

# The top 10 risks in telecommunications

Industry risks are evolving as telcos transform into adaptive digital enterprises.

The EY global telecommunications sector team has identified and assessed the top 10 challenges confronting the industry.

We categorize risks using the EY risk radar, which organizes threats into four domains: financial, compliance, operations and strategic.

**Financial threats** stem from volatility in markets, ecosystems and business investments.

**Compliance threats** originate in politics, law, regulation or corporate governance.

**Strategic threats** are related to customers, competitors and investors.

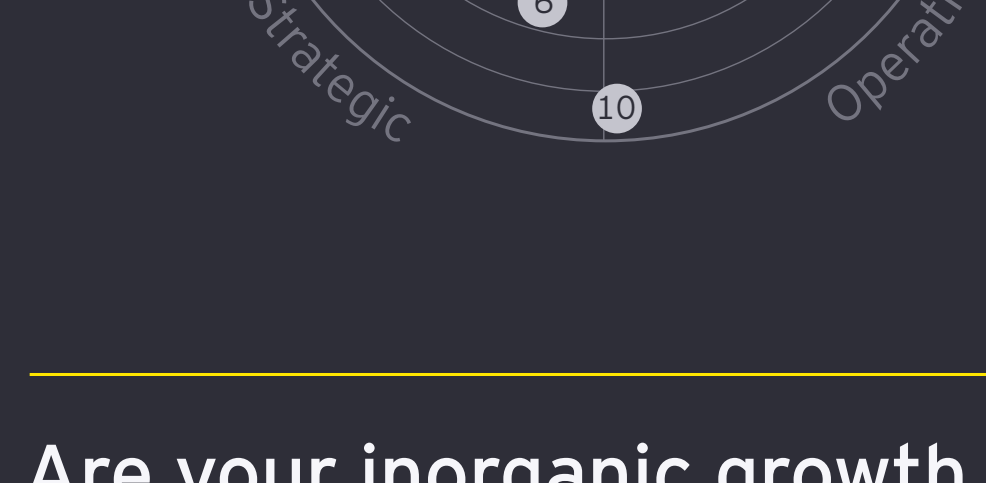
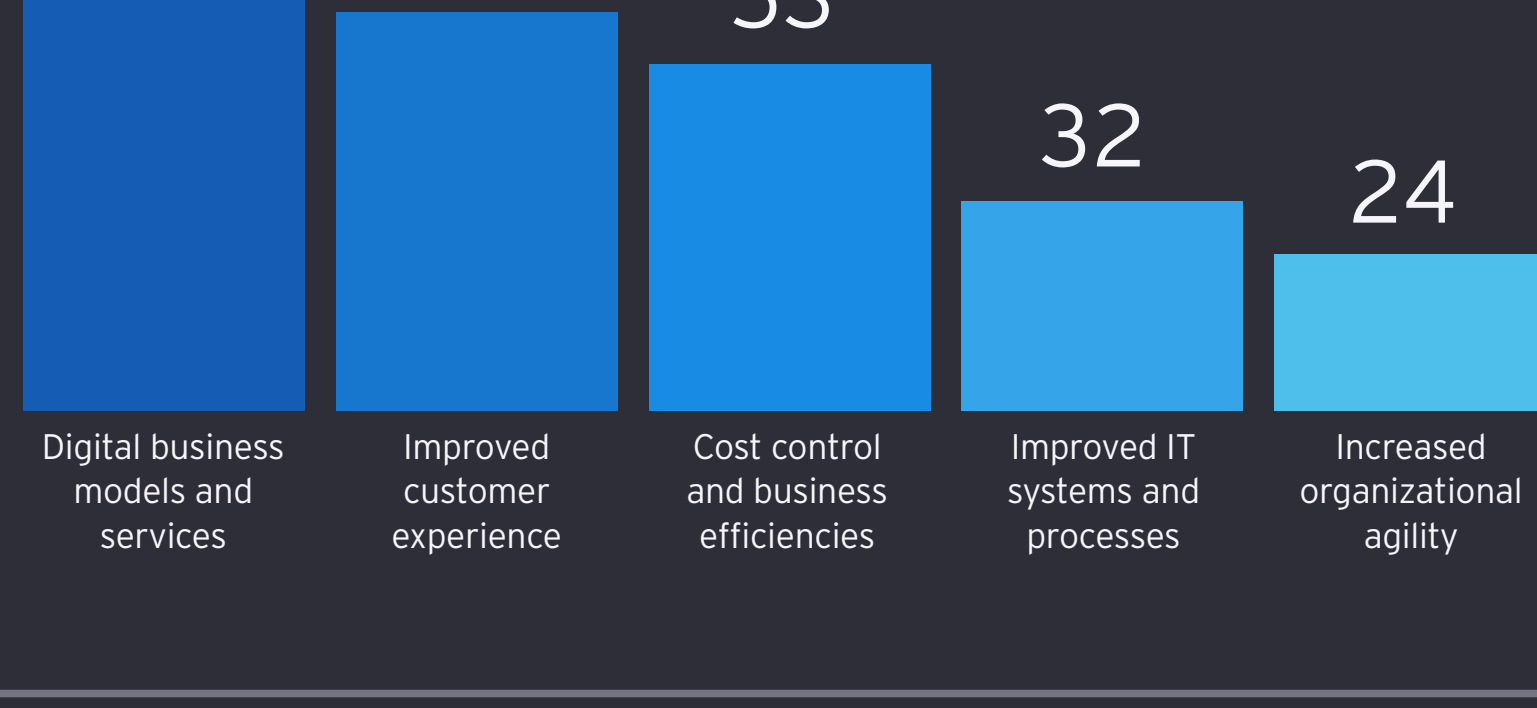
**Operational threats** impact the processes, systems, people and overall value chain of the business.



