

Individual Report

Programme	BA (Hons) Leadership and Management Skills for the Workplace
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1. Executive Summary

This report is written from the position of a newly appointed Strategic Planning Lead at VodafoneThree, tasked by the Board with identifying credible growth strategies following the merger of Vodafone UK and Three UK, completed on 31 May 2025. The combined business is now the UK's largest mobile network operator, serving 28.8 million customers and backed by an £11 billion network investment plan over the next decade (Vodafone, 2025a).

Using PESTEL, SWOT and Porter's Five Forces, this report analyses VodafoneThree's external environment and internal position. The findings are broadly positive but not without real tension: the merger creates genuine scale advantages, yet the business carries £6.0 billion of net debt, still trails EE on network performance, and operates within a regulatory environment that is supportive of investment but watchful of any failure to deliver on consumer commitments.

On this basis, the report recommends enterprise-led Product Development scaling 5G Mobile Private Networks (MPNs), IoT solutions, and converged digital services for UK business customers. This aligns with the Ansoff Matrix's product development quadrant and Porter's differentiation focus. Tested against the SFA framework, the strategy is judged suitable and feasible, but this report does not shy away from genuine risks around cultural readiness for enterprise sales and near-term capital constraints. A stakeholder engagement plan and phased implementation roadmap with KPIs completes the analysis.

2. Introduction to Vodafone

Vodafone Group Plc is one of the world's largest telecommunications businesses, operating across Europe and Africa. Founded in 1984 and headquartered in Newbury, Berkshire, the Group reported revenues of approximately €37.4 billion in FY2025, though this figure reflects significant portfolio change following the disposal of Vodafone Spain and the agreed sale of Vodafone Italy to Swisscom (Vodafone Group, 2025). The logic here is worth noting: Vodafone has deliberately concentrated resources on markets where it has, or can build, genuine scale – a meaningful shift from the sprawling multi-market model it pursued through the 2000s and 2010s.

The company's stated mission is to 'connect for a better future', which reflects a genuine ambition – though perhaps also some aspiration – to transition from a traditional mobile carrier into what the industry now calls a TechCo: a business selling digital services and connectivity platforms, not just voice and data contracts (Vodafone, 2025b). Its vision is to become the leading next-generation connectivity and digital services provider for Europe and Africa, enabling an inclusive and sustainable digital society. Whether that vision is achievable in its fullest sense is debatable, but it sets a clear strategic direction.

The core values branded the 'Spirit of Vodafone', centre on customer obsession, innovation, integrity and sustainability. In practice, these translate into a net-zero carbon commitment by 2040, science-based emissions reductions, and digital inclusion commitments – social tariffs and rural coverage improvements that formed part of the CMA undertakings for the Three UK merger. The Group's strategic priorities sit under three pillars: Customers, Simplicity, and Growth (Vodafone Group, 2025).

3. Evaluation of Current Market Situation

3.1 PESTEL Analysis

Political: The UK Government's Statement of Strategic Priorities for Telecommunications, published in April 2026, reaffirms a national ambition for high-quality standalone 5G coverage in all populated areas by 2030 (HM Government, 2026). This is broadly positive for VodafoneThree, reducing the likelihood of restrictive intervention and strengthening the case for the £11 billion network programme. But the Government expects deliverables in return: the CMA's conditional clearance of the merger included hard commitments on rural coverage, social tariffs and wholesale access. Failure to meet these is a real rather than theoretical risk.

Economic: The UK telecoms market was valued at USD 69.9 billion in 2025 and is projected to reach USD 106.1 billion by 2034, a CAGR of 4.6% (IMARC Group, 2025). That trajectory is encouraging, but the near-term picture is tighter. Inflationary pressure and consumer caution are constraining ARPU growth, and VodafoneThree enters this period carrying £6.0 billion of net merger debt, with £1.3 billion in planned capital expenditure in FY26 alone (Vodafone, 2025a). That debt load is manageable, but it limits flexibility a fact any honest growth strategy must account for.

Social: UK mobile data consumption rose 18% year-on-year in 2025, with 5G traffic growing by 53% over the same period (Ofcom, 2025). This structural shift towards data-intensive applications creates genuine commercial momentum for premium 5G products. At the same time, digital exclusion remains a live issue the merger attracted public scrutiny around affordability, and VodafoneThree will need to show its social commitments are more than a tick-box exercise.

Technological: Ofcom's Connected Nations 2025 report shows 5G standalone networks now cover 83% of the UK population from at least one operator, with combined 5G coverage reaching 94–97% (Ofcom, 2025). The forthcoming mmWave spectrum auction across the 26 GHz and 40 GHz bands will shape dense urban 5G capability for the next decade, and VodafoneThree is a confirmed participant (Ofcom, 2025b).

