



Vodafone Digital First Investor Open Office

Nick Read

Group Chief Executive Officer



Disclaimer

This presentation along with any oral statement made in connection therewith contains forward-looking statements, including within the meaning of the US Private Securities Litigation Reform Act of 1995, with respect to Vodafone Group Plc's financial condition, results of operations and businesses and certain of Vodafone Group plc's plans and objectives which are subject to risks and uncertainties because they relate to future events. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "accelerate", "anticipates", "aims", "believes", "continue", "could", "expects", "gain", "grow", "intends", "may", "plans", "should" or "targets" (including in their negative form). Some of the factors which may cause actual results to differ from these forward-looking statements can be found by referring to the information contained under the headings "Forward-looking statements" and "Risk management" in Vodafone Group Plc's annual report for the year ended 31 March 2019 (vodafone.com/ar2019). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. No assurances can be given that the forward-looking statements in this presentation will be realised. Any forward-looking statements are made as of the date of this presentation. Except as otherwise stated and as may be required to comply with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.

References to Vodafone are to Vodafone Group Plc and references to Vodafone Group are to Vodafone Group Plc and its subsidiaries unless otherwise stated. Vodafone, the Vodafone Portrait logo, the Vodafone Speech Mark logo, Vodafone Broken Speech Mark Outline logo, Vodacom, Vodafone One, The future is exciting. Ready? and M-Pesa, are trade marks owned by Vodafone. Other product and company names mentioned herein may be the trade marks of their respective owners.



Agenda

10:30	Digital First	Nick Read
10:50	Technology Digital strategy	Johan Wibergh
11:10	Vodafone UK case study	Nick Jeffery
11:25	Move to breakout sessions	
11:30 – 12:55	Session 1 & 2	
13:00	Lunch	
13:50 – 15:15	Session 3 & 4	
15:15	Break	
15:35 – 17:00	Session 5 & 6	
17:05	Closing Q&A	Nick Read and EXCO
18:00	Pre dinner drinks	
18:30	Dinner	



Our purpose:

We connect for a better future

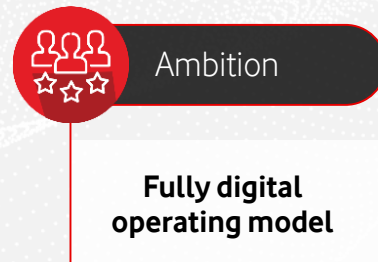
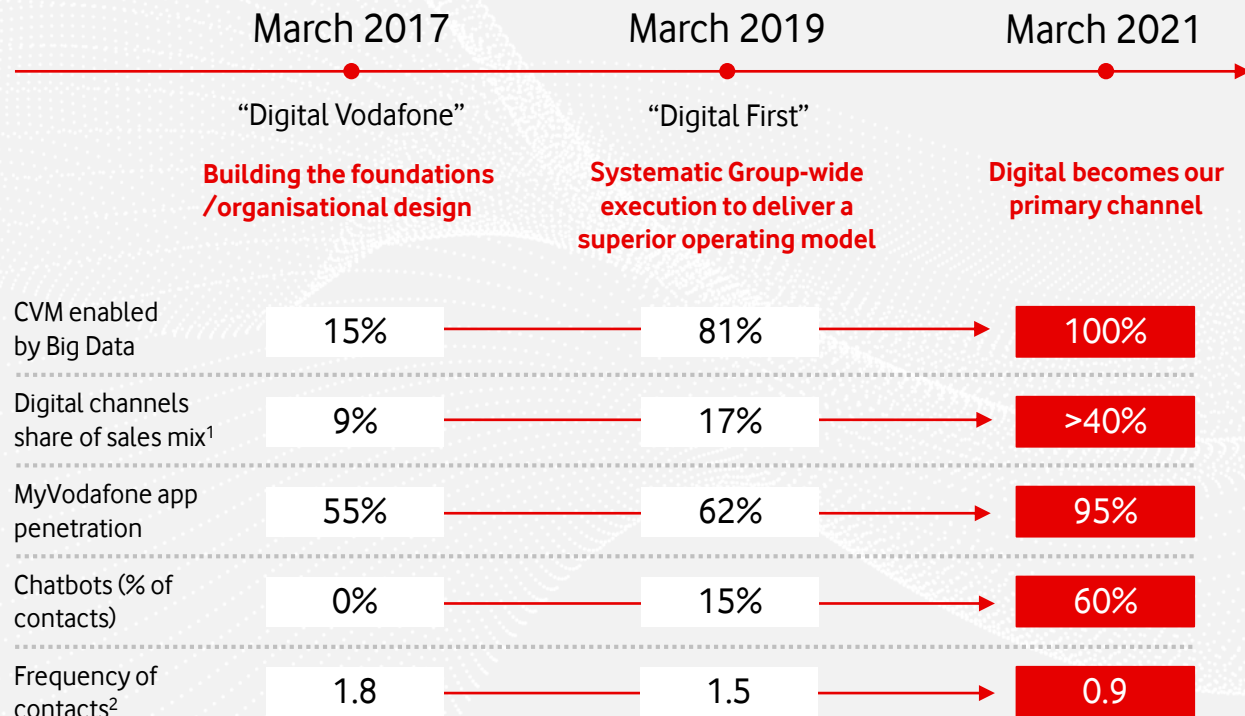
Our strategy



1. Includes VodafoneZiggo and proforma for the acquisition of Liberty Global's Unitymedia asset in Germany and UPC assets in Central and Eastern Europe
2. Includes JV's and associates



Our Digital journey: towards a fully Digital operating model



All numbers relate to European markets unless stated otherwise

1. Mobile contract acquisitions and retentions in Germany, Italy, UK and Spain
2. Human interventions per year



Digital First: transforming our operating model



Digital Customer Management



Digital Technology Management



Digital Operations



1. Acquisition
Digital marketing



2. Base management
Always on marketing



3. Channels
The future of retail
MyVodafone App



4. Customer Services
Digital care



5. Digital technology
Network planning and operations



6. Automation/AI everywhere
Shared services

...with an addressable cost base of €7.5bn¹

1. FY19 on IAS17/18 basis, including NZ and excluding Liberty assets



1. Acquisition: from mass media to personalised marketing



Before

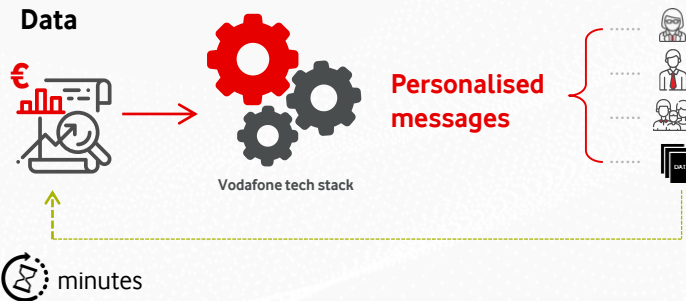


 weeks/months

- One message fits many
- Long cycle, linear / waterfall
- High cost, agency managed black box

In scope: €2.5bn in commissions paid to 3rd parties¹

Vision for tomorrow



- One 2 One, personalised and relevant
- Agile and real time
- High efficiency, Vodafone owned engine

Ambition: >40% sales via digital channels by end FY21

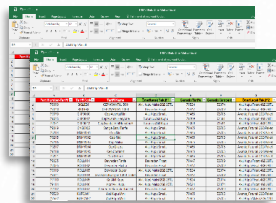
1. FY19 on IAS17/18 basis including NZ and excluding Liberty assets



2. Base management: from manual to personalised recommendations



Before



Excel based
offer matrices

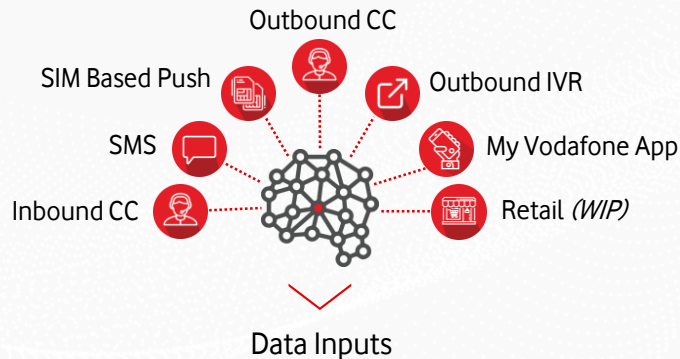


Outbound
contact centre

- Manual offers, once each month
- Primarily via outbound calling

In scope: €2.5bn¹ in commissions paid to 3rd parties

Vision for tomorrow



“Always on marketing”

- Right channel
- Predictive, relevant and personalised
- Real time and automated

Ambition: 11 markets live today, 16 markets by FY21

1. FY19 on IAS17/18 basis including NZ and excluding Liberty assets



3. Channels: the future of Retail



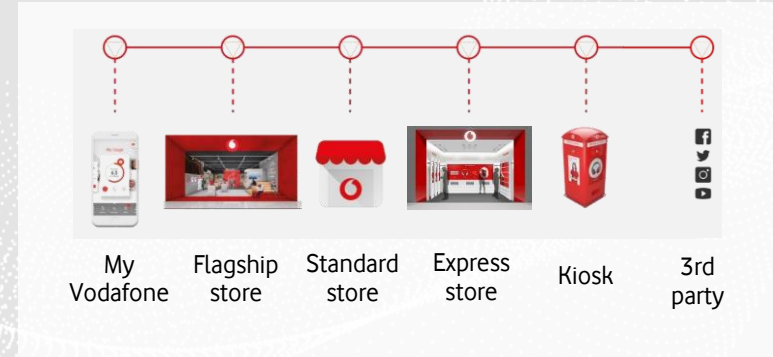
Before



- c.7,700 stores across the Group
- High cost acquisition channel

In scope: €0.8bn retail opex¹

Vision for tomorrow



“Digital, Agile, Smart, Human”

- 24/7 retail availability, transact within 11 minutes
- AI driven footprint & logistics

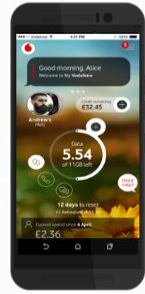
Ambition: 15% store reduction, 40% transformed by FY21

1. FY19 on IAS17/18 basis including NZ and excluding Liberty assets

3. Channels: New MyVodafone app, end-to-end mobile experience



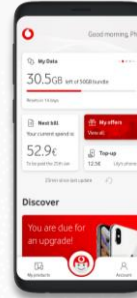
Before



- Usage & billing **90%**
- Help via FAQ **5%**
- Everything else **5%**

- App focused on utility
- Significant local customisation

Vision for tomorrow



- Usage & billing **50%**
- Sales & multi-product management **15%**
- Discovery & rewards **15%**
- Help via TOBI **10%**
- Everything else **10%**