From these domains, we've identified the top 10 risks:

## 1 Ineffective digital growth and diversification strategy

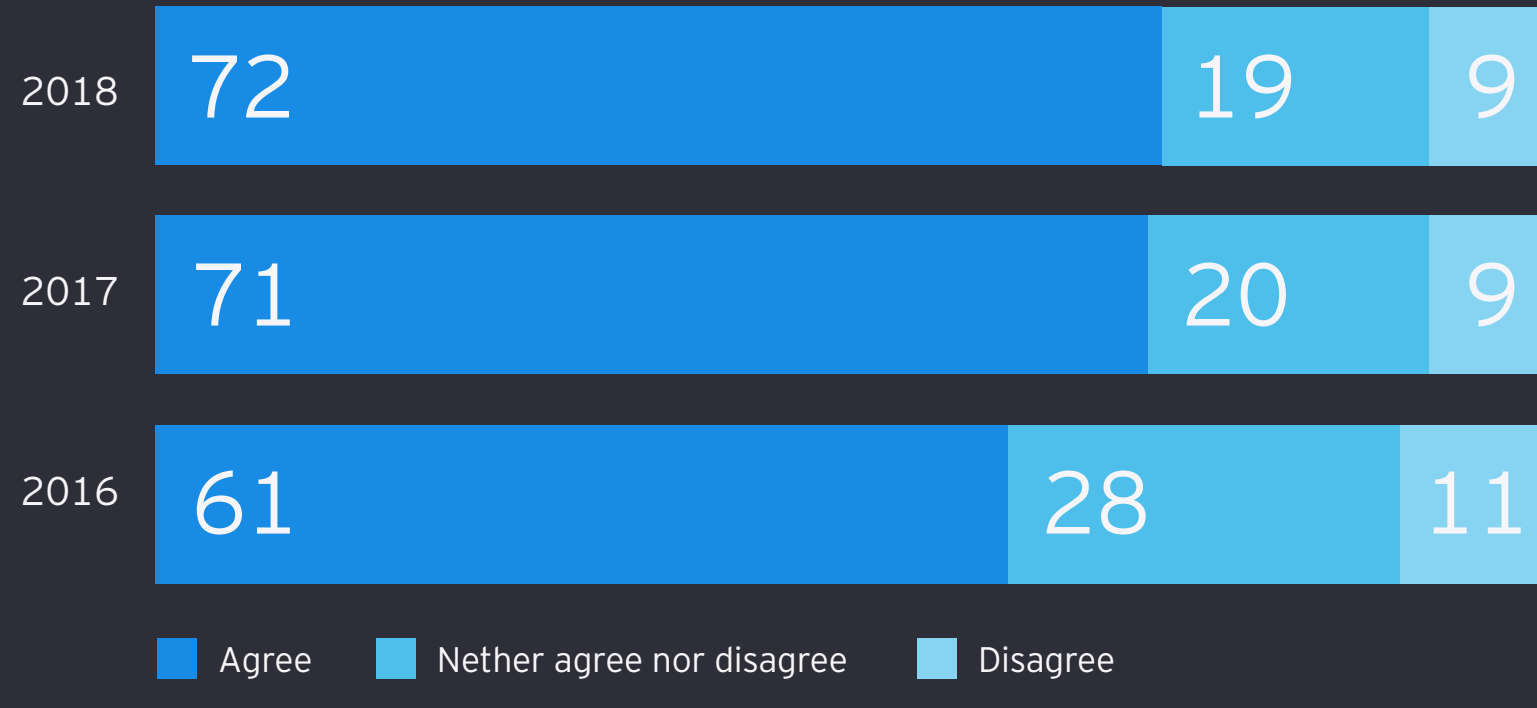
Digital business models top the list of telco strategic priorities.



Are your inorganic growth levers aligned to optimize adjacent market entry?

