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The new ways of working

6-12

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column

Henry Sténson
head of group
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communications
and publisher of
Contact

Significance of a corporate culture

What is a corporate culture? What role does it in fact play?

I thought about these questions when I came to Ericsson in May 2002. We were in the middle of a reorganization process that nobody knew when would finish.

What impressed me most as a newcomer was how almost everyone I met in the firm just got on with their job, despite the difficult situation. I believe this has something to do with corporate culture. We know who we are. We know what we can do, and we want to be proud of what we achieve together. When times were really tough, I was afraid collective depression would hit everyone, but at that time I did not understand our corporate culture.

Today, two and a half years later, it seems like I have started to understand. It was the culture that formed a stable base.

Look at the fact we have completed our 3G rollout and defended our position as the industry's leading systems supplier, while at the same time halving the number of staff at Ericsson. The recent 3G contract with Cingular in the US is also the best confirmation we can have that our company is on the right track.

At the same time, we have reviewed our strategy and ensured everyone in Ericsson knows it. We also have our new brand platform, which works in close connection with our ways of working. Everything we do and everything we say creates the true picture of Ericsson.

And we have now received the results of this year's Dialog survey, which were very exciting. It is true that we have areas where we can do much better. But, personally, I was very pleased with the degree of commitment, with more than 90 percent of employees answering the survey. I have worked in several other large corporations, but this exceeded everything I have ever seen – 90 percent! We will now analyze the results. Dialog is worth taking seriously, and Ericsson employees have shown that they do.

We within Group management would like to express our sincere thanks for your commitment, which we take very seriously.



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in the news: mobile internet forum

text: lars-magnus kihlström, lm.kihlstrom@journalistgruppen.se

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Ericsson's new tag line took center stage at the Mobile Internet Forum in Zurich, held on December 1 and 2. The 2004 Ericsson Mobile Application Awards went to Eberhard Shoneburg from Artificial Life, Cristian Steineborn from Gavitec, Stina Åkesson from Softhouse and Martin Wenhof from Wayfinder.



Forum gets business flying

About 400 participants representing operators, the media and application developers gathered at the two-day Ericsson Mobile Internet Forum in Zurich earlier this month to "speed up" business.

Ericsson's new tag line "Taking You Forward" was blazened across the dark facade of the Zurich airport hangar where, on the evening of December 1, the final of the Ericsson Mobile Application Awards was held.

Inside, jet planes roared across giant screens, depicting the theme of the forum, "Speed". In the hall conference participants, gathered in small groups, were eagerly continuing discussions started earlier that day. Several said the Ericsson Mobile Internet Forum stood out from other conferences because of its emphasis on discussion, an approach that fits perfectly with the Taking You Forward motto.

Veiko Sepp, vice president of Market Unit Nordic and Baltics and one of the founders of the forum, said the event has always been about helping operators, developers and others to grow their businesses. "The soul of the forum is to share experiences and insights between our partners with the aim of us all doing better business," he said.

The event opened with a conference – the actual forum – involving presentations and discussions. This year the main topics were mobile enterprise, mobile media and mobile marketing, and there was

further discussion about pricing and how to share revenue from mobile applications between developers and other parties.

Paolo Baldriga, from Italian operator Wind, said one of the reasons he attended the forum was to gain a broader understanding of the telecom business. "I already know the operator view of our business, but here I can get input from other players," he said.

Two interesting launches took place at the forum. The first was an enterprise product, Ericsson Mobile Organizer (EMO), a push-mail application that makes it possible for users to manage their corporate mail and appointment diary from their mobile phone. The product attracted significant interest from a lot of operators.

The second involved Warner Music International's involvement in Ericsson's M-USE application. The agreement includes distribution of music content, including ring tones, artist logos and autographs, in 28 European markets.

The winners of the Ericsson Mobile Application Awards were selected at a gala final, opened by Ericsson President and CEO Carl-Henric Svanberg. Of more than 200 entrants, just 12 were short listed for the final. The gala audience and a jury voted for the win-

ners via SMS. The enterprise category was won by Gavitec, the developers of Lavaspere, a solution for reading optical codes, such as bar codes, by the mobile and from the mobile. Wayfinder, which developed a GPS-based map and navigation solution, won the information category. The prize for best game went to V-Girl, a virtual girlfriend, developed by Artificial Life, while the best entertainment application award was given to Softhouse for Twin Factor, a service that tells users which celebrity they best resemble and then sends an MMS showing the user's image morphing into that of the celebrity.

On December 2 the forum concluded with a matchmaking session that gave operators and application developers the opportunity to forge business contacts. About 40 developers presented their products, and not surprisingly, the displays of the 12 award finalists were among those most visited.

Stina Åkerlund, of Softhouse, showed a thick pile of business cards she collected through the day. "We have had people at our table since nine this morning," she said. "I am happy that three of us decided to come otherwise we would not have met everyone."

Rolf Weiss, head of communications at Market Unit Northern Europe, had worked on the event since the beginning of the year. "The best aspect of the forum is that it shows that we take care of our partners and the industry," he said. "And we are steps ahead of our competitors in doing this."

The Ericsson Mobile Internet Forum was organized by Ericsson Mobility World.

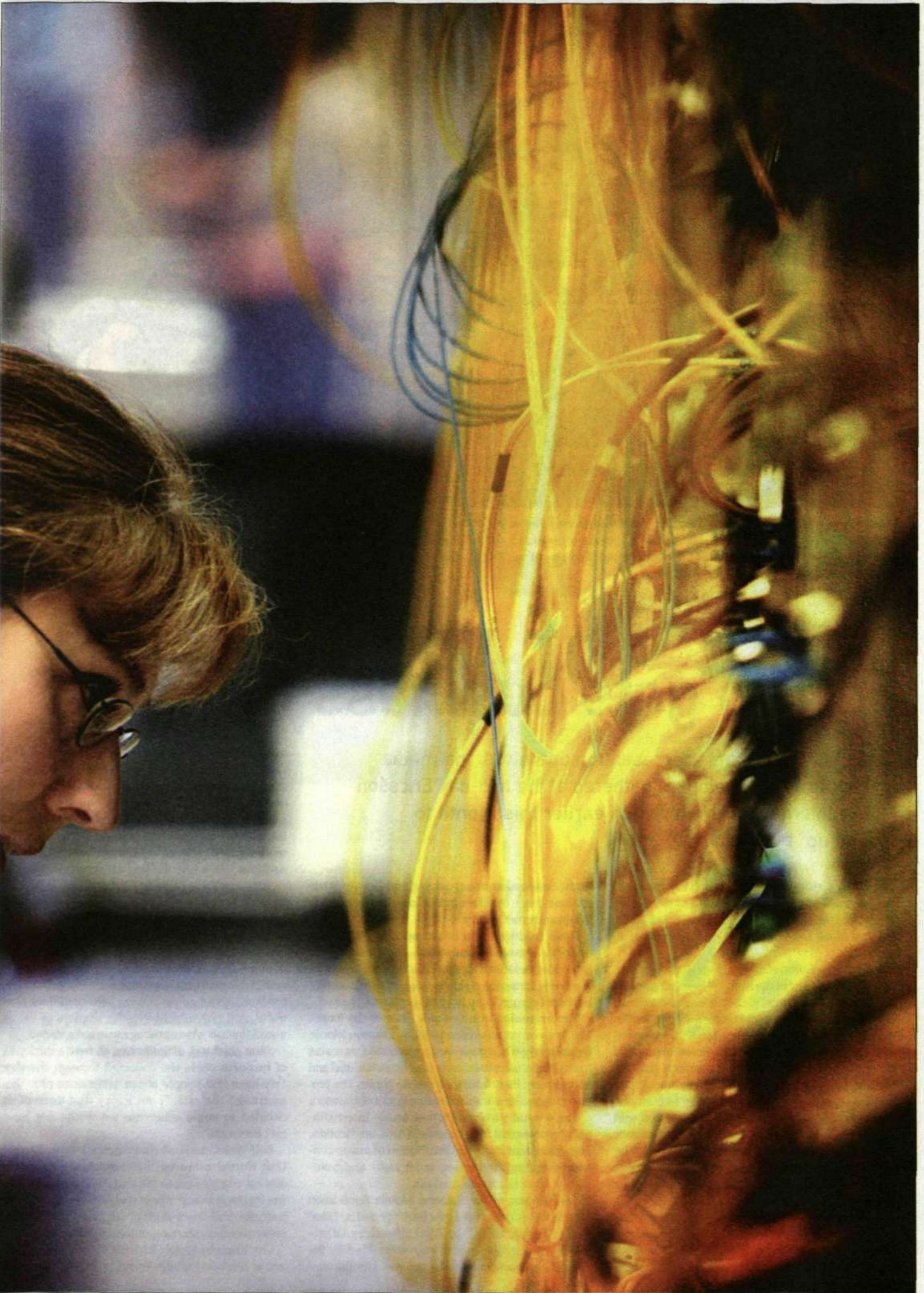


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Focus on new ways of working

The business strategies have been defined and the new brand platform is in place. But this will not amount to much if people across the entire group are not **committed and motivated**. The process of adapting the new ways of working to local conditions is in full swing at many Ericsson sites, using this year's Dialog results and the Our Ways of Working booklet as the starting point.



photo: tommy johansson



“The Dialog survey contains many positive results, but there are still areas where we need to work hard.

Marita Hellberg

The results of this year's Dialog survey were ready at the beginning of November. One special aspect this year is that the results are available at the same time as the entire group is implementing Ericsson's new working methods, known as Our Ways of Working. The Dialog results will therefore be an important yardstick for seeing how the process of building a renewed company culture is progressing. Many units have chosen to analyze the Dialog results at the same time as they hold workshops to discuss the Our Ways of Working booklet.



Pär-Anders Pehrson

Pär-Anders Pehrson, head of leadership within Ericsson, says this is a good solution, because several of the Dialog questions are related to Our Ways of Working.

The Human Capital Index (HCI), one of the most important values measured by Dialog, is strongly linked to Our Ways of Working. Put very simply, the HCI measures how much employees and their work contribute to providing Ericsson's customers with added value, and through that live up to the group's business goals.

The HCI covers six areas – skills, motivation, cooperation, organizational effectiveness, authority, and responsibility and initiative. This year's HCI was 58 percent, compared with 56 percent last year.

Apart from Human Capital, one of the most important and most used values from Dialog is Empowerment. It represents what employees want to do, get to do and can do, and indicates the degree of participation in decisions and the potential for people to use their own initiative. Empowerment scored 24 percent this year, down slightly on the previous 25 percent.

Marita Hellberg, senior vice president, Human Resources, says this year's results for HCI and Empowerment are not really comparable with 2003's Dialog survey, “because we did not cover the entire group at that time and the measurements were spread over the whole year. Taking this into consideration, this year's results are good,” she says.



Marita Hellberg

Major positive ratings from the HCI include customer understanding, distinct goals and good leadership. Organizational effectiveness is one area where significant improvements have been achieved, rising from 39 percent to 49 percent in one year.

“The Dialog survey contains many positive results,

Katrineholm shows the way

Ericsson's production unit in Katrineholm is proof that it is worth working with the Dialog results. It increased its Empowerment result from 20 to 31 in the latest survey, an achievement attributed to several activities at the unit during 2004.

The Katrineholm unit, part of Business Unit Systems, manufactures products for the mobile-core and fixed-network areas. One of its most important goals is high delivery precision – to deliver to customers, which include Ericsson units, on time.

Katrineholm achieved a Human Capital Index of 56 and a motivation indicator of 51 in the latest Dialog survey. The most spectacular result was the increase in the unit's Empowerment Index to 31, compared with the Ericsson average of 24.

Tormod Kristiansen, site manager at Katrineholm, says: "Our participation in the poll was very high – 90 percent – and I want to thank all employees for taking part and giving their input to the survey.

"The results will form the basis for further improvement work and activities, and it is important that everyone takes part in this work as well."

