operators, we will try to find new and smart areas of use for the mobile phone

Ragnar Bäck

Ericsson in Asia is focusing strongly on increasing voice and data traffic in networks, partly by picking up on employees' ideas for new methods of use and through workshops with operators' customers. The mobile subscribers in most countries in Asia already use their phones for much more than merely calling and new types of services often arouse a large amount of interest.

PHOTO: LARS ÅSTRÖM

Steinar Tveit on:

Fixed networks

"In discussions of 3G, it's easy to forget the fixed networks. The market for fixed networks is extremely important to us, and we have achieved significant success in our business activities with Engine. Fixed networks comprise a large part of our total sales, and we shall continue to invest in this field. Strong focus is also placed on broadband access - a large and aggressive sector throughout the entire region."

Telia and Sonera joint venture

"We have good relations with both companies, and I consider the merger a positive factor. Several other companies, of course, also see the potential it offers, but I believe we have a solid position for cooperation with Telia Sonera."

There is strong business potential in the Nordic and Baltic countries, but the competition for future contracts will be extremely tough. NOBA, Ericsson's market unit for the Nordic and Baltic region, has undergone major changes to strengthen its position in the region.

Ready to compete for future business

The market unit completed its first year of operations earlier in the autumn, but the anniversary celebration will have to wait. All of NOBA's strengths, instead, are focused on Ericsson's goal to meet customer demands when 3G begins to gain greater momentum in the region. Steinar Tveit, head of the market unit, believes there is good reason to be optimistic about its future potential.

"Regardless of when 3G gains momentum, the Nordic region will be one of the first deployment areas. Ericsson's position as one of the dominant system suppliers in the Nordic region will provide a head start in new mobile services," he says.

Tests in preparation for commercial launch have already been conducted in Finland, Norway and Sweden. And even today, Ericsson is supplying 3G operating services to Tele2 and Telia, two of the region's largest operators, via their jointly owned company Svenska UMTS Nät AB in Sweden. Deliveries are also being made to Hi3G, the operator now called 3.

Steinar Tveit is optimistic about the market unit's future in the Nordic and Baltic region. Ericsson is a very strong systems supplier in the region and 3G networks are being built at a rapid pace. "A large part of the infrastructure is already in place, and our customers have solid financial positions, compared with most operators in other parts of Europe."

PHOTO: TOMMY JOHANSSON

The strongest indicator of early 3G deployment in the Nordic region is the fact that a large part of the infrastructure is already in place. Ericsson's customers within NOBA also have sound financial positions, compared with most operators in other parts of Europe.

Significant potential

"Most of our customers have not been burdened with expensive 3G licenses, but were awarded the contracts by government authorities through beauty contests. And although customers are investing less, compared with a few years ago, I believe they have significant future potential," says Steinar Tveit.

He also thinks the media debate surrounding 3G in the Nordic region is too negative and one-sided.

"There are many bright spots that are never mentioned in these discussions. We have aggressive operators with sound finances in the Nordic countries, and they believe in 3G. They also operate in sophisticated

IT countries with widespread interest in new technologies among the general public," he says.

"Sometimes, naturally, our customers want to see the value of certain solutions, and we should be able to demonstrate them."

One of the unit's most important objectives is to increase its market share within UMTS. Ericsson has six UMTS contracts in the Nordic countries today, but there are opportunities to gain several more. The operators in Denmark have still not made their final decision, and Steinar Tveit expects Estonia, Latvia and Lithuania to gradually begin their contract negotiations with suppliers.

"We must work hard for the contracts, but we will take them. We have experienced a difficult year and, unfortunately, many skilled employees were forced to leave our unit. Concurrently, the cutbacks forced us to review our processes. I believe we now have a highly competitive structure."

Market unit in brief

Sweden

Of all countries in the NOBA region, Sweden has made the most progress in terms of 3G network expansion. Telia and Tele2 are the two largest 3G operators in Sweden. They are joint owners of Svenska UMTS Nät AB, a company that relies on Ericsson as its exclusive 3G supplier.

