

CONTACT

THE PUBLICATION FOR ERICSSON
EMPLOYEES AROUND THE WORLD

2·2005

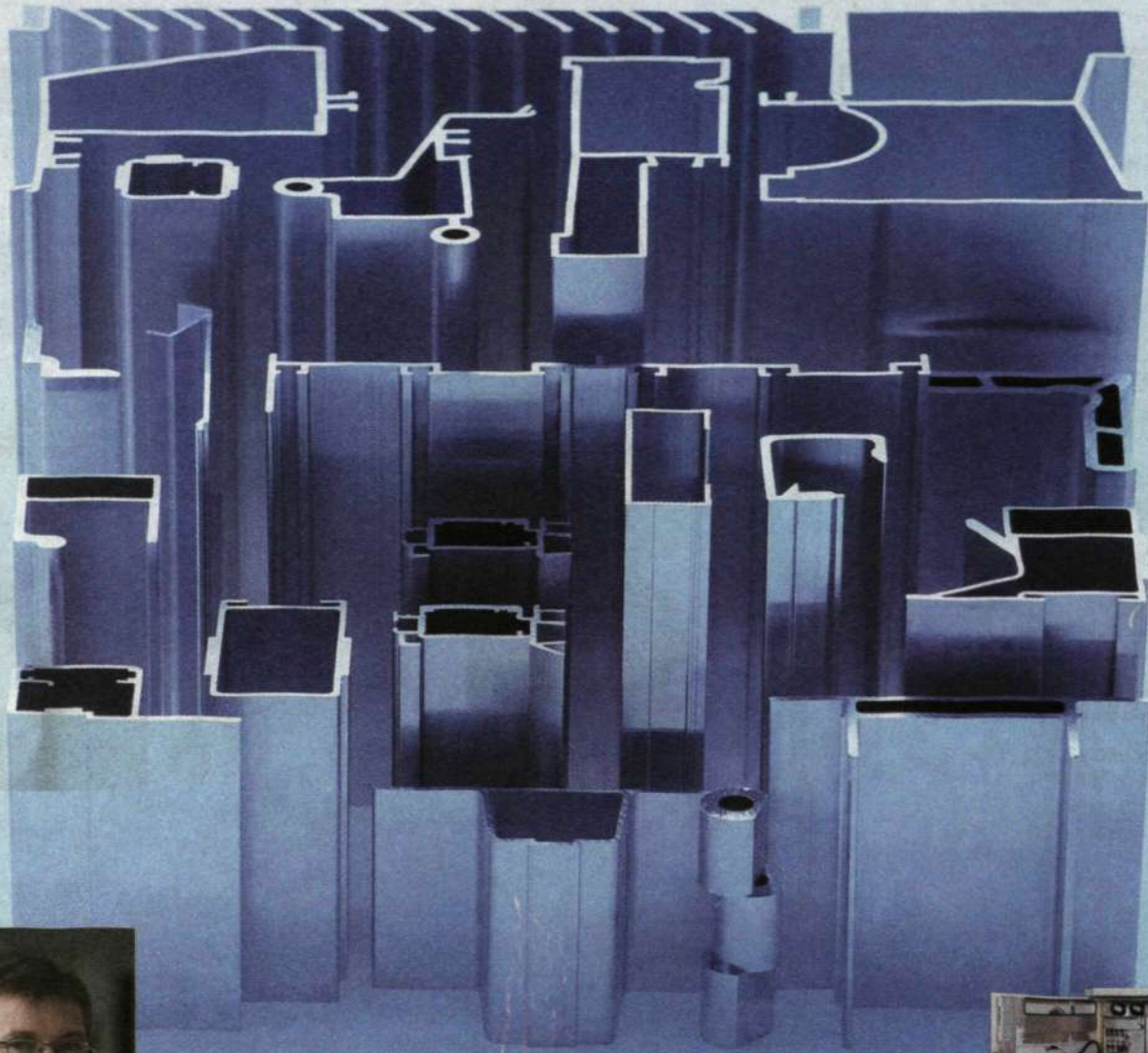
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Partnership

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Sapa and Ericsson: co-operation 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004 och 2005.



Thomas Andersson, Sapa. "We have the capacity and flexibility that Ericsson demands. It is also valuable for Ericsson to have a dialogue with a partner that has the resources and competence to contribute with its own research and development. Our co-operation is of a long-term character."



More than 1,000 solutions with **aluminium profiles**. Focus on **cabinets** and heat sinks.

Aluminium has low weight, high tensile strength and very good corrosion resistance. Aluminium **profiles** can be formed into unbelievable shapes.

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Let's meet and see how we can continue to shape the future together.

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sapa:
Shaping the future

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printed at

NA Tryck AB
Örebro. 2005

external advertising

Display AB. 090-71 15 00

distribution

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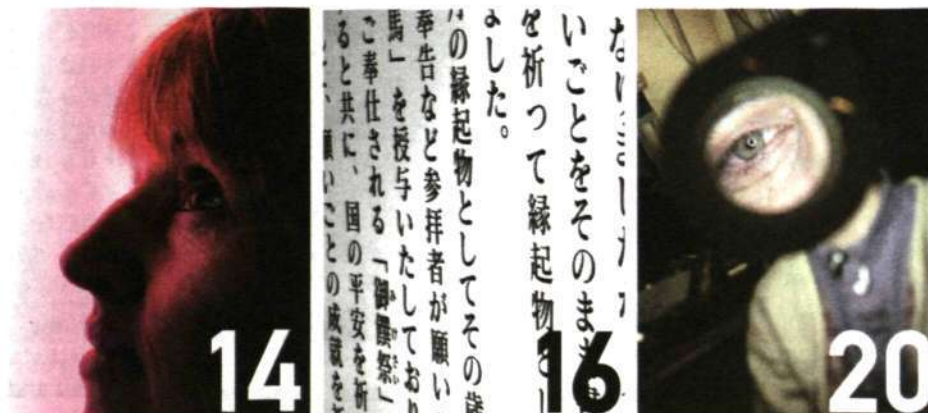
contact online

http://internal.ericsson.com/page/hub_inside/news/magazines/kontakten/index.html



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column

Henry Sténson
head of group
function
communications
and publisher of
Contact

Strength of relationships

Contact this month takes a close look at partnership, which primarily means relationships between companies. This is an important area both for Ericsson and the companies with which we work, be they suppliers or operators. This is a trend affecting both our own industry and many others. Companies cannot cope with working parallel with too many others in the long term.

Technological shifts provide the opportunity for this sort of choice. This trend is clear among our customers. Many use the transition from GSM to 3G as an opportunity to reduce the number of suppliers – in some cases, radically. The purpose is obvious. Working more closely with a smaller number of partners leads to better results, and can lead to other advantages. On the other hand, it also contributes to longer-term relationships.

For us working for Ericsson, this development can in many cases bring new challenges. Closer relationships with customers mean there is a greater need to listen to the customer's viewpoints and really take on board what is demanded of us, when it should be done and completed. This closeness, and the tough schedules that often accompany the introduction of new products and services, also place new demands on how we conduct ourselves in the relationship. All this is touched on by our new brand platform and in the material that underlies Our New Ways of Working

At the same time as our internal change processes go on, we see that our customers also realize that we are adopting our approach. Recent customer surveys show this clearly. Both our products and our approach are getting better marks. We are improving our scores in most markets, and getting better rankings than the competition. Confidence is improving. Our continued focus on the importance of close and deep relationships with customers can make partnership yet another competitive advantage in which Ericsson must be the best.

Want the most integrated solution
for your ADSL over IP application?

GET ST's COPPERWING12 IT's SETTING THE NEW STANDARD

ST's CopperWing12 chipset provides 24Mb/s for broadband services and is the market's first ADSL2+ Central Office chipset with Embedded IP/ATM Cell Processor. The chipset integrates all ADSL functions from ATM/IP interfaces to the line in three devices.

Perflow IP/ATM Cell processor has been designed to integrate Network Processing functionality, Cell and Packet processing functions and configurable backplane interfaces (ATM and IP) to enable cost effective IP/ATM based DSLAM avoiding the need of on board Network processor. Perflow processor allows also different line card architectures with the possibility of also chaining several STLC61256 devices on the same card or develop controller-less line cards.

The highly integrated device supports category II ADSL functionalities, including trellis coding and echo cancellation. The device embodies transceivers optimized for Central Office operation, with bit rates of up to 3 Mbps upstream and 24 Mbps downstream. This device is ideal for power and area sensitive Central Office equipment, providing highest performance and density while meeting all telecom grade equipment requirements.

DSL Feature list:

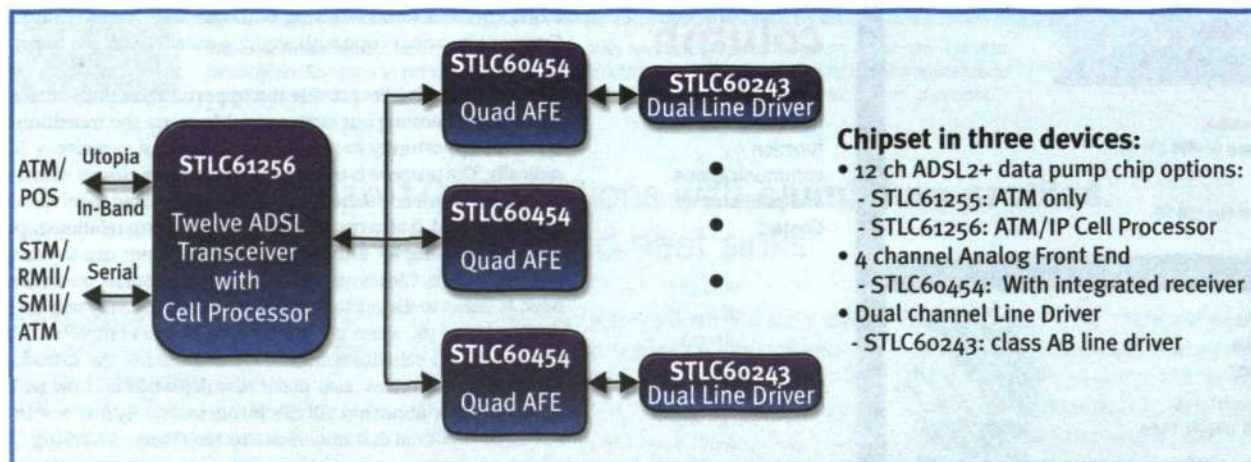
- T1.413 Issue 2
- ETSI TS101 388 V1.3.1 – ADSL over ISDN
- ITU G.992.1 - G.dmt, Annexes A, B, C, I
- ITU G.994.1 - G.hs rev 2.
- ITU G.992.2 - G.lite, Annexes A, B, C.
- G.992.3 - G.dmt.bis, Annex A, B, I, J, L, M
- G.992.4 - G.lite.bis
- G.992.5 - G.adslplus, Annex A, B, I, J, M
- ITU G.998.1 – G.Bond (ATM Bonding)
- G.Selt
- ITU G.997.1 – G.Ploam

Perflow Cell Processor features:

- First stage switching
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- OAM Cells support
- PTM-TC (Packet Over HDLC)
- IGMP, Learning bridge, VLAN support
- Traffic Management and policing

Data User Interfaces:

- Utopia Level 2, PoS
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Helping lead the way

in the news: annual report

text: sonora ocampo åkerfeldt

photo: hanna teleman



Carl-Henric Svanberg had good reason to look happy during the presentation of the annual report with a strong fourth quarter and the best annual result for years.

Strong annual report results in smiles

Ericsson has unveiled a strong fourth-quarter report marked by increased profits and rising margins to finalize its best annual result since 2000.

The report said, in a nutshell, that income for the fourth quarter reached SEK 9.3 billion with SEK 28.4 billion for the whole year.

Commenting on the report, Ericsson President and CEO Carl-Henric Svanberg said "strategic business wins" in both systems and professional services had helped to bolster the company's market position.

At a press conference Svanberg said that in 2004 the industry experienced the "strongest growth in mobile users ever".

"With 300 million new subscribers in 2004, 27 percent of the world's population now has access to mobile communications. This is a fascinating development for our company," he said, adding that 2004 was a "great year for Ericsson and a great year for the industry in general".

Svanberg said 2004 was a breakthrough year for WCDMA with rollouts across Europe and parts of Asia Pacific, helping to drive subscriber levels beyond 16 million. Eleven new WCDMA networks were commercially launched last quarter, bringing

the total to 56, with Ericsson a supplier of 35 of these networks.

He also noted continued good growth for GSM and EDGE, with the deal with Guangdong Mobile Ericsson's largest GSM contract to date.

