

News

Utilities & Sustainability



Telefónica Signs €1.78bn UK Smart Meter M2M Deal

The 15 year agreement is the world's largest machine-to-machine (M2M) contract win to date

23th September 2013 – Telefónica today announces that its UK business has been officially awarded the €1.78bn (£1.5bn) contract to deliver smart meter communications services in the UK. Telefónica today signed the 15 year agreement with the UK Department of Energy and Climate Change (DECC) which represents the industry's largest M2M contract win to date.

Telefónica UK has been awarded two out of the three communications service provider lots within the overall UK Smart Meter Implementation Programme (SMIP) tender. The initiative is the world's most ambitious smart meter roll out which will see over 53m smart meters installed across the UK by 2020. The £11bn programme is expected to deliver a net benefit to the UK of £6.7bn through reduced energy consumption and more efficient management and deployment of energy across the country. It is estimated that a smart meter enabled industry could save 2bn tonnes of CO2 a year in 2020*.

Telefónica UK will provide the communications infrastructure to connect smart meters in the central and southern regions of Great Britain. The technology solution which was successfully selected by DECC is primarily based on Telefónica UK's existing cellular network complimented with mesh technology used to provide connections in hard to reach areas.

The combination of cellular and mesh represents the ideal communications technology for smart meter deployments. Cellular is a proven, open, standards-based technology that is ready to support the needs of smart meters without needing additional infrastructure. Mesh compliments cellular, providing coverage in more remote areas and in hard to reach spaces. Telefónica has successfully tested both technologies in relation to smart meters and already connects over 400,000 smart meters in Great Britain via cellular, while the mesh solution has been successfully implemented in over 650,000 households in the Nordics.

[Machine-to-Machine](#) is a key focus area for Telefónica Digital, the division formed to drive Telefónica's transformation to becoming a digital telco. The UK smart meter deal is the latest in a number of high profile contract wins following the formation of the unit, including Dell and General Motors' On Star. Earlier this year, a number of industry analysts [named](#) Telefónica a global leader in M2M in reflection of the formation of Digital, development of new in-house Smart M2M platform and partnership strategy.



Commenting on the deal, Matthew Key, Chief Executive of Telefónica Digital said, “the Internet of things has the potential to transform society and we hope Telefónica Digital will be at the heart of this. Smart meters are a perfect example; they will become the foundation of a revolution in energy consumption and management, helping consumers and businesses to more efficiently manage their energy usage with significant economic and environmental benefits.”

Key continued, “this deal is a huge endorsement of the decision to form Telefónica Digital which gave us the right structure and focus on M2M to take our capabilities in this area to the next level. From technology innovation in platforms through to dedicated sales teams and partnerships we have the right components in place to lead in this area and meet the needs of customers across a wide variety of sectors. We look forward to supporting additional smart meter deployments in other Telefónica markets.”

With the agreements now in place, Telefónica will immediately start working with the Data Communications Company (Smart DCC Limited) and the other successful service providers to design, build and test the solution. Mass roll out of smart meters will commence during 2015.

*Source: Smart 2020: enabling the low carbon economy in the information Age

About Telefónica Digital

[Telefónica Digital](#) is a global business division of Telefónica. Its mission is to seize the opportunities within the digital world and deliver new growth for Telefónica through research & development, venture capital, global partnerships and digital services such as cloud computing, mobile advertising, M2M and eHealth. It is also driving innovation in over the top communications under a new umbrella brand called TU and in Big Data through Telefónica Dynamic Insights. Telefónica Digital will deliver these new products and services to Telefónica's 316 million customers as well as entering new markets. It is headquartered in London with regional centres in Silicon Valley, Sao Paulo, Spain and Tel Aviv. Axismed, Eleven Paths, giffgaff, Jajah, Media Networks Latin America and Terra are all managed under the Telefónica Digital umbrella.

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