- End-to-end mobile-first capability
- Prediction driven services and personalisation
- Common experience / code development across markets

Ambition: 16 markets to launch by end of FY20



4. Customer Service: automating and digitalising



Before

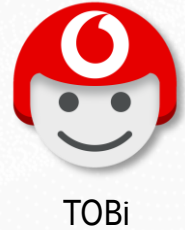


42m assisted
conversations
every month

- Complex, manual back office processes
- Voice-centric interactions

In scope: €1.2bn customer operations opex¹

Vision for tomorrow



- Instant, prediction driven interactions
- Automated back-office and service

Ambition: 40% reduction in contact frequency by March 21

1. FY19 on IAS17/18 basis including NZ and excluding Liberty assets



6. Automation / AI everywhere: driven by Vodafone Shared Services



Today



- 22k employees in low cost Shared Services centres
- Manual, repeatable processes, 9m+ transactions p.a.
- Scale generates best in class cost structure

In scope: €2.9bn technology & support operations opex (incl. VSS)¹

VSS vision for tomorrow



- Centre of excellence for Robotic Process Automation & AI
- Expanding scope to include network operations and IT testing and maintenance
- c.5,600 roles to be automated by end FY21

Ambition: high single digit % decline p.a. in EU & Group²

1. FY19 on IAS17/18 basis including NZ and excluding Liberty assets
2. EU and Common functions technology and support operations opex; Rest of World to grow below local inflation





Technology Digital Strategy

Johan Wibergh

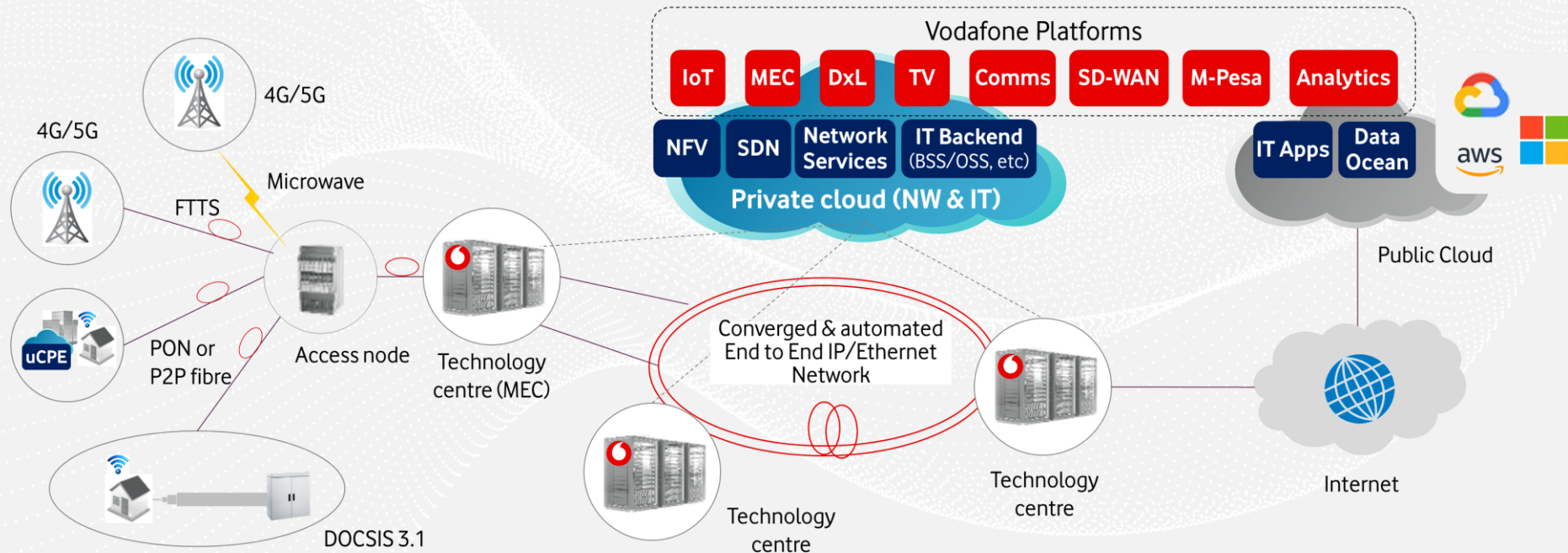
Group Chief Technology Officer



Target architecture

Consumer and Enterprise products

Standard APIs enabling reuse



Data analytics, AI / machine learning, automated operations

Cyber security



Digital First: transforming our operating model



Digital Customer Management

1

IT enablers



Digital Technology Management

2

Data driven technology decisions



Digital Operations

3

Automated and simple technology operations

IT enabling world-class customer experience

Insourcing



14,000 Mar '19

Agile & DevOps



47% of all delivery

Tooling



From **days** to **minutes**

Digital technology

World-class customer experience, through data insights driving decisions, automation & simplification, also enabling agile ways of working

Network planning

- Smart planning
- Smart optimisation

Network deployment

- Smart site management
- Smart site rental

Network operations

- Automation
- Predictive maintenance
- Smart field services

IT dev. testing & operations

- Automation
- DevOps and Agile

Tech. enterprise solutions

- Automation of delivery workflow
- Online capabilities for Business

← Data driven technology decisions →

← Automated and simple operations →





Vodafone UK

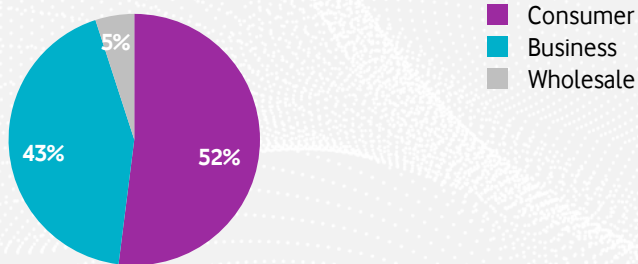
Nick Jeffery

Chief Executive of
Vodafone UK

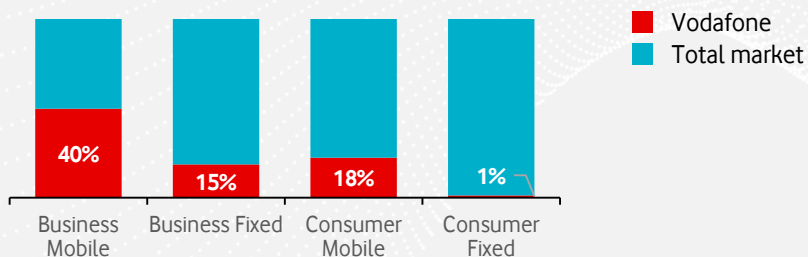


Vodafone UK: Who we are

Vodafone UK service revenue (£5.5bn, FY19)



Vodafone UK service revenue market share (FY19)



- 17m mobile customers
- Market leading 93.9% geographic coverage
- 5G in 19 cities by end of FY20, >60 across Europe
- Fastest growing UK broadband provider, 551k Consumer customers (Q1 FY20)
- NPS leadership in Business, improving in Consumer
- #7 in Sunday Times Best Big Companies 2019

**The UK's comms
challenger since 1985**

Note: Financials under IAS18, and exclude handset financing impacts



Our 3 year turnaround journey



1 FY 18

Fix the basics, stabilise EBITDA

- NPS leadership in Business, recovery in Consumer
- Regain brand competitiveness
- Customer care recovery
- Cost reduction

2 FY 19

Grow EBITDA, stabilise revenue

- NPS leadership in Business, challenger in Consumer
- Market share growth
- Double digit EBITDA growth
- Build a brand with purpose

3 FY 20

Profitable growth and customer leadership

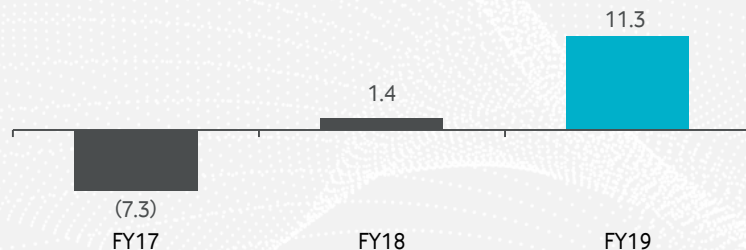
- NPS leadership in Business & Top 3 in Consumer
- Brand leader in network and customer experience
- Service revenue & EBITDA growth



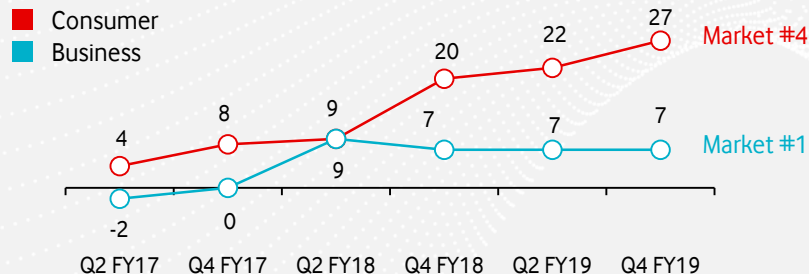
Vodafone UK: Turnaround in performance



EBITDA growth (%)¹



Customer net promoter score



- Double digit EBITDA growth
- Best ever customer care performance
- Strongest ever network
- Lowest ever mobile contract churn
- Fastest growing fixed broadband provider

Building commercial & operational momentum

1. Excludes the impact of UK handset financing and a prior year settlement



Vodafone UK: Digital First

Digital Technology

- Micro-services platform architecture
- eShop, App, TOBi and VOXI all deployed on DXL
- Enables >75 releases / month vs 1 / quarter previously

Digital care

- AI-enabled predictive care
- IVR automation & channel steering
- Enabling removal of 1.4m contact centre calls FY20

TOBi

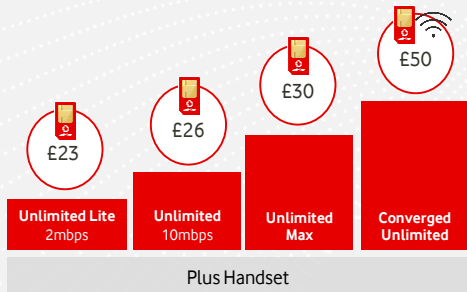
- Digital bot assistant in IVR, co.uk and MyVodafone App
- Over 3.4 million interactions this FY (34% of total)
- Touchpoint NPS of +28

Future of Retail

- New converged online shop, eShop
- Seamless channel integration e.g. Click & Collect
- Double digit YoY increase in sales conversion (+30%) & Touchpoint NPS (+15pts)

A digital first approach

Vodafone UK: Shaping the market with Unlimited



Early performance encouraging:

- 3% of base on Unlimited plans in first two months since launch
- 7% gross adds market share increase in SIMO >£20 segment
- Online traffic up 25%, retail footfall and incoming sales calls up 10% month on month

