

Vodafone One Net



Challenge/Opportunity

EXECUTIVE SUMMARY

COMPANY PROFILE

Vodafone is a prominent global telecommunications company headquartered in London, United Kingdom. It has over 359 million customers around the globe, with operations in more than 30 countries and partner networks in over 40 more.

COMPANY HISTORY

Vodafone was formed in 1983 as a joint venture between Racal Electronics (a U.K. electronics firm) and Millicom (a U.S. telecom company), and was granted one of two mobile phone licenses in the United Kingdom. In 1988, the firm was spun off to become Vodafone Group.

Vodafone has launched Vodafone One Net, a fixed mobile convergence (FMC) offer for small and medium enterprises (SMEs). It is an IP Centrex service, offering one number for fixed and mobile, one voicemail, one bill, and one point of contact for support. The service was launched in Italy and Spain under the names Rete Unica and Oficina, respectively, late in 2008. It has since launched in four further markets: Czech Republic, the United Kingdom, Germany, and Portugal. Vodafone has recently launched a mobile-only version of One Net in the United Kingdom, called One Net Express.

Vodafone faced a number of challenges in successfully launching its service offer for SMEs:

- Entering the SME market is not easy. It is a major challenge for all operators; many SMEs do place a high priority on technology investments. Vodafone had to focus on the business benefits: simplicity, flexibility, and reduced costs.
- Vodafone faced potential resistance to hosted and shared voice. The first generation of Centrex has not been particularly successful in Europe. It needed to avoid being associated with the poor flexibility of early implementations.
- Building credibility in the fixed market was also a challenge, because Vodafone has little heritage in the fixed market outside Germany. It needed to do a lot of work in building its credibility and brand in the fixed market and use its mobility expertise to advantage, a major sales and marketing exercise.
- The existing channel was focused on mobile, and a substantial training exercise was required. In addition, Vodafone needed to expand the channel to include fixed resellers.

- With SMEs, Vodafone was entering a crowded market, including not just fixed operators, but also small voice resellers, voice over IP (VoIP) providers, and customer premises equipment (CPE) solution vendors. It needed to differentiate its offer from all of these competitors.
- With the objective to grow average revenue per user (ARPU), Vodafone needed to streamline service delivery. Customization is not an option; a mass market approach that is easily repeated is essential for profitability.

“It is now much easier for whoever takes a call to just say that they will transfer them. Previously they had to have an encyclopedic knowledge of where everybody was at that moment, but now they can just put a call through to the appropriate mobile.”

—Charles Weir, Managing Director, Penrillian

However, along with the above challenges, the market also offered many opportunities for Vodafone to expand its market footprint and add to its revenue stream:

- Vodafone has the opportunity to leverage its established leadership position in the mobile services market to build its presence in the wider SME market and to differentiate against other mobile operators through its offer of more advanced enterprise mobility services.
- It can expand its offerings into the broader enterprise communications market locally, that is, serving SoHos and SMEs with shared platforms and services, supported by its local sales forces.
- By expanding beyond its core mobile offering into fixed voice and data services, communications infrastructure, services, and applications, Vodafone would greatly expand its opportunities in the business market. Such an expansion will help drive up Vodafone's ARPU and improve customer retention through more “sticky” services.

“Now I can take my time getting ready in the mornings as my office calls come through on my mobile too. Answering that early morning call and securing that £20k contract made it all worthwhile.”

—Chris Goss, Director, CCBS

Alliances/Partnerships

Vodafone wants to claim leadership in mobile-centric unified communications (UC). Its move into the enterprise FMC and unified communications market is underpinned by its own strengths in mobility. However, Vodafone also recognizes that delivering on its UC strategy will be highly dependent on partnerships, and it has made recent changes in relationships with its suppliers and now has established a number of global partners, including Cisco®.

- Vodafone has not disclosed its partner(s) for the One Net platform specifically. Cisco is a strategic partner for UC and is a supplier of CPE for One Net and is expected to play a key role in future service announcements, for example, for larger customers.
- Vodafone is also working with Microsoft, Avaya, Alcatel Lucent, Polycom, and Mitel.


