

International Business News

Alcatel-Lucent net loss widens in Q1

AP, Paris

Alcatel-Lucent's net loss widened in the first quarter as sales of both wireless and wireline communications gear continued to fall in all major global markets amid the global economic downturn.

The world's third-largest supplier of wireless networking gear for telecom operators and companies blamed tough market conditions and continued restructuring for the shortfall - its ninth consecutive quarterly loss since Alcatel-Lucent was created in 2006.

The Paris-based company reported a net loss for the January to March quarter of euro402 million (\$531.56 million), compared to a euro181 million loss a year earlier.

The company has now piled up around euro9 billion in losses over the last nine quarters. The company doesn't expect to make a full-year profit until 2011, five years after Alcatel SA's purchase of Murry Hill, New Jersey-based Lucent Technologies Inc. for \$11.4 billion in 2006.

Sales fell 6.9 percent in the first quarter to euro3.6 billion, following a steep drop in sales of wireless equipment to North American operators.

In a statement, the company said it still expects the global market for telecommunications equipment and services to contract between 8 and 12 percent this year compared to 2008. That's in-line with the forecast made last week by rival Nokia Siemens Networks.

Blackberry Curve tops iPhone in first quarter: NPD

AFP, Washington

Research in Motion's Blackberry Curve moved past Apple's iPhone to become the top-selling smartphone in the United States in the first quarter of the year, research firm NPD Group reported Monday.

NPD said a "buy-one-get-one" promotion by carrier Verizon Wireless helped push the Canadian company's Blackberry Curve past the iPhone 3G in the first three months of the year.

It said RIM's share of the consumer smartphone market increased 15 percent over the prior quarter to nearly 50 percent the smartphone market in the first quarter of the year.

Apple's and Palm's share declined 10 percent each, NPD said.

NPD said the BlackBerry Curve was the top-selling smartphone in the first quarter followed by the iPhone 3G, the BlackBerry Storm, the BlackBerry Pearl and the T-Mobile G1.

"Verizon Wireless's aggressive marketing of the BlackBerry Storm and its buy-one-get-one BlackBerry promotion to its large customer base contributed to RIM capturing three of the top five positions," NPD analyst Ross Rubin said.



AFP

A homeless man salvages the remains of food and drinks from a bin along a street in Hollywood, California, on Monday. New claims for US unemployment benefits fell far more than expected in the past week, government data showed. The Labour Department said the number of initial claims in the week ending April 25 fell to a seasonally adjusted 631,000 from the previous week's 645,000, a level revised up by 5,000.

Indonesia cuts interest rate by 25 basis points

AFP, Jakarta

Indonesia's central bank cut its benchmark interest rate by 0.25 percentage points to 7.25 percent Tuesday, to mitigate the impact of the global downturn on Southeast Asia's largest economy.

"Inflation for this year is expected to be close to the lower end of the five to seven percent range," Bank Indonesia said on its website.

Annual inflation rate eased to 7.31 percent in April from 7.92 percent in March.

Bank Indonesia said that although the inflow of foreign investments had returned to emerging markets, such as Indonesia, it predicted that growth in the global economy would still contract.

The central bank forecast that Indonesia's growth in 2009 would reach about three to four percent, thanks to robust domestic demand and better-than-expected value of exports.

Exports contribute around 30 percent to Indonesia's gross domestic product.

Top Swiss bank UBS issues corporate credit warning

AFP, Zurich

Switzerland's biggest bank UBS warned Tuesday it could be hit by more non-performing corporate loans amid the slowing Swiss economy after reporting quarterly losses of more than a billion euros.

"The real economy has continued to deteriorate, and this is expected to have negative implications for credit-related provisioning in coming quarters," said the bank in a statement detailing its first quarter losses, which reached two billion Swiss francs (1.32 billion euros, 1.77 billion dollars).

UBS chief financial officer John Cryan said the bank was exposed to non-performing loans through leveraged financing offered by its investment bank unit as well as through corporate financing to companies in Switzerland.

"There was a general sense that there was a deterioration in corporate credit," he told journalists.

