

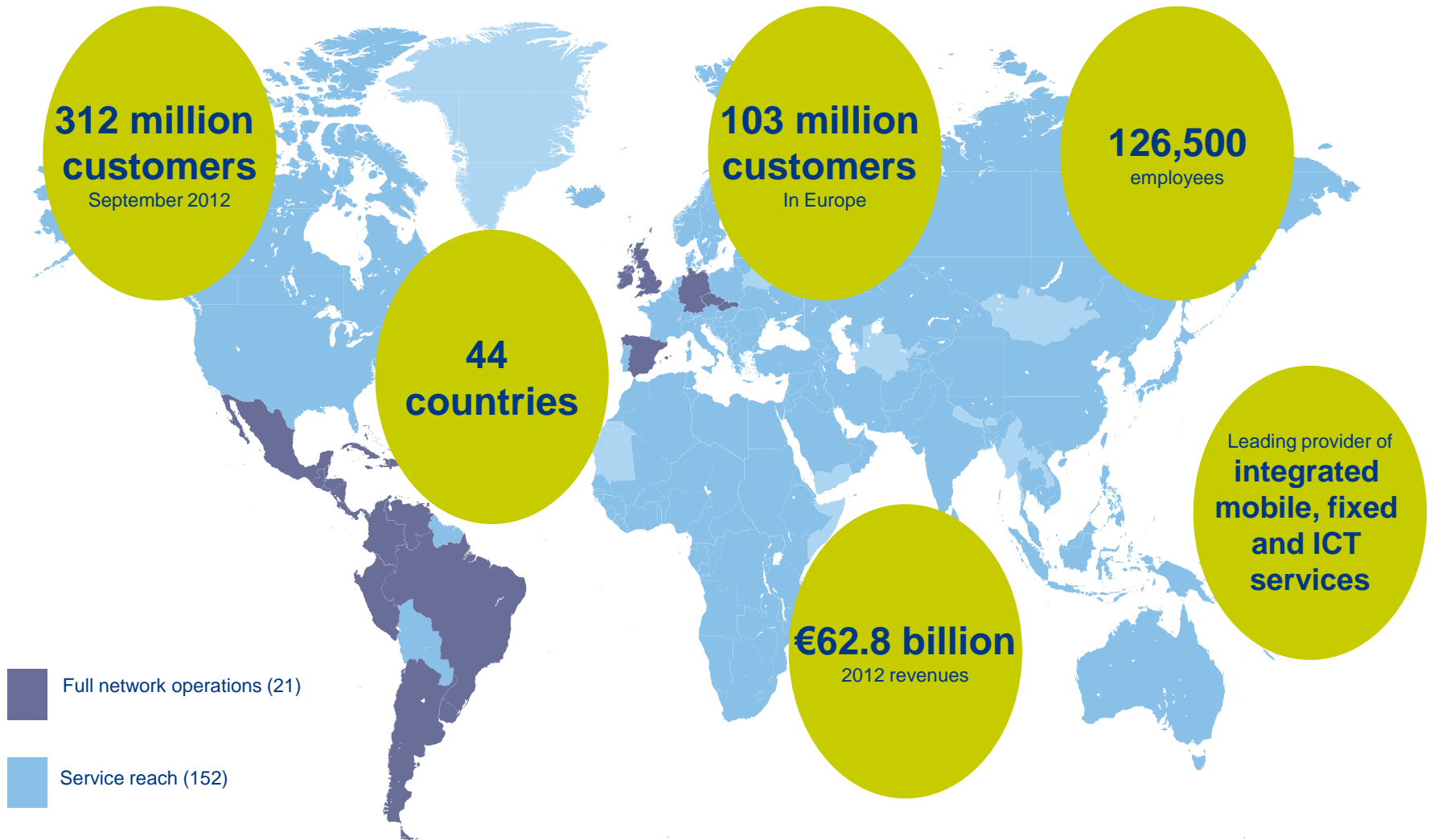
Internet for all

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Telefonica

We're a leading company in global Telecoms



Internet for all

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Telefónica



Agenda

- + Market context – Internet and mobile
- + Growth and new types of devices
- + Digitisation of services
- + Impact on the home
- + Conclusion

FINANCIAL TIMES

Mobile revolution marks fortieth year

By Daniel Thomas, Telecoms Correspondent



The first mobile phone call was made 40 years ago on a street in New York, a transformational moment in modern history that also marked the earliest known prank call, given the nature of the conversation between two rival engineers.

Since April 3, 1973, the world has und The world is celebrating the 40th anniversary of the i with the introduction of increasingly li phone. devices meaning that few now can clai long.

On April 3, 1973, Motorola employee Martin Cooper made mobile phone in New York to competitor AT&T, reported just to see if my call sounds good at your end".

It was on a Motorola DynaTAC - a device 9in tall, comprising 30 circuit boards, and which had a talk-time of 35 minutes and took 10 hours to recharge.

IET IET
@TheIET

IET's Dr Mike Short was on BBC #Newsround today talking about the 40th anniversary of mobile phones pic.twitter.com/zfb74KjrJz

03/04/2013 19:45



the guardian

The two most significant developments in mobile phone technology have been the widespread availability of devices and their ability to access the internet, Short said.

"In the early days of mobile, ... was not considered. It was made for men in suits in bus ... followed much later.

"And ... smart

BBC ONE



more about data.

