m2m

A Global Market Happening Now, With Telefónica Well Positioned

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M2M – Main Messages

- **Enormous opportunity already happening at M2M. Markets at both global and local levels. 3 or 4 global leaders in the medium term**

- **Differential approach from Telefónica: End-to-End solution in addition to connectivity and global reach as our major differentiators**

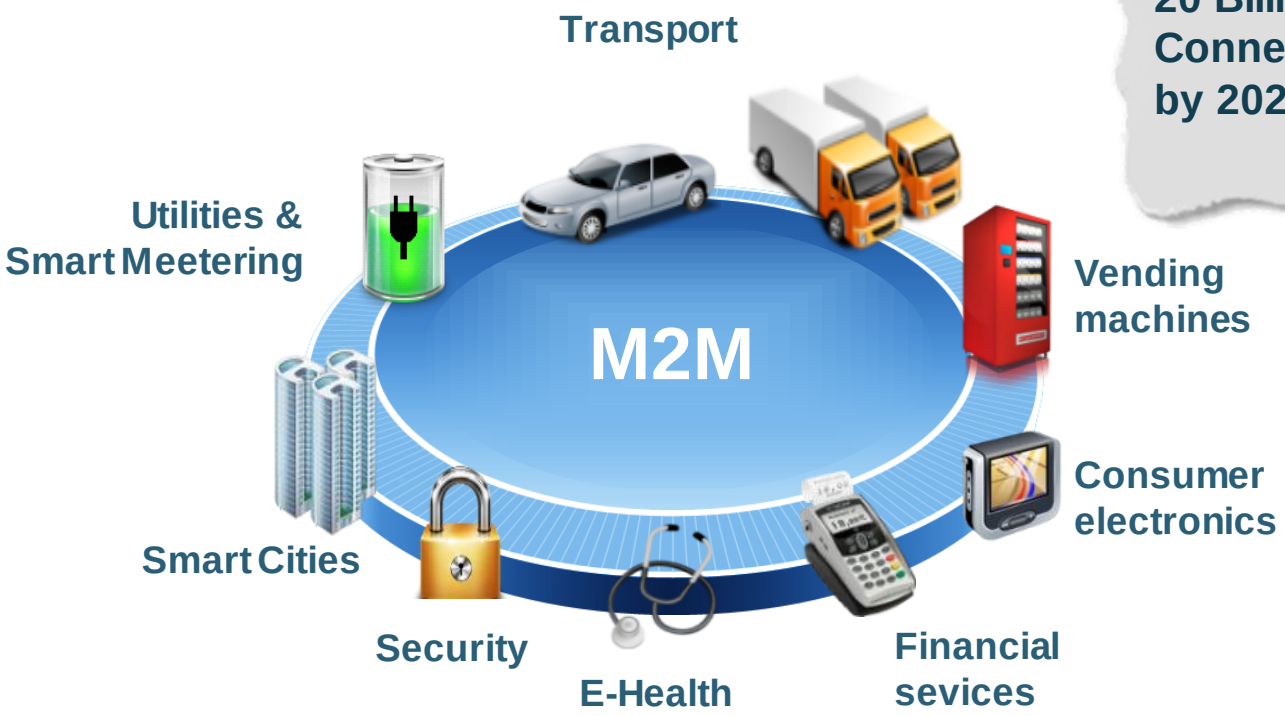
- **Telefónica achieving a strong momentum in building m2m capabilities and accelerating commercial success**

Video - m2m of Telefónica

M2M – A huge opportunity happening now

20 Billion Internet Connected Devices by 2020

GSMA



Drivers

- Widely deployed networks
- Data communication cost decline
- Explosion of connected devices of relative lower cost
- Regulation

Benefits for customers / Changes in the value chain

- Operational cost reduction
- Better business control
- New customized services and applications
- Better customer quality of service

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M2M – Telefónica´s differential position: E2E solutions in addition to connectivity…

	Transport	Utilities & Sustainability	Industrial Telemetry	Smart Cities	Consumer Electronics	Point of Sales
End to End (E2E) solutions	• Fleet Management • Insurance Telematics • Asset Tracking	• Energy Management • Smart Metering and Grid • Electric Vehicle	• Connected vending • Digital Signage • Agricultural telemetry • Connected elevators	• Environmental mgmt • Infrastructure mgmt • Mobility mgmt	• Connected Tablets • Public Navigation Devices • Gaming consoles	• Installation and Maintenance of point-of-sales devices
Horizontal solutions	Device Installation & Management					
	Data Collection and Analysis					
	Managed Connectivity: m2m Platform					
Connectivity						
	Customer Relationship, Invoicing, Support					