COLUMN

The third way

SAMANTHA MORSHED

While the world continues to suffer from the collapse of the financial systems and the effect this has had on businesses the world over, there is still a lack of clarity on how to solve the problems and more importantly, how to prevent them happening again. It is clear however, that neither regulation, nor legal and political frameworks will necessarily ensure that business leaders act in the public interest in the future.

What we need therefore is a new type of business leader and they are among us already the social entrepreneurs. Social business is able to combine the tools of commerce and markets, alongside a core business strategy aimed at social benefit.

Social business encompasses a huge range of business models from non-profit, through hybrid non-profit (non-profit but commercially sustainable), to profit making. They encompass a range of revenue streams, from charity and donor funded, to commercially viable and profitable businesses.

Bangladesh offers real opportunities for social business. With a huge rural population waiting for work, under-developed infrastructure, opportunities in education and healthcare provision and a whole array of export possibilities. Since Bangladesh has the abundant natural resource of manpower it would make sense to explore the possibilities of unlocking this potential.

Realistically, to encourage a whole new breed of entrepreneurs in this country, we need to demonstrate that social business is worthwhile; that it can both meet social need and generate profits.

In Bangladesh we have tended to have a very broad definition of entrepreneur so that it covers everything from one self-employed individual through a spectrum of varying size of workforce.

I would like to suggest that in order to encourage truly effective entrepreneurs into social business, those who can employ people in significant numbers and unlock the potential of our huge manpower resource, and then we need to focus on 'for-profit' social



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Textile hand-manufacture offers opportunities for social business.

business. It is optimistic, at best, to imagine that the best and most promising entrepreneurs in this country will seek to work for social benefit alone.

It's not that social business must make profit but that by doing so entrepreneurs looking for opportunity may choose social business over traditional business and we bring on board the best entrepreneurs to solve the social problems of the day. Traditional business is profit maximising and it ensures least waste and the best use of resources. Social business combines the efficiency of traditional business with the aim to achieve social goals.

There is an argument that where social principles and profit maximisation are competing for limited resources then profit maximisation will always win and as such, social business should always be 'not for profit'. Where a social business is set up to tackle a particular social issue and the issue is grounded within the core business, then this conflict is never likely to occur.

Social business can solve problems. It can create sustainable employment whilst making profits and it can solve our greatest

social problem of poverty. Traditionally, donors have avoided interference in business but this new type of business raises a conundrum. If social business can measurably and accountably create good quality sustainable rural employment thereby alleviating poverty and offering a better standard of living to a target group, but at the same time make profit, should we celebrate the success of employment creation and poverty alleviation or should we question whether donor funds should be used to ultimately make profits?

NGOs have been the vehicle of choice for many years for donors wishing to effect change. Whilst many programmes have been successful, many more have been ineffective and inefficient. Whilst programme and sector-wide metrics have been encouraging, aggregate national metrics have not mirrored this success.

Bangladesh still has 40 percent of people living on less than a dollar a day and the progress being made away from this is hopelessly slow. NGOs have been particularly successful at delivering services and running donor funded programmes and in particular

researching need. They are very effective and capable administrators. An entrepreneur needs an entirely different skill set.

These are changing times for donors and changing times for Bangladesh. Social business offers real opportunities in Bangladesh for everyone: for social entrepreneurs setting up new businesses, for the poor who can be brought through new employment opportunities out of poverty and for the donors who will need to decide if they can accept profit making as part of a package that ultimately achieves the goal.

So if social business is so great, then why do we need donors at all? The long term aim of any developing country must surely be, at some point, to make the donors redundant. For the donors, ultimate success would surely mean that their host country no longer needed them.

Funding employment creation through social business is a finite commitment. Once the business is up and running and the target population employed, the workforce will have ongoing financial income and be able to buy education and healthcare services, as needed. Once they are

buying these services and no longer dependent on charitable services, they will demand better quality and better value for money creating an upward spiral of improvements. Of course, it's some way off, but it's important to believe that it's possible and right now it's about priorities and choices.

