

Smart welfare technology and the public sector may be new target markets for operators

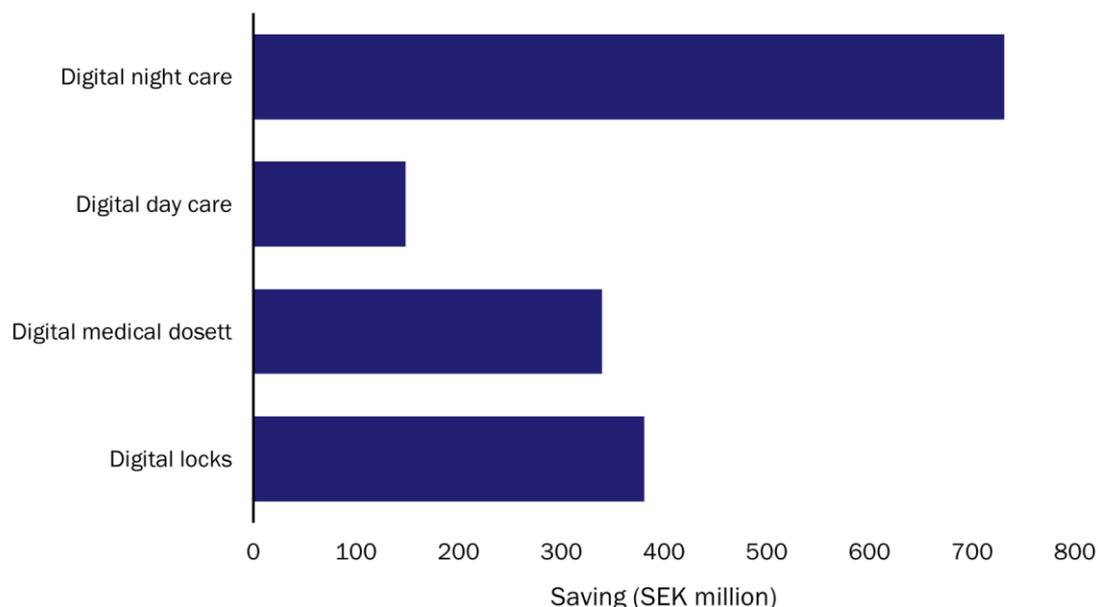
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Approximately 95% of households and businesses in Sweden now have access to broadband with a speed of at least 30Mbit/s, and the situation is similar in the other Scandinavian countries. Thanks to this widespread broadband connectivity, the public sector can invest in smart welfare technology in areas such as elderly care, waste management and transport as a way to streamline organisation and cut costs. Such increased efficiency in the public sector is necessary given the demography of the Nordic countries (and the rest of Europe); the share of the population that is above 65 years old will increase from just above 30% in 2010 to just below 40% in 2030.

Analysys Mason recently performed two projects for the Swedish Post and Telecommunication Agency (PTS) and the Swedish National Digitalisation Council that assessed the economic benefits for municipalities from investing in smart welfare technology in the home-based elderly care sector. The studies considered four services and show that Swedish municipalities could save up to SEK1.6 billion each year (Figure 1). Additional benefits include reduced CO₂ emissions, improved quality of life for service users and increased safety for their relatives. Interviews with local and regional representatives confirmed that the public sector is likely to rely on smart welfare technologies to deal with the financial strain of an aging population.

Figure 1: Total savings for all Swedish municipalities, by service, 2018



Source: Analysys Mason, 2019

However, investments in these smart welfare technologies are currently more expensive than they ought to be, because the common market for them is internationally fragmented as most governments prefer to buy from national suppliers.

As mobile data gets cheaper, operators are expected to move up the value chain and offer both content and IoT-related services based on their broadband infrastructure. Nordic operators already offer services such as remote patient monitoring, digital locks and mobile workflows, as well as other smart solutions in public transport, low-carbon technology and health care. For example, Telenor is already working with Norwegian municipalities on various IoT-related services, and Telia is establishing collaborations with several Swedish municipalities and regions to work on home-based elderly care and public transport as part of its Telia HealthCare programme.

Operators in the Nordic region may be able to build scale within the smart welfare technology market so that welfare solutions for the public sector can become cheaper and more internationally harmonised. However, until now, these operators have only held a small fraction of the market, and they may have to redesign their business models if they wish to become more dominant. Similar developments may also be seen in other parts of Europe once the broadband connectivity has reached a high enough level.

Analysys Mason has a good understanding of the public sector and is ideally positioned to help operators explore the potential of smart welfare solutions. Please feel free to contact [Robert Kron](#), Partner, or [Johan Brunberg](#), Partner, if you have any questions.