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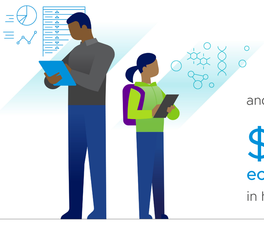
A strategic C-suite playbook for navigating the 5G world

From tech pilots to business use cases

By 2023, 5G will make up

1/5 of all mobile data traffic



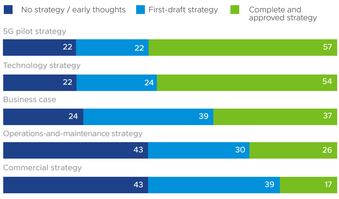
and is forecast to drive a

$12trn economic opportunity

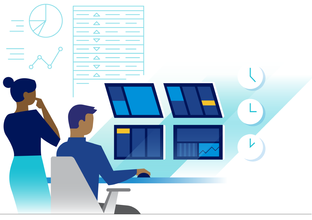
in hardware, software and services.[1]

However, telecom executives are progressing much further with **developing 5G technologies** than building out actual business use cases and commercial strategies.[2]

The current status of 5G strategy development (%)



Source: McKinsey 2019



Roadblocks to 5G roll-out

Uneven impact

Some sectors will be transformed by 5G while others will feel little effect.

Unclear commercial prospects

Revenues could be five to seven years away.[3]

High cost

5G requires significant capital investment.

Regulatory uncertainty

5G requires complex spectrum licensing processes and introduces new security risks.

How can telecoms turn 5G into a viable business model?

Revenue

Spend in the short term to generate long-term return on investment. Make up for the outlay by reaping both top- and bottom-line benefits.

Carefully target industry verticals based on specific 5G benefits. Calculate how each of 5G's benefits—low latency, network flexibility and device density—could address challenges or present opportunities within verticals.

Avoid fixating on specific use cases. Discover or create new marketplaces and revenue models.

Culture

Refresh company culture and instil entrepreneurial spirit. Adopt cultural attributes of the start-up world, like quicker decision-making, research and development agility, experimentation and flexible protocols.

Shift from a mono- to multi-product mindset to understand the needs of a wide spectrum of clients, from factories to stadiums.

Embrace a co-creation approach to developing solutions through trial and error.

Agility

Enable enterprise agility through edge computing. Cut costs and create new revenue models in industries including manufacturing, logistics, transport, live entertainment and healthcare.

Collaborate and share insights as part of a more dynamic and open ecosystem of players.

Security

Brace for new cyber threats. 5G opens the "attack surface" by bringing more devices and opening up networks. The telecoms industry faces DDoS (distributed denial of service) attacks almost twice as often as the second most targeted sector (financial services).

Cyber-proof potential new entry points for hackers that the growing role of software in the 5G ecosystem creates.

Scrutinise the entire supply chain—hardware, middleware and software—to ensure all participants meet security requirements.

1 IHS, "The 5G economy: How 5G technology will contribute to the global economy", January 2017. Available at: https://cdn.ihs.com/www/pdf/IHS-Technology-5G-Economic-Impact-Study.pdf

2 McKinsey, "A 5G manifesto for the CEO", February 2019. Available at: https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/a-5g-manifesto-for-the-ceo

3 Markus Aqua, "Bridging the gap to 5G revenue streams", BearingPoint. Available at: https://www.bearingpoint.com/en/our-success/insights/5g-revenue-streams/

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