



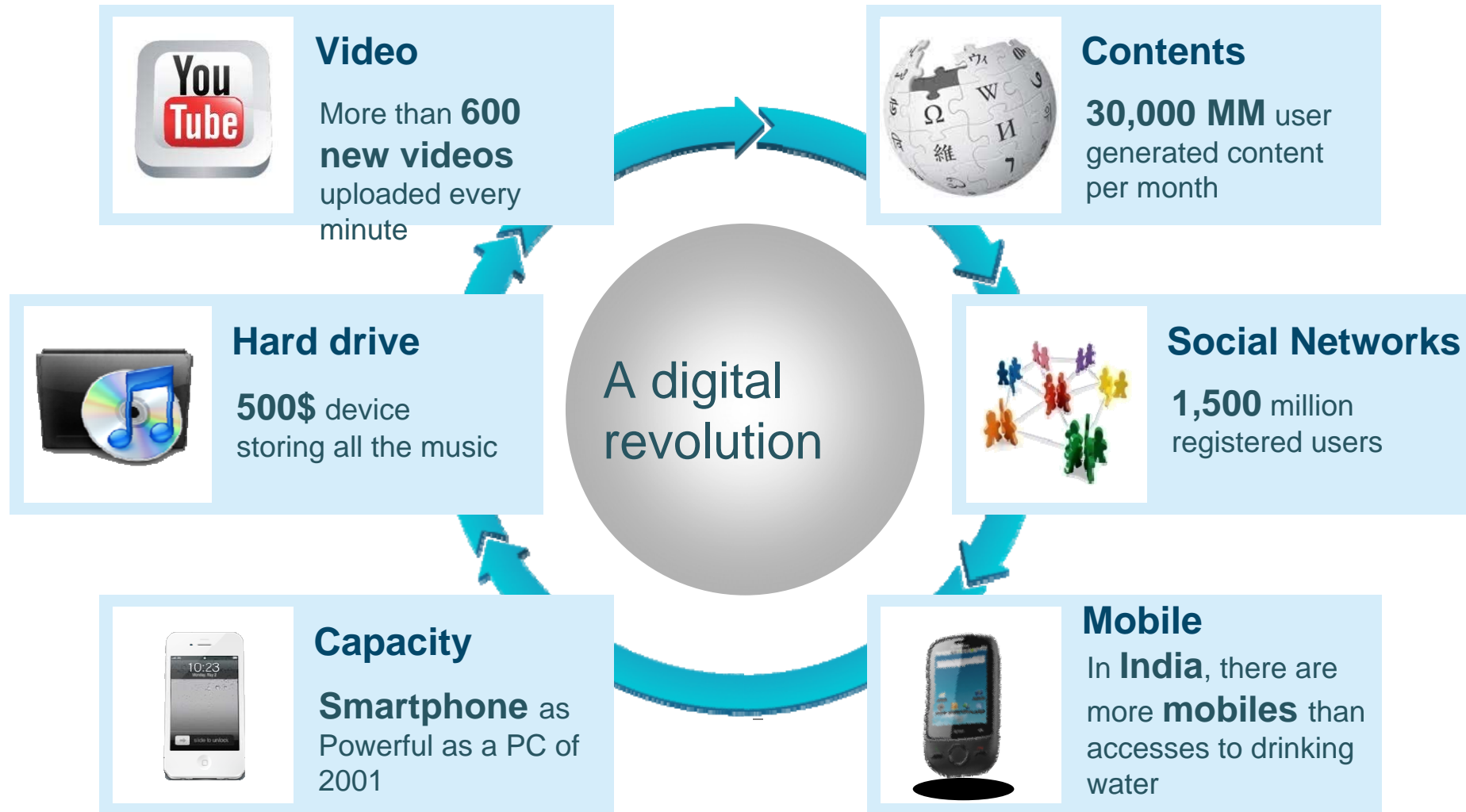
# Connected cars: a new revenue generation model for Telcos