The Telegraph

Mirror

itv

NEWS

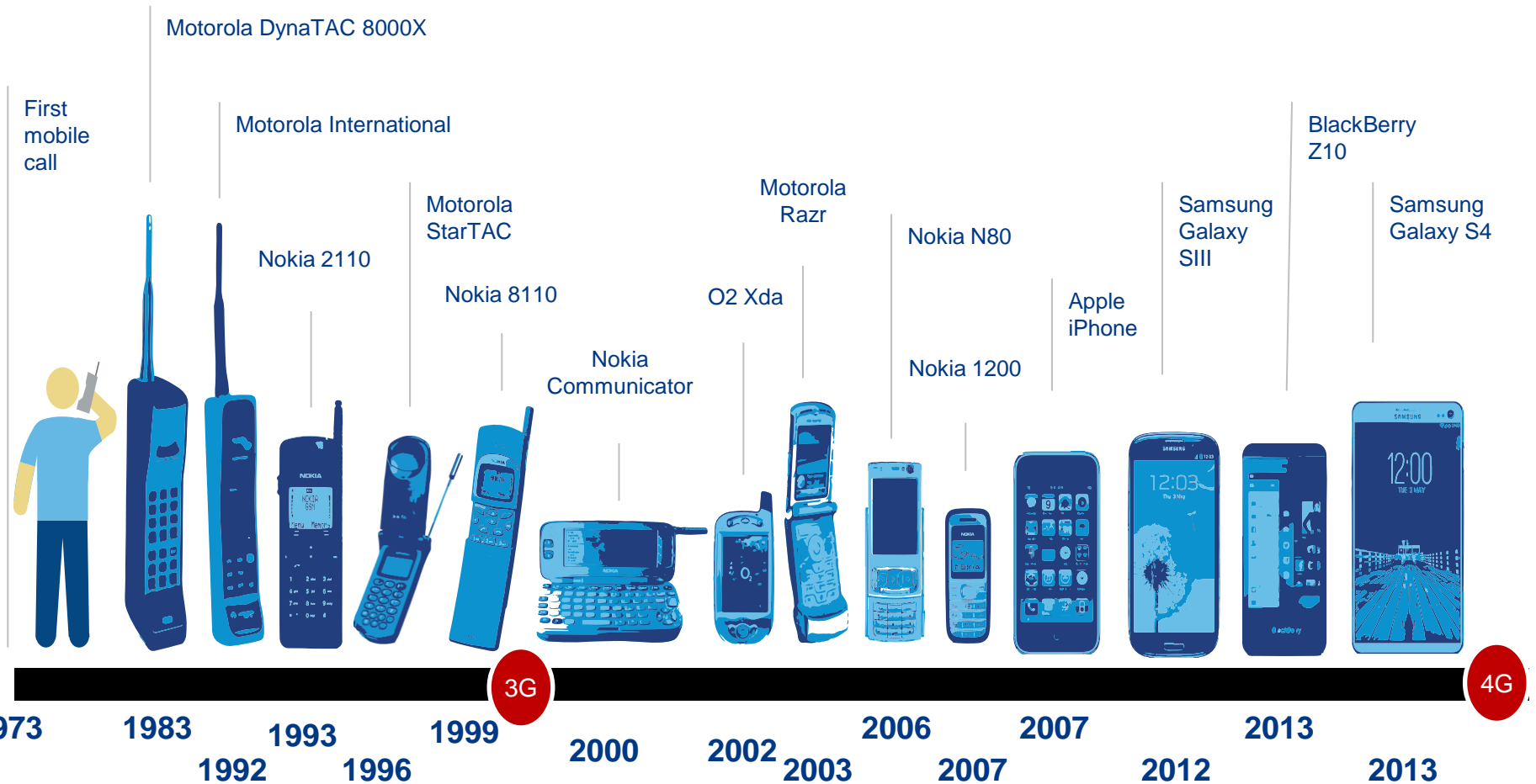
sky NEWS HD

newsround

The mobile phone turns 40

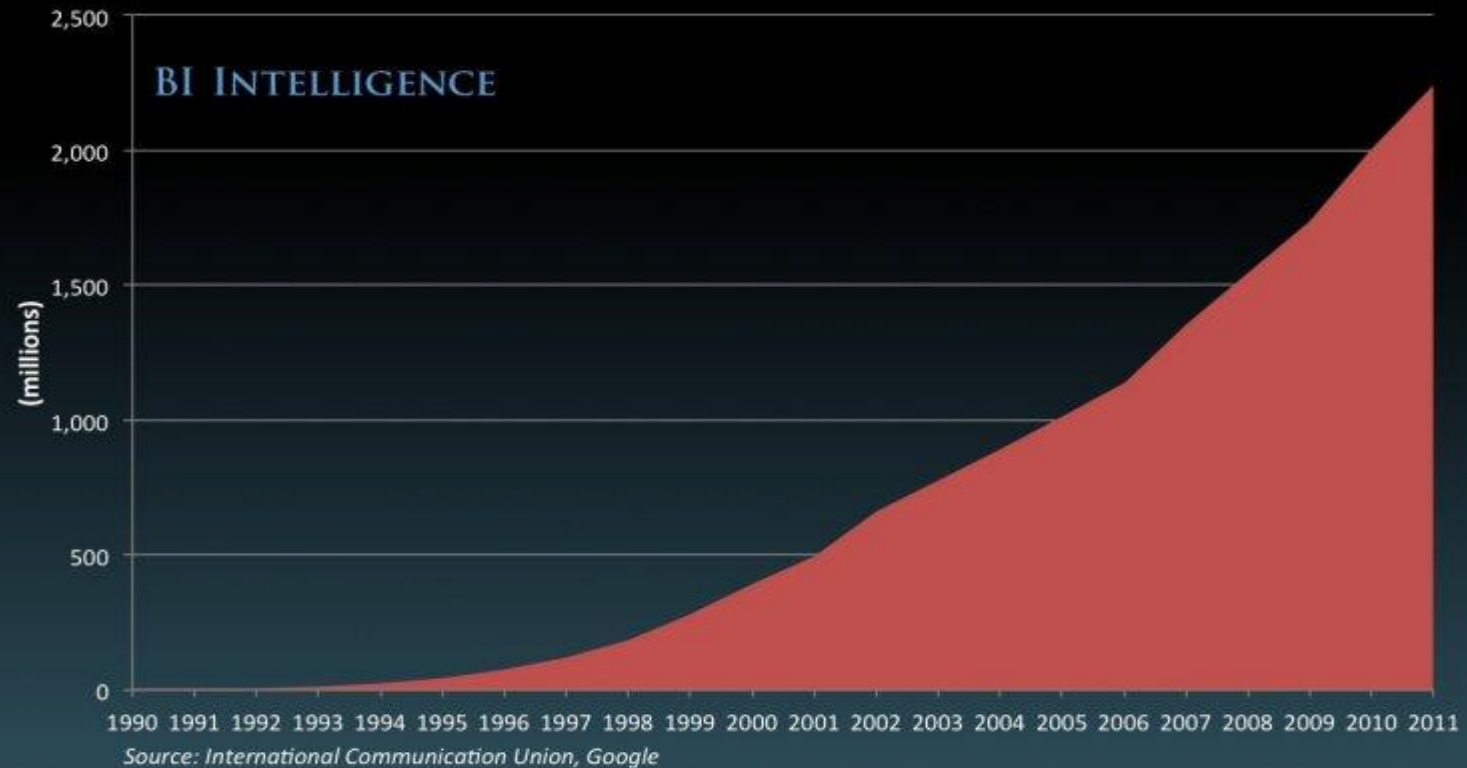
“Everyone now has the power to innovate in a digital world thanks to the marriage between the two great innovation platforms of the 21st century: internet and mobile.”

Dr. Mike Short, Financial Times, April 2013



2+ billion people online

Global Internet Population



2/3 of the world left to go

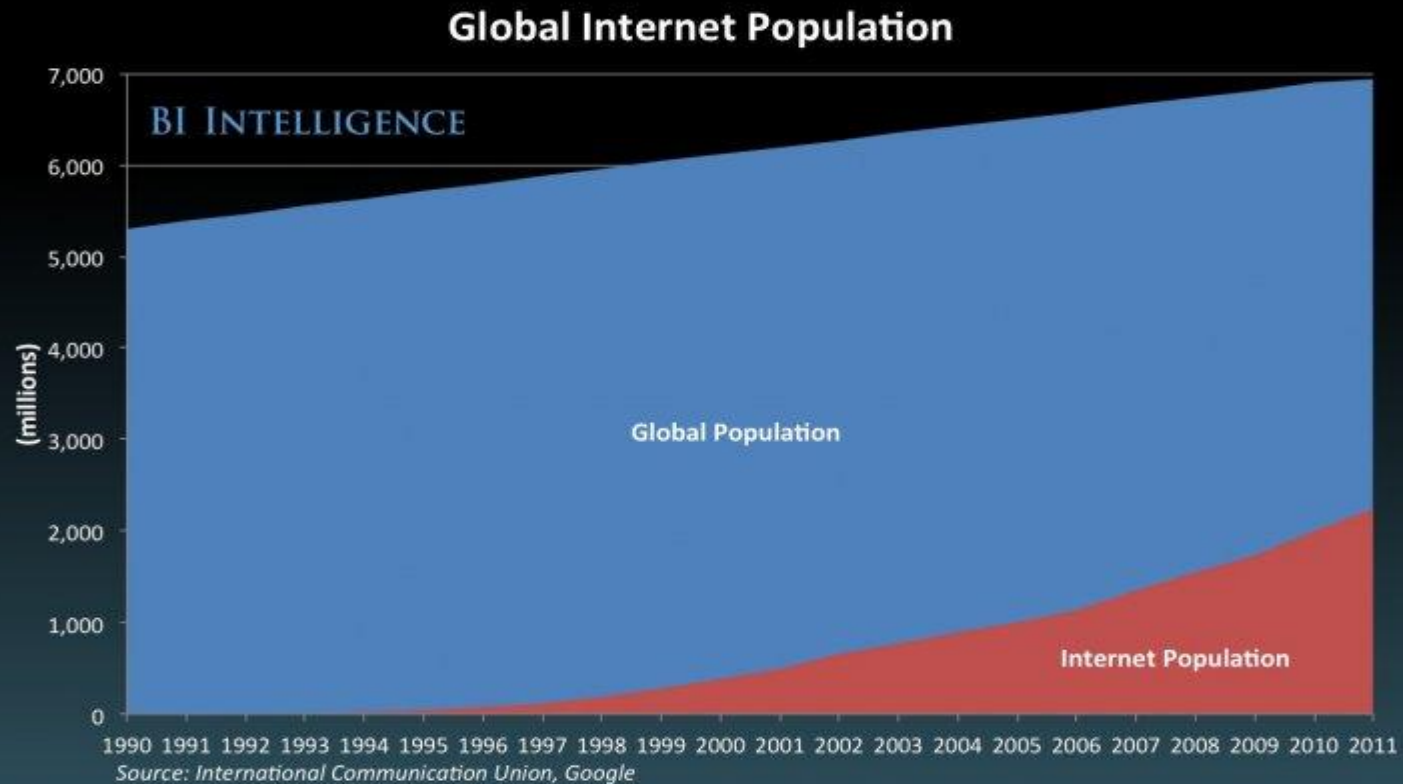
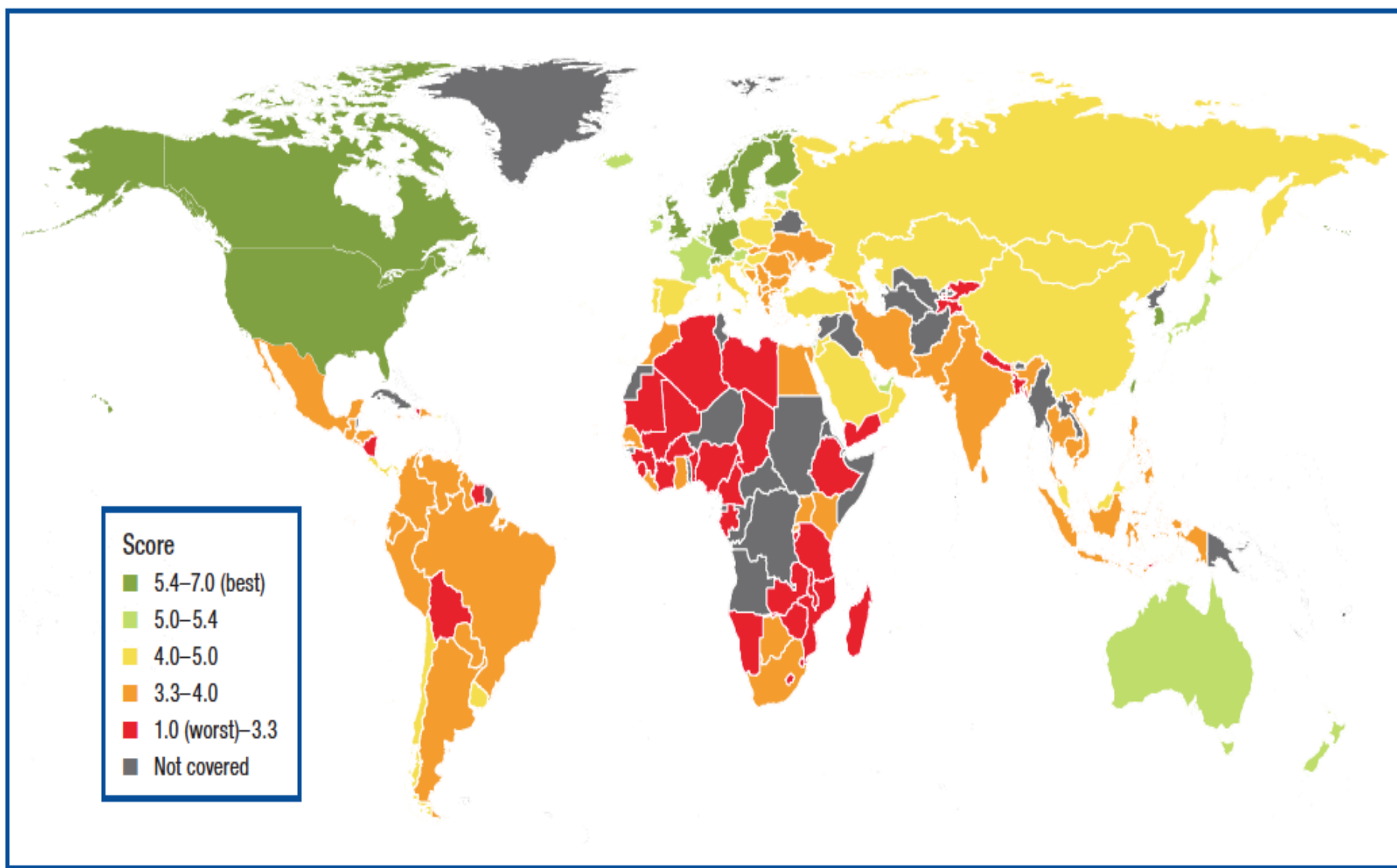