Ericsson has signed 25 IP Multimedia Subsystem contracts, 21 of them in 2004. Moreover, the company signed nine mobile softswitch contracts last year.

Svanberg reiterated the company's outlook for 2005: that the global mobile systems market could see slight growth compared to 2004 and that the market for professional services would continue to grow strongly.

"We are well positioned to capture market opportunities," Svanberg said.

He was also upbeat about professional services. "We're expanding quicker than anyone else in managed services and the fact that we gained markets share is crystal clear," Svanberg said, adding it was anticipated Ericsson's leadership in the segment would be consolidated in 2005.

All regional markets posted growth in 2004, except North America, while Latin America was the strongest growing region, with sales up 46 percent.

Svanberg downplayed the decline in North America, saying it was the result of a temporary slowdown in investments due to sector consolidation. "We'll see a comeback in 2005 and we expect to see major Cingular orders coming in 2006."

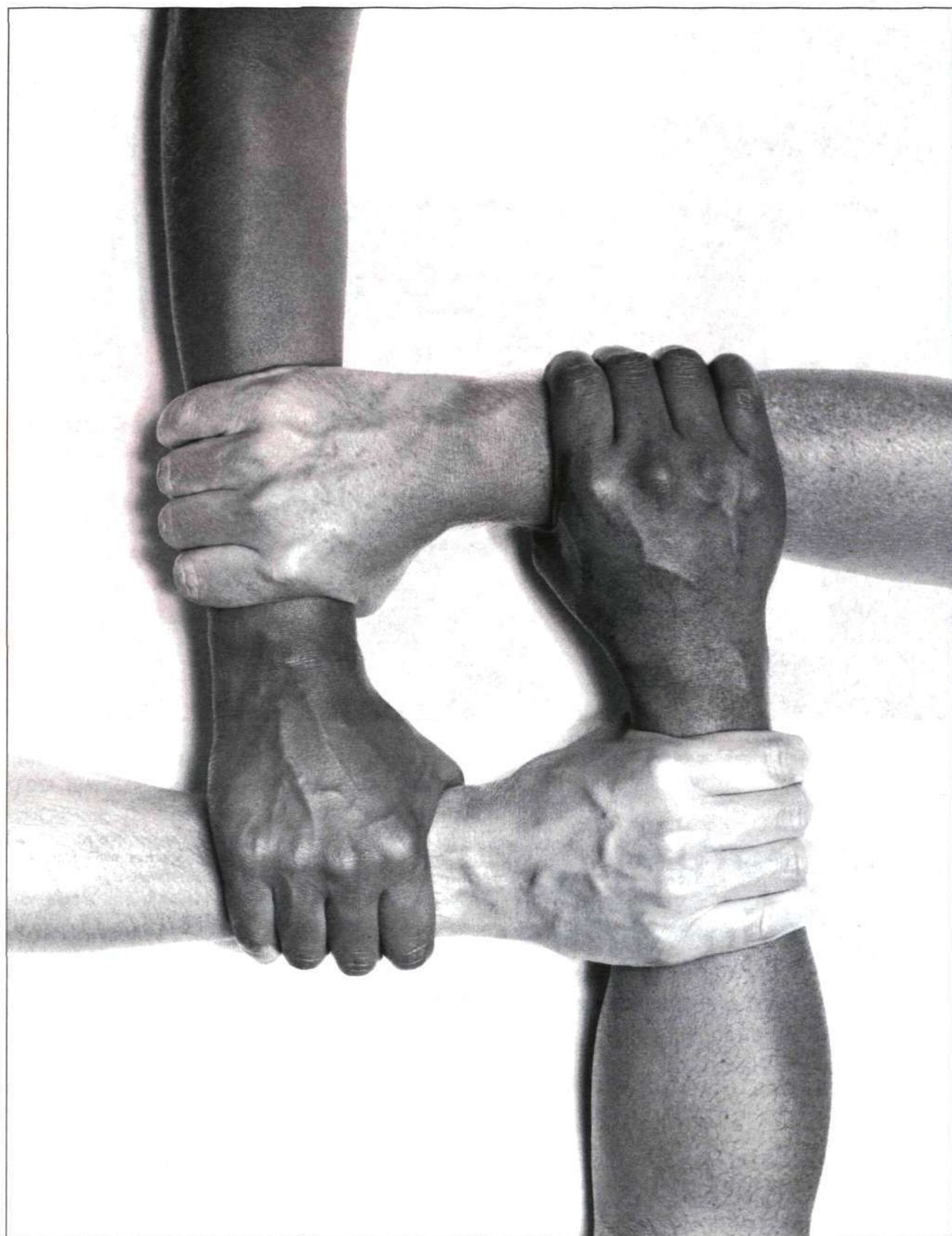
He also brushed aside market concerns regarding price pressure, saying Ericsson has managed to deal well with price pressure over the years. "We've always had price pressure, we've seen this for the past 20 to 25 years. But in this world of competition, it means a lot to have leadership, and 2004 was the year that we regained technology leadership."

Helena Nordman-Knutson, a telecom analyst with Öhman Investment Bank, said the report was a "very good one". "It shows stability, and above all, cost control. The gross margins were lower than expected but that is not a major matter. It is merely seasonality," she said.

Analyst Martin Nilsson, from Carnegie Investment Bank, says there are two things that caught the financial market's attention.

"The first thing is that the gross margins have gone down. The market was looking for an increase. That causes concerns, especially since other telecom vendors are talking about industry price pressure that will drive down margins.

"A positive thing though is that order intake was above expectations. So, as I see it, Ericsson had sales that were aligned with what the market thought but weaker margins. Therefore the earnings will perhaps decline. That's what's pressured the Ericsson stock down today."



Cooperation

gives strength



Life used to be so much easier in the days of the old industrialists: a supplier supplied, a customer bought and a competitor was someone you didn't like. End of story. But it's not so simple these days. Two companies can be **partners, suppliers and angry competitors** all at the same time. This change is reality for Ericsson today, and the company is constantly searching for suitable partners that can improve its competitive edge.

” It is about relationships between people, not companies. Therefore it is important that the right people are in the right place.

Per Jomer

>> **Being alone** is no longer a sign of strength. That pretty well describes today's reality for the IT and telecom sectors. The company that ignores strategic alliances is taking a conscious risk of being outplayed by the competition. On the other hand, those that actively search for partnerships can broaden their service offerings, expand with their customers, find new sales channels, benefit from others' special competence and take advantage of their partners' brands.

Partnership in itself is nothing new, but it is only recently that strategic cooperation has become an absolute necessity for more of those working with telecom or information technology. In a world of converging technologies, it is both difficult and expensive to take care of everything yourself. At a time when ever more customers demand complete solutions, and also want to outsource entire functions, suppliers must be better at complementing each other's offerings.

Work on this area has been going on for several years, with an updated strategic framework for partnership completed in October 2004. Per Jomer, vice president, Ericsson Strategic Alliances, led the work on the framework.

"Customers and their suppliers and subcontractors used to have clear and limited roles," he says. "Today, the borders are moving. One company can be a partner for us in one area, a competitor in another and a supplier for Ericsson in a third, all at the same time."



Per Jomer

Everything in this new world order is based on the customer. These days, customers do not just buy items and services from a supplier, which in turn has bought from a number of subcontractors. Nowadays, customers increasingly ask for solutions that require cooperation between several suppliers in different industries, sometimes even including competitors. Even the corporate giants need to find a third party to be able to offer what the customer wants.

"Partnership for us means being able to offer the best and most competitive solutions to our custo-



In a partnership you share the cake and the risks.

mers," Jomer says. "With the right partner, we can optimize our portfolio at a reasonable price."

He describes today's IT and telecom sectors as a world dominated by a few industry giants, such as Ericsson, HP, IBM, Microsoft, Sun, Oracle and Accenture. These giants' activities affect the entire development of the industry and if two or more do something together, it can have consequences for the others too. This creates new industrial spheres that Ericsson must stay in touch with and take advantage of.

As an example, HP can be a partner, supplier and competitor to Ericsson at the same time. The US giant is therefore an excellent example of what could be called a cooperative competitor. Ericsson's relationship with HP, just like its relationship with the industry in general, can be characterized by strategy, tactics and a large amount of gut feeling.

Difficult terrain

Betrayal among the industry giants is definitely the exception rather than the rule, but it does happen. Among the countless companies supporting these giants with products and services, however, it is more common that a partner steals customers from under a company's nose.

In both contexts, Ericsson has to dissolve and establish connections, and carefully choose those it wishes to have as partner, supplier or competitor. The strategic framework for partnerships has therefore acted as a valuable map for an increasingly difficult terrain. Good intelligence is more important than ever before.



Lennart Nilsson

Lennart Nilsson, in charge of Ericsson's purchasing strategy, says the risk of a partner becoming a competitor places strict demands on how Ericsson handles its relationships with both partners and suppliers. A partnership is aimed simply at increasing Ericsson's sales, while a relationship with a supplier aims to improve the focus on sales.

"These types of complex relationships have to be taken care of correctly," Nilsson says. "We first and foremost must have complete control of the entire relationship, from purchasing and technology to common sales."

"We want to develop the relationship in the direction that we see benefits us, of course. That means, among other things, that all of us who meet partners or suppliers act in a consistent way, perform as one single Ericsson."

Both Jomer and Nilsson point out that, in the end, it should be Ericsson's agenda, not the partner's or supplier's, that controls the relationship, to meet Ericsson's and the customers' demands for solutions.

Sharing risks and costs

Ericsson has therefore ensured that its strategic framework for partnerships covers all parties that are involved in one way or another with Ericsson's offering.

The Ericsson business units primarily use business partners to strengthen their global product and service portfolios. The market units use sales partners locally to complement and strengthen their offerings to specific customers. Channel partners are used in segments for which Ericsson does not have its own sales organization. In practice, this means that a channel partner sells Ericsson's offering to cus-

text: michael masoliver photo: joachim belaeff



tomers or customer contacts to whom Ericsson lacks access.

"Co-specialization" is a key word in this context, describing the type of partnership that Ericsson demands, specifically cooperation with partners that have the correct competence to complement Ericsson's offering.

In theory, it should be simple to differentiate partnerships from the traditional customer-supplier relationship. In a partnership, both parties should be able to receive an advantage from the other's brand. They should both also add value for common customers that neither could have provided on their own. A supplier, on the other hand, should first of all fulfill Ericsson's demands on an efficient supply chain, as well as stand for the agreed risks and costs.

But that is only the theory. Unfortunately, the reality is known to be much more complicated. Choosing

facts: partnership

A company that joins a partnership can expand its service offering, expand business with its customers, find new sales channels, improve economies of scale, take advantage of others' special competence and benefit from its partners' brands. In a real partnership, both parties share the costs and risks fairly, in areas such as research and development. Both parties also create new value for common customers in a way that neither could have done on its own.

Ericsson's business units use business partners primarily to strengthen their global portfolios for products and services. The market units use sales partners locally to complement and strengthen their offerings to specific customers.

Channel partners are used in segments where Ericsson does not have its own sales partner. In practice, this means that a channel partner sells Ericsson's offering to customers or customer contacts that Ericsson would not otherwise have had access to.

Ericsson uses suppliers primarily for purchasing and production of its own in-house-development products, and for purchase of third-party products, and services focusing on the total cost and fulfillment of its demands, including in areas such as supply.

One relationship can involve a company being supplier, partner and competitor to Ericsson, although in different areas.

“A partner can be a competitor to us. It is most important that the partner seizes the opportunities of the partnership and is happy to complement us in the right areas.”

Olle Tholander

>> a partner in business is rarely any simpler than finding a partner in real life. Both situations have much in common: both partners must, for example, share the risks and costs in a real relationship.

Jomer says it is largely about relationships between people. “That is why it is so important to have the right people in the right positions. It is also important to try to understand our partners and their cultures, because we are doing business together. You see pretty soon if the partnership is working.”

Better balance

Service Layer was the first area within Ericsson to put the new corporate strategy, using the partnership framework in its entirety, into effect. In October last year, it was able to present a complete assessment of all partners and suppliers on the product side.

Within the service layer, Ericsson uses partners to complement and strengthen its offering of products and services. The company's partners primarily provide Ericsson's portfolio with the types of IT competence that it has chosen not to develop on its own. Short-term or temporary partners can also be used to fill competence gaps when they arise.

It is Ericsson's business and product strategies that determine the category into which a partner or supplier is placed. Ericsson wants to own some of them itself, particularly when they fit into its core business. Others it will gladly leave with a partner or supplier.

That balance, between doing in-house product development and partnership, is critical in the search for the optimal product portfolio, says Peter Gregefors, in charge of partnership strategies in the Service Layer product area, within Business Unit Systems.