Environmental: Network energy efficiency is becoming material as 5G densification increases power consumption. VodafoneThree's net-zero target by 2040, with interim science-based emissions reductions, is both a genuine commitment and a commercial consideration energy is a significant operating expense, and any strategy accelerating 5G deployment must account for its environmental footprint (Vodafone Group, 2025).

Legal: Ofcom's Telecoms Access Review 2026–2031 will define the regulatory framework for fixed and mobile wholesale markets for the next five years, with the final statement expected in March 2026 (Osborne Clarke, 2026). The direction of travel appears broadly pro-investment, but VodafoneThree must navigate this carefully. Internationally, regulators are increasingly accepting three-player mobile markets as necessary for viable infrastructure investment (ICLG, 2025), which helps the wider argument – but the CMA undertakings remain a live constraint, not something already resolved.

3.2 Porter's Five Forces

It is worth acknowledging upfront that Porter's Five Forces has real limitations when applied to UK telecoms. The framework was developed in the 1980s for relatively stable industrial markets, not platform businesses, hyperscaler adjacency, or heavily regulated infrastructure (Grundy, 2006). It still provides a useful structural lens here, so long as the findings are read critically rather than taken as definitive.

Threat of New Entrants – Low: Capital requirements, spectrum costs and Ofcom's licensing regime make full network entry effectively impossible for most players. However, MVNOs – Sky Mobile and iD Mobile are obvious examples – access wholesale capacity and erode consumer market share without building a single mast. This is not well captured by a framework that tends to treat 'entrants' as full network operators; the MVNO threat is real and should not be discounted.

Bargaining Power of Suppliers – Moderate: Nokia and Ericsson retain significant leverage in 5G infrastructure supply chains. VodafoneThree has invested in Open RAN – over 2,500 UK sites by 2025 – and plans two further private 5G vendors in 2026 (RCRWireless, 2026). The right direction, but vendor dependency remains a genuine constraint on cost flexibility.

Bargaining Power of Buyers – Moderate to High: Consumer buyers have genuine switching power – platforms like Uswitch have essentially commoditised SIM-only decisions. Enterprise buyers differ: large corporates procuring private 5G networks have leverage at initial negotiation, but the integration complexity of these solutions creates switching costs over time that actually favour VodafoneThree.

Threat of Substitutes – Moderate: Fixed broadband and Wi-Fi remain the primary substitutes for mobile data at home and in offices. More interestingly, Ofcom is developing a regulatory framework for direct-to-device satellite services; Vodafone itself partnered with AST SpaceMobile for the world's first space video call from a standard smartphone in the UK

(Vodafone Group, 2025). In rural areas particularly, this could become a meaningful substitute over a five-to-ten year horizon.

Competitive Rivalry – High: The three-player UK mobile market is intensely competitive. EE continues to lead on 5G network experience, with median 5G download speeds varying by over 140 Mbps between fastest and slowest operators in some UK cities (Computer Weekly, 2025). That performance gap is VodafoneThree's most immediate problem, and the Five Forces framework arguably understates it by treating 'rivalry' as a single force rather than acknowledging that network quality leadership creates durable customer preference that is hard to dislodge quickly.

3.3 SWOT Analysis

STRENGTHS • Largest UK mobile operator (28.8m customers post-merger) • £11bn 5G investment commitment over 10 years • Multi-brand portfolio: Vodafone, Three, VOXI, SMARTY, Talkmobile • Industry-recognised leader in private 5G and SD-WAN • £700m targeted annual cost synergies by 2030 • AI assistant SuperTobi live across Europe – 70% end-to-end resolution	WEAKNESSES • Net debt of £6.0bn immediately post-merger • Complex integration of two legacy network architectures • FY25 Group operating loss of €0.4bn • Still trailing EE in 5G download speed benchmarks • Fixed broadband base of only 1.65m – thin vs BT/Sky
OPPORTUNITIES • UK telecoms market forecast at USD 106.1bn by 2034 (CAGR 4.6%) • PSTN switch-off (January 2027) triggering mass enterprise migration • mmWave spectrum auction – VodafoneThree confirmed participant • Growing enterprise demand for 5G Mobile Private Networks	THREATS • BT/EE retains measurable 5G network performance lead • Ofcom regulatory scrutiny and CMA merger undertakings • Consumer spending constraints limiting ARPU growth • Hyperscalers (AWS, Azure) competing directly in enterprise services

- IoT serviceable market globally exceeds €144bn
- Ofcom TAR 2026–2031 supports pro-investment regulatory environment

- Pace of 6G development creating technology uncertainty

4. Strategic Growth Options and Proposed Strategy

4.1 Strategic Options Considered

Using the Ansoff Matrix (1988) as a starting point, three growth pathways present themselves. Market Development targeting underserved rural and semi-urban areas – has obvious appeal given Government coverage expectations and the CMA undertakings. But the commercial reality is less attractive: returns in thinly populated areas are structurally constrained, and capital deployed there tends to yield ARPU well below the network average. This is compliance-driven investment, not a growth strategy in any meaningful sense.

