

Vodacom Business wants to grow fast

Within five years, Vodacom Business could account for 25% of Vodacom South Africa's service revenue according to new plans revealed by Vuyani Jarana, chief executive of the company



Vodacom Business, which was created in 2008 to provide enterprise connectivity and communications services, currently generates R8bn a year. This represents 16% of Vodacom South Africa's current service revenue base.

"Cracking the enterprise model hasn't been easy. Our original plan was to grow Vodacom Business through acquisition, but the right opportunities didn't come up. We went back to the drawing board and looked at what technical assets and what people skills we needed and have spent the last few years building an entirely new platform," Jarana said.

Pursuing a 'build' rather than 'buy' strategy, Vodacom Business has invested over R2bn in the last five years and thanks to this it is the only company that can route an IP packet all around the African continent. Vodacom Business' pan-African multi-protocol label switching (MPLS) network, which has points of presence in over 40 African countries, allows companies to operate dedicated networks across multiple countries without having to physically own infrastructure. In addition to this, more than 90% of Vodacom Business' customers are directly connected via the organisation's own fibre.

Based on these investments as well as significant submarine cable capacity, Vodacom Business is able to provide a 99.995% network uptime guarantee to customers.

What has changed?

Speaking about new growth, Jarana said: "The obvious question is what's changed and why we now expect to deliver significant growth? I can boil it down to three key things: our infrastructure and skills backbone, reaching critical mass and linking up with Vodafone's enterprise unit to expand our capabilities from being pan-African to being truly global."

Building on these competitive advantages, Vodacom Business is focusing on opportunities in SMEs, machine-to-machine (M2M) applications, and hosted and cloud services.

"We historically focused on corporate clients and didn't have the scale or products to tackle the huge and rapidly growing SME segment. A side-effect of Vodacom's consumer business providing high-speed, high-capacity links to base stations is that we've been able to piggy-back off this expanded reach and can now offer enterprise solutions to smaller businesses as well.

"On the product side, thanks to our partnership with Vodafone we've just launched One Net Express, putting big business switchboard functionality into the hands of small businesses. It's got more than two million customers across Europe and we're already getting good traction in South Africa. It's just one example of how we're introducing new solutions to capture the growth in SMEs."

Major growth from M2M

M2M is another major growth area and earlier this year Vodacom launched a global data service platform (GDSP) for its M2M communications business. This platform allows SIM-enabled devices to be controlled remotely from anywhere in the world. By using this technology companies can gather useful customer data as well as centrally activate, suspend and deactivate devices at a click of a button. In the agriculture sector M2M technology is already being used to evaluate moisture levels in grain silos, helping prevent potentially catastrophic losses through mould or insect infestation.

Anticipating the move by large and small businesses alike to use hosted and cloud solutions, Vodacom Business manages four data centres across South Africa covering in total over 4 000m² of floor space. The company is also in the process of building a fifth data centre at its offices in Midrand and has hosting facilities across Africa to provide this service to multinational customers.

"Vodafone has over 32m mobile enterprise customers worldwide and this segment makes up 27% of Vodafone's service revenue. With this kind of experience to draw on coupled with our strong network backbone and ability to tap into growth opportunities in SMEs and M2M, we think reaching our target of 25% of Vodacom South Africa's service revenue within five years is a realistic goal," Jarana said.

Vodafone's 1,700 largest multinational customers across the world are serviced by Vodafone Global Enterprise (VGE). This unit has plans to establish regional hubs in Kenya and Ghana. Vodafone currently has annual enterprise revenues in Africa of €1bn and VGE is actively engaging with 600 of its multinational customers who have operations in Africa, more than 400 which are active in South Africa, to ensure that they are able to make the most of its global footprint.

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