

Vodafone OneNet

OneNet – fix, mobile, internet in one net



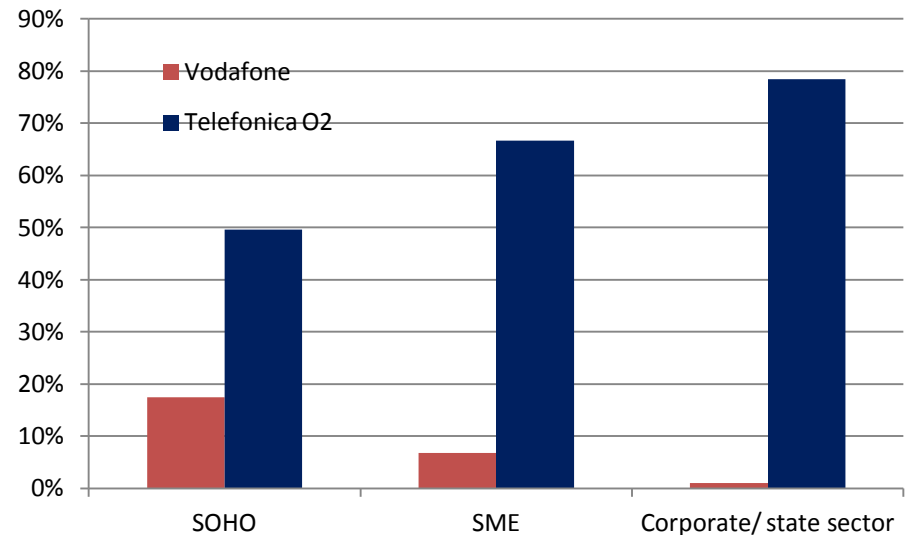
A bit of history

- Oskar Mobile was formed in 1999 and secured a 3d GSM license to operate in the Czech Republic
- The shareholder (TIW) owned another small eastern European operator called Connex
- Vodafone PLC bought both operations in 2005
- Vodafone Czech Republic is today a strong third operator with circa 25% market share and a credible competitor in all segments
- *Czech Republic fun fact:* heaviest beer consumption in the world at **132L per capita per annum!**

Back in the mists of time...

- In 2007 Vodafone decided to mount a challenge to the incumbent in the enterprise sector
 - Telefonica was the incumbent, with all the advantages that implies
 - But they were complacent ... and times were changing
 - But we knew we had to think differently
 - Playing by their rules meant we could only lose!

Total Telco Market Shares, Jan 2008

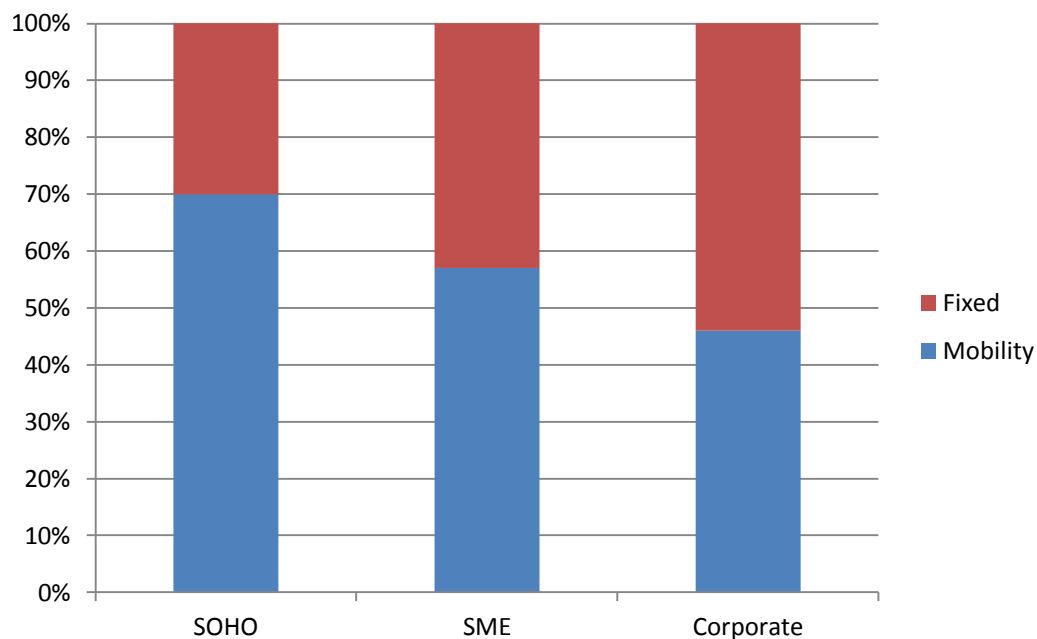


The challenge: come up with a strategy that would take advantage of our status as a new and nimble challenger, our unique brand attributes, but at the same time deliver enterprise grade reliability!

