

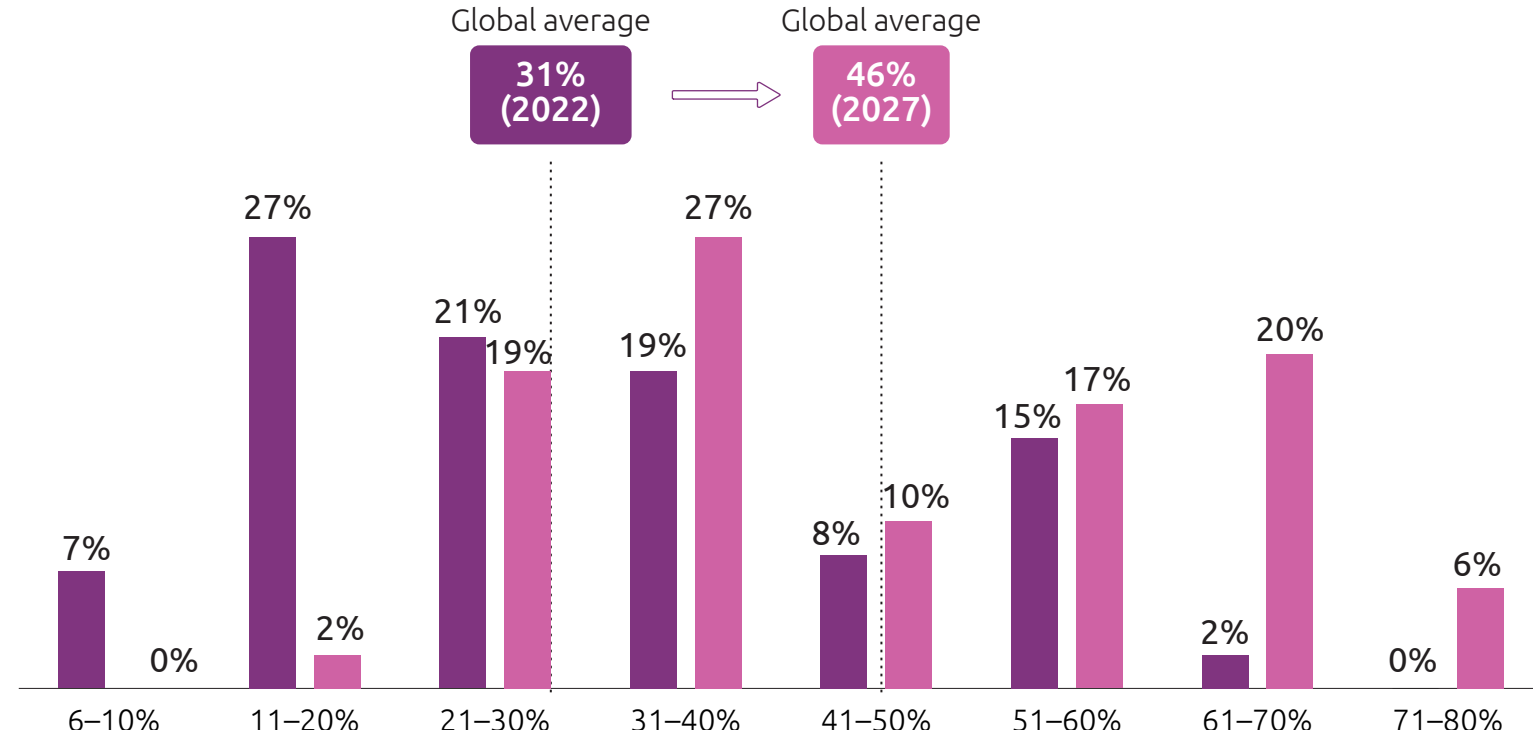
Networks on Cloud: a clear advantage

WHY AND HOW TELCO NETWORKS SHOULD TRANSFORM TO CLOUD

Telco cloud is poised for a 50% growth in the next five years

Nearly a half of telco network capacity will be cloud-native in the next 3-5 years