Telia and Tele2 also have the largest mobile subscriber base in Sweden. An exciting challenger is Hi3G (now 3), a 3G operator owned by Hutchison Whampoa and Investor. The pending merger of Telia and Sonera, Finland's largest operator, is also an interesting development for Ericsson.

Norway

Interesting developments in 3G are now emerging. During the past year, the four original 3G network licensees in Norway were reduced to two (Telenor and Netcom). Tele2 of Sweden and Telenor have also entered an agreement that gives both companies the right to utilize each other's networks in

Sweden and Norway. Expansion of Norwegian 3G networks has been started, but has not progressed as far as development in Sweden. Norway is the leader in ISDN penetration (Internet connections via digital telephony systems). Ericsson is Telenor's ISDN supplier.

Denmark

Denmark is investing strongly in broadband. As opposed to Norway, ADSL (Internet connections via conventional telephone lines) is the dominant choice, and Denmark is the European leader in ADSL penetration. Ericsson is a major player in ADSL and delivered the system solution used by TDC Tele Danmark, the country's largest operator.

Negotiations for 3G supply contracts have not been finalized, but a great deal could happen in this area during 2003. Customer relations with Iceland and the Faeroe Islands are also managed from Denmark - two small but interesting markets where Ericsson has large shares. Ericsson recently sold a total solution for MMS to Iceland Telecom.

Finland

Ericsson's chance to capture market shares in Finland will come in parallel with 3G. Sonera, Finland's largest operator, has already implemented a soft deployment of its 3G network and two other licensees, Elisa and Suomen 3G, are now in the process of deployment. Ericsson has 3G contracts with both Sonera and Suomen

Order processing, which was previously divided into seven different areas of the market unit, is now based completely on standardized processes and the global Market Unit Solution (MUS), under the management of one central unit. Sales support functions have also been centralized and similar standardization efforts are now being conducted in other sections of the market unit.

"We are also structured so that we have a presence in locations where our customers conduct their operations. This provides strong potential to operate and maintain our customers' networks, which represents an important area of our future business activities," he says.

Aiding customer growth

Several times during our interview, Steinar Tveit mentioned the importance of helping customers grow. "And this goes beyond NOBA's borders. If a customer

wants to expand outside the market unit, we also have the resources to help them do it."

The Baltic region is a highly attractive market. Development within telecommunications in the Baltic countries has been very strong. Estonia is approaching mobile penetration of 60 percent, and corresponding penetration in Latvia and Lithuania is about 40 percent. All three countries are also making strong advances in fixed networks and mobile services.

"Ericsson is not the only company to discover the business potential offered by the Baltic countries. We have to be aggressive and capitalize on our experience in the Nordic countries in order to also achieve success in the Baltic nations."

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ILLUSTRATION: BJÖRN HAGGLUND

3G. The contract with Suomen 3G was actually the world's first commercial UMTS contract. Ericsson is also the main supplier for Suomen 3G's GSM/GPRS network. The first commercial 3G services will be available next year.

Estonia

With mobile penetration approaching 60 percent, Estonia is a highly attractive market for Ericsson. Ericsson in Estonia specializes in the mobile Internet, and has served for many years as primary supplier to EMT, the Estonian government-owned operator that has about 60 percent of the country's mobile subscribers in its networks. Estonians are generally very receptive to new technology and Estonia is highly important as a test market for new mobile services.

Company manager Veiko Sepp also heads the mobile Internet Drive group, which is active

in Market Area Europe, the Middle East and Africa.

Latvia

Latvia was the first Baltic country to award 3G licenses to operators. The licenses were issued in October 2002 to LTM and Tele2. Pending the finalization of supplier contracts for 3G, Ericsson will continue to serve as a leading supplier of fixed networks in Latvia.

Lithuania

Ericsson has business relations with all operators in Lithuania, covering both mobile and fixed networks. Some interesting programs of cooperation focused on mobile Internet are now in progress with Bité, an operator owned by TDC of Denmark. As in Estonia and Latvia, the government in Lithuania will relinquish its operator's monopoly at the end of 2002.

