

CEO Interview with Eelco Blok, chairman of KPN's Management Board

Royal KPN NV is a Dutch telecoms company which has existed for over 100 years. The company emerged from the privatisation of the former state-owned Royal PTT in 1989. In 1998, the PTT was split up and since then KPN has positioned itself as a leading supplier of telecommunication and IT services. The company has over 18,000 employees that serve consumers as well as businesses and large corporate clients. At the beginning of March, King Willem-Alexander extended the company the right to use the term 'Koninklijk' (Royal) for another 25 years.

What are the pillars of your company's vision and mission?

We believe in a society in which communication technology enhances life. It is our mission to supply secure, reliable and future-proof networks and services with which people, companies and organisations can be connected anywhere and anyplace.

Our strategy is based on three pillars: to become stronger, to simplify and to grow. It focuses on strengthening our contribution to society and satisfying our customers' current and future needs. We believe that this is the best way to be of service to our stakeholders.

Our ambition is to be the best service provider that is available 24/7. Because when it comes to work, time and place are becoming less important. Therefore we help people to work where and when they want. This means that they can achieve a healthy balance between work and their private lives and also reduce their CO₂ emissions. Just as we do our

utmost to make our company increasingly energy efficient.

In 2014, we placed our strategic themes under the microscope once more in an interactive dialogue with our stakeholders. In doing so we confirmed our selected CSR themes, which are totally consistent with our strategy to strengthen, simplify and grow.

How would you define the company culture at KPN?

KPN employees are proud of their company and take pleasure in their work. Their commitment is on the rise and was 5% higher in 2014 than in 2013. Our organisation is characterised by a growing culture in which KPN employees are realising the importance of cooperation. This is an important precondition for fulfilling our ambition to be the best service provider. It starts with each and every KPN employee wanting to do their utmost for the customer. Not a single customer should leave dissatisfied. This requires a specific approach and



Eelco Blok

Chairman of KPN's Management Board

Eelco Blok has been CEO of KPN N.V. since 2011. He has a long career at KPN where he started in 1983 as a business analyst at its predecessor Koninklijke PTT. Until he joined the Managing Board in 2004 he held various functions within the company. As a Board member, he was responsible over the years for various divisions of the company. In the period January 2005 - June 2006, he was corporate strategy & innovation officer as well as chief operating officer. One of his additional functions outside KPN is Co-Chair of the Dutch National Cyber Security Council.

therefore there is currently a major focus on culture and behaviour in our organisation. It all revolves around our customers, cooperation and learning from each other, and simplicity.

Each day we want to use our products and services to give our customers a feeling of freedom. Being able to go online anytime and anyplace has become a basic requirement for many people. The fact that our performance in this area is increasingly valued was revealed by our customer satisfaction figures, which display a continuous upward trend. This demonstrates that we are on course in terms of our strategy, whereby everything focuses on providing our customers with an outstanding service. And of course, for our employees it is a great compliment for their efforts and commitment.

How is governance evolving in your company?

The sale of E-Plus, which we completed last year, means that the company's focus is shifting more to its Dutch activities. Consequently we considered it logical to organise the company's management accordingly. The first step was to change the composition of the Management Board, which means that we have now appointed a CCO (Chief Commercial Officer) and a COO (Chief Operations Officer) in addition to the CEO and CFO.

This means that the Management Board can now steer the company more directly.

The composition of the Supervisory Board has also changed dramatically over the past few years. It now has more members with a background in our industry. As a result there are more intense discussions about the company strategy than was the case in the past. The Supervisory Board has also set up a special committee with this in mind, the Strategy & Organization Committee.

All in all governance has mainly moved closer to the business lately – and I believe that this is an extremely positive development.

What trends and developments do you envisage in your sector?

Communication technology is changing the way people work, do business and stay in touch. There is growing demand for services related to cloud computing and hosting, security and machine-to-machine. Consumers are increasingly dependent on the Internet. KPN supports this important development by continuously improving the quality of its networks and services.

The growth of 'the Internet of things' – communication between machines –

along with big data and applications is creating new services and products that are changing the way we work and live. They are used for intelligent self-learning systems for education, smart electricity meters, smart factories, smart medical devices, smart houses, robots, self-driving cars, decentralised energy production and 3D printing.

New technologies such as Software Defined Networking can make many sectors more cost efficient. KPN's infrastructure is vital for responding to these developments in terms of data speed, capacity and our products and services.

In the future, ICT can also make a difference in the care sector. The Netherlands has an ageing population, which is resulting in different care needs. To manage costs and increase quality of life for the elderly, (political) attention is shifting to home care and self-reliance. Patients are increasingly expected to ask family and friends for help (participative society) and not to rely on care institutions. Innovative, wireless ICT applications are essential for developing remote care. KPN's network, services and applications can ensure that care remains accessible and affordable.

More electronic devices and more data require more energy, but ICT can help to reduce energy consumption and costs. The Dutch government is bound by the Energy Agreement that strives for energy savings and a shift to renewable energy. This reinforces our ambition to be carbon neutral with an energy efficient network that uses green power. By drastically reducing CO₂ emissions KPN is, along with the South Korean KT Corp, already the number one telecom provider in the CDP's world ratings (previously called the Carbon Disclosure Project). This top position encourages us to help our suppliers and customers to improve their energy savings.

How important is innovation to the Dutch economy?

KPN wants to continue to help the Netherlands and serve as an example in Europe. The quality of the infrastructure already has a good chance with regard to international ratings. Further still: when it comes to Internet speed the Netherlands is top of the European rankings.

We can cherish this leading position, but it is far more important to realise that we can make a structural contribution to economic growth in our country with this high-quality infrastructure. If businesses, institutions and the authorities optimally utilise the opportunities and ICT and telecom applications, and if innovation is everyone's top priority, I am sure that the Netherlands will become stronger and that we can further reinforce our competitive position in Europe. ICT and sustainable economic growth are inextricably linked. If the Netherlands shows its in-house capabilities in terms of ICT and if innovation is given the room it needs, we can serve as a fine example and confirm our reputation as a country of knowledge and innovation.