Never bring a knife to a gunfight...

- We needed to be in fixed
 - We were starting to gain traction in SOHO where mobile was predominant
 - One reason we were failing in SME and corporate was that fixed was far bigger part of their budgets and mission critical
 - Over half of large customers with multiple telco products only had **one provider** – 90% had either 1 or 2, the second often being a connectivity backup provider. **We were shut out of this segment**

Share of spend by segment



But how to become a universal telco provider in a cost effective way without the assets of an incumbent?

...and talking to clients

“I have 6 connectivity providers at 10 locations. 2 are totally unreliable. It’s an expensive headache.”

“We have a 15 year old PBX and I spend incredible money on service and maintenance.”

“I have to chase my employees not to talk on the mobile but use the fixed line.”

“I can’t get a VPN between my fixed and mobile networks.”

“I have 80 SIMs and I am constantly on the phone with my provider changing conditions as people come and go, change their travel profile, or whatever. It’s a time consuming, inefficient mess.”

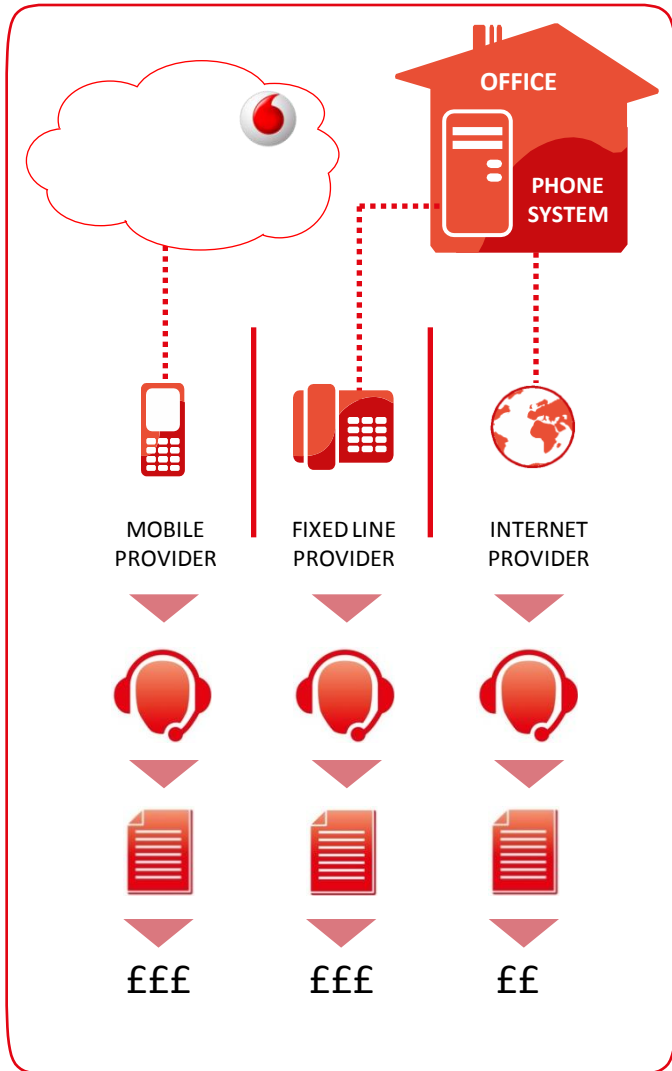
“We would love to move from Telefonica but no one else can offer the fixed services they can.”

