Telecom industry downsizes further in 2022

Summary

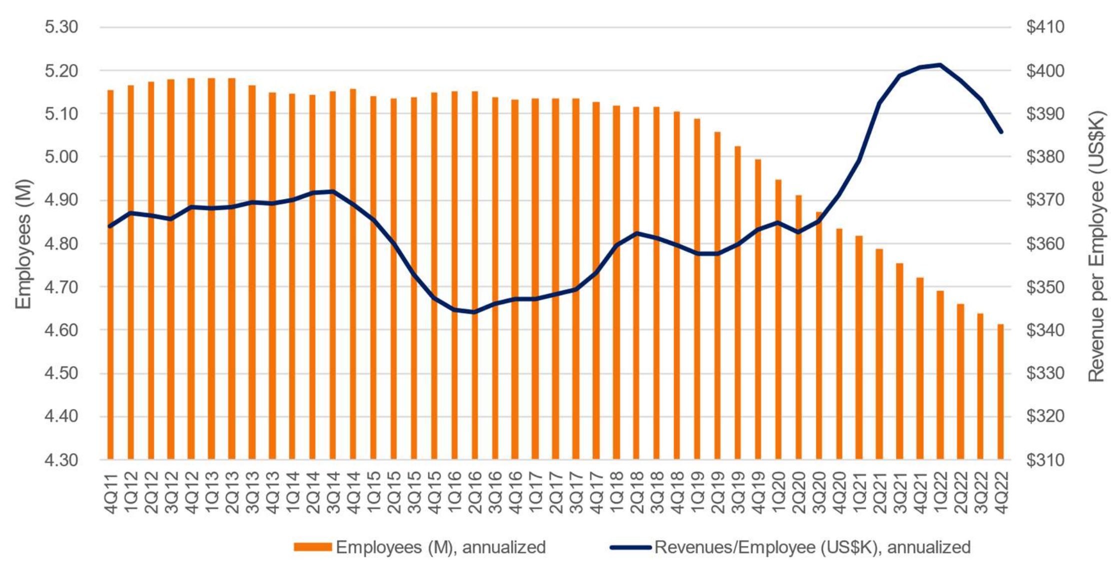
This brief report addresses workforce trends in the telecom industry, with a focus on the telecom network operator (telco) sector. It presents data on telco sector employees over time, company-level trends, and the outlook for the future. At year-end 2022, telcos employed 4.57 million worldwide, down 2.1% YoY and down 7.9% from the pre-COVID level of 4.96 million recorded in 4Q19. Telcos reporting headcount growth are generally pushing into new markets, have ramped up sales staff to pursue short-term opportunities or have acquired another entity recently. Examples in 2022 include Telus (headcount up 17.7K in 2022), Charter Communications (headcount up 8K in 2022), and NTT (headcount up 5.9K YoY in 2022). By contrast, telcos with headcount *declines* are simply doing what comes naturally: implementing technology and process innovations to allow them to do more with less, and profit despite limited topline growth opportunities. MTN Consulting expects the telecom industry to continue to downsize on the operator side, aiming towards approximately 4.1 million employees by 2027.

Telcos aim to do more with less even as they seek out new revenue streams

Automation has come a long way, but telcos don't run themselves. Across the globe, telcos employed approximately 4.572 million at year-end 2022. That's down 2.1% from the 2021 figure of 4.671M, and down 8% from the pre-COVID industry workforce total of 4.965M at the end of 2019.

As Figure 1 shows, telco headcount was flat from 2011 through 2018, at the global level. Since then, total headcount has been on the decline. Revenues per employee have consequently seen a bump, but began moving downwards again in early 2022. The average has been $360-370K for most of the last decade.

Figure 1: Employees (M) and Revenue/Employee (US$K), annualized



Source: MTN Consulting

The main reason for the headcount decline of recent years is simple: telecom has little topline growth potential, so telcos are always looking to innovate in how they build their networks and deliver services. The search for cost efficiencies is a main driver of this. That's not new to the last 4 years. However, prior