According to TBR’s 1Q19 5G Telecom Market Landscape, though a viable business case for operators to grow revenue from 5G has yet to materialize (with the exception of fixed wireless broadband), the main driver for operators to deploy 5G is realizing the efficiency gains the technology provides over LTE.

Operators in developed markets worldwide have accelerated their 5G deployment timetables over the past year, primarily because 5G is a significantly more cost-effective solution to handle rising data traffic in their traditional connectivity businesses but also to remain competitive in their respective markets.
TBR estimates over 80% of 5G capex spend through 2020 will be driven by operators in four countries: the U.S., China, Japan and South Korea, with the remaining 20% of spend through 2020 predominantly stemming from Europe and developed countries in the Middle East and APAC that have relatively small populations. Most Tier 1 operators in these countries have aggressive 5G rollout timetables and intend to leverage the technology for fixed wireless broadband and/or to support their mobile broadband densification initiatives. The seamless software upgradability of new RAN platforms to 5G will facilitate deployment at incremental cost, keeping overall spend scaling quickly but at a relatively low level compared to prior RAN generation upgrades.

Though 5G networks have begun launching in countries including the U.S. and South Korea, initial services are essentially commercial trials for operators in these markets as services are only offered to select customers on a minimal range of devices. Initially limiting the availability of 5G services will enable operators to address technical and network issues and establish more effective pricing structures ahead of broader deployments while also serving as a barometer to other service providers to gauge the ROI and customer demand for 5G services.