

How Ericsson Turned Its Workforce into Intelligence Gatherers

By Pia Helena Ormerod



A CASE STUDY SHOWS HOW CI HELPED THE WORLD'S LEADING TELECOMMUNICATIONS SUPPLIER, WITH THE LARGEST CUSTOMER BASE, BECOME THAT WAY.

"For years, Ericsson has been the undisputed leader in the field of Human CI with its Business Intelligence Network."—Ben Gilad,¹ November 1998

The world is changing fast, and nowhere as fast as in the telecom industry. New players, new customers, and new technology in the form of the convergence between tele- and data-communications force companies in this sector to re-evaluate their view of the world constantly.

Competitive intelligence has become an important tool for survival in the telecom industry. During the early 90s the importance of CI was becoming evidently clear to the management of Ericsson. For years Ericsson, which operates in more than 140 countries, had been providing services and equipment to state-owned operators, but telecom deregulation opened up their cozy world to new and aggressive competitors. Knowledge of changing market conditions was becoming essential in order to overcome competition.

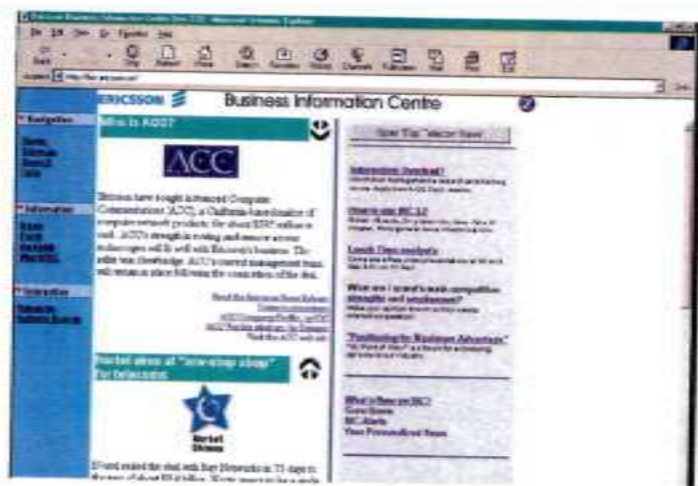
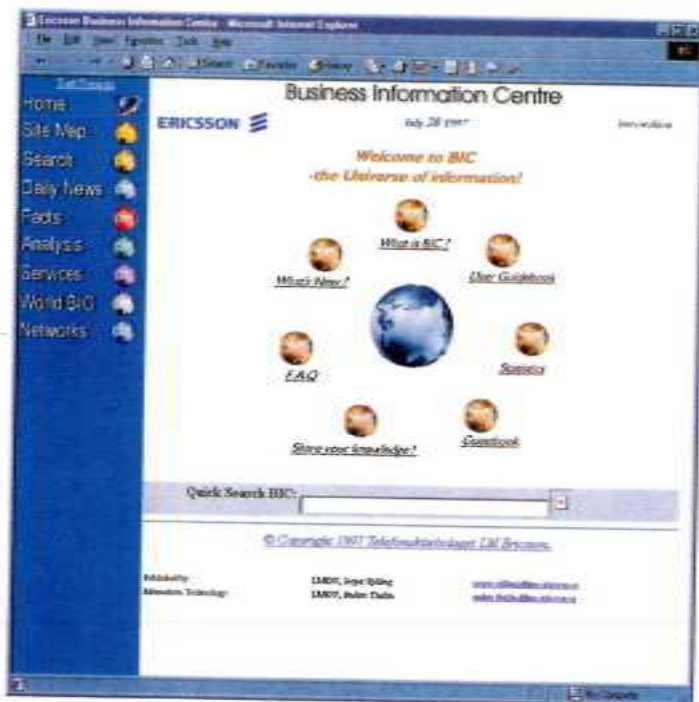
At the same time, the Internet explosion was giving unlimited access to new sources of information. "Yet, time was wasted searching the net and there was no coordination between the different business divisions of Ericsson, or the different markets," says Jesper Ejdling Martell, one of the team that was given the task of building the Ericsson Business Intelligence Centre. "We also found that the same expensive market report was paid for by several divisions, and yet often stayed with the person who ordered it."

