



AT&T
Digital Life®



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President, AT&T Digital Life



Global smart
home market
expected
to reach
\$115B
by 2019



Source: Strategy Analytics, 2014.

A look at the industry

Home Security

Less than 20% of U.S. households have home security

- Fragmented – approximately 13k security providers
- Industry ARPU ~ \$35-40
- Average customer life – 6-7 years
- Industry margins ~40%
- By 2019, 30-35% U.S. households will have home security

Smart home market revenue	2014	2019
Global	\$48B	\$115B
U.S. only	\$18B	\$39B

Automation

- Less than 1% of U.S. households have home automation
- By 2019, ~30% (40M) U.S. households will have at least one smart home device or system
- By 2019, 224M global households will have at least one smart home device or system

Sources: Strategy Analytics, 2014, Parks Associates, 2013, Harvard Joint Center Housing, 2010, Census Bureau, 2013, Accenture, State of IOT, 2014

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Digital Life strategy

Transform

- Redefine the end-to-end experience
- We control the:
 - *Platform*
 - *Roadmap*
 - *Sales*
 - *Installation*
 - *Monitoring processes*
 - *Monitoring centers*

Expand

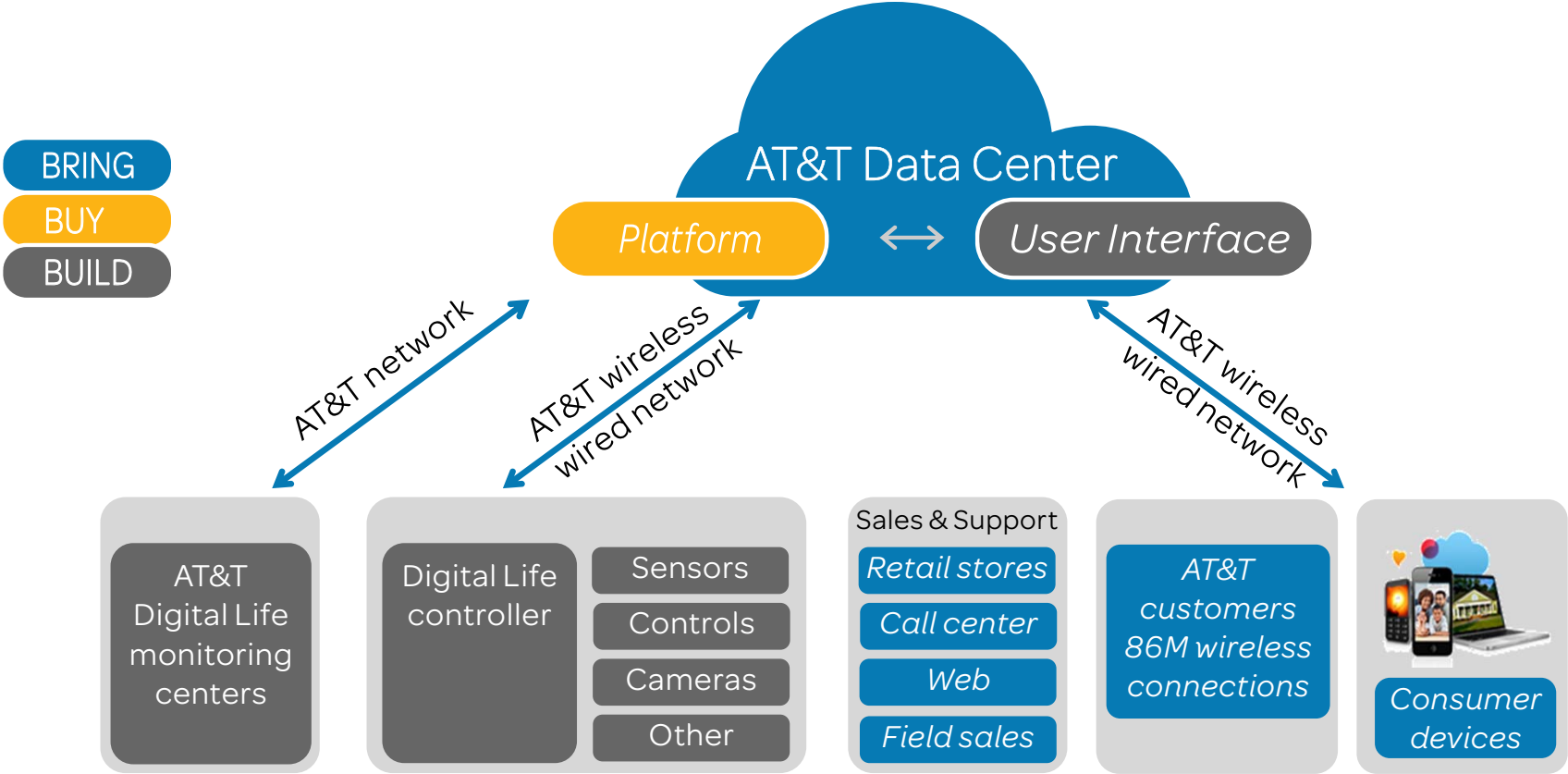
- The solution and service set beyond traditional boundaries
- New set of integrated security and automation capabilities