Jose Jimenez

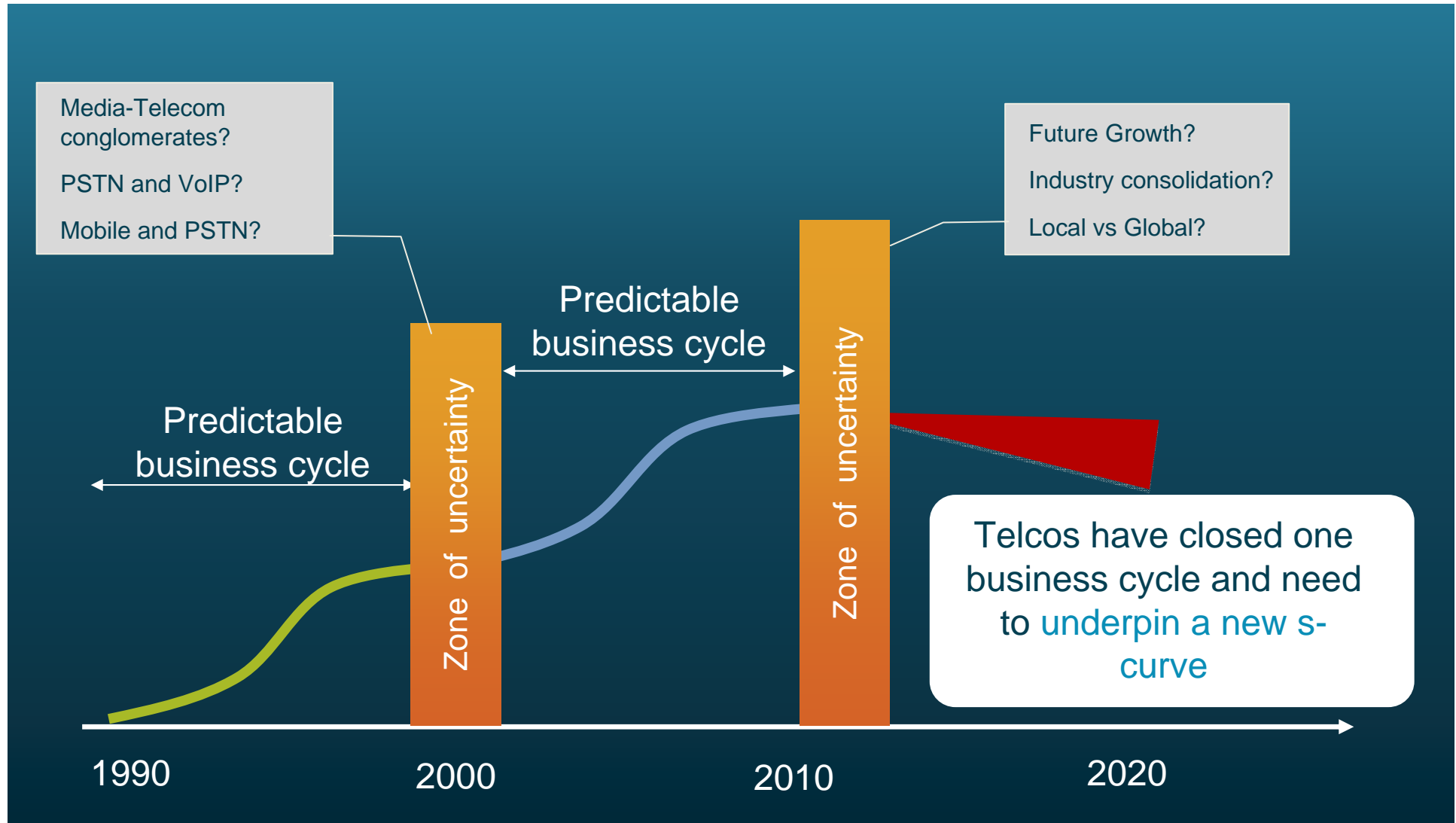
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*Telefonica*

# 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

## TELEFONICA DIGITAL MISSION

To create  
**POWER** for  
Telefonica

...