3G-CONTRACTS

Ericsson's 3G-contracts within NOBA

Operator	Country
Telenor	Norway
Ålands Mobiltelefon	Finland
Sonera	Finland
Suomen 3G	Finland
Svenska UMTS Nät AB	Sweden
Hi3G Access	Sweden

Service manager projects strong growth

Services Growth Program – a tool intended to increase Ericsson's sales of support services – has been in progress within NOBA since the summer. Tor Frydenberg, head of Ericsson's operations in Norway, is managing the program and projects a strong increase in sales during the next few years.

Every sales team in NOBA today should realize that sales of services are just as important to securing Ericsson's future as system sales. But to achieve significant success through growth in the service sector, it is essential to provide key account managers (KAMs) and sales teams with pertinent knowledge and strong sales arguments.



Tor Frydenberg

"One argument that all customers understand is that we can operate and support their networks more cheaply than they can. Simply because we conduct these activities on a larger scale by serving more operators simultaneously," says Tor Frydenberg and continues:

"NOBA has signed three major support contracts within recent months. All of the agreements were entered in conjunction with large system contracts, which provide us with good references to expand and develop our service offering. We now have to market our services as a separate business offering and sell our support services in competition with other service companies in the marketplace," he says.

Good projects in progress

Tor Frydenberg reports to a control group comprising representatives of Global Services, market unit manag-

er Steinar Tveit, personnel within business development and the NOBA Services line organization, as well as some of the market unit's key account managers. The group's strategy is both simple and self-evident.

"We will focus more strongly on areas such as system integration, network optimization and managed services – areas that offer much more potential today in relation to current business opportunities. In parallel, we will increase our activities in areas where we already have firmly established positions, such as customer and network support and hardware services."

Strong growth anticipated

So-called "tiger teams" consisting of salespersons and other personnel from Global Services have been formed for each of the areas outlined above.

Their job is to identify business opportunities and adapt NOBA's service offering accordingly. Tor Frydenberg says several interesting projects are now in progress, and he anticipates strong growth in NOBA's service activities.

"We will increase our sales of services significantly during the next few years. Our goal is to establish NOBA as Ericsson's leading unit in this area, which we also believe is a realistic goal."

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Frontline support is critical

Marie Lönn is manager of service sales to Skanova, Telia's fixed-network company in Sweden. She has noticed a positive attitude change among customers, particularly in terms of their willingness to pay for service and support.



Marie Lönn

"The business potential is substantial, but the people who meet with customers need strong sales support," she says.

Marie Lönn has managed sales of services to several different Ericsson customers in Sweden since 1996. She is one of the people who has to convince customers in face-to-face meetings that Ericsson can operate and support their networks more cheaply and better than they can.

"It's a challenge, particularly in terms of product-related services such as support and installations. Customers have always managed these aspects of their operations by themselves. We often conduct lengthy discussions with customers to help them

understand the value added they can derive by purchasing services," she says.

She has noticed, however, that many customers have finally started to recognize the value of support services offered by Ericsson and that these services are not free of charge.

"I am convinced there are major business opportunities for Ericsson, especially in service areas where Ericsson is not so well-known today."

To capitalize on these business opportunities, however, many of the people who sell support services need better sales support.

"We have to work much harder with pricing. There are standardized pricelists to follow, but they provide only certain guidelines. Although it's difficult to put a price on human resources, our prices should reflect a correlation with the values that are offered to the customer," she says and continues.

"If we get receive help in this area, I will be able to spend much more time in the field with customers, which is where I work most effectively."

JENZ NILSSON



Ericsson is fully engaged in the construction of 3G networks in Sweden, and the other Nordic countries are next in line. This picture shows the installation of UMTS base stations for the telecom operator 3 on a hotel roof in Stockholm. A Services Growth Program was launched recently within the market area and, hopefully, will lead to additional network support and operating contracts for Ericsson. PHOTO: TOMMY JOHANSSON

An operator that wants to make waves

Hi3G, one of Ericsson's 3G customers, has changed its name to 3. The new name is intended to accelerate sales of mobile services and handsets, including sales in the Nordic countries. With the global operator Hutchison as its majority owner, the company called 3 presents an exciting challenge to established operators within NOBA. And the company is not opposed to outsourcing its network operations to suppliers such as Ericsson.

