PRESS RELEASE

Telefónica signs an agreement to work on integration of IoT devices into Microsoft Azure

● The collaboration will facilitate device integration enhancing connectivity data exploitation, analytics and integrated diagnosis capabilities.

Madrid, April 3, 2018 – Telefónica, a leading provider of a wide range of IoT solutions and services, announced today an agreement with Microsoft Azure IoT that includes three main areas of collaboration: product integration features, joint go to market and innovation.

Public cloud usage has become progressively mainstream for IoT solutions. However, companies commonly face challenges when connecting their devices to develop IoT services such as unreliable services and data flows traceability. Furthermore, there is a requirement for device credentials which results in higher costs and the need for firmware customisation, as well as higher data and battery consumption due to cyphered communications, in some cases not supported by selected IoT devices.

"By integrating Telefónica's IoT connectivity platform with Microsoft Azure IoT Suite, Telefónica will offer its customers a global IoT Managed Connectivity Solution that helps Telefónica's customers to easily, securely and reliably connect their IoT devices to Azure IoT Hub. The purpose of this integration is to solve customer issues when streaming data from device to cloud, leveraging on network authentication and identity to offer a zero-touch device provisioning, reducing device complexity and required customization" explains Vicente Muñoz, Chief IoT Officer of Telefónica.

Telefónica and Microsoft have jointly developed an IoT preconfigured solution, putting value in integrating Telefónica Managed Connectivity data into Microsoft Azure IoT Suite Remote Monitoring.

Telefónica will also integrate its IoT connectivity platform APIs with Azure IoT Device Twins, providing a single interface for SW development and standard components in Microsoft Azure. This will enable more sophisticated analytics and better diagnosis capabilities.

Both companies will also explore collaboration for new market strategies with focus on marketplaces and innovation projects regarding new IoT connectivity, IoT security and devices identity challenges. These product integrations will allow a better joint offering to Telefónica and Microsoft customers.

Ana Alonso, director Enterprise Customers from Microsoft Spain mentioned: "Partnering with Telefónica will provide Telefónica´s customer base with end-to-end IoT solutions covering both Telefónica´s managed connectivity services and Microsoft´s leading cloud-based IoT SaaS and PaaS capabilities with an integrated approach on Security, Data Analytics and Artificial Intelligence".

About Telefónica

Telefónica is one of the largest telecommunications companies in the world by market capitalization and number of customers with a comprehensive offering and quality of connectivity that is delivered over world class fixed, mobile and broadband networks. As a growing company it prides itself on providing a differential experience based both on its corporate values and a public position that defends customer interests.

The company has a significant presence in 17 countries and 344 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy.

Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its shares are traded on the Spanish Stock Market and on those in London, New York, Lima, and Buenos Aires.

Telefónica IoT is the global IoT business unit that develops and implements IoT solutions across all industry verticals. It offers end-to-end global solutions to its customers around the world relying on its best-in-class connectivity that extends beyond their footprint enabled by Roaming agreements and partnerships. Main areas of Telefónica IoT include Smart Mobility, Smart Cities, Smart Retail and Smart Energy.

For more information about Telefónica´s IoT business, visit iot.telefonica.com or follow us on twitter at @telefonicaIoT and LinkedIn.

About Microsoft

Microsoft (Nasdaq "MSFT" @microsoft) is the leading platform and productivity company for the mobile-first, cloud-first world, and its mission is to empower every person and every organization on the planet to achieve more.

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