

CONTACT

THE PUBLICATION FOR ERICSSON
EMPLOYEES AROUND THE WORLD

6 · 2005

▽ Illustration: Robert Hilmersson

**ESSENTIAL READING
FOR EVERYONE WHO
NEEDS TO KNOW WHAT
ERICSSON IS DOING
AND WHERE IT IS
HEADING OVER
THE NEXT YEAR**

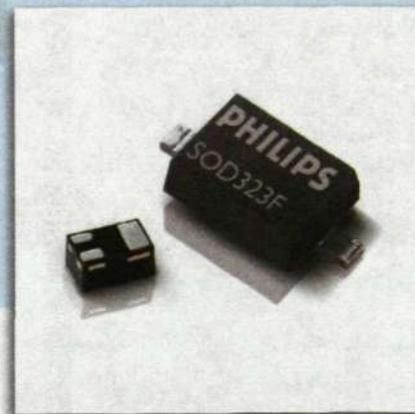
special: 7–15

▶ Low V_{CEsat} (BISS) transistors

	I_C	I_{CM}	V_{CEO}	$V_{CEsat} @ I_C / I_B$	Package
PBSS301PD	4 A	15 A	20 V	< 280 mV @ 4 A / 400 mA	SOT457 (SC-74)
PBSS4480X	4 A	10 A	80 V	< 270 mV @ 5 A / 500 mA	SOT89 (SC-62)
PBSS3515M	0.5 A	1 A	15 V	< 250 mV @ 500 mA / 50 mA	SOT883 (SC-101)

▶ Ultra-low V_f (MEGA) Schottky barrier rectifiers

	I_F	I_{FSM}	V_R	$V_f @ I_F$	Package
PMEG4010EH	1 A	9 A	40 V	< 640 mV @ 1 A	SOD123F
PMEG2020EJ	2 A	10 A	20 V	< 430 mV @ 1 A	SOD323F (SC-90)
PMEG2010AEB	1 A	6 A	20 V	< 620 mV @ 1 A	SOD523 (SC-79)



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column

Henry Sténson
head of Group
Function
Communications
and publisher of
Contact

GMC shows clear purpose

GMC – it doesn't sound like a lot of fun. Why do we have such strange acronyms for everything we do? If it is not GMC, then it is CMD or HSDPA, or some other weird name.

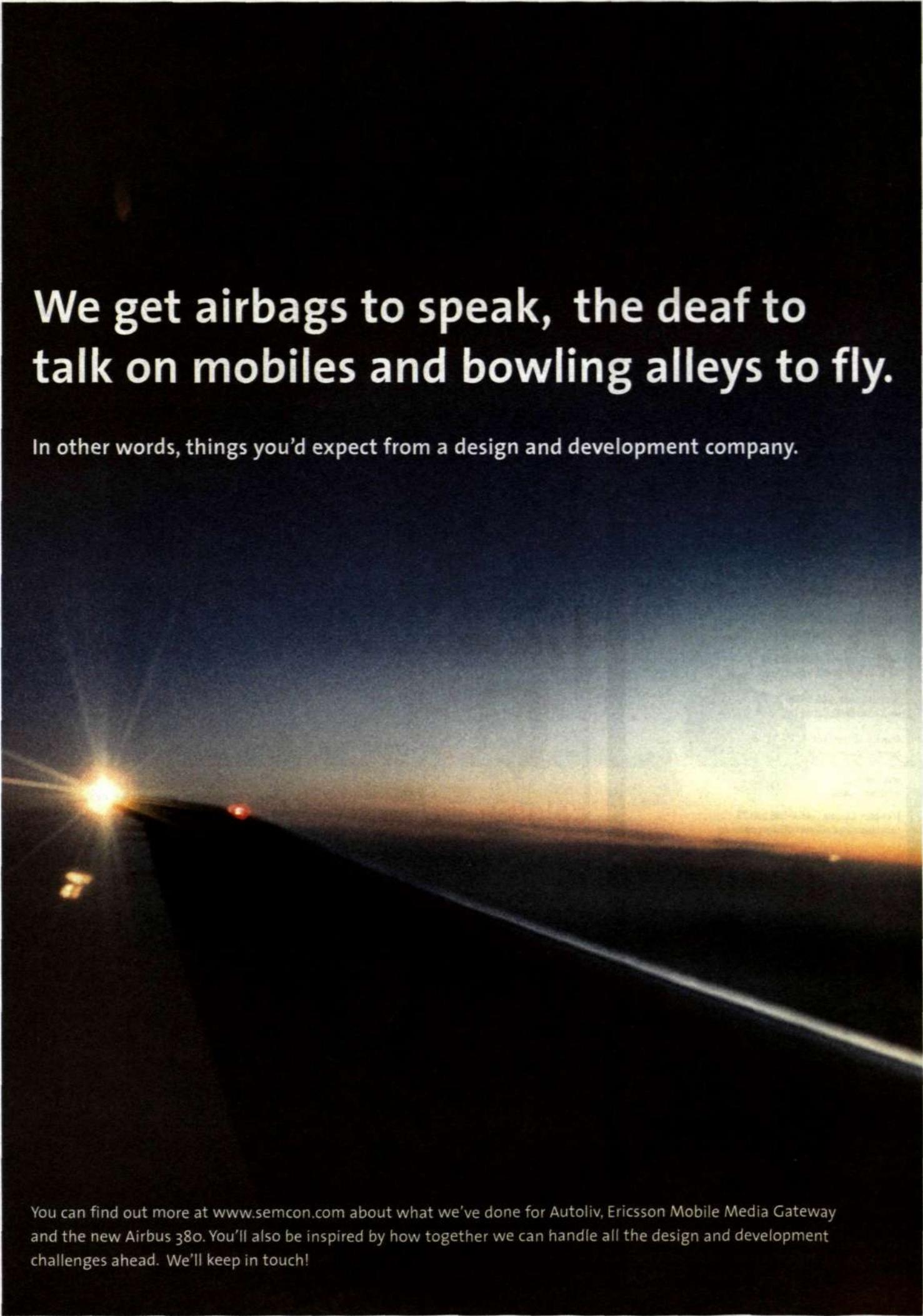
This year's GMC – Global Management Conference – has just been held on Djurö, in the Stockholm archipelago. The meeting brings together the top 220 managers from around Ericsson for more than two days of concentrated discussion about the most central issues for the coming year. This was the third time I have been able to attend, and it really has been a journey.

The first time for me was at the end of September 2003, when Carl-Henric Svanberg first got the group together for a meeting to begin setting the direction for Ericsson for the next five years. The task then was to take control of the new business unit structure and pick up speed regarding operational excellence, not least within Supply.

Last year's conference was preceded by intensive preparation work for months beforehand. All the GMC participants effectively started taking part in March and April. A completely new model was created for how the group would play an active role in creating Ericsson's strategy and keep it updated.

The clear strategy presented at the 2004 conference is the one that we still have today, and it will continue to apply for some time yet. This year's conference confirmed that the strategy continues to hold. Discussions this year dealt primarily with the six focus areas that are examined in more detail in this issue of Contact. These six cross-functional areas must be dealt with across the business unit structure.

And one thing is clear: there is a lot left to do before we can say we are really efficient. But with a clear strategy and agreed focus areas, it will be easier for us all to be able to prioritize the right things and understand how we can contribute. Make sure that you too get the information from those who were there.



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in the news: CommunicAsia

text: andrew flowers

photo: andrew flowers



Ericsson highlighted its commitment to Southeast Asian markets, regardless of their telecom development, at the communications and IT event CommunicAsia, June 14-17. Here Ericsson President and CEO Carl-Henric Svanberg meets Singaporean Communications Minister Lee Boon Yang at the conference.

A louder voice for Asia

At the CommunicAsia exhibition in Singapore earlier this month, Ericsson confirmed its intention of competing in both the emerging and advanced markets of Southeast Asia.

The telecommunications market in Southeast Asia is extremely diverse. On the one hand, markets such as Singapore and Malaysia have already launched 3G services, while in many parts of countries such as Bangladesh, Vietnam and Pakistan, telecom infrastructure is basic or non-existent. At the CommunicAsia exhibition in Singapore from June 14 to 17, Ericsson set its sights on all of the region's markets.

Head of Ericsson Southeast Asia Jan Signell said during the exhibition that the region is "a unique combination of emerging, expanding and advanced markets." He added that Ericsson's global

strengths and long-term commitment to Southeast Asia put it in a strong position to meet current operator challenges in all three market scenarios.

Mobile penetration in Southeast Asia has a dramatic range, anywhere from 3 to 93 percent. The region boasts 137 million mobile subscribers, a figure that is growing by about 2 million each month. With Ericsson occupying the leading position in this vast region, operators frequently come to it for help with market segmentation, pricing strategies and the launch of new services. They also seek Ericsson's advice on how to comply with changing telecom regulations.

In addition, many Asian operators are turning to Ericsson to manage their networks. Notably, during the CommunicAsia exhibition Ericsson announced that Indian operator Bharti was extending its existing managed-services agreement, allowing the company to push further into rural India. A similar deal was announced with Pakistan's Warid Telecom, which is using Ericsson's services to extend its GSM/GPRS network into a further 20 cities.



Jan Signell

Where 3G is concerned, Signell said that momentum would soon begin to increase in Southeast Asia. "Singapore and Malaysia have launched 3G (WCDMA) networks, and the Malaysian government has announced recently that two more 3G licenses may come up for auction in the country," he said. "We are also expecting increased 3G activity in Indonesia, Thailand and the Philippines during the second half of 2005."

Signell also pointed out that Ericsson's focus in the region has not just been on the network side, but also in service layer, hosting, and in many other areas that support the successful launch of new services. "What we have learnt from our experiences is that 2G and 3G integration is a highly complex exercise, and it is important to get this right at the beginning as mistakes can prove to be very costly and may delay launch plans," Signell said. "The success of 3G is not just about the network, but having the right platform for the launch of fast-to-market services. The more successful operators are also the ones with simple, easy-to-understand products and price offerings."

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When Carl-Henric Svanberg took the stage at the GMC one year ago, he stated that "Ericsson is on a mission to true world leadership," and heading towards a world where the name Ericsson stands for global presence, technological leadership and customer intimacy.

A year later Ericsson has picked up speed, prompting Svanberg to tell this year's conference: "I am now confident that we are on the right track." >>

special: gmc and the way forward

text: sara morge photo: frida hedberg

“It is our technological expertise and our true end-to-end solutions that truly set us apart from our competitors.”

Carl-Henric Svanberg

Strong proof of strong development

Ericsson is doing well. You can even say that it's doing very well. Solid finances, more efficient ways of working and a stronger position on the market – a lot has happened during the last year.

