Telefonica

Telefónica's Digital Home response to Covid-19: increasing our offer of entertainment and education

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1. Introduction

As part of our commitment in this coronavirus crisis Telefónica has taken a series of measures and guaranteeing communications has been our priority. The Digital Home unit is committed to increase its entertainment and educational offer and has also launched new Living Apps.



"We will make every effort to ensure that the telecommunications network works at full capacity, in a reliable, stable and secure way in Spain. We will do the same in all the countries where we operate, working to provide our networks with sufficient capacity to absorb the most demanding peaks"

José María Álvarez-Pallete
CEO & Chairman of Telefónica

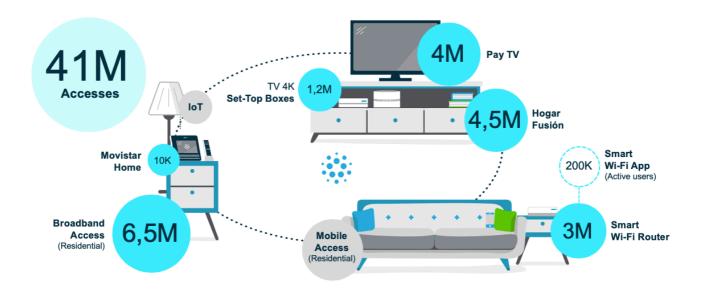
Spain has an ultra-broadband communication infrastructure of extremely high capacity and quality. In a relatively short period, the country's telecom operators have laid out fibre-optic cables reaching millions of premises — more than France, Germany, the UK and Italy combined. This has incredibly helped Telefónica to provide a state-of-the-art service to all its customers in Spain during this health crisis.

In order to facilitate home entertainment, Telefónica has increased its **offer** in Spain, **especially children and sports content**, free of charge, accessible through the Movistar+ Lite application where customers and non-customers can enjoy a month for free.

Furthermore, it has increased at no extra cost, the GB enjoyed by its customers with an additional 100 GB for two months and has just announced that over 3 million premium customers will have access to unlimited data plans for free. It has also made the Movistar Junior app available to our Fusion customers, free of charge, with special content for the youngest members of the household.

2. Al powered in home experiences

In Spain we are also convergent leaders. Telefónica is the leading provider of home technology in Spain with 41 million accesses.



We have the largest B2BC digital home platform. A platform that allows the design of new digital experiences using the capabilities of the Movistar ecosystem of devices and services. This success case study will be adapted to Brazil, Germany and the UK.

From Telefónica's Digital Home unit we are committed to increasing our offer of entertainment and education in this time and have just launched new Living Apps available for free to over 1 million customers in Spain through Movistar+ TV such as:

- GoMusic Living App for live streaming of concerts.
- Jappy Living App for kids with music, or education content through videos.
- StayConnected Living App where customers can do Yoga, do some exercise with Chema Martinez elite runner, play with their kids or enjoy culture activities.

Living Apps are new forms of interactive advertising, a **new brand space for innovative content** which also allows conversions to purchase.

Third parties like Air Europa, Iberia, Atlético de Madrid, or LaLiga have built their own experiences and are using this new channel to connect with their customers.

Telefónica has also developed Living Apps with their own products & services like Conecta Empleo or Espacio Fundación Telefonica.

During this Q1 we have also launched Living Apps of key Telefónica's services: Mi Movistar, Movistar Soud, Smart WiFi and FanShop La Resistencia, a popular Movistar+ original talk show that offers exclusive content and merchandising.

We are also **co-creating with key partners like Netflix**. We are **innovating together**; this brings a better service for our customers. They can now enjoy Netflix content in our Movistar+ TV and customers may not know if they are watching a content from one platform or another.





3. A growing ecosystem of devices & connectivity

The best connectivity is one of the pillars of our home strategy, and we see an increasing role of the home Wi-Fi as 80% of the smartphones traffic is Wi-Fi, and 54% of our digital consumers are demanding a higher reach of their Wi-Fi.

In Spain we are also leaders in **developing Al powered devices**, which are indeed helping our customers during this crisis to make the most of out their relationship with Telefónica. One example is the launch of Movistar+ Voice Remote Control with great success. I would like to remark that this device totally respects our **customers privacy**, the microphone is only activated when the Aura button is pressed.

provides peace of mind with security and family features such as parental control and identity protection.

Furthermore, we have launched a second version of a home Smart WiFi app in Spain and Argentina, which will soon arrive in Brazil too. The new app includes parental control and device digital security (provided by McAfee) as well as Wi-Fi optimization and customer support capabilities.



The analyst firm GlobalData recently published:

"We are positive on the launch of the Telefónica Movistar+ Voice Remote Controller, this device could help get Aura into the home faster and effectively. It allows its Movistar+ TV service customers to search for content, change channels and other key content navigation tasks using the Aura natural language recognition interface."

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The analyst firm OMDIA recently stated:

"For Telefonica, the Smart WiFi app is essential as it not only provides a better customer experience but also allows the operator to engage with its customers in a far more in-depth manner."

As for our **Movistar Home** smart device, we are **continuously integrating new features** like the Bluetooth speaker, new TV features or content and games.

Our Smart WiFi device is a gateway to control the connected devices and home and the network, and it



4. Our Platform strategy & Aura, Telefónica's Al

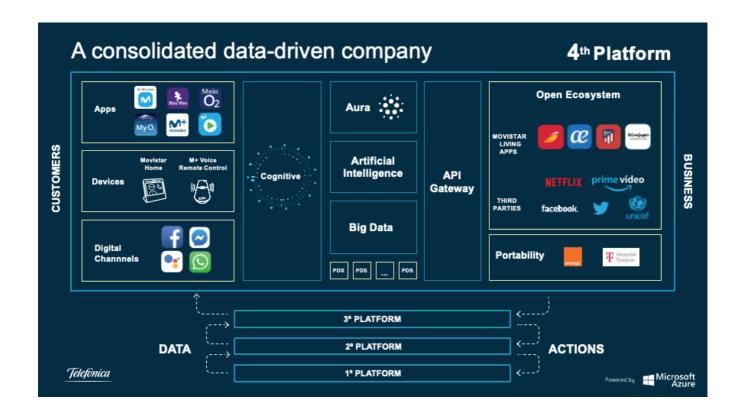
All of this is possible thanks to <u>our 4 platforms</u> which are unique because you can launch simultaneously a service in many countries like we did with <u>Aura</u>, Telefónica's Al, in six countries.

Thanks to this strategy, we have managed to have **over 300 million operations per month** on standardized data, 178 millions of mobile customer lines of normalized data, over 55 standardized API families and more than 70 solutions such as Aura, Network Planner, Device Recommender or Movistar Home device among others.

Aura is a **solid customer relationship** model based on trust. It uses natural language, answers in real time, has personalized experiences and an omni-channel interaction. We are where our customers want us to be. We were recently recognized at the **Global Telecoms Awards** (GLOTEL Awards) as a leading company in

Artificial Intelligence in the category "Advancing Artificial Intelligence".

Telefónica's AI continues delivering its strategy by increasing its reach integrating Aura in more channels like the Call Center or WhatsApp in Brazil that are indeed being key to offer a better customer service during this crisis. I would like to highlight some amazing figures of the WhatsApp use in Brazil, where we have 90% of customer satisfaction, 97% of its users solved their queries and did not contact the Call Center in the following 24 hours and 80% said the interaction was human and clear.



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