Katrineholm has focused on four areas during 2004 – delivery precision; cost efficiency; industrialization ability;

and leadership and motivation – all aimed at improving its ability to deliver. In August, the site was reorganized to clarify roles and responsibilities, and develop a more customer-oriented organization.

The unit has also worked consistently with its results from previous Dialog surveys. All departments have implemented action plans, for example to improve cooperation in work groups or raise competence levels. All employees have also had performance-management discussions with their managers, with special focus on each individual.

In addition, the Katrineholm unit has held regular staff meetings to convey its goals to employees. The unit has also continuously informed employees about its customers, which resulted in a higher customer-focus score in the Dialog survey.

Managers will now inform employees about the Dialog results. Work to develop action plans will then start and improvement activities will be carried out next year. •



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High level of participation, and some new areas

The fifth consecutive annual Dialog survey was carried out in October this year, but it had some major differences from previous ones.

Marita Hellberg, senior vice president, Human Resources, says this was the first time the survey was carried out simultaneously for the entire group, an approach that will now be used each year.

The level of participation in this year's survey was high, with about 43,400 respondents representing more than 90 percent of all employees. The survey was produced in 20 different languages.

"The participation rate is in fact exceptionally high in comparison with other large corporations, where the rate is normally around 65 percent," Hellberg says. "It is good that so many people took part, and it indicates that we have motivated employees. The results also show that about 70 percent of

the staff think that Ericsson's core values feel important."

Cathrine Vincenti, responsible for the Dialog surveys, says this year's was an upgraded version of 2003's, with a few new areas. Diversity – covering background, culture and gender – is one area. Ericsson's core values, part of Our Ways of Working, are another new area, along with Operational Excellence.

"Another new item this year is a toolbox that explains the whole process for managers, and where they fill in the activities planned for their own units. This puts some pressure on the managers to get started with the activities, because their own managers can go in and see what is being done," Vincenti says. •



Cathrine
Vincenti

but there are still areas where we need to work hard," Hellberg says, giving IS-IT as an example.

"We need to make improvements primarily within the software area, and we are now working on making the systems more stable and more effective.

"We also need to make improvements regarding employees' expectations of organizational roles and responsibility. This also concerns operational excellence, where the flows and processes must be charted better. It is true that operational excellence has been improved, but more needs to be done."

A rapid glance at the Dialog results for the whole of Ericsson shows positive graphs dominate considerably. But there is one exception: workload and stress.

"It is of course a good sign that we have a lot to do, but it is not good that many people experience negative stress," Hellberg says. "This situation could be

explained to a certain degree by many people perceiving the organizational structure as unclear, which is frustrating. The major changes that have taken place have been tiresome for many people, and we must make the organization clearer, with the right person in the right place.

"The most important issue now is for each unit within Ericsson to take care of the problems highlighted in the Dialog results, which will make it easier to continue the process with Our Ways of Working. The same applies to group management, which should also take the results into account and set a good example.

"In next year's Dialog, we will be able to see the results of the work now under way, and how successful each manager has been. A small part of the senior managers' STI (Short Term Incentive) bonuses will be related to the Dialog results next year."

The related seminars, which will be held by the end of the year, play an important role on the road to Ericsson's new ways of working. Monthly follow-ups show that up to 70 percent of all units had held their work shops by the start of December.

All employees received a 28-page booklet earlier this year with the title Our Ways of Working. It describes how Ericsson needs to work in order to achieve its goal of being the global leader within the telecom industry. A workbook available on the intranet is to be used during the Our Ways of Working workshops. The workbook, produced in September, is designed to support and guide the workshops as well as ensuring that the right discussions take place covering the five key areas.

Pehrson says these include operational excellence, core values and guiding principles for doing



Ikea management takes results to stores

Furniture chain Ikea has more than 200 stores and 85,000 employees in more than 30 countries. And it regularly uses employee surveys similar to Ericsson's Dialog. Ericsson's and Ikea's mutual approach to company culture and values also makes Ikea a good company with which to compare the Dialog process.

Lars Gejrot, human resources manager at Ikea, says: "The Ikea survey is called Voice, and is carried out at least every other year within the entire company. Half of our stores have chosen to do the survey every year."

When he and Ikea's CEO, Anders Dahlvig, visit the various stores, they take the Voice results with them to use as a basis for discussion.

"They allow us to give both praise and criticism," Gejrot says. "The Voice results are not so much a corporate issue but more a good basis for the unit managers to use in their improvement work together with their employees."

Ikea's survey focuses on leadership, motivation and the employee's opportunities of affecting his or her own work situation and development.



Lars Gejrot

Another important area is diversity, reflecting the variety of gender, age and nationality.

"The background is more commercial than a question of human rights. It is important for Ikea that every store reflects its local market area, and we use the survey to investigate employees' attitudes and experiences of diversity," Gejrot says.

He emphasizes that each store owns its Voice results and uses them as a basis for implementing improvements.

"It is important that the Voice survey leads to practical improvement work, and allows employees to feel that they are participating in the organization. We have seen this through the results of subsequent surveys showing significant improvements," he says.

Ikea will continue to use Voice. Gejrot believes that it may be time to revise the survey in about three years.

Cathrine Vincenti, responsible for Dialog for Ericsson, says both Ikea and Ericsson have the same purpose with their employee surveys. "We have also started to look at the term Diversity both in our Dialog surveys and in the work performed by each unit within Our Ways of Working," she says. •



photo: lars åström



photo: ecke küller



>> business. "Two other areas are leadership and our 'people' commitment – what employees can expect of Ericsson and what the company can expect in return," he says. The seminars will look at how these five areas apply to employees' own daily lives.

The workbook contains a list of questions for both individual employees and groups, aiming to create a debate around the areas taken up. Certain questions that may need to be followed up are forwarded to the unit's personnel manager.

Within Operational Excellence, three improvement areas with three tasks will be identified and completed within one year. The fifth discussion area is leadership, with groups openly discussing their managers based on five questions.

"We have not had this type of workshop before. The many questions sent spontaneously to Carl-

Henric Svanberg show that there is interest in these areas," Pehrson says.

"Open, direct and honest communication is an important part of the new ways of working that will characterize Ericsson. The Our Ways of Working booklet is important, but the related workshops are equally important because nothing would happen without them."

Work shops have now been held all around Ericsson. Contact touched base with colleagues in China and Italy to discuss them.

Mats H. Olsson, head of Ericsson in China, held a workshop for his 22-strong management team on October 18. Diana Niu, HR manager for the company's nearly 3000 employees, says the two-hour meeting went step by step through the Our Ways of Working booklet.

"It was a very active meeting, with many valuable contributions coming from all the participants," Niu says.

In terms of operational excellence, she says that many participants emphasized the need for one sales process, one delivery process, and clear roles and areas of responsibility. Niu says another area identified for attention is guiding principles for doing business, where many are prepared walk the extra mile to exceed customers' expectations.

"We documented all the conclusions immediately after the workshop, and distributed them to everyone."

The managers have now started holding their own workshops, reporting their progress each month to



Diana Niu



photo: ericsson archive

Niu. Four management teams had held theirs by the end of November, and work in this area will continue to be implemented throughout the organization.

"We recommend that Ways of Working workshops are held at the same time as people go through their Dialog results, because operational excellence, our core values and employee commitment are all areas that are measured as part of Dialog. The Dialog results are a good basis for these discussions, while the contents of Our Ways of Working can work as guiding principles," Niu says.

Cesare Avenia, head of Market Unit Italy, says employees there were a little skeptical at first about the Ways of Working workshops. "But we got very positive reactions afterwards," he says. "Many people have said that they feel something new is happening." More than 65 percent of the 2200 employees

there had taken part in the workshops by the end of November.

Avenia says the process is not so much about a new corporate culture, but more about a renewal. Ericsson's core values continue to apply, and to form the basis for the reinvigorated culture being built with the help of Our Ways of Working and other tools. He says this is necessary, especially now that competition is becoming so much harder.

"The focus on one Ericsson is good for us in Italy. It means that we can be more visible within the group. We are justifiably proud of our successes and it will now be easier for us to share our knowledge and experience. Teamwork has not been too popular among Italians, but that attitude is changing," Avenia says.

He stresses managers' responsibility to ensure that the action plans flowing from the seminars are put



Cesare Avenia

into practice. Managers need to set good examples and practice what they preach.

Communicating so that everyone understands is essential.

The market unit home page is an important channel, where everyone can see the managers' mission. "The annual development discussions are a perfect opportunity for following up our improvement work and how every individual is adopting Our Ways of Working.

Maybe people will need a new round of workshops. We will get an assessment of how our market unit is succeeding in living up to the renewed corporate culture in the next Dialog survey," Avenia says. •



illustration: studio kong

Practical cooperation shows way forward

Working close to the customer is always mentioned as a key part of Our Ways of Working. At Newbury in southern England, it is already a reality.

The Vodafone-Ericsson Technology Center (VETC), the first joint development center for the two companies, works on development projects and demonstrations of new products.

John Hayes is technical manager for Ericsson at Newbury. "Working closely with Vodafone in research and development (R&D) is nothing new. We have done so for several years, including working on IP Multimedia and 3G trials," he says.

The two companies formalized this relationship further when they signed a cooperation agreement early this year and started the VETC.

Patrick Waters, responsible for work at the VETC for Vodafone, says the center is working well. "It is good to see how openly and effectively the technical experts are working together," he says. "They come from different backgrounds in terms of experience and corporate culture, and all of them are very motivated. We have a creative work climate here, which we need to maintain and develop further."

Everyday work is directed by a management team with participants from both companies.



John Hayes

Long-term development is guided by a steering group, in which Jan Uddenfeldt, in charge of technical strategy for Ericsson, shares the chairmanship with Mike Walker, group R&D director at Vodafone.

Uddenfeldt says: "The biggest advantage of the center is that you can test new technologies with the customer, such as the IP Multimedia Subsystem (IMS). We have already demonstrated Voice over IP (VoIP) using 3G terminals and we have the ability to do tests on Evolved 3G, HSDPA."

There are now just five people working at the VETC. That may not sound like many, but as Michael Joyce, an Ericsson employee responsible for the daily work, explains: "Right now, we have three people from Ericsson and two from Vodafone working here, but we get in more people depending on what project we are working with. We bring in the competence required, and that can mean employees



Patrick Waters

from both companies from many different countries."

The VETC has two main roles: it works as a showcase providing demonstrations of new products and, just as importantly, develops new products and solutions. Hayes says: "When we show new products, it is at a technical level for technical experts, so it is very important that our demonstrations work correctly."

The center is housed in the same building as Ericsson in Newbury, just a few kilometers from Vodafone's head office.

Visitors see immediately that it is not just a normal exhibition center from the "interior design," which includes a variety of base stations and switching equipment.

As well as the demonstration space, the center includes test labs.

"Our work with Vodafone gives us the opportunity to test equipment from several different manufacturers in a different way from our tests done within Ericsson," Hayes says. "But the tests here do not replace the interoperability tests that Ericsson does itself."

Vodafone and Ericsson jointly initiate and staff projects at the center, with Ericsson supplying the equipment and Vodafone providing any necessary interconnectivity with live networks.

Several new projects are about to start, one of which is called Vision 2008.

This major assignment is based on using the mobile telephone to give the end user personally adapted experiences, such as major sporting events.

Other projects include IMS, where Ericsson has activities under way together with Nokia and Siemens.