Last year's Global Management Conference, GMC, set many targets, such as winning contracts and working smart. It was an inspired and confident Carl-Henric Svanberg, company President and CEO, who kicked off this year's conference; not so strange when you realize he had clear proof that Ericsson had come a good way down the path plotted last

year. The strongest evidence was possibly the contracts with BT, T-Mobile and Cingular and the mega-deal with H3G in Italy. The investments in HSDPA and IMS have also borne fruit.

“Today we are the clear leader in HSDPA, we have increased our market share in WCDMA and we have now won 28 IMS contracts,” Svanberg said. “And I'm proud to say that we are quickly becoming a company that has operational excellence as one of its key assets.”

Ericsson has now taken tight control of its supply chain: today, the right product is delivered at the right time nine times out of 10; a year ago, delivery precision was only 60 percent.

In purely financial terms, CFO Karl-Henrik Sund-

ström said that Ericsson is stronger than it has been for a long time. Sales are up 17 percent and the company has an operating margin of 21 percent, one of the best figures in the industry. He also pointed out the importance of improved IS/IT security and a culture and awareness that supports it.

Adjustment of strategies

Just like last year, GMC 2005 was preceded by a series of workshops and discussions on the company's strategies. As a result, six strategic focus areas have been established (see fact box on page 9). This does not imply any new strategic direction, the investment areas set last year remain. The plan now is focused on implementation, fine adjustments and

fine adjustments and finding more effective ways to push the strategies through. “We have found six focus areas where we particularly need to improve. They're all cross-functional and we all have to work together,” Svanberg said.

Ericsson is investing more in research and development (R&D) than any of its competitors, and even if it is obvious that the returns on those investments must be better, Svanberg insisted that Ericsson would never compromise when it came to maintaining its technological leadership.

“It is our technological expertise and our true end-to-end solutions that truly set us apart from our competitors,” he said. “But it is not enough for us to see end-to-end only from a system perspective. We

Ericsson's strategic focus areas:

- Leverage capabilities end-to-end
- Strengthen position in converged core and wireline
- Create and deliver growth in services
- Strengthen R&D competitiveness
- Foster a spirit of business growth
- Price strategy for leadership

also need to have the end-user perspective in front of us all the time.”

Business Unit Systems head Björn Olsson also emphasized the importance of Ericsson being increasingly recognized as a company that is not just strong in R&D but also in understanding end users.

“The operators want us to be more end-user oriented,” he said. “Everything begins with the users.”

Another challenge is to look seriously at operators' declining growth. Ericsson has to be better than anybody else when it comes to helping operators create growth and become more cost-effective.

Bert Nordberg, head of Group Function Sales & Marketing, put it this way: “The customers' problems are our problems.”

A third challenge is the new business opportunities that arise as the industry changes and merges with other industries, such as IT and the media.

Svanberg said: “Our culture and the way that we work are perhaps not always the best for the challenges within these new areas. That is why we must ensure that we really understand what is needed and that we create the right attitude.”

People the greatest asset

But the challenges are not just about competition, ways of working and business. People play just as important a role. Ericsson's greatest asset remains its people and their competence. In fact, Cingular cites Ericsson's people as the main differentiator and reason it chose to work with the company.

Marita Hellberg, head of Group Function Human Resources, said: “I want to stress that the employees are the most important asset we have within the company. Their expertise and motivation are the deciding factors for our success. As the technological leader, we must be able to retain and attract the very best people.”

Last year's company-wide Dialog survey showed that too-great a workload is the single greatest barrier to efficiency for Ericsson employees. The next was unclear roles and responsibilities. In some cases there is a correlation between this and weak leadership.

“A factor of major importance is how we lead, communicate and give feedback to our employees,” Svanberg said. “In Dialog you can detect an interesting and obvious connection between unclear roles and responsibilities and poorer leadership. Before we make changes to the organization we therefore have to ask ourselves, as managers, if we have been clear enough.”

Hellberg said that even if the company is doing very well and employees overall are greatly motivated, Ericsson can still improve, and the leadership can be further developed.

“We will implement a new leadership model, which quite simply means that we now will judge and evaluate the factors that we strive for in our core values, when we identify and develop managers,” Hellberg said. “These factors are based on what was written about leadership in (the) Our Ways of Working (booklet). The aim is that all managers on all levels act in such a way that our culture supports our strategy. What we do and how we act is much more important than what we say.”

Svanberg also stressed the importance of good leadership when it comes to achieving success. “As leaders we must always be straight and honest in our communications. I cannot say that enough. Lead by example.”

He ended the conference by encouraging participants to spread further the positive energy and inspiration that characterized this year's GMC.

“If we can get 50,000 people to share the inspiration we have felt here, then we can move mountains,” he said. “Be proud, but stay modest. Be confident but not complacent. Be optimistic, but never relax. And remember, success is never a coincidence.”



Turning end-to-end outside in

Ericsson must become better at **seeing things from a consumer perspective**, looking from the outside in, instead of the other way around. It is time to see end-to-end from the other end.

Ericsson needs to take a wider view and become better at understanding the end user, says Björn Olsson, head of Ericsson's Business Unit Systems.

"Systems end-to-end has been our home turf for decades," he said. "And although there's still room for improvement in that area, we now have bigger issues in user end-to-end, which we need to work hard with during the coming 12 months. Right now this is a weak area for us; we do not have an outside-in perspective, and tend to neglect the consumer perspective."

That is why Ericsson has decided to reinvent the expression, differentiating between "system end-to-end" and "user end-to-end," to ensure that no view is neglected. But what do these terms really mean? Sys-

tem end-to-end could be described as: standardization comes first, the long-term perspective, product-and-system-focused sales and everything based on the infrastructure. The end-user perspective, user end-to-end, is based instead on user behavior, shorter timeframes, project sales and working with prototypes.

"The positive side to all this is that we actually have everything we need to be able to offer complete end-to-end solutions."

A much more evolved end-to-end perspective will drive growth. It is therefore vital to show operators that Ericsson is not just good at technological solutions, but also at understanding what customers' customers really want. After all, it is the consumer, the end user, which the entire market is built on; without them, there is no business.

LEVERAGE OUR CAPABILITIES END-TO-END

As a result of this Björn Olsson has been given the task to present a proposal for how Ericsson better can meet the end user perspective in end-to-end. Gunilla Fransson, head of Service Layer, stresses the importance of this initiative "otherwise the traditional system thinking will always be dominant. I don't think you can have the same people working

with both perspectives, because they have totally different starting points," she says.

Olsson says: "The positive side to all this is that we actually have everything we need to be able to offer complete end-to-end solutions, and I know that the customers have faith in our abilities. Now we just have to deliver."

Convergence is common sense

Consumers' demands are increasing all the time. They want unlimited availability and they want everything to work, regardless of the brand of their telephone, the operator or their location. To meet consumer and operator demands, Ericsson has to **become better at network convergence**.

It is not just the networks that are converging; operators too are combining their operations. In the US, operator convergence and consolidation are just as hot as the southern Californian sun. In Europe, the latest examples are France Telecom/Orange and Telecom Italia/TIM, which recently combined their operations for fixed-line and mobile telephony. This can, of course, create a radically new situation for Ericsson in some cases: new customer relationships, new ways of thinking, new ways of working, new demands – and above all, new opportunities.

Karl Thedéen, head of Product Area Wireline, says convergence – and mergers of operations – are nothing more than common sense. "It will be the integrated operators that will drive the market for converged core networks," he says.

Converged core networks mean different things for different operators, and there are three possible approaches for those that want to follow this path, rubbing out the borders between wireline and mobile telephony.

- **Integrated operators:** operators who integrate their fixed-line operations with their mobile ones, such as Telecom Italia/TIM. The aim is a unified core network that serves consumers regardless of access method.

- **Affiliated operators:** these are, as the name implies, affiliated with another operator. SBC/Cingular is an example. These operators concentrate on offering their customers converged services and payment possibilities.

- **"Fixed going mobile":** fixed-line operators who want to offer limitless access to services and seamless handover between fixed-line and mobile telephony. Examples include BT and China Telecom.

IMS and Mobile Softswitch have so far been Ericsson's fastest horses in the convergence race. But the market has not yet really taken off. Fredrik Alatalo, head of Product Area Mobile Core, says:

"We have a lot yet to do and a lot to lose if we mess it up. But above all, we have an enormous opportunity ahead if we handle this right."

STRENGTHEN OUR POSITION IN CONVERGED CORE AND WIRELINE

Ericsson has identified four strategic areas to reach success within converged core:

- To build on the already established softswitch leadership.
- To grow market share in IMS by winning key deals.
- To be first in the market with converged Access Edge.
- To strengthen the marketing program with concrete convergence offerings.

Ericsson's wireline capabilities are also key in reaching a leading position in convergence, says Björn Olsson, head of Business Unit Systems.

"Our goal is to be the leader in converged networks by 2008. To get there, we are relying on our expertise in core and fixed-line networks," he says. •



Service success needs local commitment

When will the big boost come for the service side of Ericsson's business? Soon, as long as Ericsson continues to concentrate on the right areas, says Hans Vestberg, head of Business Unit Global Services.

In recent years, Ericsson's services operations have been stable and promising, at times even brilliant. Major success, however, has taken its time. Yet the big breakthrough is just around the corner, Vestberg says.

"At times, things have gone more slowly than expected, but we are definitely on track again. We are sticking to our strategy," he says.

When Global Services management noticed just over a year ago that the previous strong growth was leveling out, things happened quickly. Part of the downturn could be blamed on lower operator investments in general. But a lot also stemmed from Ericsson's approach to its service offering.

"Service deals are generated locally. That is why we

also have to invest in developing local competence in services," Vestberg explains.

A group from Global Services met representatives from several market units in special Executive Growth Workshops to find out what was hindering their services efforts and to produce a plan for services in each market unit. These efforts have led to five main measures for creating further growth in the service sector:

- Improve services sales capabilities – this mainly involves development of the global sales organization and becoming better at adding new service offerings to ongoing projects. Financial resources (distribution of Opex-spend) have also been moved from Global Services to the market units so that they have more people working with selling services.
- Secure business readiness in service delivery – making sure that the right resources are in place on time is a deciding factor in keeping agreements with customers.
- Improve sourcing and partner management – Global Services should be as efficient in buying

CREATE AND DELIVER GROWTH IN SERVICES

from its suppliers as operators are in their dealings with Ericsson. Ericsson must also be better at using partners to create new business.

- Drive more cost-efficient operations.
- Develop business opportunities in new areas.

Primarily, finding ways to do things more cost-effectively is a key issue for Global Services.

"Our cost level is too high," Vestberg says. "But we can reduce it if we adjust our cost structure in line with the structure that our most successful competitors have. Then we have to get better at sharing knowledge between the market units and our global supply centers. He continues:

"We must remember that there is no model for selling services that suits all market units. Not everyone will bring in a mega-deal, or field maintenance or network operations. The key is to reuse knowledge, but this must be used to tailor solutions for different markets."