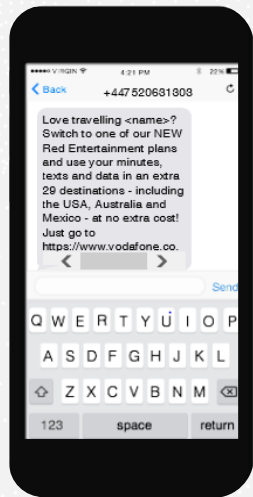


Be Unlimited



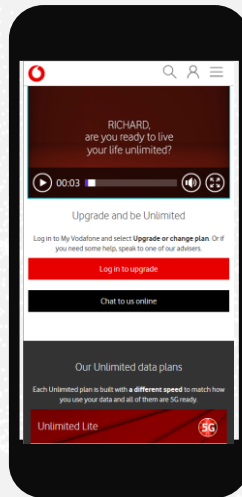
Vodafone UK: Unlimited, powered by Digital base management

Before



- Generic offers, driven by broad business rules
- Comms channel defined by us, not the customer
- SMS, email and outbound calls
- No Big Data integration
- Limited digital upgrades

With Unlimited



- Personalised offers and comms
- Image and video-led channels
- 85% of campaigns powered by Big Data
- 79% of customers choose Unlimited when switching plans
- 26% of customers upgrading online

Digital, personalised communications



Vodafone UK: VOXI, our digital-only youth proposition



- First example of agile working, with concept to launch in c. 6 months
- Digital first proposition design
- Digital-only customer care
- Endless Social Media, unique in the market



- Rapid customer base growth, >400% YoY (Q1 FY20)
- Digital-only care (social and webchat) 30% more efficient than voice
- NPS of +60 (Q1 FY20)

A future blueprint





Vodafone Digital First Investor Open Office

Nick Read

Group Chief Executive Officer



Digital First: A systematic transformation of our operating model

- Clear ambition to lead in digital and strengthen our differentiation – improving customer experience, boosting commercial performance and driving revenue growth
- Consistent execution of our digital operating model increases the benefits of Group scale
- A systematic multi-year opportunity to reduce our cost base; net cost targets to be updated in May

Supporting our long-term ambition:

- Deepening customer engagement, single digit churn rates
- Profitable market share gains in total communications
- Net cost reduction driving sustained margin expansion and return on capital improvement
- FCF growth, delivering our €17.7bn 3-year LTIP goal



Appendix: c.50% of Group Opex targeted through Digital

Cost Type (€ bn)	Addressable through Digital	Reported FY19 Opex
Customer Service	1.2	1.2
Retail	0.8	0.8
Technology and Support Operations ¹	2.9	2.9
Other ²	-	5.9
Total Opex	5.0	10.9
Commissions paid to 3 rd parties	2.5	
Total Addressable Cost³	7.5	

1. Includes employment and office accommodation costs in technology and support functions
2. Includes leased lines, site rental, maintenance, energy, publicity and other sales
3. FY19 on IAS17/18 basis including NZ and excluding Liberty assets





Acquisition: Digital marketing

Nikos Vlachopoulos

Group Brand and Marketing Director

Max Taylor

UK CBU Director



4 big forces are changing the rules of marketing

**360°
data driven**



Segment of 1



**Contextual and
real time content**

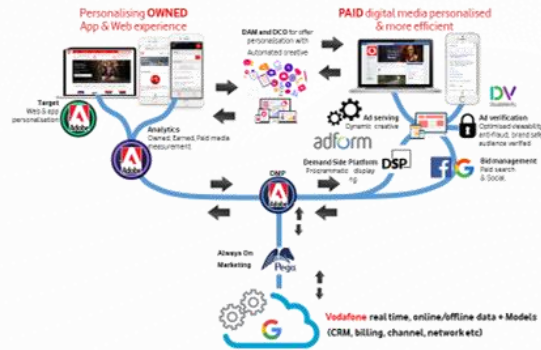


One channel



Marketing @ Digital Vodafone: from Art to Science

1 Marketing tech platform



Vodafone marketing tech /
ad-tech

2 Fully operated in-house



New agency model /
Agile organization

3 For Data driven decisions

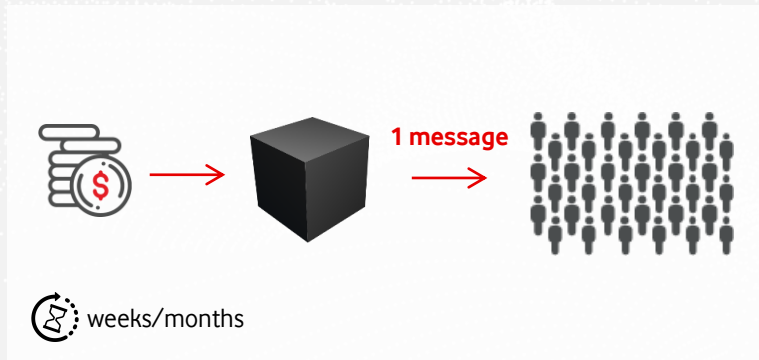
-  Facebook insights
-  Google audience insights
-  Digital IQ index
-  Global insights / trends

Global partnerships, cross -
industry benchmarks



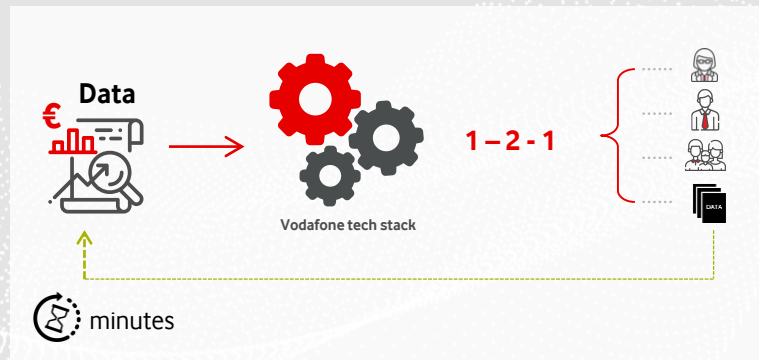
Always on, effective, contextual, relevant

Before



- One message fits many
- Long cycle, linear / waterfall
- High cost, agency managed black box
- Channels uncoordinated, reactive

Vision for tomorrow



- “Real” One 2 One & personalised
- Agile and real time
- High efficiency, Vodafone owned engine
- Predictive & relevant across channels

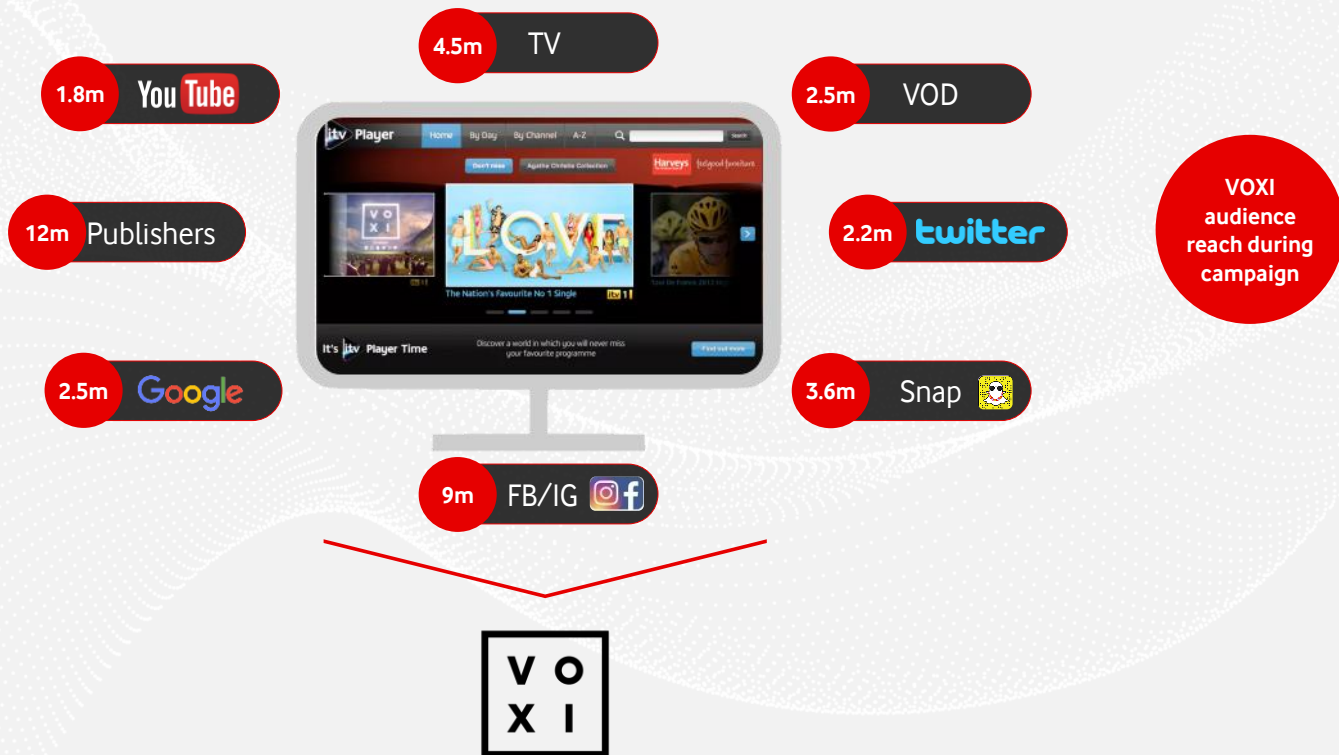


&



Campaign strategy: Use Love Island moment to grow VOXI awareness & sales

Content
consumption and
conversation across
multiple platforms,
in real-time



151 creative variants reaching 38m across 59 custom audiences and 8 platforms, right place, right time



Campaign enablers: Technology, data, people



Adobe audience manager (DMP)

- Custom audiences & look-a-likes
- sharper targeting & personalised



Crimson hexagon

- AI powered Social insights: real-time engagement & optimisation



Adobe analytics

- Channel & creative optimisation
- SEO & Journey optimisation



Adobe target

- A/B testing onsite & journey optimisation



- Programmatic audience targeting



- Automated bidding & AI optimization



- Onsite behaviour analytics
- Optimise digital media buying



AGILE team

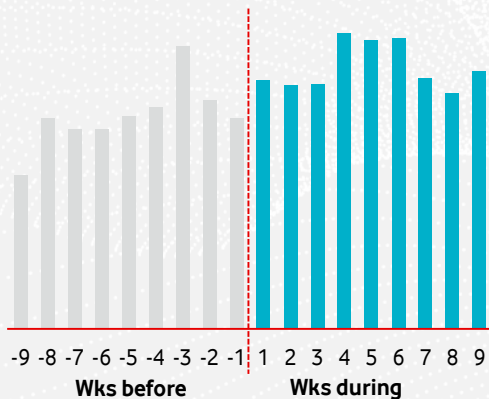
- In house digital media squad
- VOXI digital squad
- VOXI marketing squad
- ATL agency

