Connected Living: The Market Opportunity in Embedded Mobile

Hello

Marc Overton

VP Wholesale & M2M

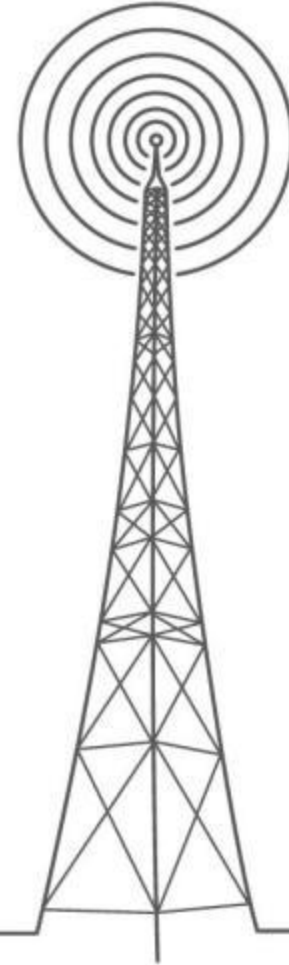**+44 7782 325253**

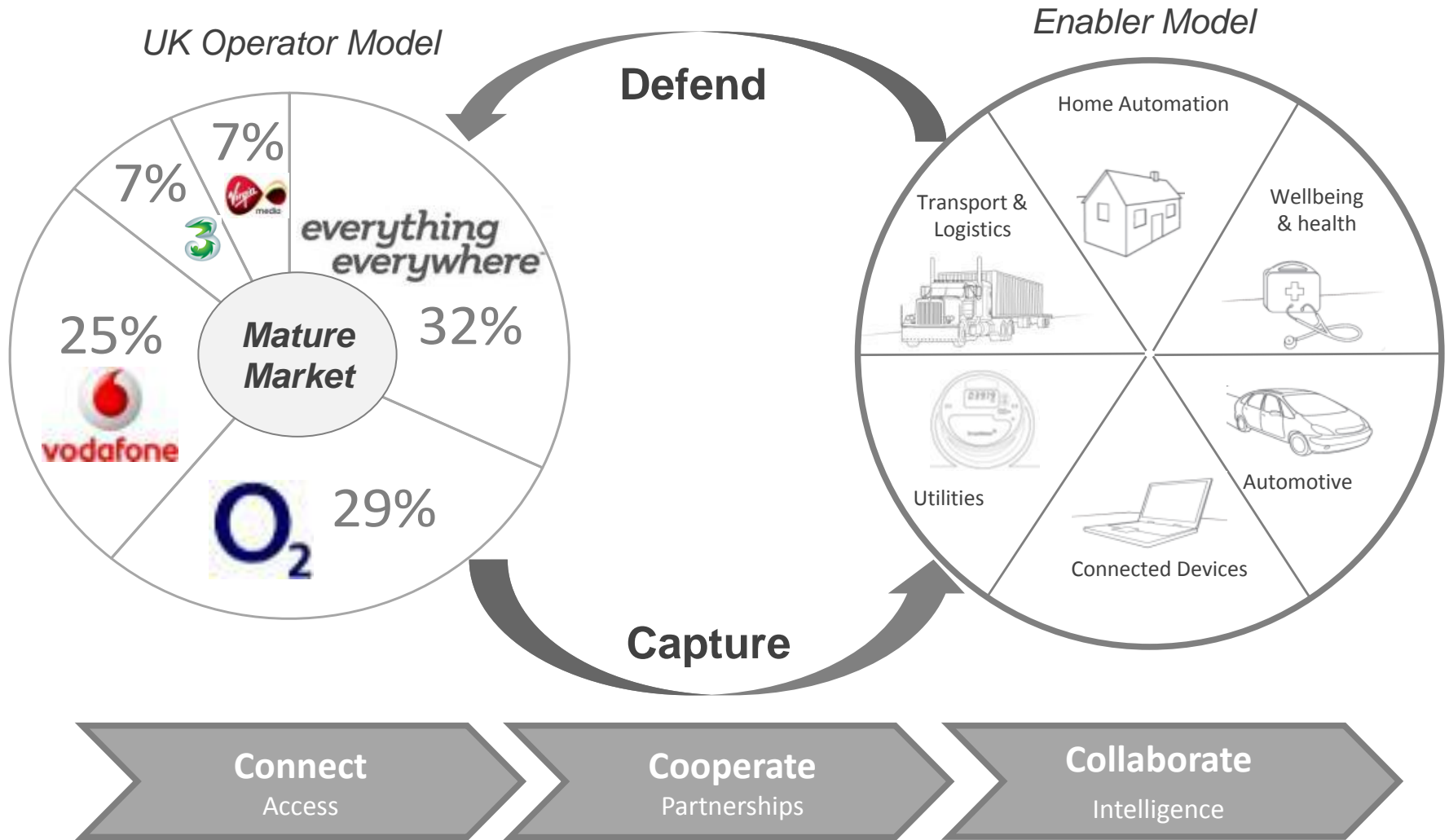**marc.overton@everythingeverywhere.com**

