



Edge computing: hype versus reality?

While there has been much discussion about the opportunity that edge computing could enable, actual real-world deployments are still nascent. This article explores the gap between ambitions and reality when it comes to edge computing.

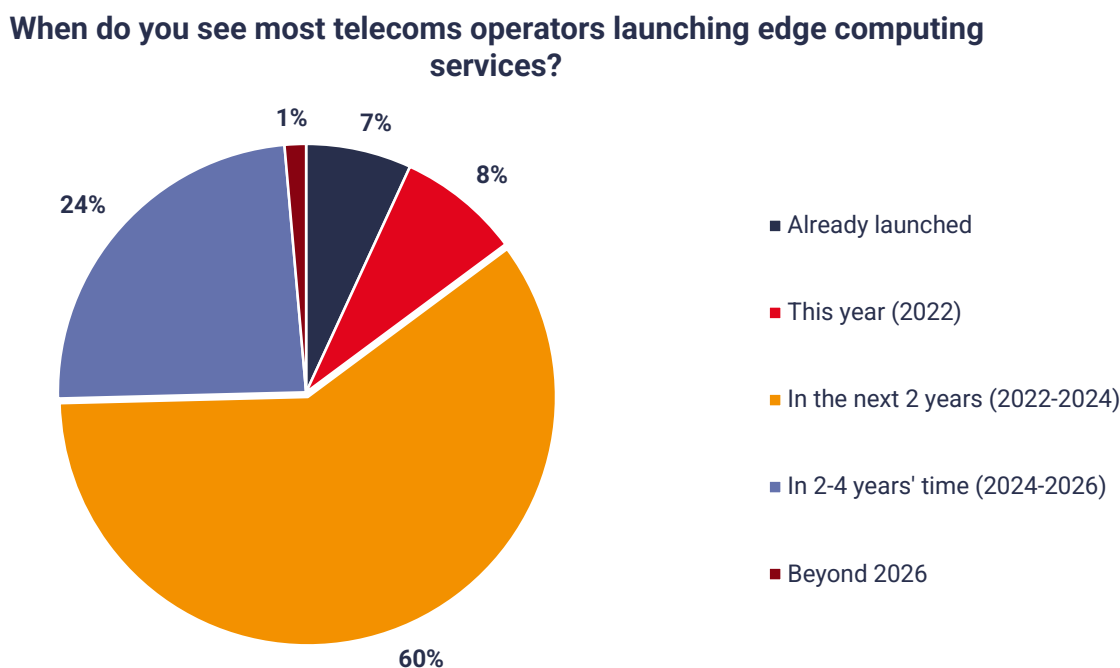
Thomas Quinn, Consultant

As part of research completed with **Volt Active Data**, STL Partners ran a research programme to explore trends in the telecoms market, including edge computing. The survey accumulated 146 respondents globally with a mixture of operators, technology vendors and other market players.

Ambitions are high: the industry feels edge adoption will accelerate rapidly

There is a strong indication from this survey that edge computing is on the verge of market maturity across the telco industry. **75% of respondents indicated that telcos have already launched or will launch edge computing services in the next two years.** This finding indicates that a significant proportion of the industry expects an inflection point for demand for edge services in the next two years – moving from only a few early adopters providing services to three quarters of telecoms operators having some sort of offering.

Figure 1: Most individuals felt telco edge services would be launched in the next two years



