

KPN Business transformation the Dutch way



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Recognized for its digital business best practices and standards at this year's TM Forum Live, KPN took home the 2016 Business Transformation of the Year Award. KPN CIO Bouke Hoving let us in on what the Dutch company has been doing to stay ahead of the curve, particularly with its simplification strategy.

By Kyra Mi

Happy customers

WinWin: Congratulations on the award at the TM Forum. Why do you think you won?

Bouke Hoving: We were very excited to hear that we'd won. I think the best answer is because of the proof points we've created in transforming our business. We went the extra mile within our transformation to become the best service provider in the Netherlands, and I can name a lot of exemplary projects, including Future of Mobile with Huawei. The best proof point is probably the significant increase in customer satisfaction. We took our Net Promoter Score from negative territory to not only positive, but to double-digit positive in the last quarter. That's the ultimate proof point – happy customers.

Deep dive into simplification

WinWin: You've shifted your corporate strategy from Strengthen-Simplify-Grow to Simplify-Grow-Innovate. What's behind that shift?

Hoving: After working for a few years on those strategic objectives, we felt that we'd made so much



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progress, especially on 'strengthen'. Of course, we will keep on working on the strengthen pillar, but not to the extent that justifies a separate strategic objective. As we felt we were strong enough, we took the strategy to the next level, and summarized it again as three pillars: Simplify, Grow, and Innovate. This is because we're strong enough to take innovation to the next level and make it a primary strategic objective.

Simplifying customers' lives

WinWin: Let's zoom in on the simplification aspect. How has it made life simpler for customers?

Hoving: If you look at the impact the Simplification Program on customer experience, you basically have to go back to where we started. Back in 2013, customers were experiencing a lot of product siloes, and the company was still organized and structured from a process and system perspective along product siloes. Customers were experiencing a lot of friction once they moved from one product silo to the other, or when they moved from one channel to another.

We basically reorganized a very complete operating model for processes and systems, putting the customer

at the center. We redesigned processes from being product and channel dependent to making them independent, basically making customer experience seamless across channels and products, giving them a much better customer journey.

WinWin: How far have you progressed with that?

Hoving: We still have some challenges. We're the best telco in the Netherlands and we've raised the bar by starting the simplification program. To become the best service provider, we still need to take it to the next level. From a digital customer journey, we made substantial progress, migrating the full customer base to a future set of products, processes and IT systems.

Networks and IT: Decoupling and holistic transformation

WinWin: How much have you simplified your IT and network infrastructure?

Hoving: We started simplifying our processes and IT in our customer touch points – channels, shops, digital channels, and call centers – by bringing in only one CRM system and one order entry system.

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We decoupled the channels from the backend, and simplified the backend for fixed and mobile. We did so by consistently applying a very holistic transformation approach, starting with simplifying our product portfolio, then looking at processes and systems, including the way we work.

WinWin: What business benefits did you receive?

Hoving: We got a lot of positive feedback from the

channels, from colleagues working in the shops, and people working in the contact center. Back in 2013, the channels were complaining about having to enter orders for multiple products. We were successful in our quad-play products, but customers were experiencing really slow order handling times, because the shop floor had to enter orders in multiple systems under multiple processes. We’ve now reduced handling times by 80 percent, and so both customers and channel employees see the benefits of transformation.

WinWin: One of the pitfalls of changing IT is the risk of lowering customer experience. How did you avoid that?

Hoving: One of the crucial elements of our design was to decouple the frontend and backend. This delivers short-term results to customers and employees at the frontend, but finds room to maneuver at the backend. Secondly, by starting with a simplified portfolio, we removed complexity, migrating and rationalizing a lot of the legacy price plans and products so we could smoothly migrate customers from legacy systems to our new processes and IT stacks.

Centralized and agile

WinWin: Have you changed the way you’re organized

internally to effect changes in your IT structure?

Hoving: Yes, we had to. First, we centralized all the change programs inside the company to ensure they were well aligned and focused on the primary transformational objectives. Second, we embraced agility as our primary way of working. We felt that's the only way we could deliver quarterly benefits to customers and employees, and in that sense, keep the company confident about transformation.

WinWin: How does KPN orchestrate different departments to ensure transformation is coherent and integrated?

Hoving: We centralized the roadmap and architecture functions, breaking down the old transformative work into manageable pieces and put them in the right sequence.

For example, we decided to simplify fixed and mobile in parallel to simplify our backend. Why? Because, to a certain extent, you have to put a break on all incremental product innovations and quad-play. So, if you put a break on product innovations for both fixed and mobile, you can create a window for completing transformation, which would have been impossible sequentially.

Past secrets and future prospects

WinWin: The award shows you're ahead of the curve. What is the secret of your success?

Hoving: First, we really took transformation seriously by making it a company-wide program, covering products, processes, IT, and our way of working in a holistic transformation approach. Second, we designed a very consistent roadmap based on quarterly results, so from the start we were able to prove to our customers and the organization that we were on track. We had our low points and setbacks as well, but

we were able to deliver strong quarterly results to the organization, channels, and customers.

WinWin: You're in a fast-changing marketplace. You've got quite nimble, digital competitors out there. How will KPN stay ahead of the curve?

Hoving: A very good question. It's a very competitive market on various levels. Way more challenging than 10 years ago. We believe that by moving forward with our simplification program and investing in innovation, we can stay ahead of the competition.

For the next phase of the Simplification Program, we see substantial room for improving customer journeys and efficiency from various angles. One is merging the fixed and mobile backends even further. We've now hidden most backend complexity from our customer side, but we still have to merge the backends to deliver a fully integrated fixed and mobile customer experience. Secondly, we believe that integrating the backends from various brands can deliver a better customer experience and de-duplicate the backends out of the operating model. So that's the way into the next phase of our program.

Into the partnership together

WinWin: Let's take a look at your partnership with Huawei. 2016 marks 10 years together.

How's the partnership going and how do you see it evolving?

Hoving: I believe we have a strong and successful partnership. Recently we launched another big transformation project on our mobile domain. During transformation, you can never really predict what the real challenges will be. With Huawei we're able to manage and overcome these challenges and succeed with transformation. And that's the key to successful collaboration. 