Fewer people with right skills, using technology tools to get better results and drive cost efficiency



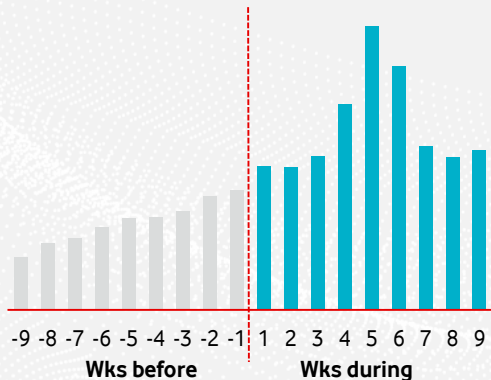
Campaign results: Higher quality traffic, higher conversion

Traffic - unique



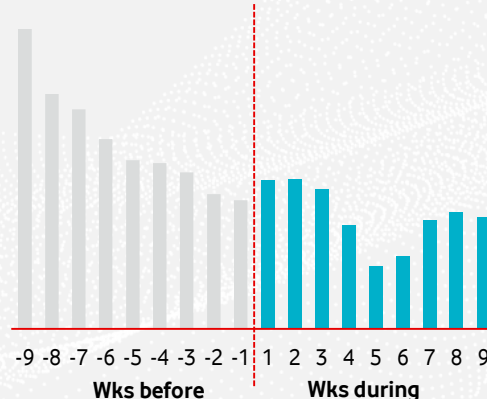
+23%
growth

Sales



+109%
growth

Cost per acquisition



-40%
reduction

All segments are on this journey





Base Management

Andrea Rossini

Italy CBU Director

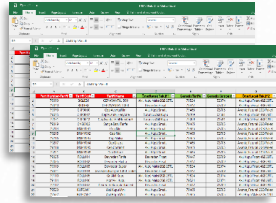
Jorge Mendes

Vodacom CBU Director



2. Base management: from manual to personalised recommendations

Before



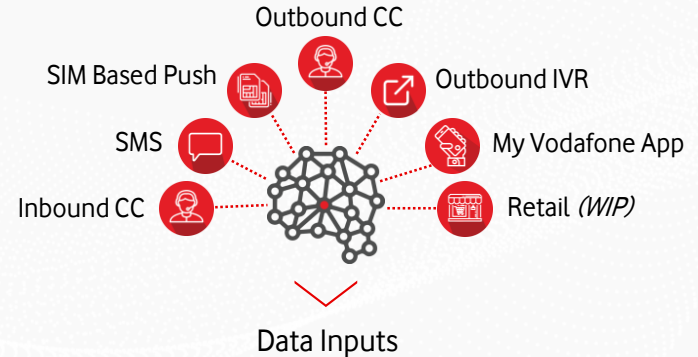
**Excel based
offer matrices**



**Outbound
contact centre**

- Manual offers, once each month
- Primarily via outbound calling

Vision for tomorrow



- Right channel
- Predictive, relevant and personalised
- Real time and automated

Base Management Vodacom South Africa



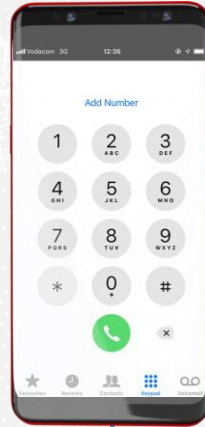
Evolution of Base Management in South Africa

€250m incremental revenue over the past 5 years from **automated & personalised offers**

Before 2015

Basic outbound
campaigns

Call Centre & SMS



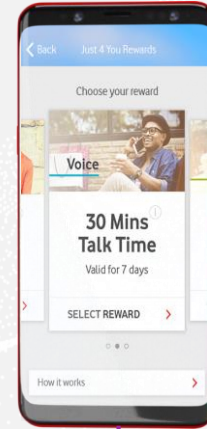
Just4You

Personalised
inbound platform
2015

2016/17

Gamification
of rewards

Shake Everyday



Rewards4You

Personalised goals
& rewards
2019

Increased conversion rate



Highlights from the previous financial year

+6%

ARPU stretch on
engaged base

>60%

Engagement on
personalisation platform

-1.8pp

Contract churn
reduction

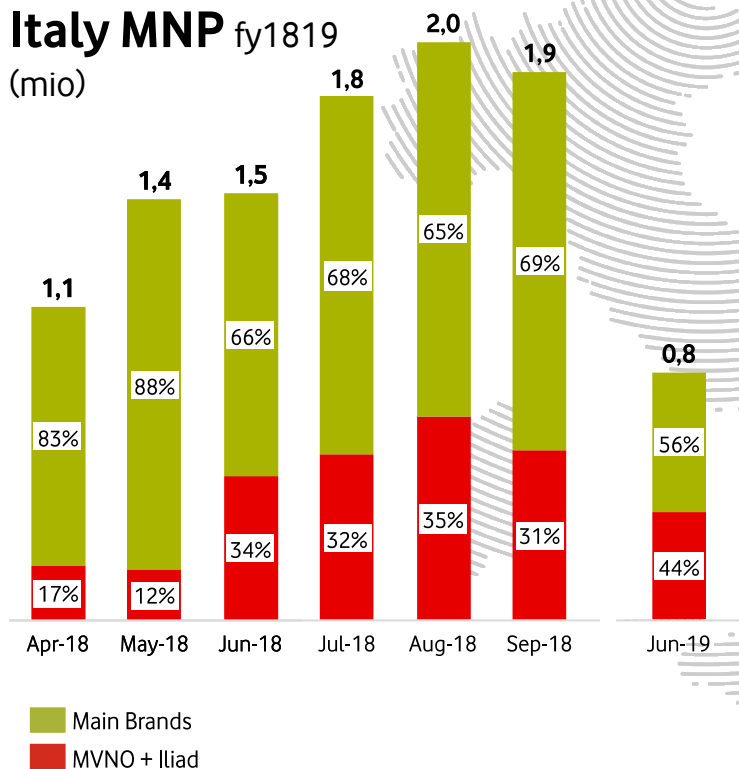
+ €98m

Incremental revenue



VF Italy | A new competitive scenario

Italy MNP fy1819 (mio)



iliad

6,99€ 40 Giga, Unlimited voice and SMS

No frills, «one size fits all»

Our reactions

ho.

Second brand to fight

7,99€ 50 Giga, Unlimited voice and SMS

No frills, «one size fits all»



New always on marketing strategy

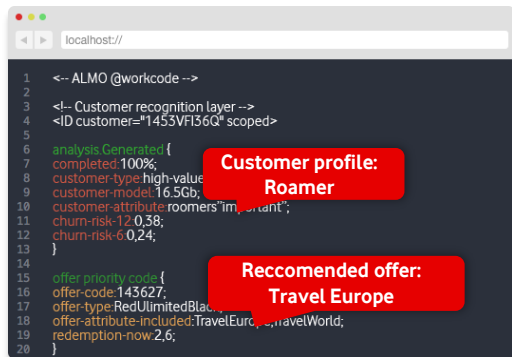
Personalization fully AI driven



VF Italy | How we used 'Always on Marketing' in a competitive market

**Predictive, relevant
and personalized**

**Advanced Learning
Marketing Optimizer**



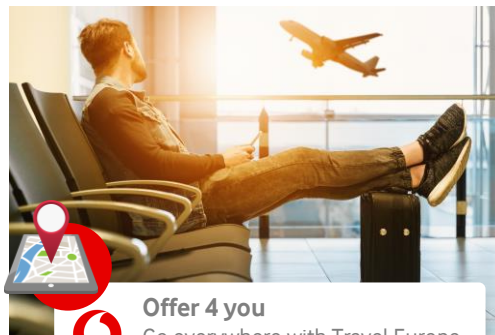
```
1 <-- ALMO @workcode -->
2
3 <!-- Customer recognition layer -->
4 <ID customer="1453VF136Q" scoped>
5
6 analysis.Generated {
7   completed:100%;
8   customer-type:high-value;
9   customer-model:16.5Gb;
10  customer-attribute:roomers"im...ant";
11  churn-risk:12.0,38;
12  churn-risk:6.0,24;
13 }
14
15 offer_priority_code {
16   offer-code:143627;
17   offer-type:RedUnlimitedBlack;
18   offer-attribute-included:TravelEurope,TravelWorld;
19   redemption-now:2,6;
20 }
```

**Customer profile:
Roamer**

**Recommended offer:
Travel Europe**

**Real time and automated
engine**

**Contextual propositions
and right time AI
recommendation**

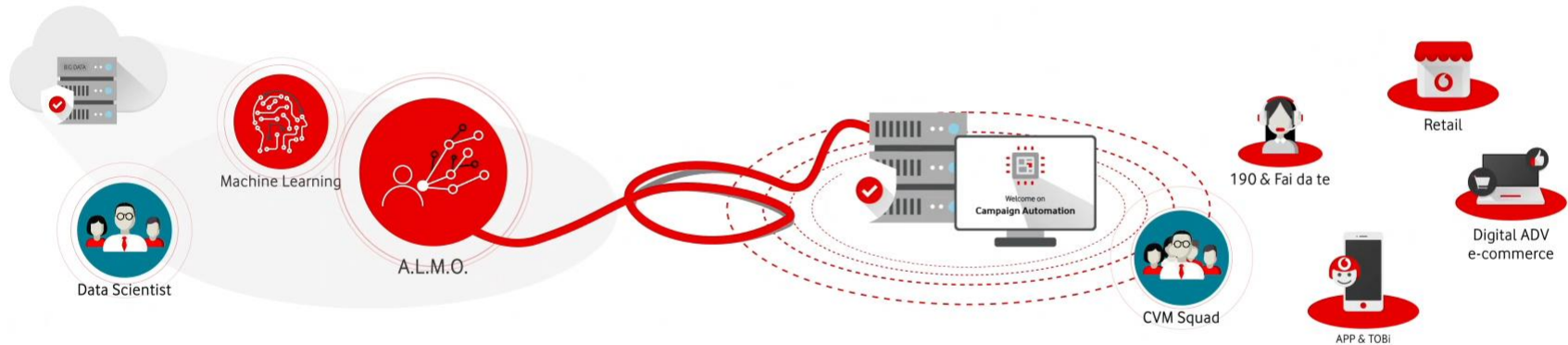


Offer 4 you
Go everywhere with Travel Europe
and World!