Diversification into adjacent markets fintech, energy, content is worth noting but not recommended. Vodacom's M-Pesa platform has succeeded across Africa by addressing a specific gap in financial infrastructure that simply does not exist in the UK in the same way. Transposing it here would require regulatory navigation and capabilities VodafoneThree does not currently possess; the risk-to-reward ratio does not stack up.

The recommended strategy is Product Development within existing UK enterprise and SME markets – deepening the portfolio of 5G Mobile Private Networks, IoT solutions, and integrated cloud-security services. This targets business customers already within VodafoneThree's footprint or reachable through Vodafone Business's established relationships, rather than requiring a wholesale pivot to new markets or capabilities.

4.2 Proposed Strategy: Enterprise-Led 5G and Digital Services

The case for enterprise B2B is not that it sounds strategically compelling – it is that the evidence is already in the numbers. Vodafone Business currently generates €8 billion in annual service revenue, with a reachable global market exceeding €144 billion (Vodafone, 2025d). Vodafone has 173 commercial private 5G deployments across 96 enterprise clients in around 20 countries, with credible plans to double or treble that by end-2026 (RCRWireless, 2026). The UK – VodafoneThree's home market, with a newly enlarged spectrum holding – is the natural place to accelerate this.

Two structural catalysts make the timing particularly good. First, the PSTN switch-off by January 2027 will force thousands of UK businesses to migrate their communications infrastructure regardless of preference. VodafoneThree can position itself as the managed transition partner of choice, solving problem enterprises genuinely face right now (Osborne Clarke, 2026). Second, the B2B division's own target of reaching 30% of Group service revenue in 2026 signals this is already the stated plan, not a speculative direction (Vodafone Group, 2025).

Under the Ansoff Matrix, this sits clearly in the Product Development quadrant: existing markets, enhanced products. There is a secondary Market Penetration element too. VodafoneThree's combined base of 28.8 million customers creates cross-sell opportunities into broadband and bundled services that the pre-merger businesses could not have accessed at this scale (Ansoff, 1988).

In terms of Porter's generic strategies, the enterprise proposition aligns with Differentiation Focus (Porter, 1985). Business customers in manufacturing, logistics and healthcare are not primarily buying on price they want reliability, integration capability, and a service partner who understands their operational context. It is worth acknowledging, however, that differentiation assumes a relatively stable product market, and enterprise 5G is evolving quickly enough that today's differentiation may be table stakes within two years. That is a genuine risk the strategy must accommodate.

The strategy also aligns with Vodafone's mission and values in a way that is substantive rather than rhetorical. Private 5G networks deliver measurable productivity improvements in manufacturing and logistics the kind of impact that actually justifies the 'better future' mission claim, rather than just paying lip service to it.

5. Strategy Evaluation

5.1 SFA Framework

The SFA framework – Suitability, Feasibility, Acceptability – is the primary evaluation tool here, drawing on Johnson, Whittington and Scholes (2023). SFA has its critics: some argue it can create a false sense of analytical rigour if underlying assumptions go unchallenged. With that in mind, this section tries to be honest about where the case is strong and where it is more uncertain.

Suitability: The strategy fits VodafoneThree's current position well. PESTEL shows a regulatory environment that actively supports 5G investment; Five Forces confirms enterprise rivalry is real but that switching costs favour VodafoneThree once relationships are established; and the SWOT shows private 5G leadership is already a recognised strength. The strategy addresses a genuine gap – BT Business is a strong competitor but lacks VodafoneThree's combination of mobile-native network scale and an established global IoT platform. This is real suitability, not just a convenient match to the frameworks.

Feasibility: This is where it gets more complicated. The £11 billion network investment is already committed, providing the infrastructure backbone, and the £700 million in targeted annual synergies by 2030 should progressively release cash flow for enterprise commercial investment (City AM, 2026). VodafoneThree's existing AWS and Azure partnerships offer a cost-efficient route to cloud-adjacent enterprise propositions without building hyperscaler-equivalent infrastructure from scratch. But there is a timing problem: synergies are targeted by 2030, while Years 1 and 2 are precisely when enterprise sales investment is most needed and least funded. The assumption made throughout this report – that BSS/OSS integration runs broadly on plan through 2027.

