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Date: 13 November 2023

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PwC report: Important Findings for the Evolution of Telecommunications

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Important information regarding the strategies that the Telecommunications industry must follow to maintain its growth in an increasingly complex and competitive environment emerged from the recent PwC report, “[Global Telecom and Entertainment & Media Outlook 2023-2027](#)”, which was conducted in a total of 53 countries. The findings and analysis focus on three key areas with five-year forecasts:

- offers for retail consumers
- services to businesses
- the evolution of networks to meet the changing needs of customers

Offers for retail consumers

As the customer remains at the focal point, the demand for data is increasing amid evolving user preferences and new devices with ever-increasing data demands. While total data consumption is expected to nearly triple over the next five years, driven mainly by video and secondarily by online gaming, the resulting revenue will only see a modest increase of around 4% on an average annual basis.

Mobile data demonstrate fastest growth compared to Wi-Fi in terms of volume, although there is no shortage of large variations between countries (6% annual average growth in North America vs. 30% in Asia).

Services for businesses

The increasing adoption of the Internet of Things (IoT) in several sectors of the economy is not up until now reflected in the revenues of Telecommunications. In 2027, we are expecting to have 25.1 billion connected devices from the 16.4 billion we have now, mainly due to the growth of consumer home ecosystems, and commercial, industrial, and medical IoT electrical devices.

IoT devices place different demands on networks in terms of power usage, speed, and latency. Therefore, telecommunications should work with other technology companies (software and



cloud providers, system integrators) to develop an ecosystem that will offer more efficient and scalable solutions to customers' problems.

Evolution of networks

5G is expected to become the leading type of smartphone connection in 2025. By 2027, 5G will rise to two-thirds of total connections, while the US and China are leading the rollout. On the other hand, fibre optic deployment continues to grow but still has a lot more ground to cover.

As a result of the above investments, the sector's capital expenditure increased sharply in the previous two years, however, its growth rate is expected to decline in the coming years. An additional burden on the financing and subsequent debt of companies is added by higher inflation and interest rates. This creates a definite need to improve efficiency, enhance monetization (content subscriptions and IoT applications beyond connectivity), and control costs. For example, some players have autonomous 5G networks, while others invest in shared networks so that several operators have access. In this light, even mergers are taking place with the aim of synergies and economies of scale.

Telecommunications companies are presented with opportunities to provide fixed access networks to residents and small businesses. Moreover, there are opportunities to provide private 5G networks for business customers. In India, the government is diversifying licenses for B2C services and B2B-focused solutions, such as IOT and private 5G networks. This encourages new B2B players, many of whom are investing in the development and provision of private 5G networks for businesses.

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