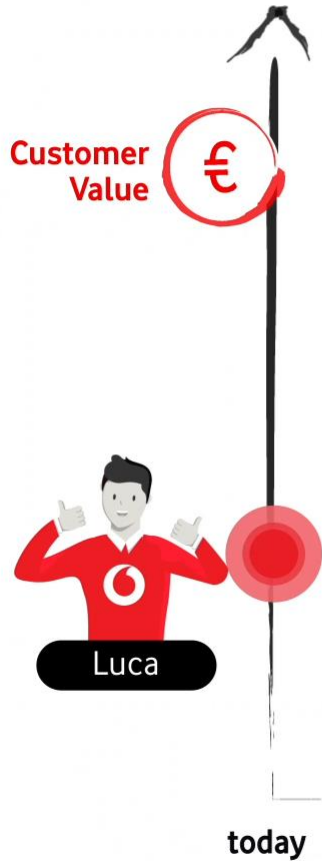
**Omni-channel channel
experience**

**Right channel AI
selection**

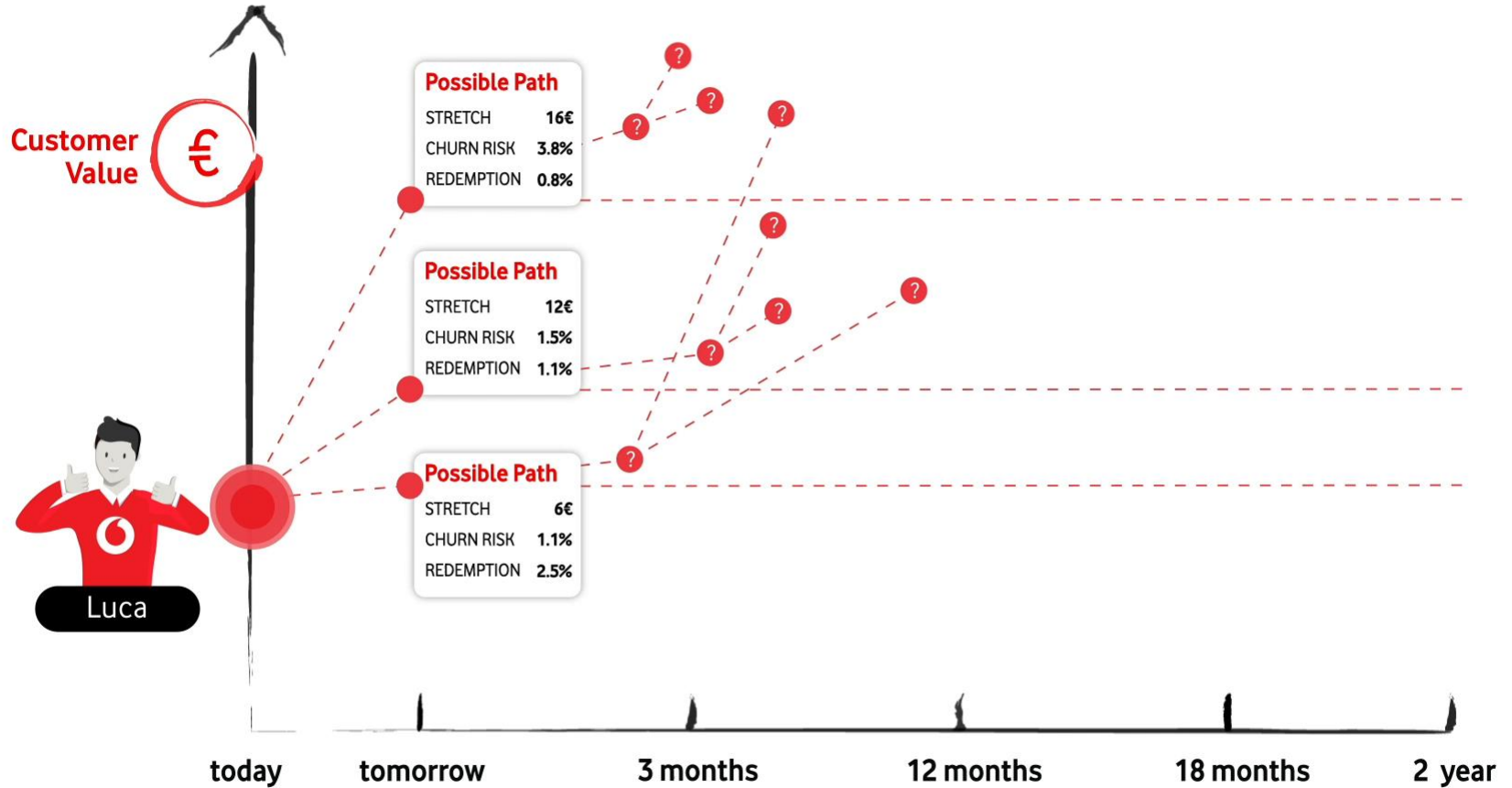




Vodafone IT Marketing Architecture

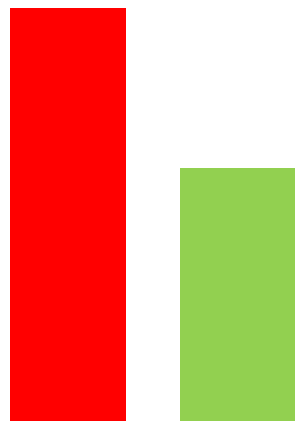


INSIDE Advanced Learning Marketing Optimizer



VF Italy | Our 'Always on Marketing' strategy is working

CHURN MOBILE (%)

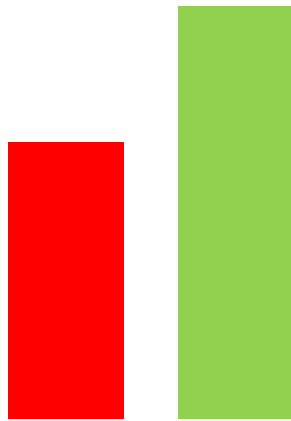


Q1
FY19

Q1
FY20

-7 pp

UPSELLING MOBILE OFFERS
ACTIVATIONS (K)

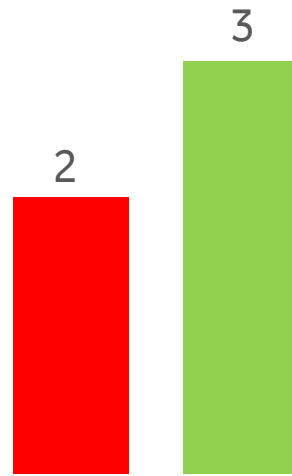


Q1
FY19

Q1
FY20

+48%
activations

DELTA ARPU (€)



Q1
FY19

Q1
FY20

+50%
delta arpu





MyVodafone App and the future of Retail

Phil Patel

Group Retail and Operations Director

Andres Vicente

Spain CBU Director



Digital First channel transformation



Digital already progressing towards our primary channel

Customer Interactions per month

60 million calls

15 million chats

103 million web visits

414 million app interacts

1.3 billion USSD* interacts

41 million store visits

8 million sales transactions

- Customer preference for digital experience
- Automation in messaging & voice channels
- Real-time interaction capability with big data
- Simplification of proposition design



Use of AI & Real-time interaction to **shift** service & sales



MyVodafone as the primary interaction channel for customers



Digitalisation of our **retail channel**

* Unstructured Supplementary Service Data (USSD) codes with a simple menu structure are used in emerging markets to provide information and offers to customers.



MyVodafone will deliver end to end digital experiences

From MyVodafone

Usage & billing 90%

Help via FAQ 5%

Everything else 5%

• 414m visits¹

Driver for change

Unlimited
45% decrease

Digital self-care
100% increase

Convergence
New features

To New MyVodafone

Usage & billing 50%

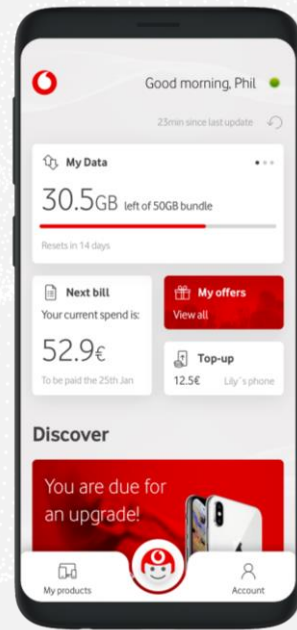
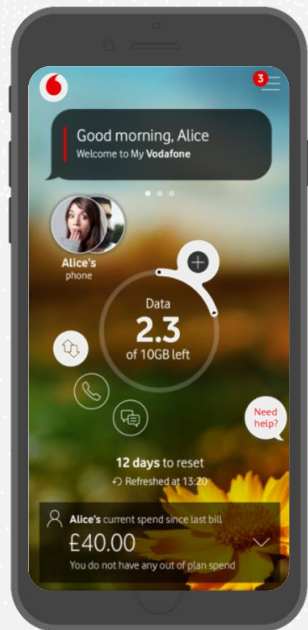
Help via TOBI 10%

Sales & multi-product
management 15%

Discovery & rewards 15%

Account 10%

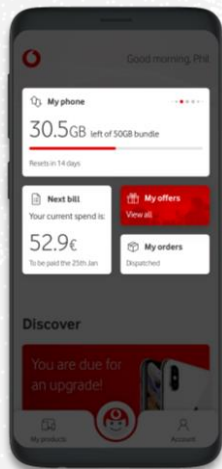
- >1 billion visits
- 50% transactions



1. Per month currently

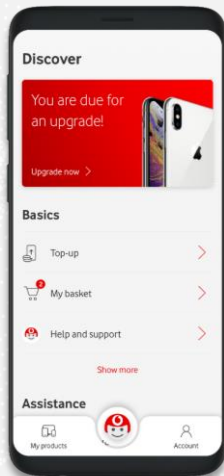
MyVodafone: The gateway to discover everything Vodafone has to offer

Live Demo!



