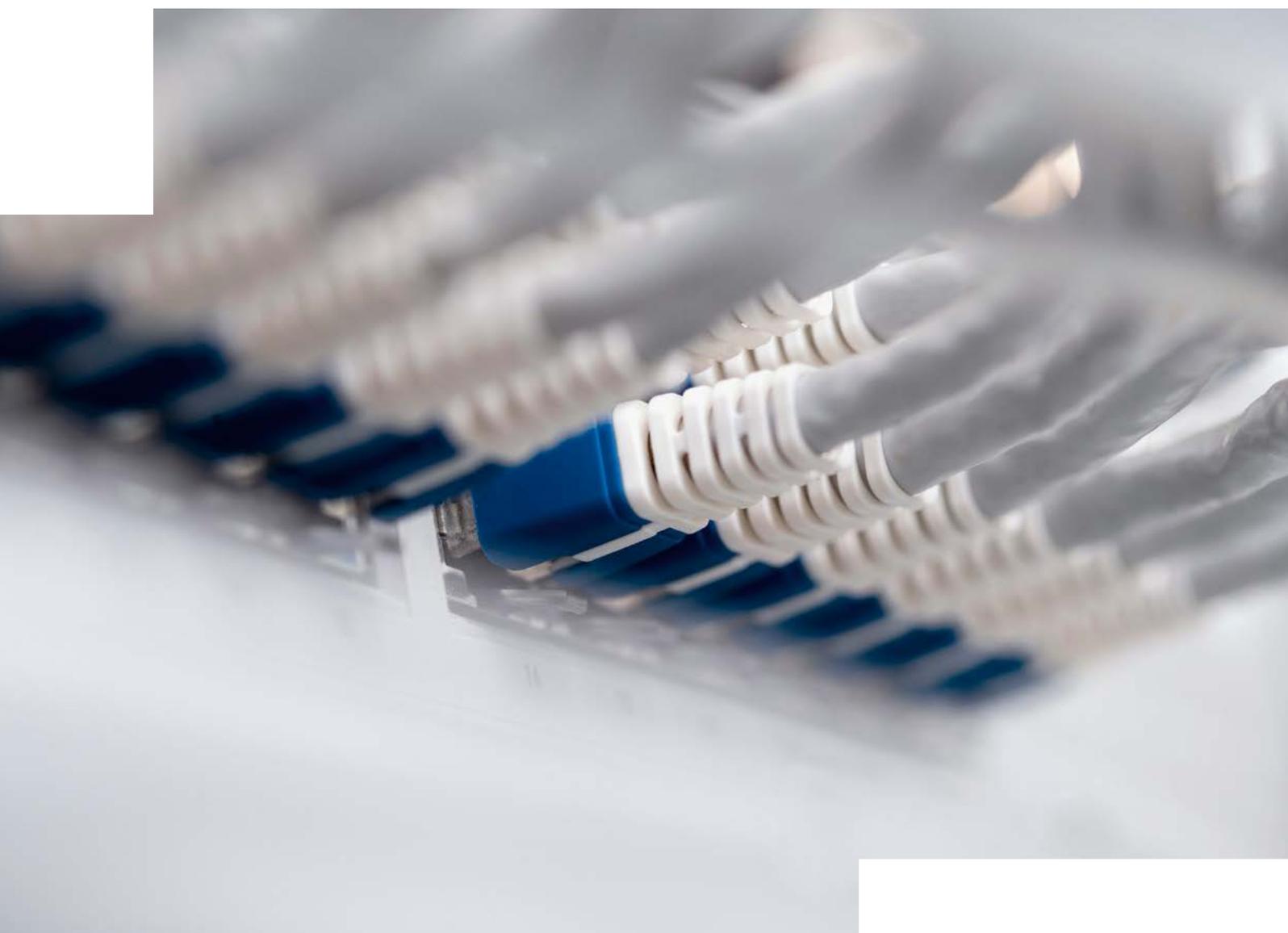
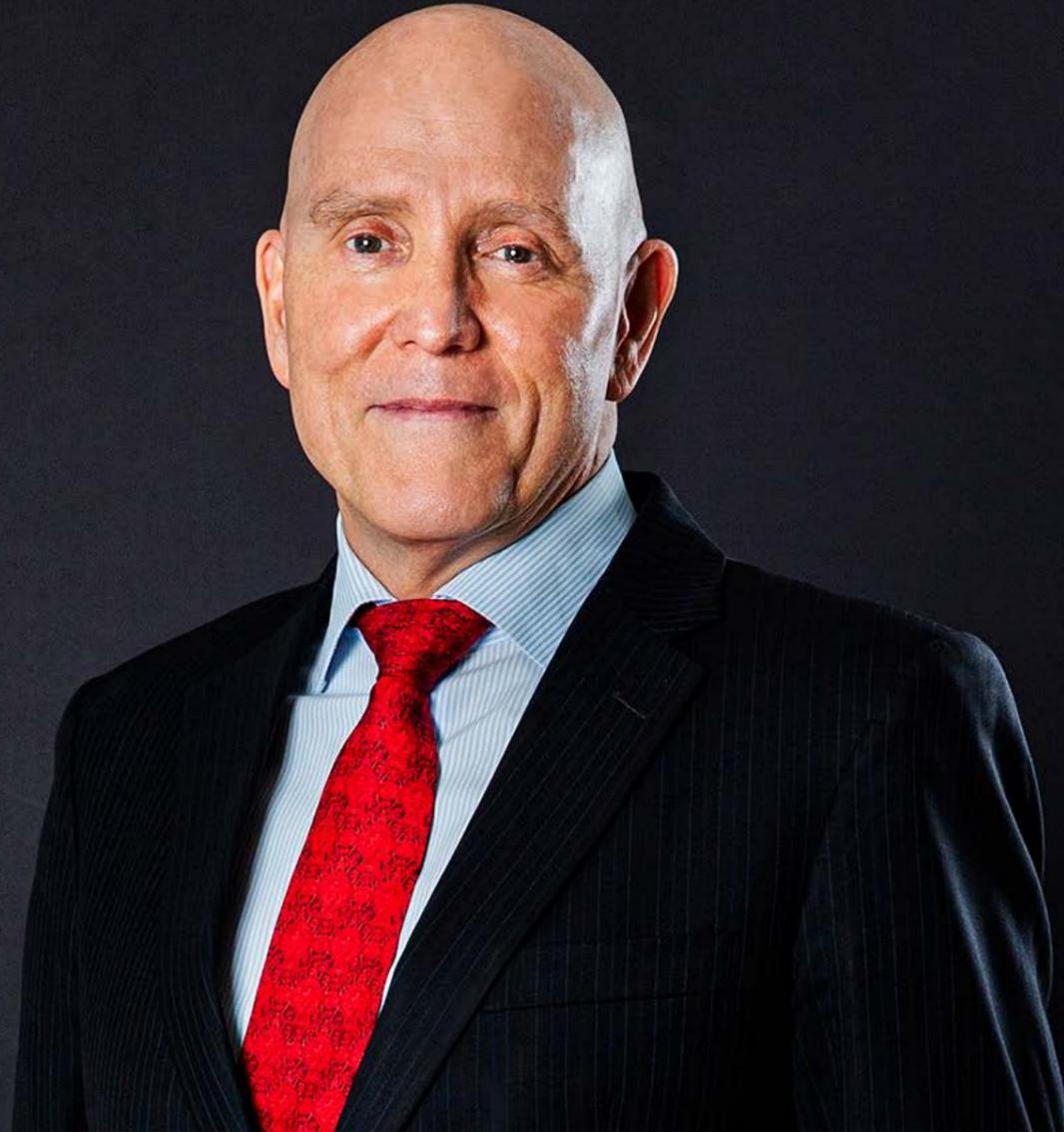