Figure 4: The Networked Readiness Index map



Note: An interactive version of this map is available at www.weforum.org/gitr.

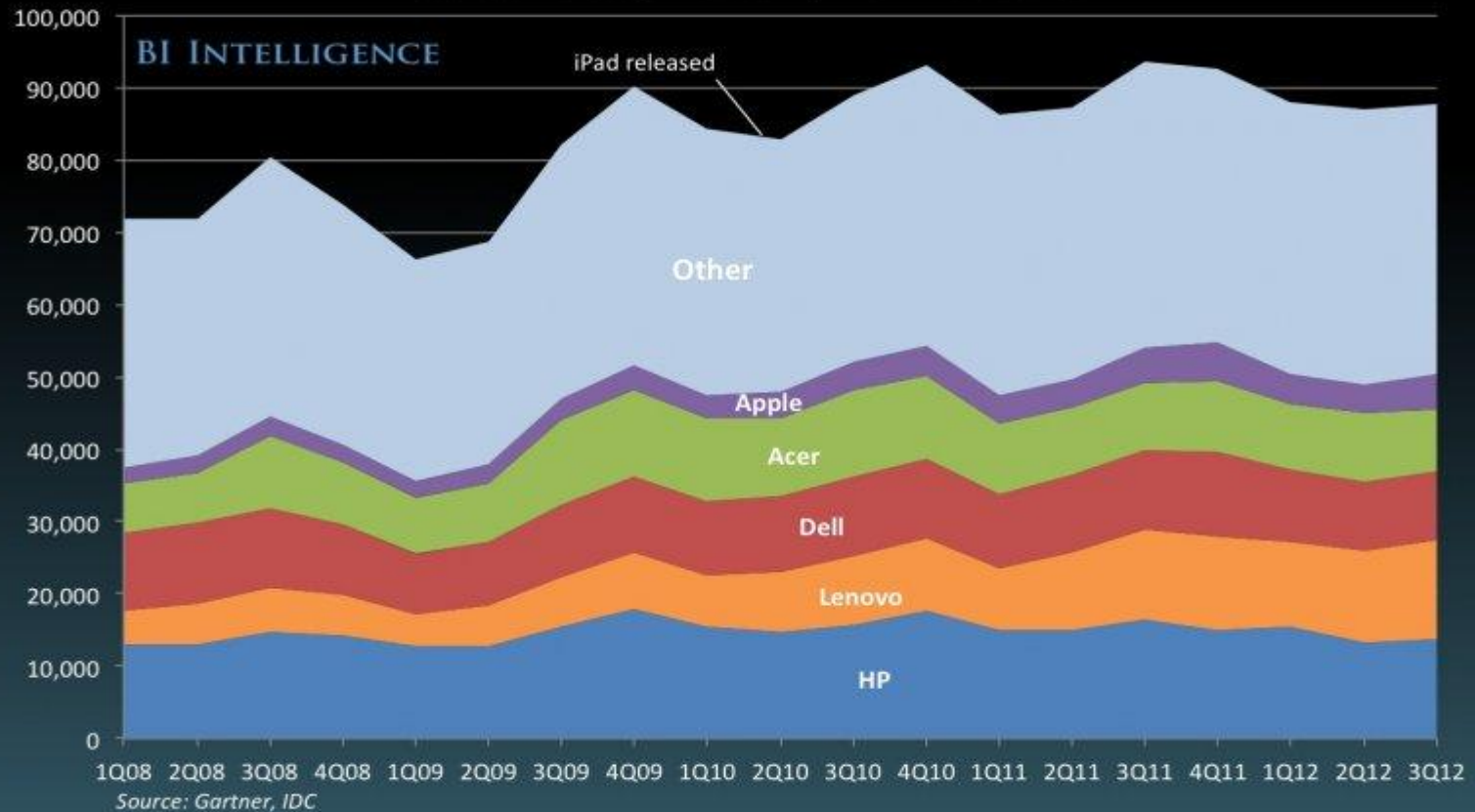
The Networked Readiness Index 2013 (2012 and 2011 rankings)

1 Finland	5.98	3	
2 Singapore	5.96	2	
3 Sweden	5.91	1	
4 Netherlands	5.81	6	
5 Norway	5.66	7	
6 Switzerland	5.66	5	
7 UK	5.64		10
8 Denmark	5.58	4	
9 USA	5.57	8	
10 Taiwan	5.47	11	
11 S Korea	5.46	12	
12 Canada	5.44	9	
13 Germany	5.43	16	
14 Hong Kong	5.40	13	
15 Israel	5.39	20	

