

Phone firms promise 'tsunami of innovation' at Barcelona meeting

February 27 2023, by Valentin Bontemps and Joseph Boyle



'Without telcos there is no digital future,' said Telefonica boss Jose Maria Alvarez-Pallete.

The big beasts of the telecom industry kicked off their most important annual get-together in Barcelona on Monday, promising to lead a

"tsunami of innovation" as they try to shrug off a major slump across the technology sector.

Some 80,000 delegates are expected at the four-day Mobile World Congress (MWC), which is back to near full strength following years of pandemic-related disruption.

Industrial titans like Huawei, Nokia and Samsung are set to showcase their latest innovations, flanked by smartphone makers like Oppo and Xiaomi and network operators like Orange, Verizon and China Mobile.

"We are at the doors of a new change of era driven by the intersection of Telco, Computing, Artificial Intelligence and Web3," said Jose Maria Alvarez-Pallete, boss of Spanish operator Telefonica and current chairman of industry body GSMA, which organises the Barcelona event.

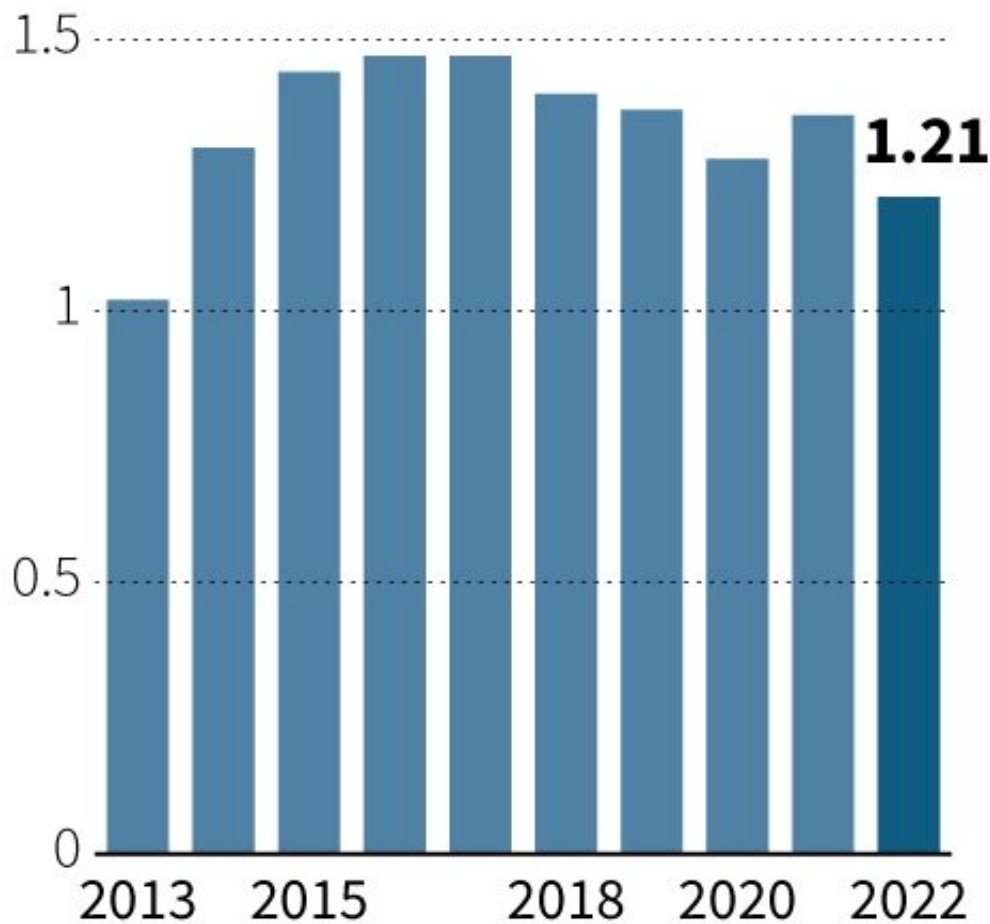
He promised that the telecoms industry would be at the forefront of a "tsunami of innovation", adding: "Without telcos there is no digital future."

But many of the firms are more concerned with finding a path back to profit as the global economy stutters and technology firms slash thousands of jobs.

In the first clear sign that the ills of the wider tech sector are reaching telecoms, equipment maker Ericsson announced 8,500 layoffs last week.

Smartphone market

Global sales per year, in billions of units



Source: IDC



Graphic showing sales of smartphones per year, from 2013 to 2022.

Overall sales of smartphones last year slumped by 11.3 percent compared with 2021, according to the IDC consultancy.

Research firm Gartner reckons sales of smartphones, tablets and computers will fall again by four percent this year.

