



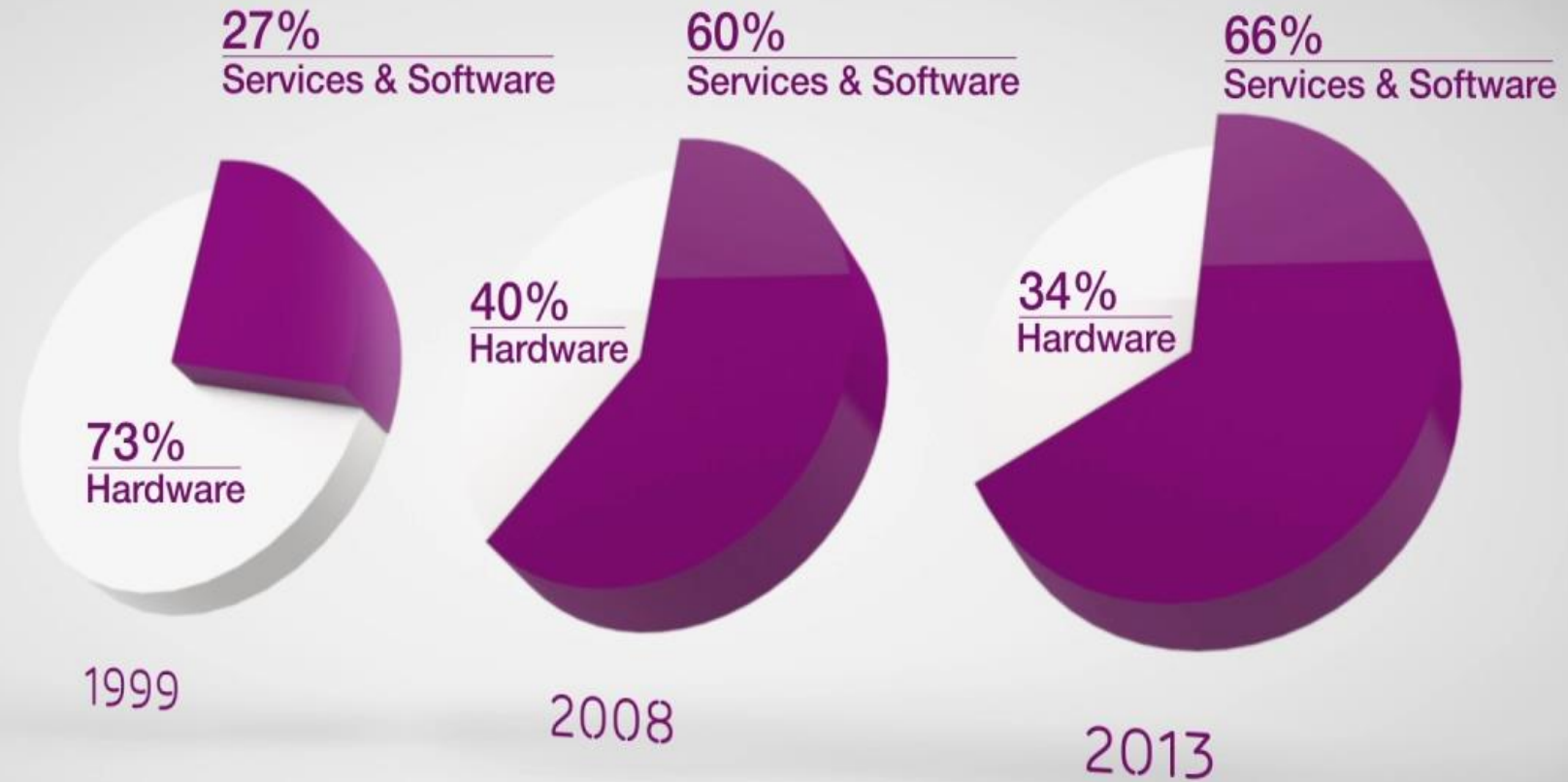
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Transformation ongoing!