The answer: Vodafone OneNet

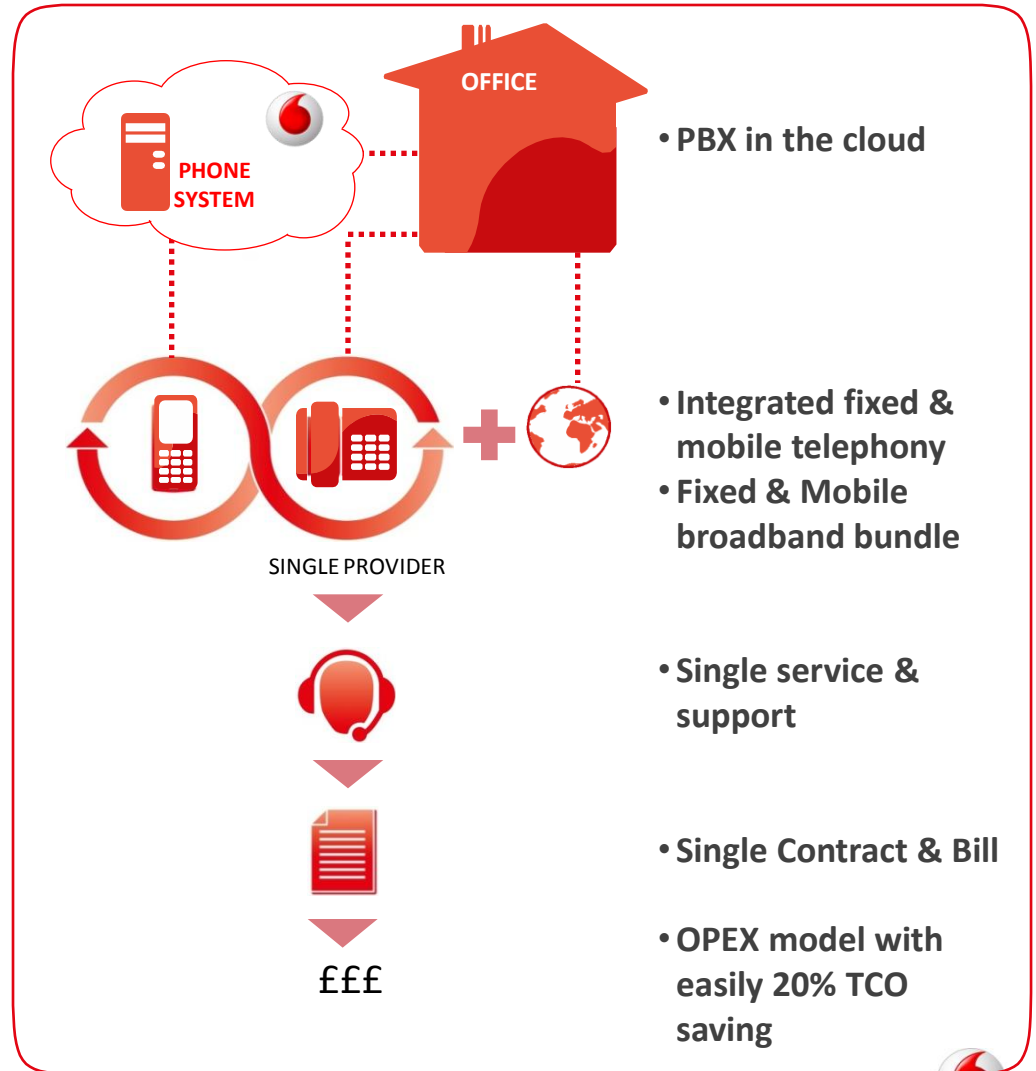
- ✓ **Managed service**: we have relations with dozens of ISPs and construct the best solution for each individual client. Flexible SLAs allow proper cost/benefit calculation ... redundancy through different providers
- ✓ **Modern technology**: fully convergent IP-based fixed/ mobile solution. IMS infrastructure delivered over proprietary IP/ MPLS network
- ✓ **Cost control and flexibility**: no more individual tariff plans. Small license fee per user covers mobile, fixed and company-wide VPN. Traffic bought on bulk basis (ie 100.000 minutes/ month) which can be used by all employees
- ✓ **No more legacy hardware**: PBX hosted in the cloud; all advanced PBX functionalities managed virtually
- ✓ **Personal care**: individual care reps assigned from the smallest SME customers.