Hi3G will remain the legally registered name of the company in the future. But it will be as 3 that Hi3G hopes to attract subscribers with mobile services and other UMTS-related products. The company has taken another step, accordingly, in aggressive 3G investments that started when Hi3G entered the Swedish telecom market a little more than two years ago.

"We are a pure 3G operator focused on mobile multimedia services. Our goal is to make it easier for our customers to utilize images on their mobile handsets. These may include pictures that customers take of themselves and send to friends and acquaintances or pictorial material from other media companies," says Niclas Lilja, information manager of 3 in Sweden.

For the past two years, the company has built UMTS operations from the ground up – with financial support from its two main owners, Investor and Hutchison. The 3 brand is registered today in nine countries in all parts of the world. All of its local companies use the common IT platform developed by Hutchison.

"We could never afford to build the same type of IT functionality here in the Nordic region all by ourselves. The same applies to our brand investments and mobile telephony contracts. Hutchison is the driving force behind these investments," says Niclas Lilja.

Pleased with Ericsson

In the Nordic region, 3 has UMTS licenses in Sweden and Denmark. Ericsson is the 3G supplier for the company's networks in the Swedish metropolitan areas of Malmö, Gothenburg and Stockholm. The company is satisfied with Ericsson's handling of network construction activities.

"Everything has gone extremely well, and we now have 3G coverage in the metropolitan areas. In parallel, we are also building a network that



JENZ NILSSON

will provide coverage in rural areas of Sweden. Our main cause for concern is the time-consuming process involved in acquiring building permits for the construction of 3G towers," he says.

Similar to applications filed earlier by Orange and Vodafone, Hi3G recently applied for changes in licensing terms and conditions for 3G expansion in Sweden.

"In our judgment, it's impossible to create 3G coverage throughout Sweden before the end of next year, simply because the licensing process takes much longer than we anticipated," he says and continues.

"We don't want to force the issue before we have stabilized our processes and developed our services. The most important goal, after all, is to meet the expectations of our customers."

Springtime launch

Hi3G is now working with several mobile service development companies and testing various services that will soon be launched on a broad front within the Nordic region.

"In the spring, we will initiate sales of both mobile phones and services in the areas where we have established 3G coverage. Eventually, we also plan to offer new mobile services in parallel with the expansion of our networks."

The company is also receptive to future outsourcing of its 3G network operations to suppliers such as Ericsson.

"We are constantly looking for alliance partners. With regard to allowing another company to manage our networks, the concept poses an interesting alternative for the future. In the initial phase of operations, however, we want to have complete control over our own resources. In the early phase of operations, 3 will focus mainly on Sweden and Denmark, but, in the not-too-distant future, we would also like to establish operations in one of the other Nordic countries."

"Negotiations are now in progress, but nothing has been finalized," says Niclas Lilja, who adds that 3 hopes to create a little turbulence in the Nordic 3G market.

"There are several operators in this region that, traditionally, have strong market positions. Orange and 3 are now starting to stir things up and make some waves, which should please the consumers. Eventually, this could lead to lower prices charged to consumers for less sophisticated mobile services, such as conventional calls," he says.

Niclas Lilja, information manager of 3 in Sweden, is pleased with the way Ericsson has handled the construction of his company's 3G networks in Sweden. When the processes and networks have been stabilized, 3 might also contract suppliers such as Ericsson to manage network operations.

University magazine to join forces with *Contact*

YOUUnique, Ericsson University's magazine about knowledge and learning issues, will be discontinued as a separate publication. Instead, information from Ericsson University will be even more accessible via the organization's monthly newsletter and *Contact*.

"The fundamental purpose of Ericsson University is to support corporate strategies with learning, education and training. So it's logical that our communications should be seen in corporate channels," says Per-Olof Nyquist, head of Ericsson University. "To attain corporate goals, we need to identify what competence is needed. Ericsson University will be visible as an enabler for employees to get that competence and connect it more directly to business goals."



Per-Olof Nyquist

The final issue, available only on pdf format from the Ericsson University homepage, is only the fourth edition. "YOUUnique built up a big fan base in a short time," says Ericsson University's Manager of marketing and communications Pia Åkerdahl.

