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Critical communications infrastructure and COVID-19: An interview with Ericsson's CEO

Börje Ekholm discusses the impact of the crisis on global telecom networks and the coming 5G transition, as well as the future of work and challenges to the physical and mental health of employees.

As president and CEO of telecom giant Ericsson for the past three and half years, Börje Ekholm has long understood the essential role his company and industry play in people's everyday personal and professional lives. But that reality has never been so evident as it is during the ongoing coronavirus pandemic: billions of people around the world are confined to their homes and forced to rely on wireless and broadband access to maintain so many aspects of their daily existence.

In early July, Ekholm spoke with McKinsey's Eric Kutcher, the firm's chief financial officer, who until recently led the Technology, Media, & Telecommunications (TMT) Practice. They talked about the big responsibilities of his company, how it navigated through the early days of the crisis, and what COVID-19 means for the evolution of telecom networks and remote work going forward. The interview, condensed and edited, appears below.

Taking care of employees during the pandemic

McKinsey: We are living in a moment when COVID-19 is affecting all of us—both our lives and our livelihoods. You were among the first to realize how serious this could be and to pull away from the 2020 Mobile World Congress (MWC). What was it like to have to make that decision at that moment in time?

Börje Ekholm: So what we saw was, of course, what happened in China. It's still important to watch what people do and not what they say. They may not have said that many things in China, but they took very swift action. They closed down the country, pretty much, as soon as you started to see a ramp-up in cases in Wuhan. And we have a big facility in Wuhan, so we understood very early on that this was serious. We decided very early on to pull away from Mobile World Congress, as you said. And we could see the intensity of COVID-19 just increase, so a few weeks after that we decided to have travel restrictions. A further few weeks afterward, we started to move everyone to work from home. Since early March, we've had 85 percent of our people working from home. But all of that started with the realization

that we needed to put the health and well-being of employees, customers, and partners at the forefront.

McKinsey: Ericsson has been classified, and rightly so, as an essential business. Given what you do to keep mobile infrastructure running, your employees had to be out there. How did you help protect them as they were trying to keep the rest of us able to work and live?

Börje Ekholm: We were early in putting the safety measures in place. We did the temperature checks before that was even spoken about. We have been wearing face masks, et cetera. And we've had physical-distancing principles, basically, for almost four months. So we've been able to operate in the field like we should. And we have had no issues, really. We've had no supply issues. And we've had no problems with the networks in the field.

Shifting network-traffic patterns in the next normal

McKinsey: You had a bird's eye view of how people were beginning to work and live differently, because you see network traffic. What did you see, and how has that evolved now that we are four to five months into this?

Börje Ekholm: What we saw very quickly was a very sharp increase in network traffic. But the really interesting thing is the change in pattern. In mobile networks, we saw that traffic moved from city centers and from other dense urban areas into suburban areas. So you could clearly tell that people were working from home instead of being in the office and commuting. The second thing we saw is that roaming disappeared. No one roams anymore, since we don't travel. The third thing is that voice traffic increased. Both the number of calls and the duration of calls increased very quickly.

And the fourth thing is that the uplink, or upload, speed is much more important. The growth in upload usage outpaces that of the download by almost a factor of two. And that means that more and more people are working on collaborative tools. So there's

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not as much streaming. Of course, streaming grew fast as well, but the reality is that videoconferencing and other collaboration tools grew even faster. And I think that whole change in network traffic is something that we need to consider as we build networks for the future.

Almost all networks are optimized for the downlink— the ability to download files and stream video, for example, or to stream music—so typically you get much higher performance there. But I believe going forward you will care much more about the performance the other way, how fast you can upload. And you see that already today. Take a sporting event. When a team scores, the uplink actually gets used much more because everyone wants to upload the pictures and videos.

How COVID-19 will affect the 5G transition

McKinsey: We're literally in the middle of a technology transition to 5G wireless technology. How is the pandemic going to affect this transition, and how will 5G get used or deployed differently?

Börje Ekholm: It's interesting to see, globally, what has happened with the rollouts of 5G. Europe has decided to slow down, with several countries delaying the spectrum auctions. And we see operators being, in general, very cautious. In northeast Asia, it's completely the opposite. There, South Korea, Japan, and China are all accelerating their own spectrum auctions. So I believe if we look 12 months out, we will, for sure, see China have fairly good coverage of a 5G network, well ahead of pretty

much everyone except South Korea and Switzerland. But the US lacks spectrum, midband spectrum, so in reality the US will struggle to be on the forefront of building nationwide coverage.

I think that's an important thing, actually. Because if you look at the app economy, when we were rolling out 4G, everyone was asking us, "What's the killer app for 4G? Why do you need 4G?" The interesting thing is that both the US and China were very early in rolling out 4G. And in a way, that created a platform for innovation in the app economy, so you saw e-commerce migrating very quickly away from laptops to mobile devices. Streaming went to mobile devices too. A lot of the social networks are today mostly done over mobile.

So it's not a surprise that you see almost all of the consumer-app economy being dominated by the US and by China. And I fear early leaders can do the same thing in 5G. So it's really critical, as a country, to be early at rolling out the 5G networks as well.

Key considerations about the return to offices

McKinsey: The return to offices and factories is happening differently around the world. What are you seeing in the patterns of return that we should be thinking about?

Börje Ekholm: First of all, I think the return is actually a lot harder decision than a lockdown. When you enter the lockdown, that's very clear. But when you start to migrate people back to the office, you're actually exposing individuals to health hazards. At

the same time, we have decided that we are going to have the home as the primary work location—that unless there is a critical need, you're not going into the office for the rest of this year. And we said that for two reasons. One is clearly to minimize the exposure in the office. I believe if we can minimize the number of people who commute, we're going to, first of all, protect our own people. But I think if every company does the same thing and only puts the critical individuals onto public transportation, we will also increase the effective physical distancing in public transportation, which I think will help the country overall.

McKinsey: The care of your people and their ability to work from home will be different going forward. How do you approach that?

Börje Ekholm: Saying that we're going to work from home the rest of the year allows us also to start investing in some efforts for the well-being of our people. So, for example, we're saying that we are going to help you upgrade your home office so it becomes more comfortable, better to work in. These things can be done when you take a six- to 12-month time perspective. If you just make the decision about where to work day by day, you are not going to make those structured changes.

And this also applies to key questions, such as how do we create virtual meetings that are engaging for everyone, and how do we create small breakout sessions in the company where people can virtually "meet around the coffee machine"? And now that we are taking a somewhat longer time frame, we're starting to experiment much more on those.

Mental health and the future of remote work

McKinsey: I think employees' mental health is really a concern at the moment, and that's a lot about increased responsibility or isolation. So I'd be curious, what's it been like for your company?

Börje Ekholm: We did a big survey of our employees, and the vast majority said, "We're as productive or even more productive" at home. At the same time, the stress level is up. It is not so much work related as it is for your health, your family's health, your friends' health, and childcare. And that is something we need to think about. I see it myself—the boundary between work and leisure time has disappeared completely. You almost need to make a conscious effort to say, "No, I'm going to finish at this time" and leave the work. But it's so easy to let work and leisure just slip into each other. It may be that you and I can manage that, and our families can manage that, but we have a lot of people who may not be able to do that and may not be compensated, and not even expected, to do that.

So I think as a company, we need to start to create what's almost like a playbook, a work-from-home playbook. When do you work, when do you send emails et cetera? And I'm trying to be a bit more cognizant of not sending emails late at night or in the evenings or over weekends. I'm trying to send a signal that it's not expected that anyone should respond on a Sunday morning. I think people need the weekend to regain energy.

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