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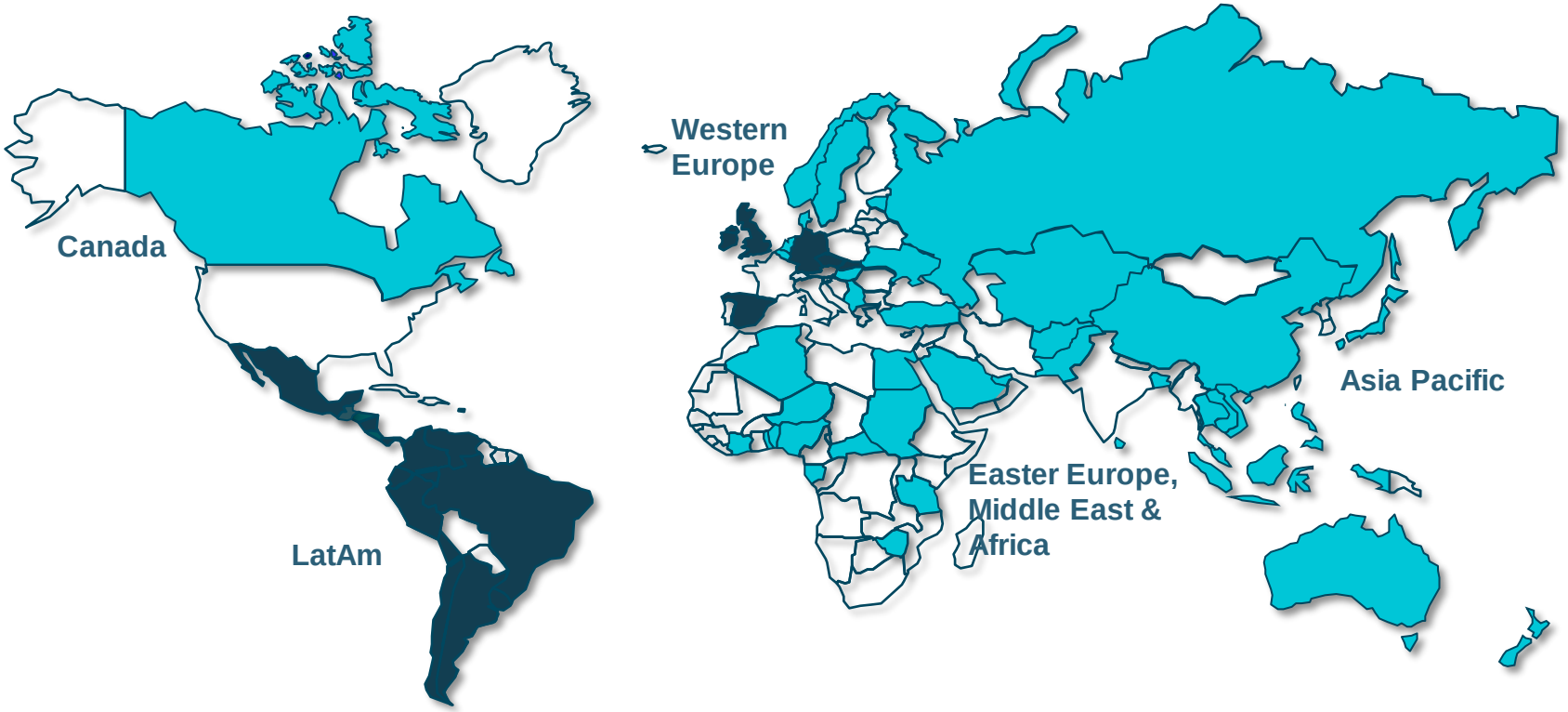
M2M – Global Reach and Alliances



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Direct M2M Capabilities

Partnerships in M2M

China unicom中国联通 · etisalat · Telstra · avea · telenor · SingTel · NTT docomo · kpn · ROGERS · VimpelCom

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M2M – Already a Major Player in UK, Spain and LatAm

>6 MM Lines Activated Worldwide

Leadership in Key Regions

LatAm

Strong position in Key Industries

Industry	Client examples
Technology	Telit, guidepoint
Automotive / Transport	OnStar, vehco
Utilities	Agbar, G4S, endesa
Security	Securitas Direct, TELULAR, PROSEGUR, ALARM.COM
Industrial Equipment	ABB
Point of Sales	BBVA

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M2M – Telefónica serving Global Leaders

Case study

- OnStar: more than 6 MM Subscribers in North America, Canada and China in telematics services upon GM vehicles
- Selected Telefónica as long term partner for expansion outside its current markets and future join product developments

Key Takeaways:

- One of the global largest M2M deal
- Places Telefónica in a leading position within the global M2M business and automotive industry
- Will lead to further collaboration agreements (new geographies & services)

Case study

- Telit Wireless Solutions is the biggest M2M module manufacturer in the EU with a strong growth worldwide
- Strategic partnership to provide Telit with the Telefonica global managed connectivity service. Telit will provide their customers with a unique in the market proposition: "modules + global connectivity + functionalities"

Key Takeaways:

- A new channel approach for Telefónica to target SME market sector across all Europe.
- Innovative proposition in the market for end customers.
- Will lead to further collaborations

Selected for its best in class value proposition, the delivery capabilities and global scale

M2M – Initial traction on E2E solutions

Transport

- Commercializing **end-to-end fleet management** and asset tracking services in EU and LATAM. Already monitoring **over 80.000 vehicles globally.** Key reference wins in : Logistics, Insurance, Public Services.
- European Alliance with top fleet management company