http://www3.weforum.org/docs/WEF_GITR_Report_2013.pdf

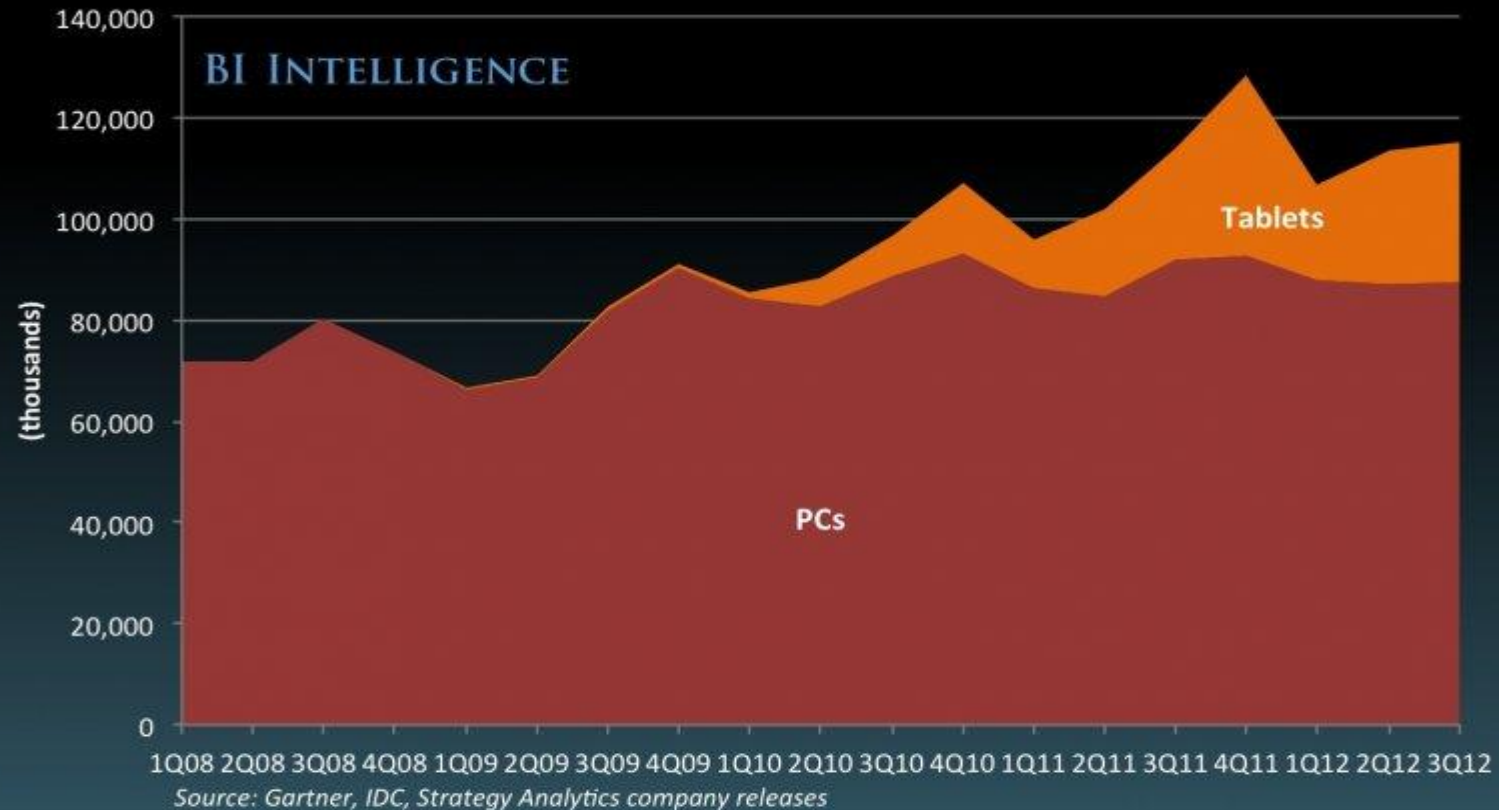
PC growth stalled

Global PC Shipments By Manufacturer



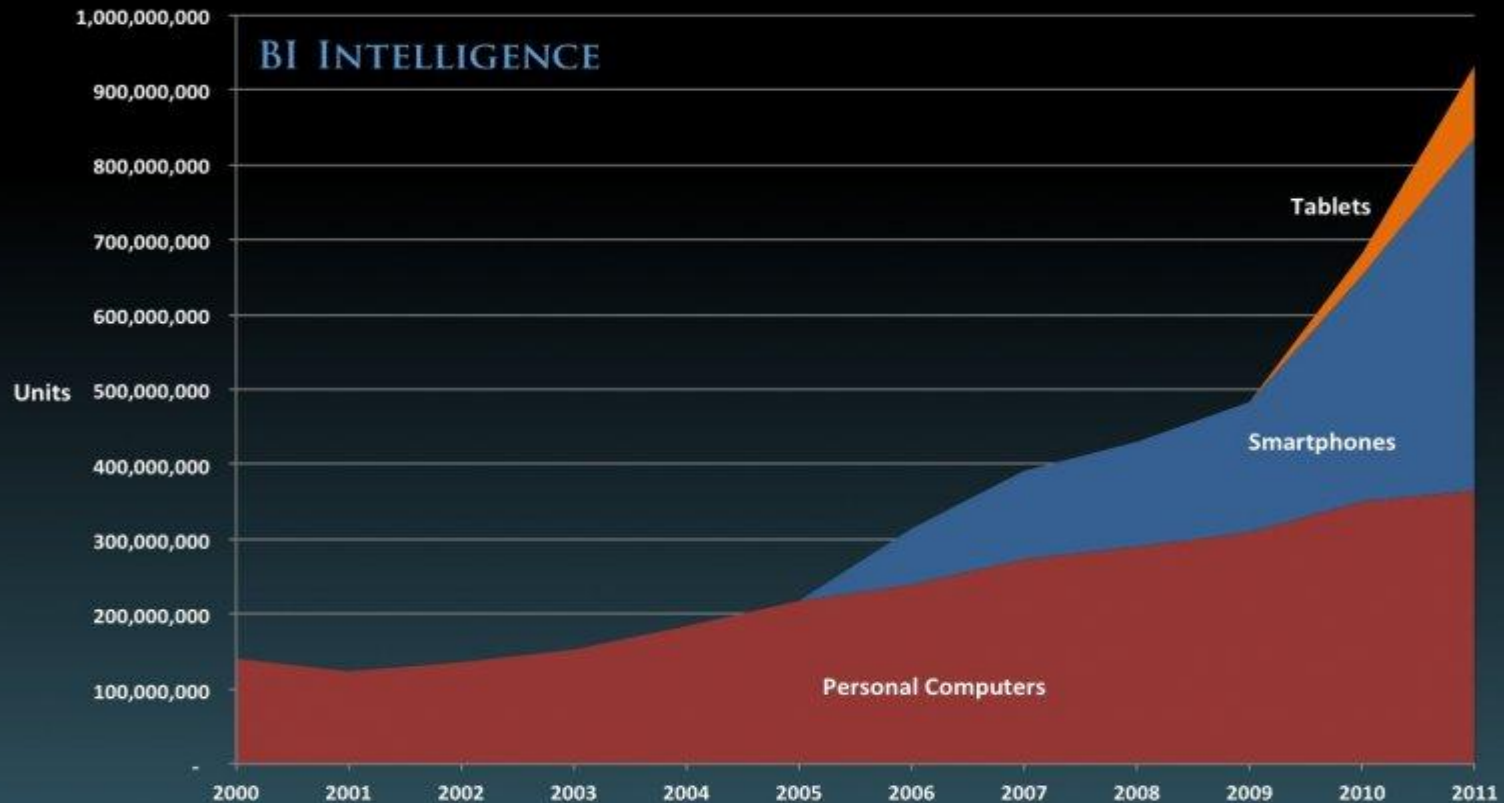
Tablets are now driving all the growth in PC market

Global Computer Shipments



Smartphone sales blew past PC sales

Global Internet Device Sales



Source: Gartner, IDC, Strategy Analytics, company filings, BI Intelligence estimates

So the future is mobile

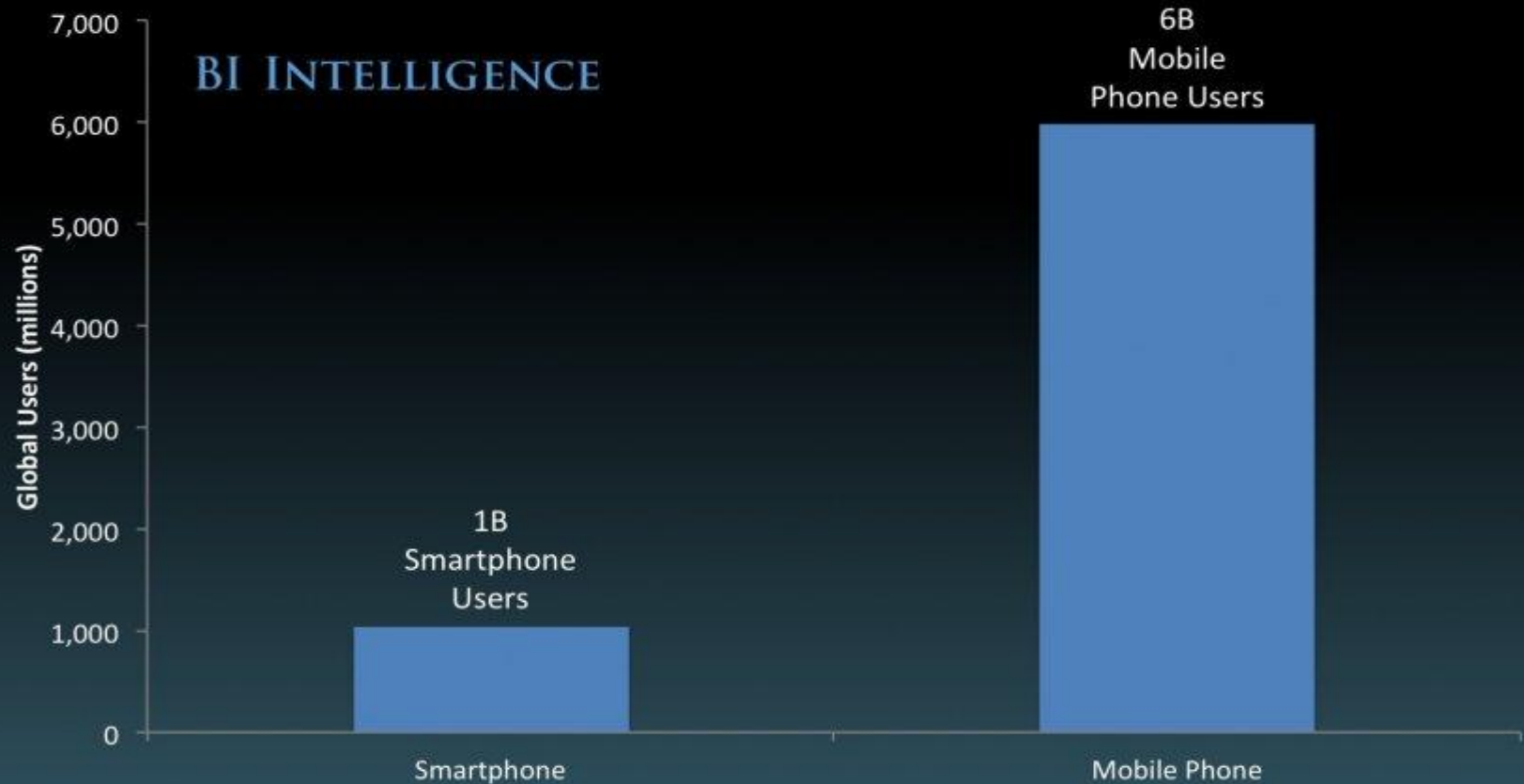
G-20 Internet Access



Source: Boston Consulting Group, Mary Meeker, Kleiner Perkins, Morgan Stanley Research, Berg Insight

Globally, we're still early...