Utilize assets

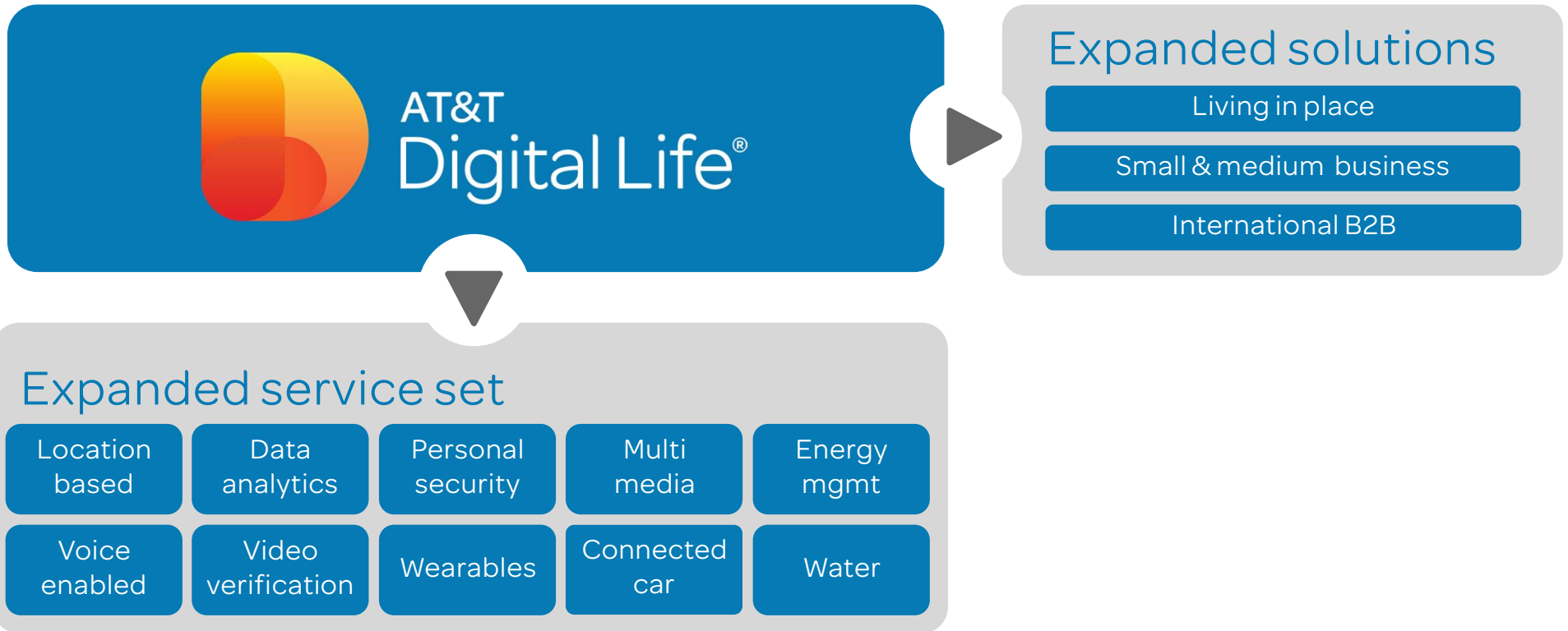
- AT&T's core strengths:
 - *Brand*
 - *Network*
 - *Sales and support channels*
 - *Customer base*