- Systems Integrator (SI) partnerships are essential in the corporate market, and Vodafone will work with customers' SI partners as required.
- The acquisition of Central Telecom has been an important enabler of its move into SME FMC. Vodafone used the resources acquired through its purchase to support the SME operation in its early phase in the United Kingdom, although as it builds scale, it is expected to move to a more automated approach.
- Vodafone has limited fixed network assets, which vary country by country. To bridge this gap, it has entered into partnerships with fixed-access providers. The wholesale relationship with BT underlies its One Net offer in the United Kingdom, and it will be reliant on other fixed-access providers as it deploys service across its markets.
- Channel partners: Vodafone has invested considerably in building its indirect channel. The Vodafone Partner Programme, established in the United Kingdom in September 2010, is aimed at supporting and rewarding its channel partners under a tiered structure. VP Services are provided through its acquisition of Yes Telecom. Similar programmes are supported in other markets.

Experience Innovation

Vodafone realized the challenges faced by the SME segment, and so it has stayed away from selling the technology and has focused on the business benefits of the service in its marketing efforts. A big focus of 'One' is to recognize the overriding need of SMEs for simplicity, backed up with business-grade support.

Vodafone has backed up its marketing efforts with case studies, emphasizing cost savings and other business benefits for the SME segment.

Figure 1. Vodafone One Net



Vodafone One Net
Get all your business calls first time

“It's great as it saves us 20% on phone costs AND we no longer miss important calls or the ones from that particular student who happens to run late due to a 'delayed train', every other day”
Adam Miller, Business Support Co-ordinator, Phoenix4 Training

One Service	A complete voice telephony solution, integrating fixed and mobile, delivered and managed by Vodafone, backed by rigorous Service Level Agreements with a single point of contact, issue ownership and resolution
One Contract	Covers all your communications needs – you can simply pay a predictable, fixed monthly price per employee or pay for what you use
One Number	Both landline and mobile calls ring at the same time when a call comes in, making your staff easier to reach, wherever they are. You can also manage your end-user and group preferences with a user-friendly online portal
One Voicemail	One voicemail for all your communications means staff can pick up messages more easily and respond faster, whether in or out of the office, wasting less time
One Support Model	Rather than having to deal with multiple communications suppliers, we provide you with one number for support through a dedicated UK-based specialist call centre who manage resolution of all queries
Online Portal	An easy-to-use web portal allows you to manage account and telephony settings and provide complete end-user management

“We’re now free to continue growing fast without the restrictions of having to invest in, manage, and upgrade an in-house communications system. And Vodafone One Net will keep pace as oomph grows.”

—Stephen Priestnall, Founder, oomph

Success Factors/Metrics/Monetization

- Vodafone does not publish figures on revenues from One Net (or business revenues in general), but has released some customer numbers. It recently (October 2010) announced that it had signed up the 1 millionth user of Vodafone One Net and indicated that its sales had exceeded expectations.
- Vodafone’s continuous expansion of this service in several geographies is also an indication of its increasing traction in this market.
- Vodafone has built its UC proposition around its mobile advantage. It has had success in promoting mobile functionality and with user acceptance of traditionally “fixed” features on mobile devices. The recent launch of One Net Express recognizes this success. One Net Express is a mobile-only version of One Net aimed at smaller customers of >10 employees, which removes the need for customers to change their fixed service provider.
- Success is also measured in pull-through of other services, and Vodafone says there is good take-up of broadband services by One Net customers.
- Vodafone is also measuring success in terms of the percentage of sales achieved through its indirect channel. The early focus was on direct channels, but through the buildup of its partner programmes, it is increasing its indirect sales proportion.

Company Background

- Read [Vodafone overview](#)

Case Study Source: Cisco sponsored research developed by [Ovum](#)

“Dealing with just one provider for both my landline and mobile means that it actually saves up to 20 percent on my phone costs. We certainly put that to good use. Along with cake Fridays, we now have cake Thursdays and cake Wednesdays.”

—Jackie Fisher, Director, Power Office Services



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