

Connected cars: a new revenue generation model for Telcos

Jose Jimenez June, 2012

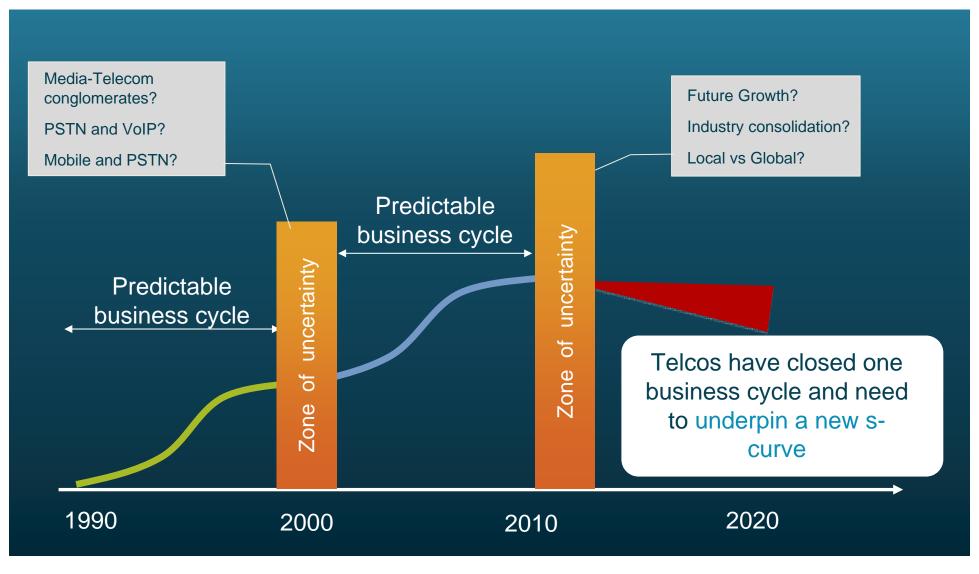


We are in the middle of a revolutionary change...





...and Telcos have to face a new future.





Telefonica Digital is the response of Telefonica to the challenge





What is the Connected Car?

Connected Car: A car where drivers and passengers are connected with the outside world and enjoy the services they want and/or need in their trips

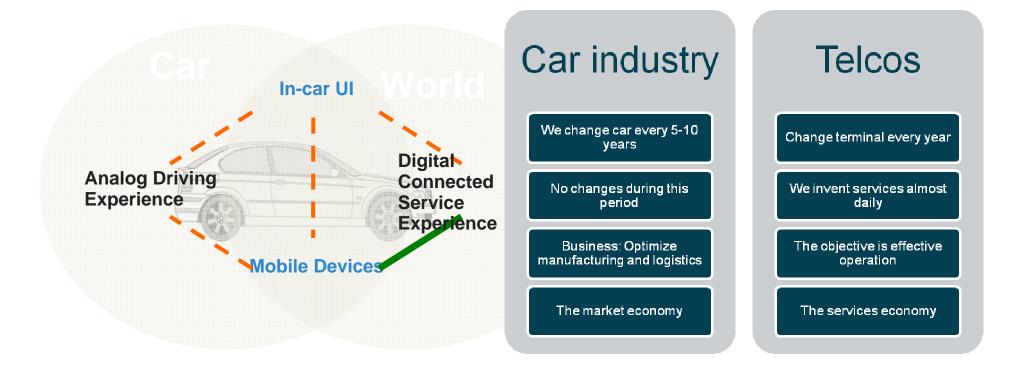
But before we engage the gear we need to answer the following questions:

- How is the world of the car?
- What the user needs?
- Is there a market?
- What services do we need?
- What is the business model?





Connected services in the car. Joining two worlds



ICT and Cars, are two worlds. We need to make them together bring driving and connected service together in a compelling and safe way...



The user

Digital media

Depending on whether you like the car or you prefer your smart phone...

