



September 28, 2018

Volkswagen and Microsoft announce strategic partnership

- Volkswagen and Microsoft will deeply collaborate to accelerate Volkswagen's digital transformation
 - Volkswagen chooses Microsoft Azure platform as the foundation for Automotive Cloud and connected car services for its fleet
 - Decisive step for Volkswagen in its transformation into a mobility provider with fully connected vehicle fleet
 - Volkswagen will establish a new automotive cloud development office in North America and Microsoft will help support its initial development
 - The partnership will leverage Microsoft's expertise and learnings from its own transformation to help define what will make Volkswagen's Automotive Cloud unique and adaptable globally
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Wolfsburg (Germany) / Redmond, Wash. (USA) – Entering into a strategic partnership, Volkswagen and Microsoft Corp. will collaborate to develop the 'Volkswagen Automotive Cloud', one of the largest dedicated automotive industry clouds for all future Volkswagen digital services and mobility offerings. The Supervisory Board of Volkswagen AG approved the conclusion of an agreement to this effect between Volkswagen and Microsoft on September 28, 2018. Volkswagen therefore continues to forge ahead with its digital transformation at full speed. With Microsoft as its strategic partner, the company is taking a decisive step in its digital transformation into a mobility provider with a fully connected vehicle fleet and the digital ecosystem "Volkswagen We".

"The strategic partnership with Microsoft will turbocharge our digital transformation," said Dr. Herbert Diess, CEO of Volkswagen AG.

"Volkswagen, as one of the world's largest automakers, and Microsoft, with its unique technological expertise, are outstandingly well-matched. Together, we will play a key role in shaping the future of auto-mobility."

"Volkswagen is harnessing technology to digitally transform and deliver innovative new connected car services to its customers," said Satya Nadella, CEO of Microsoft. "The world's leading companies run on Azure,

Press contact

Volkswagen Communications

Dr. Marc Langendorf
Head of Corporate Communications
Phone: +49 5361-9-23155
marc.langendorf@volkswagen.de

Jonas Kulawik
Spokesperson Finance/IT
Phone: +49 5361-9-71121
jonas.alexander.kulawik@volkswagen.de

Microsoft Corporation

Microsoft Media Relations
WE Communications for Microsoft
Phone: +1 425 638-7777
rtt@we-worldwide.com



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and we are thrilled that Volkswagen has chosen Microsoft. Together we will reimagine the driving experience for people everywhere."



Volkswagen and Microsoft will co-develop the Volkswagen Automotive Cloud. (Concept car)



Via the Volkswagen Automotive Cloud, Volkswagen will considerably optimize the interconnection of vehicle, cloud-based platform and customer-centric ecosystem. (Concept Car)

In-car services and platform based on Microsoft technology

From 2020 onwards, more than 5 million new Volkswagen brand vehicles per year will be fully connected and will be part of the Internet of Things (IoT) in the cloud. The profound partnership between the two companies will lay the foundation for combining the global cloud expertise of Microsoft with the experience of Volkswagen as an automaker with a global market presence.

Together, the two companies will develop the technological basis for a comprehensive industrial automotive cloud. In the future, all in-car services for vehicles of the core Volkswagen brand as well as the Group-wide cloud-based platform (also known as One Digital Platform, ODP) will be built on Microsoft's Azure cloud platform and services as well as Azure IoT Edge. This will dramatically streamline the technical landscape.

Via the Volkswagen Automotive Cloud, Volkswagen will considerably optimize the interconnection of vehicle, cloud-based platform and customer-centric services for all brands, such as the "Volkswagen We" ecosystem.

By building the Volkswagen Automotive Cloud, Volkswagen will be able to leverage consistent mobility services across its entire portfolio and to provide new services and solutions such as in-car consumer experiences, telematics, and securely connect data between the car and the cloud.



Volkswagen will build all in-car services for vehicles of the core Volkswagen brand as well as the Group-wide cloud-based platform (also known as One Digital Platform, ODP) on Microsoft technology.

Establishment of digital headquarters

As part of the new entity, Volkswagen will establish a new automotive cloud development office in North America near Microsoft's headquarters. To help usher in a new wave of automotive transformation, Microsoft will provide hands-on support to Volkswagen as it ramps up its new automotive cloud development office, including resources to help drive hiring, human resources management and consulting services. The workforce is expected to grow to about 300 engineers in the near future.

Beyond the technological rationale of the partnership, Microsoft provides access to cloud expertise across their organization so Volkswagen developers and engineers can benefit and learn from Microsoft's strong culture of collaboration and agility and can transfer those experiences into the core Volkswagen organization.

Development of the largest digital ecosystem in the automotive industry

In the long term, the solutions developed through the strategic partnership will be rolled out to other Volkswagen Group brands in all regions of the world, building the foundation for all customer-centric services of the brands. This includes the Volkswagen ID. electric family as well as conventionally-powered models. In the future, Volkswagen's fleet of cars will become mobile 'internet of things' hubs linked by Microsoft Azure.



Volkswagen



About the Volkswagen brand: "We make the future real"

The Volkswagen Passenger Cars brand is present in more than 150 markets throughout the world and produces vehicles at over 50 locations in 14 countries. In 2017, Volkswagen delivered 6.23 million vehicles including bestselling models such as the Golf, Tiguan, Jetta or Passat. Currently, 198,000 people work for Volkswagen across the globe. The brand also has over 7,700 dealerships with 74,000 employees. Volkswagen is forging ahead consistently with the further development of automobile production. E-mobility, smart mobility and the digital transformation of the brand are the key strategic topics for the future.

About Microsoft

Microsoft (Nasdaq "MSFT" @microsoft) enables digital transformation for the era of an intelligent cloud and an intelligent edge. Its mission is to empower every person and every organization on the planet to achieve more.