"But this is not the last you'll hear from us. Our mission is still to help employees find appropriate and efficient ways to develop their competence in line with the corporate strategies, and to expand people's view of the concepts of knowledge and learning. The only thing that has changed is where you'll find this type of information."

Subscribe to newsletters and download YOUUnique at the address below. Among other things, the topics cover Total Solutions from both the sales and development points of view, blended learning, knowledge networking and a feature on how IBM transformed itself from near-bankruptcy to a successful business today.

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Issue 4 | December 2002

YOU UNIQUE

Tap into world wide web of wisdom by using Knowledge Networking

The publication about your knowledge and how you enhance it. Ericsson University.

Solutions
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Learning 2.0
The perfect blend p5

IBM
The remake of a business p8

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YOUUnique is being discontinued, but information from Ericsson University will be even more accessible via *Contact* and the University's own newsletter.

Final issue of YOUUnique, available only as pdf:

YOUUnique Issue 4 | December 2002

Tap into the real Internet by using Knowledge Networking

In the final issue of YOUUnique you will also learn about the forces behind the need for Total Solutions, how IBM transformed itself in 5 years, and the advantages of Blended Learning.

Download YOUUnique at: university.ericsson.se



Difficult to quantify value of improvements

"Our new GSM base stations have many powerful features, but it is sometimes difficult for us to explain to customers what the improvements are worth," says Enrique Roitman, who works with technical sales support for GSM and WCDMA.

Enrique Roitman is one of twelve persons working with technical sales support for the radio network and O&M (Operations and Maintenance) for GSM/EDGE and WCDMA. The group's tasks include assisting the marketing and business units in developing the customer value proposition for new products and versions.

Ericsson's products often provide benefits that are difficult to sell to operators.

"One example is the latest GSM base stations, the RBS 2206 for indoor applications and the RBS 2106 for outdoor use. There are many more significant technical features in these products than the obvious benefits that they are compact and take less floor space, but all these technical features have not been sufficiently emphasized," says Enrique Roitman.



Enrique Roitman

Turning benefits into requirements

To get customers to really understand the value of Ericsson's design, Enrique Roitman believes that benefits must be translated into fundamental operator requirements. Operator requirements can then be given a monetary value, but this is not always the case.

"The important thing is that customers perceive our radio system as the best alternative. Money is not always the sole measure of value. Goals vary in different parts of the operator's organization, for example. Company management is focused on overall financial objectives, while operations personnel put the emphasis on simple and reliable network operation," notes Enrique Roitman.

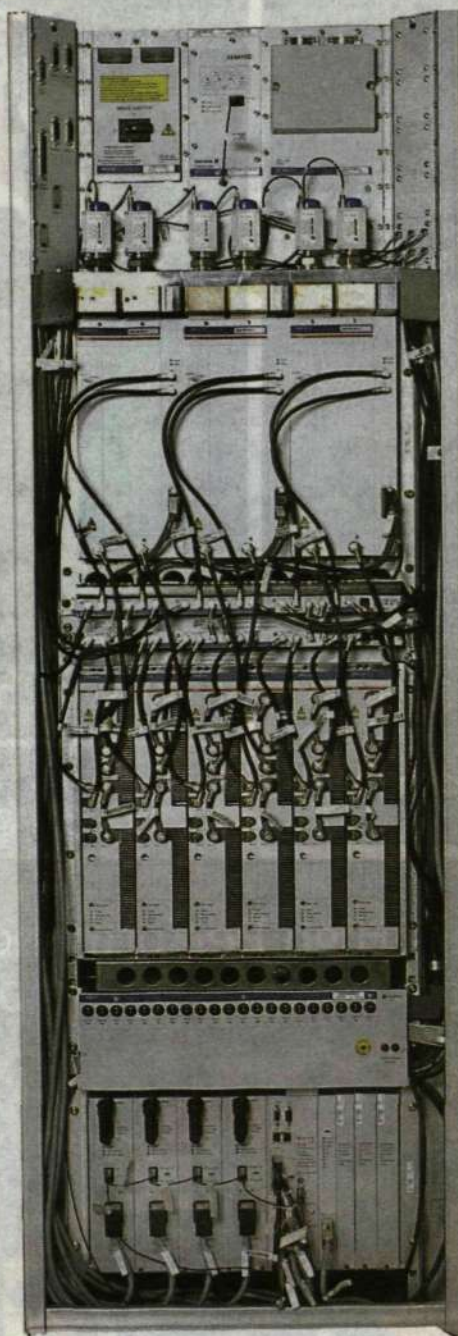
Benefits may be very tangible and include maximizing reuse of sites, maximizing coverage or minimizing network disruptions, fewer site visits with less time at the site, fewer spare parts or lower power consumption.