Credit Suisse Supertrends webinar series 2020 The Race to 5G



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Business Continuity Management (BCM) is not just about having an alternative supplier. It's about having alternative sub-contractors, alternative warehousing, alternative shipping routes. At Huawei, we try things in many different ways. We even have teams that compete with each other to try to make sure that we're going in the right direction, and that we are picking the right technology. So, BCM had been built into Huawei's DNA.



Paul Scanlan, Chief Technology Officer, Huawei Carrier Business Group

The road ahead for 5G technology

The third session of the Supertrends Webinar Series 2020 discussed the development of 5G technology - one of the lynchpins of the fourth Industrial Revolution - amid the disruption caused by the COVID-19 pandemic and the US-China trade war.

Paul Scanlan, Chief Technology Officer of Huawei's Carrier Network Business Unit, shared his views on the technology and the implications of the recent restrictions imposed by the US government on his company, one of the leading players in 5G.

The session was moderated by Randy Abrams, Credit Suisse's Head of Taiwan Research in the Equity Research Department focusing on Asian Foundries, Fabless IC Design and Back-end Testing and Packaging.

Navigating restrictions

Faced with sanctions imposed on Huawei by the US government, the company has had to navigate a difficult landscape as it rolls out 5G products and solutions around the world. In response to the challenges, Huawei is leveraging its robust BCM capabilities accumulated from its experience operating in the global market.

"We didn't learn about supply chain management the first day the US imposed its first round of sanctions. We learnt it back in about 2009, when some of our Western customers said 'you've got a great product, but what's the product roadmap? And what's your BCM program?'," said Mr Scanlan.