Our differentiator is our ecosystem



Open platform creates opportunity



*AT&T
provides a solid
foundation*

Network assets – nationwide reach

Full suite of products and services

Large customer base

Distribution channels

Trusted brand



Digital Life created a differentiated position

Technology

All wireless, IP
integrated platform

Broadband
agnostic

Wireless
centric

Product

Service

Price/Positioning



Digital Life created a differentiated position

Technology

All wireless, IP integrated platform

Broadband agnostic

Wireless centric

Product

Fully interactive “precise & timely”

Security & automation

Flexible rules & alerts

Service

Price/Positioning



Digital Life created a differentiated position

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Service

Industry-changing web purchase experience

Try before you buy – retail stores

Full service professional installation

Price/Positioning



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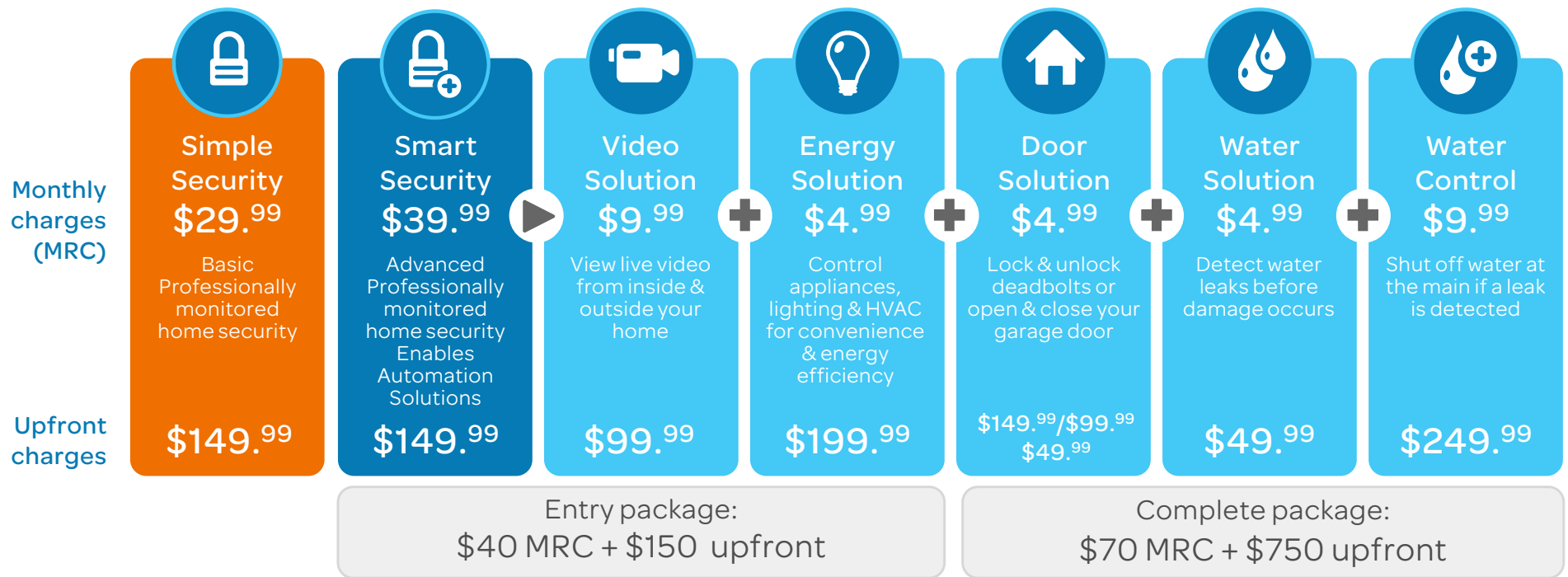
Minimal upfront cost