Race for technological world dominance has begun

STRENGTHEN OUR R&D COMPETITIVENESS

Supply & Sourcing has implemented wide-ranging measures to improve efficiency, with great success. Now it is time for Ericsson Research & Development (R&D) to start the same voyage. The goal is tough but essential: halve the time needed to launch a product on the market.

Competition within R&D is becoming tougher every month. For Ericsson, this means maintaining and preferably increasing the technological lead it has over most competitors, most importantly the new Chinese players. Vendors such as Huawei and ZTE have strong hands in terms of low development costs and cheap local suppliers. But Ericsson holds the trump with its technological leadership and the high technical quality of its products. This is a dubious advantage however if the products are late and more expensive than those of competitors when they do reach the market. Products must be launched quickly and be good value for the operators, and the quality has to be just as high as before.

The main reason for some products coming out late today is the long R&D lead time.

Håkan Eriksson, Ericsson's CTO, says Ericsson spends too much time at the start and end of its projects. "We need to run shorter projects and be clearer when we define if and when a product should be brought to the market. It costs money when we need to change a product during the development phase. We need fewer decisions and greater decisiveness," he says.

"If we halve the time-to-market, we reduce costs and free up major resources at the same time. We need to do this to succeed in the growth areas we have identified as a result of the convergence between fixed-line and mobile networks."

Shortening projects requires closer cooperation between Ericsson's product management and the market units.

"Direct communication with Product Management is important for us to be able to react more quickly to the demands or problems that operators have," says Eriksson. "We also need Product Management's help to achieve earlier product defini-

tions. Some of our designers ought also to be based at the customer's (premises) for some time."

But that is not enough. R&D also needs closer cooperation with the customer, which means the organization must be even better adapted to the conditions facing customers in different countries. One way to achieve this is to work on standardization and regulation issues together with the customer.

"That gives us direct contact between our R&D organization and the customers. When we succeed with this, opportunities will open up for cooperation on many levels, which will make us a long-term partner for our customers, allowing us to support their products better," says Håkan Eriksson.

Ericsson has already established a closer technical alignment with 10 top operators to ensure technology leadership.

Ericsson's coordinator Jan Uddenfeldt says: "The operators know the market trends, and getting their demands at an early stage helps us set our strategies and maintain our technology leadership".

special: gmc and the way forward

text: sara morge & jenz nilsson photo: frida hedberg



Sales sets ambitious goals

Ericsson's sales organization has set aggressive goals for the next three years. The company has to **grow more quickly than the market** and, among other targets, has identified a number of key contracts that must get more focus.

The global battle when it comes to call tariffs has put a lot of price pressure on end-user services. Operators have responded by taking a firm grip on their wallets. This in turn has meant that they are investing less in equipment for traditional voice telephony. And this has changed the conditions facing all vendors, but within Ericsson, the hunt for new business opportunities with customers is already under way.

Bert Nordberg, head of Sales and Marketing, says Ericsson knows where the money is, and how to get it. "But that means that we must broaden our offering, keep pushing growth for our customers and continually improve our competence," he says.

The competition is incredibly tough, but Ericsson has all it needs to be the company that increases its sales the most in the next few years. Nordberg points to some strategically important areas.

"The first step is to maximize growth for our largest global customers. Sales activities to raise their operating margins and interest in investment are under way. But we can't just focus on the operators' operations. We also need to work actively with their marketing departments and through that find new business opportunities," he says.

Enterprise, national security and the media market are three areas in which Ericsson's technological leadership and market position mean it is better placed than competitors to grow its business, Nordberg says. Enterprise and national security were identified as future growth areas back at GMC

2004. Since then, the opportunities in the media market have also grown. Demand for music in the mobile is already great and is expected to grow significantly. Ericsson has taken the initiative in this area and recently announced a partnership with

Napster to offer the world's broadest digital music-download service.

"Both traditional and virtual mobile operators need good solutions for their consumers to be able to download music and images using the mobile network. They also need help in getting paid for these services," Nordberg says.

"We at Ericsson have every opportunity to fulfill this demand through our service-layer solutions. But we need to convince the operators by showing them our ability."

Nordberg and his management team have composed a list of 10 business opportunities and customers on which Ericsson must focus in the coming year. If it succeeds, Ericsson will be better placed to be the market leader in every area in which it wants to compete.

"One prerequisite for success is our getting up to speed with the exchange of experience within the company," Nordberg says. "Independent industry analysts and our own studies show one thing: by sharing best practice between the KAM organizations and market units, we will increase our sales and improve our margins."

Swim smarter to save sinking prices

Competition is growing, as it always does. New players are changing the rules, as they always do. Today's challenge is to face new competitors that have declared low-price strategies. **Falling prices are a fact** that Ericsson must address.

Joakim Cerwall, head of CEMA (Central Europe, Middle East and Africa) Sales for Business Unit Access, says price erosion is nothing new. "Without it we would not be on the way to 2 billion mobile subscribers," he says. "But it's not just price erosion as we're used to; it now comes in a different flavor."

Among the factors behind today's price falls are the globalization of operators, Ericsson's customers, which brings the ability to push down prices in several markets, and developments in IT. But the single strongest force seems to be the new, razor-sharp competition from China. "Huawei is pushing prices to record lows," Cerwall says. "The only question is

whether its strategy is sustainable in the long term. Is it a new Toyota? We don't know. We are getting mixed signals."

Even if the signals are unclear, Ericsson has chosen its strategy and it does not involve a price war. "We have to take Huawei seriously, but Ericsson is not a low-price alternative," Cerwall says. "We can offer customers greater value and also make sure that we get paid for that."

It is not easy for a salesperson to convince a customer of the advantage of choosing Ericsson despite its price sometimes being several times higher than that offered by a low-price competitor. The key is to ensure closer cooperation between product management and the sales force.

"The salespeople need to be better at understanding and explaining products' additional value and the product management (team) must be better at understanding market forces," Cerwall says. This also requires better sales arguments and clearer price awareness in product decisions. The sales-

PRICE STRATEGY FOR LEADERSHIP

people must also be able to keep their promise that Ericsson's products give better value for money.

"When you have a really superior end-to-end offering, which you can also deliver before the competition, then you have the absolutely strongest argument for higher prices," Cerwall says.

But it is not enough to have better sales arguments and fantastic products; a larger market is also required. Ann Emilson, head of Sales for Access in Western Europe, says: "We must be innovative and use the conditions that technology brings to create new business opportunities. We believe that tomorrow's users will see the potential of mobile broadband and create explosive traffic growth in the networks."

winning a deal: T-Mobile

text and photo: peter gotschalk



Largest GSM upgrade to date

This is a story to learn from. It's about pure determination and listening to the customer. A story about how Ericsson, performing poorly and faced with rejection, **turned around a disastrous situation and wound up** being selected by T-Mobile Germany to become the company's largest supplier of GSM/GPRS technology.

T-Mobile Deutschland has commissioned Ericsson, the leading supplier of infrastructure for mobile telecommunications, to equip approximately 10,000 mobile base stations with modern GSM network technology throughout Germany. This is how a press release published on January 17 began. This single sentence caused much rejoicing, shoulder pounding and corks to pop from champagne bottles. The Global

Customer Unit in Bonn, in cooperation with Ericsson Germany, had just won one of the single largest contracts in GSM history.

Rewind the clock to little more than a year ago and things didn't look quite so happy between T-Mobile and Ericsson. As part of the former German-state monopoly Deutsche Telekom, T-Mobile had been

the largest mobile operator in Germany since the introduction of GSM technology in the early '90s. Through acquisitions in other markets T-Mobile had also become a significant contender on the world stage. Ericsson, therefore, had actually been T-Mobile's largest global GSM network supplier for quite some time, since most of the acquired companies were supplied by Ericsson.

Matters in Germany however were different. T-Mobile began doing business with Ericsson on a large scale only in 2003 when MMS technology was introduced and Ericsson provided the backbone of T-Mobile's service. This is where the troubles began. In the words of Lutz Gerber, Ericsson vice president of Operational Services: "We went down a very bumpy road with MMS. Frankly, our performance was under the contracted standard and T-Mobile's customers experienced service degradations and limited availability. During Christmas 2003 the system simply overloaded and more or less broke down. This was a very bad time for us."

Not surprisingly, head of development for T-Mobile in Europe and in charge of the MMS services Wolfgang Ptacek, agrees. "The performance of the system during Christmas 2003 seriously affected our ability to sell MMS products aggressively," he

says. "Therefore we decided to find out whether our problems related only to Ericsson or if we were dealing with an issue covering the entire industry."

As a result, T-Mobile was so dissatisfied with Ericsson's performance it reopened the MMS contract to other suppliers, forcing Ericsson to compete for a contract it already had. To be successful, Ericsson had to prove to T-Mobile that it was willing to work seriously on the technical issues. Ptacek says that's exactly what Ericsson did.

"Ericsson went wholeheartedly into the competition. It began to systematically analyze what was causing the problems with the service, and I must really say that it understood our message and turned it into positive action. By Christmas 2004 we really had to congratulate Ericsson on its performance," Ptacek says.

When T-Mobile decided it was time to renew its GSM network, the German operator invited all major mobile infrastructure manufacturers to bid. The competition began in February of 2004 and fortunately by mid-2004 Ericsson had managed to improve the performance of the MMS system. If this had not been the case, Ericsson would not even have been considered for the competition, says Torbjörn Possne, head of Global Customer Account Deutsche Telekom.

"Improving our MMS performance was directly linked to the bid for the GSM swap-out. I think we also managed to show T-Mobile our dedication and willingness to invest in its business by running the entire bid process out of the Bonn office, which is practically right across the street from the Deutsche Telekom headquarters," he says.

A significant part of the strategy was to influence T-Mobile to shift from a local perspective to a global one. This meant convincing T-Mobile of the benefits of using its major global supplier in Germany, rather than taking a country-based perspective and asking it to choose Ericsson ahead of one of the six local infrastructure suppliers. Possne and his team approached T-Mobile with a global offering including global prices and globally tested technology and products. Possne says this strategy played a major role in convincing T-Mobile that Ericsson would be the best and most future-proof choice for the upgrade.

"Ericsson is an industry leader. In bidding for the contract we made it our strategy to focus on our company strength. We are used to working globally



The entire Ericsson management team for Global Customer Account Deutsche Telekom. Obtaining the contract has been a team effort. Top from left - Patrick Nietzer, Lutz Gerber, Stefan Reuther, Dietmar Seifenberg, Torbjörn Possne. Bottom from left - Bo Hjalmarsson, Peter Holm, Stefan Gustavsson.