Global Smartphone vs. Mobile Phone Users, 2012E

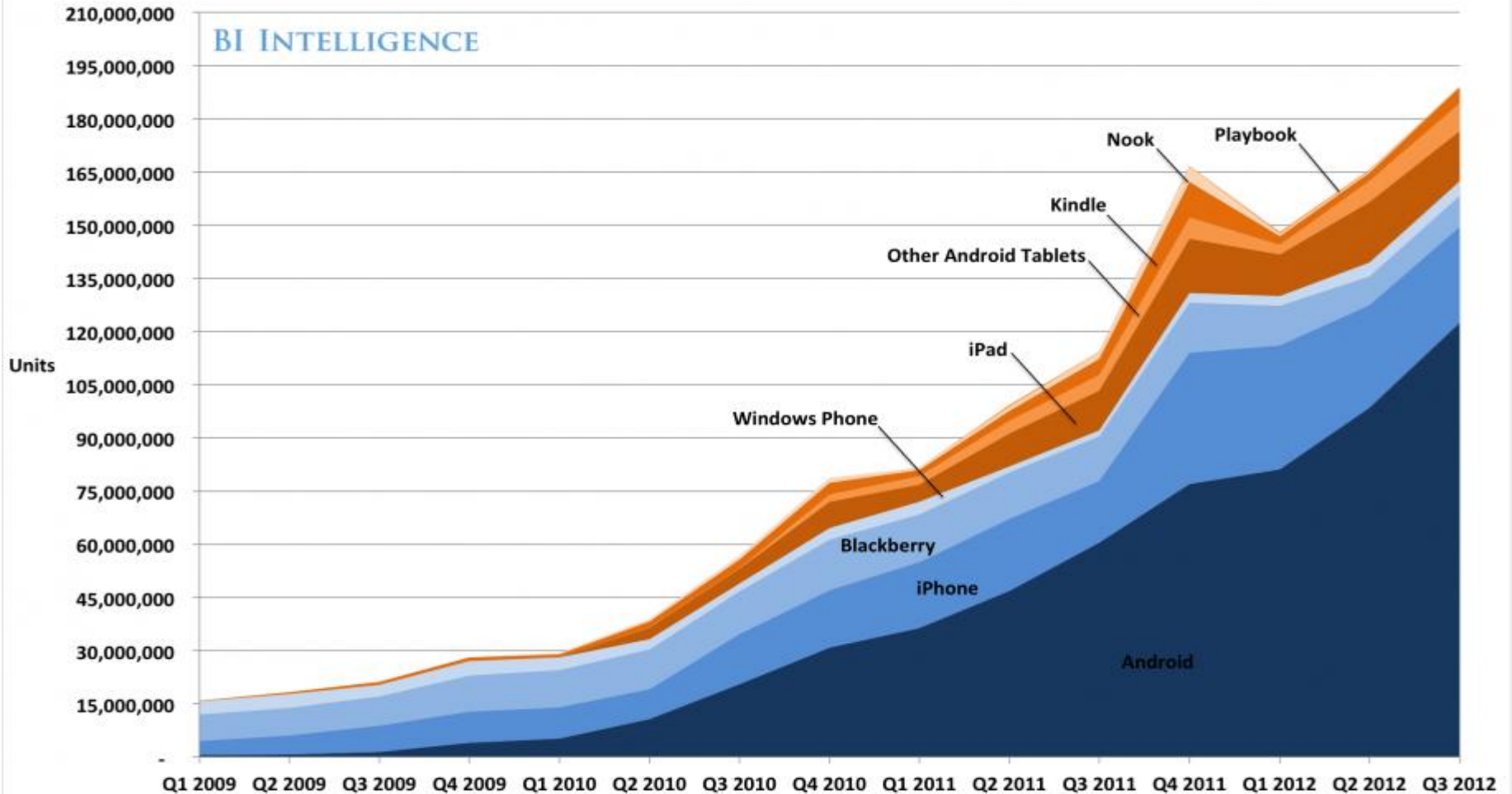


Source: Strategy Analytics, International Telecommunications Union

Note: Some users own more than one device

Global Smartphone and Tablet Shipments

BI INTELLIGENCE



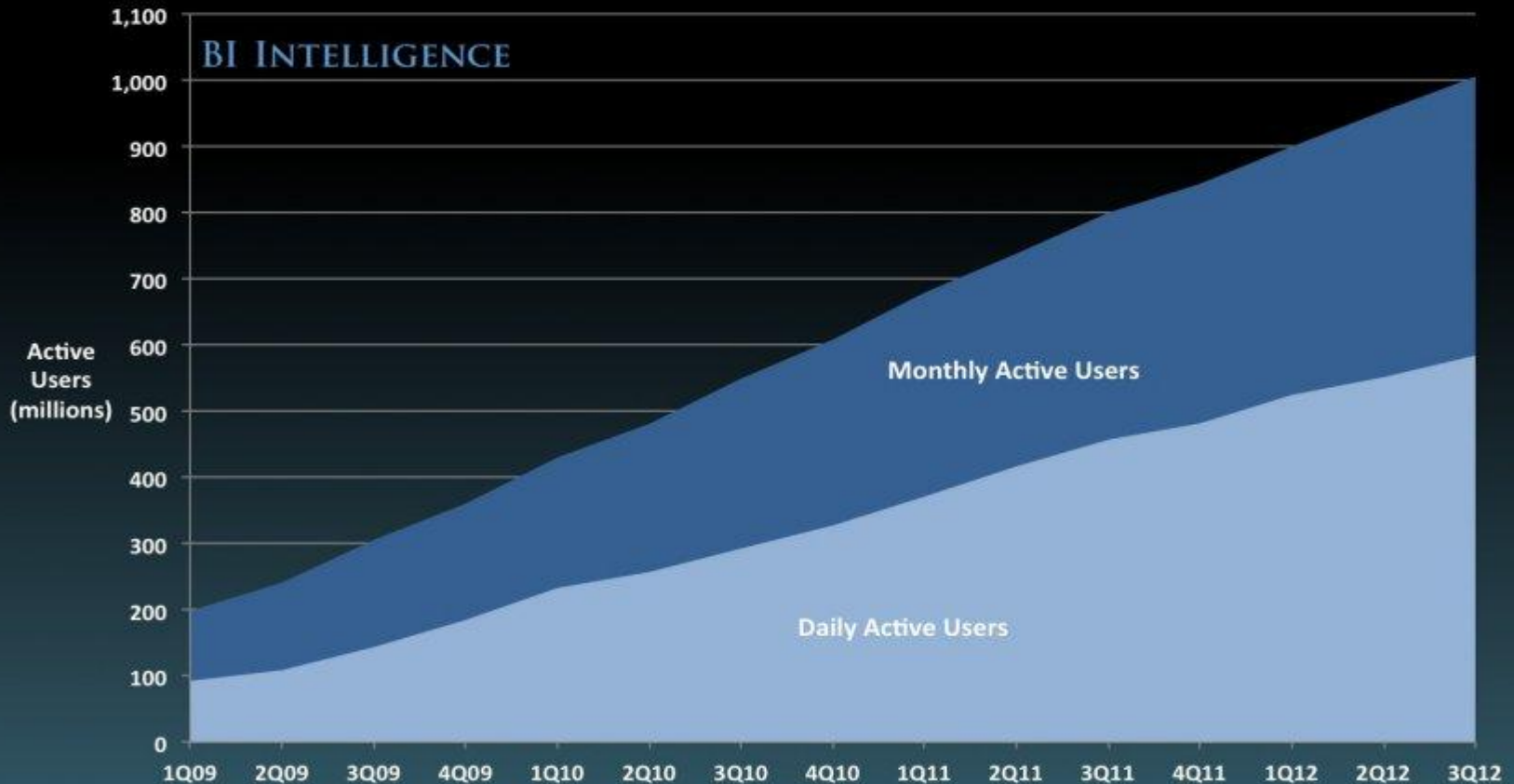
Source: Estimates based on information from Gartner, IDC, Strategy Analytics, and company filings

Digital is now a 4-screen world...