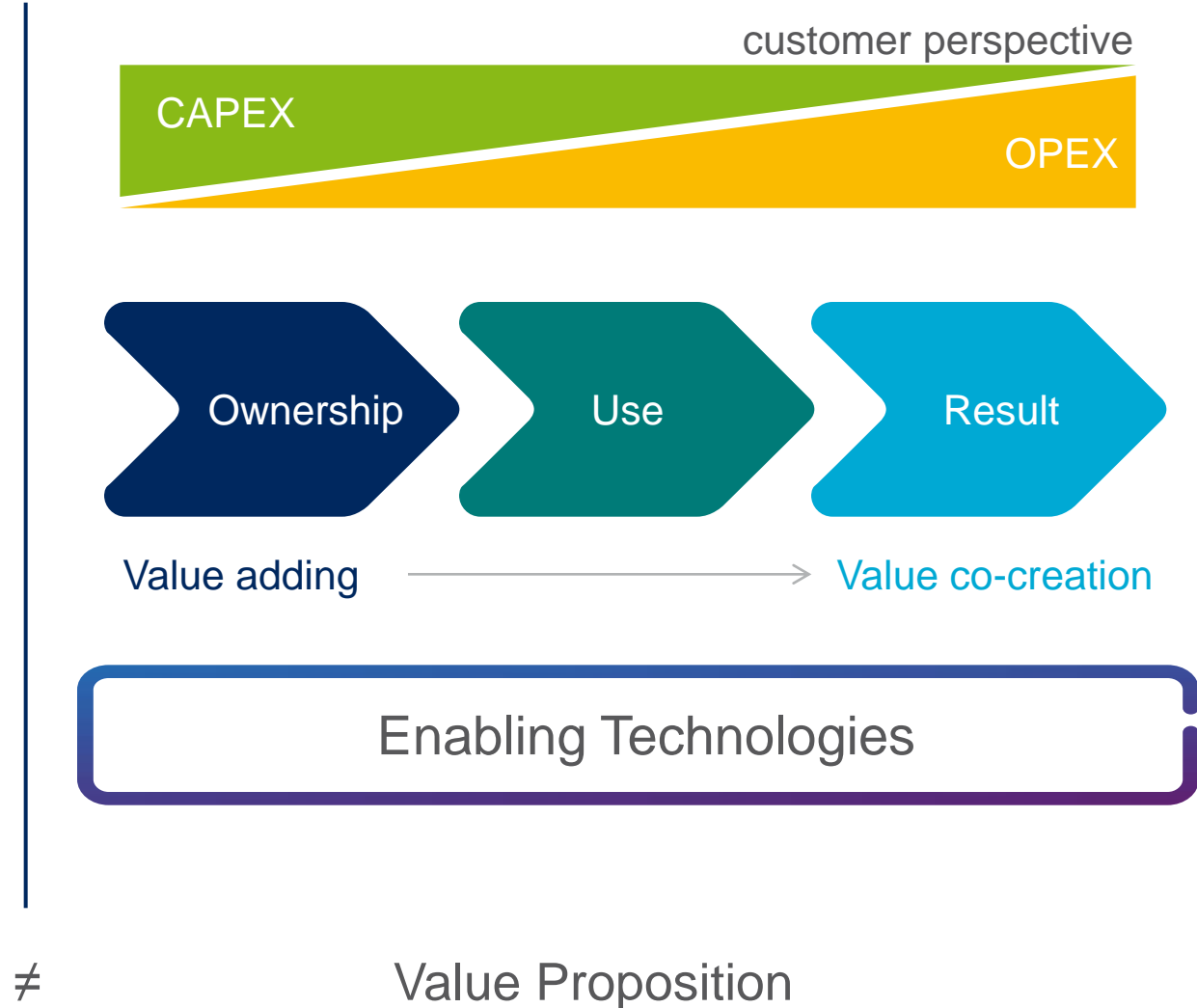
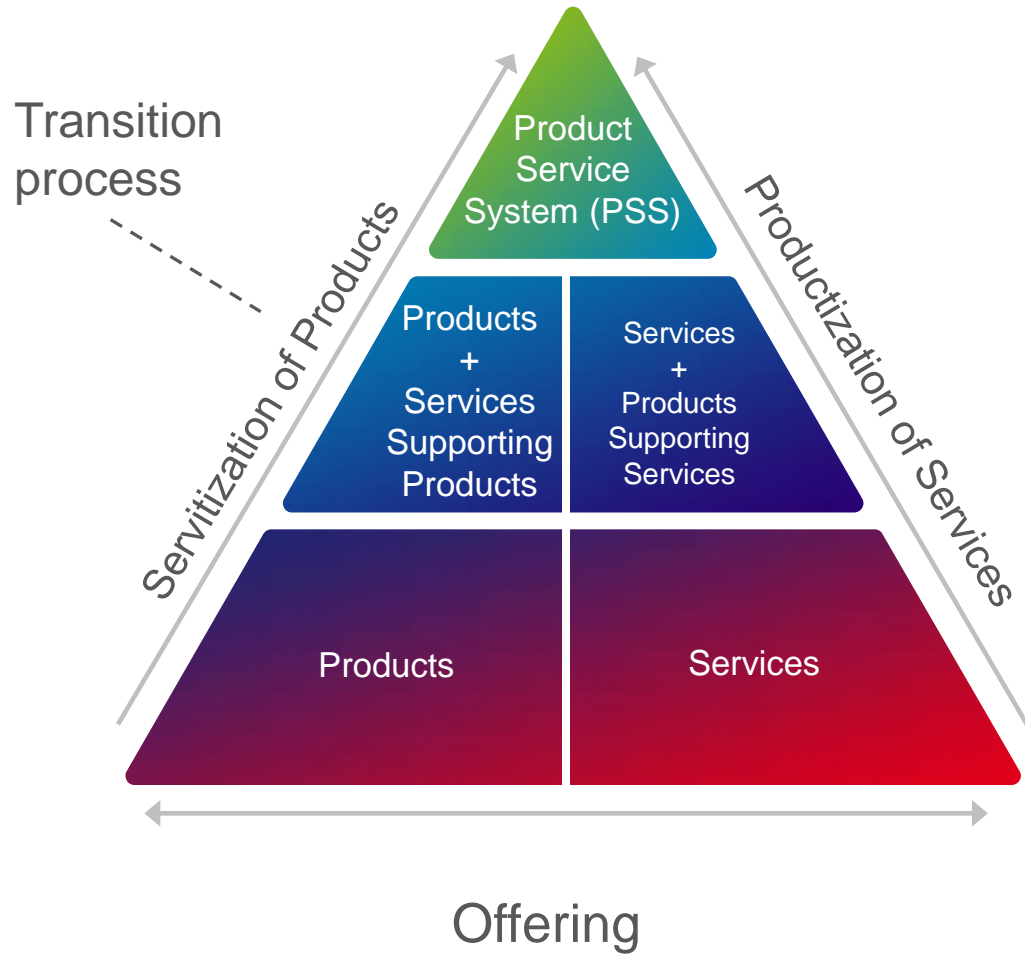
Challenges and Opportunities in an Evolving Environment