## 2 Underestimating of changing imperatives in privacy, security and trust

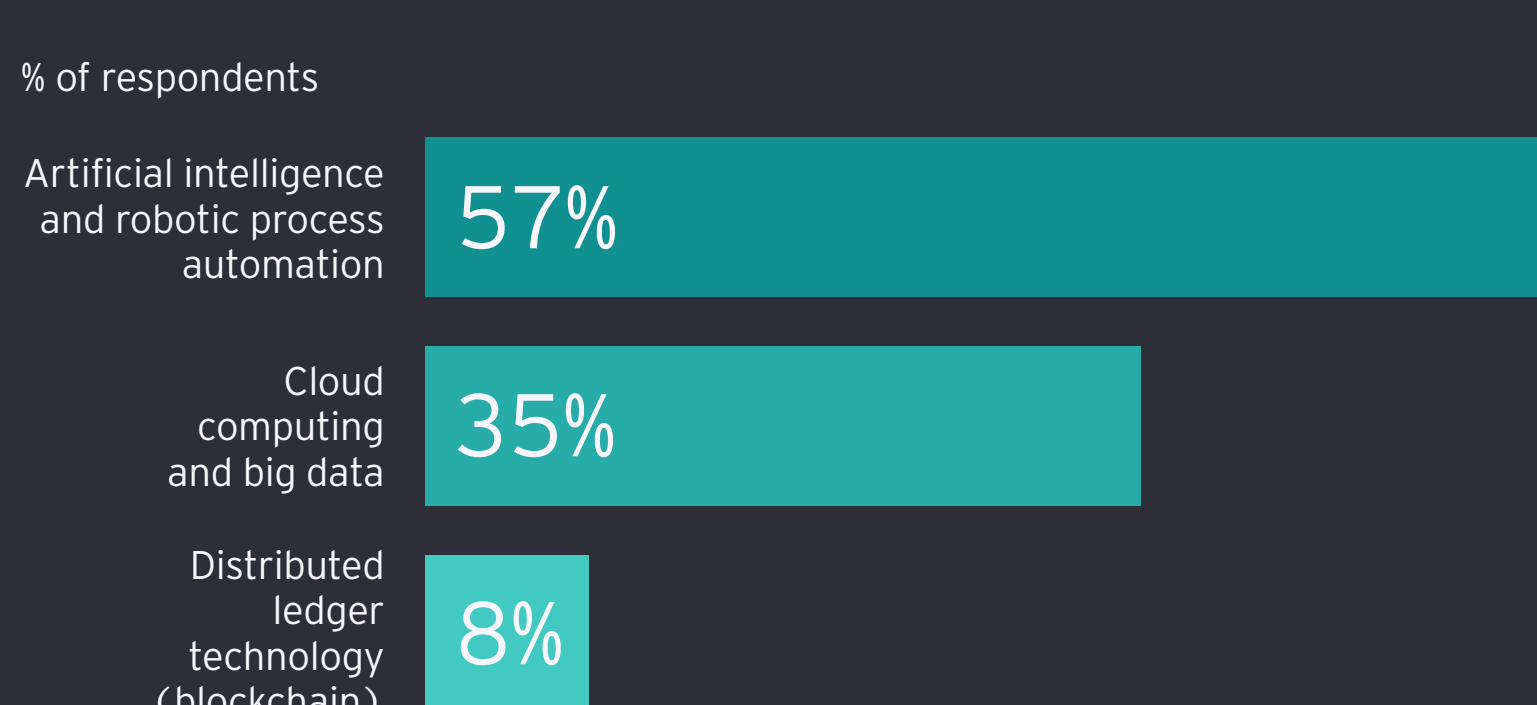
Personal data disclosure online is a pronounced consumer concern.



Are you creating trust by design or do you leave it to chance?

