

Russell Reynolds Associates' *Conversations on Convergence* features the thoughts and ideas of top decision makers in the world of convergence. We are helping to cut through the hype around this topic by speaking directly with those who are defining the future of this industry. Read them all on our Web site at www.russellreynolds.com.



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Pieter Knook, Director of Internet Services, Vodafone Group

Pieter and his team recently launched Vodafone 360, a suite of Internet services for the mobile and PC which brings together all of a customer's friends, communities, content and personal favorites (like music, games, photos and video) in one place. At its heart, Vodafone 360 has the most personal address book available, bringing together all of the contacts from the mobile phone, social networks and other Internet accounts. It works across a range of mobile phones, including the new, exclusive Vodafone 360 phones, and synchs automatically with the PC.

Prior to joining Vodafone, Pieter spent 17 years with Microsoft, including five years as Senior Vice President running Microsoft's mobile business.

Pieter is an Electrical Sciences graduate of Trinity Hall Cambridge and spent the early part of his career in systems integration. He and his wife have two children.

Q. What does convergence mean to you?

A. Convergence means different things to different people, of course—it certainly depends on where you sit in the value chain. A lot of companies

“We are focusing on data/voice convergence.”

think about fixed/mobile convergence when they hear the word. We are focusing more on data/voice convergence. We think convergence is very cool for our customers: it is at the heart of our Vodafone 360 offer.

Q. What is your assessment of the current state of the convergence space?

A. There have been multiple changes in the world of mobile services recently. Mobile service providers had a great ride for twenty or thirty years, with lots of shareholder value being created from revenues generated by an ever-increasing quantity of voice calls and SMS text messages. But everywhere, that journey of growth is ending. Mobile is grown up now. Four billion of the six billion people on our planet already own a cell phone—that's more than

100 per cent penetration in several countries! Growth will no longer come from more voice minutes or more SMS. It will come from new, richer and more converged communication services. Already, some Internet services are blurring the boundaries on what you can do with a mobile phone.

Q. What challenges does convergence bring?

A. New services mean new people, new business models, new organizational structures—and those are always a challenge. In my experience, the biggest trial of all is creating a new corporate culture. You have to fight off “But We've Always Done It This Way!” Syndrome. Resolving technology issues is always do-able; but changing the way a successful company must behave to stay successful is difficult. Accepting that growth will not come in the future from where it came in the past, and looking actively elsewhere for growth: that's the dilemma.

“Changing the way a successful company must behave to stay successful is difficult.”



Q. What are some of the changes underway in this area?

A. There is a whole new set of competitors for mobile service providers: Google, Apple, RIM, Nokia and others are now speaking directly to end-users. The threat is that one or more of these players will create a level of trust and brand awareness that marginalizes operators.

“The threat is that Google or Apple will create a level of trust with end users that marginalizes operators.”

Of course, there is still business to be made as an access provider. At Vodafone, we have a smart and efficient network, and we’re opening it up, so developers can innovate on top of our network. But the network is just one element now. We have

also built our own Vodafone-branded service experience. We want to help our users have a terrific experience on their Vodafone handsets, and also on their other devices.

Q. What are the human capital implications?

A. Properly managing the human capital aspects is a key ingredient to all of this. Convergence activities are different; they require different skills sets and different organizations and structures. If you’re not careful, this new and different element could be attacked by antibodies from

“If you’re not careful, this new activity could be attacked by antibodies from within and rejected.”

within and rejected by the host. Vodafone did a smart thing: they set up my group as a separate organization, and gave us a certain amount of latitude to create our own culture, unencumbered by processes established for

the organization’s traditional activities. We hired from outside the company — which in many cases gave us legitimacy and credibility, because we brought in people who were recognized as experts in this area. We also brought in people from within Vodafone who were eager to help

create change and who had the right fit and the right attitude.

Q. What is on the horizon?

A. We’ve been building for almost two years; now we have to leverage what we’ve just released. We have to become a learning organization. We have to define and refine the process of taking user feedback and applying it to our efforts to continuously evolve. The customer is at the center of Vodafone 360. We are going to make sure they always feel that this offer is relevant to them.

About Russell Reynolds Associates

Leadership. In today's ever-changing global business environment, success is driven by the talent, vision and leadership capabilities of senior executives. Russell Reynolds Associates is a leading global executive search and assessment firm with more than 300 consultants based in 39 offices worldwide. Our consultants work closely with public and private organizations to identify, assess and recruit senior executives and board members to drive long-term growth and success. We value teamwork, serving our clients with a collaborative approach that spans our international network of sector and functional experts. Our in-depth knowledge of major industries and our clients' specific business challenges, combined with our understanding of who and what makes an effective leader ensure that our clients secure the best leadership teams for the ongoing success of their businesses. For more information, please visit us at www.russellreynolds.com.

Our Communications and Convergence Practice

The Russell Reynolds Associates' Communications and Convergence Practice sits at the intersection of dynamic digital content, which is reshaping the way we work and play, and wireless and broadband networks, which keep us connected seamlessly around the globe. We also have significant experience in helping our clients recruit in the managed services and outsourcing areas. The combination of our experience with service providers as well as infrastructure solution providers (who design, build, and deploy their platforms and networks) allows us to work at the forefront of technologies including IPTV, WiMAX, FTTx, IMS, Ethernet, 3G/4G and VoIP. Finally, our success with assisting media and content providers and aggregators to leverage these powerful new technologies positions us at the heart of the convergence movement as the key human capital solutions provider on a global basis.

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