Source: STL Partners industry survey, n=146

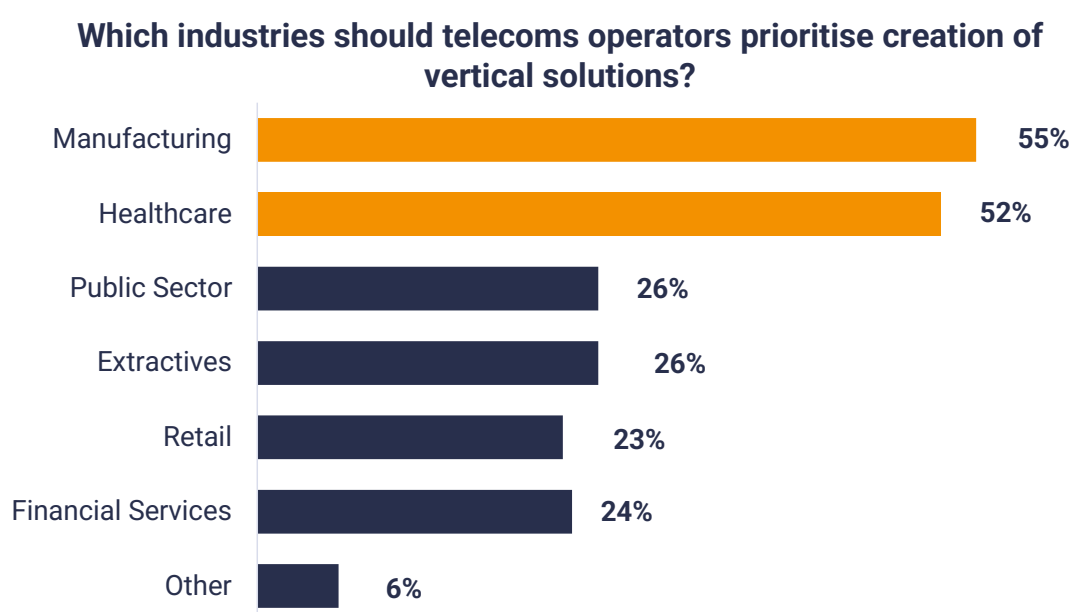
But the reality is that today the market is still nascent

Only 7% of survey respondents believe that telecoms operators have already launched edge computing services. It might seem odd that only a small minority can attest to the involvement of telcos in edge despite the number of telcos working with hyperscalers. There are a few things to note here. Firstly, a number of telcos have announced strategic partnerships with hyperscalers but have not commercially deployed an edge solution. Medium-sized telcos like Telstra and Telefonica have both signed partnerships with more than one hyperscaler. However, neither have managed to actually commercially deploy a solution.

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Secondly, while some of the largest telcos have partnered with hyperscalers to deliver edge solutions, respondents may not count this as a telco-delivered edge solution, since the telco role is really delivering the connectivity and the hyperscaler owns the edge infrastructure. [STL forecasts](#) indicate that connectivity will only account for 9% of the value chain by 2030. While there has been a general sense of caution from telecoms operators trying to enter the edge market, there is evidence of edge platforms and solutions offered without hyperscaler support. [Atlas Edge](#) and [Cox Edge Services](#) have both deployed edge locations across Europe and the US respectively and Singtel recently released [Paragon](#) – an all-in-one platform for 5G network, edge computing and services orchestration.

Verticalisation can support edge solutions – healthcare and manufacturing were the priorities for respondents