## 3 Inability to scale internal digitization initiatives

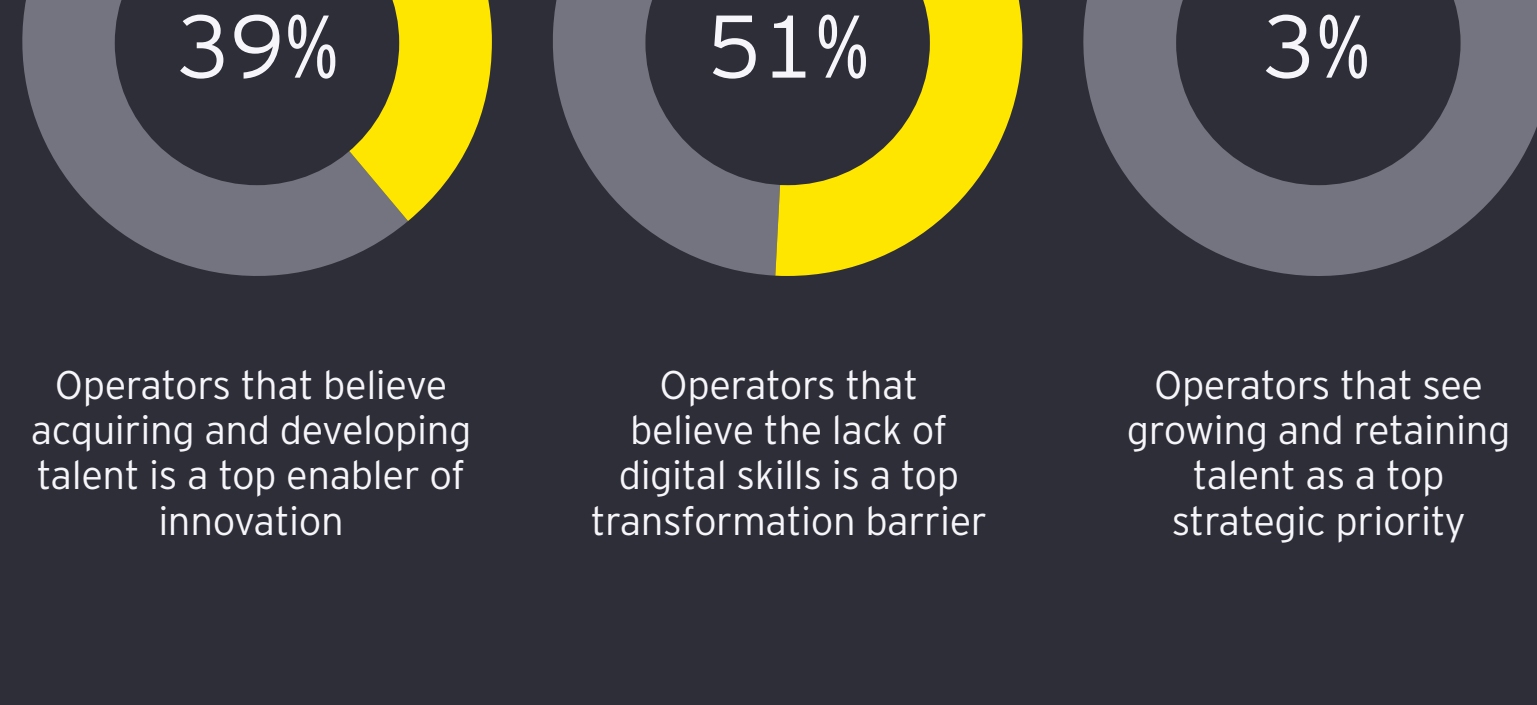
Various emerging technologies are competing for attention in telco boardrooms.



Are your digitization initiatives supporting a common transformation purpose?

## 4 Failure to prioritize workforce planning and design

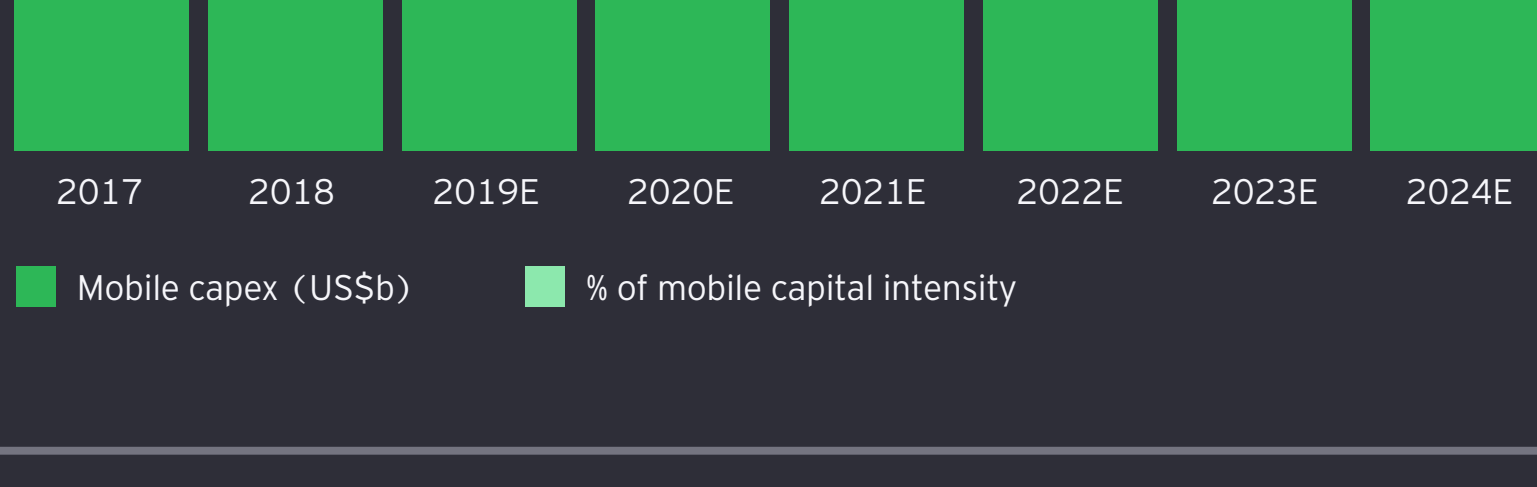
Talent issues rank low as a top strategic priority.



Are you striking an effective balance between re-skilling and talent acquisition?