21 June 2012

everything everywhere

Everything Everywhere

- Largest UK Operator and network

- 50/50 JV between 2 of Europe's largest Operators (Deutsche Telecom/ France Telecom)

- Largest wholesales mobile operator (24 MVNOs including Virgin Mobile and China Telecom)

- Best 3G Network/ planned to be first LTE operator in UK

- Unique global reach (DT & FT Networks), M2M service alliance and M2M partner network

MNOs have a key role to play in enabling business transformation in other verticals

UK Operator Model

7%

7%

25%

Mature Market

32%

29%

Defend

Capture

Enabler Model

Home Automation

Transport & Logistics

Wellbeing & health

Utilities

Automotive

Connected Devices

Connect
Access

Cooperate
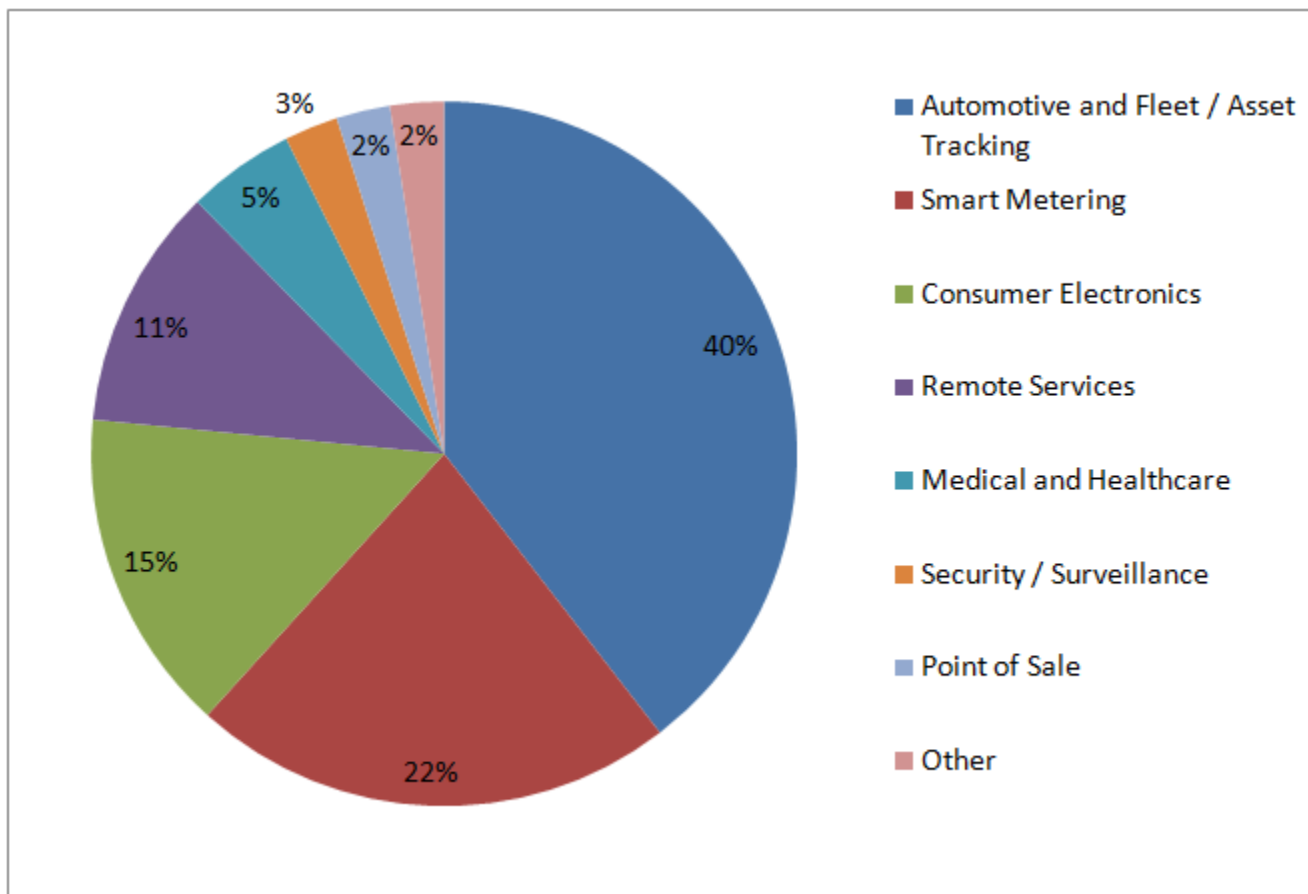Partnerships

Collaborate
Intelligence

Why Now?

1. Regulation

2. Land grab - first mover advantage

3. Increased loyalty for enterprise business

4. 'Internet everywhere' allows new B2B and B2C propositions

5. Cheaper devices with improved battery life based on smart phone technology

6. Natural development for MNOs and System Integrators

7. 4G is M2M

M2M Market Forecasts – the majority of todays market is in traditional telematics and smart metering

Distribution of publicly announced M2M contracts by vertical classification

Pie chart data:
- Automotive and Fleet / Asset Tracking: 40%
- Smart Metering: 22%
- Consumer Electronics: 15%
- Remote Services: 11%
- Medical and Healthcare: 5%
- Security / Surveillance: 3%
