

03 Digital services



We grow into new verticals of digital services to better serve our customers and create value.

Capitals impacted:



Financial capital



Manufactured capital



Social and relationship capital

How our digital services support our purpose

We leverage our technology capabilities, including new connectivity solutions such as fibre and IoT, to enable a customer-centric and digitally connected world. We monetise data in both the consumer and enterprise markets by growing our digital music, video and gaming services platforms and driving our fibre strategy. Furthermore, we forge partnerships with local and global service developers and brands to deliver a compelling ecosystem of third-party propositions.

2021 at a glance for South Africa

From the onset of the pandemic, screen time increased significantly. We noted a corresponding increase in media consumption – news, television (TV), digital, social media and gaming in particular – as people remained homebound during national lockdowns. Our role is to ensure that our customers have access to effective and affordable digital content as we also invest in new connectivity solutions.



Our own built fibre reached more than **146 401** homes and businesses



>1.9 million registered users on Mum & Baby



1.25 million learners on e-School



15.5 million unique users visited ConnectU (**2021: 20 million** sessions a month)



mVaccination helped the National Department of Health administer COVID-19 vaccinations



5.6 million IoT customers, up **6.4%**



Distributed **20 000** smartphones in rural areas and to government healthcare workers



Consumer digital content

<p>✓ We adopt a platform approach to digital content, and enhance our customer propositions through strategic partnerships across our markets. Our content offerings span key verticals, and we provide some examples below.</p> <p>Our mobile gaming platform, PlayInc, continues to grow steadily. The service features one of the largest mobile game subscription-based libraries in South Africa, with several titles licensed by some of the world's largest mobile publishers. These include recognisable brands such as Jetpack Joyride, Lara Croft: Relic Run, Subway Surfers and Disney's Frozen Free Fall: Icy Shot.</p> <p>Despite the pandemic affecting live football, once the season resumed, Premier Soccer League fans were again able to enjoy checking scores and news for free on Vodacom Soccer's USSD portal.</p> <p>Due to the impact of COVID-19 on marketing spend across industry verticals, Vodacom Advertising focused on managing costs and realigning the product roadmap. Developing a competitive product set to drive considerable return on investment in client marketing spend is central to our new strategy. Core capabilities remain focused on enabling data and technology platforms.</p> <p>Our ecosystem business continued to strengthen our partner framework and enhanced billing and security of our direct carrier billing payment platform.</p>	<p>✓ We continued to provide access to consumer digital services across our markets through various digital solutions. In Tanzania, we offer VLive and Video Play. In Mozambique, consumer digital services such as video (Vuclip), local music (Mozik) and sports (VLive Sports) continue to grow and keep our customers entertained. In the DRC, we launched several digital platforms, including video (VuClip and VodacomTV), music (MUSKA) and gaming (Gameloft). These solutions offer subscription packages to customers for entertainment, helping to relieve stress during the pandemic. We will also launch our VLive services portfolio in the future. In Lesotho, Video Play offers subscription video and TV, including locally developed content on demand.</p> <p>✓ We introduced our Mum & Baby platform in 2017. It is a zero-rated service providing 1.9 million registered South African subscribers with information on maternal and child health and well-being. In 2021, the DRC introduced Mum & Baby to 3 300 registered users with a view to reaching 200 000 by 2025. We partnered with local retailers to reward customers with coupons for relevant lifestyle products, including nappies and baby food. In Tanzania, the Healthy Pregnancy Healthy Baby platform is locally known as Wazazi Nipendeni and provides maternal health information to 1.3 million registered users. The platform also provides COVID-19 assessments.</p>	<p>✓ Vodacom's e-School has 1.25 million registered learners with access to digital education content. When learners were at home during lockdown, user registrations increased fourfold from an average of 37 500 to a peak of nearly 150 000 student events every day. Content use increased substantially with mathematics, natural sciences and accounting the most popular subjects.</p> <p>✓ To date, 15.5 million unique users have visited the ConnectU platform and 20 million sessions were initiated per month. ConnectU's job portal enabled 3.1 million people to access seven job search websites for free (over a third of the users were in the low-income group). During lockdown, we expanded our platform to enable customers to purchase electricity and water.</p> <p>✓ Vodacom and Mezzanine's electronic health record solution, mVacciNation, supported South Africa's Department of Health in administering COVID-19 vaccines. Alongside the Vodafone foundation, we recently announced a pledge of R87 million to support the roll-out of cold-chain technology, and support the delivery of COVID-19 vaccines to vulnerable and hard-to-reach communities. We donated R13 million to Lesotho to secure vaccines and partnered with AUDA-NEPAD to build digital infrastructure to manage vaccinations across 55 countries. We were able to do this due to the platform's success in South Africa.</p>
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Fibre in South Africa