## 5 Inability to combat the growing capex burden

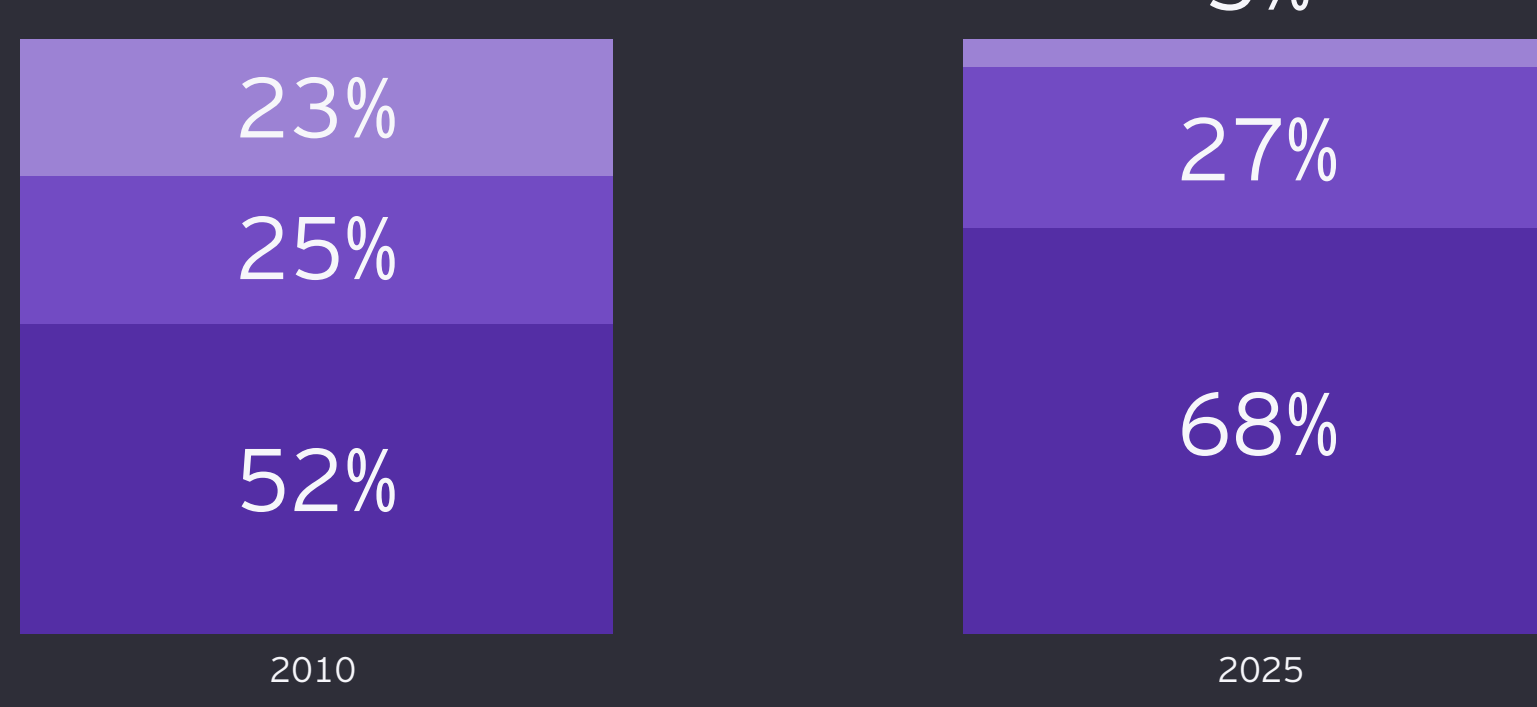
Global mobile capex is rising as we enter the 5G era.



Are you considering innovative routes to achieve greater capex efficiency?