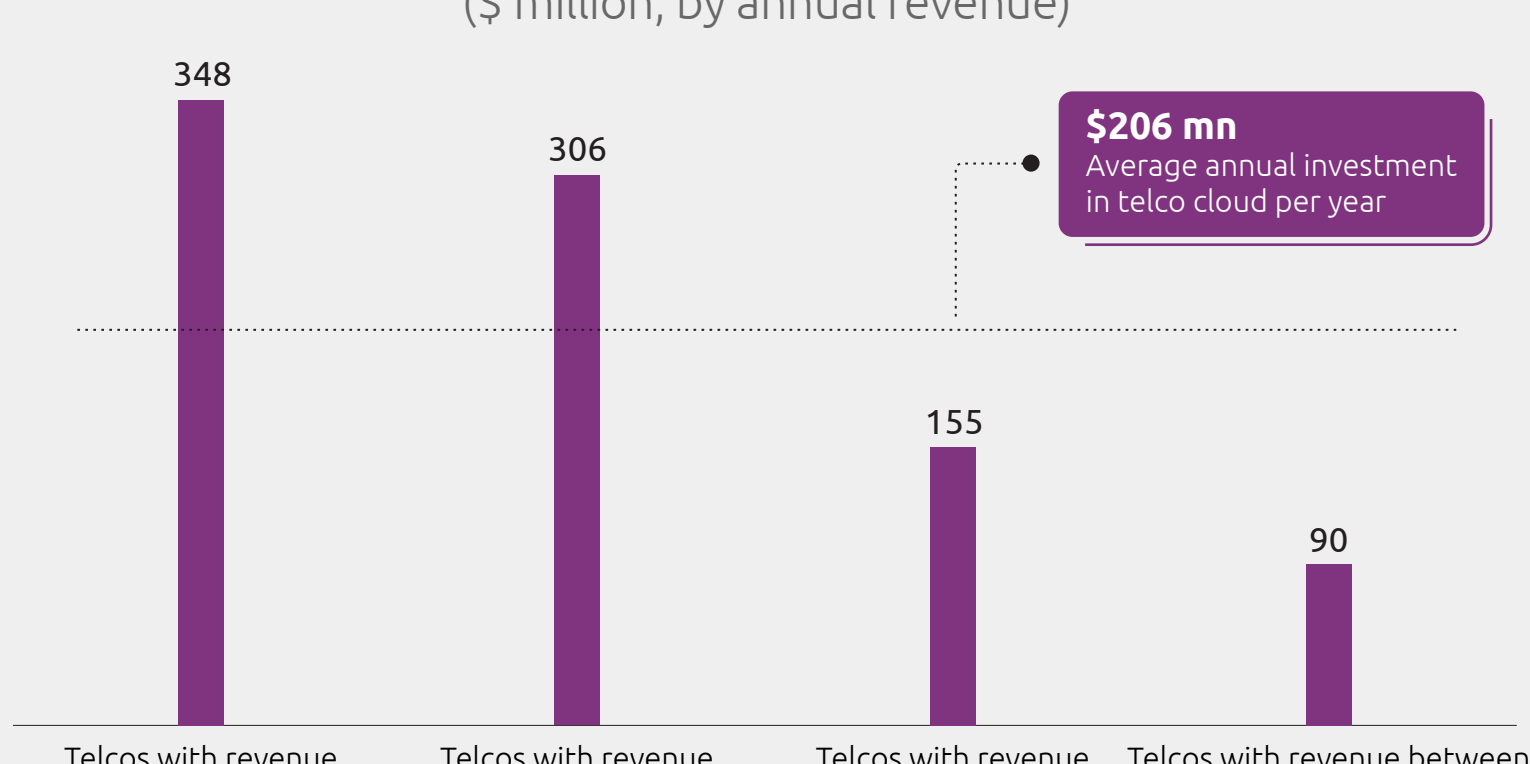
How much of your network capacity is currently serviced entirely by cloud (currently and in 3-5 years)?



Source: Capgemini Research Institute, Telco Cloud Executive Survey, November-December 2022, N = 124 telco tech executives. *"Network" here encompasses Core, Multi-access edge, RAN/Open RAN, OSS and Orchestration. Refer Glossary at the end of the report for definitions of these terms.