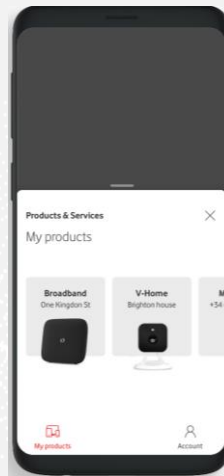
Dashboard tiles

Things I want to see
at a glance



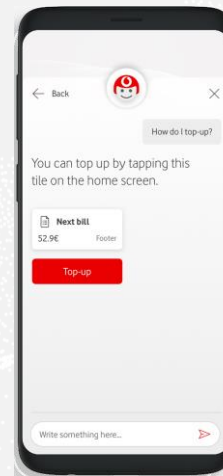
Discovery flow

Things I might be
interested in



Navigation tray

Things that I need
most often

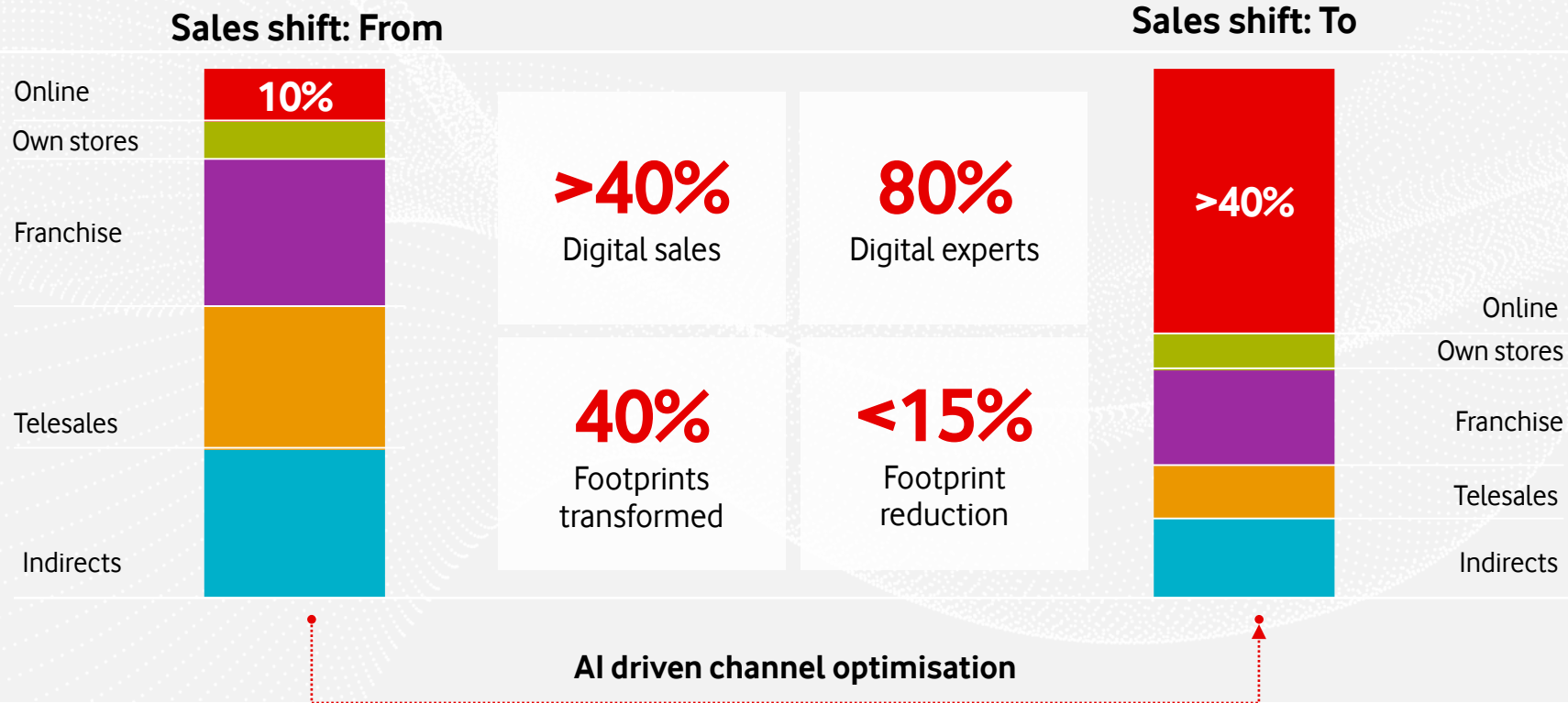


TOBI

Things that I need
support with



Digitalising our retail presence



All targets as of end FY21.

Optimised footprint... differentiated retail experiences

-15% Stores

10 %

Increase from <100
Flagship



Fully- fledged experience hub,
showcasing state- of-the-art
digital and immersive tech

60 %

From 7500 to 4000
Standard



Refreshed store with selected
immersive experiences and
maximized self service areas

30 %

From <100 to >2000
Express formats



24/7 retail, physical points of
presence: click & collect lockers,
self service touchpoints, remote
assistance...



Neil Blagden

UK Customer Service and
Operations Director

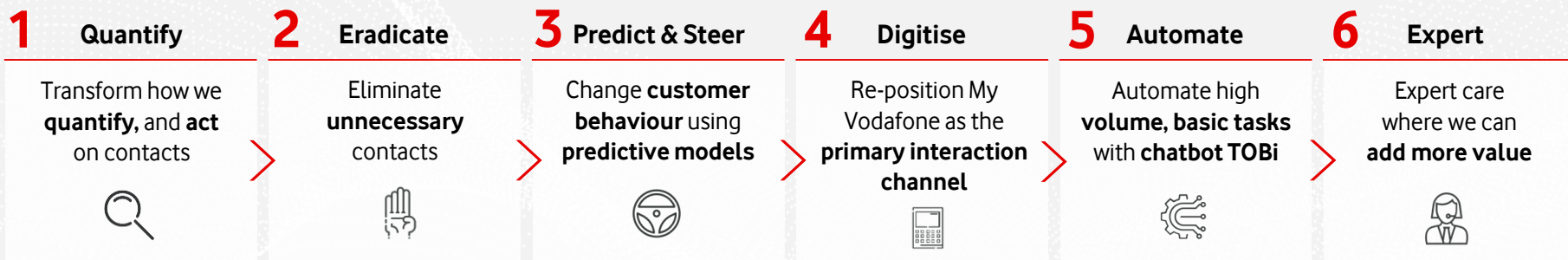
Gianluca Pasquali

Italy Commercial
Operations Director

Digital customer care



Digital customer care: Digital operations in 6 Dimensions



Voice Calls¹

Jun '18	Jun '19
17.4m	14.2m

Average Cost: **€2.50**

TOBi Conversations¹

Jun '19	Mar '20 (est)
4.0m	55.0m

Average Cost: **€0.12**

1. All markets excluding JV's

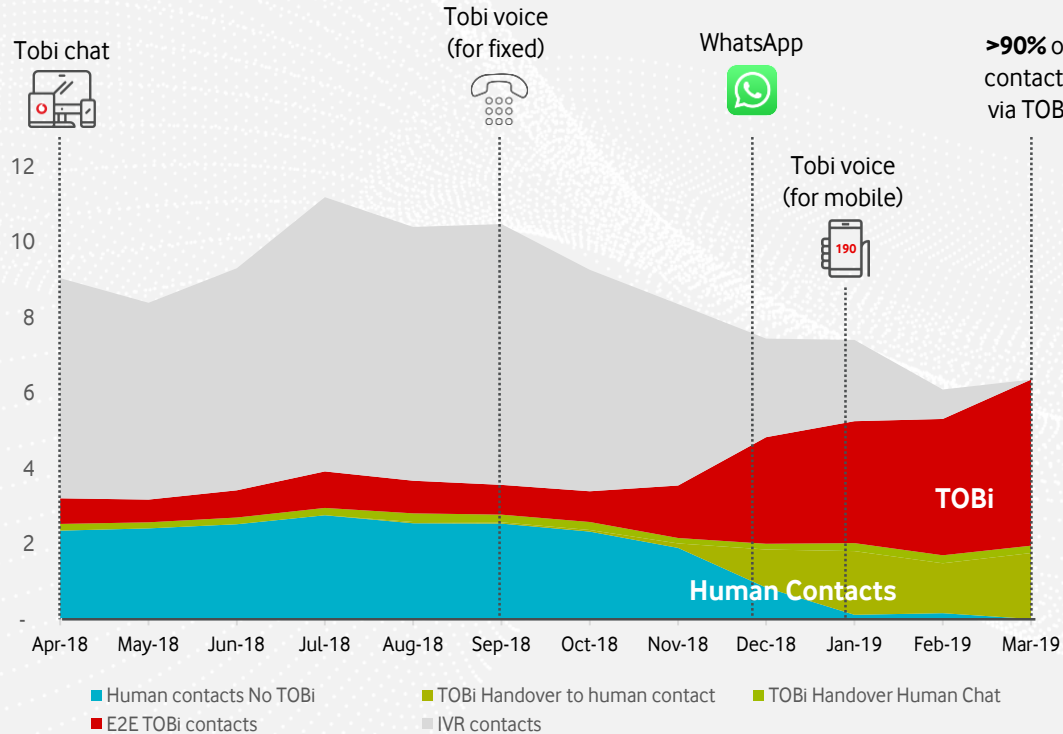




Italy case study



Digital customer care: TOBi journey in Italy



	FY19	FY20e
Conversations	29M	55M
Automated contacts	66%	68%

Digital customer care: Key results in Italy



Customer care
differentiation

1st

NPS Customer Care



Sustainable
cost structure

€50m

FY19 and FY20

Saving over 2 years



Value
generation

€30m

FY19

Sales through service



UK case study



Digital customer care: Intelligent care in the UK

Vision

Digital is our primary channel. Enabled by the smart use of AI to guide and personalise.
With human assistance always available at the **touch of button!**