Wolfgang Ptacek

and I think we ultimately won the contract because we showed T-Mobile how we would be able to establish a partnership between our two companies on a multi-country level," Possne says.

As the technical director of T-Mobile Germany, Joachim Horn had a significant role in the tender process. He makes it clear that for him Ericsson's commitment to T-Mobile was a large part of the reason that the company won the contract. "From the very beginning Ericsson had very competitive prices. It was clear to us that it was leveraging its global presence to make the offer as attractive as possible. But other things mattered to us as well. Ericsson had very high responsiveness and understood our requirements very well throughout the offer phase. Its commitment came from the top of the organization during the critical decision phases and this was perceived very positively by our company."

Horn described the change-out of base stations as "open heart surgery" in the T-Mobile network. Ericsson was therefore well served by its experience from a similar swap-out for Lucent in Saudi Arabia, and a commitment to use Deutsche Telekom group workers to perform important parts of the swap.

"This enables us to keep jobs within the group which is also an important point," Horn says. "The actual swap will commence mid-year and will go on for at least two years. Ericsson already has a strong, German presence with structures it can draw upon, it has a very modern platform, and it has acted highly professionally throughout the entire process. By selecting Ericsson, we have gained a competent partner for this important project."



Joachim Horn

facts: about T-Mobile Germany

Subscribers: 27.6 million
Market share: 39.5 percent (November 2004)
ARPU: EUR 23 (Q1, 2005)
Revenue 2004: EUR 8.7 billion
Income before tax (entire T-Mobile group): EUR 4,636 million
Headquarters: Bonn
Founded: 1993
Other markets: the UK, Austria, the Czech Republic, the Netherlands, the US, Hungary, Poland (PTC) and Russia (MTS).

in the spotlight



text: jenz nilsson photo: gunnar ask

Some companies have continuous discussions at all levels about how they can work smarter and more cost-efficiently at every stage of their operations. Ericsson is striving to become such a company. But for that, **the term operational excellence must become self-evident for everyone** working at Ericsson. That is not quite yet the case...

Joakim Westh

Joakim Westh has been head of Group Function Operational Excellence for six months. If anyone should know what President and CEO Carl-Henric Svanberg means when he says Ericsson must work in line with operational excellence, it should be Westh.

"It means that we need simpler, faster and more cost-efficient processes and a clear organization," Westh says. "That leads to more motivated employees. My task is to help implement operational excellence across the entire company and thereby create a competitive advantage for Ericsson."

How will you succeed with this?

"The basis of this work is letting every employee take responsibility for his or her work day and identify how to save both time and money in everyday work. On top of that, we have six key processes (see pages 7-15) and a number of support processes that require extraordinary efforts from us. My ambition is to both help drive the major change programs within R&D and Supply, for example, and encourage everyone to try to make their own specific work areas a little more efficient."

Isn't there a risk that operational excellence becomes a phrase that many talk about but few know how to live up to?

"That certainly is a risk. At the same time, working simpler and smarter is self evident. These are things that everyone should be able to take on board - people have already done so in several parts of the company and we are seeing the results of that now."

Can you give examples of how Ericsson is working more efficiently today?

"Our delivery precision is possibly the most obvious example. In Q3 of 2003, we delivered only 60

percent of our products within the time we promised. Today we are up to 94-95 percent, while our delivery volumes have doubled. We have also, through the Sales Transformation Program, got a better sales process with clearer definitions of the sales role and a more motivated sales force. R&D has contributed to significantly improved in-service performance for several of our products, and Sourcing has had major success with reducing purchasing costs."

Is inefficiency within Ericsson greater than in other companies that you have worked with?

"Absolutely not, and sometimes I think Ericsson has unnecessarily poor self-confidence when it comes to its own efficiency. We are much better than we believe in many areas. But that does not stop us having great potential for improvement, just like there is with all our competitors. We just have to ensure that we do our thing better than they do."

Is it really that simple?

"It is often easier than you'd imagine. Ericsson definitely works in a complicated industry with many different technologies, but that does not mean that our way of working needs to be difficult and complex. On the contrary, Ericsson has everything to win from simplifying and clarifying its processes. That will have a clearly positive effect on both the result and our working conditions."

Do you feel that there is decreased motivation for finding ways to improve efficiency in everyday work now that Ericsson's finances are looking better?

"Yes, and that is fairly typical for a company that has just gone from an extremely negative result to a positive one. People in the organization are relieved to have got through the crisis, and are not really motivated to work more on improvements in efficiency. It is here that I think my unit can play an important role in support and motivation so that this does not lose momentum."

Many people within Ericsson are irritated by the lack of alignment between the business processes and the internal support systems. When can we expect improvements in this area?

"The problem is that our administrative support systems are technologically advanced but not user-friendly enough. It is hard to learn about them if you use them only sporadically for time reports or for purchasing. We have recently decided on a range of measures that will make it easier for users working regularly with Ericsson Buyer. We must also work out how we can make the systems useable for occasional users. We hope we will be able to present a good solution for this soon."

What do you think about outsourcing as a way to reduce costs and increase efficiency in a company?

"It can be a good tool. For Ericsson, which has carried out a fairly wide-reaching outsourcing program in recent years, it has led to lower fixed costs that vary depending on how the industry is doing. This is good, and it leads to Ericsson becoming a more flexible and more efficient company. The downside is that you risk outsourcing areas that later prove to be part of your core operations, and then you can be forced to 'in-source' instead."

Does Ericsson need further outsourcing or simply "in-sourcing" as you see it?

"Ericsson needs to become even clearer in its definition of what belongs to core operations and what doesn't. The outsourcing we have done so far was correct for the conditions at the time. We now have more time to look over what operations should be inside the walls or outside them. Until that process is complete, you cannot rule out in-sourcing or outsourcing."

How will you drive the work on operational excellence further?

"We need to prioritize among the larger, global change programs that we have within Ericsson. We have far too many programs running at the same time, which all use resources and energy. Parallel with this, we are continuing to improve our key processes. First we are going through our processes in R&D and product management. Another top priority is getting to grips with those units that reported the greatest problems with division of responsibility, work tools and workload in the Dialog survey. Then we need to simplify and improve parts of our governance structure and try to reduce the number of steering groups."

Will you always need to be part of the picture? Will there always be need for a Group Function Operational Excellence?

"It would be an amazing success for Ericsson if operational excellence became such a natural part of our everyday work that we no longer needed such a group function. On the other hand, there are operations within this function, that will of course still be needed."

facts: Joakim Westh

Age: 44

Lives: in Arild in southern Sweden, but will be moving to Stockholm.

Education: engineering degree in aviation technology from the Royal Institution of Technology, Sweden. Also has a Master of Science in aeronautics and astronautics from Massachusetts Institute of Technology in Boston, the US.

Family: wife and two daughters, aged 7 and 11, as well as a cairn terrier dog.

Born: Strömstad, but grew up in Lidköping in the county of Västergötland.

Leisure: flying in all its forms, and when time allows, diving, swimming and skiing.

What did you do Saturday? I was at a dog exhibition with my family.

Do you have questions for Joakim Westh?

Send them to spotlight@ericsson.com by July 7. He will answer some of them in a video interview to be published on Inside.

Do You need
deep competence?



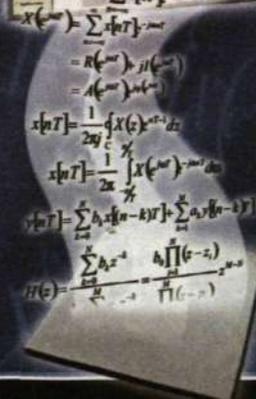
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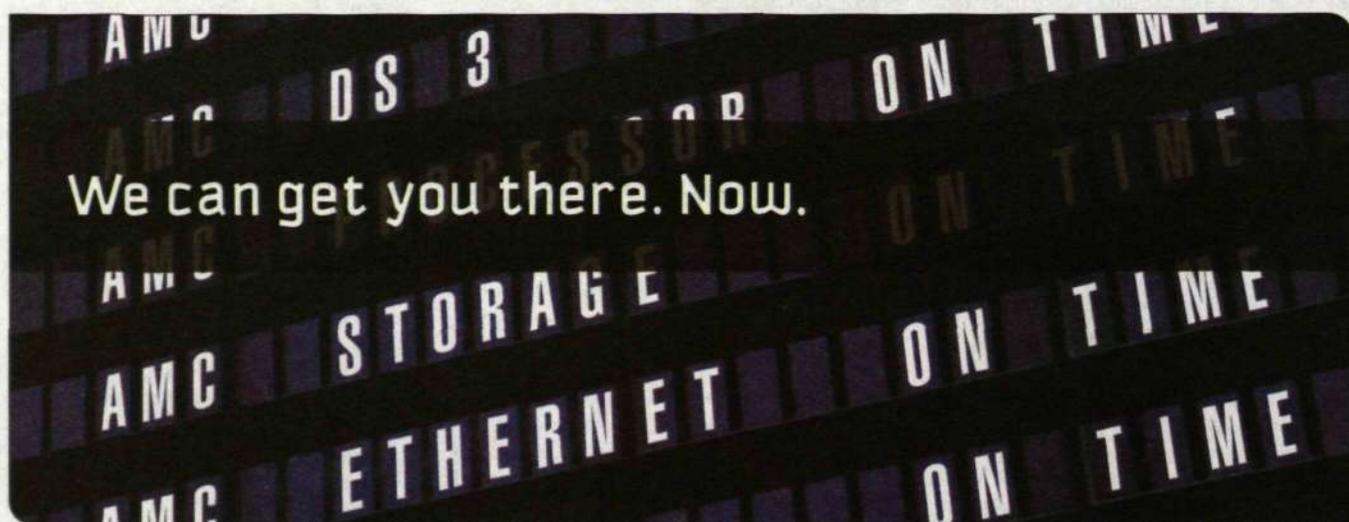
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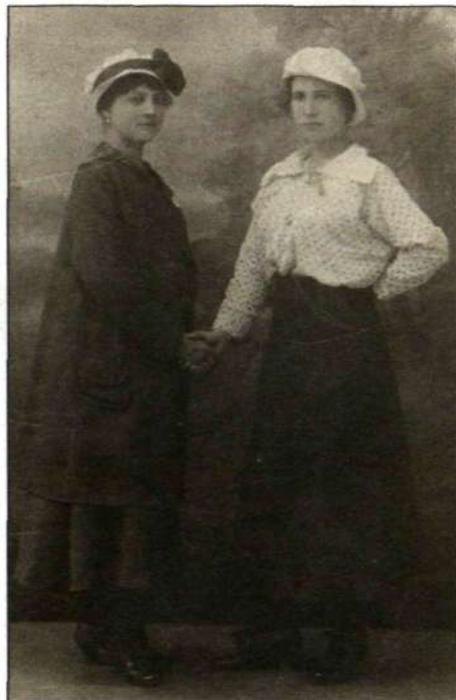
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around ericsson

editor: gunilla tamm



To work as a switchboard operator for Ericsson in Warsaw in the 1920s, you had to be "young, sweet and single". The girl to the right is Wladyslawa Helena Bors, whose family provided the photograph. The girl to the left is a colleague.

