$130bn Verizon Sale Shows Vodafone Is Bracing Itself For A Big Battle In Europe

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As Vodafone moves closer to its long-anticipated sale of its stake in Verizon Wireless, Assistant Professor Ronald Klingebiel sees evidence of a new seriousness with which the UK firm is bracing itself for increased competition in its core markets in Europe.

Dr Klingebiel, who has researched and consulted the telecoms industry for more than a decade, says that Vodafone may be amassing financial firepower to position itself more aggressively in an increasingly “multi-play” market, with broadband, telephony and TV provided as an integrated package.

“The revived discussions about Vodafone selling its 45 per cent stake in Verizon Wireless indicate an increasing focus on its core markets,” said Dr Klingebiel.

“Both the US and European telecommunication markets stand to face some tough competition with the increasing move towards converged triple-play offers.

“To weather these impending storms, Vodafone is right to sell the stake so it can concentrate on its priority markets in Europe. Verizon Wireless has always been an unusual engagement in that it was mainly a capital investment project rather than an operational subsidiary like Vodafone Deutschland.”

As well as its UK heartland, Dr Klingebiel added that Vodafone is now the biggest German cable TV network provider with around nine million customers and it has already started offering TV services in the Netherlands and Portugal. The UK will surely feature too. And reports suggest the deal will also see Verizon sell back to Vodafone a 23 per cent stake in Vodafone Italia.

“The proceeds from the sale, if not passed on in forms of dividends, could improve Vodafone’s debt position following the recent Cable & Wireless and Kabel Deutschland deals, and provides Vodafone some leeway to further expand its network presence in Europe,” said Dr Klingebiel.

"Such moves provide the capacity and level of integration necessary for competing effectively in a future pan-European market."??

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Notes to editors

Warwick Business School?
Warwick Business School, located in central England, is the largest department of the University of Warwick and the UK's fastest rising business school according the Financial Times. WBS is triple-accredited by the leading global business education associations and was the first in the UK to attain this accreditation. Offering the full portfolio of business education courses, from undergraduate through to MBAs, and with a strong Doctoral Programme, WBS is the complete business school. Students at WBS currently number around 6,500, and come from 125 countries. Just under half of faculty are non-UK, or have worked abroad. WBS Dean, Professor Mark P Taylor, is among the most highly-cited scholars in the world and was previously Managing Director at BlackRock, the world's largest asset manager.

Ronald Klingebiel?
Ronald Klingebiel researches decision-making problems under uncertainty. This comprises, for example, resource allocation strategies in innovation processes as well as dynamic approaches to strategic planning. The phenomena of study are inspired by Ronald's background in strategy consulting, which includes stints at AT Kearney, BearingPoint, and Capgemini Consulting. As Director of the research Centre for Strategic Studies, he worked closely with executives in the telecommunications industry, be it handset manufacturers like Sony or service providers like Orange, delivering research projects, advisory, and executive education. Besides corporate projects, he has also held research grants by the UK

Economic and Social Research Council and the European SEEK Programme. Ronald's PhD is from Cambridge University, and he has held visiting positions at Columbia University's Graduate School of Business, MIT's Sloan School of Management, and Duke's Fuqua School of Business. He is a regular visitor to emerging markets, particularly Africa, where he contributes to building capacity for management and entrepreneurship education.?

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