2-yr commitment with upgrade options available

Low total cost of ownership



Customizable security & automation packages

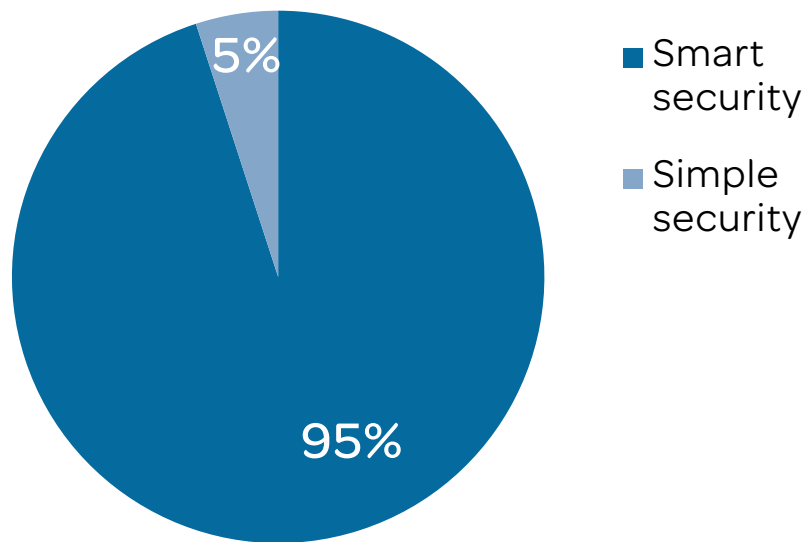


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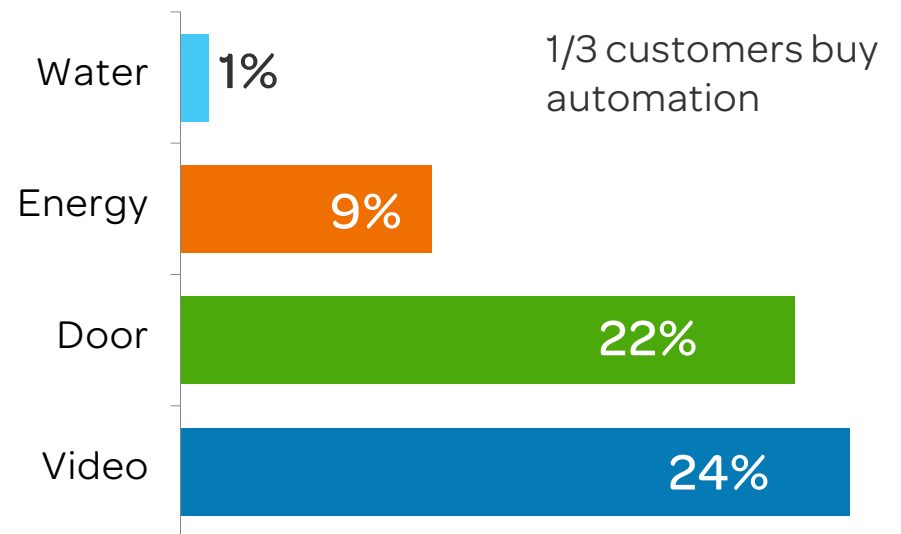


In-service package mix

Security package mix



Automation package mix



Key learnings

Creating a simplified overall customer experience

The powerful app is the heart of the product

Utilizing the retail channel is invaluable

A flexible installation model is essential

Ecosystem “control” creates a solid foundation



Unparalleled growth and expansion

Market presence

- ~140k subscribers in service, more than half added in the last 2 quarters
- 3,000+ retail stores, wireless & home solutions call centers
- 82 markets, 82 million HH's

Established ourselves as an industry leader

- Solid customer experience & strong NPS scores
- CSAA Five Diamond certified monitoring centers
- UL certified, all-IP based platform
- GSMA rated 'Best Consumer Mobile Service'

Created a platform for future growth opportunities

- International and Living in place trials started
- Developing a commercial solution for small and medium business

Source: Global Mobile Awards 2014

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Positioned for growth



Solid foundation

- Ecosystem ownership provides **flexibility** enabling us to **expand** our current service set and enter new markets
- Expandable platform **enables us to collaborate seamlessly across technology and services**
- End-to-end operations offer service to ~75% of U.S. households*

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* [Digital Life Map - http://about.att.com/content/dam/snrdocs/digital_life_map.pdf](http://about.att.com/content/dam/snrdocs/digital_life_map.pdf)