'Pretty girls' at the switchboard

Ericsson has a long history in Poland and is now celebrating its 100th anniversary in the country. The first Ericsson switchboard in the country was in Warsaw, but like much of the city, the exchange building was destroyed during the Second World War, so there is not much historical material left.

Ahead of the anniversary, Anna Fogler from Ericsson in Poland had the task of searching out old photographs.

During her hunt, she made contact with two elderly women who both had visited their mothers' workplaces: Ericsson's first switchboard in Warsaw.

They told of the strict demands placed on the girls who wanted jobs on the switchboard: only those who were "young, pretty, single and clean living" were employed, and working at Ericsson brought status.

When the workday ended for the switchboard operators at 4pm, there were always young men standing outside waiting to see the "sweet Ericsson girls". It was not unusual for these young men to come bearing flowers and chocolates. But it was risky for a girl to flirt with any of the bachelors: she could lose a good job.

Ericsson took good care of its switchboard operators, organizing excursions and giving them vacations.



Peter Andén, Student of Technology 2004.

Photo: Lars Cederquist

Student of Technology 2004

Ericsson has named Peter Andén as Student of Technology 2004. This is a distinction that requires a great deal of effort, as it is not enough just to be a leading student of technology with a focus on telecommunications; the successful person must also have a broad range of leadership abilities.

And Andén lives up to these criteria. He will soon complete his studies in technology at the Royal Institute of Technology (KTH) and he is through half of his program at the Stockholm School of Economics. But that's not all – he also enjoys a full life outside of his studies: he owns and operates a few companies and projects, he is an active member of the students' union, and he serves as a mentor to other technology students and as a teacher's assistant.

"I was very impressed by a meeting I had with the Student of Technology 2002 a few years ago. That experience inspired me to compete."

Andén makes no secret of the fact that he wants to work for Ericsson. He has just started his exam project – at Ericsson – in the very popular area of IMS (IP Multimedia Subsystem) and Instant Messaging, one of the first IMS applications. "I'm really looking forward to learning about IMS, which is a system that appears to have incredible potential," He says. "This distinction means a lot to me. I was very impressed by a meeting I had with the Student of Technology 2002 a few years ago. That experience inspired me to compete. As part of the prize, I will have the opportunity to visit Ericsson's development center in Shanghai toward the end of this year."

Lars Cederquist



Children enjoyed many activities, such as playing on a bouncy castle, at the Ericsson family day at Rijen.

Families enjoy open day at Rijen

Ericsson in the Netherlands is celebrating its 85th year in the country, while Research & Development in Rijen is also celebrating its 25th anniversary. The company recently organized a family day to celebrate the double milestone.

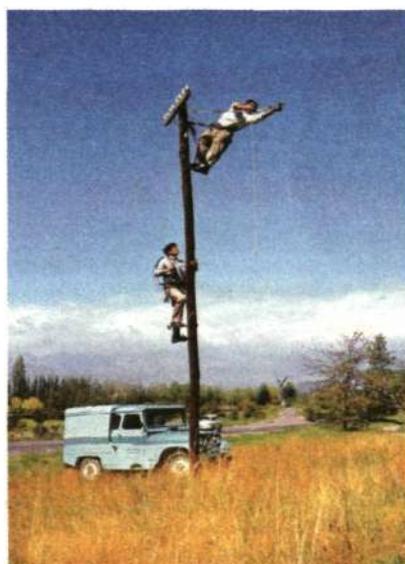
Employees brought their partners, children and other family members to show them the Ericsson offices and what kind of a company Ericsson is. Several departments presented products and solutions and there were demonstrations on how the solutions work. There were also explanations of what UMTS and IMS are, how M-USE works, what happens in the Enterprise business unit and what kind of solutions are developed at R&D.

While the adults learnt more about Ericsson, the children got to play on a bouncy castle, visit a clown or get their faces painted. They also got to take part in a treasure hunt. There was also an Ericsson auction where people had the chance to become the new owner of an old Ericsson phone, like the ones made from bakelite or an Ericophone.

At the end, all employees and their families could look back at a very interesting, successful and joyful day.

Sylvia van Haren

from the archives

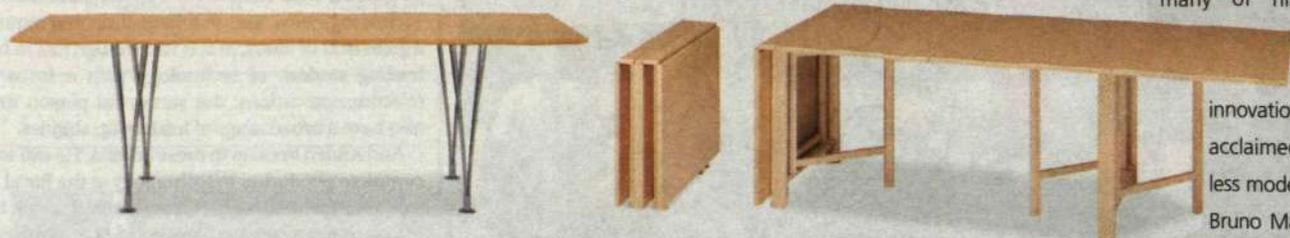


Even if they look like circus acrobats these men are working on a telephone network in Argentina. The year is 1969.

CLASSICS



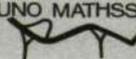
Professor
BRUNO MATHSSON



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,

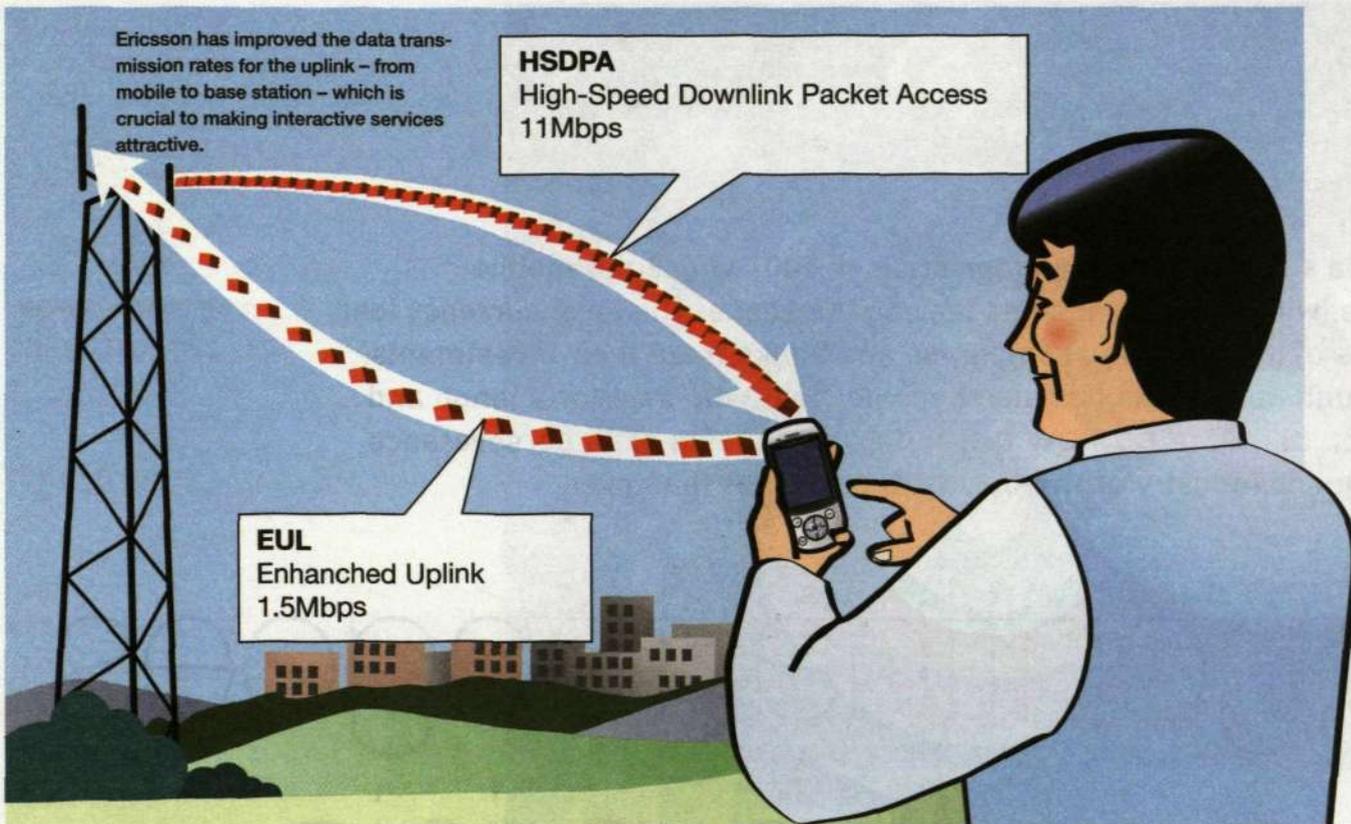
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WCDMA enhanced up and down

WCDMA, the leading 3G standard, is being enhanced step by step. The first enhancement is in the downlink: from the base station to the terminal. Now the uplink is set to receive a boost.

For mobile broadband to become a reality and be appealing to users, it must, in a cost-effective way, provide the same high data speeds and low delay that users enjoy from the fixed network. Without this, subscribers will not use their mobile handsets to send e-mail, exchange images, have video conferences, play network games and surf the internet – anywhere, any time. WCDMA performance is already fully comparable with ADSL.

HSDPA, a new abbreviation in 2004, is short for High-Speed Downlink Packet Access. The downlink is the link from the base station to the mobile handset/terminal. An obvious complement to HSDPA, with which Ericsson has repeatedly demonstrated data-transmission rates of more than 11Mbps, is to increase the capacity of the uplink; the link from the mobile terminal to the base station. The new uplink is called Enhanced Uplink (EUL) or High-Speed Uplink Packet Access (HSUPA). At the beginning of May, Ericsson and 3 Scandinavia announced that they had achieved 1.5Mbps on the uplink in a live WCDMA network.

Ordinarily, users tend to download more heavy files than they transmit, but e-mail, images, video conferences and games generate considerable traffic in the uplink. Therefore, to make the most of the downlink, the uplink must also be fast and without delays.

