



Ecosystem evolution series

The cellular industry ecosystem in action

Main message

A strong business case is key for industrial enterprises, where the choice of 4G or 5G technology may be a secondary concern. The investment needs to be future-proof and a smooth transition to the newest generation guaranteed.

Target audience

CSP ecosystem owners
Enterprise digital transformation owners

Talking points

Context

- To accelerate industry transformation rapid and scalable connectivity is required, enabling improvements in productivity and efficiency.
- Cellular technology via private and/or public networks can connect things and places where wires can't go.

1. Where is the demand?

- A strong business case and successful references with clear ROI are the starting point.
- The generation of technology used (4G or 5G) is often of secondary importance.
- Video-driven and high-speed real-time telemetry data applications are driving the demand for 5G technology, such as AI vision systems, robotics, remote controlled drones and AGVs.
- Data traffic patterns are changing - video uplink capacity from the device to the cloud is becoming more important when it comes to designing connectivity.

2. System integrators with strong customer relationships are key

- System integrators (SIs) have existing customer relationships, in-depth knowledge of OT and IT systems and the ability to connect all the involved pieces together to become a one-stop-shop for customers.
- As trusted advisors with established relationships, SIs play a key role for the cellular transition of industrial enterprises.
- They are well placed to identify customer needs and understand the potential ROI.

3. Industrial device readiness

- There has been strong growth in 4G IoT module shipments globally.
- 5G-native devices in industrial IoT are still at an early stage, due to the high cost for eMBB, uRLLC modules.
- Overall, 5G modules are forecasted to grow at a 74% CAGR between 2021 and 2027¹.
- There is still work to be done to ensure potential use cases can be realized, when it comes to both market awareness and device availability (and accessibility).

4. Enabling a smooth shift to cellular

- 4G can act as a stepping-stone into the cellular ecosystem.
- Depending on the specific enterprise needs, 4G technology might be sufficient at this time.
- Flexible cellular solutions (such as Ericsson's) can allow for a smooth transition from 4G to 5G technology later if needed.

5. Every market is unique

- Enterprises want one common solution across all their sites globally.
- Spectrum situations and ecosystems can vary greatly. For example, the United States has CBRS, while Germany has dedicated spectrum for industries.
- An experienced partner that understands all the local nuances is crucial. Ericsson know the global situation and complexities, and are well positioned to partner with global SIs to deliver cellular solutions and make unique, high-potential industrial use cases a reality.

¹Source: OMDIA Cellular IoT Market Tracker – H1 2022