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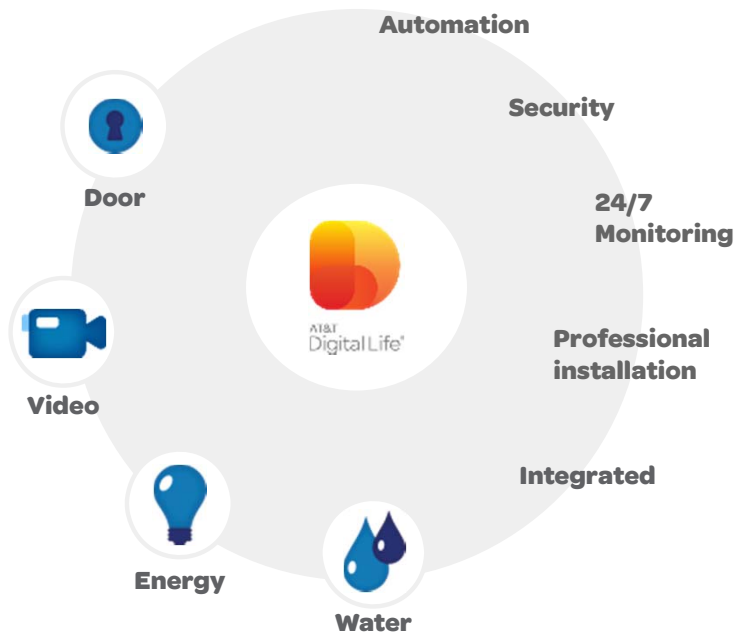


A platform based approach:

Near-term differentiation and new opportunities

Digital Life today

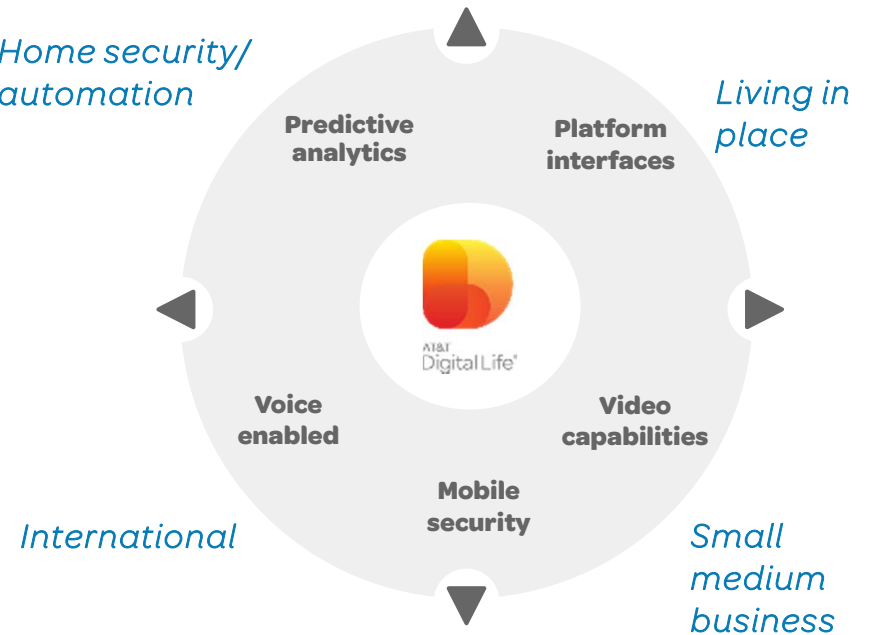
Home security & automation focused



Digital Life evolution

Managed platform → expanded services

Home security/
automation





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Living in place

- 10,000 baby boomers turn 65 daily through 2033
- **30% U.S. Adults** will provide care to an aging adult in the next 5 years
- Market is expected to grow from **\$500M to \$7B+** by 2020

Helps caregivers assist their elderly relative remain in their home safely and independently and provides peace of mind for caregivers

Peace of mind
Monitors daily
activity



Independence
Specific devices
for living in place



Quality of life
Enhanced platform
and user interface



*Customized experience
for the caregiver and
care recipient*

Source: U.S Census Data & Nielsen Mobile Insights Q2'13. Source: AARP 2013

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AT&T
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International

Licensing
Digital Life
platform



Trial agreement
with **Telefonica**
and multiple
demonstration
agreements with
other global
carriers



Sizable
opportunity in
the near term





AT&T
Digital Life®

Small and Medium Business

Utilizing our platform to work towards developing a commercial solution for small and medium business



Product benefits

- Remote access & customizable premise management
- Asset Protection
- Access Management Control
- Video Solutions
- Bundle Opportunity

Source: Slalom SMB Assessment, 2013

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Digital Life is well positioned to establish a leadership position