## 6 Failure to navigate evolving disruption scenarios

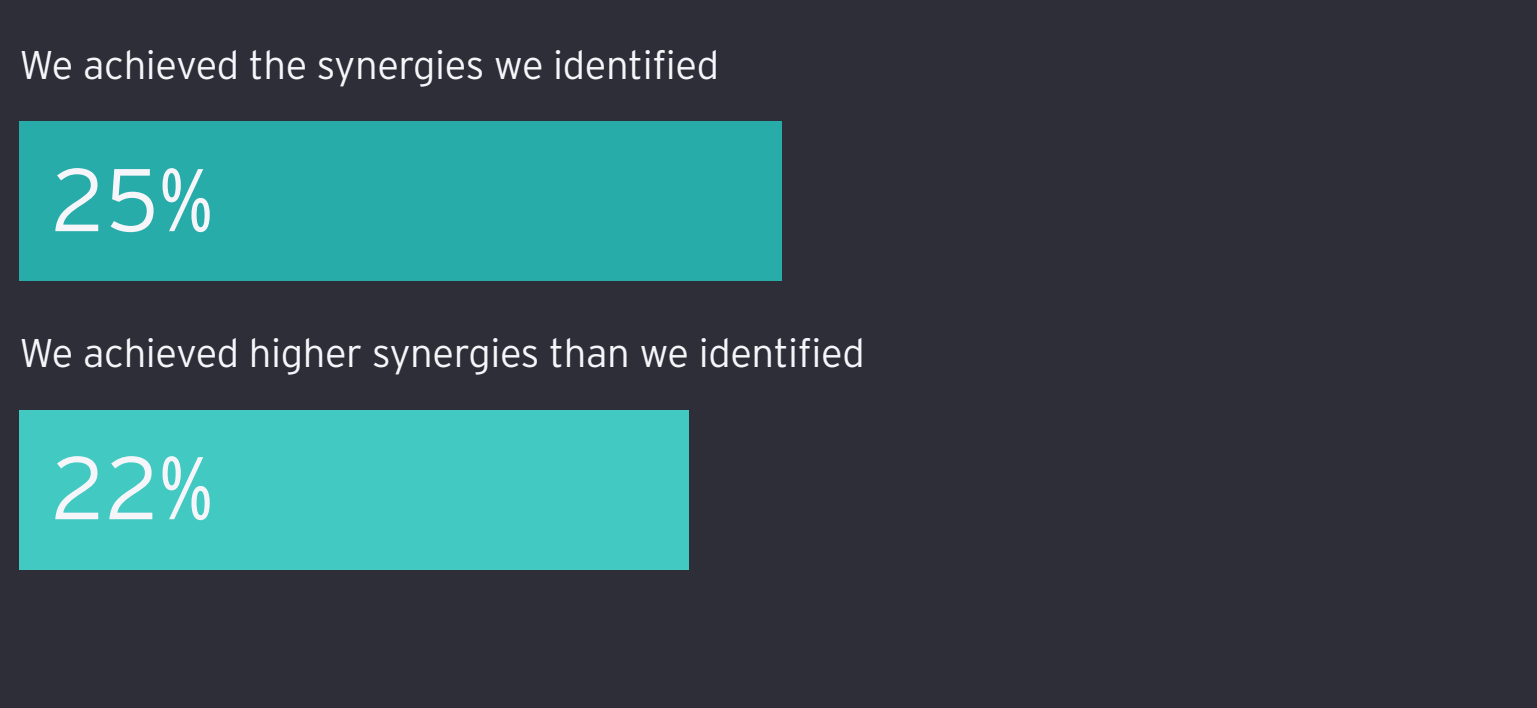
IoT applications, platforms and services revenues will grow faster than IoT connectivity revenues.



Are you mitigating the potential for disruption in 5G connectivity?

## 7 Inadequate portfolio management processes

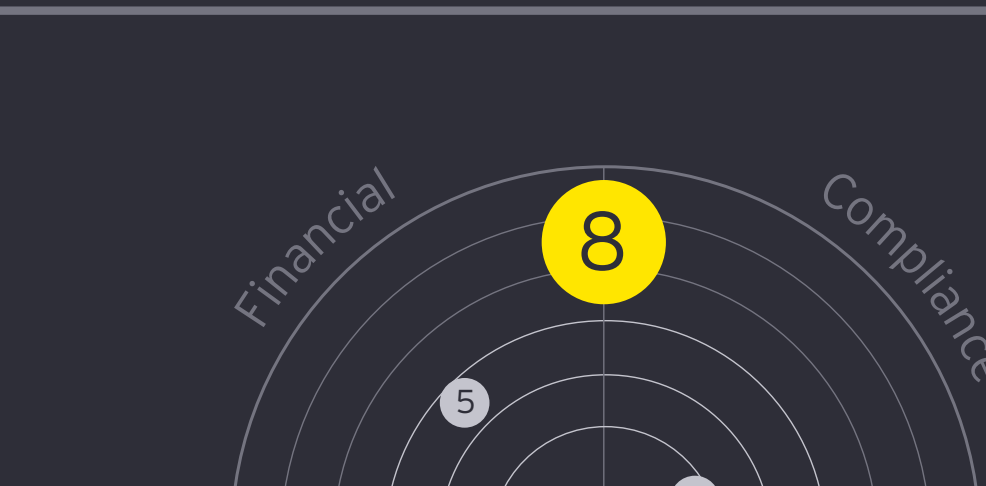
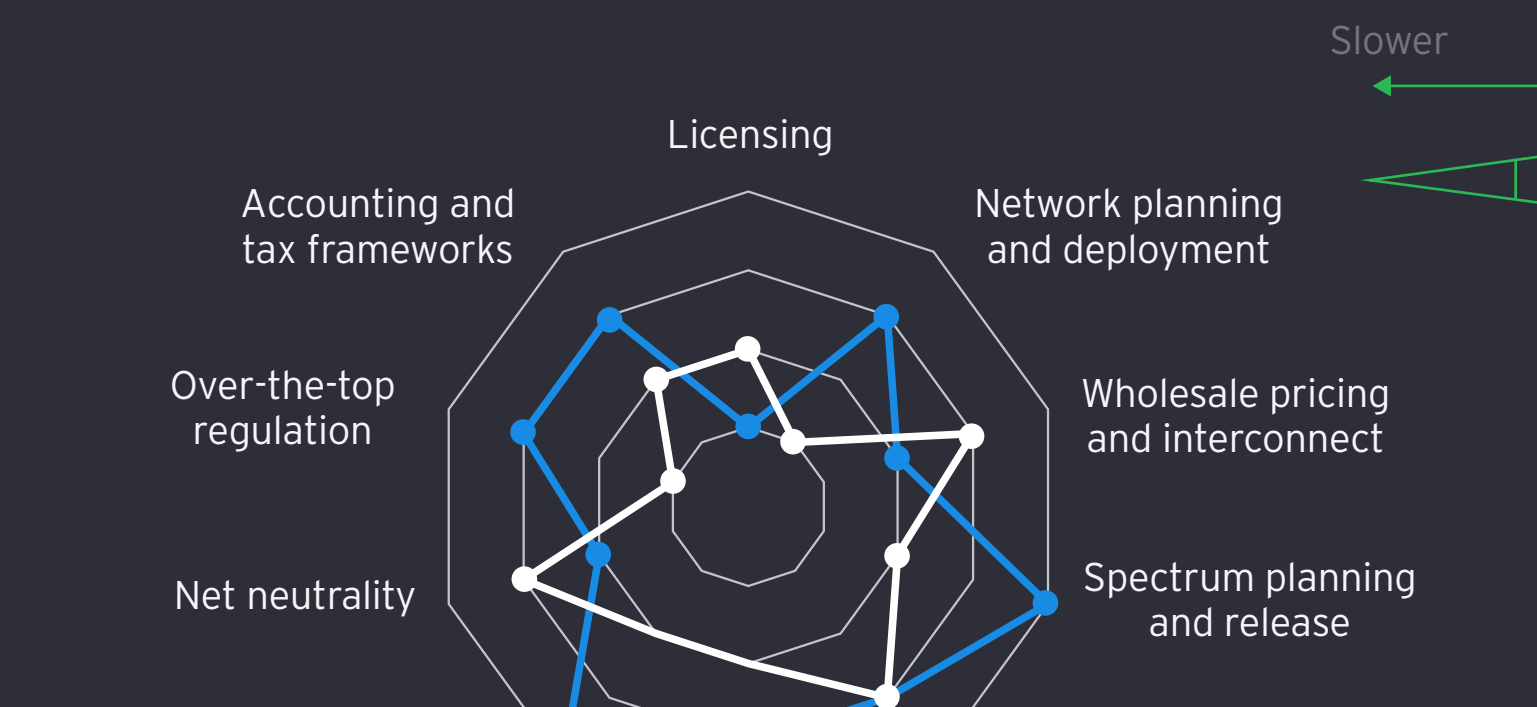
Fifty percent of telcos underperform on synergy realization.



