Ericsson Lanka

The Swedish company Ericsson is today the world’s leading supplier of equipment for telecommunications systems and related terminals. It produces advanced systems and products for wired and mobile telecommunications in public and private networks.

The president/CEO of Ericsson Lars Ramqvist in his 1996 annual report statement attributes the company’s success to two factors; firstly a strong marketing organization with a presence in more than 130 countries and the ability to meet the differing needs of customers worldwide, and secondly a concentrated focus on research and development, guaranteeing world-class quality and product appeal.

The company consistently re- invests 20% of annual sales profits into research and technical development, which is carried out by a workforce of over 18,000 employees in 23 countries.

Ericsson’s strategy is also to form joint ventures with other leading companies in fields such as microelectronic components. Examples of joint ventures include alliances with top international industry names like Hewlett- Packard, Ascom, Bang & Olufsen, Marconi, Microsoft, Novell, Intel and IBM.

Ericsson is the leader in the field of mobile telephone systems (along with Nokia and Motorola) with a world market share of 40% and today the company heads the field in the development of digital pocket phones.

During 1996 they strengthened their position in a number of key markets, including South East Asia and China, where Ericsson now produces mobile phones in a joint venture company. At the end of 1996 figures showed there were around 137 million mobile phone subscribers around the world. The Asian region (90%) showed the strongest increase, followed by Latin America (65%), Europe (55%), and North America (30%). Ericsson estimates the number of mobile phone users to rise to 590 million in five years.

Ericsson Telecommunications Lanka Pvt Ltd was established in 1994, and immediately grabbed a substantial share of the market for supplying and installing telecommunication equipment to operators in the country.

Ericsson’s very charming and attractive general manager marketing is Eva Fredriksson who has been based here for two years. Asked why her company decided to move into Sri Lanka she says, ‘we were fighting for several quite large projects and were awarded two of the large ones. It is against Ericsson’s strategy to move into a country, do a project and move out. If we have large projects in a country, we want to establish ourselves as a local company. Our strategy now is to move out as much as possible from the project implementation, organization into the local markets.”

Bo Almlof, Ericsson’s new managing director says they see Sri Lanka as a potential emerging market and are very positive about the development here Ericsson’s most prominent customers at present are Sri Lanka Telecom (SLT), the wireless local loop operator Suntel and the cellular operator Mobitel. Fredriksson feels that the telephone penetration in this country is very low, though she feels SLT has achieved, contrary to what many people think, the implementation of a very good network. According to her the number of lines, compared to the total number of people is very negligible; there is probably a 1.3% penetration which is very low even compared to India.



Eva Fredriksson, general manager, Ericsson

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Bo Almlof, managing director, Ericsson

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Says Almlof, ‘Sri Lanka has established a good policy in opening up the market. They have realized that SLT alone cannot supply the demand that is needed so they have opened up the market first with cellular and now with two licenses for radio and local loop, one of which is up in the air and the other is coming. Together it will make a big improvement in Sri Lanka.’

Ericsson is currently handling two large projects. The first is a US$16 million World Bank project which is nearing completion. This involves the setting up of nine AXE digital main telephone exchanges and 23 remote exchange units supplying around 93,000 lines in total.

The areas covered under this scheme include Kandy, Katunayake, Wattala, Kelaniya, Panadura, Galle, Nawalapitiya, Hatton and Greater Colombo.

The Ericsson switching system AXE is the world’s most widely used, with more than 115 million lines installed or on order in 117 countries world wide. 50% of all international calls are switched through AXE gateways. In Sri Lanka there are 17 large exchanges running with almost 100 small remote exchanges. With the availability of this kind of technology it is foreseeable that even the remotest village will one day be connected to the rest of the world.

In fact Ericsson Lanka is working on a project with the Swedish International Development Authority (SIDA) to connect several small villages in the vicinity of Galle. They hope to use either radio based or small remote exchanges to connect with the mother exchange in Galle.

The second project handled by Ericsson is a share of the 150,000 line telecommunications development project which is the largest in Sri Lankan history. They will provide around 64,000 lines in Kandy, Matale, Kalutara, Kurunegala, Gampaha, Batticaloa, Kalmunai and Ampara using both copper and radio subscriber access methods on a full turnkey basis.

testing, The turnkey solution is something Ericsson specializes in. Fredriksson and Almlof explain that traditionally their company provides a complete package to the customer-installation, commissioning and after sales service and that this concept is enthusiastically received by private operators. Both new and established operators are increasingly choosing to give external suppliers such as Ericsson the responsibility of putting a network into operation speedily.

In this process the local company is training a lot of people and the ultimate goal is to operate with minimum expatriate staff, making the operation as Sri Lankan as possible. At present Ericsson Lanka employs a staff of 210 of which around 60 are expatriates, though not necessarily Swedes. Ericsson employs a large number of foreign nationals and because of the parent company's international status, they hope to be able to export qualified Sri Lankans to work in other organizations around the world.

The Ericsson set up here now includes a Field Support Service Center and a Training Center in Colombo as well as regional offices in Kandy, Kalutara, Matale and Ampara. They also have a state- of-the-art Design and Engineering unit, featuring software tools used for digitizing maps of the country. From these digitized maps complete material lists for outside plants, cable and other components can easily be computed and directly used for the purchasing of these materials.



Ericsson's business philosophy revolves around principles such as professionalism, perseverance and most of all respect for the different countries and cultures they operate in. Almlof explains that their method is to impart knowledge in Ericsson-management, culture and products which is then adapted to local environments.

Both Fredriksson and Almlof were previously based in India and both find Sri Lanka easier to work in and faster moving, admittedly because of its smaller geographical size. India, they feel is still too bureaucratic in its approach to big projects but

Malaysia according to them, is the role model for Sri Lanka to follow.

Ericsson's vision of the future is of a world where communications using speech, data, images and video (multimedia) will be available and affordable to most of the world's population. This will be made possible by many different types of networks and systems and by a variety of communication and service suppliers in an increasingly deregulated and competitive market.

The 1996 annual report states 'we are now seeing the markets for telecommunications merging. In the awakening infocom industry, a variety of technologies have emerged to address one and the same need: the need for multimedia communications. Mobile or telecommunications, IP fixed (Internet Protocol) communications or other forms of data communications, cable TV or satellite based radio/TV – all of these solutions will eventually be working with each other.'

Ericsson views itself as one of the most important and most progressive global players in making these forms of mass communication possible.

The company's goal therefore is to make a tangible, positive contribution to economic, industrial and social development in the world. They have already begun their exciting journey into the next millennium with their '2005 – Ericsson entering the 21st century' plan which aims to make the company the leading global supplier in the new world of communications and the best innovators and entrepreneurs collaborating in global teams.



Ajita Kadirgamar has been in the field of Television for 14 years as a producer, presenter and interviewer. For the last 5 years she has co-produced and presented 'Business Matters', Sri Lanka's pioneering television business programme. She is also a media consultant for Television and Radio and a freelance writer. BT