Vodafone OneNet proposition

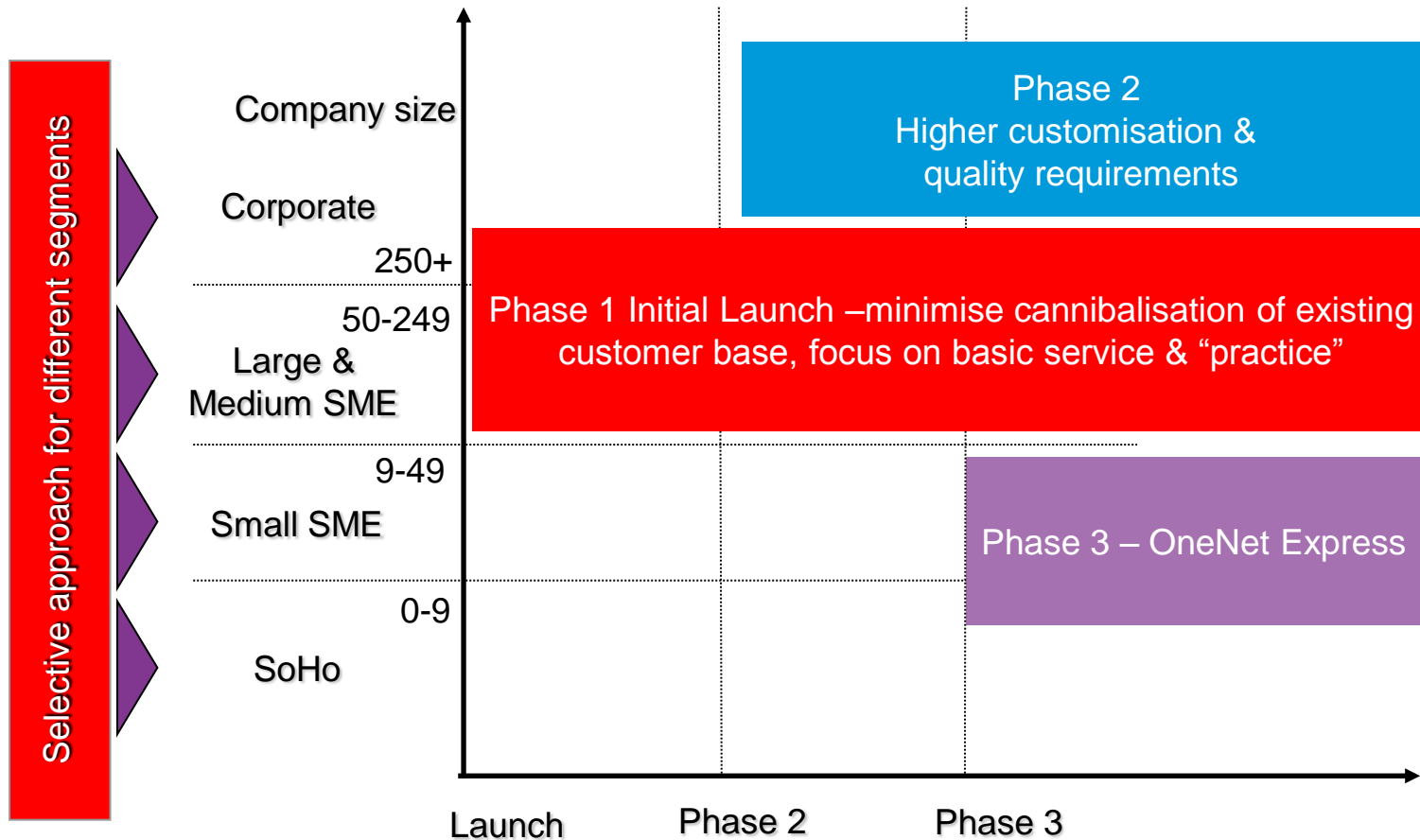
BEFORE VODAFONE ONE NET



WITH VODAFONE ONE NET



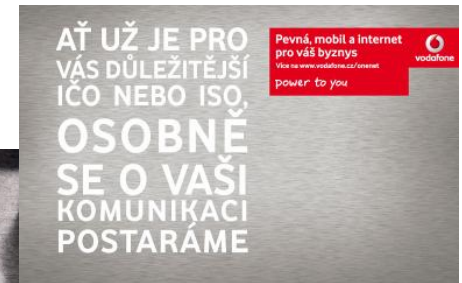
Vodafone OneNet segment focused launch



Targeting more than 50% employees in the market through less than 5% of companies