Telcos will invest \$1 billion on average for telco cloud transformation over the next 3-5 years

Average annual investment in telco cloud transformation per year (\$ million, by annual revenue)



Source: Capgemini Research Institute, Telco Cloud Executive Survey, November-December 2022, N = 170 telco executives. Note: The values above in million indicate average annual investment in telco cloud for telcos (in terms of annual revenue)

Telco cloud offers significant business & sustainability benefits

Telcos have realized increased customer lifetime value, shared risk, and improved customer experience using telco cloud

Rank	Top 5 business benefits	Top 5 operational benefits
01	Increased customer lifetime value	Improved workload handling
02	Risk shared with partners such as NEPs, Hyperscalers etc.	Greater scalability
03	Improved customer experience (QoS/QoE)	Improved network security
04	Optimized total cost of ownership (CAPEX + OPEX)	Greater flexibility in working with different vendors (reduced vendor lock-in)
05	Increase in average revenue per user (ARPU)	Increased operational efficiency

Source: Capgemini Research Institute, Telco Cloud Executive Survey, November-December 2022, N = 170 telco executives. Note: Survey respondents were asked about the extent of benefits realized as improvement over levels existing before the transformation

Top financial benefits from telco cloud make a convincing business case for investment

EXAMPLES OF TOP-LINE IMPROVEMENT

LG U+
Aggressive deployment of a 5G network and capturing the market early helped LG U+ get a lead of 7% of market share vis-à-vis its peers KT and SK Telecom in Korea.

Nokia
Nokia's MX Industrial Edge (MXIE) platform, a cloud-native Industry 4.0 edge solution generated growth of 12.8%, year on year, driven by double-digit growth in core network sales and enterprise solutions.

POTENTIAL TOP-LINE IMPROVEMENT

\$110-210 MILLION
Per year per operator

EXAMPLES OF BOTTOM-LINE IMPROVEMENT

Chunghwa Telecom
Chunghwa Telecom, Taiwan's largest integrated service provider, has been able to reduce CAPEX by 16% per year by moving to a microservices-based network automation enabled by cloud.

Rakuten
Rakuten estimated that cloud-native architecture could bring it 40% CAPEX and 30% OPEX savings compared with a traditional LTE operator.