"HSDPA and EUL are based on advanced technology where data rate and user selection are adapted each millisecond to current radio conditions," says



Christophe Milard and Markus Ringström, who work on the uplink project, show off Ericsson's demo car in Kista, Sweden. Ericsson uses the car to give customers a taste of mobile broadband – for example, e-mail, streaming video and web surfing. The graphs show data rate and percentage error as well as how high-speed channels adapt to changing radio conditions.

Gunnar Bergqvist, project manager of the test-bed project. "The idea is to make maximum use of transmission power and to send as much data as possible using the least amount of energy. By way of comparison, WCDMA Evolved can handle up to four times more traffic per cell than Release 99, the first release of WCDMA."

Some key technical objectives of EUL have been to speed up the data rate, which is now at 1.5Mbps, and to shorten delay. HSDPA has cut the delay in half compared with WCDMA Release 99; EUL will reduce delay even further.

Three functions have been emphasized for HSDPA and EUL: hybrid automatic repeat request (ARQ) with soft-combining, scheduling, and link adaptation. Soft-combining is a technique for resending data packets that have become corrupted. Instead of being deleted, the corrupt packets are combined with resent packets. This method increases the probability of having reception. Thanks to scheduling functionality, the system can transmit data via the downlink to the mobile terminal using the best radio conditions that very instant. Scheduling over the uplink enables the system to adapt quickly to variations in data traffic (load) as well as to radio conditions. This also relates to link adaptation, which entails selecting the optimum data rate. For the uplink, the selection of data transmission rates is mainly determined by the available output power of the mobile terminal.

Ericsson is now demonstrating this technology and distributing prototypes to operators for testing. It is anticipated that PC-card-based HSDPA terminals will be launched by the end of 2005 and HSDPA-enabled mobile phones will follow in the first half of 2006. EUL will arrive one year later. Changes in the network are primarily limited to a software upgrade in base stations, which will also take over part of the RNC's (Radio Network Controller's) role, in order to speed up the decision-making process. Ericsson's portfolio of base stations is prepared for WCDMA Evolved.

Argentina's devastating economic crisis in 2001 shook the mobile business, with many companies leaving the scene. The local currency lost two-thirds of its value, and companies and banks froze their investments. But through the crisis it has also become clear who's up for a tango and who's not. **Ericsson is now enjoying** the benefits of its perseverance as the mobile industry grows back to be stronger than ever.

Argentina tangoes out of the crisis

Eduardo Griffa has learned to be very cautious when talking about the future. He's head of Customer Solutions and Strategic Marketing at Ericsson in Argentina, and has survived many a crisis in the political system and the telecom industry. Yet, he dares to believe the Argentinean mobile market is going to develop in a very positive way.



Eduardo Griffa

There was total market growth of an impressive 68 percent in 2004 and, although Griffa doesn't expect similar growth rates in coming years, he sees no reason why Argentina shouldn't be able to reach penetration rates similar to those of neighboring Chile, where more than 60 percent of the population has access to a mobile telephone connection.

"The mobile market in Argentina was hit hard by the crisis in 2001 but of all industries it was also the first to recover. While Chile, as a comparison, is more economically stable than Argentina, social parameters in the two countries are not too different. Argentina is still behind in terms of macro-economic stability but has the advantage of being a very urban society with a modern population," he says.

But Argentina is still a country with social problems, despite recent economic recovery. For this reason, the availability of cheap and appealing terminals is crucial.

"The mobile market is not about networks. It's ultimately about handsets, and which services the operators can offer to their customers. People in Argentina make money in pesos and not in hard currencies like dollars or euros. This makes GSM the perfect technology for this region, because the huge market allows for cheap terminals," Griffa says.

And Argentines have certainly been uninhibited in embracing GSM handsets. For example, Argentina has seen an explosion in the usage of content and applications. On average, 4 percent of operator revenue in 2004 came from value-added

services such as SMS, ringtones, chat and adult content. While in terms of invoicing totals this might be behind Europe and North America, growth has far exceeded anything seen in these markets, where development took a lot longer, Griffa explains.

GSM is competing against other network technologies such as CDMA, IDEN (a proprietary technology belonging to the American company NexTel), and TDMA for dominance in the Argentinean market. Because Argentina is a huge country, it could take a lot of time and investment for any other technology to reach the same level of coverage that TDMA offers today.

But Ericsson expects GSM to increase its current subscriber base of about 2 million users by more than 60 percent, to 3.5 million, within the next 12 months. Osvaldo Aldao, Ericsson's Datacom Networks director in Argentina, says Ericsson was the biggest player in the network market back when the four providers depended only on TDMA and CDMA technologies.



Osvaldo Aldao

"Now, after the introduction of GSM, we continue to be strong," Aldao says. "Out of three operator companies, we provide one, Telefonica, entirely with network technology and we share the biggest part of the Telecom Personal account. These networks still have to grow a lot to reach the level of coverage offered by TDMA and we expect to be a core player in that process."

Telecom Personal, partly owned by TIM (Telecom Italia Mobile) and the local Werthein Group, is a very important customer, whose relationship with Ericsson goes back more than 10 years.

José Luis Plasenzotti, Ericsson's account manager for Telecom Personal, says Ericsson has had a close relationship with the company over the past 10 years, basically since it started. "Initially, we provided its TDMA network. Now we are its main GSM provider," Plasenzotti says. "Ericsson has a very strong relationship with Telecom Personal built on shared experience, including going through some tough times."



José Luis Plasenzotti

facts: mobile market in Argentina

Total population: 39 million
Market growth, 2003 to 2004: 69 percent
GSM subscribers 2003: 86,000
GSM subscribers January 2005: 2 million
 (Source: EMC World Cellular Database)

The introduction of new terminals has sparked an explosion in GSM growth. It became impossible to buy new terminals just after the 2001 financial crash, with all operators freezing their investments. This

has changed completely with the introduction of GSM. GSM terminals now seem to be quenching a thirst in the market for new technology.

The biggest network technology in Argentina is still TDMA, but with more than 25 million potential customers, the market potential for GSM is huge. Even with a realistic penetration of 50 to 60 percent of the population, the growth potential is more than 10 million people. Almost all of these will be on GSM because that's where operators are putting their investment.

Guillermo Rivaben, director of Marketing and Strategic Planning for Telecom Personal, confirms the good relationship. "When we decided to explore GSM technology back in 2001, Ericsson provided excellent services, helping us to deploy the new GSM network. Not even a month after this, we had the big economic crisis in Argentina, in December 2001, and the commercial launch of GSM was delayed. Nobody really knew what was going to happen to the country. But when we finally reached the commercial launch in December 2003, Ericsson was there again to help us," Rivaben says.

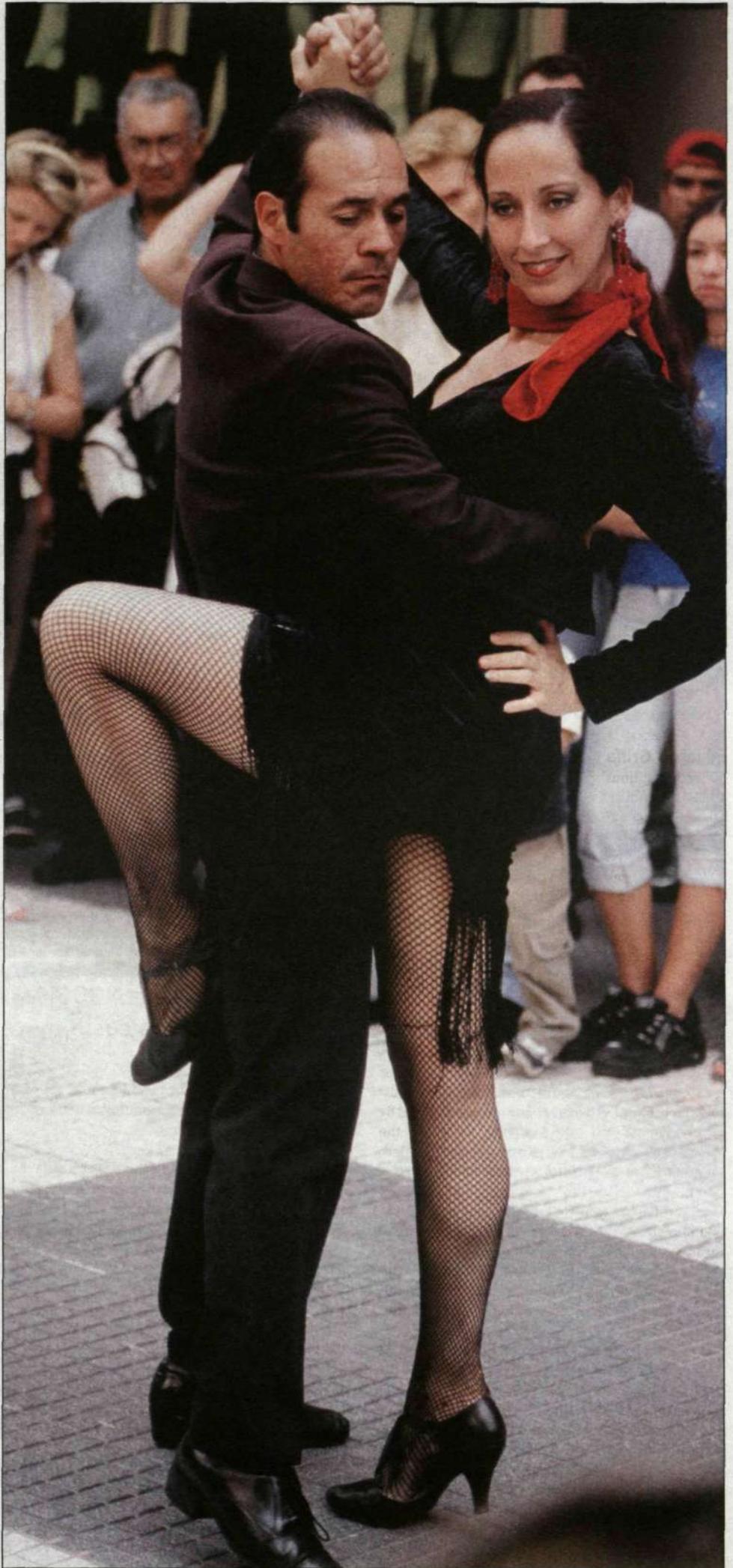


Guillermo Rivaben

Telecom Personal only had limited time to launch GSM, so the company pushed its vendors to the limit to implement everything as quickly as possible. Ericsson was asked to reduce implementation time because time-to-market was seen as key to success for Telecom Personal. And Ericsson deployed in good time, Rivaben says.

"This kind of mutual trust is the key to a good working relationship," he says. "When Personal deployed TDMA back in the '90s, it was the first TDMA network in Argentina. And when we deployed GSM, it was also the first in the country. So the local Ericsson team and the local Personal people together faced a big challenge.