Are you starting integration processes earlier to maximize synergy capture?

## 8 Failure to adapt to changing regulatory frameworks

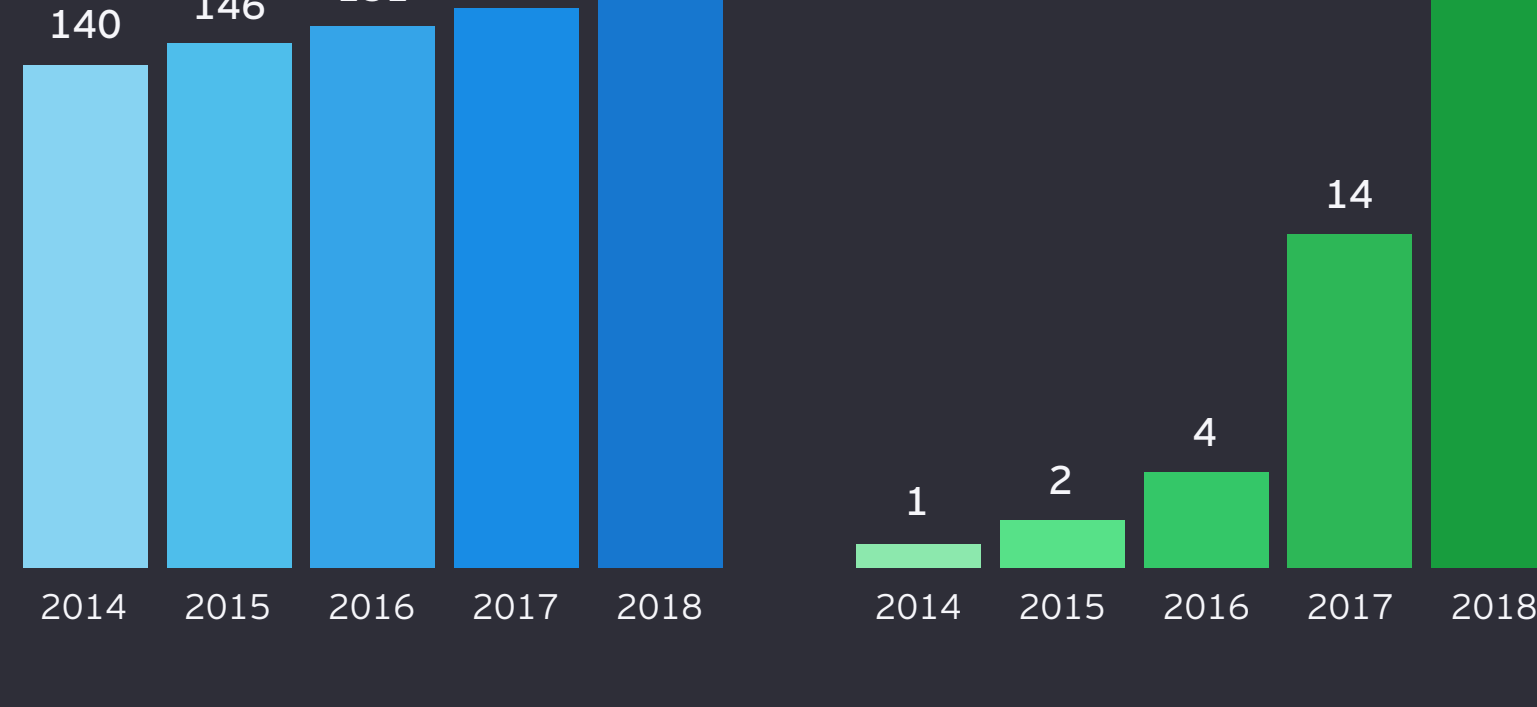
Telco regulatory domains are evolving at different rates.