- Point of Sale: 2%
- Other: 2%

Source: InformaTM May 12

M2M requires a different operating model to the smartphone market

Easy to do business with
We are easy to do business with: one dedicated account team, one contract, one SLA.

Global footprint
We have a global service agreement with FT/DT and TeliaSonera allowing us to closely service our connections and respond immediately to issues.

Focus on M2M
M2M is one of our strategic objectives. It has our board's focus and as a stand-alone business unit, leverages our International roaming and MVNO businesses.

everything everywhere™

Partnerships
Partnering is in our blood. As the largest wholesale operator in UK, we have considerable experience and want to target new segments together.

Investment and Innovation
We are investing significantly in M2M, and leveraging DT/FT's R&D to develop world class propositions with partners such as the Dual IMSI.

Global Support
Our global service agreement with FT/DT and TeliaSonera allows us to actively service our connections and respond immediately to any issues.

Flexibility
Using our MVNO experience, we have developed a best-in-class, flexible M2M platform to manage complex deployments.

Our target markets

Transport and Logistics:
Rising fuel costs, need for security
Ability to integrate with supply chain
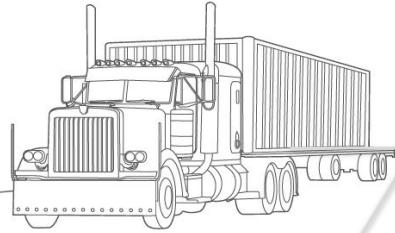
Automotive:
Legislation for e-call
Aftermarket telematics

Insurance:
Legislation to base line premiums
Pay *How* You Drive!