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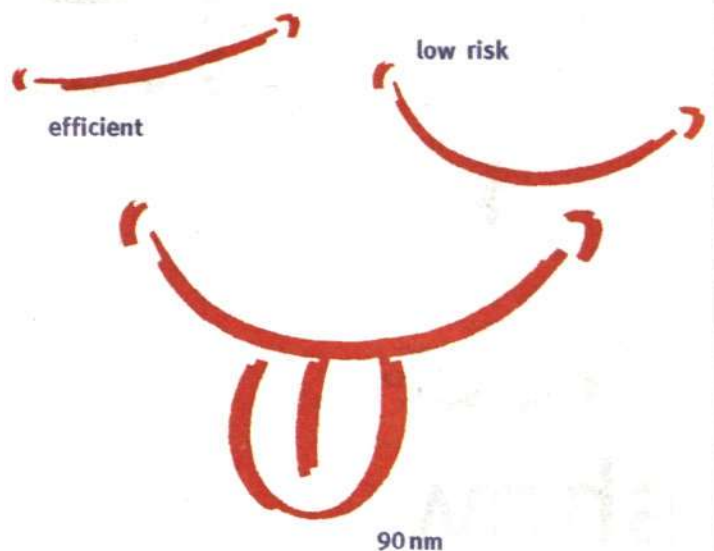
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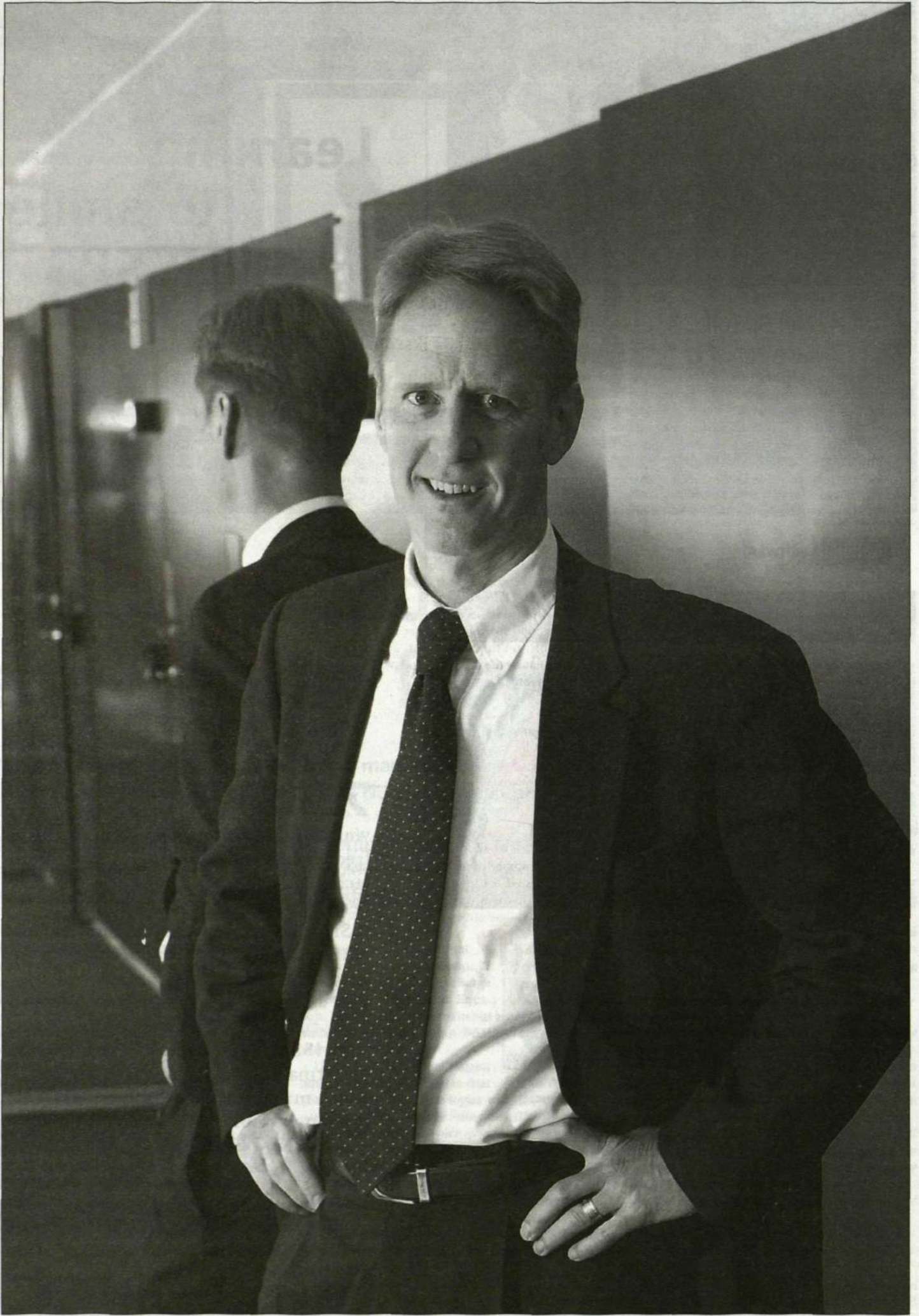
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Håkan Eriksson

The technology leadership double of controlling push and acting quickly on pull is a demanding ambition, but that is the goal for Håkan Eriksson, head of R&D. Ericsson is a technology leader in many areas but it still has a lot to do in others. What is its position in CDMA, IMS and software architecture? Contact asked the questions. Eriksson answered.

Technical leadership is about controlling technology push and acting quickly on technology pull. Technology push means the ability to see technological trends at an early stage and to then develop and create solutions long before the customer starts asking for them," Eriksson says.

"But a company can also be the quickest in terms of solving customer needs and the related challenges almost at the same time they appear, which is technology pull. I want Ericsson to be the best company in both areas."

What guarantees that the technological leader is also the company with the best financial results?

"Several reports show that the company that is first with research and standardization of a new technology also wins the most contracts for that technology. For Ericsson, this connection has been verified within GSM and WCDMA, where we have contributed the most of standards on the market and also gained most of the contracts."

What do Ericsson have to do so that its position as a technology leader does not become just empty words?

"We have our research, our work with standards, platforms for product demonstration and our test beds. These parts must work in harmony for us to convince our customers that Ericsson is first on market with the latest technology. But it is not enough just to tell them. We have to show them by demonstrating our products both in test centers and in commercial environments. We have also defined three strategic areas where we will be both the technology and the market leader: IMS (IP Multimedia Subsystem), evolved 3G and end-to-end offerings."

What is the most important change needed in the way the R&D organization works today?

"To reach operational excellence within R&D, we must get more functionality in our products with the same number of employees that we have today. That can only be reached if we have clear responsibilities and a good work flow. It is also important that we frequently check our products in the early development stage.

Then we will know we have products with full functionality that we can build further applications on. This not only saves money, it is also a more stimulating way to work."

Ericsson was not first on the market with IMS for convergence between fixed and mobile telephony. How can you compensate for that?

"You should not look on IMS as just one isolated offering. In fact it's a platform you can build several applications on. Ericsson is very active in the standardization phase for IMS and we are already up and running with Ericsson Instant Talk (push-to-talk) based on IMS. We can also operate Voice over IP for 3G with IMS as a base, which we have also demonstrated for our customers. So even if we weren't first on the market with IMS, my assessment is that we are in a very good position for success in this area."

How does Ericsson's end-to-end offering compare to the competitors?

"Some might think that Ericsson doesn't have an end-to-end offering because we don't have any terminals. But we have something even better: Ericsson Mobile Platforms (EMP). It stands for the technical content, not just in Sony Ericsson's products but in a whole range of different manufacturers' terminals. This means that there will soon be a considerable number of terminals around the world that are tested for interoperability on Ericsson's networks. That is a very strong argument for an operator to choose our end-to-end offering."

The foundation of all development is sound software structure. Has Ericsson the right one?

"Our software is good, but at the same time we see that software is becoming an even more crucial part in base stations. About 75 percent of the functionality for a WCDMA base station comes from the software, a figure that most likely will increase even more in the coming years. That is why we are going through the competence we have within Ericsson to find better ways to use the software and find examples of best practice. But to keep our position within software, we are also looking for software designers outside the company."

Ericsson is the technology and market leader for GSM and WCDMA. Why is the company not leading in CDMA?

"That goes back to what we talked about at the beginning of this interview. With GSM and WCDMA, Ericsson was involved from the very beginning and took the lead in both the research process and in terms of contributing to standards.

facts: håkan eriksson

Years at Ericsson: 18

Born: Mjölby, Sweden

Home: Täby, Stockholm

Education: Master of Engineering, Linköping

Family: Wife, daughter and son aged 16 and 15

Interests: Riding, golf, and a weekend cottage in the archipelago.

Did last Saturday: I went out showjumping.

With CDMA, we missed the first years. To get market share, we had to buy Qualcomm's division for CDMA infrastructure at the end of the 1990s."

So what says that Ericsson will be among the top three in CDMA five years from now?

"That goal can be reached only by using our common platforms for CDMA 2000 and WCDMA. That allows CDMA to take advantage of the big market share and the R&D resources we have for WCDMA. Our common 3G platform uses AXE, TSP and CPP for both CDMA2000 and WCDMA."

At Ericsson there is a lot of talk about evolved 3G and beyond 3G. What is the difference?

"The technology to come after 3G could be called 3.5G but we call it WCDMA Evolved or HSDPA. In the CDMA world, the name is CDMA2000EV. The data-transfer speed is 14Mbps compared with 384Kbps for 3G. 'Beyond 3G' is the technology that might be called 4G in the future."

What does Ericsson know about the technology 'beyond 3G,' and what does it mean for end users?

"We are already doing a lot of research on 'beyond 3G,' the same way we did with GSM, GPRS and 3G. In a nutshell, 'beyond 3G' means a data-transfer speed of at least 100Mbps. It's like having fiber-optic to the terminal in your pocket."

Do you have questions for Håkan Eriksson?

Send them to spotlight@ericsson.com by January 15. He will answer some of them in a video interview to be published on Inside.

Italian TIM shifts to top gear

TIM of Italy has become **one of the world's leading operators** within just a few years of starting up. Its success can partly be explained by its home market's enthusiastic uptake of mobile telephony. Italy today has more active SIM cards than users.

When it came to embracing the mobile phone revolution, there were few nations that took to the "telefonino" with quite the same passion as Italy.

Survey after survey regularly places Italians as among the most ardent users of mobile phones in the world. Many Italians carry two mobile phones – one for business and one for pleasure – and a recent study found that half of children aged between nine and 10 have one.

There are now an estimated 61 million lines in Italy for a population of 58 million – a penetration rate of over 100 percent.

This "amore" for the mobile phone goes some way towards explaining the phenomenal success of TIM (Telecom Italia Mobile) which in nine years has mushroomed from a humble spin-off of Telecom Italia into one of the world's leading mobile phone operators with around 52 million managed customers.

Rather than simply follow trends, however, TIM has been at the forefront of technological changes driving the mobile market forward and can point to a proud track record of first-mover innovations to back up its claims.

TIM introduced a family tariff in 1993, prepaid cards in 1996 and, more recently, self recharging options for mobile users.

It has been similarly groundbreaking in embracing new technology. In June 2002, TIM helped to usher in the 3G era by introducing MMS into Italy and Europe for the first time. With more than 3.6 million MMS handsets sold as of March 2004, TIM's network, underpinned to a large extent by Ericsson technology, is capable of handling around 70 million MMS messages during the last 12 months.

Nor does the innovation stop there. TIM has recent-

ly launched a mobile television service – the first of its kind anywhere in the world – enabling customers to view a selection of television channels streamed directly to their mobile phones over GPRS, EDGE or UMTS data connections.

In April of this year TIM became the first operator in Italy to launch EDGE, the broadband mobile network for high-speed data transmission that is complementary to UMTS services. TIM customers are able to use the band for the requested service regardless of the network they are using. In May, TIM notched up another European first with the commercial launch of TIM Turbo, a suite of 3G services based on the combined EDGE-UMTS enabling technologies.

TIM's 3G network already covers the major metropolitan areas in Italy and it aims to provide EDGE coverage all over the country by the end of 2004. The new range of TIM Turbo mobile phones enables customers to use the mobile network for 3G multimedia services such as high-speed connection to the Internet, reception and transmission of digital images videos, photos and music files at transmission speeds of hundreds of kilobits per second (compared to about 40kbit/s of current GPRS networks). Furthermore TIM has already announced the launch of a new service that will allow all TIM Customers to send photos during a phone conversation (combinational service).