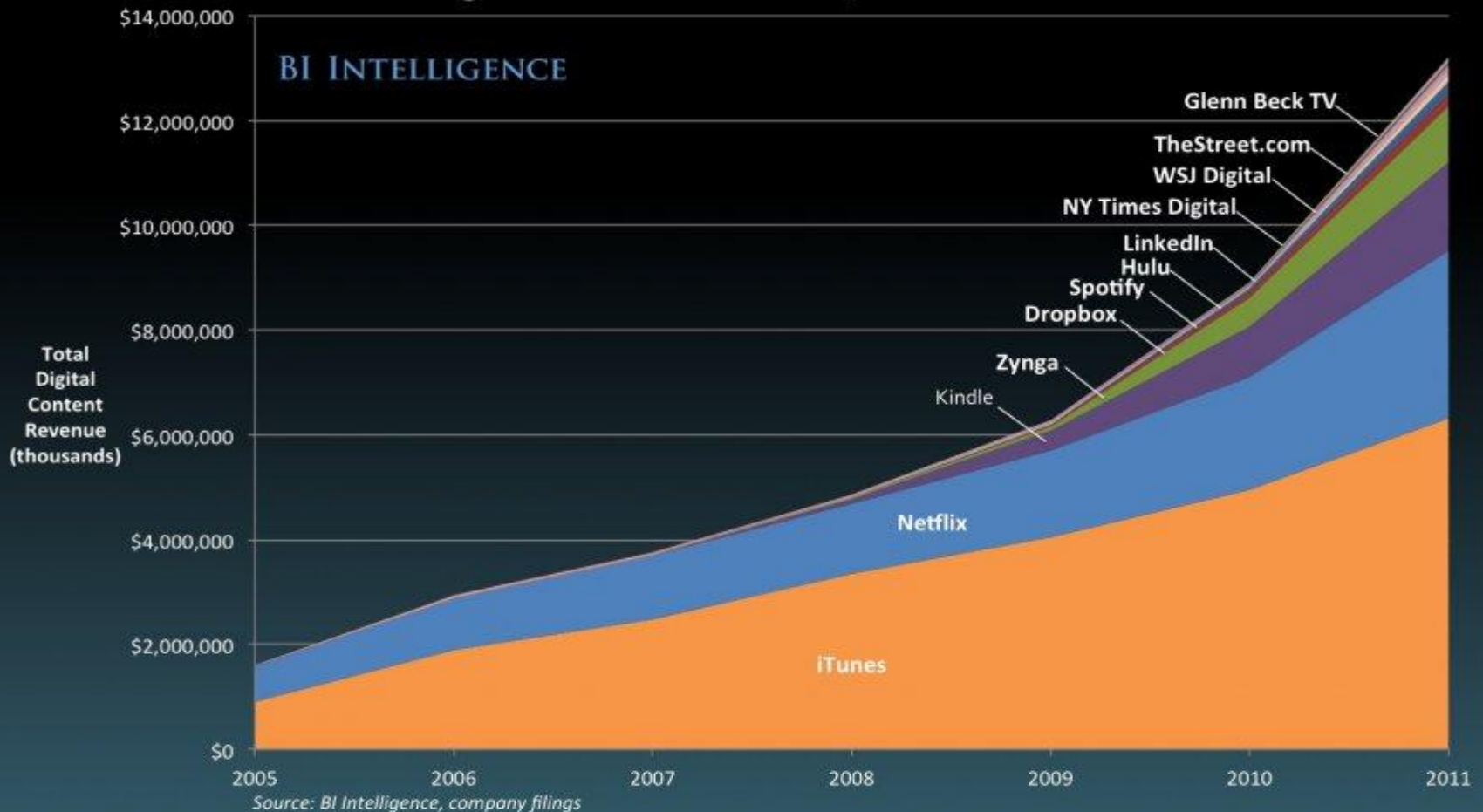
1/7th of the world's population now use Facebook

Facebook Active Users



Digital content revenues are exploding

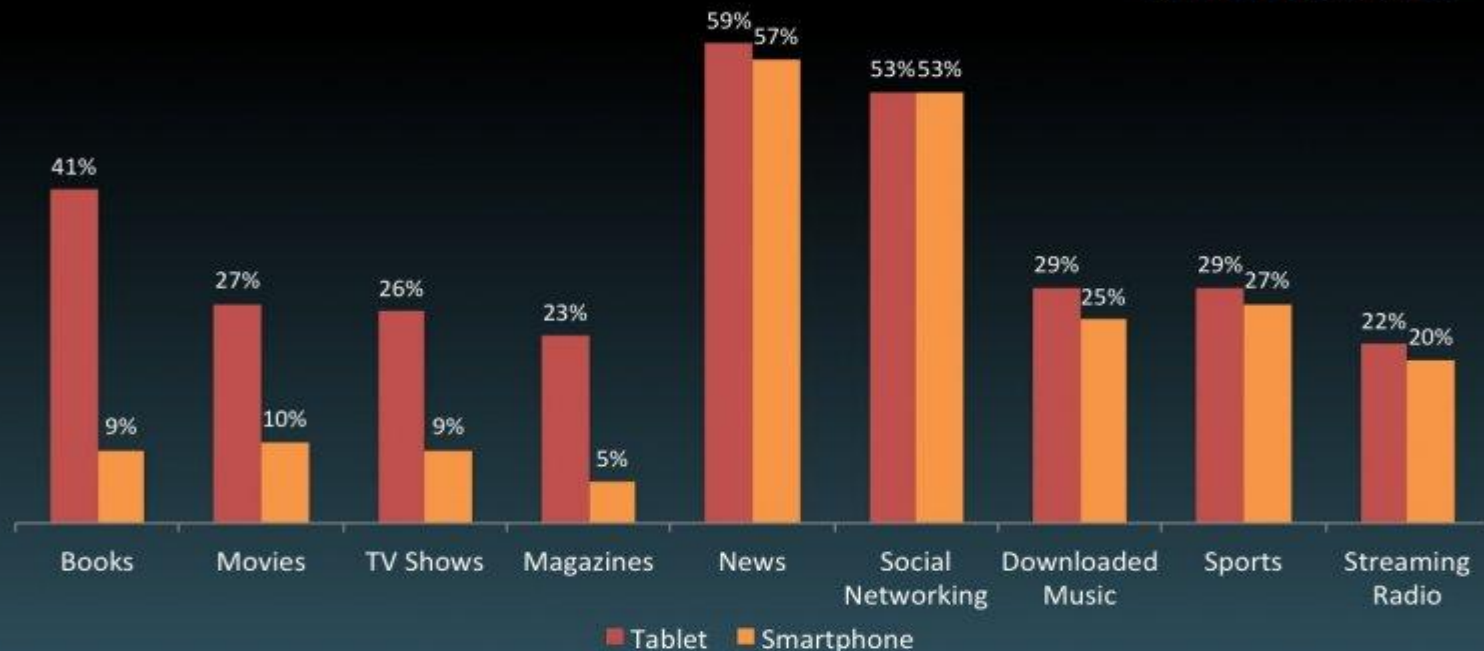
Digital Content Revenue, 2005-2011



People are consuming a huge amount of content through mobile...

Media Content Accessed Through Mobile Device

BI INTELLIGENCE



Source: Nielsen Q4 2011 Mobile Connected Device Report

A new digital revolution

There are
7 billion
people on the planet

Mobility

2011

9 billion Total
connected devices

6 billion Mobile
connected devices

The opportunity
will be vast ...
...at least
24 billion
devices will be
connected
by 2020

2020

12 Billion Mobile
connected devices

That's a
\$1.2 Trillion
opportunity

**Revenue
Opportunity**

for connected devices

OVER 10M
m2m
CONNECTIONS
BY 2015

ENERGY, TRANSPORT,
SECURITY & MEDICAL
FASTEST GROWING SECTORS



MARKET GROWING OVER

25%
pa

MANAGED
CONNECTIVITY
MARKET WORTH
£90m

SOLUTIONS
MARKET WORTH
£600m

Moving from connecting people to starting to connect things

The next revolution

the internet
of everything...



...changing customer needs, behaviours & their digital interactions

It's already started



Sat Nav

Live data for traffic
congestion



Public Transport

Real time information
displays at bus stops
and on vehicles



Point of sale Transactions

Cash free with
a tap/swipe




Fitness and heart monitors

Track your vital signs



O2 are part of this journey



Imagine a world where
objects are intelligent

This is the 'Smart City' and it's all based on **MOBILITY**

All delivered in the unique O₂ way...