Peter Gregefors

“We have now found a much better balance, which leads to a strong connection between our product strategy and which partners and suppliers we work with,” he says. “That means we get a more genuine specialization and better value for money. The goal is of course to get as much as possible into the product portfolio for a given sum of money.”



A true partner is willing to share the bill.

Olle Tholander, head of Partner Management in the Service Layer product area, says it is important to take care of partnerships according to Ericsson's structured way of working.

Thanks to the framework, there is now for the first time a strategy on when, where and how Ericsson will take on partners, how it should work with them, and how the partnership should be developed and eventually wind up. It includes roles and visions for every partner.

“It is important that the partner sees the advantages of complementing us in the correct areas,” Tholander says.

First of all, a partner must fulfill the demands that are placed on a supplier. But on top of that, the partner must contribute to strengthening Ericsson's offering. In practice, that means the partner must be prepared to satisfy Ericsson customers' needs.

Gregefors says: “We have a large and well-functioning system for taking care of customer contacts around the world. But we expect our partner to help us sell and present our products. In a successful partnership, it is important that the partner can contribute to our marketing. A partner that thinks it is



Olle Tholander

enough just to sign a central agreement with us usually ends up disappointed.”

Tholander says Ericsson so far has 20 active partnerships in the service layer, and six suppliers with special significance for Ericsson business.

These include companies that deal with pre-paid cards, implement virtual networks or configure new mobile telephones. The smallest has fewer than 50 employees, the largest closer to 50,000. Regardless of size, all partners must be self-sufficient and have broad enough scope to be able to stand on their own.

Several of them also work with other partners and sometimes even with Ericsson competitors. In an industry where partnerships are seldom exclusive, and where even the most bitter rivals sometimes end up on the same side, there are a lot of demands on control of the partnership.

Gregefors recalls that there have been times when Ericsson has withdrawn from partnership with a company, when it lost faith. “We form a little ‘community’ and expect our partners to behave professionally,” he says.

It is important that both sides show a lot of respect for each other. Both Gregefors and Tholander say mutual respect is a prerequisite for partnership.

Proud of the customer base

Partnership is in focus at Business Unit Global Services as well. Ken Anvret has been working full-time with Global Services' partnerships within system integration and managed services. The aim is that through partnerships both parties can sell more to customers. Put simply, both Ericsson and its partners should be able to invoice the customer. And both should also be able to use each other's sales channels, and vice versa.



Ken Anvret

“We are looking primarily at how we should build relationships so that we can broaden our service offering, and our business,” Anvret says.

Ericsson can be proud of its broad customer base, great abilities and excellent business potential in the

Partner for success

Ericsson's market and customer strategy includes building strong relationships with key operators, relationships that also take the form of a partnership. The concept of Ericsson's new brand platform, Taking You Forward, emphasizes just that.

Taking You Forward summarizes that Ericsson works in partnership with customers to take technological leadership and innovate. "You" stresses the strong customer relationship, says Dusyant Patel, head of Marketing Communications and Sponsorships.

Ericsson strives for close relationships with all its customers. For leading global operators such as Vodafone, Telefónica and Telecom Italia, this demands that Ericsson can work cooperatively on an international level. For other operators, such as Cingular and China Mobile, a strong, local customer organization is required.

Henry Kings, senior vice president of Sales, says: "Just as Ericsson chooses partners from among its suppliers, we also work so that the operators choose to strengthen their relationship with Ericsson."



In a relationship strong enough to be called a partnership, Ericsson is obliged to know its customer, listen to the customer, be consultative and understand that there are many contact people for a single operator.

And it is not enough just to sell products or systems. Neither is it enough to talk only with the customer's chief technology officer. Kings explains: "To be a partner, Ericsson needs to generate ideas that contribute to a customer's business, for example by driving common projects."

The cooperation between Ericsson and Singtel is an example of a well-working partnership. There is now even an official partnership program to help the relationship deepen every year.

"We can use this way of working as best practice for other partnerships. It gives us experience and understanding that can benefit other relationships," Kings says.



service arena. But it needs to be able to provide wider-ranging solutions and expand its presence with the customer. "Today you have to build operations together," Anvret says. "We are in a strong growth phase and we have to be both smart and efficient. We need a strong base of external relationships and co-operation with third parties, both partners and suppliers."

Yet there are times when even the most bitter rivals can lay down their swords for a moment, not least when the entire industry's interests are at risk.

Ulf Pehrsson, Vice president, Government Affairs

and Regulations, says Ericsson is ready to work with competitors in areas of common interest. "It can involve efforts in working for a good regulatory environment, which can stimulate growth and investment. But this never involves business operations."

Ericsson plays an active role in all major international industry bodies that help promote the industry's interests in different ways. International lobbying has become increasingly important in recent years, Pehrsson says, which can be confirmed by Ericsson increasing staff levels at its European Union office in Brussels during 2005. The important

contacts with US authorities are handled by an office in Washington DC, for which responsibility is shared with Market Unit North America.

"The deregulation and liberalization within the telecom industry has actually made the regulatory issues even more important," Pehrsson says. "The conditions in the old monopoly markets were pretty well set. Deregulation has led to more players, increased competition and greater importance of rules and regulations. At the same time, it has increased the need for cooperation within the industry to create the best possible regulatory framework."

A strong IT partner

Ericsson entered a partnership with US IT company BEA just over a year ago, strengthening what was then two years of cooperation. Both parties saw the benefits, immediately and in the longer term.

Stefan Dahlgren, CEO of BEA in Sweden, says: "The combination of both companies' different key competences mean that, together, we are a very strong contender."

BEA is a market leader in IT infrastructure and plays an important role when Ericsson integrates IT and telecom in its products. Among the products and solutions on which the two companies work together are Ericsson Service Delivery Platform and Network Resource Gateway. Cooperation is essential when it comes to creating the more advanced and demanding services that customers are asking for.

One important aspect of Ericsson's cooperation with BEA is that it creates trustworthiness in the market. When Ericsson, one of the biggest players in the telecom market, works together with BEA, the status of both companies means the joint pro-

ducts have a totally different impact on customers.

BEA is a strategic partner for Ericsson – and vice versa. Dahlgren says the relationship works very well.

Stefan Franzén, Ericsson partner manager and the person directly responsible for the relationship with BEA, agrees. "Openness and faith are deciding factors for a working partnership," he says. "Partnership demands a lot more than other business relationships."

Partnership has long been an obvious approach

facts: bea

- More than 15,000 customers use BEA products.
- The company has its head office in San José, California, and has about 3200 employees.

to cooperation within the IT sector. When the industry first took off, the focus was almost entirely on pure services. Now when the IT and telecom industries are converging, and in many cases are closely interwoven, business success is impossible without actual products.

Dahlgren explains: "In many cases, IT partnerships have been more words on paper than anything else. Cooperation within the telecom industry has had much more to do with concrete products and business solutions. Partnerships previously rarely led to more than one deal, but our cooperation with Ericsson is much more long-term."

Just as Ericsson has criteria for partners, BEA uses a system that ranks partner companies in three groups. Group one implies that a company is in operation globally, with a minimum turnover. There must also be a clear, common business opportunity. BEA Global Account Manager John Gunnarsson says: "Ericsson is without a doubt our most important partner in telecom today. The company's status on the world market is worth a lot to us."

Telecom is in fact BEA's most important market today, and is where the company sees the greatest potential for development. For example, it includes all major operators as customers. Dahlgren says: "We have invested a lot in adapting our production for telecom. We want to create the bridge between existing and future IT systems, and the user."

JOHAN KVICKSTRÖM



John Gunnarsson and
Stefan Dahlgren at IT-company BEA.
Photo: Hanna Teleman



Ericsson in tune with record labels

Beautiful music will result from Ericsson's cooperation with the music industry.
Photo: Johner Bildbyrå/Anna Skoog

Record labels are looking for profitable ways to embrace music downloading. Operators know that mobile music is their biggest entertainment opportunity. Partnerships with Ericsson are bringing them all together.

Expect a wave of music-related announcements during 2005, as Ericsson continues to court record companies in support of the M-USE music service. With sales of 600 million music-enabled phones predicted for this year, the market potential is nothing short of phenomenal.

M-USE is a hosted, white label music service developed by Ericsson in cooperation with major record labels. Ericsson brings in the technology and the mobile know-how, while the labels provide their music marketing knowledge and the content. The end result is another partnership, this one between Ericsson and the operator. Ericsson handles the entire service, including content aggregation,

distribution and revenue sharing, so that operators can focus on consumer marketing and on collecting the income generated by ring tones, videos, and music downloads.

Svante Holm, head of mobile music at Ericsson Mobility World, says: "At Midem we met with senior management from every major record label, as well as the largest independents. We're already working with several of these labels on different markets. Now we're close to some new deals and expansion of existing ones."

Warner Music International senior vice president Jay Durgan says: "This partnership with Ericsson supports my task of finding, exploring

and developing digital channels that will yield recurring revenue."

"Through Ericsson, we gain contact with developers who have come up with products for other businesses, but where there could be applications in entertainment. As an entertainment executive without a technical background, it's great to be able to call on a company like Ericsson to help me navigate those opportunities."

Holm says: "We structure these deals to guarantee fairness. Consumers get music that goes with them anywhere, while labels and operators get the revenues they are owed. And the more they make, the more we make."



Jay Durgan



Svante Holm

in the spotlight

text: jenz nilsson photo: frida hedberg

Ericsson has what is needed to support operator launches of new and exciting services but it also has many competitors. So how can Ericsson **take control of the market** with its service-layer offering? Contact quizzed Gunilla Fransson, manager of the Service Layer product area.

Gunilla Fransson

One year ago. Contact published a cover story about Ericsson's offer for the service layer. Gunilla Fransson, who had just started her new job as manager of the product portfolio, talked about the challenges of expanding the customer base and making Service Layer better known both within the company and among customers. How does she perceive the situation today now that 12 months have passed?

"We have witnessed positive trends, in as much as service layer is now a significantly more established term within the market. Customers understand the purpose of our Service Delivery Platform (SDP) and realize to an increasingly greater extent what they need to start new services in their networks," Fransson says.

Do you have any proof that operations have grown for Ericsson?

"I cannot quote any figures, but we achieved our sales volume growth goals last year with a broad margin. The customer base is also growing as planned – but the most important thing is that we have established more of our products on the market. We have obtained a large number of new hosting contracts (where Ericsson operates the customer's service network), as well as several important SDP-related contracts where the customer has purchased both systems-integration and service-layer solutions from us. Our share of IP-based messaging contracts is also increasing."

You have said that support to the market units must improve. What kind of support do they need, and how will it be provided?

"Selling for Service Layer is about selling services and software, and also about making on-site customer adaptations, which requires skills and expertise that are not now available in many market units. If a local company invests resources to increase its sales within this area, they need support with price models for software and with customer adaptations. They also require help with value argumentation so they can show customers exactly how much they will benefit from purchasing a solution from Ericsson."

Are the market units receiving this help today?

"We have a number of centers around the world where people can obtain expert help to quickly customize products. We can also send, from Stockholm, people who work within both (business units) Global Services and Systems to help solve various problems. This support is perhaps not

always perceived as being sufficient every time, but we are working very hard for it to be so."

There is a lot of pressure on you and your organization to succeed within this area. What are you expecting from other related units within Ericsson?

"I think they will be very helpful and will try new methods and ways of supporting those working with the service layer."

Systems integration is an important growth area for Ericsson. How is it linked to the service layer?

"My organization works very closely with Frank Bouétard, manager of the Systems Integration (SI) product area, and all customer offers we receive within Service Layer contain systems integration. Integrated work with SI implies that we minimize the risk of prioritizing different customers or wasting energy by doing the same things. It also gives market units one common face to turn to regarding problem and questions."

What contribution does Service Layer need to make to increase sales for Systems Integration?

"Our product portfolio must be well thought out and flexible. It must be simple for SI to extend an installed solution, irrespective of the customer's potential requirements. Furthermore, we must benefit from the work that SI performs for a customer. Brilliant solutions are sometimes suddenly hatched, which we must then transform from a concept to a product that can be sold to other operators."

Do you have any examples of where you have succeeded with this?

"The Ericsson M-USE solution, which is selling well now, was created in this way. One of our local companies came across this solution when working with a customer."

We haven't seen a lot of press releases about Service Layer lately. Can you name some new contracts?

"The latest one, which was announced during the Cannes fair (3GSM World Congress) involves Telstra in Australia, which is purchasing our Service Delivery Platform. It will provide Telstra with a complete environment that will allow them to integrate and set up new services. Another important contract for us is with Stockholm operator 3. They have purchased a hosted-messaging solution, which could mean a breakthrough for us within this segment. It's really exciting."

