



Vodafone Turkey Taps Motorola to Upgrade, Extend, Manage Network

Motorola assists with the heavy lifting so that Vodafone can focus on their customers and profitability during eight year agreement



Vodafone Expands into Turkey

Vodafone is one of the world's largest mobile network operators with over 200 million customers worldwide. The company offers a full range of fixed and mobile products to customers across 17 operating companies and several more affiliate networks. At the end of fiscal year 2006, revenue for Vodafone Group was over \$50 billion.



In response to slowing growth in Western European mobile markets, Vodafone began executing a growth strategy that included the acquisition of mobile operators in emerging markets. In December 2005, Vodafone announced that they were to buy Telsim in Turkey. The Telsim acquisition would give Vodafone access to an attractive, growing mobile market where mobile penetration was approximately 53% with significant further growth potential. By May 2006, Vodafone completed the acquisition of Telsim in Turkey. At that time, Telsim was the second leading operator in Turkey with nearly 9 million customers. Under Vodafone, the company continued to grow at a fast pace, having nearly 13 million customers by the end of 2006.

Objective: To Upgrade the Network While Lowering Costs

As a part of the Telsim acquisition strategy, Vodafone intended to invest in upgrading the network so that standards across all Vodafone operating companies were consistent. Vodafone wanted a vendor to be a partner in the business and intended to offer a managed services contract to the company that was quickest to upgrade the network to Vodafone global standards at the best price. Vodafone would rate subsequent vendor proposals according to three major criteria:

- Service Quality – the vendor would be committed to satisfy Key Performance Indicators (KPIs) and Service Level Agreements (SLAs). It was left up to the vendor as to how they would satisfy the KPIs and SLAs
- Lowest Total Cost of Ownership (TCO) – meaning all capital expenditures and operating expenses over an eight year period
- Delivery Timeline

“As part of Vodafone Group’s strategy, Vodafone remains committed to delivering greater value to our shareholders by securing greater cost efficiencies in new and innovative ways. At the same time, we constantly strive to enhance our customers’ mobile experience.”

Attila Vitai, CEO of Vodafone Turkey

Vodafone Chooses to Upgrade and Expand Under Managed Services

The standard Motorola process of network “discovery” was undertaken early on. First, Motorola representatives worked with Vodafone to understand their strategy. Vodafone explained that in order to achieve their stated three main objectives (service quality consistent with Vodafone global standards, low total cost of ownership and rapid delivery time) they wanted to partner with a trusted vendor that could share inherent risks. In addition, Vodafone did not state detailed network specifications to manage the contract winner. Instead, they detailed explicit network quality and availability KPIs and left it to the vendor to figure out how to best achieve those KPIs for their stated total cost of operations. Vodafone also explained they wanted to expand network coverage. In response, Motorola proposed a three part plan to expand network coverage, upgrade existing Motorola equipment in their network and remove other equipment that prevented the most efficient network operations.

In December 2006, Motorola was selected to provide a complete managed service under an eight-year contract to increase network capacity and coverage. As a part of the managed services contract, Motorola will design, build, and operate Vodafone’s access network and transmission network. Motorola will also second over 400 Vodafone staff to continue to run important elements of network operations. Motorola will also recruit and train any new staff required to run the Vodafone network. “As part of Vodafone Group’s strategy, Vodafone remains committed to delivering greater value to our shareholders by securing greater cost efficiencies in new and innovative ways. At the same time, we constantly strive to enhance our customers’

mobile experience,” said Attila Vitai, CEO of Vodafone Turkey. “We are confident that this agreement with Motorola will deliver on both of these important goals to the benefit of our customers in Turkey, and we look forward to working with Motorola in a long and productive partnership.”

Vodafone Realizes Multiple Benefits of Greater Focus, Lower Cost and Personnel Advancement

Vodafone Turkey now enjoys multiple benefits provided by Motorola’s managed services:

- Focus on results – Vodafone will expand and modernize its network in Turkey. While doing so, Vodafone will be able to focus on their customers and profitability during the network upgrade and not have to worry about the details of operating the access and transmission network while Motorola looks to meet the agreed key performance indicators for network quality and availability. Vodafone Turkey benefits from guaranteed system performance from Motorola.
- Lower Total Cost of Ownership – Vodafone enjoys the benefit of predictable network expenditures that are lower than they expected to pay if they had not brought Motorola Managed Services into Vodafone Turkey.
- Personnel Advancement – Through the collaborative structure of the managed services engagement, staff from both parties stand to benefit. Vodafone staff contribute expert knowledge of the network in Turkey while Motorola contributes its processes and technical expertise built over 70 years as a communications leader. At the end of the managed services contract, all secondees return to Vodafone.



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