...to  
**OUTPERFORM**  
in the Digital  
World

... and establish  
Telefónica  
as a **GROWTH**  
company

# What is the Connected Car?

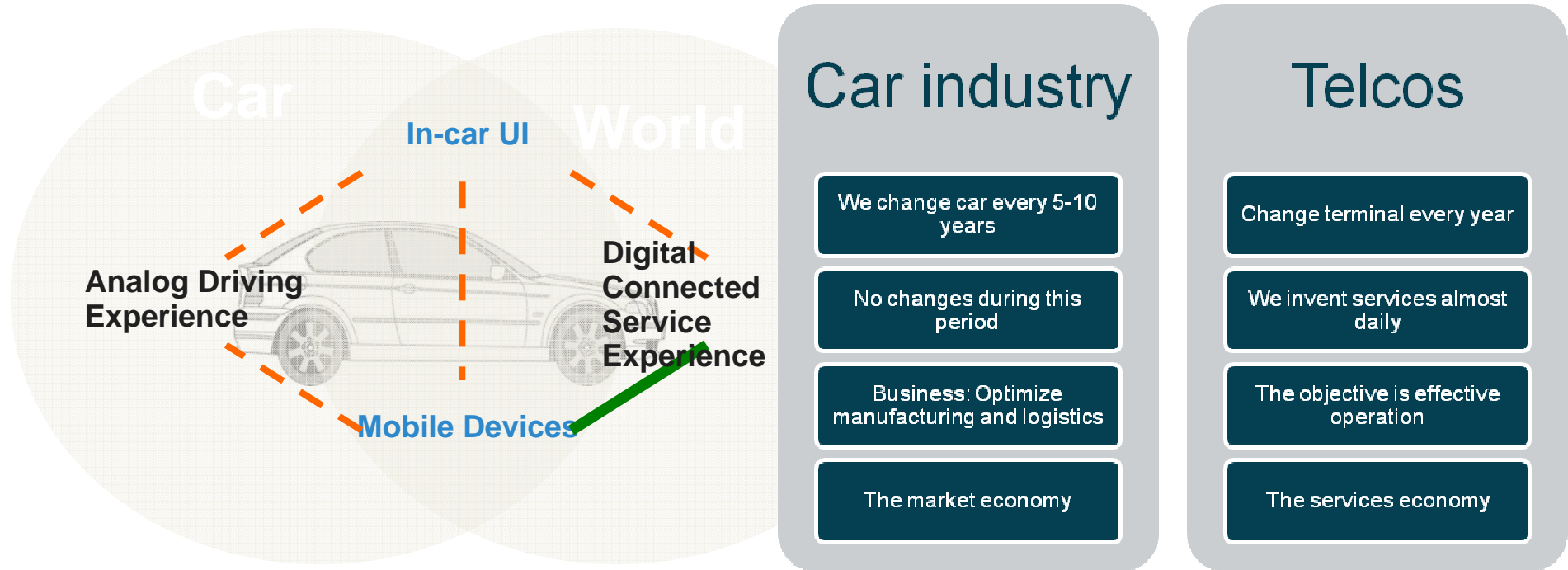
*Connected Car:* A car where drivers and passengers are connected with the outside world and enjoy the services they want and/or need in their trips

