

## **Industry wants to leverage the 5G revolution but barriers remain**

***Most industrial companies plan to implement 5G within two years, many are willing to operate with their own private licenses***

**Paris, June 6, 2019 – Industrial companies are embracing 5G connectivity as a primary enabler of digital transformation, and plan to implement the technology within two years. This is spurring interest in private licenses, which nearly half of large industrial companies (47%) intend to apply for, according to the latest findings from the [Capgemini Research Institute](#).**

The [5G in Industrial Operations: How Telcos and Industrial companies stand to benefit](#) study found that 5G is regarded as a catalyst of digital transformation, and that manufacturers expect it to deliver more secure and efficient operations.

Key findings of the study, which surveyed over 800 industrial companies' executives and 150 telecoms executives across 12 countries, include:

**5G is critical to digital transformation:** When industrial companies' executives were asked which technologies will be the most integral to their digital transformation over the next five years, 75% mentioned 5G as a key enabler, ranking second to cloud computing (84%), and ahead of technology innovations such as advanced automation and AI/machine learning. Industrial companies believe that 5G's versatility, flexibility and reliability will help address connectivity challenges (a limiting factor to digital transformation for 44% of those polled) and fuel future use cases.

**Industrial companies want to move quickly to implement 5G:** There is widespread confidence in 5G's potential, with almost two-thirds of industrial companies (65%) planning to implement it within the first two years of availability. In Italy (35%), France (30%) and Canada (27%), over a quarter intend to use 5G within the first year, while 75% of industrial companies in the UK and Italy, 69% in Spain, and 68% in the US and Norway plan to start within the first two years. The largest manufacturers are most likely to implement 5G first compared to the broader industry: 74% with annual revenue above \$10bn expect to do so within the first two years, compared to 57% with revenue between \$500m and \$1bn.

**One-third (33%) of industrial companies are planning to apply for their own 5G license** and large organizations will take the lead with 47% expressing interest. This is fueled by a desire for greater autonomy and security combined with concerns about telecom operators being too slow in rolling-out 5G public networks. However, there will be regulatory barriers which differ across countries.

Gunther May, Head of Technology and Innovation, Business Unit Automation and Electrification at Bosch Rexroth AG says, *"As a solution provider and a manufacturer, we are monitoring the 5G landscape closely and we believe there are multiple benefits to holding our own license. It would allow us to be in full control of our 5G strategy by giving us the freedom to either deploy the network alone or with a telecom operator."*

**Security and operational advantages will drive 5G adoption:** When asked about the business reason for investing in 5G, more than half cited more secure operations (54%) and efficiency of operations/cost savings (52%), with the expectation that 5G will help in enabling or enhancing use cases such as real-time



edge analytics, video surveillance, remote control of distributed production, AI-enabled or remote controlled motions, remote operations through AR/VR, etc.

**Industrial companies will pay more for premium services:** Despite uncertainties around the speed of deployment, manufacturers are already willing to pay a premium charge for enhanced 5G connectivity. 72% of industrial companies will pay more for enhanced mobile broadband speed and increased capacity, yet only 54% of telecom operators think there is appetite for this. This presents an opportunity for telecom operators to consider how they build a highly profitable 5G business model.

Pierre Fortier, Principal Consultant in Telecom, Media and Technology at Capgemini Invent comments, *"This research makes it clear that industrial companies are confident about the benefits of 5G before it has even come to market. That said, 5G is an emerging technology and there will be many challenges to overcome before it is ready to be deployed at scale. Co-innovation between industrial companies and the telco ecosystem, in the form of pilots and open experimentation platforms, will be essential to create win-win business, service and operating models that will foster 5G adoption."*

### **Research Methodology**

The Capgemini Research Institute conducted, with Capgemini Invent experts, a primary survey of over 800 executives from industrial companies. Respondents were based in 12 countries: Belgium, Canada, France, Germany, Italy, Netherlands, Norway, South Korea, Spain, Sweden, United Kingdom and United States, and across a dozen sub-sectors: Aerospace & Defense, Airport and Railway Operators, Automotive, Chemical, Consumer Product, Energy & Utilities, Industrial Machinery, Logistics, Medical Devices, Pharma & Life Sciences and Semiconductor and Hi-tech Manufacturing. The Institute also conducted a survey of 150 telecom executives from these 12 countries and also finished more than 20 one-on-one interviews with industry and telecom executives.

### **About Capgemini**

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