



## Company Background

# vodafone

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Headquartered in Newbury, England, Vodafone Group Plc is the largest mobile telecommunications network company in the world by turnover. Vodafone currently has operations in thirty-one countries and partner networks in a further forty. As of 2009, Vodafone had an estimated 315 million customers in 31 markets across 5 continents. On this measure, it is the second largest mobile telecommunications group in the world behind China Mobile.

### History

Vodafone was awarded its mobile license in the UK in 1982 and was officially launched on 1st January 1985 having been formed in 1984 as a subsidiary of Racal Electronics Plc. It was fully demerged from Racal and became an independent company in September 1991, at which time it changed its name to Vodafone Group Plc.

Right from its founding, Vodafone single-mindedly pursued a strategy of rapid global expansion, often through aggressive takeovers, while focusing only on the wireless mobile-phone market. Under its empire-building CEO, Sir Christopher Gent, the firm embarked on a series of takeovers including Germany's Mannesmann for £112bn at the height of the dotcom bubble in February 2000, Japan's third-largest mobile operator, J-Phone in 2001, and a 45% stake in America's Verizon Wireless in 2000.

### Products & Services

Vodafone offers voice, messaging, data and fixed broadband services through many devices and supporting technologies.

#### Voice

Voice services are the largest part of Vodafone's business. They offer customers a wide range of tariffs and services for use at home, in the office and while travelling.

Vodafone "At Home" includes a number of offers designed to meet all home communications needs through a single device, now available in most European markets. Vodafone "Office" is available in some European markets such as Germany, Spain, Greece, Italy and Portugal and includes a series of products and services designed to meet all business customers' communications needs.

Vodafone "Passport" provides simple roaming tariffs so that the home tariff can travel with the customer, offering better value and simplicity when travelling abroad.





## Data

Vodafone offers a number of products and services to enhance its customers' access to data services, including 'Vodafone live!' for consumers as well as a host of products for business users such as 'Vodafone Mobile Connect' data cards and internet-based and corporate email solutions.

'Vodafone live!' provides the customer with access to the internet from his/her mobile. This provides easy to use and secure browsing including Google search and access to some of the most popular online services.

'Vodafone Mobile Connect' has over 2.5 million customers and enables customers to access the internet on their laptop or PC via Vodafone Mobile Connect data cards or Vodafone Mobile Connect USB modems.

## Fixed and Other Services

To offer a complete service designed to meet its customers' total communication needs, Vodafone have expanded into fixed broadband services, mobile advertising and new ways of enabling its business customers to increase the mobility and efficiency of their workforces.

Fixed broadband services have been developed in many of the markets in which Vodafone is active to meet customers' total communications needs mainly through Digital Subscriber Line (DSL) technology. Fixed broadband offers are now available in Greece, the Netherlands, Portugal, New Zealand, Egypt, Italy and Spain.

Mobile advertising was introduced into nine of Vodafone's markets with over one billion advert impressions created in the year to 31st March 2008.

Business managed services is offered to customers through "Secure Remote Access", a service enabling customers' employees to access their network through their laptop, on the move, both while in their home country and when roaming. Applications have been developed for use on mobile devices and Vodafone have the ability to integrate these into their customers' mobile portfolios.

## Devices

Vodafone's services are accessed on a wide range of handsets, the Vodafone Mobile Connect card with 3G broadband and the Vodafone Mobile Connect USB modem.

In 2008, 75 new models were launched during the course of the financial year with 53% of the handsets sold being 3G models. Furthermore, 10 million Vodafone own-brand devices were shipped to 30 countries over the same period.

Vodafone's handset portfolio ranges from handsets for its core voice services to premium multimedia devices and includes a range of low-cost Vodafone handsets for the emerging markets such as India. The BlackBerry Storm was purpose-built for Vodafone and the company has exclusive rights to sell it in the UK.





Most recently, on 29th September 2009, it was announced that Vodafone has secured the right to sell the iPhone in the UK from the start of 2010. This is good news for both the company and the customer. However, to try and prevent customers from defecting to other operators in the interim, Vodafone has already opened online pre-registration for the device. The addition of the UK and Ireland brings the number of countries in which Vodafone supplies the iPhone to thirteen. Under its new deal Vodafone will not have to pass any ongoing revenues over to Apple. As a result it will have far greater pricing flexibility which should lead to reduced prices for customers.

## Strategy

Vodafone's empire building days are behind it with loss making operations such as its Japanese subsidiary having been offloaded and the company's focus is now on driving operating performance from its existing markets. This involves ambitious cost-saving programmes and value enhancement i.e. maximising the value of existing customer relationships and not just the revenue

Significant growth in emerging markets is expected over the coming years and Vodafone is well represented in the Asia Pacific, Middle East and African regions.

Vodafone's last objective is capital discipline - maintaining its "A" rating, focusing on free cash flow generation and ensuring appropriate investment in existing businesses by investing in its network infrastructure and increasing its capability to carry large amounts of data. Through these measures, Vodafone is differentiating itself from its competition.

Finally, the directors are committed to increasing its dividends as the primary reward to shareholders.

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