Energy & Utilities:
Legislation for Smart Meters
Need for Smart Grids

Wellbeing & health:
Ageing population
Increasing prevalence of disease driven by obesity

Home Automation:
Increasing penetration of technology to capture the connected home, and with it, appliances, services and security
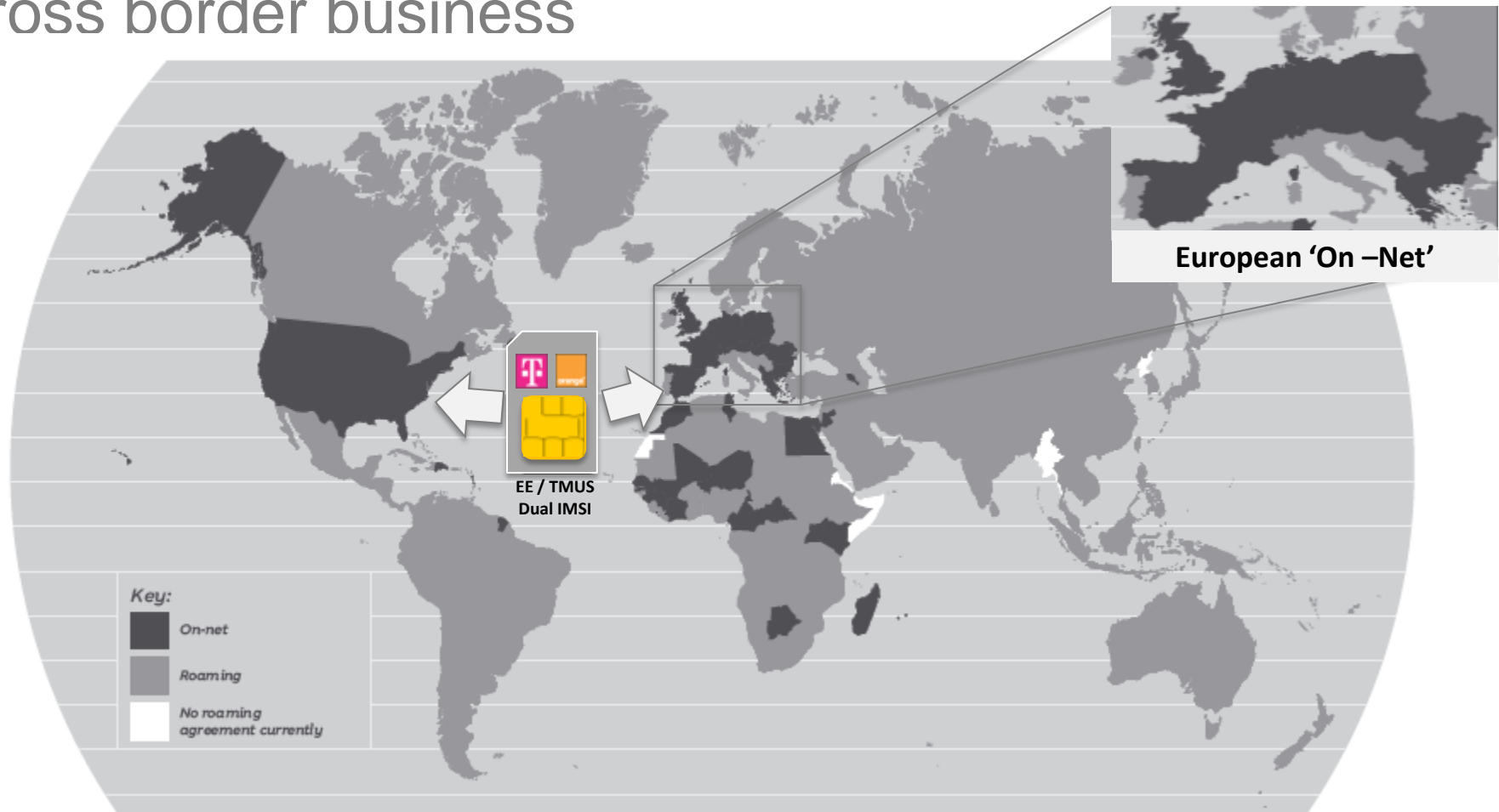
Connected Devices
Increasing penetration of technology
Built-in connectivity to consumer appliances