Source: STL Partners industry survey, n=145

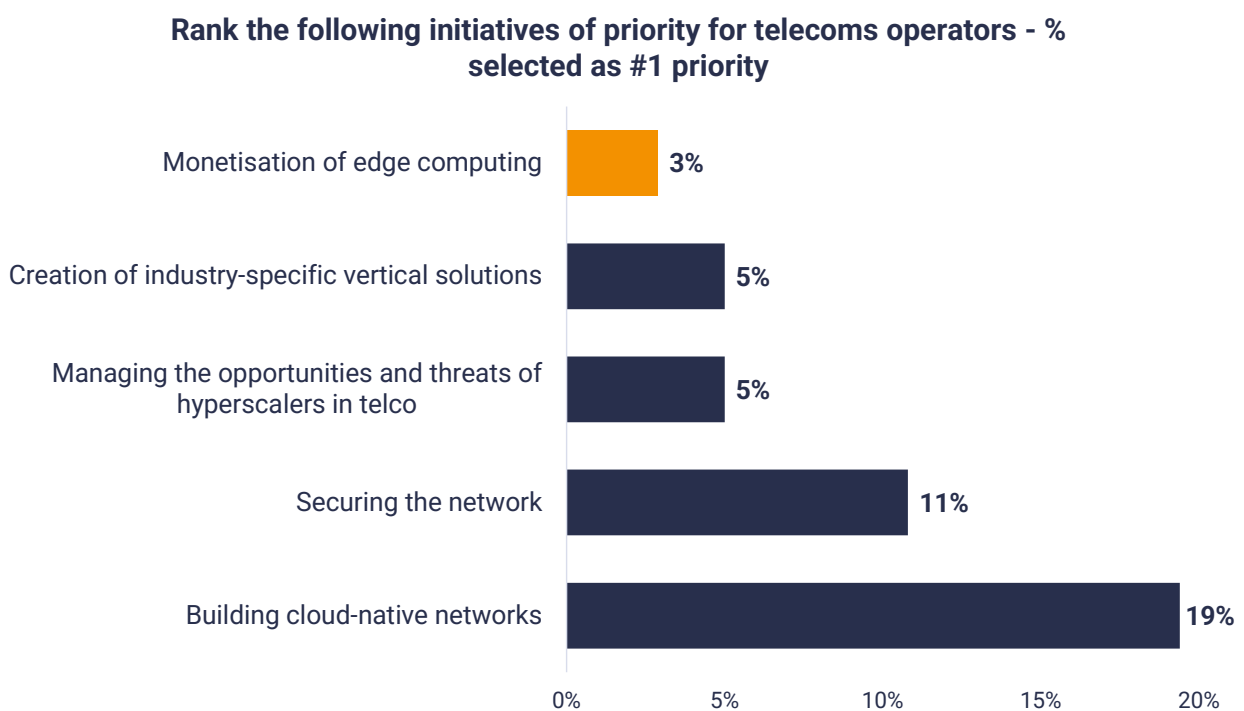
When asked to select two industries that they believe telecoms operators should prioritise for the creation of vertical solutions, respondents overwhelmingly chose manufacturing (55%) and healthcare (52%). Although this question was not edge-specific, it can provide an indication of where telecoms operators will look to focus in offering edge-enabled solutions. This is because most telecoms operators with ambitions to provide more than just edge connectivity will look to align this with their broader enterprise strategy.

In manufacturing, there are several promising [edge use cases](#). One example is autonomous mobile robots (AMRs) that transport loads autonomously around a facility without a human operator. AMRs move around using intelligent navigation capabilities, providing greater flexibility on the factory floor. AMRs require edge technology for ultra-low latency and reduced backhaul which enables intelligent navigation capabilities. [Turkcell and Ericsson](#) demonstrated their 5G AMR Safe Crossing this month and Yawata Electrode have already deployed AMRs in partnership with [AIS's private 5G network platform](#).

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Healthcare also provides ripe ground for potential edge computing use cases, though strict regulation and a lack of overall digitisation are likely to throttle more immediate adoption, in comparison to verticals like manufacturing. In-hospital patient monitoring is one use case that telcos have shown interest in enabling. Information from glucose monitors and pulse oximeters can be collated and processed to inform and potentially alert hospital staff if a patient could be at risk. Edge computing ensures sensitive data is kept on-premise and that these systems are reliable. HPE is marketing its [Green Lake platform for the healthcare industry](#) and has already been selected by Carestream, Prisma Health and several universities.

Monetisation of edge computing is a priority, but in many cases not top of the list



Source: STL Partners industry survey, n=140

Only 3% of respondents believe edge computing is a top priority in the next two years, with build cloud-native networks and developing vertical propositions all scoring more highly. A sceptic might question the confidence of respondents to launch edge computing services in the next two years when it is not consistently a top priority today.

These conflicting forces represent a fairly accurate picture for many telecoms operators. While they understand the value of exploring revenue-generating opportunities beyond connectivity their resource allocation and organisational structures still seem them focusing predominantly on investment in their core infrastructure (e.g. by building cloud-native networks).

While this is not an inherently flawed attitude, you would expect that if telcos really are going to deliver on their ambitions of 75% of operators having edge deployments in the next two years, that this will have to change.

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Or visit STL Partners' Edge Hub

www.stlpartners.com/edge-computing