For TIM, the growth of such value-added services (VAS) represents an increasingly important revenue spinner. The company estimates that VAS generated 333 million euro for the third quarter of 2004 in the domestic market alone, with a year-on-year increase of 80 percent for the more innovative VAS services.

"These results bear witness to the fact that custo-

mer demand for data transmission services is continually growing," said Marco De Benedetti, CEO of TIM.

The business model chosen by TIM for the supply of new interactive services and access to Internet sites is built on an "open model" based on the integration of many technological platforms.

With this in mind, TIM recently forged a commercial alliance with Telefonica Moviles, T-Mobile and Orange (called "Freemove"), designed to increase the operator's quality of service and competitiveness in international markets and improve synergies in the development of new products and services. The basic idea is to give customers the opportunity to use all services internationally in a virtual home environment.

The trail-blazing performance of TIM on its home soil has provided the Italian operator with the ideal launch pad for its expansion into other international markets in Latin America, the Mediterranean basin and, more recently, the Middle East.

Moreover, the company's policy of divesting itself of non core business subsidiaries in Europe's overstretched mobile arenas France, Austria and Spain has allowed TIM to successfully concentrate its energies on rapidly burgeoning markets in countries such as Brazil, Turkey and Greece.

In Brazil, for example, TIM's immediate goal is to become the country's second largest mobile operator. The successful launch of GSM technology in October 2002 has been confirmed by the targets reached ahead of schedule, with 6.5 million GSM lines in Brazil as of September 2004.

TIM's strategy has been to provide support as a technological and marketing partner to its foreign subsidiaries, developing 'plug and play' offers, introdu-



“These results bear witness to the fact that customer demand for data transmission services is continually growing.

Marco DeBenedetti, VD TIM

cing tariff structures and innovative services. The company also operates as a one-stop shop for its subsidiaries, by providing them with turnkey solutions for functions such as network operation and maintenance, billing, customer care, customer relationship management and sales network operations.

The strategy has thus far yielded lucrative dividends for TIM, allowing for rapid expansion in some of the world's most dynamic markets. TIM believes

the key to maintaining its upwards trajectory is to focus on its strengths: technological and product leadership, sterling customer care, a solid and reliable brand name, international reach, deep pockets and a solid equity structure, all designed to keep the TIM engine driving forward.

Ultimately TIM's own passion for the mobile business might well result in the Italian love for the mobile phone being reciprocated elsewhere in the world. •

facts: TIM



Tim was formed in July 1995 as a spin-off from Telecom Italia, and was listed on the Milan stock exchange. In 1996, the operator was the first in the world to launch a refillable pre-paid GSM card, the TIM card.

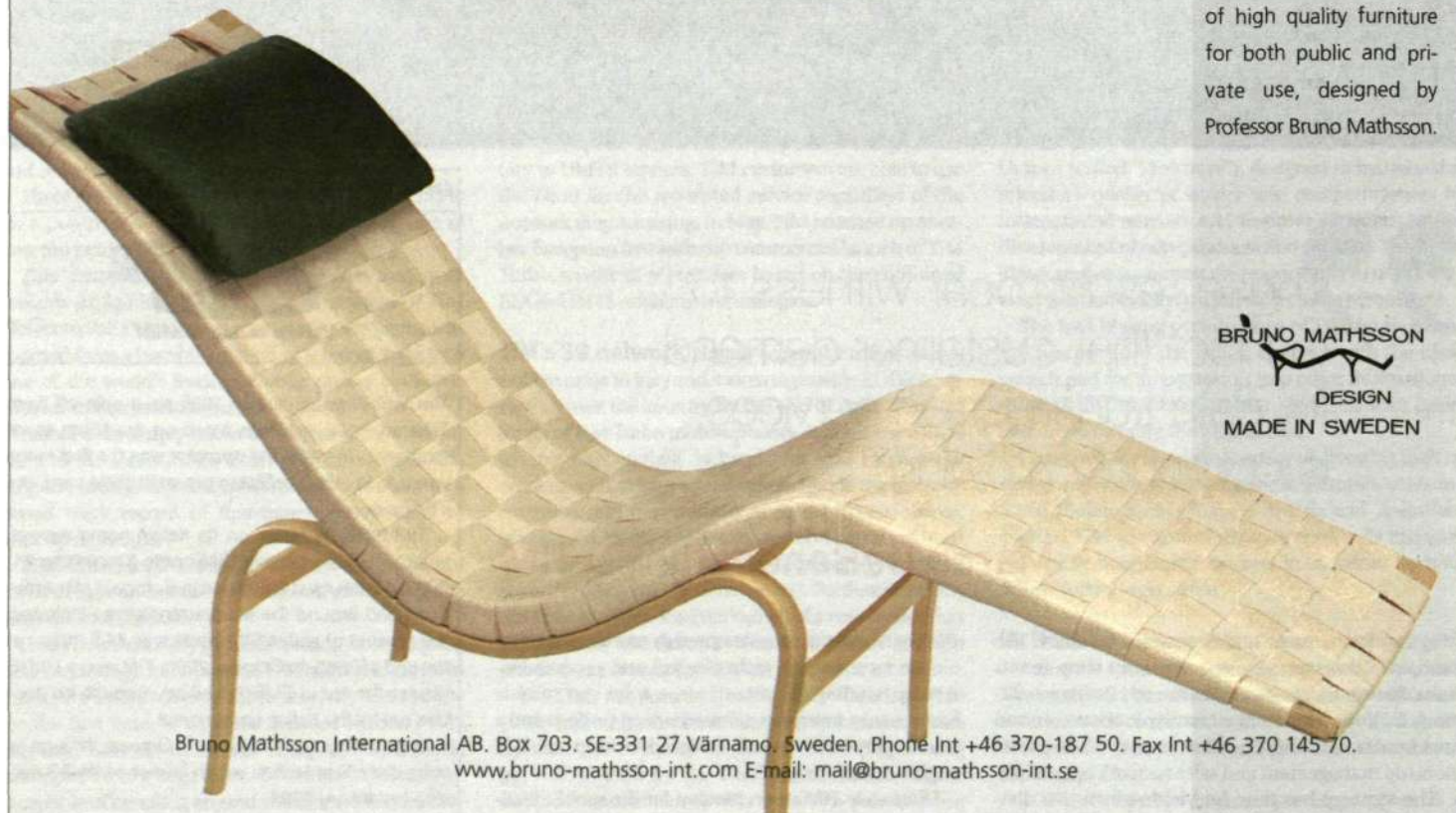
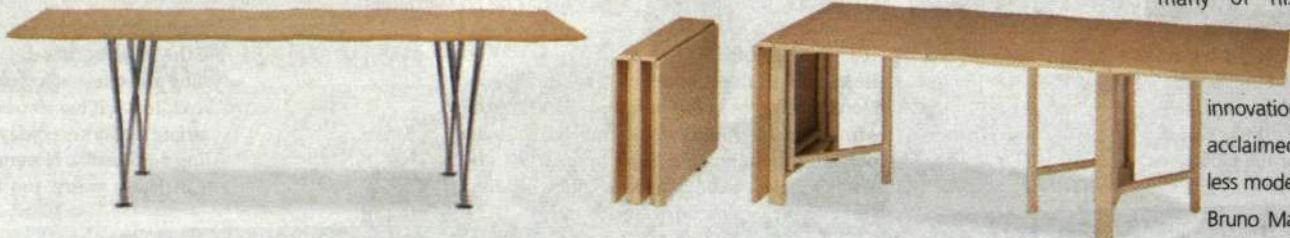
TIM today is No. 1 on its Italian home market, with 26.1 million active SIM cards (December 31, 2003). When its subsidiaries in Europe, Latin American and around the Mediterranean are included, the number of active SIM cards was 44.5 million at the end of 2003. In October 2000, TIM won a UMTS license for about EUR 2.4 billion, through an auction run by the Italian government.

It also has a UMTS license in Greece, through its subsidiary Stet Hellas, which launched its 3G service in January 2004.

CLASSICS



Professor
BRUNO MATHSSON



Professor Bruno Mathsson needs minimal introduction. As his country's most distinguished furniture designer he gained an international reputation for Swedish design and his work over a fifty year period will remain a significant contribution to Sweden's design history. That he stood at the leading edge of furniture-design is reflected in that many of his designs,

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around ericsson

editor: gunilla tamm, gunilla.tamm@journalistgruppen.se

Different job for a mentor

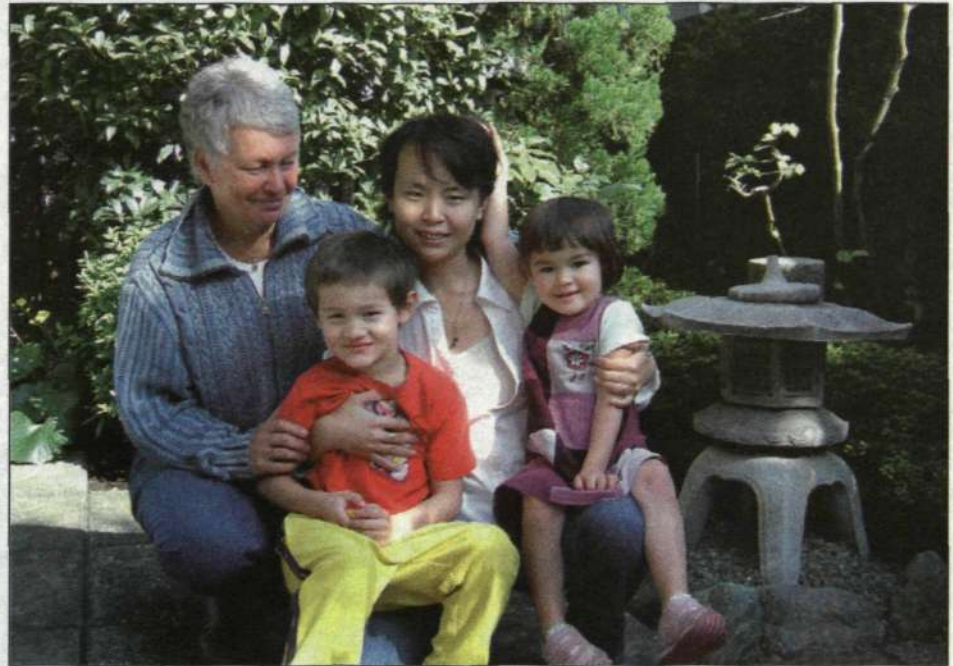
Being a mentor can take you a long way. It even took Eva Salomonson to Japan. Eva took early retirement in January this year after 35 years with Ericsson, but her connections to the company remain. One of her closest is with Bin Yu, who recently moved from Kista, Sweden, to Shin-Yokohama in Japan.

Bin moved to Sweden in 1992 and took her final year of studies at the Royal Institute of Technology. She and Eva met through a mentor program in 1994.

"Different people have different needs their mentor must address," Eva says. "When Bin came, she needed a family. She was about the same age as my children, so she became almost an extra child for me, much closer than other people for whom I had been a mentor over the years."

Bin, who works with network planning for Global Services, was posted overseas this year to Shin-Yokohama. Her husband Rob Schmersel has also been assigned to Ericsson in Tokyo. They have two children, Robin, 5, and Sofie, 3.

"Bin was a little concerned about how things would go for the children in a new country and a new kindergarten," Eva says. "I know the children well, didn't have anything planned and had never



Eva Salomonson together with Bin Yu and Robin and Sofie Yu in the garden in Shin-Yokohama.

photo: rob schmersel

been to Japan before, so I volunteered to be an extra 'grandmother'. My seven weeks in Japan have been a fun adventure."

She helped get the children used to kindergarten and looked after them out of hours. "Kindergarten goes from 9am to 2.30pm, so they needed someone to look after them outside those hours," Eva says. "Learning English and Japanese is tough on them, and they are really tired when they come home."