Social businesses will grow in Bangladesh regardless of donor priorities, but donors and government could act as an important catalyst enabling seed funding, preferential interest rates to help this new and exciting sector grow more quickly. As the sector develops and private investment is attracted, the need for such involvement will decrease. Surely this is an ideal scenario for donors: to support a fledgling industry in a developing country, recognising that in the long term, the private sector will step in.

In the post-collapse era we need to stop thinking of only two scenarios; of traditional profit making business and non-profit NGOs and we need to embrace a third option. The third option, which can combine making profits with generating social benefit, offers a winning solution all around and offers a chance to avoid the mistakes of the recent past.

It is encouraging that social business is growing the world over and double bottom line reporting is a concept gathering pace; to recognise achievements, not only of profit, but also of social impact. Judging businesses on both parameters with equal measure provides a basis for an entirely new investment sphere.

Social stock exchanges are already running in Singapore, USA, UK and South Africa, with an estimated \$3 trillion invested worldwide in socially responsible investments. Investors concerned about the greedy single-mindedness of the past are moving more comfortably to a new way of investing, where not only is business more ethical but is creating measurable impact and is being judged on these metrics.

The writer is the CEO of Hathay Bunano and welcomes comments at hathaybunano@gmail.com.

TECHNOLOGY

Workers might not Twitter profits away

AP, New York

When Marty Kotis looked at his company's monthly wireless bill, he found a stunning charge -- for 2,500 text messages on a single staffer's phone.

There was more: Another staffer had 800, and a third, 700.

But Kotis, who owns a real estate development firm in Greensboro, NC, didn't reprimand his employees, although many of the messages were personal in nature. Instead, he put it all into perspective.

"The people that had the high text numbers are very good at their jobs," said Kotis, president of Kotis Properties. "They worked weekends, extra hours. I had them do a lot of things for me outside of general work hours."

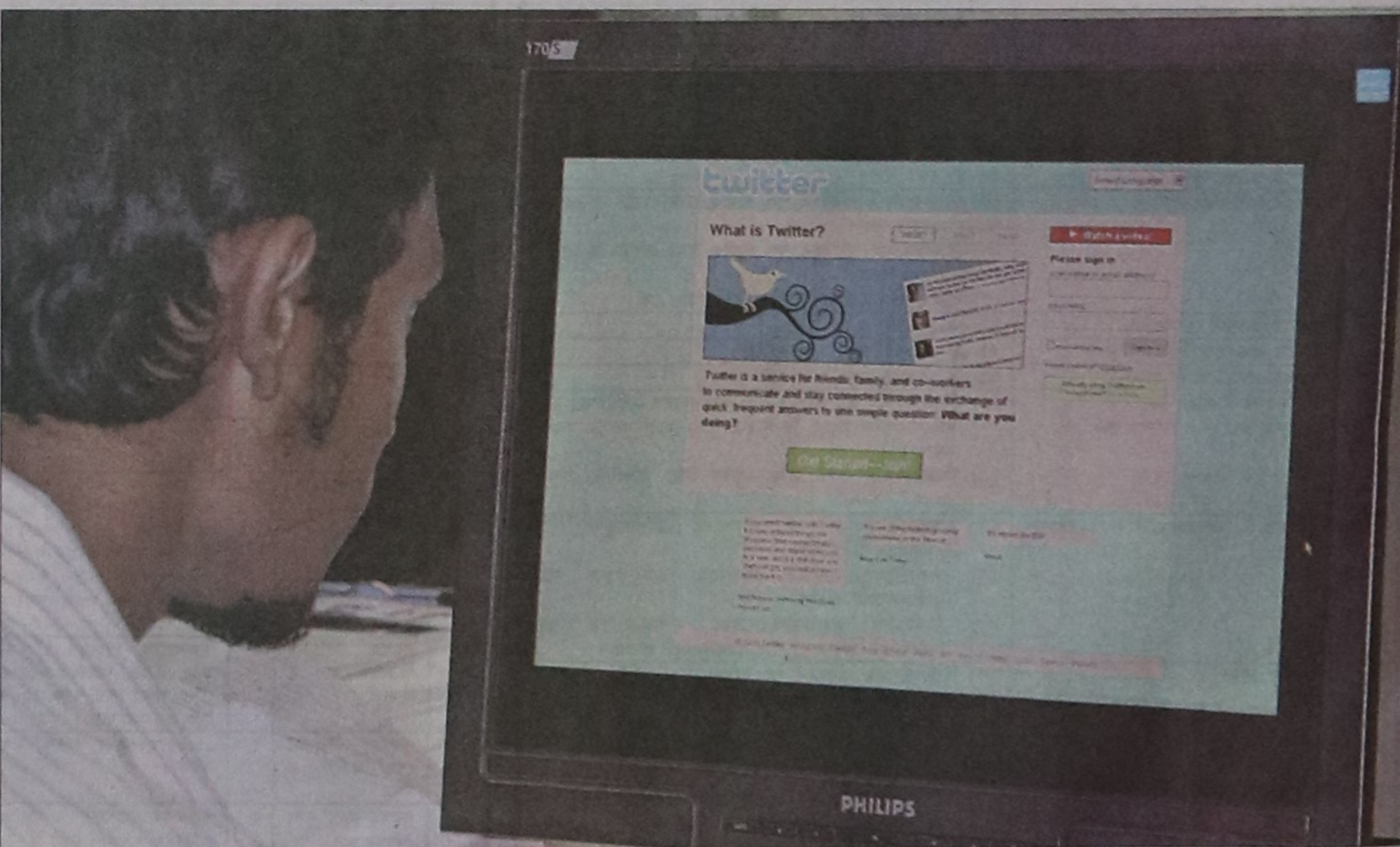
Just a few years ago, owners were adjusting to workers spending time surfing the internet. Now, it's texting friends or communicating via Facebook or Twitter. And bosses are learning that as long as the work is getting done, it makes sense to let employees take high-tech breaks.