The cover story in this issue focuses on Service Layer as a pioneer within Ericsson regarding partnerships with other companies. What do partnerships mean to your organization?

"You have to realize you can't be the best at everything, so you have to choose the right areas to invest your resources in – and to then identify the best possible partners in other areas. We have entered into about 40 different partnerships, which are extremely important when it comes to offering our customers solutions without any weak links."

But doesn't partnership also imply that you give up some control of the potential market and customers?

"Not if you retain direct contact with the customers, which is what we always do – often through Systems Integration."

What obstacles still block the way to mass consumption of 3G services?

"There has to be a sufficient number of attractive services available for end users that are also easy to use. Old content should be constantly updated or removed. It is important the offer feels modern and new, and end users must of course be able to use the service without any interruptions. And then we have corporate customers, who place tough but totally reasonable demands on security surrounding services, which we must naturally satisfy." •

facts: gunilla fransson

Number of years with Ericsson: 19
Age: 44 years
Place of birth: Stockholm
Home: Enskede, Stockholm
Education: Graduate Engineer and Licentiate in Engineering from KTH Stockholm.
Family: Husband, 18-year-old son and 16-year-old daughter.
Leisure interests: Cultivating herbs, linseed-oil house-painting and cooking.
Did last Saturday: Went to an antique fair and looked for Art Deco furniture.

Do you have questions for Gunilla Fransson?

Send them to spotlight@ericsson.com by march 2. She will answer some of them in a video interview to be published on Inside.



Life a balance between the past and the future

Japanese culture and Japanese products are wellknown worldwide. It is one thing to have heard about sushi, karate and Japanese cars, but another altogether to live as a foreigner in a country which has a unique approach to business and everyday life. Contact talked to three expatriates working for Nippon Ericsson K. K (NRJ), and found that your origin has a great deal to do with how you cope in Japanese society.

Recently appointed president of Nippon Ericsson, Irishman Rory Buckley moved to Japan in early 2004 from the UK where he was head of the market unit and global manager for the Vodafone account. His position within the Ericsson hierarchy means Buckley is held in high personal regard by his employees. Ironically, this has been one of the challenges the new manager has had to face settling into his new life in Japan.

Doing business in Japan is still based very much on a tradition that makes the usual Ericsson principle of consensus difficult. Apart from the high degree of respect shown to leaders you also have to be very aware of the concept of 'face'. This is a culture where you never bring anything up in a public environment, such as a meeting, before the subject matter has been cleared in private with everyone involved. "One-on-one pretty much everything goes but you must never allow a customer or an employee to lose face," Buckley says about the business and management culture of his new home country.

Since the number of expatriate contracts within Ericsson has fallen in recent years due to the general financial decline, so too has the amount of support an expatriate would receive when arriving at the Japanese subsidiary. Now that things are changing for the better within Ericsson, Buckley is planning to implement a more structured support system for new arrivals to help them cope with the shock of Japanese culture and society.

"We need to give people the necessary knowledge about earthquakes, which are a frequent occurrence in Japan, and we also plan to help them with other practicalities such as getting their registration cards and learning how to drive on the left side of the road." More importantly, says the Japanese subsidiary president, expatriates need to be taught about Japanese traditions that influence both their daily and working lives.

"The Japanese pay attention to detail. You have to know how to receive a business card by taking and holding it with both your hands, you have to remember to take your shoes off in some restaurants and in people's homes, and most importantly, you can't overdo it! The Japanese expect you to respect their

traditions but if you try too hard they'll feel mocked and take offence."

Despite all the new customs that need to be taken into account, Buckley is very pleased to be living in Tokyo with his family. "Living in Japan has still been a lot easier than I'd envisaged before coming here," he says. "In Tokyo many people speak a little English and the friendliness and hospitality of people in general is just fantastic. Tokyo also has everything that London and New York can offer in one place. There's such diversity here. It can be incredibly busy and then if you walk five minutes you find yourself in a placid area which feels like suburban England."

Not everybody is having an easy time settling in Japan. Luiz Fernando Barros manages the network



Rory Buckley



Luiz Fernando Barros



text: peter gotschalk

photos: peter gotschalk & claes martinsson



Mio Abrahamsson is on an expatriate contract for Ericsson in Japan. She had expected peace and harmony but found noisy cities. After a while she realized that the beauty of Japan comes from the inside.

and technology consulting department at NRI. Coming from São Paulo in Brazil, his Latin American background has made his transition into Japanese society more difficult than that of most Europeans who are more accustomed to tradition and formality.

"Before I came here I thought of the Japanese people as highly educated and civilized, and my experience has confirmed this impression," Barros says. "The major surprise has been how much they stick to their traditions. It seems to me they have one foot in the future and one foot in their traditional past. On a day-to-day basis this means you have to follow a large number of ceremonial rules no matter where you go. Being from Latin America where people are very informal and loose, this has been one of the barriers I've had to overcome."

Barros stresses that he doesn't mean to criticize the Japanese way of life or doing business but simply to point out that in many ways Japan and Brazil are complete opposites of each other. "Yet, being a Brazilian has also helped me cope with the cultural differences. Brazil is a multicultural society and this gives most Brazilians a large degree of respect towards other cultures. The real disaster happens if you're not open to change and expect everything to be just like home," he says.

All in all he is glad to have the opportunity to live and work in Japan from a professional as well as a personal perspective.

Mio Abrahamsson has a Japanese mother, a Swedish father and was born and raised in Stockholm in Sweden. This gives her a unique perspective and insight into both cultures that has helped her transition into the Japanese workplace. She moved to Japan in early 2001 to work with the 3G Radio Access Network (RAN) First Office Application and is now managing first-line RAN support. Although she looks and does speak some Japanese, she still feels like a Swedish person in many ways.

"In Europe we work for a living but in Japan you live for your work. For example, employees find it hard to go on a holiday because they don't want their work to be a burden to their colleagues who have to work while they are away. Working hours here are also very long and, coming from Sweden, this is something I had to adjust to. I try to tell my staff to take their holidays and to take care of themselves, and within Nippon Ericsson we definitely work fewer hours than people who work for more traditional Japanese companies. On the other hand, most employees here put in more hours than you'd see within the European subsidiaries," Abrahamsson says.

Very much in love with Japan now, Abrahamsson, despite her Japanese heritage, was mildly disappointed when she first came to the country to live and work. "I had a very romantic and beautiful image of Japan," she explains.

"I had imagined it as peaceful and harmonious. Instead I found big concrete cities full of noise. It wasn't for a while that I realized that the true beauty of Japan comes from the inside. At first everything seems ugly and stressful but when you start looking into the little shops and restaurants with their friendly people and good food, the well-working crowd during rush hours, the always-working ticket machines or at the neon-lit streets that look like Christmas trees, you begin to understand the positive and delicate sides of Tokyo and Japan," she says.

Abrahamsson regards herself as Swedish more than Japanese. She doesn't have full understanding of the Japanese language although her pronunciation is nearly perfect, which confuses many people. On the other hand she also feels estranged in Sweden at times and misses the very positive sides of the Japanese culture.

"Japanese people are warm and they show each other a tremendous amount of respect. This is hard to live without once you get used to it." •

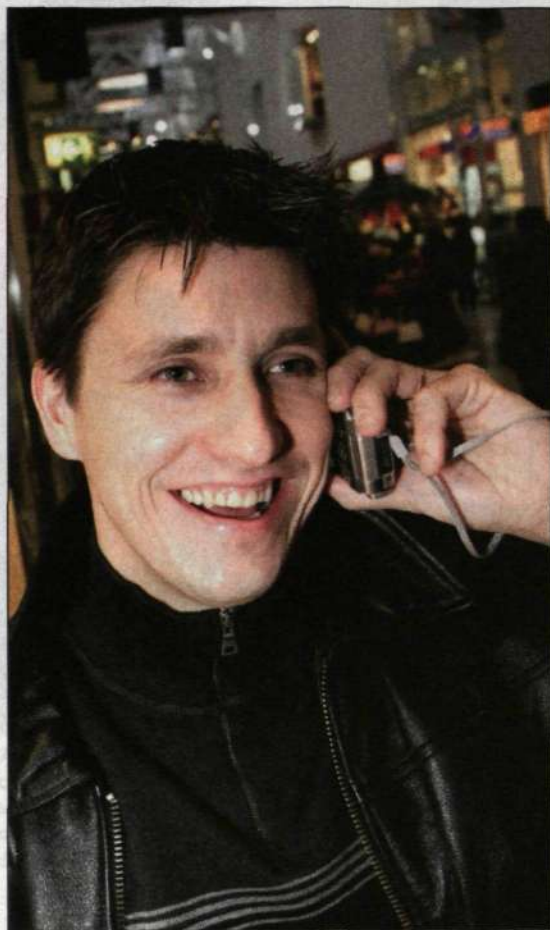


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Program key to contract



As manager of the HcHc program, Joakim Holmer maintains close contact with North America, and the telephone is a very important tool. Photo: Peter Nordahl

Construction of the HcHc (High capacity, High coverage) – a new base station developed for American operator Cingular Wireless – started in Ericsson's factory at Gävle a few weeks ago. The first units will be put into operation at the end of March and will play a key role in the entire contract with Cingular.

America's largest mobile operator was formed when Cingular took over American operator AT&T Wireless at the end of last year. In November 2004, Cingular chose Ericsson as supplier and integrator for the extension of its next-generation voice and data network. The major contract also includes replacing and increasing the capacity of Cingular's GSM system.

Joakim Holmer, manager for the HcHc program at Business Unit Access, says: "We had to develop a new base station in order to manage the assignment within the tough timeframe. All work must be completed by the end of 2005."

Several hundred Ericsson employees on both sides of the Atlantic are involved in the program.

Holmer has worked within project management for more than 10 years, but no assignment has been as tough as this one. He sees it as challenging and exciting. As manager for the HcHc program, he has to oversee activities in both Sweden and the US.

"My principle task is to function as a bridge between Sweden and North America," he says, and adds that many of the telephone meetings are held during the afternoons and evenings.

The new base station, which can be used with existing equipment, has seven to eight times more capacity than the current station and does not require new sites to be built. Many HcHc base stations will be installed in California to serve all Cingular subscribers.

Toby Seay, Ericsson's key account manager for Cingular, emphasizes how important it is that HcHc deliveries are on time.

"The HcHc is a competitive advantage that we have and was important in our securing the California market. Cingular has been very public about the large investment it will make in California and needs our deliveries to meet its commitments," he says.

Holmer says good cooperation with both Ericsson's account managers and customer representatives is a prerequisite in keeping the assignment within the established timeframe. "By succeeding with HcHc, we also open the door for Cingular's investment in WCDMA," Holmer says.



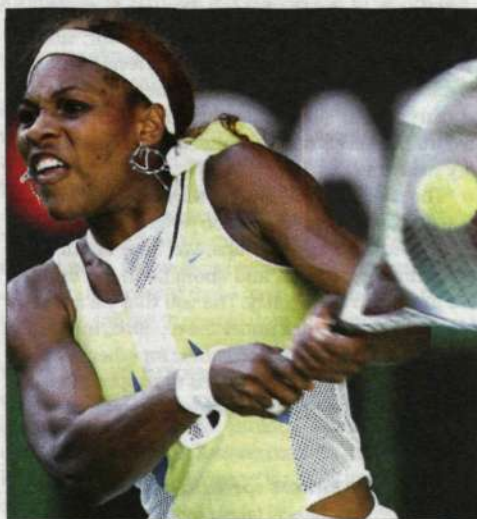
Toby Seay

Sony Ericsson aces WTA deal

In the largest global sponsorship deal yet in women's sport, Sony Ericsson will provide USD 88 million to the Women's Tennis Association Tour (WTA Tour) over the next six years. The WTA deal is Sony Ericsson's first global sponsorship.

The tour, now renamed the Sony Ericsson WTA Tour, stages 63 tournaments across 33 countries throughout the year. The WTA Tour Championship, held each November, showcases the world's top singles and doubles players, featuring such tennis stars as Venus and Serena Williams, Maria Sharapova and Lindsay Davenport.

A joint logo for Sony Ericsson and WTA will be used and presented on-court at hundreds of matches televised all over the world.



Serena Williams will be playing in the Sony Ericsson WTA Tour. Photo: Pressens Bild/Rick Stevens

from the archive:



This is what Ericsson's first logotype looked like, back in the 1880s.

The creative code writer comes forward

The clever programmer is a hero – at least in certain companies and countries. This has not quite been the case at Ericsson, but a **change is under way**, both in terms of perception and career-development opportunities.

Software is becoming increasingly important today, as is the ability to charge for it. Ericsson, like many other companies, is shifting from being a hardware company to a software company.