While the children were at kindergarten, Eva found the time for sightseeing, riding the subway and taking walks around the neighborhood.

"Apart from the rewarding and challenging experience of looking after the children, it has also been interesting to see an expatriate family's everyday life up close," she says. "Leaving the Swedish November weather for an autumn in Japan wasn't too bad either."

Minister makes video call

Swedish Communications Minister Ulrika Messing visited Ericsson's Research & Development Center at Sanlitun in Beijing, China, at the start of November.

Mats H. Olsson, head of Ericsson in China, gave the minister and her delegation a look at Ericsson's long history in China, where it started operations in 1892. Dan Redin, vice president for technology at Ericsson China, spoke about the company's R&D centers in the country and particularly about

work at the Sanlitun center. Messing, who was joined by representatives from the Swedish Embassy in Beijing, showed special interest in the demonstration of video telephony in the Integration and Verification laboratory.

Communication Minister Ulrika Messing makes a video call at Ericsson's Integration and Verification lab, which is run by Zhang Zhijun.

photo: jade xie



from the archives



The Ericsson Mexico City basketball team in 1930.

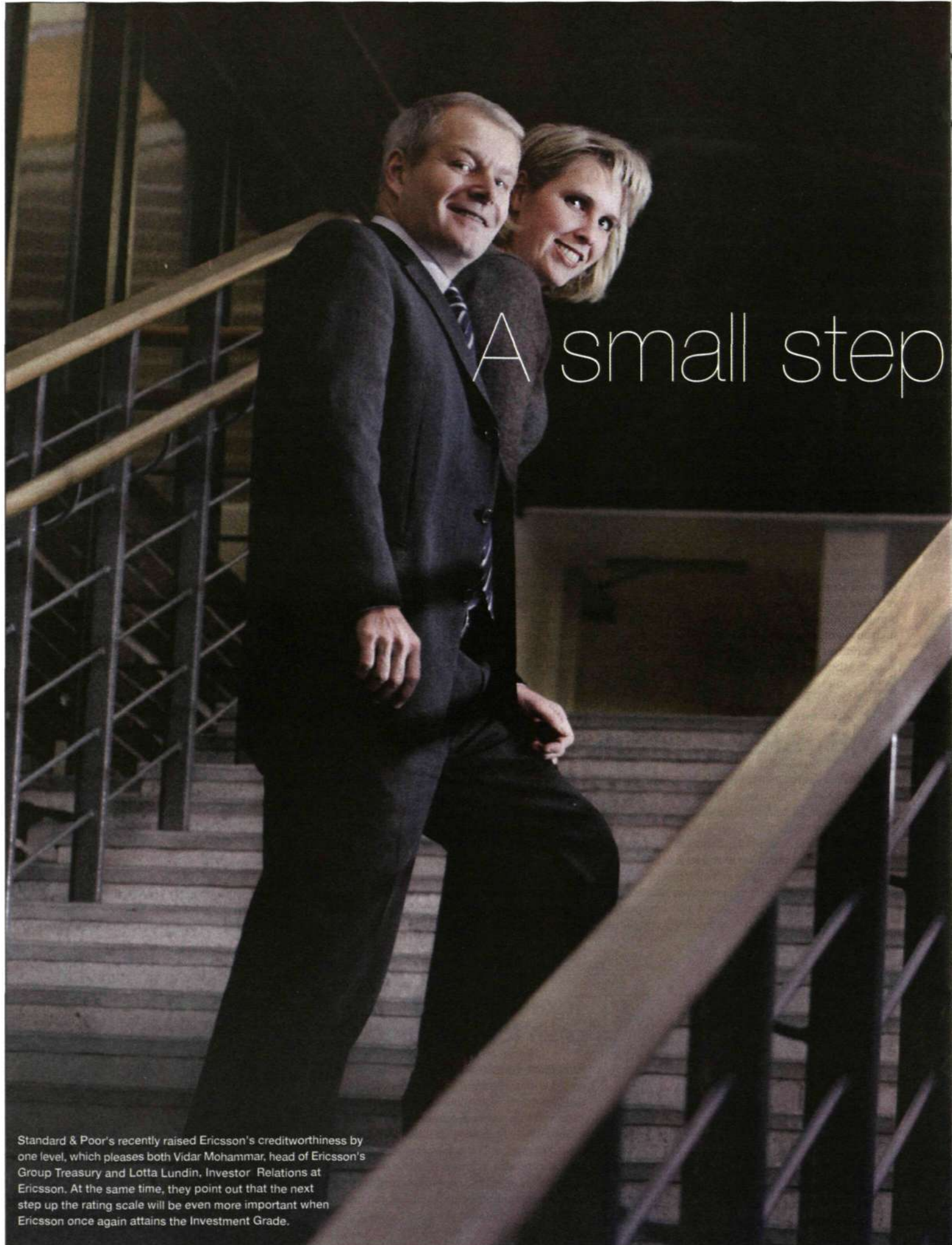
Texans raise cash for research

Ericsson employees from Plano in Texas, US, are good at raising money for charity. Some time ago they took part in the Juvenile Diabetes Walk for a Cure, with the proceeds going to diabetes research.

Susan Nye, who with Jill Little and Rob Elston from Ericsson in Plano has worked hard with the fundraising, also organized a silent auction. Susan approached various companies to donate items that Ericsson employees could bid for, with cash going to the collection. Ericsson raised more than USD 50,000 in total.



Employees at Ericsson in Texas, US, took part in a walk to raise money for juvenile diabetes research.



A small step in the right direction

Ericsson's **creditworthiness is on the way up** again. Ericsson was recently upgraded by the credit rating institute Standard & Poor's from BB to BB+ and the outlook for the future from "stable" to "positive". For many of Ericsson's employees, this does not mean much more than two letters and a plus sign. But how does a new credit rating change, upward or downward, affect a company's finances and business?

Standard & Poor's (S&P) and Moody's are of assistance to all lenders and investors who place money in a company. They assess the creditworthiness of companies that issue bonds as a means of creating liquidity for the company, including Ericsson.

On November 10, Standard & Poor's raised Ericsson's credit rating for the first time in two years. Just one step upwards after having been downgraded a total of seven steps since January 2001 may not sound very significant, but for Ericsson, with outstanding bonds amounting to between SEK 20–25 billion, such an event is significant.

"Each time we are upgraded by S&P or Moody's Ericsson's borrowing costs decrease by approximately SEK 30 million on an annual basis," says Lotta Lundin, Investor Relations at Ericsson.

It also enables better borrowing conditions should the company need to take up new loans. The situation is naturally the opposite should the credit institution choose to downgrade a company – as experienced by all companies within the telecom sector over the last four years. When economic problems started within the industry in 2000/2001, it was first of all the large European operators that witnessed the downgrading of their creditworthiness.

facts: credit rating institutions

Standard & Poor's (S&P) and Moody's are two credit rating institutions that monitor Ericsson. Ericsson pays for their services, and their credit ratings can be seen as an independent acknowledgement for lenders and investors regarding the company's financial stability. To have two different institutions that monitor a company's creditworthiness is not required by law, but is nonetheless customary within the sector. S&P and Moody's also use two different methods for setting their credit ratings, which provides investors with a more complete picture of Ericsson's financial situation.

A third credit rating institution, Fitch, has also given Ericsson a credit rating, BB+, which is one level below the Investment Grade. Fitch has proceeded without being requested to do so and bases its credit rating purely on public information and does not have a dialogue directly with Ericsson. Ericsson does not therefore pay Fitch for such services.

The expensive 3G licences had considerably burdened the operators' finances. They contracted large loans, which led them to cut down substantially on their own investments.

This situation subsequently influenced the finances of telecom suppliers. During the summer and autumn of 2001, Ericsson's credit rating was gradually lowered by both Moody's and S&P. The lowest level was when Moody's gave Ericsson a rating of B1, four steps below Investment Grade. These events naturally impeded Ericsson's access to borrowing in the bank and bond markets.

"It has been difficult and expensive for a long period of time for us to borrow money both via banks and through issuing bonds," says Vidar Mohammar, head of Ericsson's Group Treasury. "When the situation was at its worst a couple of years ago, it was possible to buy Ericsson bonds on the secondary market that gave the bondholder a return of 17–18 percent per annum during the remaining period."

"It is very common for banks to link the cost of a new loan to the prevailing credit rating. And indeed they took the credit institutions' ratings into account at this particular point in time, lowered its borrowing limits and raised the interest rate. To have gone to the banks to borrow SEK 30 billion, that Ericsson obtained through a new share issue in September 2002, would have been virtually impossible."

Ericsson's customers also attach considerable importance to the credit ratings.

"The operators naturally wish to have stable suppliers that can deliver as promised at all times," says Mohammar. "But I think that we at Ericsson have been good at explaining our financial position to our customers, and that our ability to deliver never was affected."

But having a low credit rating does not always automatically imply that it is expensive to borrow money. The strength of the capital market at any particular point in time and the market's attitude to the telecom industry also plays an important role. Ericsson can for example borrow more cheaply today than in 2001, despite the company having a considerably lower rating. Credit ratings are often lagging behind after a company has improved its financial performance.

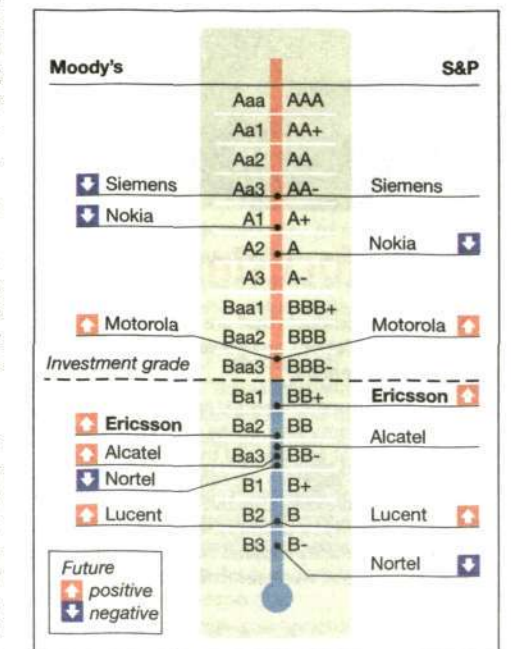
"It always goes faster to lower a credit rating than to raise it," says Mohammar. "So in spite of us having had a very low credit rating by both institutions for

most of 2004, we can borrow money at relatively low cost."

There are currently large amounts of money in the market that need to be invested, and the telecom sector is once again an interesting alternative for investors. Vidar Mohammar is pleased with S&P's latest upgrade, but points out that the next step upwards is even more important.

"We will then be ranked as an Investment Grade company, which we believe will be attained in 2005. It will be an acknowledgement that we once again are a company that has really good performance, liquidity and a strong financial position, which in turn will open new doors," he says, and continues:

"There's a significant number of investors who, due to investment restrictions, may not lend money to companies positioned below Investment Grade. So we are looking forward to the day when Ericsson takes that particular step upwards."

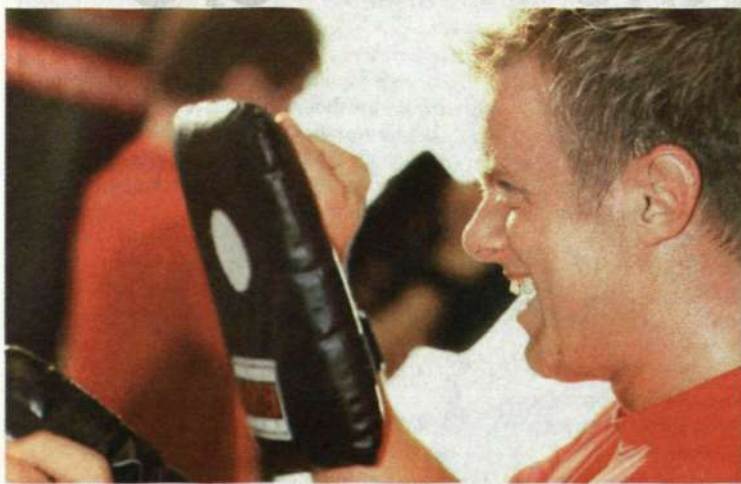


The current credit rating is for December 2004. The institutions also provide a forecast with each rating for the forthcoming months: positive, stable or negative.