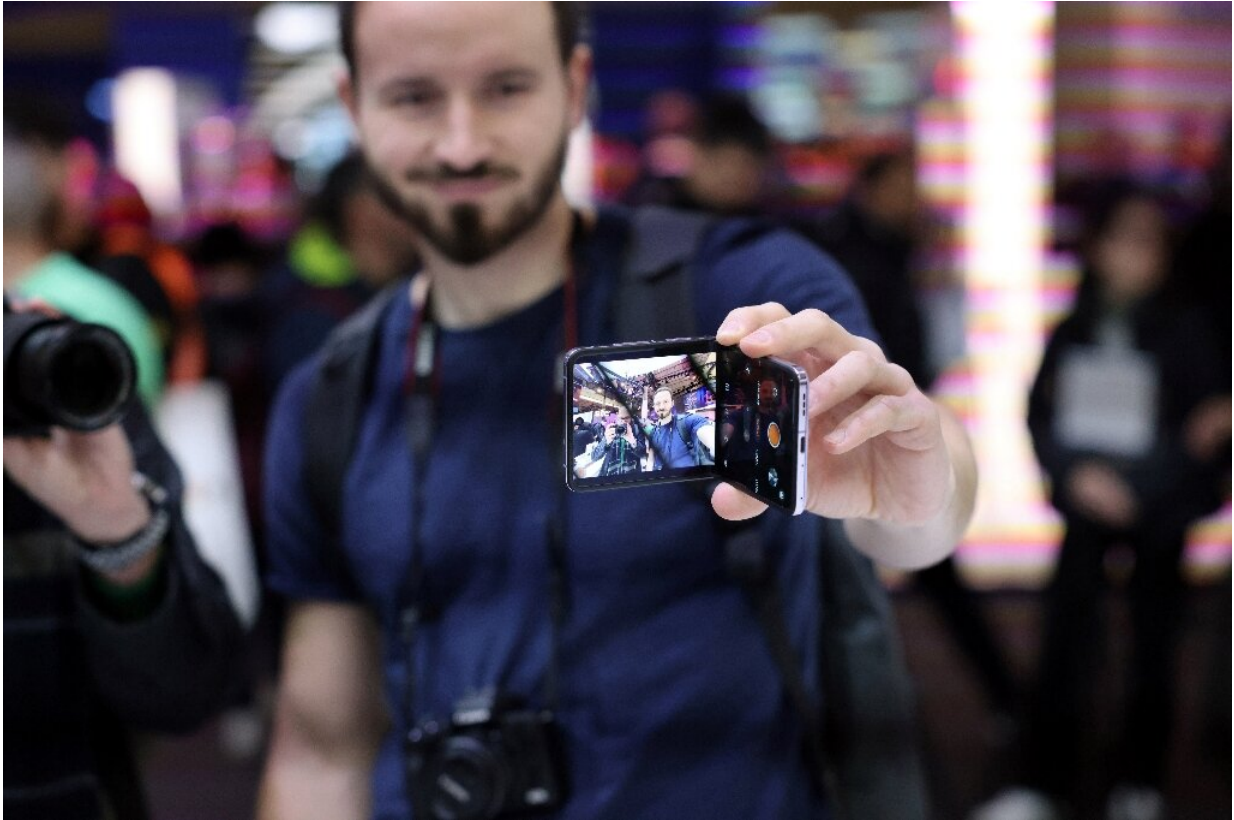
And network operators are still struggling to make 5G pay, years after they spent billions in government auctions for the right to use the bandwidth.

'Unsustainable situation'

A hugely popular idea for many at the show is to get the owners of bandwidth-hungry platforms like YouTube, Netflix and Facebook to pay network operators a "fair share".

The issue dominated the first day of the MWC, with Christel Heydemann, boss of French operator Orange, making a direct plea for a "European framework" to fix the "unsustainable situation".

She argued that the five largest users—which she did not identify—accounted for 55 percent of daily traffic on European networks, costing telecoms firms 15 billion euros (\$16 billion) a year.



Cool new gadgets are still a vital part of the experience at the Mobile World Congress.

Heydemann welcomed a public consultation launched by EU commissioner Thierry Breton last week, who appeared to give his support to the idea of compensation.

But Breton spent the day at MWC trying to calm the controversy, arguing in a speech that it was not a "binary choice" between telecoms and big tech, a point he later reiterated to the media.

"It is not about whether one vested interest should prevail over another," he told reporters. "It is about achieving the giant leap for connectivity ahead of us."

Breton's Twitter feed later confirmed that he had spent time with Netflix boss Greg Peters, whose firm would stand to lose out from the fair share proposal.

Huawei centre stage

The organisers are trumpeting the return of Chinese delegates as a vital boon to the event.

Chinese firms heavily sponsor the MWC, and Huawei is once again getting pride of place, this time hosting the biggest dedicated pavilion in the event's decades-long history.



King Felipe VI of Spain was on hand to open the event.

The Chinese tech giant was the second-biggest smartphone maker in the world in 2020 but retreated after US regulators accused it of being controlled by Beijing.

The firm is now under pressure in Europe, where Breton and other commissioners are pushing for its equipment to be removed from 5G network infrastructure.

Huawei boss Eric Xu said before the event he would use the MWC to display products that would "help carriers meet evolving demand and unleash more opportunities for new growth".

In total, GSMA said the four-day show would host almost 750 operators and manufacturers and 2,000 exhibitors.

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