Utilities & Sustainability

- Home Energy Efficiency product being trialed /op Utilities in Spain, targeting a commercial launch in 2013
- O2 UK **among six finalists for the Smart Metering program** in the **UK**

Point of Sales

- **Installation & Maintenance of Point-of-Sales** terminals for **top bank, top lottery** provider and one of the **top retailers in Spain**

Industrial Telemetry

- Won deployment of **remote vending management for biggest convenience store in Spain**

Consumer Electronics

- Launching in **2012 pay-as-you-go services for Tablets with top OEMs in Spain and UK**

Smart Cities

- Participating in **Smart City trials** in reference cities including: **Santander, Málaga and Barcelona**

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M2M – Telefonica Fleet Management

- A **modular flexible** and ready-to-use solution for an intelligent management of vehicle fleets
- **Optimized performance**
- **Reduced costs** and improved productivity,
- **Increased safety** of employees, vehicles and assets

Customer Challenges

- **Complex** and extensive fleet **operations**
- **Improper** vehicle **usage**
- High **fuel expenses**
- Security issues, **risk** at work
- Difficulty to assume **high initial investments**

Our differential solution

- The most in-depth and **feature rich real-time** vehicle **tracking** in the market
- **Global** connectivity
- **24x7 multilingual** service and support
- Broad range of **on-board devices**
- **Efficient Installation** and **maintenance**
- **Consulting** and **tailored training**
- **Financing**

The Benefits

- Up to 15% **in fuel savings** due to **optimized routing** and timescales
- Vehicle usage and driver's **behavior optimization**
- **Reduced emissions**
- **Increased security** by real time alerting and location
- **No** need of **initial investments** and extra-short paybacks

Telefonica Insurance Telematics

- A usage based insurance telematics solution with **increased accuracy in risk pricing** with benefits for both drivers and insurers
- **More accurate quotation and profiling strategy** thanks to an improved risk assessment and fraud prevention
- **Near-real time feedback and tips** for drivers to improve their driving behavior and scoring

Customer Challenges

Insurers
- Need to expand current portfolio and differentiate from competitors
- Need to optimize operations
- Lack of levers for customer loyalty
- Increasing costs from fraud

Drivers
- Need to save on premiums
- Improve driving
- Increasing demand of parental control

Our differential solution

- **Feature-rich** telematics based insurance product with best-in-class User Experience
- **Advanced risk profiling and accident reconstruction tools**
- **Web** and **smartphone** (iOS, Android) applications for drivers
- **Global** connectivity
- **Location tracking** for stolen vehicle recovery purposes and monitoring

The Benefits

For insurers
- Improved risk assessment
- Fraud prevention
- Segmented marketing strategy with increased interaction with drivers
- Differentiation from competitors and target new segments

For drivers
- Near-real time feedback to reduce premium costs
- Enhanced user experience, “gamification”, monitoring and driving assistance

M2M – Focus created a Strong Momentum

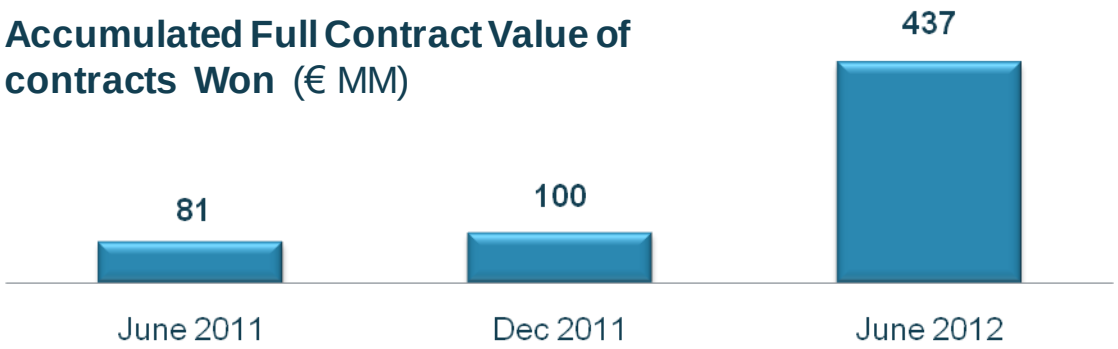
The amount of contract value won has spiked in 2012

And the future looks even better - we are currently present in open tenders for > € 900M

Two commercial approaches:

- **Global**
- **Local**

Accumulated Full Contract Value of contracts Won (€ MM)



5-10 year contracts

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M2M – Conclusions

- ✓ **An enormous opportunity**
  - **20 Billion Internet Connected Devices by 2020**
- ✓ **Telefónica´s differential approach**
  - Telefónica already offers **global managed connectivity as well as End-to-End solutions on key industries**
  - We are already **exploiting our global reach**, built through solid partnerships
- ✓ **Telefónica strong momentum**
  - More than **400M€ contracted value** and currently present in open tenders for more than **900M€**

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Welcome to the m2m world of Telefónica
Welcome to a better world

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