**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?

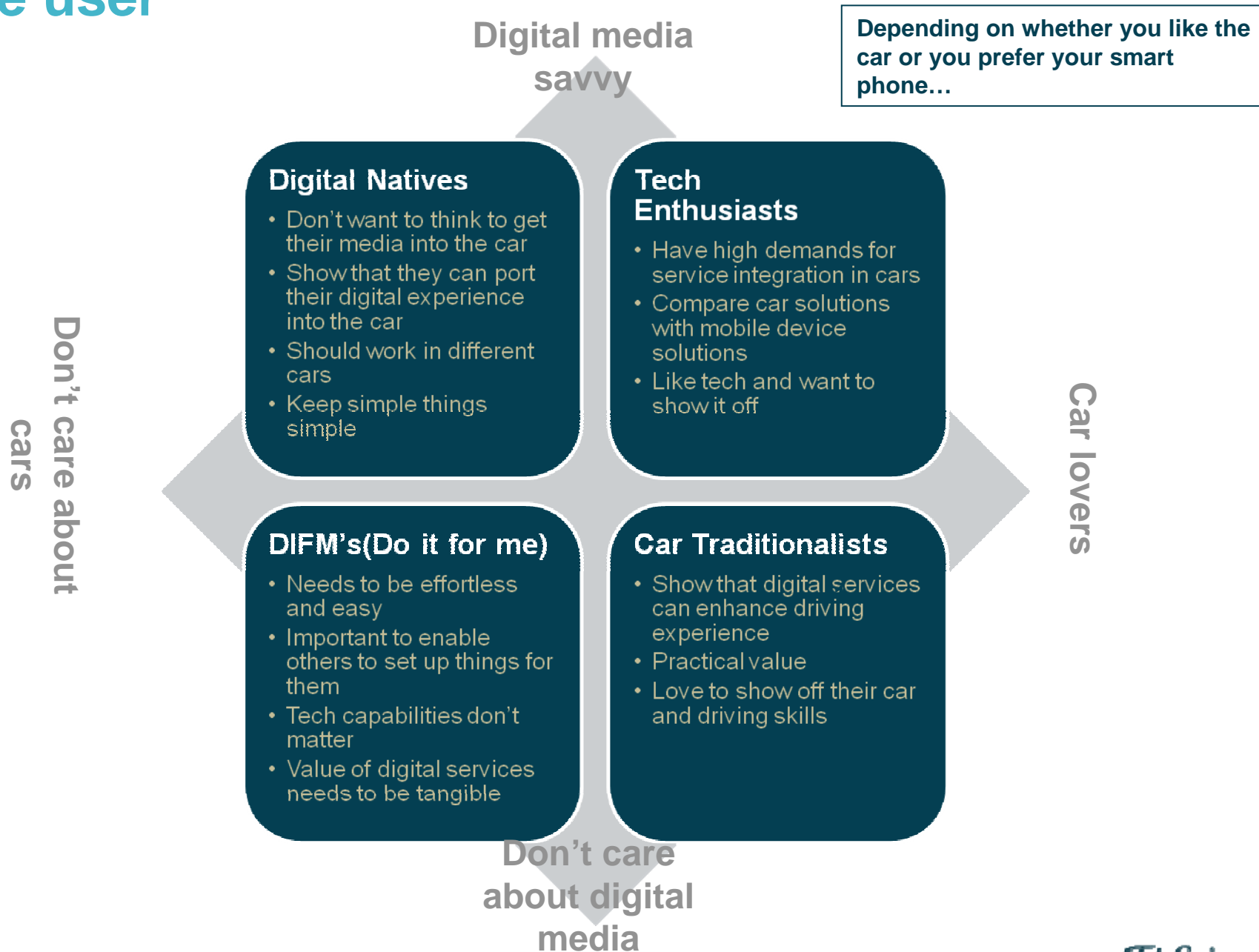


# Connected services in the car. Joining two worlds



**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

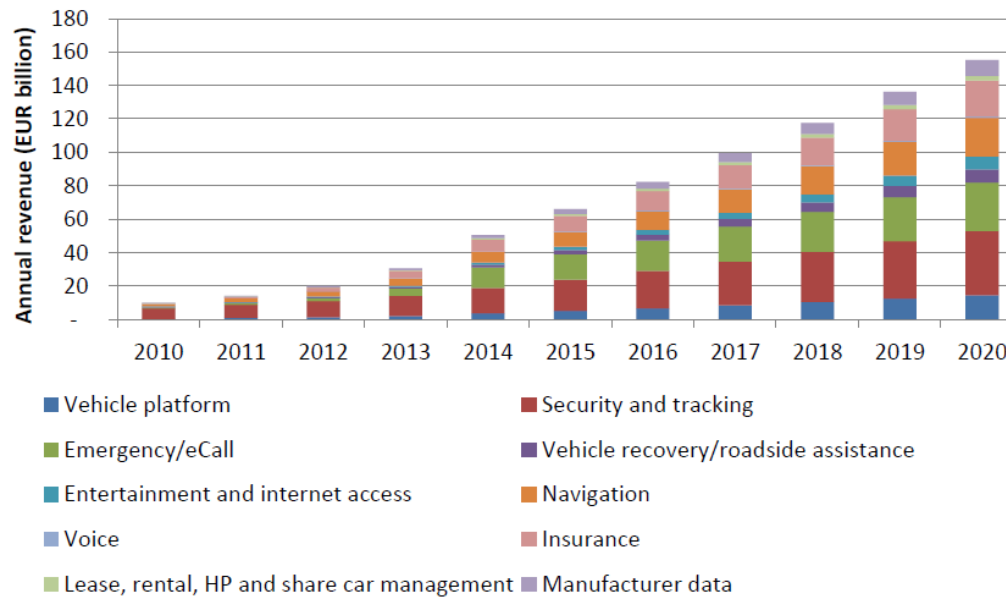




# Opportunity. Can we rely on consultants?

■ 157 billions € in 2020

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



**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

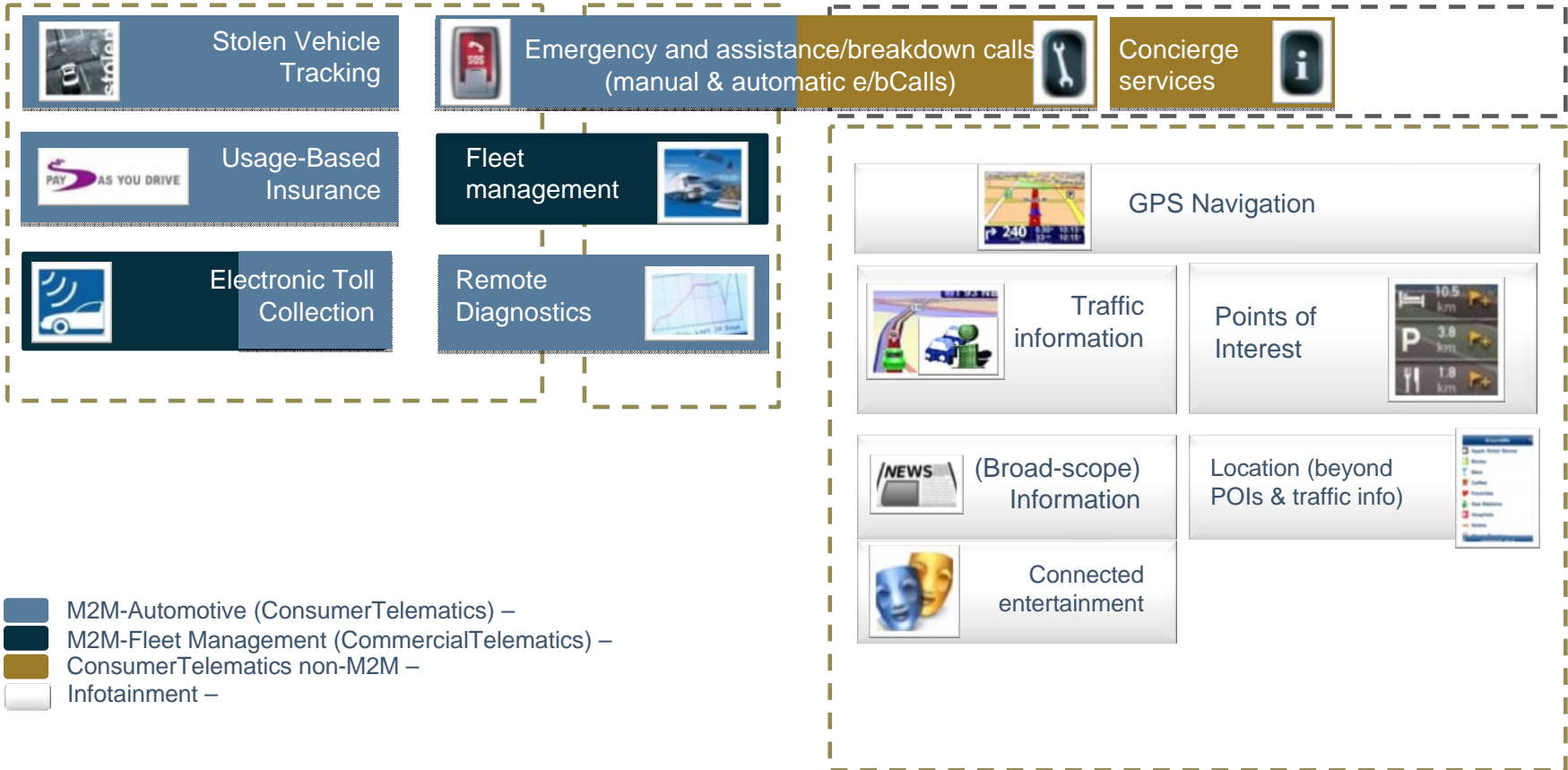
**... and regulation fostering the use of ICT in the transport sector**

Transport sector inefficiencies can be solved thanks to ICT



# Understanding the opportunities

## Business to Business (B2B)      Business to Consumer (B2C)



# Monetizing. Where Telcos excel at.

<b>Option-based:</b>	<ul style="list-style-type: none"><li>• Customers purchase individual or packaged services and applications for a limited time or indefinitely</li></ul>
<b>Inclusive:</b>	<ul style="list-style-type: none"><li>• Offer some services for free to generate consumer awareness</li></ul>
<b>Subscription:</b>	<ul style="list-style-type: none"><li>• Users pay a monthly/annual fee to have access to the entire service portfolio.</li></ul>
<b>Advertising:</b>	<ul style="list-style-type: none"><li>• Combining traditional broadcast advertising (i.e., audio messages) with new ones (i.e., display-based advertisements) to maximize user acceptance.</li></ul>
<b>Communication.</b>	<ul style="list-style-type: none"><li>• Charging users for data network access and bandwidth</li></ul>
<b>Service Delivery Platform.</b>	<ul style="list-style-type: none"><li>• Revenue sharing.</li></ul>

**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!**

*Telefónica*

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