"Our role is to understand the customer's requirements and to help the market and business units to explain how our product portfolio fulfills these requirements," says Enrique Roitman.

The latest model

The new RBS 2206 GSM base station is shown in the photo. The air ducts for cooling are located on the top of the cabinet, which is not visible here. Immediately below on the inside are the six injectors for the power supply to the TMA (Tower-Mounted Amplifier) units and beneath them the CDU (Combining and Distribution Unit), which combines the radio signals before they are fed to the antenna. The lower units beneath the CDU are the ASU (Antenna Sharing Unit) and the CXU (Configuration Switch Unit), which makes it possible to reconfigure the base station through software.

There is also a DXU (Distribution Switch Unit), which provides the interface between the transceivers and the transmission network. Beneath this unit are the large dTRU (double Transceiver Units), which are a key component in the base station. The row of holes below the dTRUs are air intakes. The power supply is located at the bottom.



When a new base station is presented, it is not always easy to convince the customer of its benefits compared with the earlier model.

PHOTO: ECKE KÜLLER

When the cabinet is closed, three indicator lights tell operations personnel that the station is operating normally, that the battery is OK and that the alarm system is working.

Many features are of course not visible, including processor power, software and other components.

LARS CEDERQUIST

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Footnote: In the next few issues of *Contact*, the Technology column to the right will highlight the value of some of the technical features of the base station. In this issue, we describe how power consumption was reduced.

Energy-efficient base stations

A base station that supports more traffic (as measured in Erlang per kWh or kbps per kWh) for the same amount of power increases revenues for the operator. Ericsson's latest GSM base stations, the indoor RBS 2206 and the outdoor RBS 2106, are significantly more efficient in this regard than their predecessors in the 2X02 series. Sites equipped with a 2X06 base station consume up to 20 percent less power, thus significantly reducing operating costs. Sites with 2X06 base stations also deliver extra decibels of transmit power, meaning better coverage for the same power consumption.

These improvements were made possible by a higher degree of integration, meaning that the same work is done by a smaller number of replaceable units (RUs). The capacity previously provided by two RBS 2X02 units can now be delivered in a single RBS 2X06, which has only half as many RUs, each with half as many DC-to-DC converters, compared with two RBS 2X02 units. Because each conversion involves a 20-percent power loss, this results in a saving of about 10 percent.

By optimizing system design and configuration, better power efficiency is achieved, in part because the system is designed for optimal power efficiency for the capacity delivered. The RBS 2X02 was optimized for the best power efficiency for an assumed maximum power consumption (extreme operating conditions such as when charging the battery), while the RBS 2X06 was designed for high power efficiency during normal power consumption (from average to high traffic loading). In this manner, power efficiency is increased by an additional 10 percent.

The RBS 2X06 base stations also have several other technical enhancements that further reduce power consumption.

Intel paves the way for wireless LAN

In the 1980s and 1990s, chip manufacturer Intel contributed to creating the successful Ethernet standard for local data networks. Now Intel is driving development of the corresponding standard for wireless LAN (WLAN) access according to the 802.11 standard. Early next year, Intel will launch the wirelessly enabled Banias processor.