Are you pre-empting a changing landscape of geopolitical risks?

## 9 Insufficient engagement with industry verticals and the public sector

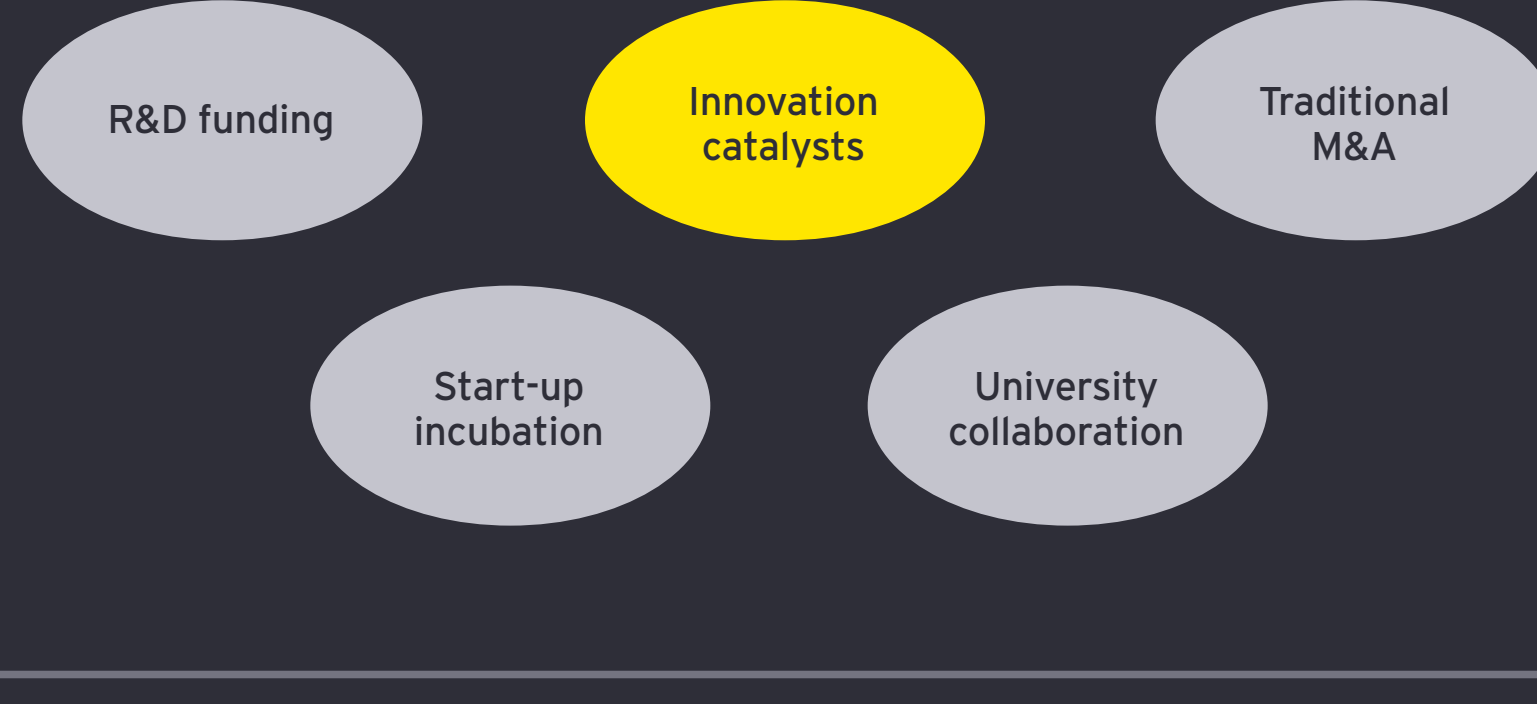
National digital infrastructure strategies are on the rise.



Do you understand your enterprise customers' digital transformation needs?

## 10 Failure to integrate multiple routes to innovation

Telcos are already engaged in multiple innovation initiatives.



Are you bringing learnings from partnerships and into your organization?

### Summary

The telecommunications industry must collaborate and grow with many other industry giants to reinvent customer experience. Unless they put customers front and center, telcos will struggle to succeed.