Global connectivity is vital for M2M cross border business

European 'On –Net'

Key:
- On-net
- Roaming
- No roaming agreement currently
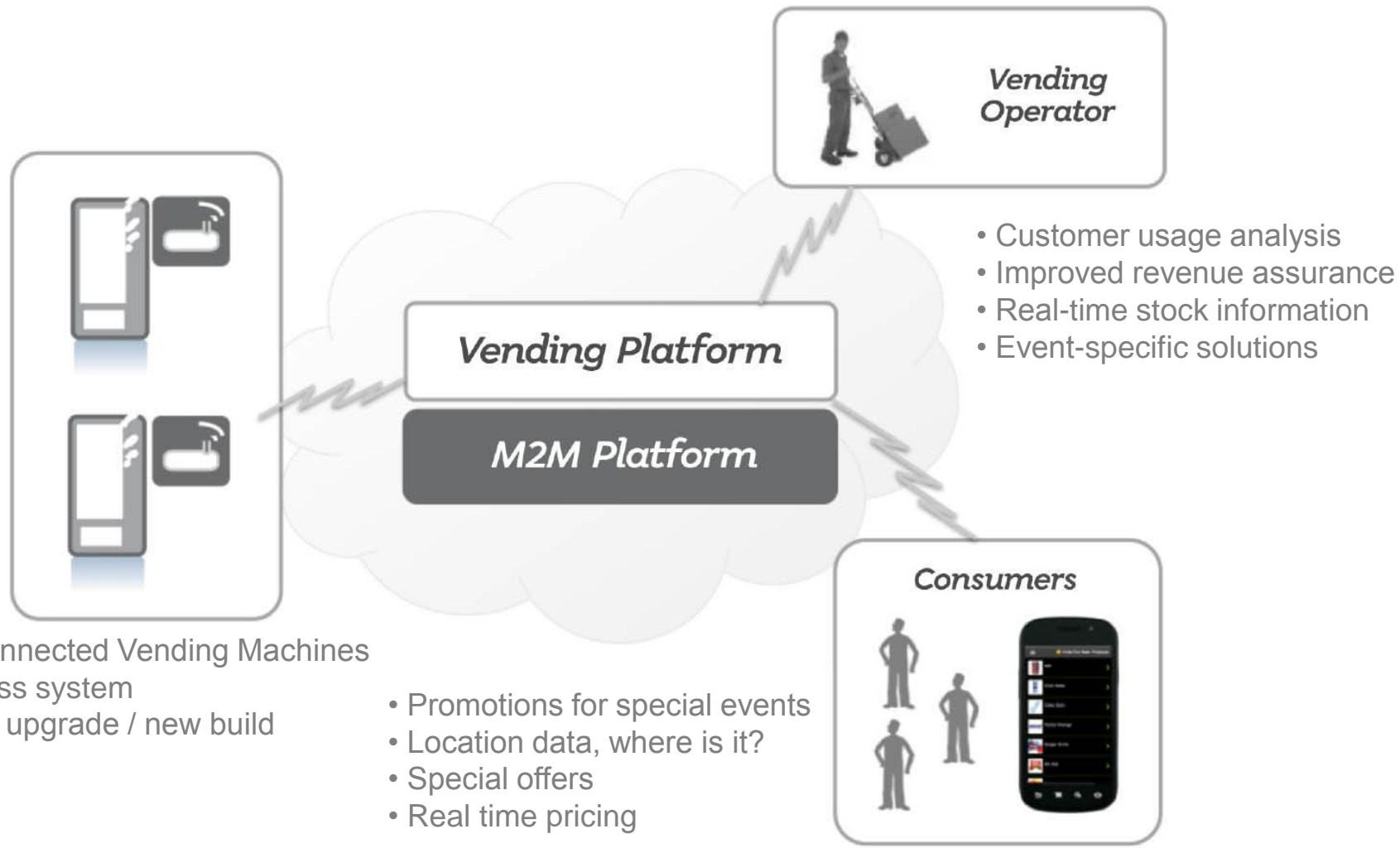
EE / TMUS
Dual IMSI