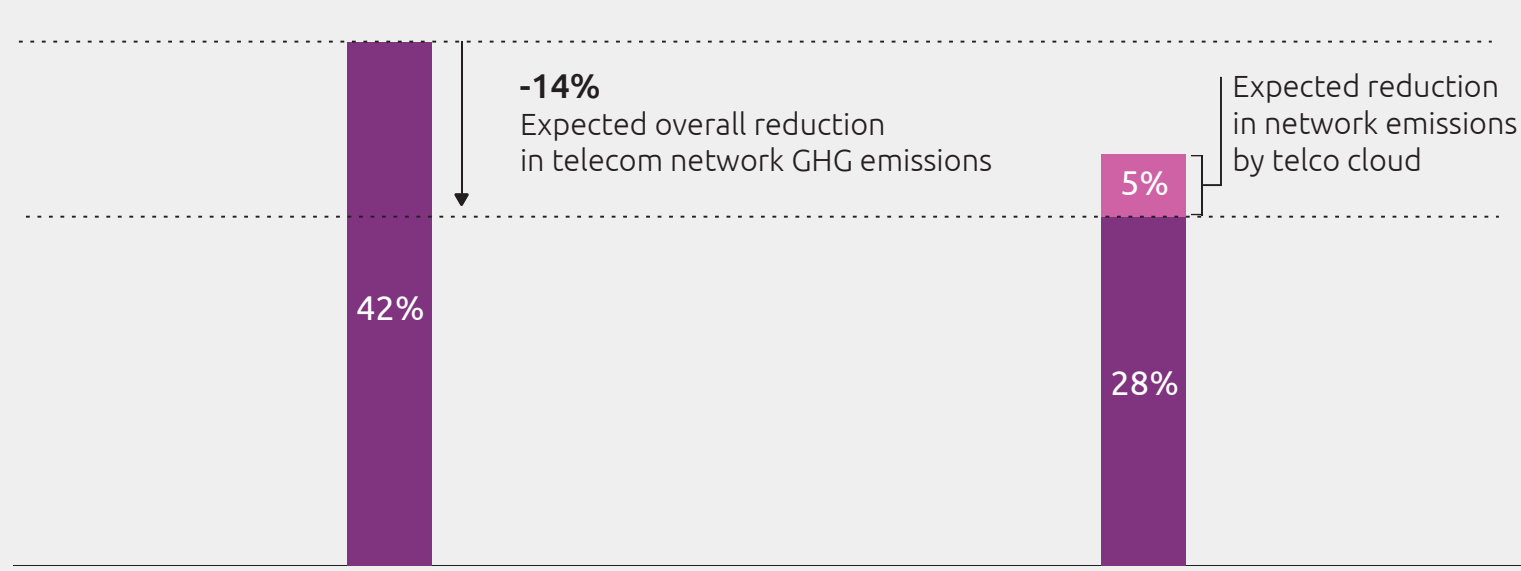
POTENTIAL BOTTOM-LINE IMPROVEMENT

\$260-380 MILLION
Per year per operator

Source: Capgemini Research Institute analysis.