Vodafone OneNet take to market

- Focus on building awareness and perception of being **Total Telco provider**
- Massive expansion of direct and indirect sales force
- Get key **reference** clients in selected regions and industry verticals – continuous involvement of executive team
- OneNet experience center



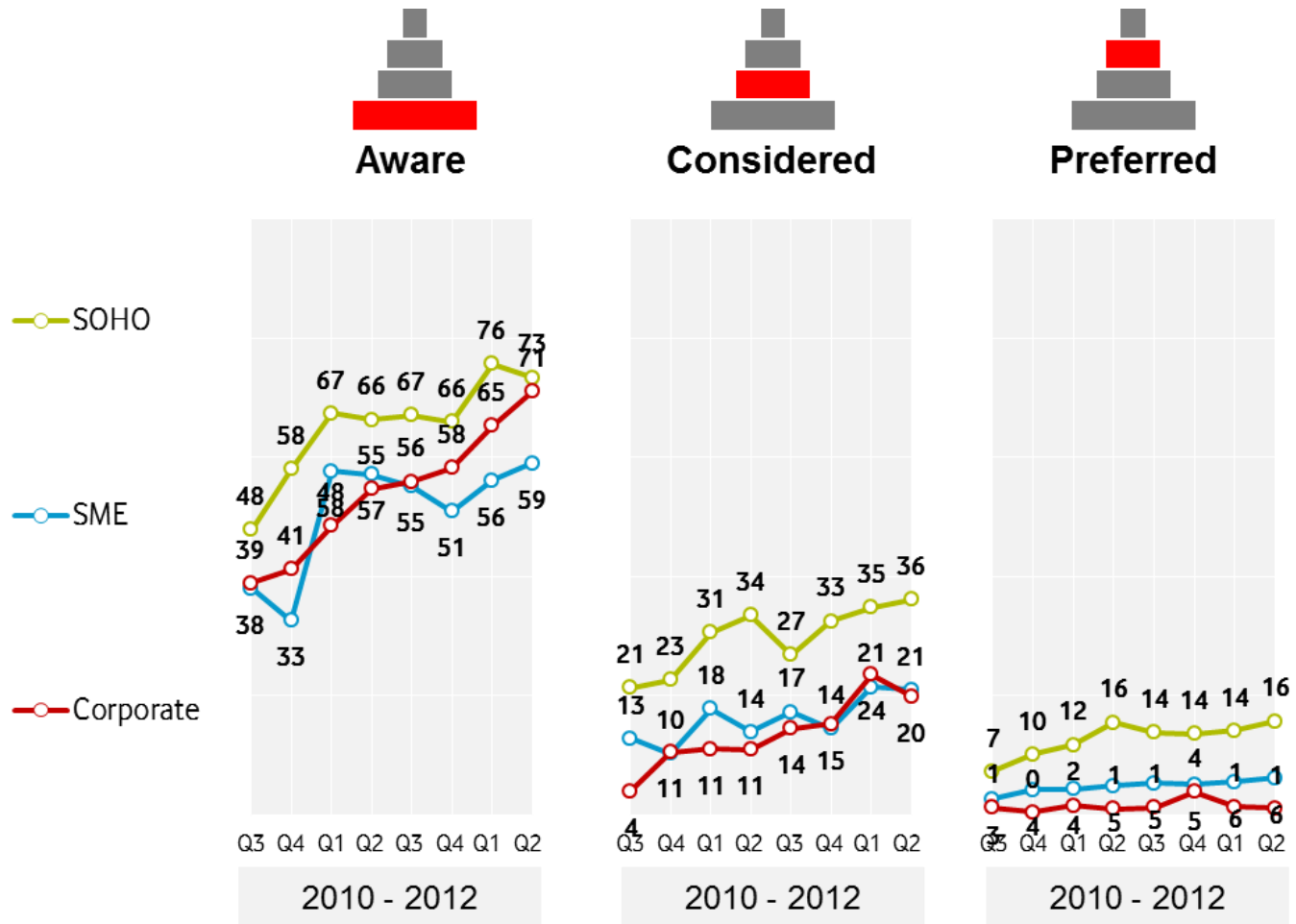
2008

2009

2010

Gaining credibility has been a tough road...