As Kotis pointed out, many staffers are also working well outside of business hours. "There is blending of work and personal time going on," he said, and so it's fair for employees to take some time during the workday for personal matters.

He said of his own company, "we give them things like work cell phones and ask them to carry them at 8 at night to take calls."

Clamping down on texting, Twitter and the like can give your workplace an unpleasant atmosphere -- something that could ultimately hurt your productivity now, and make it hard for you to retain good employees, especially as the economy improves.

"You have to give an environment where people want to be,"



AMRAN HOSSAIN

Activities like texting and using Facebook and Twitter are more likely to be done by the company's younger staffers, who use these tools to communicate with the entire world.

said Damian Bazadona, owner of Situation Interactive, a New York-based marketing firm. He also noted there's a quid-pro-quo in many businesses -- the same people who are texting are often eating lunch at their desks.

Both Kotis and Bazadona noted that activities like texting and using Facebook and Twitter are more likely to be done by younger staffers, who use these tools to communicate with the entire world. That means they're probably using those communication channels for work, too. Kotis said

one of his employees "pretty much did a deal through text."

The key is being sure that employees aren't abusing the privilege of spending personal time on the Internet or texting at work. Kotis recalled an employee who was sending and receiving personal e-mails during a meeting, and acting as if he was taking notes about the session on a laptop.

"He got fired on the spot for that," Kotis said.

Kotis' employee wasn't being discreet about e-mailing, so it was

easy to catch him. But a lot of high-tech communicating is harder to detect.

Not to worry, Bazadona said, a worker's falling productivity will alert an owner to a problem.

"You can tell in their workload," he said, adding that co-workers who are pulling their weight are likely to let a boss know when someone else is goofing off.

Kotis said that hiring a solid, hard-working staff should mean that a small business will have few problems with employees spending too much time online or

texting. In the few cases where that has happened, Kotis found when he questioned staffers they would acknowledge they've had too much high-tech down time.

Kotis said he approached a staffer who was spending too much time on Facebook, and the employee immediately cut back.

The staffer with the huge text bill didn't realise how many messages she had sent and received. She offered to pay for her personal messages, and told Kotis, "I want to let you know I'm not just wasting your time."