Telco cloud is expected to reduce telco GHG emissions by 5%

Expected role of telco cloud in reducing GHG emissions of telco networks

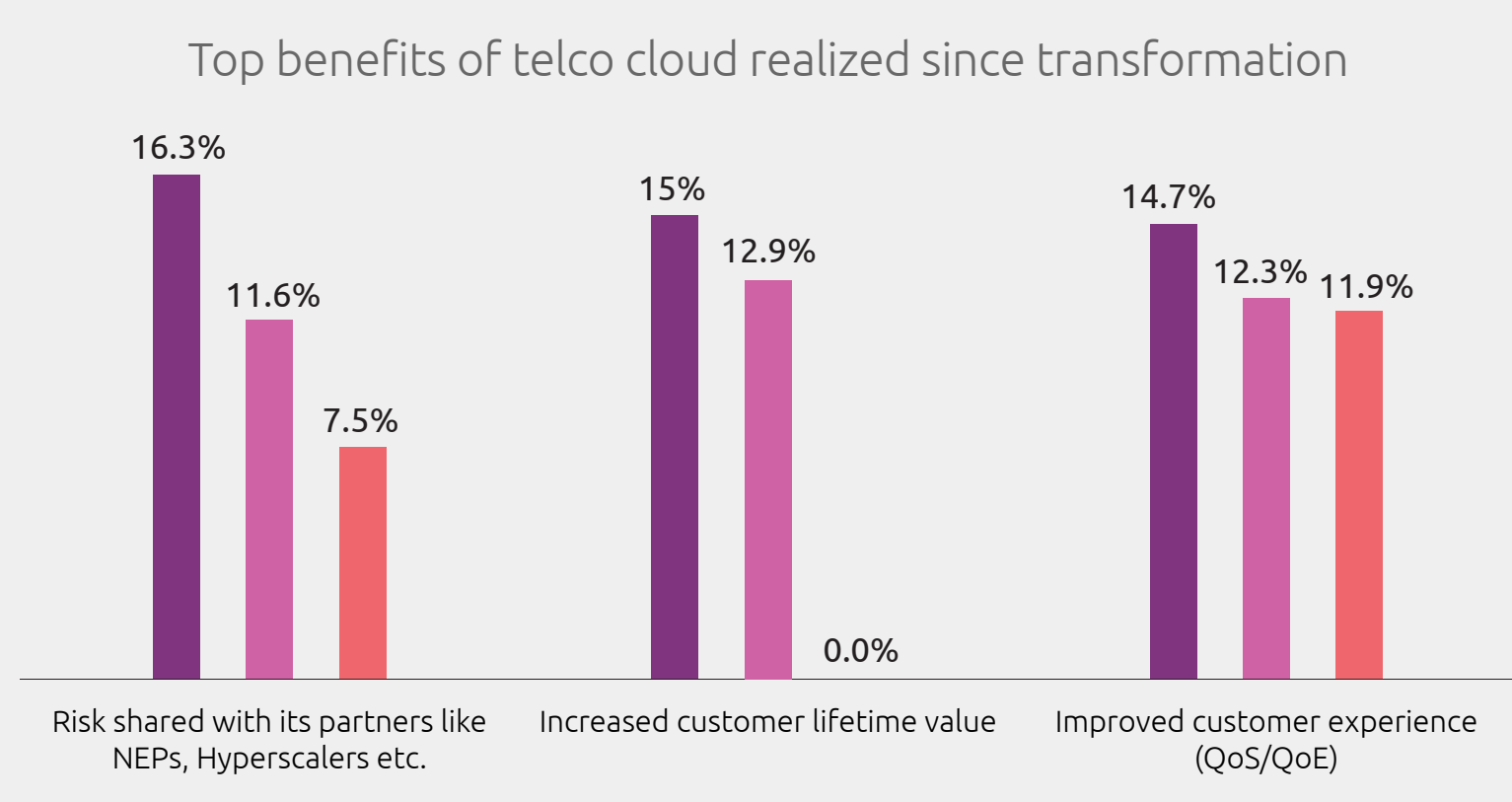


Source: Capgemini Research Institute, Telco Cloud Executive Survey, November-December 2022, N=170 telco executives.

Leading telcos are already reaping benefits of telco cloud

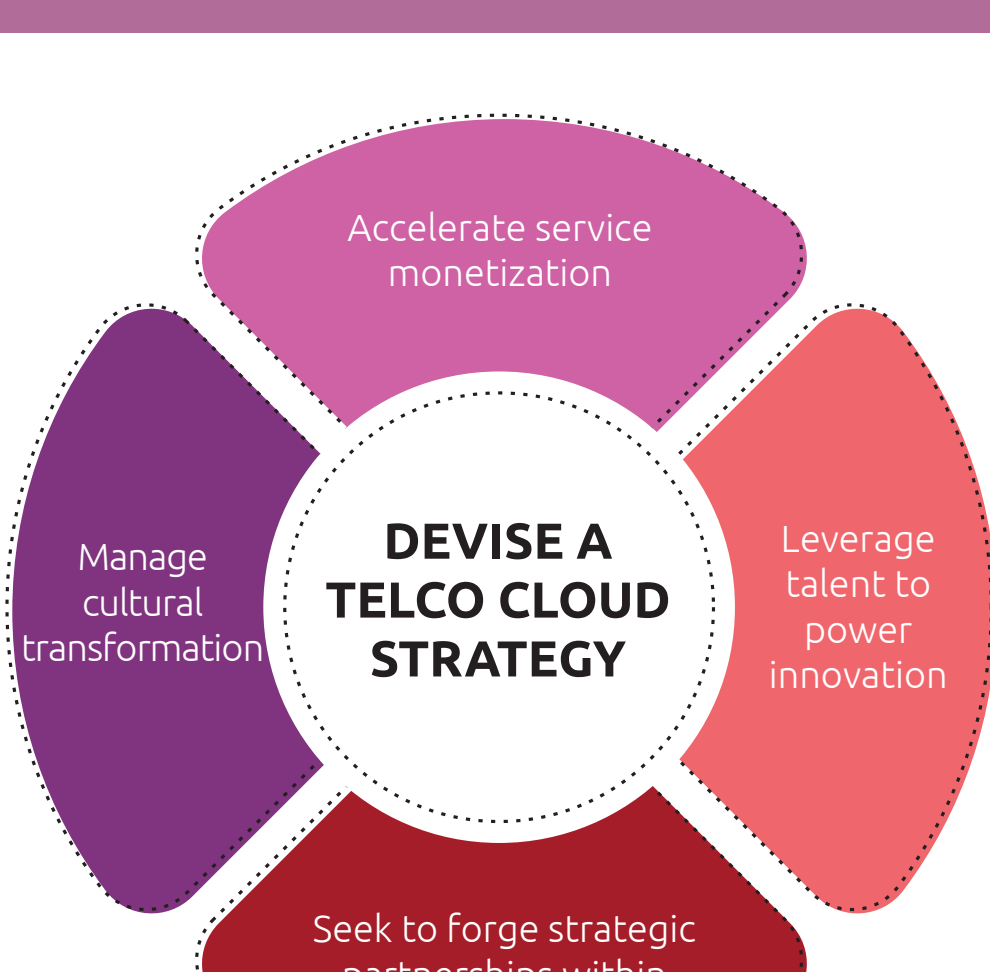
Early Adopters have realized greater benefits from their transformations

Top benefits of telco cloud realized since transformation



Source: Capgemini Research Institute, Telco Cloud Executive Survey, November-December 2022, N=170 telco executives. Note: Survey respondents were asked about the extent of benefits realized on transformation

How can telcos harness the full potential of telco cloud?



Source: Capgemini Research Institute analysis.

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