

## News

Managed Connectivity



## Telefónica and China Unicom reach an strategic agreement to develop M2M

The agreement is key for the M2M business from the development of standards to the joint development of end to end M2M vertical products and the commercialisation of solutions

**Madrid, 20th October 2011.** – Telefónica, through its recently created unit Telefónica Digital, and China Unicom today signed a strategic agreement to promote the development of M2M and the Internet of Things in a global scope. The objective involves making advances in improving connections between machines, traditionally known as M2M, through many different technologies such as cellular communications, identification by radiofrequency (RFID), sensors or global positioning systems (GPS).

This agreement derives from the wide-ranging strategic alliance entered into by the two companies and based on cooperation in areas such as purchasing, mobile services platforms, services for multinationals, wholesale services, roaming or technology. An alliance which also includes a share exchanging agreement between both parties and reciprocal representation at the Company's Board's, as well as a strategic alignment to exploit the combined scale of both Telefónica and China Unicom.

More specifically, China Unicom and Telefónica have decided to cooperate in constructing, maintaining and operating M2M platforms and developing the corresponding technical specifications. It is expected that the results of this joint collaboration around machine to machine solutions, will mean a relevant boost in the capability of both companies to offer winning proposals to customers in different markets and sectors.

The M2M solutions are able, on the one hand, to improve efficiency and economic sustainability ratios and reduce costs and, on the other hand, to provide new technological dynamics which contribute to global economy recovery. It represents a new wave of innovation in the technology and information industry after those headed by IT, Internet and mobile communication networks.

From a commercial perspective, both companies will participate jointly in purchasing, testing and market analysis processes and, lastly, will establish alliances with customers and suppliers in order to improve conditions based on economies of scale and accelerate standardisation processes, providing the customers with global strategic M2M solutions to jointly develop and capture the opportunities of the new digital business: Smart Transport, Energy efficiency, Connected car, Consumer Electronics, Smart Cities and Smart Industry.

Another of the aspects considered by Telefónica and China Unicom is roaming, in the sense of agreeing special conditions closer to the M2M needs, increasing service quality and promoting standards for international M2M communications.

The important scale resulting from the cooperation of the two groups will allow testing to be carried out and joint technological certifications worldwide. In the field of certifications, the teams from China Unicom and Telefónica will work with the International Organisation for Standardization and will participate in its most relevant forums.

This strategic agreement could be opened up, as a whole or in part, to other operators which might be interested in this area of activity to allow their participation in one or several of the projects emerging out of the agreement.

### **About Telefónica**

Telefónica is one of the world's largest telecommunications network operators by market capitalisation and number of customers. It centres its activities mainly on the fixed and mobile telephony businesses, while its broadband business is the key growth driver underpinning both. It operates in 25 countries and its customer base exceeds 295 million globally. Telefónica has a strong foothold in Spain, Europe and Latin America, the latter region being the lynchpin of its growth strategy.

Telefónica is a 100% private company with more than 1.5 million direct shareholders. Its share capital consists of 4,563,996,485 ordinary shares traded on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia), as well as on the London, Tokyo, New York, Lima, Buenos Aires and São Paulo stock exchanges.

### **About China Unicom**

China Unicom is a company with a leading position in the telecommunication industry in the world and provides comprehensive and integrated telecom services within the territory of Peoples' Republic of China. It is listed on the New York Stock Exchange and the Hong Kong Stock Exchange. Through its affiliate, China Unicom is engaged in the businesses of GSM and WCDMA mobile telecommunication, domestic and international long-distance communications, domestic telephone service, Internet services, data communications and other related value-added telecommunication services in 31 provinces, municipalities and autonomous regions in China. Furthermore, China Unicom has established operational entities in Hong Kong, the United States, Japan and Europe to engage in relevant international business.