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Electrolux and Ericsson announce joint venture to market products and services for the Networked Home

Electrolux and Ericsson announce the establishment of a jointly owned company for development and marketing of products and services for the Networked Home. The company will define a complete user-friendly "Plug and Use" infrastructure, making household appliances networked and connected to external providers of information and services over the Internet.

The new joint venture is a result of the strong commitment by both Electrolux and Ericsson to the future of the Networked Home. Household appliances will increasingly become networked and be connected to external service and content providers via the Internet. As an example, ordering of every day supplies, such as groceries, will be done from an easy to use touch screen in the kitchen, having Internet access via a service gateway for the entire home.

Networked appliances represent a huge future market potential. The business is expected to take off when the industry is able to offer intelligent, easy-to-use appliances with embedded microprocessors and communication modules. In addition, the existence of a Networked Home creates a substantial market for delivery of new types of electronic services – e-services – to the households.

"We want to make people's life more convenient and enjoyable by combining household appliances and the resources of the Internet," says Michael Treschow, CEO and President of Electrolux. "When consumers walk through the door of an Electrolux retailer in the future, they will find appliances that can communicate with the consumers, with other appliances, and with the outside world through the Internet."

"The Networked Home creates a whole new range of opportunities for our telecom operator and service provider customers. Delivering on-line information and remote supervision services to the households will become a new important additional revenue stream for them," says Kurt Hellström, President of Ericsson. "We are combining Ericsson's mobile Internet expertise and the Electrolux knowledge of consumer demands on simplicity and robustness. Together, and with partners, we can shape this market."

The new company will act as a catalyst for a variety of electronic household services through the establishment of partnerships between the traditional Electrolux retail channels, service providers and network operators. For example, when selling a new freezer the retail channel will also be able to bundle on-line supervision of temperature and preventive maintenance in the offering. Michael Treschow stresses the important role of Electrolux retailers in the process, and that Electrolux, as a company, never can assume the role as retailer of appliances.

“The kitchen is the natural place for on-line food shopping and provides the means to reach new groups of Internet users,” says Kurt Hellström. “The Electrolux Screenfridge and the Ericsson E-box service gateway give the new company a head start.”

In addition to the investments already made by Electrolux and Ericsson in development of the Networked Home, they will together, as a first step, invest SEK 70 million in the new company.

The new company will immediately participate in a joint project with TeleDanmark.

The joint venture company is striving for an open network and service architecture, and will take actively part in standardisation of the Networked Home. The 50/50 owned joint venture will be operational in October 1999 and is located in Stockholm, Sweden. Products from the new company are expected within a year.

Ericsson is the leading provider in the new telecom world, with communications solutions that combine telecom and datacom technologies with freedom of mobility for the user. With more than 100,000 employees in 140 countries, Ericsson simplifies communications for its customers – network operators, service providers, enterprises, and consumers – the world over.

The Electrolux Group is the world's largest producer of powered appliances for indoor and outdoor use, such as refrigerators, washing machines, cookers, vacuum cleaners, chain saws, lawn mowers, and garden tractors. In 1998, Group sales were SEK 117 billion and the Group had 99,000 employees. Every year, customers in more than 120 countries buy more than 55 million Electrolux products for both consumer and professional use. The Electrolux Group includes famous appliance brands such as AEG, Zanussi, Frigidaire, Eureka, and Husqvarna.

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Joint venture

For more information about the joint venture, see www.e2-home.com