By 2004, the number of hot spots for WLAN access will triple and 90 percent of all laptops will have WLAN capability, according to forecasts. The typical user will be a person who takes a laptop home and wants to be able to roam without interruption all the way home. Intel is now testing intelligent roaming in which collaboration between such companies as AT&T Wireless, Cingular, Verizon, Intel and IBM will be crucial.

www.internetnews.com/wireless

Update your Outlook profile. When changes occur in the organization, for example, certain fields in your Outlook profile are automatically updated. These include function designation and company. Some information, however, you must update yourself, such as mail address, job title, assistant and notes. Since there is no separate field in Outlook for room number, you should enter it directly after the address.

These fields can be updated with the following tool:
<https://ewa-al.ericsson.se/user/>

There is no point in updating other fields, since they are overwritten by other systems.

A few domains use Exchange for updating telephone numbers. Look up your name in:

<http://people.ericsson.se>
If Exchange is specified after Telephone, you should also update these fields yourself, according to Gunilla Ahrens at Ericsson Solutions Management.



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Hellström's style praised

Kurt Hellström has been heavily criticized in the media for his straightforward style of management, including his early warning of a downturn in the telecom sector. Mats Tyrstrup, doctor of economics at the Stockholm School of Economics has monitored a number of Swedish executives, and find the criticism unjustified.

Mats Tyrstrup's research into corporate management and managers was recently published in the book *Tidens Furstar* ("Sovereigns of Time," Studentlitteratur). One of the chapters in the book includes comments on Ericsson's development in recent years. In it, Mats Tyrstrup explains the conditions for the company executives' work and why the type of forthright and honest behavior demonstrated by Kurt Hellström is the most credible and therefore also the most successful in the long term.

"When the first signs appeared of a downturn in the telecom sector, Kurt Hellström stated things as they were, and that he didn't exactly know the extent of what was about to happen. That's an honest approach in my opinion. But a person can also be accused of incompetence because there is



Mats Tyrstrup

a belief that the company executive's role is always to know everything. You can certainly think that is the case, but there is also a reality that limits what it is possible to know."

Mats Tyrstrup forecasts that Kurt Hellström and Ericsson will be able to draw major benefits from this accumulated credibility when the economy turns around.

"When he appears and tells us that he believes the turnaround has come, his words will literally be worth billions. This is because he has stuck to the truth. There are other ways of looking at Kurt Hellström's efforts than accepting what has become the customary image."

Mats Tyrstrup works at the Center for Advanced Studies in Leadership at the Stockholm School of Economics.

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Ericsson awards teachers

Ericsson in Hungary recently announced the yearly awards for mathematics and physics teachers of secondary schools.

The award aims at providing moral and financial appreciation for teachers who have popularized the subjects or encouraged individual talents. National test results are used to select the winning teachers.

Modeling Miss Nigeria

After gracing fashion hotspots

Paris and Rome, the Nigerian fashion show visited Sweden. Ericsson co-sponsored the event, which was arranged by the Nigerian embassy. Clothing and accessories, but also Nigerian art, took to the catwalk, and after the show it was possible to purchase Nigerian handicraft.

Sylvia Edem, also known as Miss Nigeria 2002, lent some extra glamour to the event.



Miss Nigeria 2002, Sylvia Edem, visited Stockholm.

from the archives



In 1973, *Contact* documented the now computerized payroll process at Ericsson. Step one is illustrated here, as welder Sigrid Nilsson hands in her punch card to foreman Lennart Hellberg.

new assignments

Håkan Gabriellsson has been appointed head of Business Control for Core Unit Service Network and Applications (CSNA). He has previously been manager of Business Control at Sales & Business Management at Business Unit Global Services.

Ingemar Naeve is appointed president of Ericsson Telecomunicações Lda (SEP) in Portugal.



Ingemar Naeve

Åke Mårtensson is the new head of Communications in Market Unit Middle East. He will also retain his position as Business Development director.

Fernanda Tomás has been appointed country manager for Ericsson in Portugal. She will also continue to be the director of People & Culture in Portugal.

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publications/contact/



"It feels quite unbelievable," says a happy and surprised Rita Larsson (on the left). She and fellow student, Marie Gower, were recently awarded the first prize in the northern region heat of the Innovation Cup competition. The recently graduated engineers developed a model for a more efficient repair flow that will be used throughout the Ericsson world. PHOTO: MARIA HOLMÉN

Rita and Marie speed up flow

College students Rita Larsson and Marie Gower developed a model for a more efficient repair flow while writing their degree project at Ericsson in Gävle, Sweden. The model proved so effective that it will be adopted throughout the Ericsson world.