An innovative CI approach had been created at the Ericsson GSM mobile systems division, under the guidance of

Gabriel Anderbjörk and Mr. Ejdling Martell. Their work was noticed by the corporate management, who asked the two to set up something similar for Ericsson on a global scale. Their first task was to streamline the purchase of all information and to transfer it to an electronic database. "We started in December 1996," says Mr. Ejdling Martell. "It was not easy to persuade the different divisions to hand over their information budgets to us. We managed by convincing them that they would get more information for their money and easier access to it."

THE BUSINESS INTELLIGENCE CENTRE— AN INTRANET PORTAL FOR CI

As Ericsson's Business Intelligence Centre (BIC) became a major buyer of information, they were able to achieve rebates of about 30%. The information providers did not grumble though; they liked the approach. "Ericsson's Business Intelligence Centre was the most sophisticated information management system in the industry, in my opinion," says Jason Ingargiola, client services manager at Pyramid Research, a division of the Economist Intelligence Unit. "First of all, the BIC afforded Pyramid the opportunity to understand who, throughout Ericsson, was using and in need of our research. It is this information that allows a provider to continue to act proactively as a 'Solution Provider'," continues Mr. Ingargiola. "Ericsson challenged Pyramid to provide strategic research. Through this process, Ericsson became a smarter, more committed client, and Pyramid became more of a strategic partner—a development benefiting both companies."



While gathering the information, Mr. Anderbjörk and Mr. Ejdling Martell also built an intranet portal to distribute what they were collecting. The initial portal took just under a month to complete. Once up and running, the task of educating the 100,000 employees of Ericsson to use the new system was at the top of the agenda. The team started a marketing program of seminars, where they introduced the idea personally to 2,500–3,000 people. The seminars were popular and were later followed up by articles in the in-house magazine. "There was a positive interest from the employees right from the beginning. They could see that this process would give them tools to select the right information and thereby increase personal efficiency," according to Lars Ståhlberg, senior vice president of corporate communications at Ericsson.

"We were lucky enough to be able to pick 20 people from Europe, China, Australia and the USA, who became dedicated BIC missionaries," explains Mr. Ejdling Martell. "We really had to sell the concept. We had to build a brand through internal marketing, and our reward came when we heard Ericsson staff all over the world say that they had read it on the BIC."

The launch took place in December 1996 and it took a year to achieve 5,000 visitors a day. By the end of 1998, they had over 17,000 unique visitors a month. With over one million documents in the database at the time, this probably made it one of the largest CI systems in the world. "Much of the success was due to the fact that the timing was right," admits Mr. Ejdling Martell.

And how did that success translate into benefits for the company? The management was not willing to spend more than necessary, yet the team estimated that the system saved about 10 minutes of search time per day per employee. When this time-savings was translated into money, the management quickly realized that the investment was not only giving good return competitively, but also financially. "And suddenly our budget was increased," says Mr. Ejdling Martell with a smile. "We had found that for company analysts it took 80% of their time to find the right information, which left a scant 20% for analysis. By the end of 1998 we had neatly reversed those percentages."

The company's BIC had become a vital tool in achieving commercial success and Peter Coddington, head of Phillips Business Information, admitted publicly that Ericsson's competitive intelligence was "second only to the CIA. . . ." The British Standards Institute Officer, who performed an ISO certification of the CI process, was equally enthusiastic in his praise, "World Class! The best I have ever seen."

ERICSSON'S BUSINESS INTELLIGENCE NETWORK—A TRUE WIN-WIN GAME

Competitive intelligence at Ericsson was built on three pillars—the first, as discussed, being BIC, the intranet portal that served as the interactive IT platform for information retrieval and sharing. The second pillar was the networked analysis, EBIN—an acronym for Ericsson Business Intelligence Network.

From within Ericsson, a group of just over a hundred analysts was picked. Their area of responsibility was to monitor the marketplace and to assess the importance of events, actions, and new technology to the competitive strength of Ericsson. For Gabriel Anderbjörk and his team, the task was to turn this group of analysts into a network, which was neither project- nor line-based. "This was a completely new way to run a team. No one was forced to take part and this, I believe in itself, increased the powerful group dynamics," says Mr. Anderbjörk. "We turned our analysts into dedicated project, company, and market experts."