The main demand on a software company is to be able to deliver the right functionality at the right time, at the right price. That demands good platforms and software architecture. But despite this, the central character, the programmer, has had to live in the shadows somewhat at Ericsson, and has not had a natural career path.

There has always been a bit of a factory-worker feel connected with programming. This is a carry-over from the days when coding was seen as a production job, when a programmer "produced" code. If the project was lagging behind, the project manager could bring in perhaps 50 more programmers.

But it does not work like that, Mike Williams, coordinator for software development within Ericsson, and Hans Brolin, a software expert, both say. Programming is a creative process that takes time. It involves understanding a problem and solving it, not just adding more manpower. On the contrary, the ideal is often to have a small group of people at the start of a project.

Things are changing. Michael Regné, HR manager at Ericsson Research, is now driving a project together with Williams. Regné says the company is

devoting more resources to software, and is now working out a four-step career path for programmers. It has also decided on a major education program in cooperation with the Swedish Royal Institute of Technology.

"The career-development path includes the levels beginner, with limited experience; senior; master; and principal," Regné says. "The top level, principal, is effectively the equivalent of someone who could construct a complete system, given time. It is expected that the levels will be connected to salary and salary structures.

"The education will start in May this year, and the first intake will cover about 200 programmers globally, divided into eight groups. We have about 3000 programmers in R&D, and about 50 to 100 of them are in the top class today. The 200 that we are working with here are just under the top level, but we are also planning an advanced course for other people."

Ericsson recognized the need to support the software side by giving programmers a targeted pay rise during 2004.

Some programmers specialize in one area, while other system architects take a more overall perspective. But a system architect is not a programmer's "boss". A "normal code writer" can be absolutely brilliant in his or her area, while a system architect must also be able to program, but may not need to be an

expert in that area. Apart from that, you can, and should, move between different tasks.

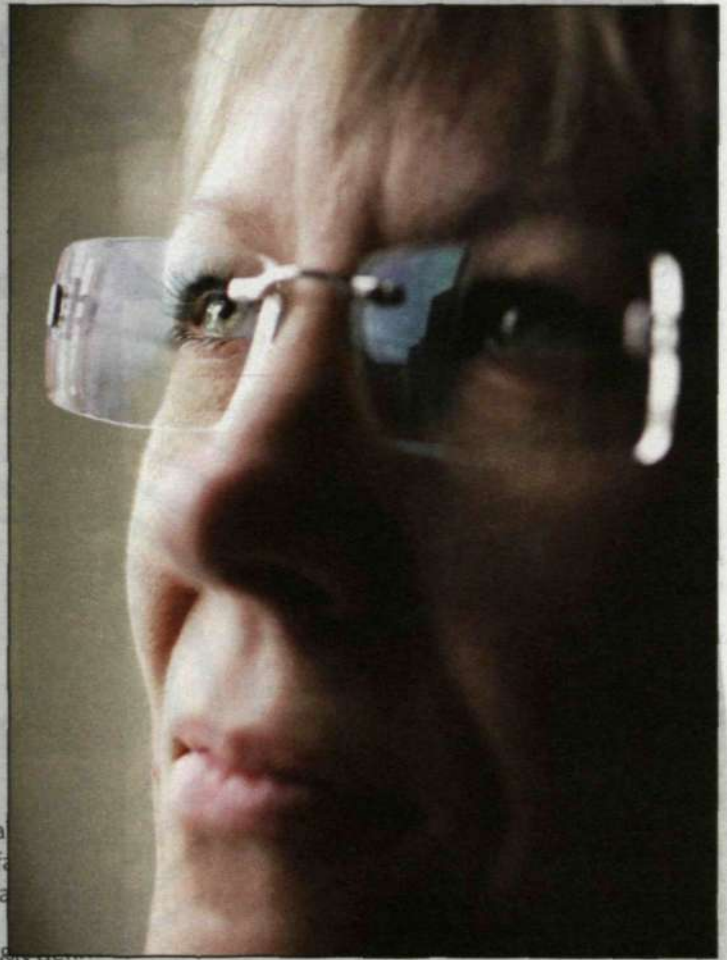
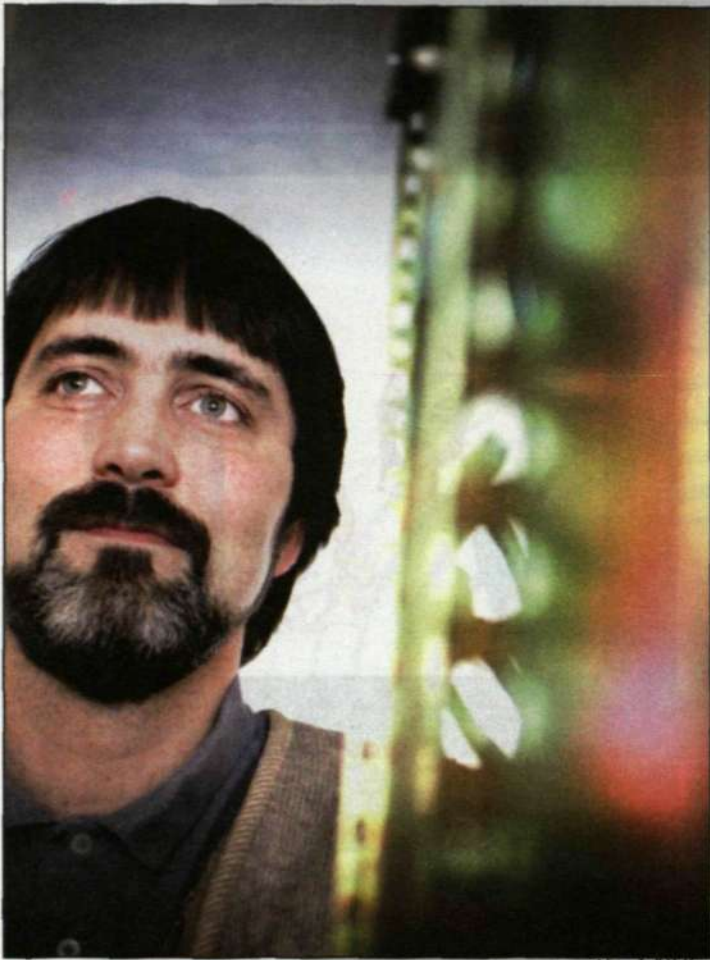
Cecilia Lundgren is a programmer for GSM radio base stations, a mature product that is being developed further with a new release every year.

She has been working in this area since 1993, specializing in the base station's traffic function: signaling for connecting a call to a mobile. The latest release is number 12 for GSM, with a lot of new functionality.

"With my competence, I am often involved early on with the system work before a new release, and also in the field to fix problems in older releases," Lundgren says. "I enjoy solving problems and I have no ambition to move to more administrative work, which is often the way for people trying to advance to management. But if there was a better development path for us, I would gladly take advantage of it. "I see coding as a really important role because faults can be really expensive in our large, complex systems. The work means that you always have to be open, ready to rethink things, and that you work in a modular way with thoroughly thought-through interfaces, so that you can easily add new functionality in the future."

The situation is a little different for Jeanette Heidenberg in Turku, Finland. She works as a programmer and systems architect for the Media Gateway, the new universal node that, in future transport networks, will be the interface with fixed and mobile


```
#define WANT_JUMP_TABLE
```



▲ Ulf Wiger, system architect for IMS. Cecilia Lundgren, programmer for GSM radio base stations. >

```
#if defined(_GNUC_) && defined(__GNUC__)
#define DECL_IREG register const void* ireg
```

access networks – a node that is constantly being developed further.

"My work is very interesting, and everyone working here knows that what we do today can be ripped up tomorrow. But that doesn't matter. There are always new things with exciting new functionality, and I am learning a lot."

Heidenberg joined Ericsson two and a half years ago, straight from her research training at Åbo Akademi in Turku.

"It is difficult to know when architecture is good enough, but it should be sufficient that it can do what it needs to do efficiently. And that you can maintain it and understand it. It involves working creatively in groups, discussing ideas with the systems people and the code writers, weighing up different solutions."

Håkan Eriksson, head of Ericsson R&D, says the architecture is the basis on which the entire system is built. The architecture determines the qualities of a system. He draws a comparison with building a house.

"If the architecture is bad, or badly carried out, the whole house can be at risk. It also requires that you do things correctly from the very start: you can't just cobble things together. Some elements must be part of the system from the beginning, such as scalability, fault tolerance and robustness," he says.

That is why Ericsson has invested extra in system architects, and created the Software Architecture

Network (SWAN) for leaders in the field. Mike Williams and Hans Brolin, who are driving the network, have identified a group of competent architects who now meet regularly.

So how do you recognize a good systems architect? A simple way is to say it is the person to whom the programmers go when they want to know how the system works: an unofficially recognized expert.

Heidenberg says a systems architect needs both a solid technical background and an ability to work with people, make compromises and discuss solutions. You also need to be interested in new technology, new tools and programming languages.

As Ulf Wiger, a systems architect from IMS, says: "When I trained as an engineer, some friends said I should get a job working with people. I guess they couldn't understand that I have a job that has more to do with talking to people than most jobs."

Wiger joined Ericsson in 1996 after working for several years with a small consulting company for big customers in North America. These days, he is working with the new Session Border Gateway, a new IMS node that plays an important role in the coming all-IP networks.

"It is practically impossible today to know if you have built an optimal architecture, or even if the programs are right. It simply takes too long to check, and our understanding of what the products need to do

is not sufficient for such a verification to be even theoretically possible. The only thing you can possibly prove is that a system behaves in the way we expect it to behave," he says.

"It is only when we develop our products further, or when we start getting trouble reports, that we get recognition for doing a good job. You should also build something that you can test drive and measure as soon as possible. It is only then that you can see if the ideas work in practice. Understanding grows as you build the system, and when you measure and investigate faults."

Wiger says his job as a system architect means thinking in the right way: a person with experience and comprehensive education can get an intuitive feeling of whether the software is heading in the right direction.

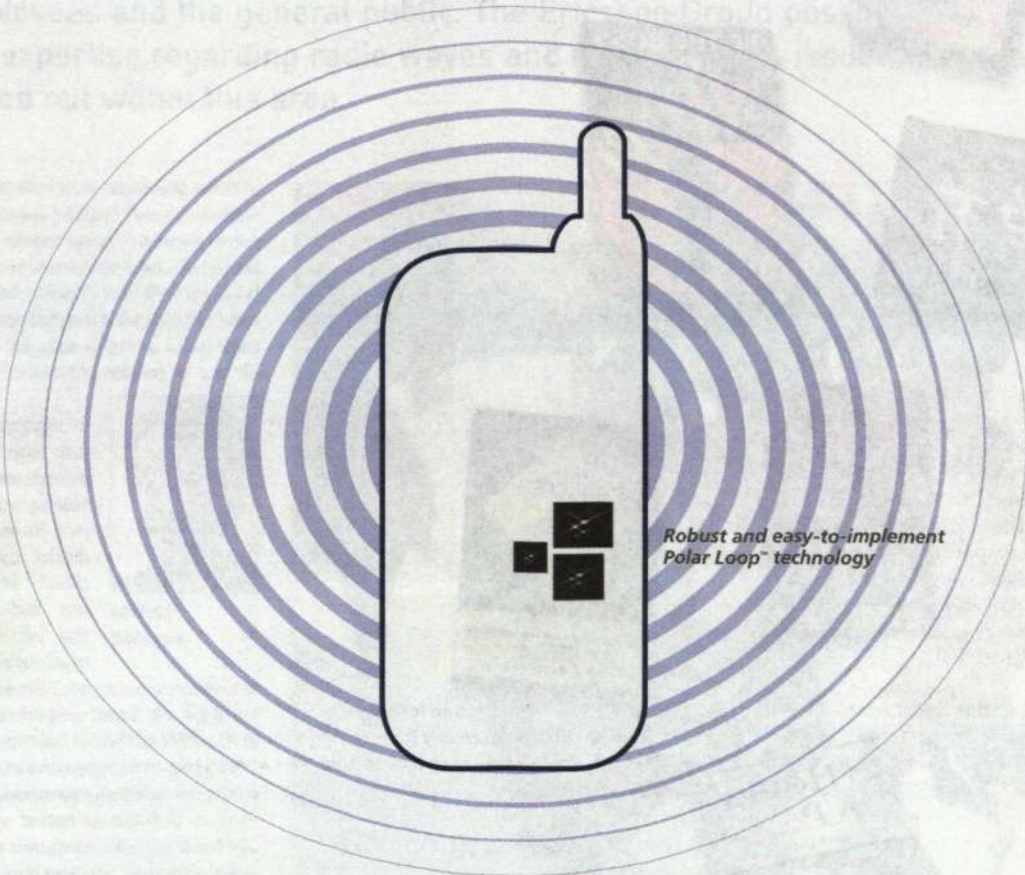
"You need to be able to break down a problem into pieces that you can recognize and deal with. You have to be able to tell the 'load-bearing walls' from the parts you can change without everything collapsing. That's where I see my technical education as a good basis for structuring software. The same principle applies for connecting well-defined boxes, components and protocols."