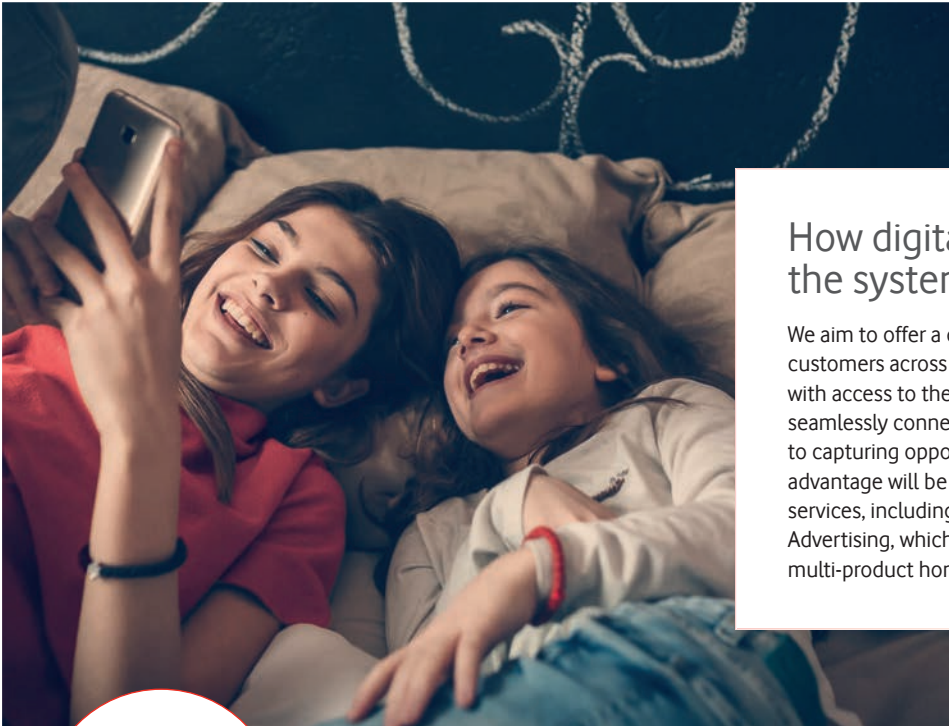
<p>✓ The past financial year has been characterised as challenging due to high levels of change and uncertainty. In a very price-competitive and saturated market, our fibre to the home and business (FTTx) footprint continued to expand, positioning Vodacom Fibre for success in a dynamic market. The number of homes connected to Vodacom Fibre increased by 103%, with the number of connected businesses increasing 48% year-on-year.</p>	<p>✓ We constantly review our strategy to ensure it remains relevant in our rapidly changing operating environment, which is increasingly complex and challenging, and we have implemented several efficiency measures to improve the customer experience. These measures included improving our time to connect, targeting our sales focus and addressing customer connectivity needs through multiple bitstream providers. By doing this we continued to strengthen the quality of our customer engagements.</p>
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Partnerships

- ✓ In line with our Vision 2025 to scale digital and financial services and deliver long-term value, Vodacom continued to unlock strategic opportunities with key partners such as Netflix, Amazon Prime, Visa, Facebook, Google and Microsoft. We identified and executed multiple engagements that reduced costs, drove revenue and created significant market differentiation that ultimately benefited our customers.
- ✓ Weblinks on Facebook directed customers to various Vodacom channels, such as the MyVodacom app or VodaBucks. This led to an increase in unique customers.

- ✓ We onboarded and partnered with Google for our Smart Phone Town device plan. The second phase of this pilot project enabled the initial distribution of smartphones and data access for 2G users in rural areas to connect, learn new skills and find jobs.
- ✓ We are Microsoft's first telco partner and one of two distribution partners to offer the Surface range of modern devices in South Africa.
- ✓ IoT connections increased by 6.4% to 5.6 million, with underlying revenue growth of 32.8% (please refer to our enterprise digitalisation pillar on page 57).



How digital services support the system of advantage

We aim to offer a differentiated experience for our customers across all channels and provide them with access to the broadest ecosystem of seamlessly connected partners. Our commitment to capturing opportunities across the system of advantage will be accelerated by our digital services, including, MyMuze, PlayInc and Vodacom Advertising, which will form part of convergent multi-product home solutions.

Vodacom Vision 2025

We are committed to driving growth in digital services by:

- Expanding our digital service platforms to every market to develop an early mover footprint;
- Expanding our e-commerce capabilities so as to leverage the growing trend of online shopping and payments, to better serve our customers through digital channels and create value; and
- Forging partnerships with local and global service developers and brands to deliver a compelling ecosystem of third-party propositions.