"It's always easier to deploy a technology that is more mature in the market, but we had to start from scratch. In this market, every day is the future. We have bypassed our expectations for market growth both in terms of quantity and in terms of innovation and technological possibilities. We have focused on our margins and high-value customers, including corporate customer acquisitions. Ericsson, as one of the main vendors of our GSM network, will play a key role in delivering the products and the services we need to keep growing and leveraging on the rising value of the market."





facts: stopovers

Vigo 12/11
 Cape Town, 4/12-2/1
 Melbourne, 19/1-12/2
 Pitstop: Wellington, 17/2-19/2
 Rio de Janeiro, 13/3-2/4
 Baltimore/Annapolis, 20/4-7/5
 Pitstop: New York, 9/5-11/5
 Portsmouth, 23/5-3/6
 Rotterdam, 9/6-15/6
 Göteborg, 17/6

Ericsson will meet its customers at each stopover in the Volvo Ocean Race.

A show in every port

The Volvo Ocean Race stops at several ports of call. A 3GSM-like event will be staged at each one for Ericsson's customers.

Ericsson aims high with its sales goals. When Bert Nordberg, head of Sales & Marketing, says the Volvo Ocean Race is "the best support I can imagine for increasing sales," he puts it in context: this is the largest single activity to support the challenging goals.

The Volvo Ocean Race is to sailing what Formula 1 is to motor racing or Wimbledon is to tennis. But for Ericsson, it is more than that: it is a giant telecom event – like a CTIA, CommunicAsia or 3GSM World Congress – that is sailing around the world.

At every stopover – shown above – small cities will be built with all the participating yachts and sponsor companies together. Ericsson will have a 300 sq m, two-storey boat-shaped pavilion, to which it will invite customers for tailor-made seminars.

The pavilion will house the Experience Center, where operators will be able to see how Ericsson's solutions can increase their traffic and revenues. An important part in this is Ericsson's knowledge about endconsumer and enterprise interests. In the Experience Center, Ericsson can also demonstrate all the technology it has to offer, such as HSDPA and IMS. Sony Ericsson and Sony will also be represented in order to showcase what Ericsson means by end-

to-end solutions. It will be just like a telecom event, but instead of the customers coming to the show, the show will go to them.

Behdad Banian, in charge of the project marketing, says the idea is for the key account managers to spend time with their customers. "They can put together some well-chosen presentations, sit down and discuss the customer's business, show demonstrations and applications, meet the management team, and round off the day with an activity, such as a dinner party or a sailing trip or a combination of both," Banian says. "And everything will be done in the sailing world's special atmosphere."

The customers can choose which stops they want to visit, but the market units hosting one of the stopovers can, of course, invite their own customers. One such location is the first stopover, Cape Town in South Africa, where Göran Söderholm, business development director at Ericsson's global customer account for MTN, is in charge of the planning. He hopes to attract the six largest customers in the south of Africa, as well as others from different parts of the world.

"For us, it is important that we create something

that the customers appreciate and talk about for a long time," he says. "If we can create memories that live on, the customers will continue to listen to our business messages well into the future. We had a Christmas party almost 10 years ago, and customers still refer to it when we meet today. If we can do something similar with the Volvo Ocean Race, I'll be happy. This is a great opportunity to improve our already strong customer relationships even further."

The second stopover is in Melbourne, Australia. Stephanie Huf, general manager of public affairs for Ericsson in Australia and New Zealand (ANZA), says it expects to receive hundreds of ANZA customers into the pavilion during the stopover, and engage many more with Volvo Ocean Race themed activities throughout the overall racing period.

"There is also already a lot of interest from several Asia-Pacific operators, plus some from Europe, who are keen to meet with local operators, and share the Volvo Ocean Race experience. The race also presents a rare opportunity for local customers to meet with Ericsson executives, with a range of business forums being planned to maximize this opportunity," she says and mentions a CEO roundtable seminar for selected key customers and numerous business seminars among many other activities.

"The Volvo Ocean Race also presents some good PR opportunities to communicate Ericsson's business to a broader audience, including potential customers and partners, as well as prospective employees." •

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Sony Ericsson



Event de luxe

With its Mobile Broadband Roadshow, Ericsson is out to prove that **the talk about technology leadership is 100 percent justified**. A crew is currently on the road giving live demonstrations of the technology behind mobile broadband – HSDPA. Join us at the most exciting customer event in the world of telecommunications.

The license plate on the Mercedes driving up to the entrance of Ericsson Spain's headquarters in Madrid reads "HSDPA". That says it all. Representatives from Telefónica Móviles can then be seen getting out. They have just witnessed, first hand, some of the capabilities of this hot new telecommunications technology.

Ericsson's Mobile Broadband Roadshow is in town to prove that this Swedish company actually does what everybody else is talking about. The impact from Ericsson's live demo of HSDPA at 3GSM in Cannes this year, with a data transmission rate of 11Mbps,

continues to resonate: by year-end, the Mobile Broadband Roadshow will have visited Madrid, Rome, London, Paris and Vienna. The tour will then continue to Central America.

"We are doing this to help the market units increase sales," explains tour manager Andrei Dulski, Business Unit Access. The show allows Ericsson to get close to customers and present the company's view of the promising business opportunities associated with mobile broadband. Customers are invited to take part in a three-hour-long interactive show. After that they are taken on a ride around town in the

Mercedes to witness mobile broadband in action via WCDMA and HSDPA, the technologies that make it all possible.

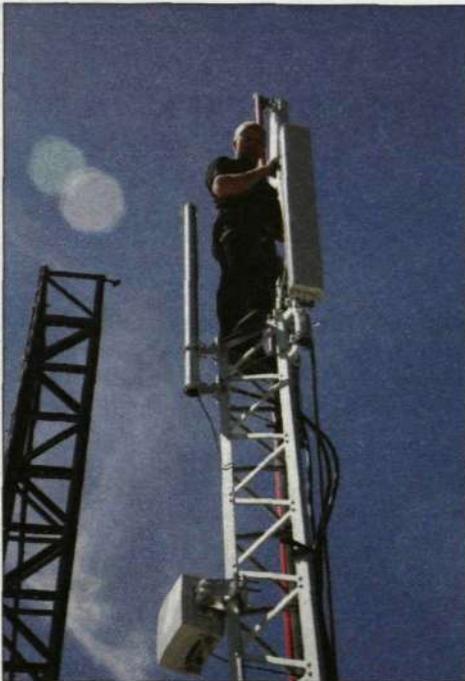
Chiff Welander, project manager of the rolling technology gala, says: "This is a good way to meet customers. The Spanish customers who visit Ericsson's Spanish office step into a studio to find a show prepared especially for them. Afterwards, they can experience this totally new technology live. This personal approach leaves a deep impression and you can tell they appreciate it."



On site: The moment the crew from the Mobile Broadband Roadshow arrive, they begin activating the system, which is housed in a truck. At the same time, a studio is constructed at another location. That is where the customers go first, to see a show before the demonstration. A control room is built outside the studio.

text: jonas blomqvist

photo: andrei dulski and chiff welander



Ready for transmission. The hunt for the ultimate demo route can begin after the antenna beam has been tuned. After two days of testing, the tour has been planned down to the last detail. It's now time for a dress rehearsal before the country premiere of the Mobile Broadband Roadshow.



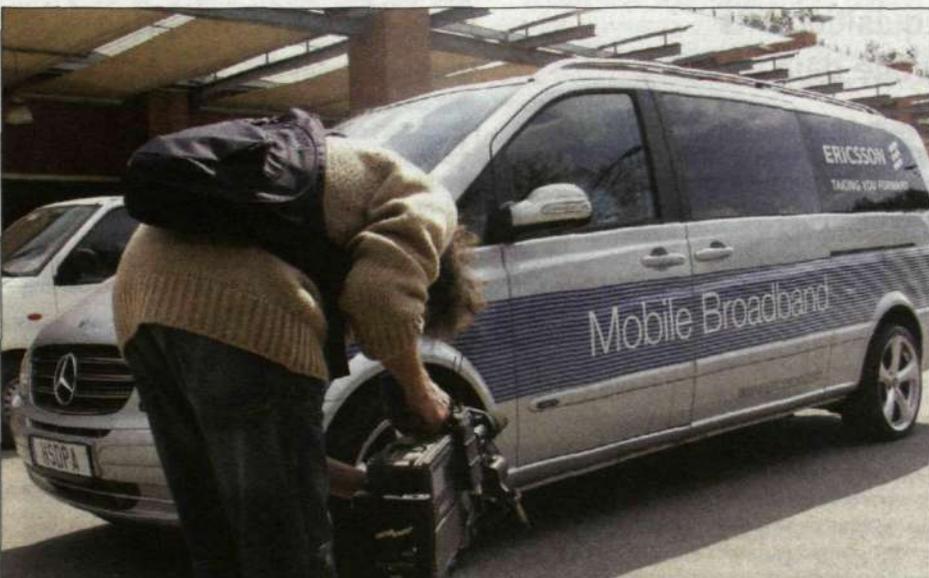
Moderator Beatrice Vestberg, Business Unit Access, is the first to greet the customers in the Ericsson blue studio. Using lighting, movie clips on a large-screen TV and other special effects, she guides the customers through the three-hour-long show. A customer group generally consists of 15-25 people. The crew can handle two such groups a day. Vestberg has compiled the presentations to suit specific customers. One important aspect of the show is interactivity.



Four men in the control room handle all the technical aspects. They come from Jemacom Global Expo, whose company slogan "it's not a job, it's an adventure," accurately captures the essence of the entire Mobile Broadband Roadshow.

Demo time. After listening to Ericsson's take on mobile broadband, it's time to see it in real life. The Mercedes is parked out front to collect the customers and allow them to experience WCDMA with HSDPA: web-surfing and 11Mbps streaming video, images and music.

Technicians (above) inside the truck have contact with Chiff Welander, who controls the technology in the car. The actual demo is run by a representative from the market unit, which also provides the chauffeur. The car can take five customers at a time. So, given two customer groups of 15 to 25 people, the same 30-minute tour can be given about 10 times a day. That's an intense schedule for the five to 10 days the show is in town.



Good response. Commenting on the show's visit to Rome, Cesare Avenia, head of Market Unit Italy, said: "This event was important to reaffirm our position in a mature market like Italy. The Mobile Broadband Roadshow attracted a lot of interest from our customers. Several of them called us the day after the show and demo to ask for more information about our offering. We also received a great deal of external publicity from the media show."