Strategy



Eradicate



Digitise



Automate



Steer



Expert



Predict

Experience

Digital
as primary
channel

**Case
managed**
outbound
contact

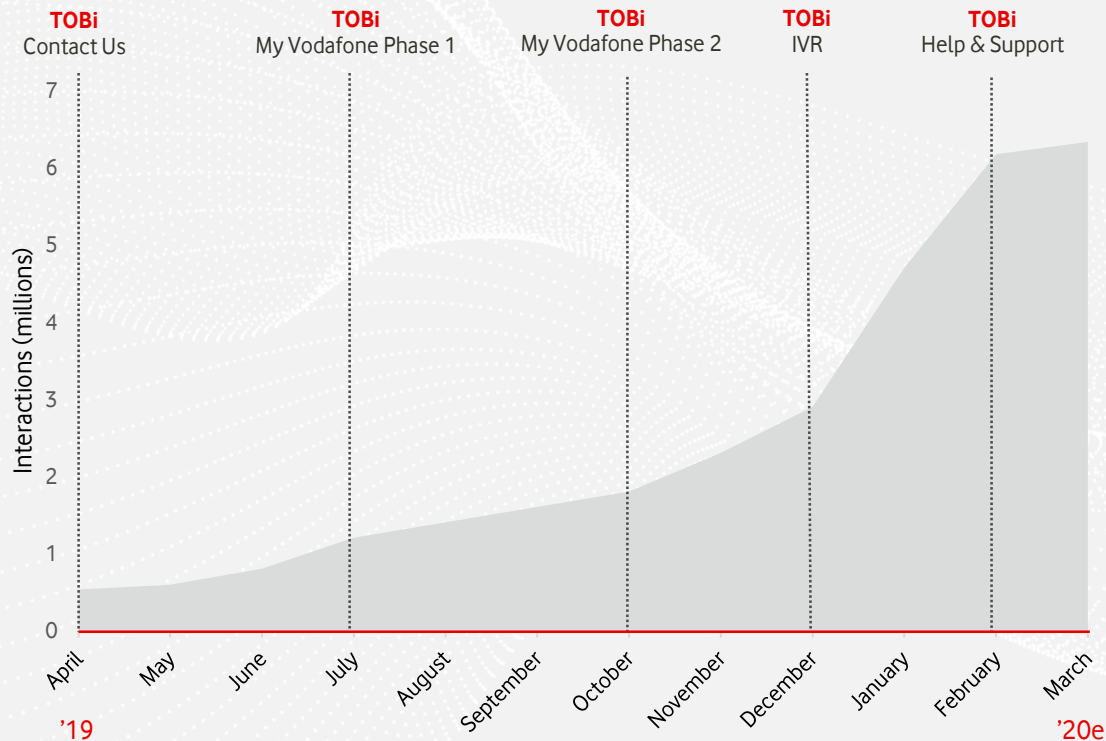
TOBi
as primary
contact

Message
for digital
assistance

AI-led
to predict
& guide



Digital customer care: Intelligent care in the UK



Targeted FY20 benefits

30m Cumulative interactions

15% YoY frequency of contact reduction

10% YoY customer care cost reduction

45 Pay monthly Touchpoint NPS





Digital Technology

Nadia Benabdallah

Group Network Engineering Director

Gerhard Mack

Germany Chief Technology Officer



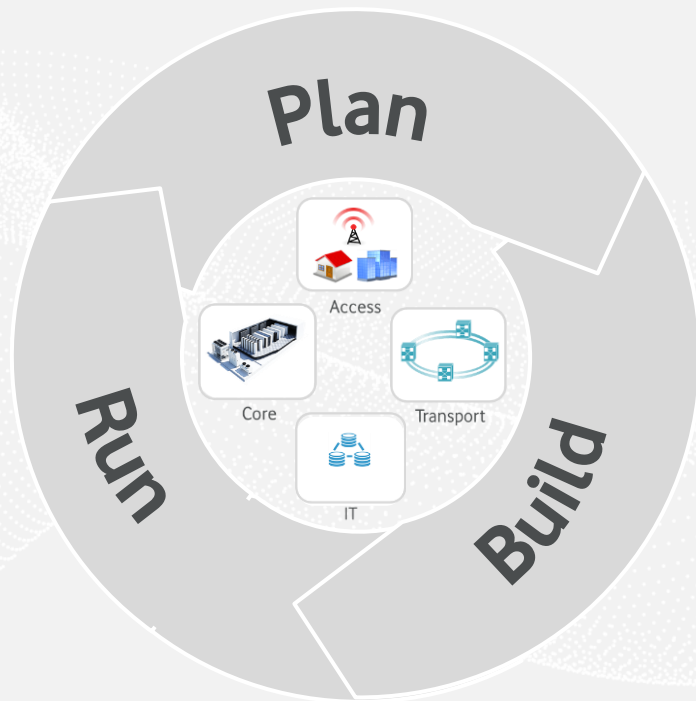
Digital technology | Transforming the way we manage our networks

Data-driven planning ...

More intelligent investment decision processes maximising customer value and return on invested capital

... operated with the highest level of automation

“Self-aware” networks, capable of handling complex end-to-end operational and optimisation tasks autonomously and in real time



... More virtual & flexible infrastructure ...

A simplified and automated technology landscape, cloud based, able to generate significant cost efficiencies as well as greater flexibility in terms of services and capacity

Digital technology | What it enables

World-class customer experience, through data insights driving decisions, automation & simplification, also enabling agile ways of working

Network planning

- Smart planning
- Smart optimisation



Network deployment

- Smart site management
- Smart site rental



Network operations

- Automation
- Predictive maintenance
- Smart field services



IT dev. testing & operations

- Automation
- DevOps and Agile



Tech. enterprise solutions

- Automation of delivery workflow
- Online capabilities for Business



A Group – Local markets joint program



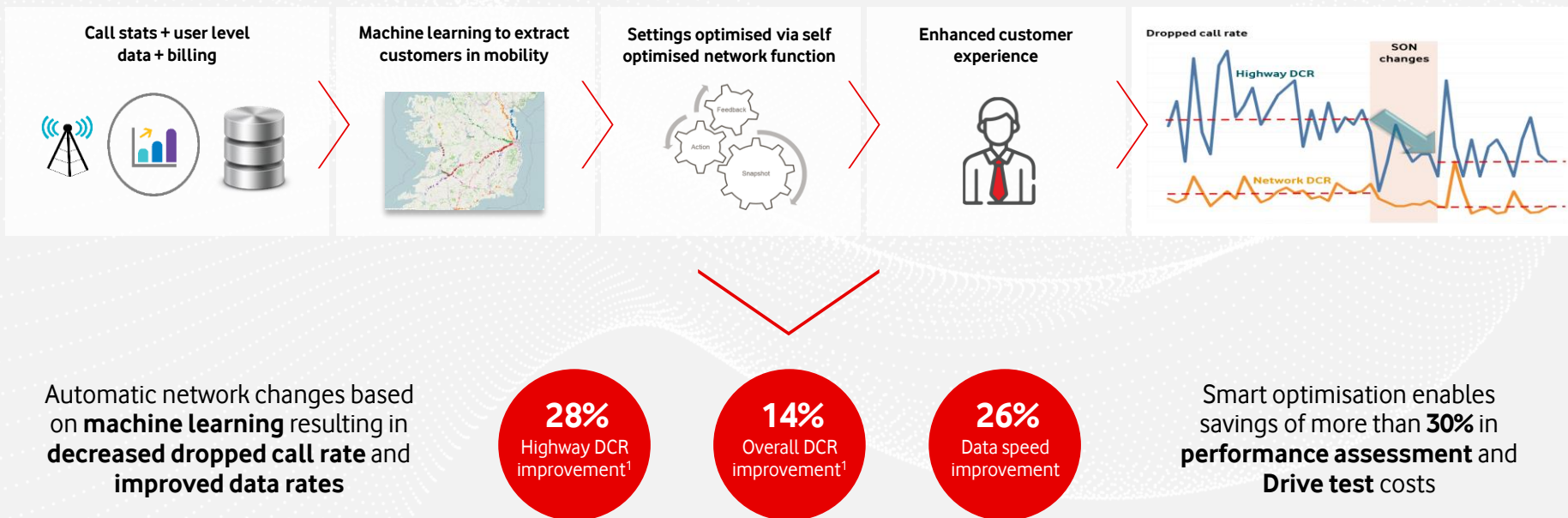
A vibrant, futuristic digital cityscape at night, featuring glowing purple and blue light trails, floating data cubes, and wireframe buildings. The scene is overlaid with a large, stylized red circular arrow pointing clockwise, symbolizing a continuous cycle or process. Various digital terms like 'CONNECT', 'DIGITAL', 'BUSINESS', 'TECHNOLOGY', 'MARKET', 'SOCIAL', 'IDEA', and 'INFORMATION' are scattered throughout the scene, suggesting a networked environment.

Network Planning



Digital network planning | Smart optimisation: a use case example

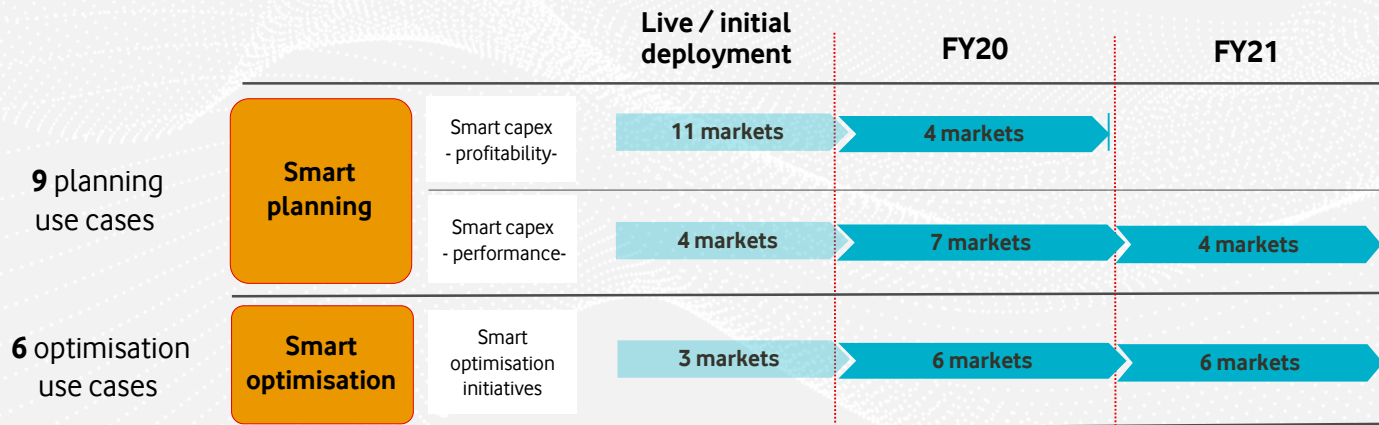
Analytics + machine learning to dynamically **tune radio network settings**
on specific scenarios (like highways – Vodafone Ireland proof of concept)



1. Dropped call rate

Digital technology | Digital network planning @ a glance

Digital innovation fosters both “Data Driven” decision making and Automation, combining a “best in class” customer experience with efficiency and a more Agile way of working



Ambition to save **€1bn by FY21**¹ to support reinvestment in new technologies

1. Cumulative 3 year gross savings during the period from FY19 to FY21



Network operations



Digital technology | Network operations

Zero touch network operations

Monitor

- ✓ Real time monitoring

Diagnose

- ✓ Preventive Actions
- ✓ Correlation
- ✓ Root cause Analysis

Resolve

- ✓ Unassisted automated fixes
- ✓ Remote Operations
- ✓ Field intervention supported by chatbot

Close

- ✓ Accept the fix
- ✓ Validate the resolution
- ✓ Close the loop



Network



Field Engineer



Supported by cognitive automation, advanced analytics and machine learning, unassisted automation and chatbots.