Digital Natives

- Don't want to think to get their media into the car
- Show that they can port their digital experience into the car
- Should work in different cars
- Keep simple things simple

Tech Enthusiasts

- Have high demands for service integration in cars
- Compare car solutions with mobile device solutions
- Like tech and want to show it off

Car lovers

DIFM's(Do it for me)

- Needs to be effortless and easy
- Important to enable others to set up things for them
- Tech capabilities don't matter
- Value of digital services needs to be tangible

Car Traditionalists

- Show that digital services can enhance driving experience
- Practical value

Don't care

about digital media

• Love to show off their car and driving skills

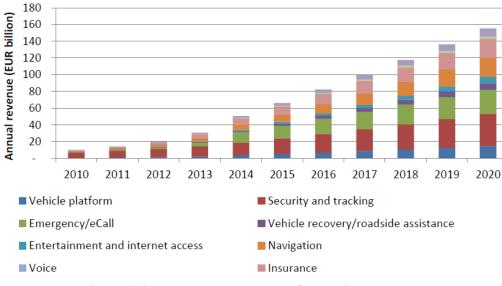


Don't care about cars

Opportunity. Can we rely on consultants?

157 billions € in 2020

Figure 1-2: Global revenue from automotive M2M 2010-20 [Source: Machina Research, 2011]



Lease, rental, HP and share car management Manufacturer data

Automotive sector towards lowering costs and focusing on core business...

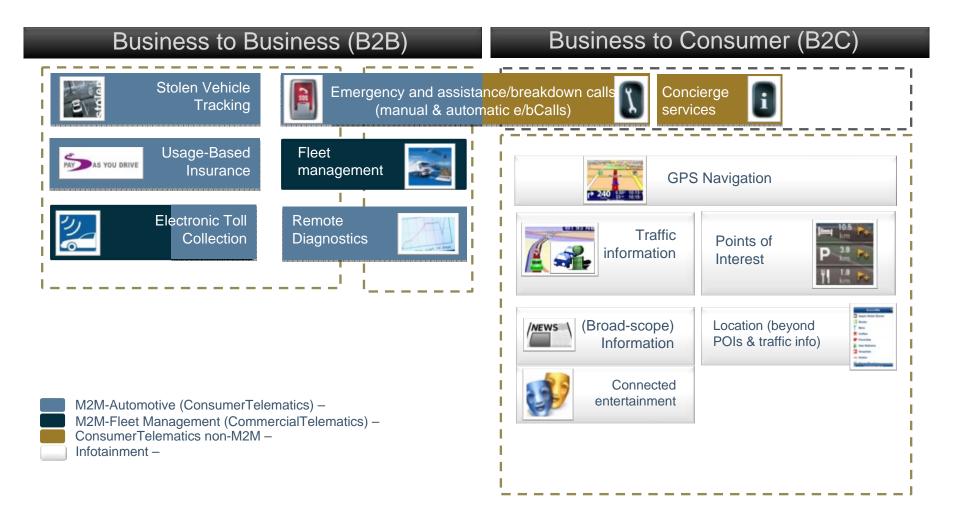
Automotive sector in the crossroad due to economic downturn Telematics non-core trend for the sector

... and regulation fostering the **USE** of ICT in the transport sector

Transport sector inefficiencies can be solved thanks to ICT



Understanding the opportunities





Monetizing. Where Telcos excel at.

Option-based:	•Customers purchase individual or packaged services and applications for a limited time or indefinitely
Inclusive:	•Offer some services for free to generate consumer awareness
Subscription:	•Users pay a monthly/annual fee to have access to the entire service portfolio.
Advertising:	•Combining traditional broadcast advertising (i.e., audio messages) with new ones (i.e., display-based advertisements) to maximize user acceptance.
Communication.	•Charging users for data network access and bandwidth
Service Delivery Platform.	•Revenue sharing.

An initial challenge:

Car manufacturers facilities are centralized and vehicles can go anywhere. Therefore the SIM installed in the factory



Transforming the car into a service, transforming the service into a business opportunity



Thank you!