"So it's not just about having an alternative supplier. It's about having alternative sub-contractors, alternative warehousing, alternative shipping routes. At Huawei, we try things in many different ways. We even have teams that compete with each other to try to make sure that we're going in the right direction, and that we are picking the right technology. So, BCM had been built into Huawei's DNA."

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With 4G, when you turn on your phone I can intercept that transmission. In 5G, we fix that problem; I don't know who you are, I don't even know where you are. So if you have billions of things connected using 5G, that's a good thing because they're more secure.

Security concerns

In recent years, 5G technology has become intertwined with geopolitics, and in particular, the ongoing trade spat between China and the US. One concern among American policymakers is the security risk that using Chinese-made telecommunications equipment could pose as the US builds out their 5G network.

Mr. Abrams asked how Huawei deals with these issues and whether there is enough confidence in 5G to alleviate concerns over security.

Mr. Scanlan replied that 5G networks are engineered to be far more secure than 4G networks. "With 4G, when you turn on your phone I can intercept that transmission. In 5G, we fix that problem; I don't know who you are, I don't even know where you are. So if you have billions of things connected using 5G, that's a good thing because they're more secure."



Cheaper and faster

Based on Huawei's pre-commercial trials, telecom operators are interested in 5G networks because the extra capacity it provides allows them to accommodate demand growth, making it more cost-effective. The next-generation technology also offers operators with new business opportunities.

"The obvious benefit is it's faster, but it's hard to monetize that. What you can do is you can move to prevent churn. That's important because that keeps your revenue coming along. "So if you're not in the game in 5G in the consumer business, you will eventually lose out."

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COVID-19 now gives a very unique opportunity for telecom operators or any other enterprises to see the business case around education on 5G, or even 4G, based on video learning.

Mr. Abrams noted that while much of the focus on 5G has so far been in the consumer space, he wondered whether there was similar interest from enterprises in the technology and what the business case would look like.

In response, Mr. Scanlan said that manufacturers, for instance, are looking to utilize 5G solutions on their factory floors to improve productivity. However, most telecom operators with 5G licenses are focused on consumers, providing coverage in densely populated outdoor areas, and not at manufacturing facilities.

COVID-19 as a silver lining

Ironically, while the COVID-19 pandemic has hampered Huawei's ability to deploy its 5G solutions, it has also provided a window to showcase some of the technology's potential use cases. "COVID-19 now gives a very unique opportunity for telecom operators or any other enterprises to see the business case around education on 5G, or even 4G, based on video learning," said Mr. Scanlan.

In healthcare, there is a strong case for 5G to be deployed in areas such as the remote sensing of patients, and high-definition video-based

consultation. More broadly, there has been a surge of around 35% in traffic volume in the last few months due to lockdowns and work from home measures being imposed in countries around the world. This has made operators consider 5G more seriously as they relook their network capacities and their ability to accommodate this level of traffic. Said Mr. Scanlan: "COVID-19 demonstrates that business and consumer behaviour can change, and that can stimulate traffic growth."

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COVID-19 demonstrates that business and consumer behaviour can change, and that can stimulate traffic growth.

Paul Scanlan

Chief Technology Officer
Huawei Carrier Business Group



With more than 30 years' experience in the Telecom and IT industries, Paul Scanlan possesses broad experience across most technologies having worked in a variety of senior capacities across Technical, Commercial, Company and Business Management, Operations, Sales, Marketing, Program Management and R&D disciplines.

Mr. Scanlan is an expert in the Business of Telecommunications - managing of all aspects (concept to operations) of Telecommunications Carrier / Service Provider businesses.

In the course of his career, Mr. Scanlan has worked with numerous Fixed and Mobile Operators, vendors, SI and Consulting companies in Asia-Pacific, Africa, North America and Europe.

Randy Abrams

Managing Director and Head of Taiwan Equity Research,
Credit Suisse



Randy Abrams is a Managing Director of Credit Suisse, based in Taiwan. He is Head of Taiwan Research in the Equity Research Department with stock coverage focusing on the Asian Foundries, Fabless IC Design and Back-end Test and Packaging.

Prior to this role, Mr. Abrams covered both the US and Asian semiconductor industries, including stocks spanning PCs, communications, graphics, and memory. During his tenure at Credit Suisse, he has also covered the Semiconductor Equipment and Wireless Communications Equipment sectors on top ranked teams in the Greenwich and Institutional Investor polls.

Prior to joining Credit Suisse, Mr. Abrams was employed with Lucent Technologies in the Financial Leadership Development Program, where he held financial assignments in Microelectronics, Switching and Access, and Wireless Networks.

Mr. Abrams graduated the University Scholars Program and received his Bachelor of Arts in Finance and International Business at Penn State University. He also holds a Masters in Finance and Entrepreneurship from the F.W. Olin Graduate School at Babson College and is a CFA charterholder.



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