Standard & Poor's recently raised Ericsson's creditworthiness by one level, which pleases both Vidar Mohammar, head of Ericsson's Group Treasury and Lotta Lundin, Investor Relations at Ericsson. At the same time, they point out that the next step up the rating scale will be even more important when Ericsson once again attains the Investment Grade.

Season's Greetings!

After all that Christmas food and exchanging gifts, we hope to see you at Electronics/EP 2005, Stockholm International Fairs on 1-3 february. Read more at www.elektromekan.se



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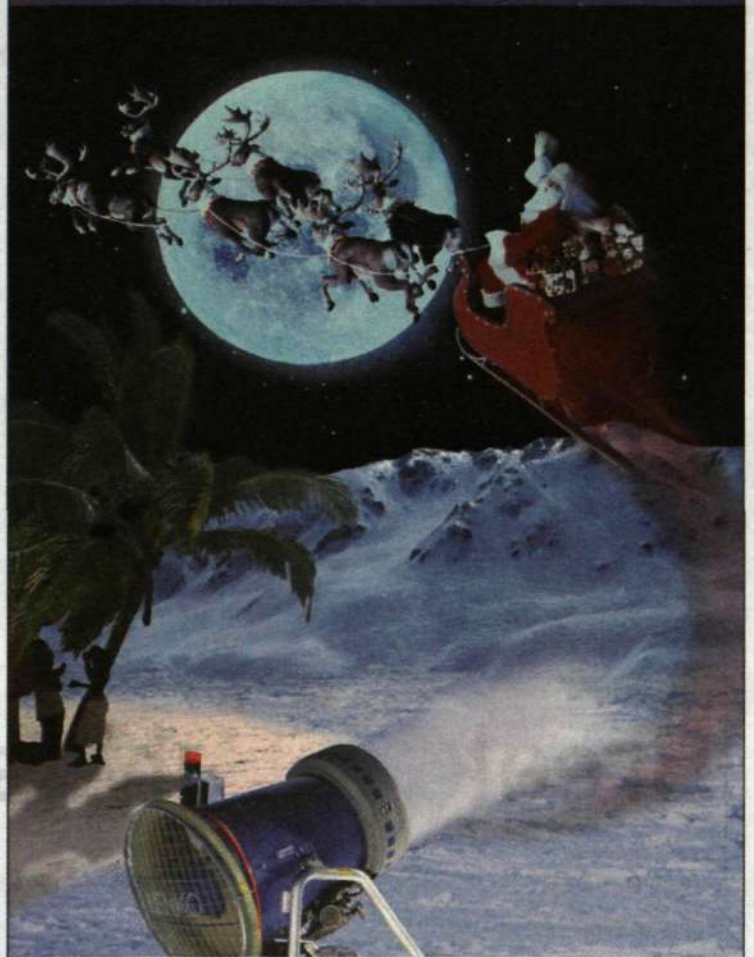
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Carl-Henric Svanberg and a few of the participants at the latest breakfast meeting. From left: Carl-Henric Svanberg, Inger Eriksson, Sara Karlsson and Hannes Medelius.

Breakfast gives the answers

When a handful of Ericsson staff sit down to coffee and buns once every two months, it's not just gossip floating around the table. Instigator of the informal breakfast meetings Carl-Henric Svanberg instead refers to the gathering as his "shadow cabinet", a chance to find out the opinions, concerns and victories of those at the grass roots.

Svanberg's breakfast meetings began more than a year ago, and have in that time provided a wealth of feedback to Ericsson's top man. There are no agendas, piles of documents or even a Power-Point presentation in sight. The meetings are about obtaining, rather than giving, information from the very people who drive Ericsson's daily work.

The value of the roundtable format is the opportunity it offers for a free flow of information from a new perspective; one that can vary markedly from the impressions of the management team and upper-management sphere.

Originally slotted for an hour, the meetings quickly blew out to at least 90 minutes, such is Svanberg's appreciation of the insight they provide, an insight which is taken back to the company's top-level decision makers.

Regular meeting-goer and Ericsson's head of internal communications Per Zetterquist says the very nature of the meeting format and the diversity of its participants ensures plenty of "straight talk".

"It's very much about discussing where people are, what they are interested in and concerned about," Zetterquist says. "It is interesting to see the change during the past year: what started out very

much focused on the turbulence in the company has really moved on to the big changes we are experiencing, our strategies, culture and ways of working.

"The discussion really mirrors what is going on in the company and people really speak their minds."

Those people come from all areas of Ericsson. When the meeting idea was born mid-last year, all employees working in Kista were sent an e-mail invitation to attend. More than 1400 people said they wanted the chance to influence Svanberg and the process began to randomly select about 16 employees for each bi-monthly meeting.

Attendees are then advised of a date and time for the meetings at Ericsson headquarters.

Ways of working, career opportunities and customer relationships were just some of the topics that came up when 16 employees from different parts of the company met at one of the meetings recently.

Several of the participants asked about career opportunities and changes in management. Many face the problem of having several new managers within a short time, which makes it difficult to work out a career plan that works.

Svanberg said: "There is a tradition here of

moving people around the organization a little too often. Many are thought to believe that it is important to move on after two years if you want to move your career forward, but it is important to stay in one role long enough that you learn from both mistakes and successes."

The question of operators outsourcing the operation of their networks came up, referring to 3 in Australia handing over operation of its network to Ericsson. Svanberg said this was an interesting area and a development of the company's core business, which people could expect to see more of.

"Our monitoring of the networks creates a deep partnership with the customer and that creates business opportunities. Network control should be seen as a strategic resource," he said.

The breakfast was the first meeting with Svanberg for Sara Karlsson, from Business Unit Systems, and Hannes Medelius, who works with research and development.

Karlsson said the meeting was more informal than she expected. "It was interesting both to hear what the others asked about and the answers they received. It was really educational," she said, adding that she hoped the breakfast meetings would continue to be held. Personally, she asked about operators who outsource the operation of their networks and Ericsson's plans within this area.

Medelius thought the questions and answers gave an interesting perspective.

Among other things, he wondered why new R&D centers were being set up when they had recently been rationalized. The answer was that it was important to be close to major customers in countries such as China and the US. •

Japanese call for content

Consumers in **the world's most advanced telecom market** are more interested in content than technology. Here it is the operators, not the network or terminal suppliers, that are driving development.

But the Japanese market is unique in another way too. Consumers here demand perfection.

Sitting on the local train going towards Shinjuku Station in Tokyo, one of the busiest railroad junctions in the world, you can't help but notice how every other passenger sits fully focused on the little screen of his or her mobile telephone. Japanese consumers use their telephone almost constantly and they don't just talk. Out of an average ARPU of approximately 50 EUR a month, Japanese people spend around 25 percent on data transmissions including text messages, which is considerably higher than in Europe, where most users have a data usage of approximately 15 percent of their total mobile consumption. The Europeans use text messaging slightly more than the Japanese but whereas use of internet based content and services on the mobile phone in Europe is nearly non-existent, Japanese consumers spend more than half of their entire data consumption on things other than SMS. Indeed, for most Japanese people the mobile phone is all about services and content.

And if you think that the Japanese are mostly using their phones for business and commercial services, you're wrong. Only about 10 percent of Japanese mobile business comes from enterprise use. Ninety percent of all phone bills are being paid by private users. The biggest revenues from consumers are the use of mobile content and services.

Such markets are created by service brands such as Sha-mail and Chaku-Uta which offer picture messaging and downloading of true tone, mp3-based ring tones. Trendsetters in Japan are teenage

girls. For them, the focuses are not on handset manufactures, nor mobile operators, but on popular services that provide entertainment and kill time.

Technology in itself is not important to Japanese consumers. Despite the fact that Japan for years has had several working 3G networks, not too many people are really aware of whether they're using one type of network or the other. In Japan content is king which means that consumers have no tolerance towards faulty technology. Nobody cares whether they use WAP, WCDMA or Bluetooth but users do demand that services work and so do mobile operators. This is why Ericsson is facing challenges in the Japanese marketplace like in no other place on the planet, according to market unit head, Rory Buckley.

"From a quality point of view Japan is the most difficult market in the world. If we present a customer here with a technology that has a few outstanding issues, something which you can get away with all over the world, the Japanese customer will simply not be interested. His attitude would most likely be to ask why we haven't fixed these defects already if they're so minor," says Buckley who came to Japan in the spring of 2004.

Buckley believes the major challenge for Ericsson in Japan is to convince all of Ericsson to think this way. In his opinion, implementing the Japanese standards of precision and quality throughout the entire organization would give Ericsson a major

advantage over its competitors most of which are not present on the Japanese market at all.

Ericsson is the only western supplier of infrastructure to NTT DoCoMo. Tetsuo Kato is a general manager of sales with the NTT Group Business Division within Ericsson and has recently negotiated a deal involving a new 800 MHz WCDMA base station which NTT DoCoMo plans to deploy in rural areas to increase 3G coverage.

NTT DoCoMo is using Ericsson and competing company Panasonic to supply these base stations built on NTT DoCoMo specifications. According to Tetsuo Kato, Ericsson has an advantage over the competition in that the Ericsson product has a larger number of channels and is easier to repair in the field but the pressure is still on Ericsson because of NTT DoCoMo's relentless focus on the cost and quality of the products.

"This account is of strategic importance to us because it gives us a chance to demonstrate that Ericsson can deliver products superior to those of our competitors," says Buckley. "Our experience with NTT DoCoMo and lessons from the past have paid off in this tough market. Quality-wise we are now the same level as our competitors and NTT DoCoMo are very satisfied with the products offered."



Rory Buckley

text: peter gotschalk, contact.a@ericsson.com

photo: peter gotschalk



Japan is two years ahead of anyone else in telecommunication. 2G is dead here.



Japanese mobile users show virtually no interest for the underlying technology. In Japan, services and content are everything, and people are prepared to pay for it. Only 10 percent of revenue from the Japanese mobile phone market stems from business clients, the rest is what the Japanese pay for out of their own pockets.

Photo: Pressens Bild

facts: the Japanese market

Mobile penetration: 83.2 million customers from a total population of 127 million, the equivalent of about 66 percent.

Average Revenue per User: EUR 51.50 per month.

Source: Telecommunications Carriers Association

facts: mobile operators

NTT DoCoMo: 46.6 million customers (56 percent of the market).

KDDI au/TuKa

Au: 17.8 million customers (21.4 percent).

TuKa: 3.6 million (4.3 percent).

Vodafone K.K.: 15.1 million customers (18 percent).

Source: Telecommunications Carriers Association

>> KDDI and Softbank are among other companies which are turning out to be large potential clients for Ericsson. KDDI is currently being supplied with CDMA 2000 base stations by companies such as Motorola, Samsung and Hitachi. But Ericsson, with its good track record with this technology in the US, and mastering synergy between WCDMA and CDMA 2000 technologies much better than competitors, intends to offer better prices for these products, says Masanobu Fujioka who directs the new business and technology department within Nippon Ericsson K.K.

These potential accounts, however, are good examples that Japanese operators focus solely on 3G solutions making Ericsson in Japan the only market unit in the world which has no 2G business. Along with the aforementioned very high quality demands, Ericsson has opportunities in Japan which, if understood throughout the entire organisation, can leverage Ericsson as a whole and put the company way ahead of competition, says Buckley.

"The requirements we place on the organisation need to be very clear. Technology has to work. And it has to be delivered on time. This process can be very unpleasant but we have excellent project managers here who help push it through and we believe this will benefit the entire corporation in the long run. Japan is two years ahead of anyone else in regards of telecommunication. 2G is dead here. What better way to prepare ourselves for the future all over the world than to excel in this marketplace?"