The degree project is considered of such high quality that it was recently awarded first prize in the northern region heat of the Innovation Cup competition. Now the students will progress to the national final.

The competition is arranged by the Swedish business daily, Dagens Industri, and the Skandia life-insurance company.

"We are extremely pleased about this. One of the most important aspects we discovered was that it was impossible to process too many products through the repair flow at the same time, it meant losing control. Another matter is that employees must be able to handle several different repair operations, so that they can work where they are most needed," explains Rita Larsson, who is now a graduate in economic engineering, after recently completing her studies at the University College of Gävle.

Both students examined the product flow through the service workshop at Ericsson in Gävle. This resulted in 17 suggestions for improvements. A third have already been implemented and it is

expected that 90 percent of the ideas will have been introduced by February.

"This is excellent. We will increase our profitability through features like shorter lead times and reduced inventory. It is largely a matter of more efficient internal flows in production through, for example, improved communications between employees and working on the right things at the right time," says Patrick Hillberg, head of customer service at Ericsson in Gävle.

The Gävle unit is a "master unit," meaning that the new methods introduced there will also be used at Ericsson's repair centers throughout the world, including those in Malaysia, China, Dallas and Japan.



Patrick Hillberg

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LARS-GÖRAN HEDIN
corporate editor

Mixing apples and pears

There's a proverb in Swedish that goes, "You shouldn't mix apples and pears." But the other day, one of the fruit-lovers in my department came up with something that seems to be just that mix. It tastes very good, says a courageous colleague who first dared to try the new-fangled fruit. And so we find that even old sayings lose their truth in these times of change.

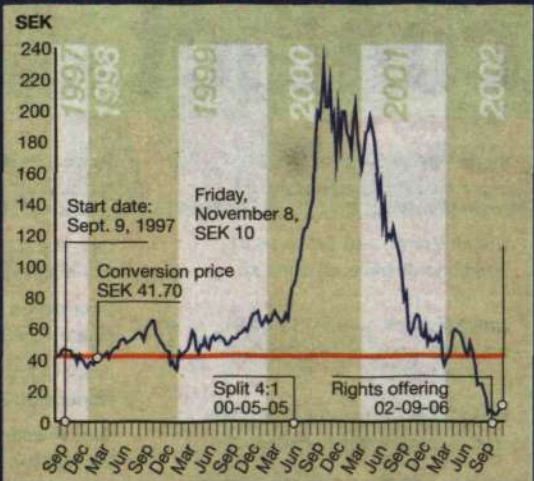
Living amid change isn't always easy, but it is also stimulating to encounter new challenges. Imagine if things were always the same. How fun would that be? You'd never get to experience the wonderful sourness of an apple-pear, or whatever our new favorite fruit is called.

Otherwise there's plenty that we want to change. During my years at Ericsson I've learned to appreciate the possibility of doing just that – changing things. Right now, we're in the midst of changing almost everything about our part of the organization. Corporate Communications will soon be so different, you won't recognize it. As Henry Sténson, our new boss, pointed out in this edition of *Contact*, there's great potential in Ericsson's manner of communicating both internally and with the rest of the world. Henry, in other words, will also take the chance to change things – and that feels good to know that.

Part of the changes include layoffs here. The communications function has to take its hits too, when the parent company takes efficiency measures. It's a tough process that we're going through, some weeks after the general notice of redundancies yet a few weeks to go until we can notify people individually about their future. Those who are forced to leave the company are however offered a very good severance package and a chance to start fresh somewhere else or with something else. The other day I ran into a colleague who was forced to leave her job last spring. We miss her enormously as support from our office, but she doesn't miss Ericsson so much. After a few weeks in skills development program offered to laid-off Ericsson employees, she got a new and exciting job as well as the possibility to keep up competence development!

That's the kind of news that makes you smile!

the ericsson b share



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