

New opportunities

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Good morning everyone, in the room, and also at home. My name is Mike Schoofs. I've been with the company since 2005 in several commercial roles globally, managing Consumer as well. And today I'm leading the Enterprise business unit. So, we've heard and we're all super excited about the improved new map, which improves our portfolio and also adds a lot of value to existing customers and new customers. But I'm also here to talk to you a little bit about opportunities next to all of our excitement. And there's three things I would like to go through. First of all, I would like to zoom in a little bit on the landscape. What is actually the location technology space looking like? What are the industry needs? And, second, I would like to look a little bit more into how our product-market fit works in Enterprise, how we solve the needs of the industry. And finally, I would like to look into what it means for opportunity and growth.

So, let's look at the location technology market. Here, you see a graph. Today, it's roughly €2 billion, and this is a number excluding automotive, but it's growing quite fast, with a CAGR of roughly 7%, to €2.5 billion by 2025. Now, why is that happening? There's a lot of things going on.

If you look at location, location is actually everywhere, the map is increasingly playing a key role in our daily lives. And we don't all see the map. It's in the background. It's they're playing a silent role, but a very, very significant role. And we're going to look into some examples a little bit later on. But if you see, for instance, on our mobile phones, which is certainly part of our daily lives, seven out of the 10 most downloaded applications that we use, are actually depending on location in different shapes and forms. And again, sometimes in the forefront, but also in the background. And it's quite important. Location-based applications can play different key roles, from navigation to ecommerce, to social media, to travel, there's multiple examples there. And actually, the map is always playing a role in a unique set of use cases for each of those industries and markets with the location tech. Now, let's look at two examples, where actually what's going on with location is in the background.

So first of all, ride-hailing. Let's say you're a passenger and you're arriving in an airport. You arrive in an airport and you have different ways of going to different terminals. Right, so the terminal can be already quite complex. But to allocate a driver to you as a passenger – it's quite important to match this well. There are thousands and thousands of routes being calculated in the backend to get the right driver to you as a passenger at the right time. That's one, then you step into the car, and there's multiple routes, right? You want to make sure you get there safely, fast, avoiding traffic, road blockage, one way streets. And then you arrive at your destination, you get dropped off. And also that needs to happen in a safe way – at a safe spot, in a legal spot. So, those are key things happening. So, in this one example of an experience front-to-back, there's a ton of map data working in the backend. And mind you, there's 10 billion of these rides happening on a global scale every year. So, you can also imagine the vast amount of location data and work to go there, for those businesses in those industries, to offer us as a passenger, but also the drivers, a very smooth experience. Because that's key. And there's also competitive landscape. So, they need to perform, and need to make sure that they also deal with the rising demands of drivers and passengers.

Let's look at food delivery. So, let's say you live in an apartment building, and you ordered food from your favorite restaurant, which is located in a shopping mall. So, a carrier gets dispatched and needs to pick up the food from the restaurant. And there's multiple entrances to a shopping mall, right? But he needs to be on time, because the food is ready. And then the courier goes on his way. And there's multiple routes as well, and especially bicycle lanes in this case. And then the courier arrives at the apartment building, where we're waiting for the warm food. And the question is okay, on which floor is the entrance? Because as an

end user, we don't want to run out of the apartment to go to the entrance. We have a high expectation that the food arrives at our exact location, at the right time. So, which doorbell to ring? Which floor to go? There's a lot of things happening again. And this is also an example where location, in the background, is playing a crucial role for these businesses. And for these businesses, as we've heard before, it is critical that end-user experiences and estimated times of arrival for the food, for the driver, for the passenger to be dropped off – that is key in that business model. So, every bit of information to help a better experience is super, super critical for profit and loss. And it's only increasing. So there's more and more examples of this as well. Like your fleet and logistics companies, right? The driver's safety, and the safety of the other cars around the, let's say, large vehicles. Also there, estimated time of arrival and drop-off is quite critical.

So, there's tons and tons of examples where there is more and more of a rising expectation from the industry for a smarter map. A map that is actually continuously improving in quality, to cope with the demand and the needs of the industry. A map that offers global coverage. So, it's key that a lot of these players in our industries are global – they want the same experience for their customers on a global scale as well. And a map that is always up to date, especially with the changes in the road network. A map that offers high accuracy and precision and offers rich features as well. There is a need from the industry. And we are building that map, we are building that smart map.

Now, what does it all mean in terms of product-market fit, right? So, I want to go into more detail about our segments and a couple of examples and what exactly the new map will do. Because we've seen coverage pictures before and after, but I think it's also key to say: "Hey, this is what we exactly, as an example, offer, that we don't offer today to address these existing segments and new segments as well."

So, if you look at a few examples here, there's ride-hailing. And if you go back to arriving at an airport at the right terminal, signboard information is also key so the driver can find you and you can find a driver. That is new, and it's quite critical for those businesses. Also new, accurate pickup points for exactly where you need to go. And also up-to-date maps. Up-to-date maps are always critical, but now also more and more to the minute, especially for these cars, because that's the allocation in the calculation in the background. Food delivery, a segment that is new to us. So, that's unlocks already a new segment in the market. But also there, the example of the building footprints. So, in those seconds, but also minutes, that a courier can lose, with new features and building footprints, the food can arrive warm at the doorstep. And that makes a big difference in an impact for those businesses as well. And another new segment, which is travel. And we're not playing in travel today. There's a lot of visualization that plays a key role. So, if you think about the examples, if you want to explore when you go on a trip, you want to understand what is around you, you know. You want to understand also, for instance, pedestrian information. How long is a walk in a city center to go to events and to venues? Those are critical things that we don't offer today that we will offer with our new map.