Vodafone K.K., with more than 15 million subscribers, has an 18 percent share of the Japanese market for mobile telephony.

Cooperation works better here than in other regions, says John Thompson, chief technical officer for Vodafone K.K.

"We in Japan have had good, stable cooperation. We have not had the sort of problems here that we have experienced in Europe. We continue to trust

Ericsson. Our employees appreciate its expertise and the company is seen here in Japan as a trustworthy partner."

Vodafone K.K. launched its WCDMA network in December 2002. Today it has about 15,500 base stations which, among other features, ensure complete coverage of Tokyo's enormous subway system. But there have also been many more improvements since the network was launched, including the size of the handsets, reliability, functionality and quality of service.

"Our 3G coverage can almost be compared favorably to our 2G coverage," Thompson says. "But we still have a long way to go."



John Thompson





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Construction of the ultimate sales force continues

Sales & Marketing celebrates its first birthday in January. The group function, assigned to strengthen Ericsson's sales, has, among other achievements, ensured that the sales organization has more time for selling.

Contact asked key account managers Toby Seay, Erik Feng and Edvard Gavefalk to describe the first 12 months.

The winners of Ericsson's first global sales competition, the Top Sales Competition 2004, will be announced in January 2005. Group Function Sales & Marketing organized the competition, which will highlight the 100 people within Sales who have performed best during the past year. The competition is one of several clear signs that things are really getting

moving within Ericsson's sales organization, just a year after the Group Function Sales & Marketing was created.

Toby Seay, the key account manager for North American operator Cingular, sees the sales competition as an important step in exactly the right direction.

"This sort of activity is incredibly important for an organization that wants to be stronger in sales," Seay says. "Just talking about sales culture is not enough. You need to have goals that the employees can live up to. We need rewards and recognition that shows that we are attaining our goals, both as individuals and as groups."



Ericsson relies on salespeople with the right attitude. In January 2005, the winners of Ericsson's first global sales contest, Top Sales Competition 2004, will be named. The contest is one of several obvious signs that things are falling into place within Ericsson's sales organization. (The photo is from 2002, when Orange visited Ericsson.)

"This type of competition will generate a lot for the company as a whole. The Top Sales Competition contributes to our success and also shows the ways in which the organization can achieve its goals. We can show that there are people here who have done that. This makes the achievers role models for the rest of the organization."

The Top Sales Competition is one of several activities under the Sales Transformation program. Group Function Sales & Marketing started the program in 2004 to reinforce Sales Culture, Sales Excellence and Sales Management and create what is called an "aggressive sales culture" within the company.

In March this year, Contact described several of the activities, including the implementation of the group-wide sales tool, the Sales Information Organizer, which allows all market units to work with the same parameters. Better follow-up and reporting also improves the quality of advance planning. That makes it easier to plan deliveries based on the customer's needs.

Seay says that common tools and processes are extremely important. He welcomes all systems that can contribute to unity and a common direction for the entire organization. Yet he also stresses how much the sales organization depends on other, "softer" values that can work like mortar for a global company such as Ericsson.

"It is essential that we are all heading in the same direction," he says. "This sort of value helps us to keep our minds on meaningful things. If we can just keep our focus right, and establish the correct goals, we know that we have the competence and desire we need to succeed."

Seay has no doubts that Ericsson has made good progress during the past year, even if the level of progress is different in different parts of the organization.

"We now have a common direction, a common language and a common goal. We know where we are heading and we know how we are going to build a sales culture. The change has started, which

is a big step. The Group Function has done it exactly right."

Market Unit China has benefited greatly from the Sales Force Portal and SIO. At the start of December, it also started implementing the One Sales Process according to the guidelines from the Group Function's tactical account plan, which has made it possible for employees to find the routines and tools for the best possible account planning.

Erik Feng, KAM for China Mobile, says the One Sales Process was long awaited: "The previous sales process had developed over time in different ways in different regions," he says. "But soon we will be able to use one single process for all of China, which is a definite improvement."

In a country with about 100 key accounts, the Business Review Meeting is also a welcome new feature. Representatives from the market and business units will now meet three times a year to discuss the market situation. This significantly reduces the chances of Ericsson neglecting a business opportunity, which is an important improvement, Feng says.

Edvard Gavefalk is KAM for Celtel International, a mobile operator with headquarters in the Netherlands and operations in 13 African countries. Since 1998, the fast-growing company has invested in mobile licenses that cover a third of Africa's population.

For Gavefalk, it is essential that the decision process is as simple as possible.

"The customer wants to talk to someone who can take decisions," he says. "That is why it is important that we KAMs have both the mandate and the competence to take decisions in our meetings with the customer. We have to seize the business opportunity when it arises, as the same time as we build long-term business relationships."

Gavefalk says that tools and reporting systems have become better during 2004 and that it has become easier to work according to the sales process. Better and simpler internal processes have given Gavefalk and his colleagues more time to do what they are



Erik Feng

best at, and what they were employed to do: to sell. "I have simply got better conditions now that allow me to do a better job and concentrate on the job at hand," he says. "In the end, it is the personal business relationship that helps you develop a strategic partnership. The approach that has always worked best has been our ability to build complete teams that can have complete discussions with the customer. My colleagues have reacted positively to these developments."

If Gavefalk had the chance to draft the advertisement for future sales people, he would first of all ask for people with the right attitude. A sales person should be hungry, should like doing business, and do everything in his or her power to satisfy the customer. If the customer is satisfied, and its business is doing well, the rest should work automatically.

"The sales person should like the customer and be ready to help day or night. On top of that, he or she should have complete competence. The sales person who can discuss technology and the financial dimensions can really lift the discussion and create trustworthiness. It is also important that a sales person can work in a team and refuse to give up."

Seay defines a good Ericsson sales person as someone who can add value both to Ericsson's business and the customer's, contributing to the creation of a long-term partnership. A good sales person must also be able to communicate these values both internally and externally, representing both sides.

"A KAM that can explain to colleagues how an agreement adds value for both the customer and your own company makes things easier for the entire organization," he says.

The ideal situation for a sales person is to attain the status of a business adviser. Seay sees this as the ultimate recognition. "The best praise we can get is when the customer says: 'I need your advice'. In some areas, Ericsson has achieved this."

More information is available at Sales Force Portal (<http://internal.ericsson.com/salesforce>)



Read the article Ready. Set. Sell! in Contact no. 3. 2004 as well.

photo: anna rehnberg

update

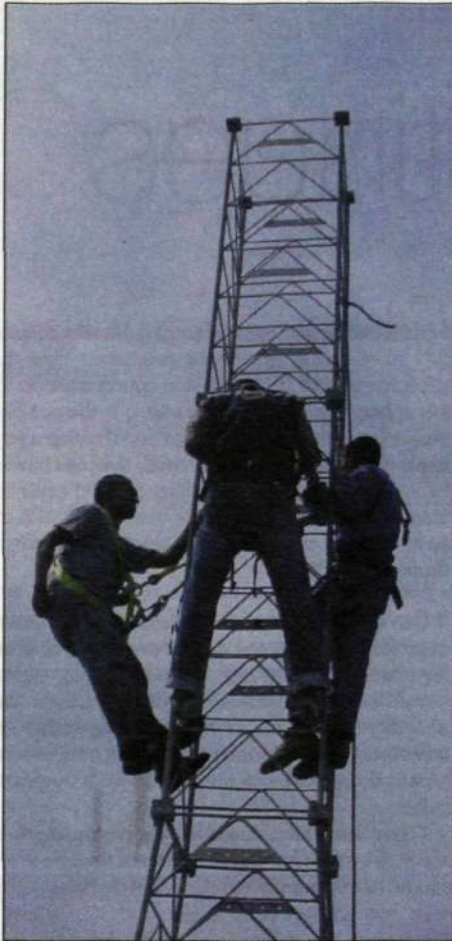


photo: ericsson archive

Breakthrough deal with Cingular

In a breakthrough for 3G in the United States, Cingular Wireless LLC, the largest wireless carrier in the US, has chosen Ericsson as a supplier and integrator in the build out of Cingular's next-generation voice and data network. Under the terms of the agreement, Ericsson will provide a portion of Cingular's UMTS/High-Speed Downlink Packet Access (UMTS/HSDPA) packet core and radio network equipment.

Cingular will be building UMTS with HSDPA networks in a number of major urban and suburban markets, beginning in 2005.

ericsson Ericsson will develop and deliver the infrastructure required for a broad-scale deployment of an expanded UMTS/HSDPA network along with Lucent and Siemens.

Angel Ruiz, head of Market Unit North America, stressed the importance of Ericsson's close working relationship with Cingular. "The KAM organization was instrumental in making sure that we approached the customer from all levels, from the people in the field, all the way to the CEO. Carl-Henric Svanberg worked very hard to create confidence in

US operator Cingular Wireless LLC has chosen Ericsson as a supplier and integrator in the build out of next generation network for voice and data.

Ericsson's ability to deliver on our commitments and focus on operational excellence. He was so closely involved in the process that he dubbed himself 'vice-KAM,'" Ruiz says.

Toby Seay, Cingular key account manager, says: "It was important that we understood what Cingular was trying to achieve. They wanted to put themselves in a leadership position in UMTS/HSDPA and Ericsson had to prove that we could provide a timely solution with a good price structure to place them in a competitive position in the market." Ericsson also brought Ericsson Mobile Platforms, Sony Ericsson and Sony to the table to demonstrate that they could provide an end-to-end solution. Cingular viewed this as important in differentiating themselves in the US market.

Ericsson HSDPA represents a natural, fully standardized evolution of UMTS that will improve the peak data downlink rate to as high as 14 Mbps and offer operators more than twice the system capacity within the current radio spectrum.

HSDPA will enable operators to deliver more advanced mobile broadband services, such as internet and corporate access. Its unprecedented data rates will allow users to.



Angel Ruiz

JOHN MAXWELL HOBBS

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Ericsson China broadens its borders and creates MU Greater China together with Taiwan.

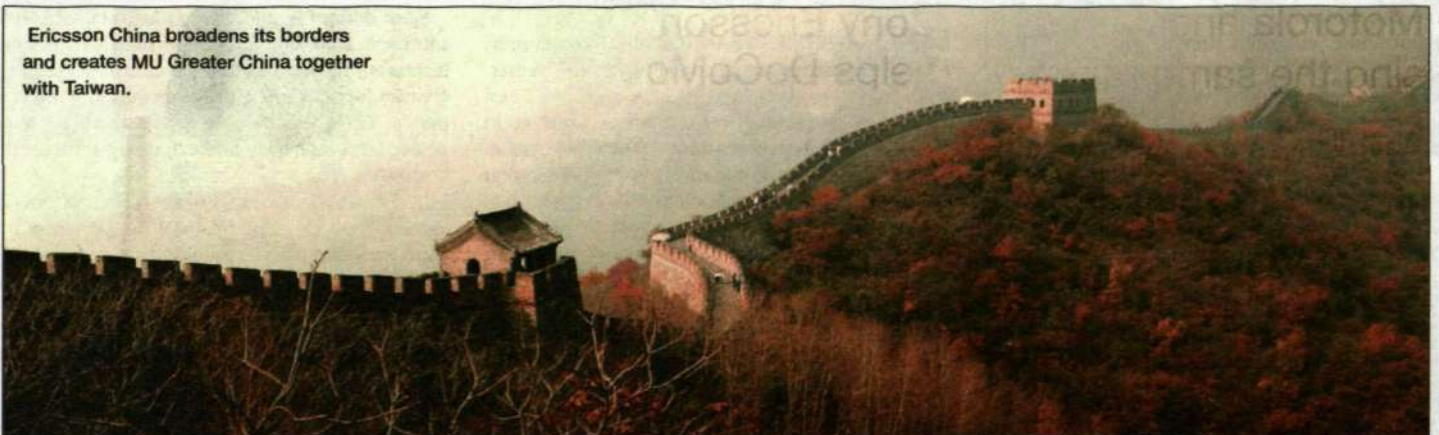


photo: lars åström

Big contract in China

Ericsson has signed a contract worth USD 805 million with Guangdong Mobile Communication Corporation. Ericsson will expand Guangdong Mobile's GSM network to reach 54 million subscribers.

ericsson Mats H. Olsson, president of Ericsson China, says it is an honor for Ericsson. "This takes our partnership to an even higher level," Olsson says. Ericsson will provide infrastructure and equipment, including hardware and software. All delivery will be completed by the end of March 2005. The deal will increase the capacity of Guangdong Mobile's GSM network.