The right architecture and clear interfaces mean both shorter lead times for production and more stable systems.

Good software is not just about smart programmers



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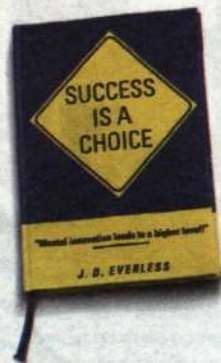
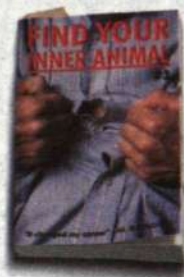
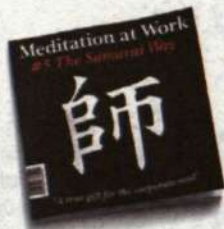
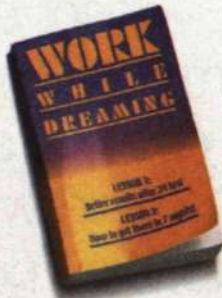
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Research basis for safety limits

Is it dangerous to use a mobile telephone? How are people affected by the radio waves transmitted by mobile phones and base stations? These are questions posed by both Ericsson employees and the general public. The Ericsson Group possesses considerable expertise regarding radio waves and related health issues, and research is being carried out within this area.

There are many perceptions regarding mobile telephony and radio waves; a subject that can arouse strong feelings. Radio waves have, however, been used for different purposes for more than a hundred years, and a great deal of research into the potential effects on people of electromagnetic fields (EMF) has been carried out. Over the past 10 years, more than 300 studies have been conducted related to mobile telephony.

Christer Törnevik, manager of the Ericsson Research unit that works with radio waves, health and safety, says: "Many people are probably not aware of this large volume of research, which according to the World Health Organization (WHO) has not provided any support for the conclusion that radio waves from mobile phones and base stations cause any adverse health effects. This research also forms the basis for the exposure limits recommended by the WHO, with which Ericsson's products are designed to comply."



Christer Törnevik

The unit contains a laboratory where base stations and mobile phones are tested in relation to EMF exposure. The unit also monitors ongoing research, funds independent research projects, produces information and provides support to Ericsson's customers.

Michael Repacholi coordinates research at the WHO unit that works with EMF issues. "The WHO does not perform any research of its own, its role is research identification and coordination where needed," he says. "For that we have established the international EMF Project. Within the framework of this project we have reviewed the scientific literature to establish what health effects that EMF may have, as well as identified knowledge gaps where further research is required. These knowledge gaps then form the basis of WHO's research agendas."

During 2005 and 2006, several studies recommended by the WHO will be published. Ericsson is partially financing many of these studies. The WHO will then review all available research and summarize the results in a special report.

"The WHO report will contain a revised risk assessment of the effects of electromagnetic fields on people, which then can be used, for example, to reassess exposure limits," Repacholi says.

At the same time he adds that the WHO's research agenda has been expanded with further studies regarding the long-term use of mobile phones, especially for children.

"Future research may be influenced by the technology used, but the WHO has noted the continuing changes in technology and is ensuring as far as possible that research conducted now will also be useful in the longer term," Repacholi says.



An increasing number of people are using mobile phones. Many of them wonder about possible health effects of radio waves from mobile phones and base stations.

The International Commission on Non-Ionizing Radiation Protection (ICNIRP) has issued guidelines concerning EMF exposure limits. The ICNIRP is formally recognized by the WHO, and its members include independent experts from many different countries.

"From all the research conducted so far, the WHO continues to believe that the ICNIRP limits are safe for mobile phones and base stations," Repacholi says.

Ericsson's products are designed to comply with the ICNIRP exposure limits.

Contact will look at mobile telephony and health in various articles during the year.



Michael Repacholi

facts: research projects

Ericsson is taking part in and financing about 50 research projects concerning EMF, several of them in collaboration with other manufacturers and operators.

Christer Törnevik, manager of the Ericsson Research unit that works with radio waves, health and safety, says: "Ericsson recommends that the projects should be funded together with independent national or international research organizations, and that no more than half of the funding come from the industry."

The Mobile Manufacturers Forum (MMF) was formed in 1998 to fund research projects about mobile telephony and health, but also to cooperate regarding standards, regulations and information activities.

INTERPHONE is one of the most important projects that Ericsson is funding via the MMF. It is a multinational epidemiological study on mobile phone use and possible links to tumors in the head and neck. The study, which is being coordinated by the International Agency for Research on Cancer (IARC: a WHO specialized agency on cancer), covers several thousand individuals in 13 countries.

Further information is available at:
<http://internal.ericsson.com/health>
<http://www.who.org/emf>
<http://www.mmfai.org>

"Its about common sense"

Much of Ericsson's new Our Ways of Working is based on pure common sense. And when common sense is your guide, the improvements are tangible. Thanks to this new approach, the unit working with the Radio Network Controller (RNC) for WCDMA radio networks has raised quality, reduced maintenance costs and improved customer satisfaction.

The new method of working with software, introduced by Lars Frank, head of development of the RNC, and his team, is called 1-Track. The previous method could lead to several versions of the same software existing at the same time. As a result, every error had to be corrected at least three times as people were working on several different levels at the same time: one in design, one being tested and one at the customer's premises.

"Whatever has worked in the past should always work," Frank says. "You should introduce all improvements in small steps and avoid putting all your earlier work at risk. The way of working has to suit the product, and our new method with just one track is much simpler and better."

The current P4 development project is designed for HSDPA, High-Speed Downlink Packet Access. It should reach Ready for Acceptance (RFA) status by September this year.

"Using 1-Track, we can start system tests during the development project and keep them going the whole time, which saves valuable time," Frank says.

And the new method works. The team has produced a complete RNC, of high quality and delivered on time, every week during a 20-week period. It basically allows the team to start work on a Monday on adding new functionality. Verification is carried out that night, with correction work, if required, on the Tuesday morning. The method also allows continual

regression testing, ensuring that all the old features still work when new functionality is added. By the end of the week, a new RNC is ready for delivery to RNC node verification. A shipment is made every five weeks to Radio Access Network level for verification. The next step is to implement Daily Build and Daily Test for the whole node, integrating and verifying a complete RNC every day.

"For that we are running a pilot project during March," Frank says. "We are starting to adjust our way of working for RNC maintenance, just as we did with 1-Track."

The 1-Track method was first introduced for RNC maintenance in the field, an area that Eoin Conneely was in charge of. He confirms that the method has brought definite improvements as well as positive feedback from customers. "The quality is much better," he says. "We deliver on time, and we have improved the quality and lowered maintenance costs by 30 to 40 percent. We have also freed up 20 percent of our resources from maintenance to assist in development work. We work with a small number of changes, typically 15 per week, instead of 200 to 300 over two months." He stresses the importance of careful planning, which is why the team has short meetings three times per week.

Peter Sedvall, joint project manager for P4 RNC Kista Design, says the new approach means working

more with technical issues and coordination. "It means less overtime and less stress," he says. "We used to have common problems that meant interruptions in the work flow, but that isn't the case any more." Sedvall has much closer contact and regular meetings with his colleagues in Ireland. "Our meetings are both more enjoyable and easier; we solve any problems early on. It is also easier to find solutions that both design offices are happy with," he says.

Conneely, now, project manager for RNC P5, says planning on the RNC P5 is now underway. "We have many demands to meet, so 1-Track is important when it comes to working as efficiently as possible. It is a cornerstone for our planning for P5. We can afford to solve problems only once," he says.

There are also good synergies with the P4 project; P5 gets the benefit of the TRs (trouble reports) fixed in P4, and P4 benefits from the extended testing in P5.

The 1-Track method is being developed further all the time, Frank says. "We do it in small steps and are always finding things that can be improved, in testing and integration for example," he says. "System documentation has become better as a result of 1-Track." Ways of working in several other areas are now being adapted, in verification and system development, for example.

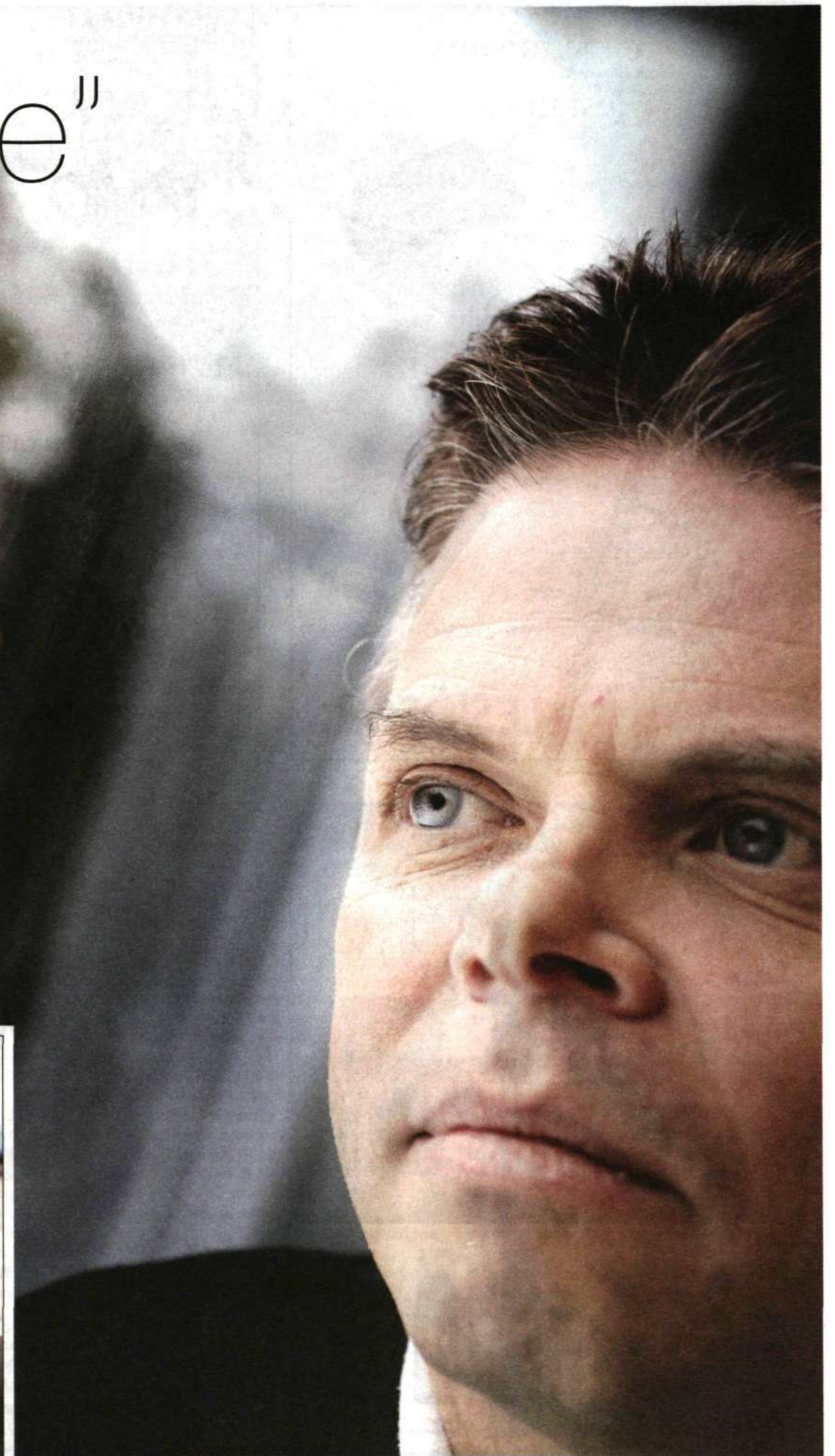
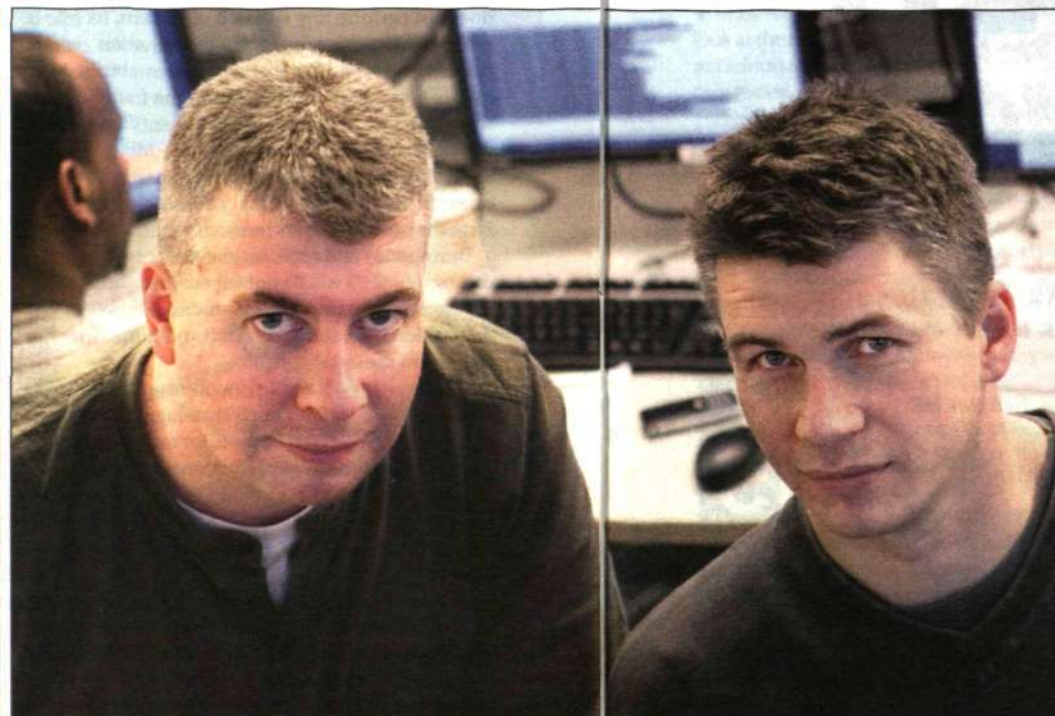
Small steps save time