O₂ wifi

think
big



...with a strong track record of delivery and innovation

And we are here to stay



Conclusion

- Mobile and Internet services continue to innovate and grow
- Tablets and smartphones outstrip PC sales
- Connected devices open up to new markets in the Digital economy
- Homes and cities getting smarter
- Digital economy will continue to grow and diversify
....a solutions focus is key.

- With thanks to Business Insider , GSM Association, and the Institution of Engineering and Technology (IET)
- The full Business Insider slide deck can be viewed at;
<http://www.businessinsider.com/future-of-digital-slides-2012-11?op=1>
- **The Opportunity for Mobile Operators - Guide to Smart Cities**
- <http://www.gsma.com/connectedliving/smart-cities>
- **Connected Living in Smart Home**
- <http://www.gsma.com/connectedliving/wp-content/uploads/2012/03/vision20of20smart20home20report.pdf>
- www.gsma.com
- mike.short @ o2.com

Further references

- The Mobile Economy <http://www.gsma.com/>
- World economic forum – April 2013 report
http://www3.weforum.org/docs/WEF_GITR_Report_2013.pdf
- BBC - SCIENCE MUSEUM interview 4/04/2013
<http://www.bbc.co.uk/news/technology-22012720>
- BBC - MARTY COOPER interview
<http://www.bbc.co.uk/news/technology-22013228>
- 7 Questions about Mobiles
<http://www.bbc.co.uk/news/magazine-22016173>



Go to o2health.co.uk/helpathand
to find out more.

O₂
health

Impact on the home

- Security / alarms
- Home working
- Mobile learning
- Media or family data storage
- Connected appliances
- Telecare
- Remote patient management
- Assisted living /sensors
- Maintenance and related services
- Energy and water management

Our world continually evolves...



...influencing us, our business & our world

O₂ UK m2m story



Our distinctive approach has helped us become market leaders

O₂

Telefonica

23 MILLION
CUSTOMERS

25+ YEARS
OF EXPERIENCE

313 MILLION
CUSTOMERS

OVER €60BN
TURNOVER

TOP 20 MOST RECOGNISED
AND TRUSTED BRANDS

44 COUNTRIES,
7M+ M2M CONNECTIONS

BEST NETWORK
€1BN+ INVESTMENT

#1 FORTUNE 500
MOST ADMIRED TELECO'S

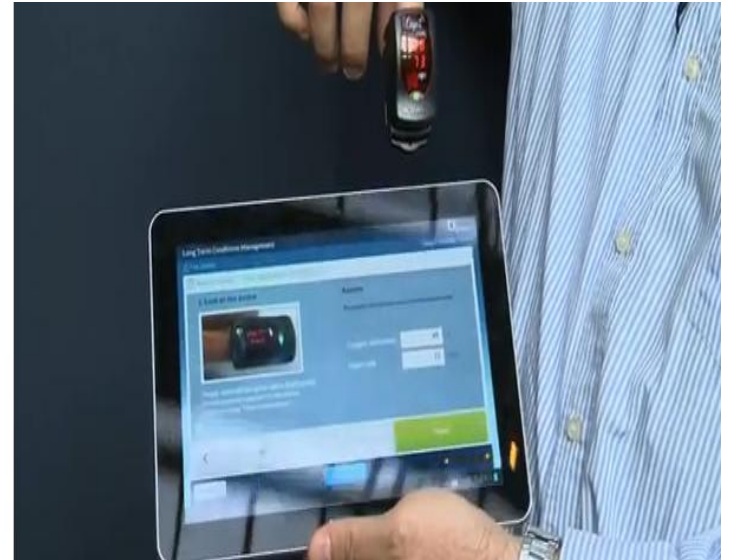
AWARD WINNING

#1 TELECO DOW JONES
SUSTAINABILITY INDEX



Global capability, local expertise

Smart meters are more than just a better way to read the meter



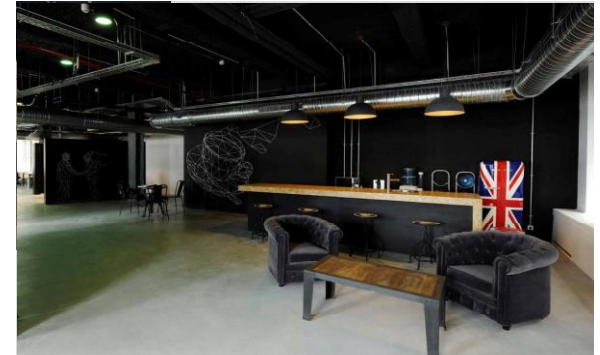
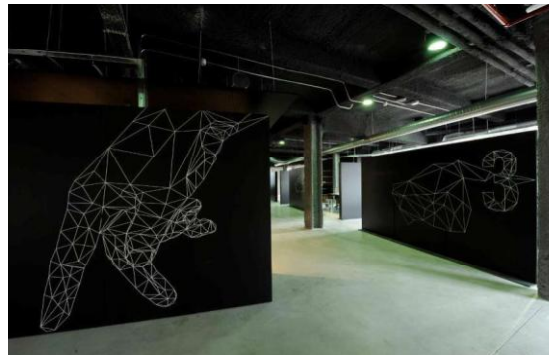
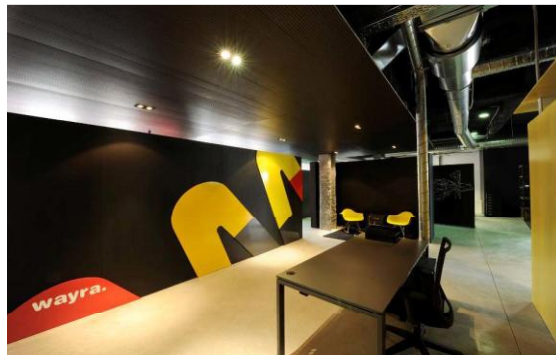
Infrastructure challenges

- More than networks and shops
- Sustainable investment and quality
- Network coverage / capacity / speed / access / ease of use and support
- Planning for the Digital economy covers a much wider range of sectors and services, but much more than Apps !

Wayra moves quickly

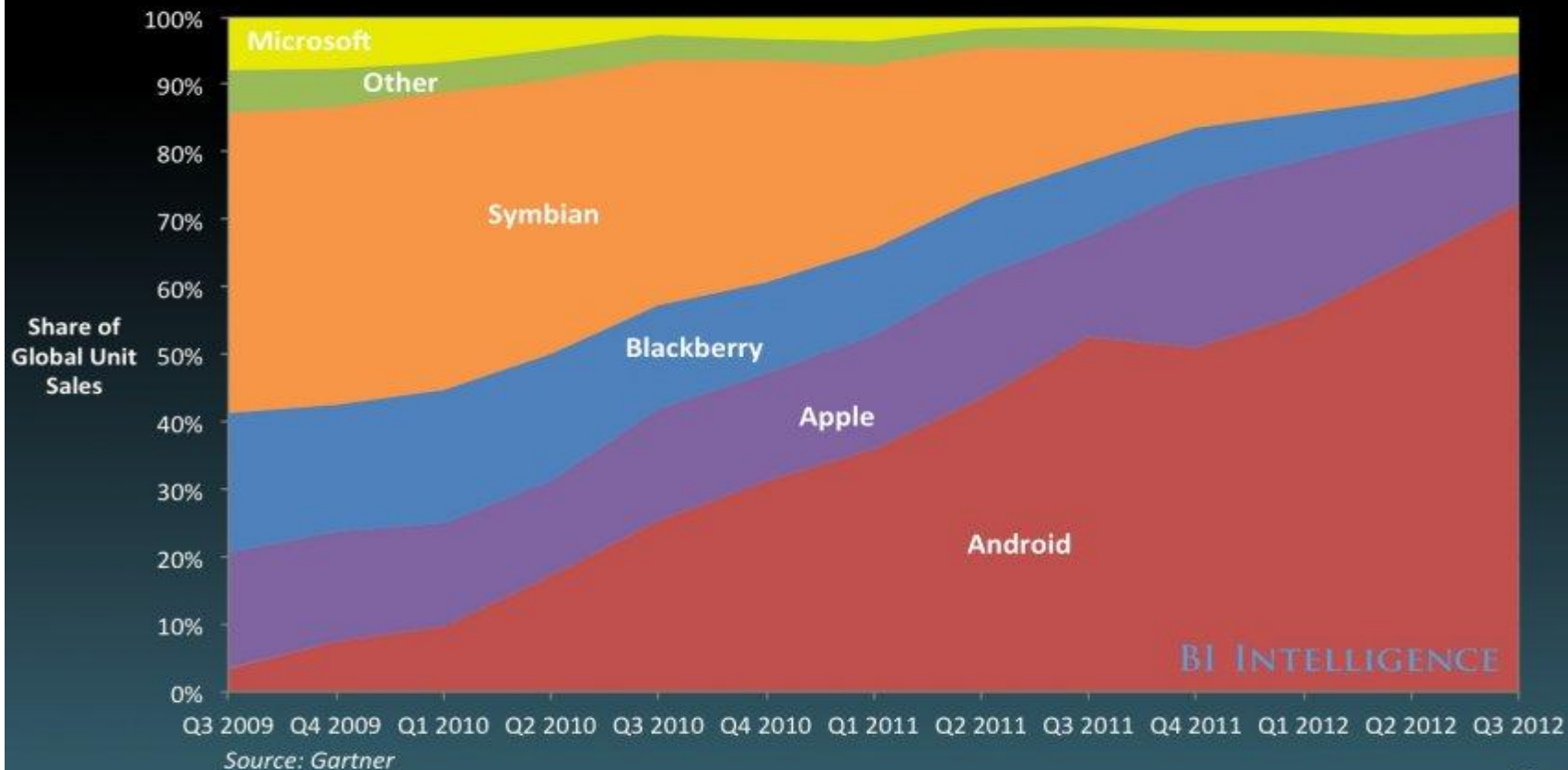


- Launched in April 2011, Wayra now has 12 Academies in 11 countries
- With Prague soon to come
- Wayra has received more than 14,000 applications from entrepreneurs
- Wayra has invested in over 170 businesses
- The external investment received by the Projects now far outweighs Telefonica's