A second example is coverage. So, we spoke about global coverage, which is key for our existing and new customers as well, but also deep coverage. So, richer coverage. And an example here, we've seen a few pictures, but this is, again, Southeast Asia. This is Jakarta. This is a market for local players, but also for global players, which is rapidly growing, and especially in our industry. So, what you need here, and what we will offer here, is much more dense information, where you see side streets, you see address points, building footprints. And that is again, key for us to be successful and to grow as well in terms of map coverage.

The biggest step, however, is the fact that the map is collaborative in nature. We heard it before. So, where data from our customers and partners and future partners can act as 'super' sources to constantly improve this. And this is key. We open our technology to others, to layer the data against a consistent base map, which can be easily integrated. And it's exactly like Michael was saying, this is key for us in our business,

this is a door opener. So, this opens up the world for us to a lot of new companies, the larger technology companies of the globe, but also mid-size and smaller companies. This enables us to sit around the table and talk at a different level, a strategic partnership level, because they understand this and know the value of building a partnership ecosystem together to build that smartest map on the planet. And we are already engaged in this, quite a while, actually, with a few global players, customers, and new players.

So, we're already talking and we're engaging, actually on deeper levels as well. And there's a lot of enthusiasm, there's a lot of engagement, there's a lot of encouraging feedback. Because they like this, they need this, they see this, and they want this. So, it enables us to talk and to open up these doors. And I think what is key for us as well, is that we have the knowledge. We have we've built knowledge over the last years. For instance, I'm going to take the example of TomTom live traffic. So, we opened up also that technology years ago for data and probe data to be added to the base product, and to constantly improve the quality of traffic. And that's why today are leaders in traffic globally. And that knowledge and also those experiences – that learning from what we have seen there, and the value that offers to our customers and new customers well – is key for us. And we will apply that knowledge now to the new mapmaking platform as well, in the ecosystem we're building. So, that's also a big plus for us, that we have that experience already.

So now, what does it all mean? How does it actually offer us, in our business units, room for growth and opportunities. There's three key drivers. The first one is we want to gain market share with a much stronger portfolio and much stronger offer. We want to gain market share from our competition. And in existing segments, which are fleet logistics, ride-hailing location analytics, consumer tech, we will gain market share with existing customers, where we add more value and grow together, because that's also key. There's a lot of potential still there, but also with new customers. So that's one key driver, increasing market share in the next years to come.

The second part is that we enter new markets. And we saw a couple of examples already of new markets. But I think it's quite important to list a few of them again. Food delivery. It's quite related to the on-demand sector, also with ride-hailing. But we're not playing today in food delivery. Now today, with a new map, we will, because we unlock all these new use cases, also in travel and social. And if you take those three segments, already, in location tech it's roughly €500 million of market value. And they're growing fast as well. That's where we will enter with a really compelling offer. So, a couple of examples here are food delivery, I think we went through that already a couple of times. But also social and travel, in which search and visualization are key elements that we don't offer to the same extent today that we will offer in the future. And, as a last bit, by partnering in that ecosystem there's a lot of use cases that we don't even think about today, that we haven't discussed today, that actually you also unlock with those partnerships. That's the beauty of it.

Thirdly, we spoke about already, is the application layer. So, if you look at our improved base map quality, the value added layers. We also invested to improve the application layers with APIs. And we launched this year, also, the Navigation SDK. And those are key, especially for our developer audience, to really build and grow their business with those applications. And we did that to enable that for them. So, we have also the channels to go there, the channels to invest and get more exposure in the developer community. And that's quite important because it gives us immediate product feedback and insights into what we're doing. And the second thing is, we tap into potentially larger customers as well early on.

Those three divers together, result in an overview where we significantly increase our addressable market, we gain market share, and we unlock new segments as well. And that combination – if you look at the first block of the graph, again, that's location technology – today, we roughly play in half of the market, with our existing segments. In the future, if you take all the new segments I spoke about, travel, social media, food

delivery, and other segments that we unlock, you get to play in more than 80% of the market. This is key for us to build that success, to enter these segments, and to gain market share as well. And that's how it gets translated into consistent growth.

So, I want you to take away three things from today. If you look at, let's say, the location space, where we operate in, we see a rising expectation from the industry, from the end users, and from our business partners, to support them to be successful. And that requires a smart map. We are building that smarter map together with that partner ecosystem. And that's what's happening right now. And we see that there's already a lot of engagement, and that there's more excitement to come as well. We see there's interaction. There are markets that we will enter, together with partners as well. And that all gets translated into growth. So, I'm also, like all the rest, quite excited about what we're doing here and about the opportunities that we are unlocking. And also about writing the next chapter for TomTom as a company with this new map. So thank you for that.