All's well that ends well. After having cleaned up there is nothing left to do but return home. In a few weeks it will be time to take the show to a new city.



update

editor: jenz nilsson for the latest news: <http://internal.ericsson.com>

Four new models from Sony Ericsson

J210, K608, S600 and Z520 – no, they are not robots from the new Star Wars movie, but the names of the latest mobile phones from Sony Ericsson. One is simple, one more high-tech, one is trendy and the fourth is perfect for gaming. The phones should be in shops by the end of 2005.

The Sony Ericsson J210 is the follow-up to the successful J200. This model also makes the most of its simplicity. With its big keypad and joystick, the J210 is a practical phone, aimed at the large number of consumers who do not want a lot of technological functions. It is a superb camera for SMS and MMS but is not equipped with a camera.

J210 is planned to be commercially available during the third quarter of 2005.



The Sony Ericsson K608 is a 3G telephone with a series of technical features for the business user. For a start, it can be synchronized with the user's PC via USB or Bluetooth. It supports all major operators' 3G offerings, is fitted with FM radio and can play music files. It is an 1.3 megapixel camera with active lens protection.

Sony Ericsson says international operator 3 is one of the first to buy the model.



The Sony Ericsson Z520 is aimed at the fashion-conscious, with its clam-shell design and a light strip running along the edge of the phone. The light strip flashes when someone calls, and can be set for eight different flash combinations. It also has two screens, one on the outside and one on the inside. Equipped with a camera, the Z520 is compatible with four different frequency bands, so it can be used pretty well anywhere in the world.



The Sony Ericsson S600 is first and foremost a gaming telephone, aimed at a younger audience. It has an advanced 1.3 megapixel camera that can also record video clips. The S600 has stereo speakers, mega bass and stereo widening. The screen has been designed to allow users to watch videos and play games in both vertical and horizontal formats.



IPTV leads push into North America

IPTV and streaming TV to mobile phones were the hot topics at this year's Supercomm show. Ericsson's live demonstrations of both technologies attracted a lot of interest.

Supercomm, held in Chicago in the US June 6-9, is one of the largest annual all-inclusive exhibitions and conferences for communication service providers and private network managers.

Ericsson is back participating at Supercomm, a decision based on the need to demonstrate the company's credibility as a wireline supplier in North America.

Sophia Skaggs, director of Marketing Communications for the US, says: "Our main goal was to communicate to the North American audience that Ericsson does have a comprehensive product portfolio in the wireline area and that we have an established installed base in other markets."

Ericsson highlighted three marketing themes at the show: Broadband Everywhere, Media at Hand and Mobilizing the Enterprise.



Above all, Ericsson emphasized its Ethernet DSL Access (EDA) solution at the show. EDA enables IPTV, allowing the distribution of video content and television programs over a broadband wide-area network using Ethernet and IP protocols.

Other demonstrations included weShare, a whiteboard application, over IMS technology, and streaming TV to mobile devices using UMTS phones.

New GSM deals in India

Idea Cellular, one of India's leading GSM operators, has chosen Ericsson for the deployment of two new GSM networks.

The contract includes the supply of core and radio access network equipment, infrastructure equipment, network rollout and support services. The deployment will take place in two states, Himachal in the north and Rajasthan in the north-west.

Ericsson will be Idea's sole supplier for these two networks. The rollout has already begun and will be completed by the end of the month. The agreement further strengthens Ericsson's relationship with Idea and is a confirmation of the long partnership between the companies. Jan Campbell, at Market Unit India & Sri Lanka, says: "We are pleased and honored that Idea Cellular has selected Ericsson to deploy its new GSM networks. Ericsson is committed to supplying high-quality products and services to help Idea provide innovative GSM services in this fast-growing market."



Jan Campbell

Acquisition lifts mobile data offering

Ericsson has acquired Spanish company NetSpira Networks, a content-based charging specialist, in a deal that further bolsters Ericsson's mobile data offering. The deal allows Ericsson to add NetSpira's flagship Enhanced Control Solution (ECS) to its mobile data portfolio. ECS allows wireless operators to offer efficient charging services for Java downloads, web access and MMS and is already widely used by operators around the world.

Björn Olsson, head of Business Unit Systems, says Ericsson will augment its mobile packet-core network offerings with NetSpira's technology.

"Content and event-based charging in the network is being demanded by an increasing number of our customers as it enables operators to fine-tune their charging and services to maximize revenue without increasing operational costs," Olsson says. NetSpira's ECS will be integrated into Ericsson's gateway GPRS support node (GGSN).

New head of Enterprise

Urban Gillström is the new head of Business Unit Enterprise, starting on August 1.

He succeeds Mats Dahlin, who chose to leave Ericsson in April. The appointment was made official on May 27, and Gillström is up for the challenge of taking Enterprise into the future.

"I will have the responsibility not only of administering what is already in place, but also making improvements in an ongoing change process," he said.

Gillström's last job was with Sony Ericsson, where he held the position as head of Region North America and President of Sony Ericsson in the US. He will now return to Ericsson, where he started his career in 1993.

Gillström is described as a strong leader with a focus on sales and customer relations, and with great understanding of the end-user perspective.



Urban Gillström

Photo: Pressen Bild



Ericsson's GSM on Aircraft system lets users make mobile phone calls during flights without interfering on other systems onboard.

New GSM solution gives plane traffic a lift

Ericsson's new GSM on Aircraft system will let air passengers use their mobile phones in flight.

Airline passengers have long demanded the ability to use their telephones while in the air, and Ericsson's new GSM solution, the first to integrate mobile telephony with the advanced technology found onboard modern airplanes, lets them do so.

Ulf Ewaldsson, head of product management, GSM/RAN, explains why Ericsson has launched the GSM on Aircraft system. "Telephony is already possible onboard airplanes, but not by using a regular mobile phone. People expect to be able to use their mobile phones any time, anywhere," he says.

The solution has been developed in close cooperation with the aircraft and airline industries, and meets all safety standards and requirements. Ewaldsson says passengers can now stop worrying about whether they have turned off their mobiles before take-off.

A small radio base station is fitted onboard the aircraft, connecting to the terrestrial network via satellite. Passengers can make regular phone calls or send text messages without interfering with other systems onboard.

The fact that GSM has become such a global standard makes it possible to tailor solutions for segments as airline passengers. Earlier this year Ericsson unveiled a similar solution for ships.

Alliance strengthens China stance

Ericsson has strengthened its alliance with Zhongxing Telecom Equipment Corporation (ZTE) as a way of improving its position in the Chinese mobile market even further.

The collaboration means that Ericsson will use the radio base station developed by ZTE using the TD-SCDMA mobile standard. Ericsson will use the radio base station together with the 3G networks it has developed following the WCDMA standard.

Different standards are being developed around the world for 3G networks. Of these, WCDMA – which reigns supreme in Europe – is expected to be by far the biggest. In the US, several telecom companies have chosen instead the CDMA2000 standard. The final one, TD-SCDMA is not yet well established at all, but it is likely to be the one that the Chinese authorities will decide on. TD-SCDMA in China has a different frequency band than WCDMA, and works well especially for internet traffic.

It is not yet clear how the 3G licenses will be distributed. Håkan Eriksson, head of Research & Development at Ericsson, says one possible scenario is one eventual license for each standard and another license building on both. This could happen sometime this year.



Ericsson will use the radio base station developed by ZTE using the TD-SCDMA mobile standard.

Skipper and navigator onboard

British sailing veteran Neal McDonald has been chosen to skipper Ericsson's entry in the Volvo Ocean Race 2005-2006. McDonald's appointment was announced at a recent London press conference. He has competed in the Volvo Ocean Race four times, reaching second place in the last race with the Assa Abloy team.

Steve Hayles, another Volvo Ocean Race veteran, will join the team as a navigator. Both McDonald and Hayles were Ericsson's first choices from a

small, exclusive group of potential skippers and navigators. The rest of the crew is yet to be decided, but McDonald is very clear on what skills he demands from a crew.

"The most important thing is how they fit in as a team. They've got to be team players. It really is important. It is a long race, and a lot of the time we are out there on our own, so we need to be able to work as a team," McDonald said.

He is also looking for sailing experience, technical expertise, a sense of humor and flexibility.



Steve Hayles and Neal McDonald will lead Ericsson's bid for Volvo Ocean Race honors.

the last word

text: gunilla tamm

photo: gunnar ask



In a newspaper article a few years ago, Gullan Johansson talked about her childhood friend Greta Garbo. The two girls eventually went their separate ways, Garbo to Hollywood and Gullan to LM Ericsson.

Gullan remembers Garbo and the cable factory

Not many people have worked for Ericsson for 40 years. Nor are there many who played with Greta Garbo as a child. Gullan Johansson, who turned 100 in April, has done both.

Contact meets Gunhild (Gullan) Johansson at her small apartment in an aged-care facility in Stockholm's Södermalm (Söder). Hanging on the wall is a framed telegram from the Swedish king and queen congratulating her on her 100th birthday.

Gullan moved into the facility just a year ago, having previously taking care of herself at home. "I enjoy it in Söder and I have always lived in this part of town. When I worked at the LM Ericsson cable factory in Älvsjö, I took the bus to work, or rode my bicycle in the summer. Älvsjö was really out in the country in those days," she says.

She started work at Ericsson's cable factory, known as Kabelverket or KV, in 1923 when she was 18 years old.

"I was really happy when I got a job with LM Ericsson. It was a secure workplace. In my department, which was very small, we were just girls twisting cable.

It was important that we kept the floor clean and tidy. Everyone had to wear their work aprons," she recalls.

Gullan remembers working on a piecework basis; it required nimble fingers, which she had. Heavier work was done by boys working in another department. "But the pay wasn't too good," she says. The salary for an Ericsson office worker in those days was SEK 150 a month, and even less for a female factory worker.

When her son Sten was born in 1930 Gullan stopped working at Ericsson. After five years as a housewife, she started again, back at the Älvsjö factory but with slightly shorter work days.

Gullan's husband Erik also worked at the factory for a while, but in another department. By 1964, Gullan had worked at Ericsson for 30 years, and she was one of 68 employees to receive a gold medal from the

company that year. Just as today, Ericsson's gold-medal ceremony was held at the Stockholm City Hall, but in those days people actually got gold medals.

She does not think it odd that she stayed so long at one workplace. "I enjoyed myself," she says. "The best thing was the camaraderie."

Gullan's tasks changed over the years, becoming easier when she moved to mounting cables on telephones. She never suffered any work injuries.

Gullan retired in 1970 and six years later the cable factory in Älvsjö closed down.

How does she remember being a childhood friend with someone as famous as Greta Garbo? "We lived near each other in Söder and we often played together. She was just like every other kid and quite mischievous. We used to play shops and dress up. I could never have realized then that she would become such a famous film star," Gullan says.

The girls stayed friends for a few years after they finished school. Then their paths diverged, Garbo moving to the US and Hollywood, Gullan starting work at LM Ericsson's cable factory.