Digital technology | Germany fixed network operations case study

Zero touch network operations

Monitor



- ✓ Real time monitoring

Diagnose



- ✓ Preventive Actions
- ✓ Correlation
- ✓ Root cause Analysis

Resolve



- ✓ Unassisted automated fixes
- ✓ Remote Operations
- ✓ Field intervention supported by chatbot

Close



- ✓ Accept the fix
- ✓ Validate the resolution
- ✓ Close the loop



Network



Field Engineer

Germany fixed network

76% zero touch today

87%

Automatic incident detection

76%

Automatic root cause analysis in real time

76%

Automatic ticket dispatching and resolution verification

AI

based customer problem diagnosis in real time

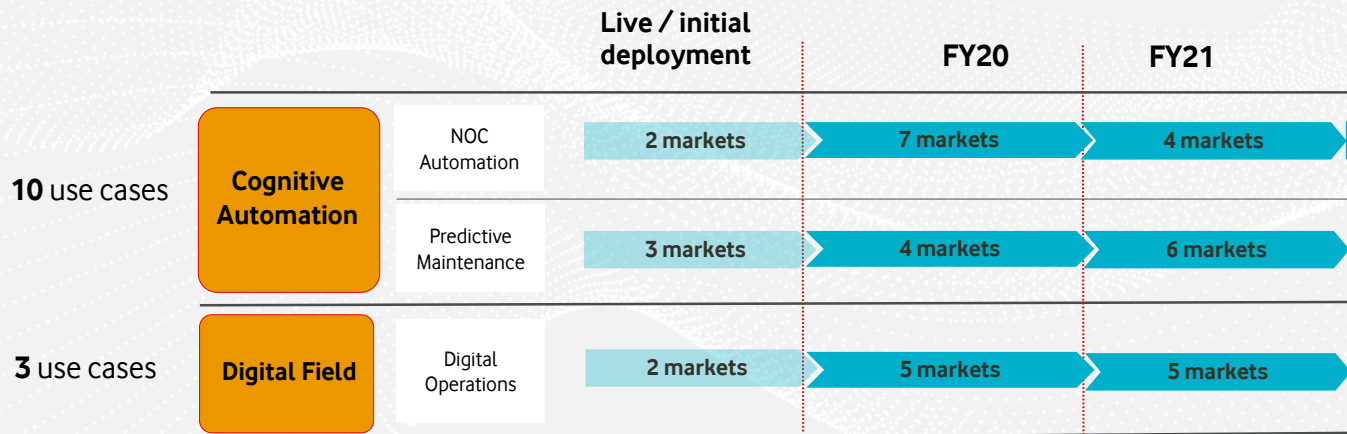
40%

Reduction in the truck rolls



Digital technology | Digital network operations summary

Digital Network Operations deliver a faster and more efficient customer experience



Ambition to save **70% of the cost** of network monitoring and diagnosis, delivering at least €60m in annual run-rate OPEX savings by FY21



Digital technology...
lets be smart



Digital operations



Szia Hungary



Buna ziua Romania



Ahlan Egypt



Namaste India

Welcome to
Vodafone
Shared Services

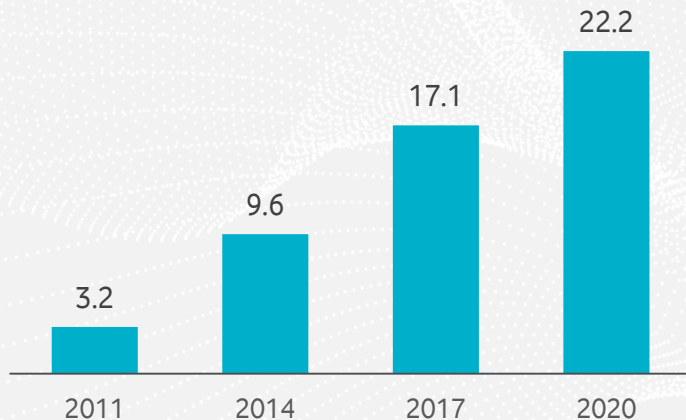
Margherita Della Valle

Group Chief Financial Officer



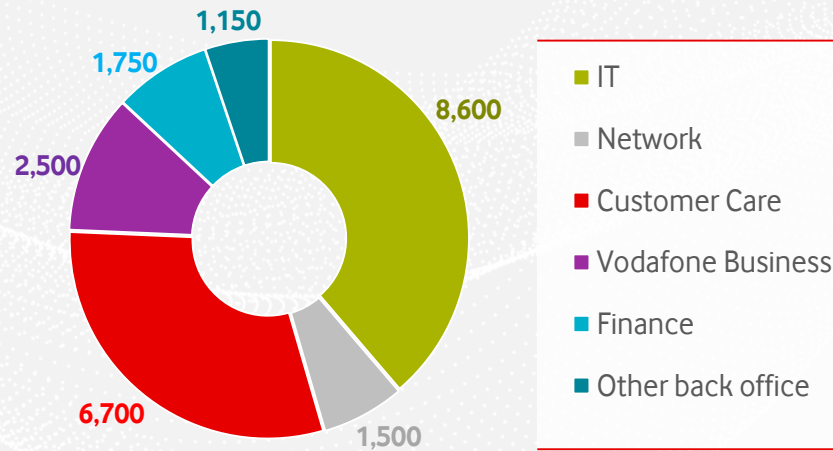
Introducing Shared Services

FTEs in Vodafone Shared Services (000s)¹



- Set-up in 2011
- Started with call centres and finance
- Technology driving growth

Activity breakdown



1. Excludes FTEs supporting Vodafone Idea Limited

Shared Services footprint



Europe

3,600



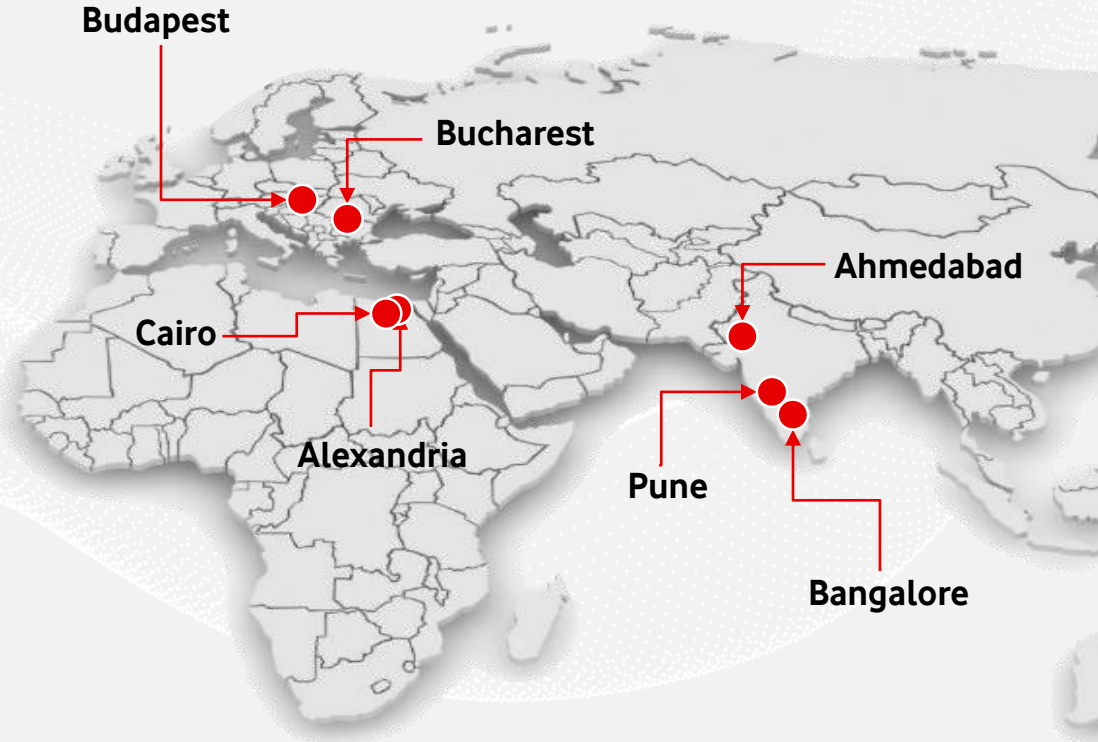
India

10,800



Egypt

7,800



Shared Services contribution to Group

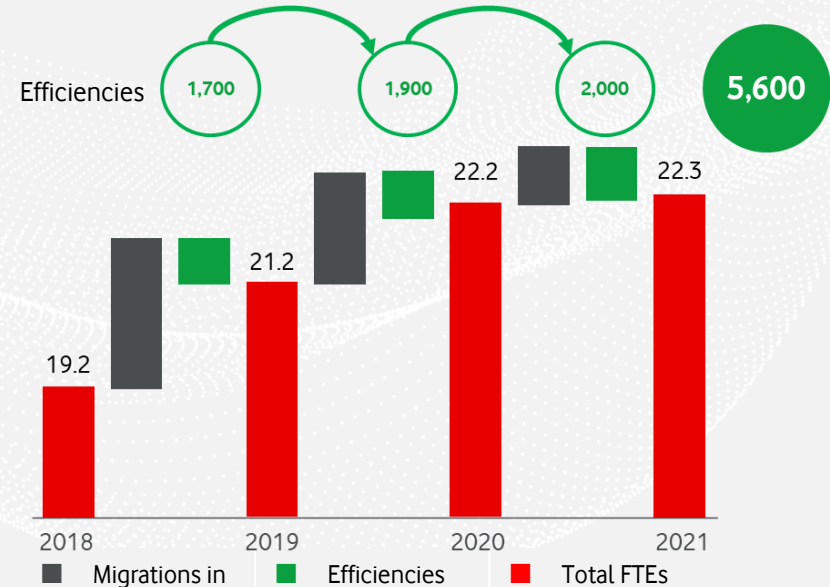
Value creation

- >€1bn of annual cost savings achieved since inception
- Will contribute c.30% of the FY21 >€1.2bn net opex reduction target in Europe and Common Functions
- High quality service, delivered through internal resource

Levers

1. Labour arbitrage (€17k p.a. cost per FTE)
2. Scale and standardisation
 - 20-50% reduction in FTEs post migration
3. Digital transformation

Continued efficiency and expanding scope



Our digital toolkit

Character recognition and natural language



Unstructured document automation

- Intelligent optical character recognition (IOCR)
- Language agnostic
- 91% straight through

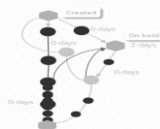
Robotics farm



Automation of manual, repetitive processes

- c.600 bots
- 1.7 FTE efficiency per bot
- €4k per year maintenance
- Self healing

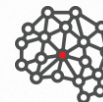
Process mining



Real time process review

- Identifies trends and issues
- Applied to ERP and CARE
- ↑ 30% quality, ↑ 40% automation

Cognitive



Business decisions

- Business intelligence analytics, e.g.
 - Smart capex
 - Fraud and margin assurance
 - Sentiment analysis

Acquiring information

Processing

Analysing

Taking decisions



Applying digital: Purchase to Pay process



2.6m invoices a year



€38bn payments



40K queries

Process



2.6m
invoices
a year

Traditional approach



Mix of e-
invoices
+ paper
invoices

Manual
paper
invoice
processing



Digital



Mix of e-
invoices
+ paper
invoices

Intelligent
OCR and
robotics

Automatic
invoice
processing



- **Before:** > 1,000 FTEs managed supplier payments worldwide
- **Now:** 400 FTEs in Shared Services
- **Target:** <100 next year

