

Vodafone 360

Mobile Connected Life Experiences



EXECUTIVE SUMMARY

COMPANY PROFILE

Vodafone Group is a leading mobile telecommunications company, with a significant presence in Europe, the Middle East, Africa, Asia Pacific, and the United States through its subsidiary undertakings, joint ventures, associated undertakings, and investments. As of 30 June 2010, the Group had 347 million customers.

COMPANY HISTORY

Vodafone was formed in 1984 as a subsidiary of Racal Electronics Plc, then known as Racal Telecom Limited. Approximately 20 percent of the company's capital was offered to the public in October 1988. It was fully demerged from Racal Electronics Plc and became an independent company in September 1991, at which time it changed its name to Vodafone Group Plc.

Challenge/Opportunity

The Vodafone 360 service is a cross-platform services play that embraces the Internet and social networking as well as mobile applications and content. It was announced in September 2009 and has since been deployed in eight markets: Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and the United Kingdom. Vodafone 360 consists of a variety of features, including a visual address book; Vodafone People, which aggregates contacts and other personal data across social networks and PC synchronization; an application store; and other services such as music, maps, and search. The offer includes two signature semicustomized devices, the H1 and M1 from Samsung. Vodafone is faced with the following challenges in launching 360:

- Vodafone 360 is a major undertaking and has fierce competition not only from operators such as Orange and Telefonica but also from device vendors such as Nokia and Apple, and from Internet players such as Google.
- According to Ovum, a developer ecosystem is crucial to the success of this undertaking. Vodafone will have to be equal to, if not better than, the ecosystem developed by the providers such as Apple. Vodafone has limited experience in this field, and the competition for developers is fierce, with a growing number of players in this arena including some large, established companies such as Apple.
- Providing consistent user experience across a variety of networks and a wide range of handsets is going to be a challenge.

- Customized devices, while optimizing user experience, are limiting and out of step with Vodafone's open Internet model. Ovum analysts feel that developers and consumers will quickly become disillusioned if the promise of Vodafone 360 cannot be fulfilled on the wider range of supported handsets beyond the customized devices

Vodafone has a number of opportunities afforded to it by launching Vodafone 360:

- Vodafone Live, the provider's flagship consumer service was beginning to lose momentum, and Vodafone 360 comes as an opportune response to the growing competition from the increasing number of device vendor app stores.
- Vodafone 360 presents the provider with opportunities to new revenue streams from advertising as well by providing Smart Enabler services to third parties. It also enhances revenues from data traffic and provides Vodafone with a share of premium content revenues.
- Vodafone 360 enables the operator to participate in the content and applications value chain without the heavy investment in developing all the content and applications itself, while at the same time maintaining a central role in the end-to-end customer experience.
- Vodafone People, which is at the heart of Vodafone 360, plays on the operator's strength: communications with a smart layering of utility features. Vodafone aims to drive data and messaging traffic via People, but by default, the service could become a community in itself. If successful, this becomes a useful tool for customer retention and possible advertising revenues

Alliances/Partnerships

Vodafone has launched 360 with some strategic partnerships.

- Samsung is Vodafone's key partner for the signature devices, H1 and M1, for 360.
- The applications for the Apps Shop are built to the Joint Innovation Lab (JIL) standards, an initiative announced in April 2008 between Vodafone, Verizon Wireless, China Mobile, and Softbank Mobile.
- Vodafone is also working on a closer level with a small number of selected content partners, many of which will be local to a market. Those that have been announced and fall into this category include the newspaper publishers Bild in Germany and La Repubblica in Italy. The localization aspect is important because one of the criticisms levied against other application stores is the large number of applications lacking local relevance.
- Social networks/media are an important part of the Vodafone 360 service, notably via Vodafone People, which supports integration of contacts from social networking sites into the address book. On this front, Vodafone is partnering with Facebook, Windows Live Messenger, Google Talk and Mail, Hyves, Twitter, and studiVZ, to name a few. However, these are not exclusive partnerships.

“We said that the launch of Vodafone 360 was the first step in the next phase of our mobile Internet journey, to provide a range of services that give customers a great mobile Internet experience.”

— Pieter Knook, Internet Services Director, Vodafone

Strategy

- Although the individual components of 360 are not all entirely new, what is innovative and pleasing from a user perspective is how the pieces have been packaged. According to Ovum, Vodafone 360 shows “joined up” thinking compared to the more fragmented offerings from rivals that often have similar components but in different service silos and often carrying sub-brands.
- Vodafone 360 plays to the core strengths of the mobile provider in terms of placing the communications service experience at the core of service offering. It is catering to the users via a number of user-friendly features:
 - Enabling customers to build an address book to better manage their contacts in addition to managing and backing up personal content
 - Enabling this service across both the mobile and PC platforms
 - Building other value-added services, both free and paid for, around the experience
 - Enabling the capability on a range of phones in order to reach a wider addressable market
 - Using the service to drive data usage but not charge for the service itself
- Vodafone is not targeting a homogenous subscriber base, all using the same handset, platform, or generation of wireless network. It is constantly working to enhance the user experience across different devices and platforms. For example, in February 2010, Vodafone announced the availability of Vodafone 360 People Sync App on the Apple app store and on Android devices.

Success Factors/Metrics/Monetization

- Vodafone has released very few key performance indicators (KPIs) to date. In February 2010, it announced that 7000 applications had been made available through 360 apps store across eight European markets. Registrations to the 360 service are increasing, running at a rate of four thousand a day, as reported in January 2010. Vodafone also stated that by March of this year it had shipped more than two million devices incorporating 50 different handsets capable of accessing the Vodafone 360 Apps Shop.
- In terms of the business model, Vodafone 360 is primarily designed to drive uptake of data plans. The service requires connectivity, and hence users are advised to take a data plan in order to enjoy the service.
- A number of wrap-around services such as music carry a premium charge, along with some of the applications in the 360 store, on a per item or subscription basis.
- Other services such as navigation are available for free (but help drive traffic revenues).
- Vodafone 360 also brings indirect revenue benefits by acting as a tool to increase user loyalty, primarily through the Vodafone People service. This service is designed to make it easier for the end user to manage and back up their contacts and personal content. The idea is that moving this information elsewhere becomes an inconvenience.
- Vodafone also benefits from a revenue share model with third-party application developers based on the industry standard 70:30.

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- In the longer term, Vodafone 360 has been developed with a view to creating a large audience for advertisers, although it is not yet clear whether advertising has been deployed, and no additional details are available at this point.
 - Vodafone is positioning itself as a smart enabler to third-party developers supporting the 360 service. Hence Vodafone is offering a portfolio of network-based assets and other enablers to developers: for example, network APIs (application programming interfaces) such as location, customer insights, and billing.

Company Background

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Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV Amsterdam,
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