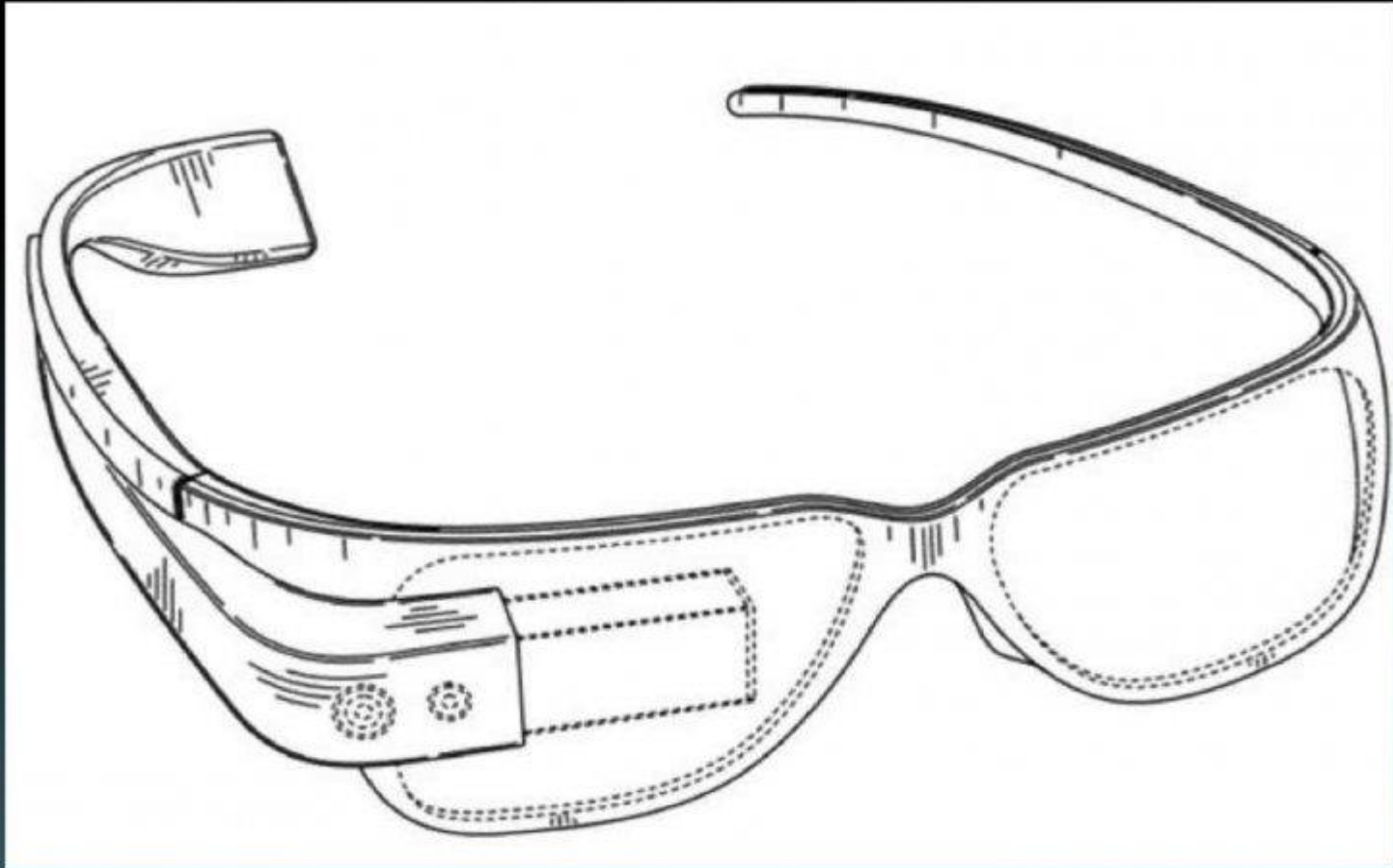
Android has the largest smartphone platform globally.

Smartphone Market Share By OS (Global)



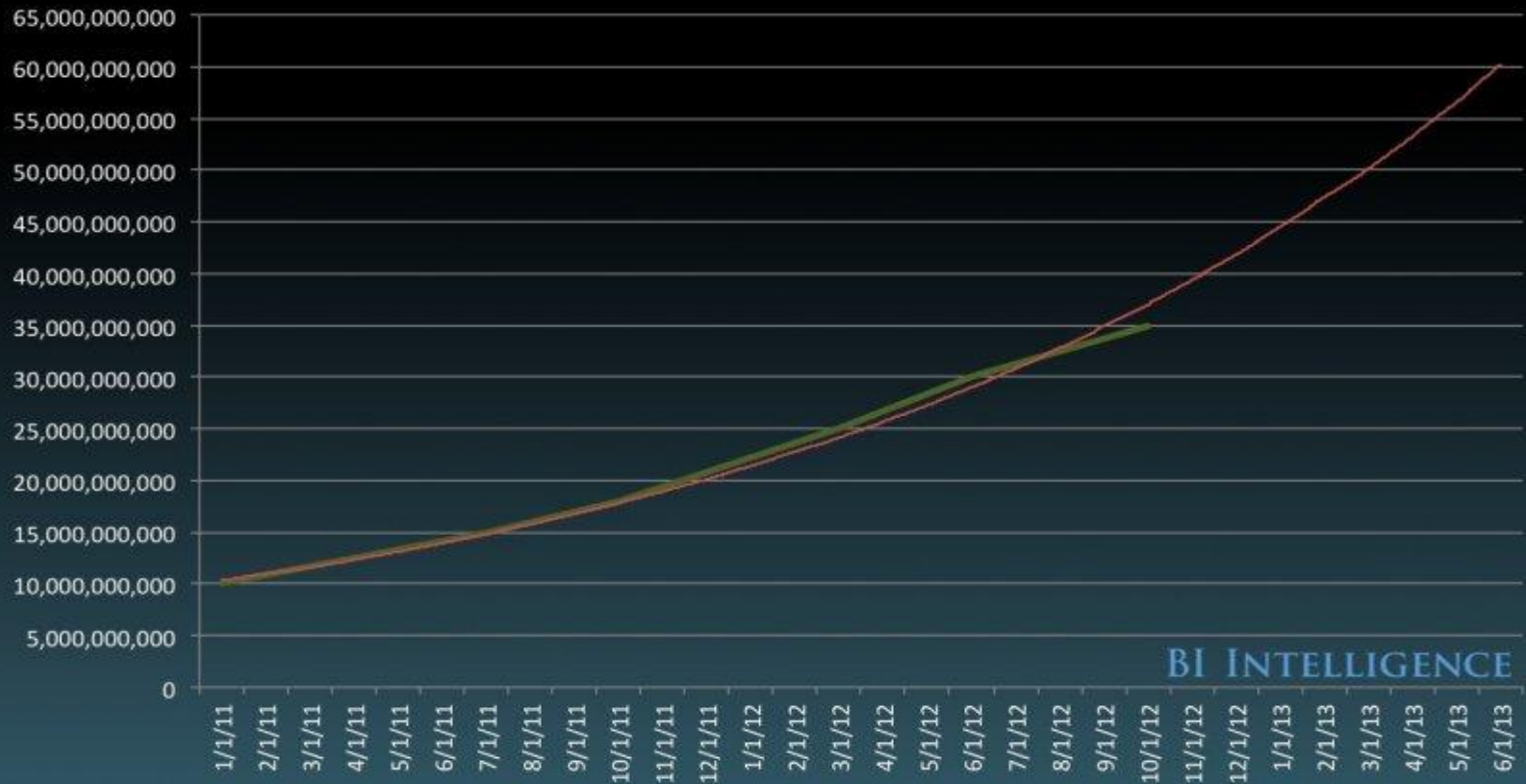
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Maybe 5 screens soon...



App Store downloads on pace to hit 60 billion by mid-2013

Apple App Store Downloads



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