Everything Everywhere provides:
- The largest GPRS network in the world and the largest on-net footprint in Europe
- Outstanding global roaming coverage
- EE/ FT/DT/ TeliaSonera M2M service alliance
- Dual IMSI – single SIM covering US and UK – simplify logistics/ reduce cost

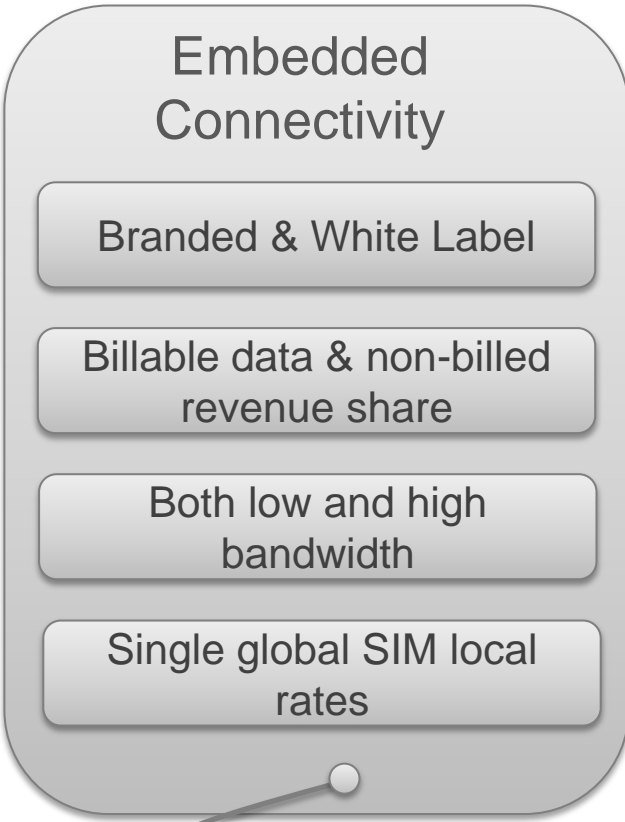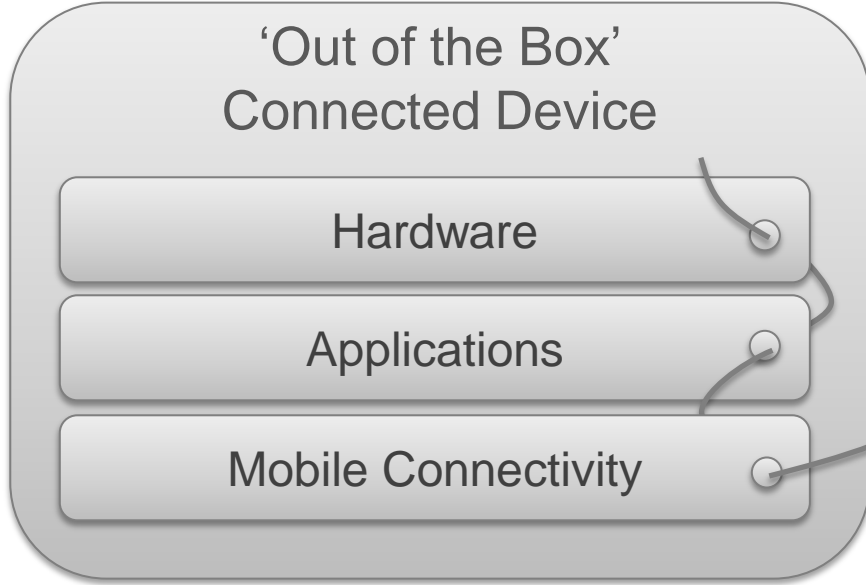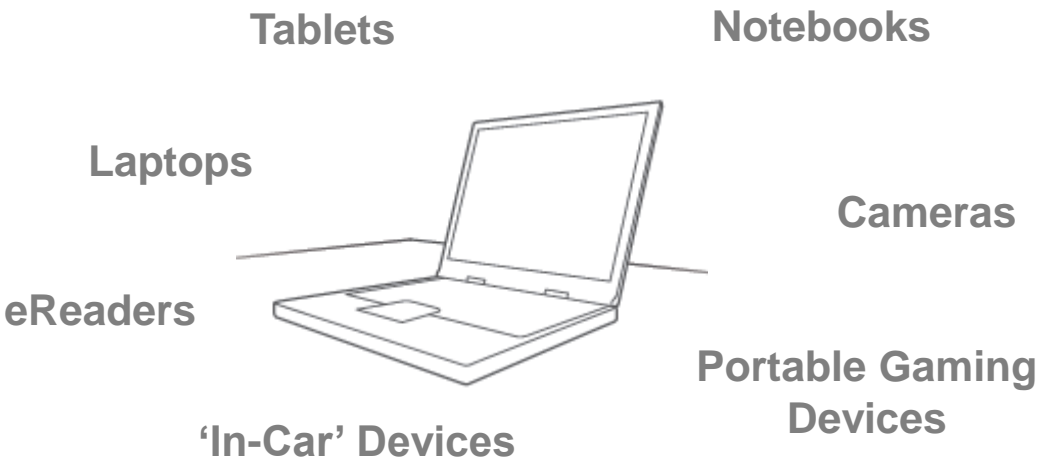# Partnerships are key to offer business solutions