Acceptability: Shareholders should respond positively to a B2B-weighted revenue mix, given higher ARPU and greater predictability than consumer mobile. The €0.4 billion incremental Adjusted EBITDAaL expected from the merger in FY26 provides a credible starting point for demonstrating margin improvement over time (Vodafone, 2025a). automatic, and there is a real risk of losing experienced consumer-segment staff before enterprise capabilities are built to replace them.

The principal risk across all three dimensions is pace. BT Business and VMO2's enterprise division are both investing in similar directions, and the window in which Vodafone Three can leverage the PSTN switch-off as a conversion catalyst is roughly 2026 to 2028. A phased

approach targeting high-value verticals in Year 1 before broadening to SME propositions in Years 2 and 3 concentrates resources where commercial return is most immediately visible.

6. Stakeholder Analysis

Freeman's (1984) stakeholder theory argues that sustainable strategy requires attention to all parties affected by an organisation, not just shareholders. This matters particularly here, given the merger was contested, regulatory conditions attach ongoing obligations, and workforce integration creates genuine uncertainty. Mendelow's (1991) Power-Interest Matrix offers a practical way to prioritise engagement across this landscape.

Stakeholder	Power	Interest	Engagement Approach
Shareholders & Investors	High	High	Manage closely – quarterly investor briefings on synergy realisation and B2B revenue trajectory
Ofcom & UK Government	High	Medium	Keep satisfied – proactive reporting against CMA merger undertakings; coverage commitment updates
CK Hutchison (CKHGT)	High	Medium	Keep satisfied – board-level governance on capital allocation; alignment on enterprise investment horizon
Enterprise Customers (B2B)	Medium	High	Keep informed – co-design of MPN solutions; transparent SLA reporting; dedicated account management
Employees	Medium	High	Keep informed – structured change management; reskilling programmes for enterprise roles; union engagement
Consumer Customers	Low	High	Keep informed – multi-brand communications; digital self-service; social tariff visibility

A few relationships deserve more than a row in a table. CK Hutchison's position is genuinely complicated: as a 49% shareholder, CKHGT has board-level influence and has historically prioritised different investment timelines to Vodafone on capital-intensive projects. Getting alignment on a strategy requiring sustained investment over three to five years, with returns back-weighted relative to the £6 billion of committed network capex, will not be straightforward.

This is not a reason to abandon the strategy, but it is a real governance tension needing active management rather than being assumed away.

The employee stakeholder group is similarly complex and probably understated in most analyses of this kind. Integration consolidation will reduce headcount in some areas, while the enterprise strategy needs skills solution architecture, managed services delivery, B2B account management not abundantly available within a consumer-mobile-oriented workforce. The risk of losing experienced staff through restructuring uncertainty, whilst failing to recruit enterprise talent fast enough, is real and has occurred in comparable telecom mergers (Birkinshaw and Sheehan, 2002). Structured reskilling is therefore a strategic dependency, not a nice-to-have.

7. Implementation and Monitoring

The implementation plan spans a three-year horizon, reflecting both the phased nature of enterprise 5G deployment and a realistic timeline for synergy realisation. Kaplan and Norton's (1996) Balanced Scorecard approach informs the KPI framework, capturing financial performance, network quality, customer experience and operational progress rather than relying solely on revenue metrics, which can mask underlying issues early on.

Governance sits with a dedicated Strategy Delivery Office reporting to the CEO, Max Taylor, with quarterly Board reviews of KPI performance. Given the CK Hutchison shareholding dynamic discussed in Section 6, these reviews need to be genuinely transparent about progress not just the good news. External benchmarking using Ofcom's Connected Nations data and Open signal's network experience metrics provides an independent read on competitive positioning twice yearly.

The enterprise strategy will be managed as a distinct P&L within Vodafone Business UK. This matters for accountability: if enterprise revenue is blended into the overall UK P&L from the start, it becomes difficult to see whether the strategy is working or whether headline numbers are simply being flattered by consumer base growth.

8. Conclusion

VodafoneThree begins 2026 with something genuinely rare in UK telecommunications: a structural position its predecessors, individually, could never have occupied. Scale matters in this industry, and the merger has created it. The £11 billion network investment, the combined spectrum holding, and the established Vodafone Business enterprise platform together constitute a competitive foundation that would be almost impossible to replicate from scratch.

But the analysis points to something important: scale is a necessary condition for the strategy recommended here, but it is not sufficient. The single most important assumption underpinning the enterprise-led growth thesis is that VodafoneThree can execute a successful cultural and operational transition – from a consumer-mobile-oriented business to one that sells complex, integrated solutions to enterprise customers. That requires different skills, sales processes, and measures of success. BT has spent two decades building that capability; VodafoneThree is, in relative terms, earlier in that journey.

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