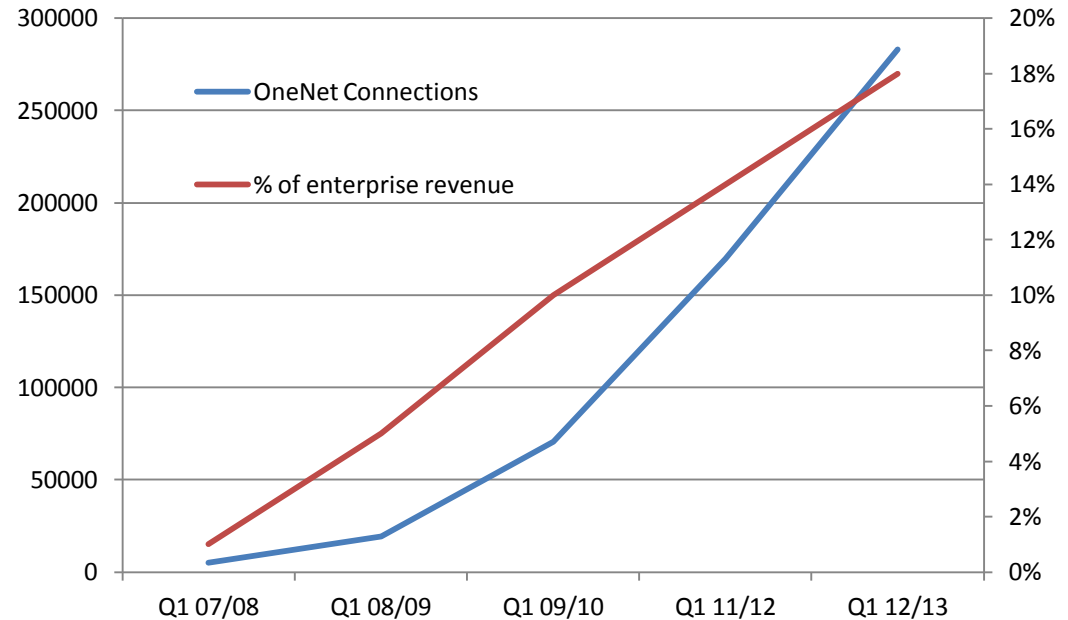
Consideration and awareness among non-customers



Vodafone OneNet figures development

- After a slow start in the first year, growth has been extraordinary
 - Long sales cycle in this segment delayed uptake
 - Took time to establish credibility and gain reference customers
 - However the product now accounts for 20% of revenue and well over half of sales intake







Development of connections and revenues, 2008 - 2012



OneNet has driven our Enterprise Growth strategy

Vodafone OneNet volumes in Europe

Current seats

	Germany	59,675
	Italy	553,200
	Spain	1,157,000
	UK	99,991
	Portugal	20,024
	Czech	292,287
	Ireland	489

The proposition has been rolled out in much of Europe – over 2 million connections provisioned

The principle of OneNet is continuously expanded

- ✓ **Microsoft Online Services**: the same needs for cost control and flexibility in telecommunication apply to desktop software. We have launched several Microsoft products on a SaaS basis in the OneNet base
- ✓ **Telemetry**: services such as fleet management, car control, security cameras etc are continuously added to the portfolio
- ✓ **New connectivity technologies**: in areas where we are successful, we build own infrastructure opportunistically and migrate from third parties
- ✓ **Advertising, marketing and commerce**: we sell mobile marketing solutions, web design, and internet advertising packages on a contracted service basis. We are also active creating a merchant escosystem for a mobile payments JV active in CZ

Becoming a trusted partner in service provision has allowed us to expand and deepen our relationship across multiple categories

Lessons learned

Decision made in beginning

- Launch of solution on separate billing and provisioning platform
- Focus on advanced services and skipping some basic ones
- Brand new proposition structure
- Single provider for all services

From today's perspective



- Integration into one BSS to keep sustainable development



- Closing product gaps, readiness for big tenders



- Followed by both other OpCos and competitors



- Broadening scope of provided services and moving into ICT and managed services world