It took quite a long time to build up this intelligence network. The first meeting took place in 1997. "It was hard to get people from different markets and divisions to speak to each other, and even harder to get them to share 'their' information with each other. Yet, by breaking the traditional pattern, we achieved a clearer picture of our surrounding world—and that world, in turn, was reflected in our BIC," he remarks.

To begin with, the analysts were frightened of sharing information. "We invited some of them to a seminar in Malaysia and locked ourselves up in a hotel to attack these problems directly. This was just what was needed. We created templates and special forums for their reports, which cut down

time and also helped alleviate any anxiety about writing reports to be read by others," Mr. Anderbjörk continues. A site was set up called EBIN, Ericsson Business Intelligence Network. Unlike the BIC, which was open for anyone within the Ericsson Group, EBIN was only accessible to the hundred plus analysts who had been selected.

By working with templates, all the analysts could load their specific information via the intranet portal and the person responsible for a special project could easily co-ordinate all relevant information into a final report, which covered either a country, a product, or a special company. An analysis could be finished within 3-4 weeks.

"Before EBIN, we could spend six months on an in-depth analysis," explains Mr. Anderbjörk. "In the beginning, our role at the Business Intelligence Centre was to act as internal consultants. It was up to us to guide the analysts in how to use the templates. We also told everyone what kind of information we wanted," he recounts. "It is remarkable how much those really close to the market know, but sometimes they do not even realize that they are sitting on extremely valuable information. They just see one piece of the jigsaw. We introduced Business Intelligence Days and soon we noted an increased flow of excellent information."

Mr. Ejdling Martell also found that the analysts inspired each other and became more adept at disseminating information. "And this in turn led to a greater trust from top management."

Knowledge tends to sink to the bottom if allowed to float freely. Suddenly, the salespeople had the same information as the marketing executives and, that made the sales reps more competent at their job. "They knew more about their market, the needs of their customers and partners, which proved to be an added bonus for Ericsson," says Mr. Ejdling Martell.

BUSINESS INTELLIGENCE ANALYST PROGRAM

The third pillar of the Business Intelligence Centre was the BIAP, short for Business Intelligence Analyst Program. This involves the education and training of all the analysts. "We used live cases and worked in project groups of 20-25 people at a time," says Mr. Anderbjörk. "The first course took place in January 1998 and the participants had to present a report after a couple of months. The analytical competence that was gained clearly impressed the top managers, as they were often involved in the chosen cases."

Mr. Ejdling Martell points out that the intensive training made the analysts more willing to turn to each other via the interactive EBIN intranet. As he puts it, "They become missionaries for exchange of information."

Today, the leaders of the team that set up the Business Intelligence Centre have left Ericsson, but their work lives on, although in a slightly different form. "We needed that extra



Jesper Ejdling Martell (left) and Gabriel Anderbjörk were tasked with building the Ericsson Business Intelligence Centre.

Ericsson's management realized their CI investment was not only giving good return competitively, but also financially.

edge BIC provided," Lars Stålberg points out. "We needed it because of increased competition. At the same time, we were inundated with an ever-increasing flow of information and we needed tools to select the right data quickly. This could only be done via a process run by highly competent people."

Gabriel Anderbjörk and Jesper Ejdling Martell realized that the three-pillared business intelligence system was working when Ericsson's clients and contractors asked if the company could provide them with similar systems. It's a great compliment to Ericsson that they so much approved of the work done that they let the team go to set up their own business.²

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RELATED READING

Marceau, Stéphane and Kenneth Sawka, "Developing a World-Class CI Program in Telecoms," *Competitive Intelligence Review*, vol. 10, no. 4, Fourth Quarter 1999, pp. 30-40.

NOTES

1. Dr. Gilad, founder and president of the Academy of Competitive Intelligence, is considered the leading developer of CI theory and practice in the world and a leading advisor to major global corporations. He is a former associate professor of strategic management at Rutgers University's School of Management in New Jersey.
2. Gabriel Anderbjörk and Jesper Ejdling Martell co-founded Comintell (www.comintell.com) in January 1999 to help companies facing similar challenges. Today, they focus on delivering knowledge management and competitive intelligence solutions primarily to large organizations in Northern Europe. They can be reached by e-mail at gabriel@comintell.com or jesper@comintell.com.