BUSINESS MIX CHANGING



Impact on Our Business



Respondents



#	Position	Years
1	Director, Strategy, Group Function,	19
2	Process & Portfolio Development, Group Function	15
3	Service Delivery Operations, Global Services	20
4	Manager, Business Development, Group Function	30
5	Manager, Strategy & Tactical Planning, Region Northeast Asia	16
6	Director, Strategy & Business Planning, Networks	30
7	Senior Specialist, Research and Development	15

Main Challenges and Needs



- › Changed Market Situation
- › The Company's Mindset
- › Ericsson's Employees' Understanding of IPSO
- › A Product-Focused Development Process
- › Customers' Understanding of IPSO
- › Business Management and Business Model
- › Measurement, Incentive Models and Risk Management

Needed Changes



- › Mindset Change
- › IPSO Business Model
- › IPSO Development
- › Advance Customer Understanding of IPSO
- › IPSO Performance Measurement and Risk Management
- › The Future

Key Take Aways



- › Ericsson has just begun an interesting journey to transform its offerings from products into solution-focused business offerings, i.e. IPSOs.
- › Based on the respondents, all with broad and extensive experience within the company, this paper highlights several of the main challenges and requirements resulting from this transformation process towards IPSO.
- › This paper also high-lights several recommendations that have been identified for consideration in order to manage those challenges and needs.

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Discussion About Needed Changes



To stay competitive long-term there is a need to transform the current business in two dimensions:

- (1) transform the offering of combined products and services into true IPSO, and
- (2) enable business models with outcome-based value propositions (from ownership to results).

These transformations imply a number of challenges for the current business in several areas.

Objective



- › Is to describe, compare and discuss Ericsson's journey from that of product provider to IPSO provider, e.g. by comparison with other industry examples.
- › Is to highlight future challenges and opportunities regarding e.g. business models, trends and product design.

Method



- › Literature review
- › An industry case – Ericsson, a Swedish multinational OEM of communications technology and services.
- › Semi-structured interviews with Ericsson staff, reports and one of the authors' experience in the business, in particular at Ericsson.
- › The interviews were conducted in two phases in May 2013 and January 2015.
- › The respondents were chosen with the aim to retrieve a service perspective, a product perspective and the perspective of group functions, i.e. the overall company strategy.