"We got a good start with the Our Ways of Working seminars, and in January all our staff had taken part," says Lars Frank, in charge of RNC development. His unit has more than 300 employees in Kista and 160 in Ireland.

"Many people think, as I do, that a lot of Our Ways of Working is sheer common sense. The bit that led to the most discussions in my seminar was the last section of the work book, about leadership. My group introduced the motto 'Open, Honest, Brave' two years ago, and we still live by that," he says. "They have become the by-words for our leadership group, and they also fit well with the Our Ways of Working principle."

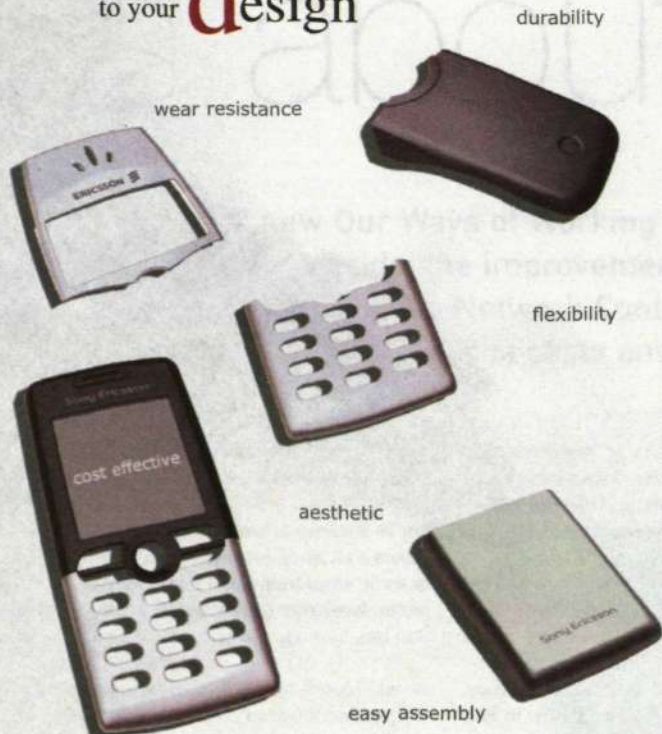
The new way of working, 1-Track, saves time and improves quality, according to Eoin Conneely and Peter Sedvall.

Photo: Gunnar Ask



Planning and cooperation are key words in the new way of working, says Lars Frank.

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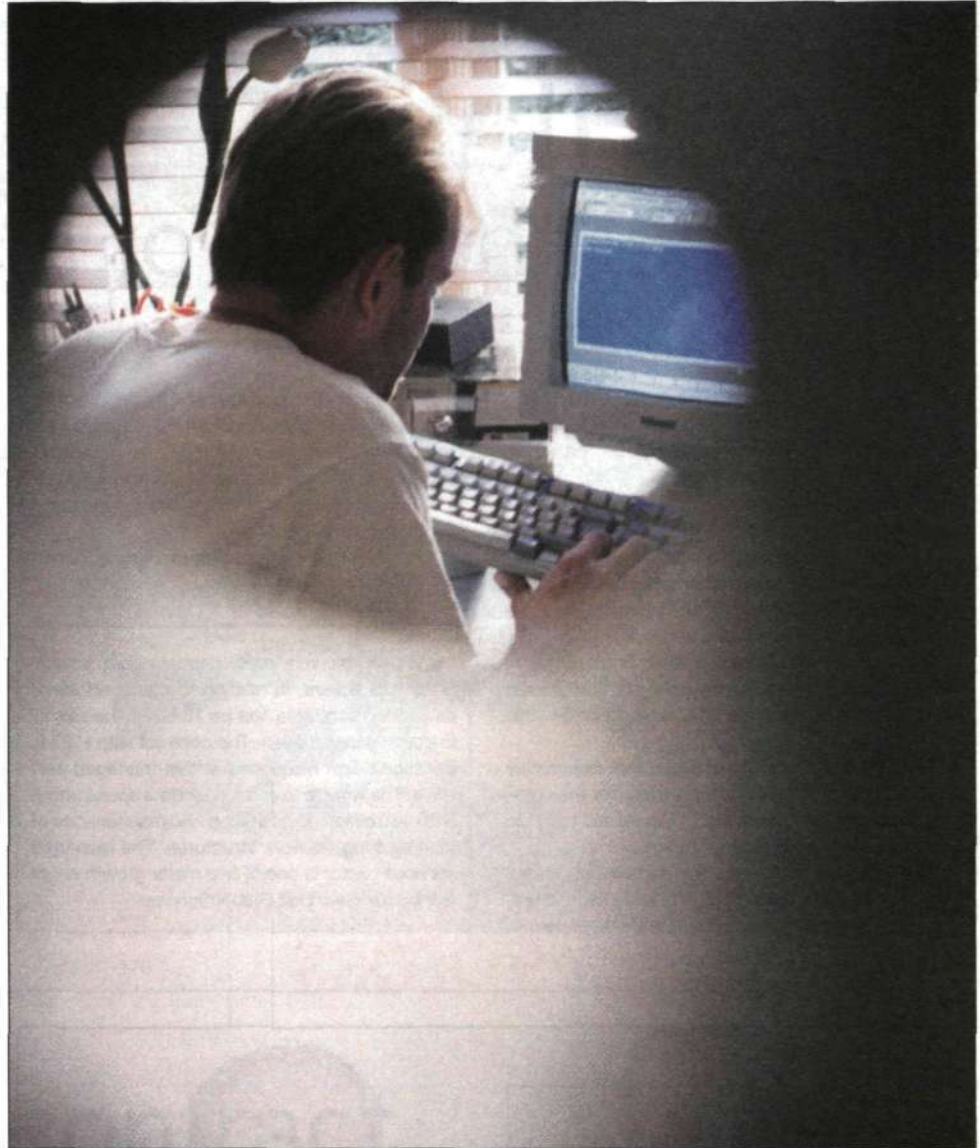


Supports
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text: johan kvickström

photo: pressens bild/mads winther

It can happen so easily. You might simply not log off your computer one night, or not install the updates that arrive one morning. But the result could be that your computer is hacked into, or becomes a "zombie", used for sending spam or virus-infected e-mails without you realizing. And that can have serious business consequences for Ericsson.



Security: it's up to you

Contact wrote last November about the importance of all Ericsson employees always keeping information security in mind. That article gave a general look at the risks carelessness can cause: that operational information in the wrong hands can lead to significant losses.

Ericsson has now started an all-encompassing commitment to strengthening information security across the company, with the new Information Security Improvement Project (ISIP) driving the change process. The initiative aims to improve awareness of this area. Ericsson security manager Hans Dahlquist says: "It means changing a culture. We have long known that we need to improve the security system, but technical improvements mean little if they are not being used. No locks, log-in systems or firewalls will be effective if they are not used, or are used incorrectly."

All employees are responsible for security, and all managers need to inform their employees about their security obligations. If you do not know, you as an employee should always ask your manager. If the manager cannot help, he or she can turn, for example, to the local security manager or find the relevant information on the intranet.

"A manager should be a role model, and lead by example," Dahlquist says.

One important aspect is that managers continually follow up and ensure that security actions are

implemented. Unnecessary weaknesses in the system that increase risk must be avoided, Dahlquist says.

Protection of the Ericsson intranet from countless hacker attacks is a key part of the security efforts. Dahlquist says the nature of hacker attacks has changed. "It used to be more a 'sport' to see if they could break in. Today we know that many attempts at industrial espionage happen that way."

Security is something that everyone should bear



Hans Dahlquist

in mind, in all areas and at all levels, both internally and in development and sales efforts. Economic loss is a clear result of flaws in handling sensitive information.

Trust means everything when it comes to business. And a customer's trust in Ericsson relies largely on faith that sensitive information will not be revealed to unauthorized people. Ericsson must be able to guarantee that such information will be kept safe, regardless of whether it is on paper, stored electronically, or details that employees have learnt.

"Our changed security culture will be seen in our products and services in the future," Dahlquist says. •

facts: what should you bear in mind?

- You can, to some extent, avoid computer viruses by never opening e-mail attachments from unknown senders.
- You should obviously not reveal passwords or PIN codes to other people.
- Always close down your computer before you go home.
- Documents should always be saved on the server, and not on your own hard disk.
- Install all updates as soon as you log in.
- Do not leave CDs containing Ericsson material lying around.
- Security Sally, the multimedia course on security, is available on the intranet. Check the Security and Risk Management site on Inside.
- Everyone on Ericsson premises must have an ID card or visitor card visible. Non-authorized people – including family members – must be accompanied by an employee at all times.
- Make a report if you see an unknown person who is not displaying a card, or if you see something suspicious in your computer environment or workplace.

update

Giant Italian contract the first of its kind

In its largest managed services deal to date, Ericsson will take care of the network for long-time Italian partner H3G. The deal, referred to as a Managed Services Mega Deal, will save H3G about EUR 250 million over five years.

The managed services agreement will enable H3G to focus on increasing its 3G subscriber base of 2.6 million in Italy and provide new, attractive services under the brand name 3, while Ericsson takes care of the planning, operations and maintenance of the network.

Ericsson will also be responsible for optimizing assets, managing H3G's advanced 3G multimedia environment, the service layer and business support systems.

Fabio Pasquazi, account management responsible for H3G in Italy, has been responsible for the commercial negotiations with H3G. "We started with the idea of network outsourcing," he says.

"The idea was to enforce the partnership with a win-win deal that gives H3G a flexible cost structure that can grow proportionally with the network,

and Ericsson an enlarged presence in the managed services segment.

"The project had many phases. At the beginning we talked about operation and maintenance outsourcing, then together with H3G we determined to include network planning, which is important to realize the full benefits of the co-siting opportunity, and the IT component."

Vincenzo Fontana, responsible for Network Services

fact: mega deal

Mega deals are very large contracts worth several billion US dollars. In relation to managed services, these contracts can be 10 times the size of Ericsson's usual deals. The contract with H3G is Ericsson's first mega deal within managed services. The world's telecom operators spend about USD 160 billion on operation and maintenance of their existing network structures. The managed services sector is one of two major growth areas within Business Unit Global Services

at Ericsson in Italy, says the flexibility of the Ericsson team was a key factor to securing the deal.

"We have been able to listen to and interpret the client's needs, such as involving all the required competencies at the right time," Fontana says. "We are really proud that H3G chose Ericsson for the IT part too, ahead of competitors that are highly qualified in the IT area."

Managed services is nothing new to Ericsson. So far, 35 managed services contracts have been signed with different customers, but none of this size.

Hans Vestberg, head of Global Services, says: "This deal is much bigger than any other service deal so far; in fact, it is one of the biggest contracts within Ericsson of all time."

"This contract is a huge success for the whole of Ericsson. The fact that our solutions work so well in the customer's network has made this affair become a reality."

