



ECID Plenary meeting October 20th 2010

We have noticed recently positive messages on Alcatel-Lucent health: Higher share price (although still modest), optimistic management speeches and press coverage, improved quality figures. These are good news for the group as a whole. It is fair to give the management credit for that. Yet as regards specifically EMEA, situation looks rather poor.

The growth is mostly pushed by North America. Data available on Solutions and Marketing website show a significant loss of market share in EMEA. Here are the figures between Q1 2009 and Q2 2010

- Mobility (the bulk of Operator's orders): from 11.3% to 10%
- Access: from 41.4% to 35.3%
- Optical Networking: from 29.4% to 26.1% 25.3
- Only Switching and Routing shows progress from 19.3% to 20.8.

What are the customer attack plans to make things right in EMEA? Which Customer Units do we target for growth? We'd like more good news like the recent win of Huawei swap for 3G in Mobily Saudi Arabia

European employees are still on a diet. It is not as bad as in 2009 when the cost reduction plan slashed 1 job out of 8 in Europe, but almost every week we hear of cost savings plans affecting employees:

- Job cuts in Germany, Austria, Great Britain, Netherlands, Slovakia, Switzerland (at least)
- Salary increase below the inflation rate; salary decrease for those under temporary unemployment
- Working hours in some teams above the legal limit with reported cases of burn-out.
- Uncontrolled use of subcontractors and in some countries of precarious workers.

Job changes will be necessary for many people in Europe. We must start a joint effort in career forecast and training to anticipate them.

In parallel Alcatel-Lucent stresses regularly the importance of China. Alcatel Shanghai Bell gets kudos for its performance. ASB creates a competence centre in CALA region. A new company Alcatel China Investment has been created. No problem: we all win when China wins. But 2009 sales in Europe were 4 times bigger than in China (5.20 Bn€ vs. 1.28)? How can this be translated in Europe R&D and employment?

We also request to be informed on the co sourcing plans started in 2009 HP, Wipro, Nash Technologies, Aricent and ADP... Where do we really stand in terms of extra sales of the joint go-to-market, of cost savings and of customer satisfaction?

Finally, we drew your attention last year on the avalanche of new tools, new procedures, new managers from the outside. The goal is make us work more efficiently. The result is often lost time, control of controllers and useless overload. If Alcatel-Lucent is set to be a normal Company in 2012 which we wish, can we slow down the Brownian motion? Also we need to address the inflation of uncoordinated communication channels (Engage, Twitter, Ask X or Y, blogs, numerous push mails from little known origin) which may create confusion and loss of time.