



Redline Communications (TSX:RDL): The New 5G Stock Play in Telecom

Description

5G is the fifth and latest generation of wireless networking technology. It offers much lower latency and download speeds that could be up to 100 times faster than 4G. It is no secret that investors who recognize the immense potential in 5G technology are looking for telecom stocks that capitalize on the 5G revolution for [long-term upside](#).

Telecom giants in Canada are ramping up spending to meet consumer demand, as 5G becomes more mainstream. Making these upgrades will be essential to retaining a competitive edge in the long run. The importance of an excellent 5G infrastructure is so much that the Canadian government is also stepping in to offer support to certain operators.

Most investors will focus on the dominant names in Canada's telecom sector. However, a smaller company could see a massive upside with the growth of 5G technology.

Federal funding to provide a massive boost

Redline Communications ([TSX:RDL](#)) is a company that not many investors might have heard of, but it has caught the federal government's attention. The Ontario-based company recently received a massive \$14 million grant from the Canadian government to fund its 5G infrastructure projects.

The Strategic Innovation Fund offered this grant to Redline Communications to accelerate the development of industrial 5G infrastructure in the country. These funds are specifically aimed at supporting a \$39.5 million project tasked with designing high-speed wireless networks for critical sectors like utilities, mining, and the energy industry.

Redline is stepping up to meet demand as the Internet of Things (IoT) data-driven operations are becoming the norm. This telecom company is developing a highly reliable wireless network for industrial companies. Investors in the company are relying on Redline's first-of-its-kind platform to play a critical role for its clients.

The government's investment in the technology proves that there is a lot of potential that it sees in

Redline's offering to industrial operators. At writing, Redline stock is up by almost 37% on a year-to-date basis.

Competition concerns amid mega-deal

Rogers Communications and **Shaw Communications** recently entered a massive deal that could position the telecom giants well above any competitors. Competition-related issues could be a massive potential obstacle in the Canadian telecom space.

The government's support for a small player like Redline through the grant could allow for the creation of a more level playing field for telecom operators to grow. Redline is still a micro-cap company with a market capitalization of just over \$10 million. However, the recent developments could make this a stock that is worth consideration.

Foolish takeaway

The massive federal funding initiative could be monumental in helping Redline Communications establish itself in Canada's 5G market. The company is still a speculative pick in a sector dominated by giants for decades.

Redline Communications has an interesting approach to the 5G space. The long-term overall growth for 5G in Canada could create a market big enough to accommodate smaller players like Redline to grow in the long run. Redline's niche in the industry could also provide investors with a [long investing horizon](#) exposure to something with plenty of upside potential.

While it's not exactly a top pick right now, Redline Communications could warrant a place on investor watchlists.

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