The value of the contract has not been revealed. The deal runs for five years and includes the transfer of about 760 H3G employees to Ericsson. Ericsson will take over network services in April.



James Murray and Martin Gignac from Ericsson during the IMS demo for Vodafone.

Photo: Ericsson

Vodafone puts IMS to the test

Vodafone in the Netherlands initiated a trial of a demo IP Multimedia System (IMS) from Ericsson with about 250 users during January.

The system includes features such as video-conferencing, push-to-talk and gaming. Ericsson is participating in the Vodafone trial with two other vendors, Nokia and Siemens, each with their own systems.

Ericsson's system is the only one in the trial that offers video-conferencing.

The IMS demo is a pre-commercial solution, based on a technical platform that is different from the IMS versions that Ericsson will eventually introduce to the market.

The emphasis of the trial is on user experience, not technology, and is targeted at enterprise users. The operator has selected a group of "friendly" customers as participants.

Ericsson will provide client software for PCs and the Sony Ericsson P800 and P900 Smartphones.

Pilgrims helped by Telecom

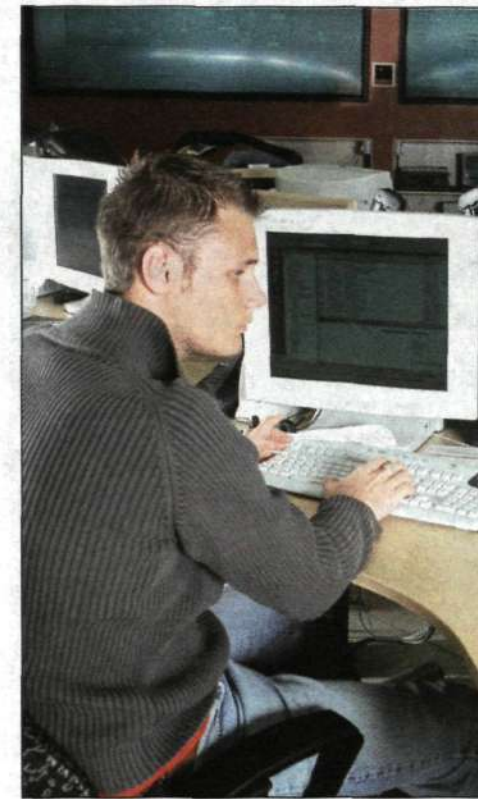
The annual five-day Hajj pilgrimage, which ended on January 23, drew more than 2.5 million Muslims to Mecca and Medina in Saudi Arabia, not only congesting the holy cities but also straining local infrastructure, including networks. But operator Saudi Telecom Company, STC rose to the occasion - with Ericsson's help.

Saeed Rahman, director of professional services at Ericsson Saudi Arabia, says there were more than 900,000 active STC subscribers among the pilgrims this year, and an average of 50 million calls each day of the five-day ritual.

"Ericsson Core Network nodes handled some of the highest concentrations of subscriber traffic seen anywhere in the world, and the whole crucial period passed without any outage in the Ericsson-supplied network nodes," Rahman says.



Ericsson helped pilgrims in Mecca and Medina to get connected.



Support, operations and maintenance are included in the large contract Ericsson has signed with H3G in Italy.

Photo: Alexander Farnsworth

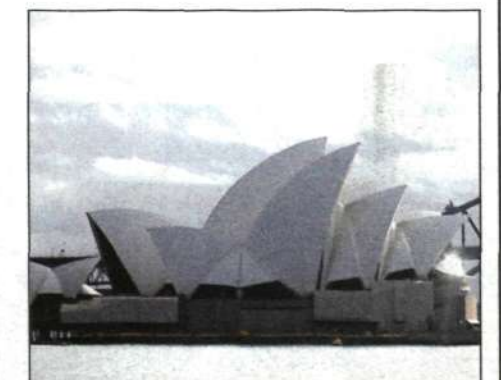


Five-year contract in Australia

Telstra, Australia's leading operator, has chosen Ericsson as its partner for a major five-year agreement. Telstra is buying the Ericsson Service Delivery Platform (ESDP), which provides a complete solution for integrating and introducing content, applications and new services for delivery through its 2.5G and 3G networks.

Ericsson will also provide advanced consultancy services for Telstra and systems integration for the ESDP.

Ericsson and Telstra have worked together in mobile telephony since 1987, and the agreement confirms Ericsson's strong position within telecommunications on the Australian market.



Ericsson steps into the limelight in Australia.

Photo: Jesper Møll

Sony Ericsson celebrates good year

The outlook for Sony Ericsson looks brighter. After two years in row of whole-year losses, Sony Ericsson reported net income of EUR 316 million for 2004. The fourth quarter report for 2004 also shows a margin in line with the results for the whole year. And the prognosis is that the company is on the right track for 2005. Sony Ericsson shipped 42 million terminals last year, an increase of 56 percent compared to the same period in 2003. Total sales for Sony Ericsson during 2004 were EUR 6 billion.

Sony Ericsson president Miles Flint says 2004 was a good year because the company established profitability and started growing.

"The fourth quarter continued a trend of expansion in both volumes and sales. That shows Sony Ericsson's ability to effectively compete in this dynamic market," Flint says.



Miles Flint

New US mega-merger

In a USD 16 billion deal, American telecommunications giant SBC has acquired AT&T to form the largest operator in the US. Once approved by US regulatory bodies, the new company will have combined annual sales of USD 70 billion.

SBC, based in San Antonio, Texas, has 50 million wire-line subscribers in 13 states, and is a majority owner, with 60 percent, of Cingular Wireless. Cingular Wireless acquired AT&T Wireless in 2004.

The AT&T of today, is the remnant of the former government-sanctioned monopoly that existed between 1913 and 1984. AT&T, now a wire-line operator focusing on the enterprise market, sold its wireless operations prior to this deal.

Job loses are a likely outcome of the merger.

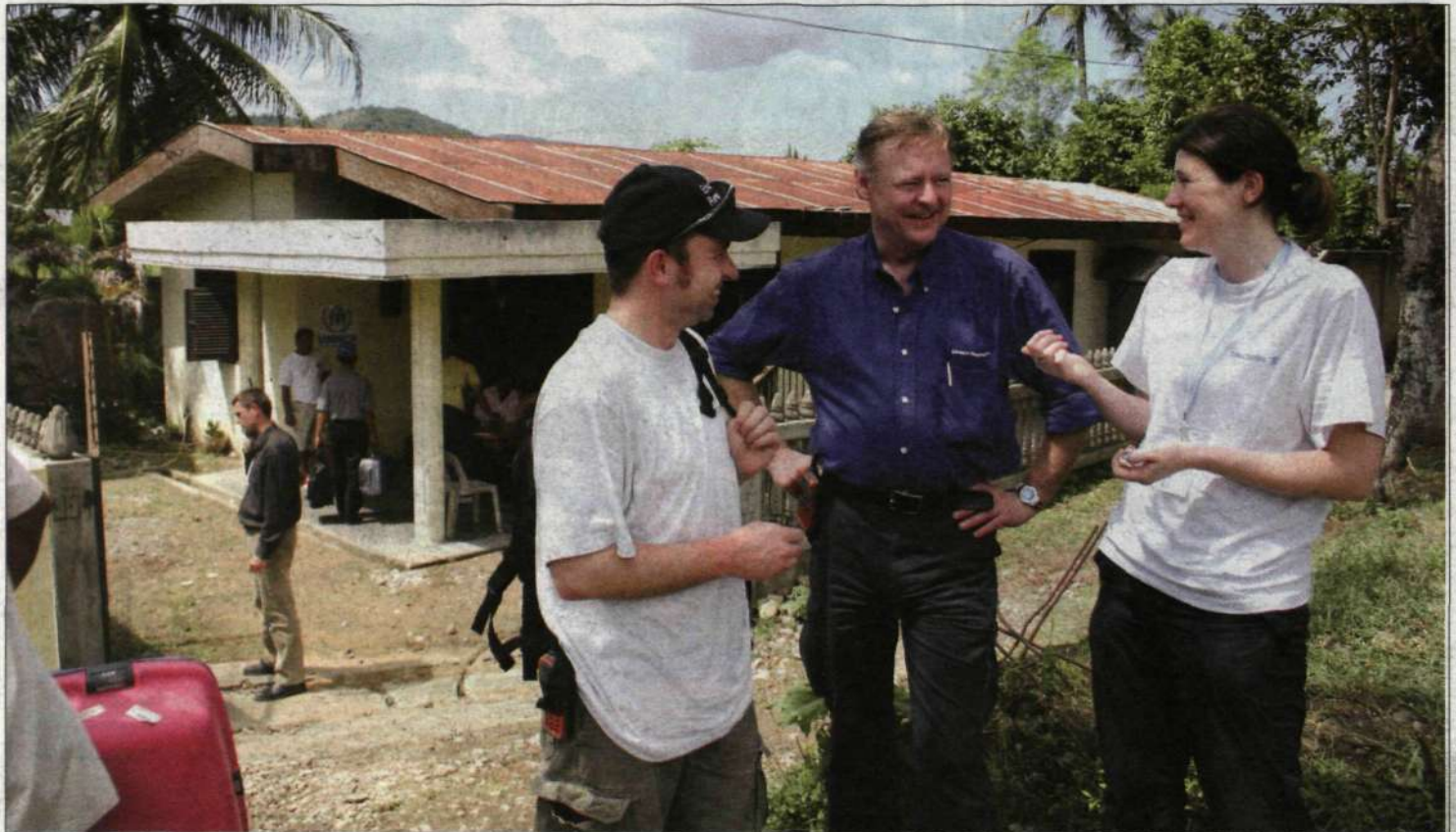
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the last word

text: michelle walkden

photo: ericsson response & pressens bild/bullit marquez



Sarah Gannon in the Indonesian province of Aceh repairs telecommunications after the earthquake and tsunamis in the region. She is pictured with Ericsson Response Director Dag Nielsen (blue shirt) and Mark Phillips, a Response volunteer from Ericsson UK.

Always ready to help

Thousands of Europeans join the exodus from the cold of the north to the tropics of Asia each January. But when Sarah Gannon boarded a plane for Indonesia on January 2, repairing telecommunications, not sunbathing, was on her mind.

Gannon is one of 100 Ericsson employees who volunteer to fly at a moment's notice to the worst places on the planet – places that have been wracked by natural disasters, such as the tsunami-devastated Indonesian province of Aceh.

So while the world was glued to news reports showing the widespread despair, Gannon was packing, readily trading everything Ericsson employees normally take for granted – regular meals, hot showers and a comfortable bed – for a tent city that didn't even have a "real" toilet.

Gannon spent most of January in Indonesia for her first "disaster" assignment as an Ericsson Response volunteer, working directly with the United Nations High Commission for Refugees (UNHCR). She admits it was a baptism of fire.

"We when we got here, Banda Aceh, you can imagine what it was like – destruction everywhere. Everything was chaos," Gannon says.

"It was surreal, to come from Sweden to this. It was crazy. Things now have improved 10,000 percent from when I arrived. It's been a good awakening, and an amazing experience. It has really reinforced the idea that there is a lot that can be done to make life an awful lot better for others."



The Indonesian province of Aceh was hardest hit by the tsunami.

Since joining Ericsson Response at the end of 2003, Gannon's volunteer efforts have largely involved, through her work for Cello Support in Development Unit IP Networks, establishing a WLAN solution that UN organizations can set up and operate in times of emergency. She was in Sweden preparing for a trial of the system when the tsunami struck.

Working from the UN compound, Gannon has

been part of the mammoth effort to restore communications. As the main coordinating body for humanitarian efforts, it was vital that UN workers could not only talk to each other but communicate and distribute information to other agencies.

When she arrived in Indonesia there was nothing: the entire network had been washed away. The immediate task was to set up a high-frequency radio system, base station and repeaters, then distribute radio handsets and teach people how to use them.

Gannon then began IT support for the UNHCR and preparing for the next major project: a web server to hold the mass of information, maps and updates that the myriad of aid organizations need.

The work is a long way from Gannon's previous community involvement. Always keen to contribute to society, Gannon had participated in local initiatives in her native Ireland. Attempts to be active on a bigger scale were, however, generally unsuccessful.

Moving to Sweden and learning about Ericsson Response changed that.

"Ericsson Response is a project that I can do, something that I can be involved in," she says.

It is something you can give back. You spend all your time working but this is not just working to make money. The whole idea is that if society is going to change, then big companies like Ericsson have to contribute. This is a great way to do it.

"It gives you a real high to be able to contribute something that makes people's lives better, if you can ease their pain in any little way. It is so satisfying ... I am just lucky that I can do it, that I can live it." •