Today, the company has 30 million subscribers in Guangdong Province in southern China and is the largest provincial communications company in the country. Ericsson has become one of Guangdong Mobile's most important strategic partners since the start of a cooperation in 1987 and is the primary supplier of GSM/GPRS network equipment.

The dawn of a new market unit

For Ericsson, 2005 isn't just going to be a new year, it will also see the birth of a new market unit. Ericsson

ericsson Taiwan will join mainland China, Hong Kong and Macau in Market Unit Greater China. Mats H. Olsson has been appointed head of the new market unit. He says the creation of the MU was a decision taken from a strategic perspective to stimulate long-term growth in the region. China, Taiwan and Hong Kong/Macau are all following the same road map when it comes to telecommunication evolution. As well, mainland China is a huge, high-growth market, whereas in Hong Kong, Macau and Taiwan, the markets are advanced and mature.

"I strongly believe we can synergize the two markets, and work from both ends of the spectrum in forming the most exciting region within Ericsson," Olsson says.

CDMA growth continues in China

Ericsson recently took an important step regarding CDMA in China. The country's second largest mobile operator, China Unicom, has selected Ericsson to supply infrastructure for the expansion of its 3G network. Ericsson will provide its CDMA2000 1X solution for core and radio networks.

ericsson The contract also includes a full portfolio of services, including training, network rollout and technical support. The expansions cover the provinces of Jiangsu, Yunnan, Heilongjiang and Liaoning. As well as these four provinces, Ericsson has supplied CDMA infrastructure for China Unicom operations in Henan, Anhui and Sichuan provinces. Ericsson has roughly 15 percent of the CDMA market in China.

Mobile Broadband launched in San Diego

The Mobile Broadband concept, an offering that will bring high-capacity nationwide broadband mobile services, was launched at the Capital Market day in San Diego, USA, on November 11.

"Voice went mobile, now broadband is going mobile," Carl-Henric Svanberg, president and CEO of **ericsson**, told the launch audience in San Diego.

With mobile broadband, customers will be able to increase ARPU (Average Revenue Per User) by combining mobile telephony and mobile broadband. Mobile broadband services can be launched with any 3G-technology. With a 3G-enabled laptop, it will be possible to stay in constant connection over nationwide 3G-networks and experience broadband connectivity anywhere and get access to broadband speed.

"Mobile broadband will not compete with the mobile phone, but be a welcome complement, equally attractive to business and personal users," says Andrei Duski, marketing manager at Business Unit Access and responsible for Mobile Broadband.



Andrei Duski



Mobile Broadband helps users to increase speed for both data and mobile telephony. Ericsson recently launched the Mobile Broadband concept to the market.

photo: pressens bild

Motorola and Apple singing the same tune

The ability to download music to mobile phones is becoming an increasingly sought-after application among end users. The latest **world watch** news is that Motorola's mobile phones will be able to operate with Apple's music service, iTunes music store. German newspaper Berliner Zeitung reports that a cooperation has begun between both companies and that Apple's software will be introduced into Motorola phones, both in the cheap and more expensive models. The goal is that the phones will handle music as smoothly as Apple's iPod.

"This is the way for us to really reach a mass market," Eddie Cue, vice president at Apple, says.

Sony Ericsson helps DoCoMo

One of the world's largest WCDMA networks, DoCoMo's Foma network in Japan, will be developed with help from Sony Ericsson and Sharp. In a joint press release from Sony Ericsson and Sharp, the companies say they will use DoCoMo's symbian-based platform to develop new software for Foma. Both Sharp and Sony Ericsson will also develop hardware to use in their respective mobile phones. The idea is then to offer these mobile phones to the market as Foma-phones. The number of customers using the Foma-network today is estimated at 8 million. Sharp has delivered phones to Foma before, but it will be the first time for Sony Ericsson.

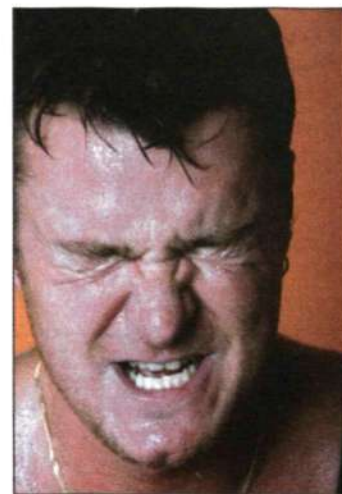


photo: pressens bild



Music – soon in every phone, but without analog buzz.

Reorganization for DRND

From January 1, the part of Development Unit Radio Network Development (DRND) that works with **ericsson** GSM/WCDMA will be integrated into Business Unit Access. The part that works with CDMA will be integrated into Business Unit Mobile Systems. Kurt Jofs, head of Access, says the aim of the organizational change is to create strong, clear management and distribution of responsibilities so the radio network business can meet customer expectations.

The following DRND units will be a part of Access: GSM RAN, BTS, WCDMA RAN, RBS; WCDMA Wideband products, OSS (Ireland), Systems and Technology, and staff functions. And the following units will be a part of Mobile Systems: C-RAN and C-RBS.

Have you been sweating on your mobile recently?

Siemens has asked 300 mobile phone retailers about what their customers say are their most common mobile accidents. Here **world watch** are some of the answers:

- 1) Dropped the mobile on the floor.
- 2) Mobile jammed in pocket.
- 3) Talking in the rain.
- 4) Throwing the mobile on the ground.
- 5) The dog caught the mobile.
- 6) Dropped the mobile in the toilet.
- 7) Dropped the mobile in the lake.
- 8) Forgotten the mobile on roof of the car.
- 9) Been sweating on the mobile.
- 10) Dropped the mobile in the snow.

SOURCE: SIEMENS/METRO

First day at work

The booklet *Our Ways of Working* highlights the importance of Ericsson motivating its employees and investing in new competence. One sign of the second point is the new recruitment being carried out at various locations around the world. Ericsson at Guildford in England has recently bolstered its numbers with 15 engineers. Contact met two of them.

Linda Oranika feels that she is incredibly lucky. Back when she started studying engineering in Nigeria, she was already dreaming of a job with Ericsson. A few months ago, that dream became reality when she started working for Ericsson in England.

"I have always been interested in science and technology, and I decided early on that I would study technology with a focus on telecommunications," she says. "I dreamed about getting a job with Ericsson, which is a well-known company in Nigeria, my homeland. After I took my first degree, I moved to England and studied digital communications."

More than 750 people applied for positions, and Ericsson chose 15 of them. They all now work in Guildford, where they have joined an 18-month internal education program.

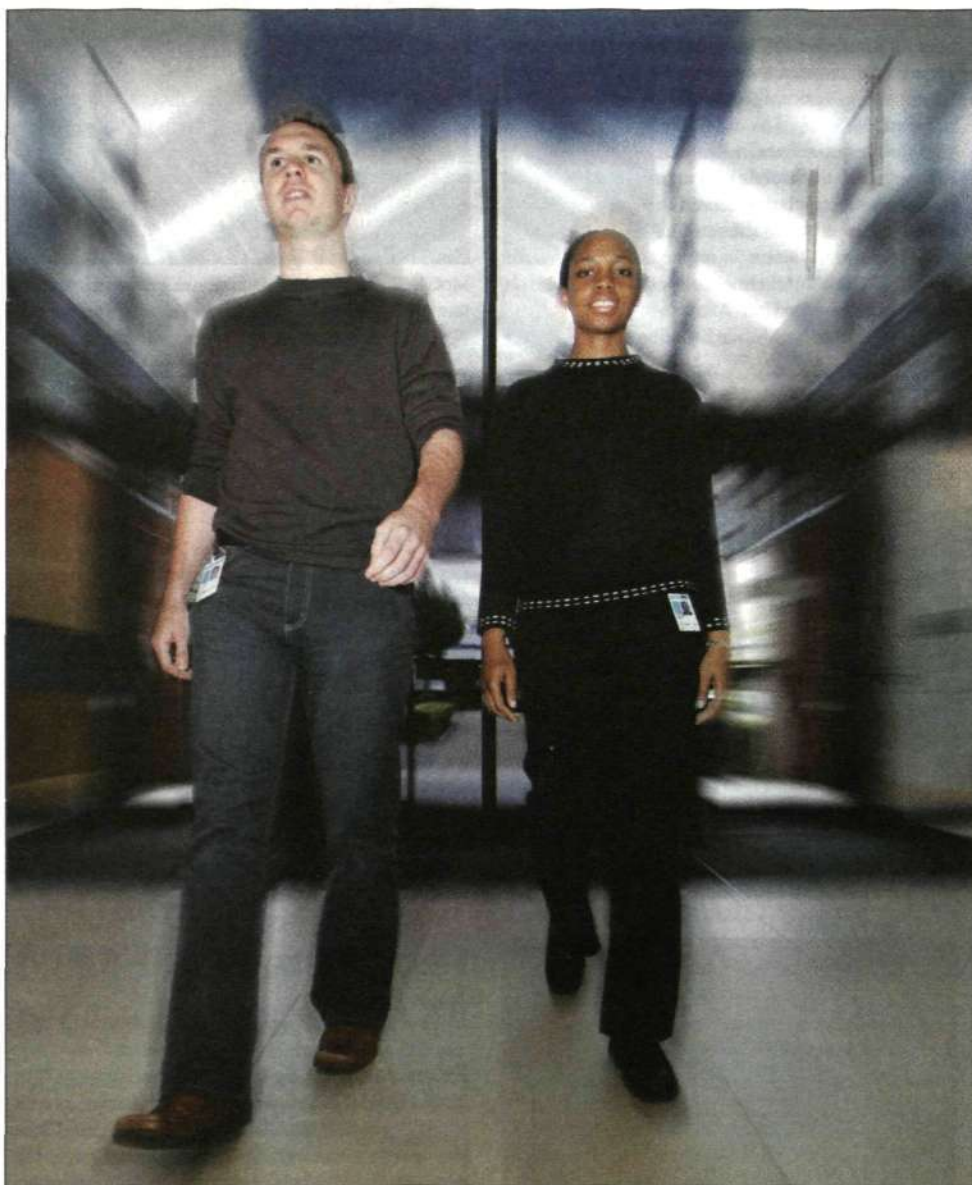
Phil Hooper, HR manager at Market Unit North Western Europe, says the new employees should be seen as a clear sign that Ericsson is investing in the future.

Alun Watkins is also overjoyed with his new job at Ericsson. Both he and Oranika are part of a group of newly graduated technicians recently recruited by Ericsson in Guildford.

Watkins had applied to 25 different companies before he made contact by e-mail with Ericsson. "I didn't think I had a chance, so I was totally surprised when I made progress through the employment process and then got the job.

Several of my fellow students have applied for more than 100 jobs," he says.

Both Oranika and Watkins are now working with



At Ericsson in Guildford, England, 15 engineering graduates have recently been hired. Alun Watkins and Linda Oranika are two of the new employees.

support, combining their work with different courses. They are positive about the future and are convinced that Ericsson has put its difficult years behind it.

Oranika says she feels that her new workplace has a professional and relaxed attitude. "The job is never boring because there are always things to learn. I think I will still be with Ericsson in five years, perhaps

working in a specific area and closer to the customers," she says. "Working for Ericsson in Nigeria would be great."

Watkins also believes he will still be working with Ericsson in five years. "Who knows? Maybe I will be an experienced technician who is helping new graduates get going at work," he laughs.