1. Multi-channel approach working with domestic and international partners

2. Coverage and service availability are critical factors for M2M – operators need to be prepared to work with other networks to complement their own

3. M2M is cross border – you need to have an international partner approach

4. The telco is more than a network (it is also a channel partner / retailer and has significant credibility to front new ventures)

5. Custom solutions define M2M so partnering and maximum flexibility is key

everything everywhere	**Service Provision**				
Network: National International	**World Class Customer Service**	**Finance & Billing**	**Channels: Retail,B2B Wholesale**	**Applications & Services**	**Devices Testing & Certification**
	Either Everything Everywhere or Partners to run				

Beyond connectivity to solutions – Smart Vending

Vending Operator

• Customer usage analysis
• Improved revenue assurance
• Real-time stock information
• Event-specific solutions

Vending Platform

M2M Platform

Consumers

• M2M connected Vending Machines
• Cash-less system
• Retro fit upgrade / new build

• Promotions for special events
• Location data, where is it?
• Special offers
• Real time pricing

Everything Everywhere in partnership with

We have developed propositions that enable 'Out of the Box' connectivity

Tablets

Notebooks

Laptops

Cameras

eReaders

Portable Gaming Devices

'In-Car' Devices

Embedded Connectivity

Branded & White Label

Billable data & non-billed revenue share

Both low and high bandwidth

Single global SIM local rates

'Out of the Box' Connected Device

Hardware

Applications

Mobile Connectivity

WiFi

3G & HSDPA+

LTE

The challenges of M2M

Commercial

- Business models vary by vertical
  - ARPU is not the best KPI
  - Hardware subsidies
  - Cost of on site visits
  - Data has different value depending on application and quality of service needed
- Time for some industries to grasp the M2M opportunity

Technical

- Diverse device behaviour – these are not smartphones!
- Security for IP driven data
- Device longevity
  - Degradation
  - Importance of OTA maintenance
- Interpretation of "Standards"
- Not a closed eco-system – needs to work across multiple networks

One size does not fit all!