

Our strategy (continued)

Deepening customer engagement

Vodafone Business

Our goals

A leading international challenger in fixed, 'industrialising' IoT

In 2018, we rebranded our former Enterprise division as 'Vodafone Business', in order to increase our brand recognition as we broaden the services we offer.

Our strategy is to drive growth and deepen our existing mobile customer relationships by cross-selling additional services including NGN fixed, IoT, and Cloud services.

Our priorities:

- increase revenue per account and reduce churn
- improving productivity through our sales force transformation initiative and the rapid digitalisation of our operations

We have a unique global footprint

We believe our unique global footprint and extensive partnership relationships provide us with a competitive advantage in selling to multinational customers. Today we have owned operations across 25 countries, and 269 global points of presence. These markets are connected by over 250,000 kilometres of fibre, enabling us to have more control over the end-to-end customer experience that we deliver for large corporates and importantly the security that goes with it. Today, multinational corporates represent around 20% of our divisional service revenues and are managed centrally by our 'Vodafone Global Enterprise' team.

A challenger to incumbents in fixed

In fixed, our revenue market share is low at around 10% across our major European markets, compared to our mobile market share of over 30%. We therefore see significant future opportunities to gain share and disrupt legacy relationships, particularly as the Wide Area Networking ('WAN') market transitions to Software Defined Networking ('SDN'). This provides large enterprise and SME customers with both greater flexibility and significant cost savings compared to legacy products. This enables Vodafone to become increasingly a total communications provider.

In January 2019, we signed a strategic Cloud partnership with IBM. Under the terms of the agreement, we retain the end customer relationship, and our customers will gain immediate access to all of IBM's leading multi-cloud offerings.

This cloud partnerships also allows us to simplify our operating model, reducing our exposure to capital-intensive data centres and instead move to a capital-light variable cost model.

Leveraging our IoT global leadership

We have a market leading global platform in the rapidly growing IoT segment. Today we are a leader in terms of connectivity market share, with 85 million SIMs on our network. We expect to continue to take market share in connectivity, however there is also a significant opportunity to grow in the services segment. We are therefore investing in IoT service solutions for specific industry verticals, expanding beyond our current focus on automotive (which represents 22% of IoT revenues) to digital buildings, healthcare, logistics, and insurance. This year we grew IoT connectivity service revenue by 14.5%, adding more than 1.4 million SIMs per month.

Digital enabler for SoHo/SMEs

For SoHo/SME customers, which represent around 50% of divisional service revenues, we aim to cross-sell fixed and unified communications propositions and also position Vodafone as an integrator of value added digital and IoT services.

Performance in 2019

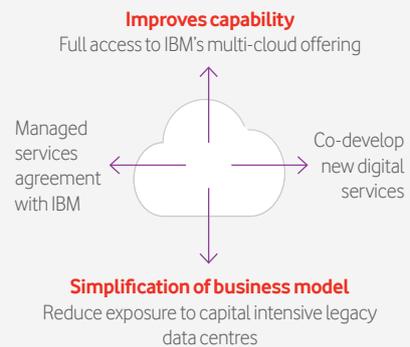
Vodafone Business grew service revenue by 0.3%. This was supported by market share gains in fixed, IoT, and Cloud and security services, partially offset by ongoing pricing pressure in mobile.

Global footprint

Vodafone markets Partner markets



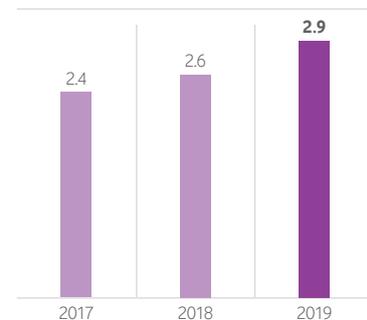
Strategic Cloud partnership with IBM



Our purpose in action

We estimate that over 30% of the more than 85 million IoT connections we operate directly enable customers to reduce their emissions. Examples include smart meters and IoT technologies embedded in vehicles to optimise route management, vehicle maintenance and driver behaviour. This year, we enabled our customers to avoid 2.9 tonnes of CO₂e for every one tonne generated from our operations.

Ratio of GHG emission savings for customers to our own GHG footprint



Note:
Figures include all data carried by our mobile networks. Emissions savings for customers have been calculated based on GeSI's ICT Enablement Methodology.