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# The evolving risks that telcos will need to navigate

From global risk to  
UK realities

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The better the question. The better the answer.  
The better the world works.

## Telcos are at the heart of the UK's economic future

World-class digital infrastructure will underpin the success of our digital economy, with capable and resilient communications networks playing a pivotal role.

Advanced connectivity is the backbone of productivity gains, enabling digital industries, smart manufacturing, health innovation and green technologies at scale.

Resilient, sustainable telecoms infrastructure underpins national competitiveness, attracting investment, supporting regional growth and securing the UK's digital sovereignty.

Emerging risks in the telecoms sector threaten adoption, innovation and competitiveness, which in turn undermine national growth and resilience goals.

## Zooming in on what will impact UK telecoms

EY's global telecoms risk analysis for 2026 highlights a rapidly evolving set of challenges facing operators worldwide, from geopolitical disruption to customer trust and emerging technologies.

Building on this global perspective, our UK analysis concentrates on five risks that are most acute for the domestic market.

These risks stand out as the most pressing for UK operators and the most critical to address if the sector is to safeguard resilience and unlock future growth.

## Why telecom risks are industrial risks

The UK government launched the Industrial Strategy with the aim to boost productivity and competitiveness by investing in innovation, skills, infrastructure and digital technologies to drive long-term, inclusive economic growth. The UK's industrial strategy depends on resilient, high-performing telecoms to enable advanced connectivity technologies (ACT) such as 5G, fibre, IoT and artificial intelligence (AI).



## Top risks facing the UK telco sector

1. Underestimating changing imperatives in privacy, security and trust
2. Insufficient adaptation to evolving geopolitical environment
3. Inadequate talent, skills and culture management
4. Inability to take advantage of new business models
5. Poor management of sustainability agenda

### 2 Insufficient adaptation to evolving geopolitical environment

- The UK is impacted by evolving geopolitical dynamics, with a range of overseas investors in digital infrastructure.
- Government interest in telecoms and related infrastructures is pronounced, with international partnerships a key element of the Modern Industrial Strategy.

#### Key considerations:

- UK telcos should carefully assess supplier and partner relationships to ensure ecosystem strategies deliver enhanced network resilience alongside new service creation scenarios.

### 3 Inadequate talent, skills and culture management

- According to the UK Telecoms Innovation Network (UKTIN), telcos face a shortage of digital skills in AI and cloud computing.
- Declining interest in digital infrastructure careers, competition for talent and limited entry pathways for young people compound the challenge.
- Competition with fintech, hyperscalers and startups for talent.

#### Key considerations:

- Upskill and reskill at pace to improve exposure to software-centric competencies.
- Embrace cultural transformation – including adoption of new working methodologies across lines of business – to enhance agility and innovation.

### 1 Underestimating changing imperatives in privacy, security and trust

- Policymaker focus on network security remains intense, with proposed updates to the Telecommunications Security Code of Practice forthcoming alongside the proposed Cyber Security and Resilience Bill.
- The UK government is part of the Global Coalition on Telecommunications, which has issued on principles for AI adoption in telecommunications.

#### Key considerations:

- Embed responsible AI across their business, while ensuring clear communication of responsible AI practices.
- Ensure closer alignment of security leadership in cross-function decision-making.





## 4 Inability to take advantage of new business models

- UK telcos are looking beyond traditional subscription models to new value-added offerings in B2B, e.g., network-as-a-service and cyber offerings.
- Growth opportunities also hinge on more effective customer relationship management with 'one touch switching' coming to the UK enterprise market, adding to pressure on providers.

### Key considerations:

- Enable the sales function with AI for an integrated service delivery model that will deliver enhanced B2B customer outcomes.
- Educate customers on the business benefits of new value propositions such as network-as-a-service.

## 5 Poor management of sustainability agenda

- Many UK telcos are targeting net zero by 2040.
- Enterprise customers value sustainability capabilities in their ICT vendor choices while consumers want greater detail from service providers about their sustainability commitments.

### Key considerations:

- Focus on unlocking the energy efficiency benefits on digital infrastructure upgrades while doubling down on circular economy practices.
- Revisit Third Party Risk Management (TPRM) processes to ensure compliance to the sustainability agenda across the supply chain.



To view the list of risks impacting the global telco sector, visit our page [How can telcos navigate a world of evolving risks.](#)



## How EY can help

EY helps telecommunication providers strengthen network performance, resilience and sustainability while driving innovation and collaboration to support a positive economic outlook for the UK.

- **Strategic transformation & technology enablement:** Support telcos in modernising infrastructure, adopting cloud, AI and automation, and improving cost efficiency while boosting resilience.
- **Geopolitical, risk & supply chain resilience:** We also help you design and implement a geostrategy at your organisation, putting in place the governance and processes that adapt business strategy and broader risk management practices to overcome challenges and seize opportunities associated with an increasingly dynamic geopolitical environment.
- **Sustainability & trust in capital markets:** Embed ESG strategy, net-zero pathways and transparent reporting to attract investment and align with industrial strategy goals.
- **Emerging technologies:** As stand-alone solutions, many emerging technologies are compelling, with adoption rates continuing to accelerate. However, when combined, technologies such as AI, machine learning (ML), blockchain, quantum computing, robotics and extended reality can unlock significant value and drive business impact.

## Get in touch



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