

KPN and Basware: a catalyst for e-invoicing in the netherlands

KPN is one of the Netherlands' biggest ICT suppliers, generating an astonishing 100 million invoices each year. KPN is a pioneer when it comes to new services that save time and money. So, it is no surprise that they have deployed e-invoicing for their Business-to-Business(B2B) and Business-to-Government(B2G) invoices. Hans Hodes, Business Consultant at KPN explains: "Eventually we want to move away from paper invoices altogether."



Customer

> [KPN](#)

Industry

> [Telecommunications](#)

Location

> [Hague, the Netherlands](#)

Solution

> [Basware e-invoice for sending](#)

KPN - the Netherlands' leading telecoms company

KPN is the Netherlands' leading telecommunications company. Their services include fixed and mobile telephony, and internet access.

KPN serves both the consumer and business (including B2G) markets. Their customers include over 60% of the 1 million businesses in the Netherlands. By 'business' KPN means all those with either a CoC-number or government identification number - so businesses and government entities.

KPN's reliable network and strong brand are key reasons why they are able to maintain the leadership position in the highly-competitive telecoms space.



Hans Hodes, Business Consultant at KPN

Massive invoice volumes as key driver for e-invoicing

"KPN generates an astonishing 100 million invoices per year. This is more than eight million per month. We are, with the exception of the Tax Administration, the biggest paper factory in the Netherlands." explains Hans Hodes, Business Consultant at KPN. Customers receive invoices with cost summaries each month, or every other month. With these volumes, it was clear that e-invoicing could bring big benefits.

The move to sending e-invoices

KPN's move to e-invoicing began in the late 90's with a customer who insisted on receiving e-invoices: "In 1997 KPN started sending EDI invoices. The main reason was our customer Albert Heijn - they were one of the first companies to force suppliers to move to electronic invoicing. They insisted that invoicing must be done 'in EDI'. So the choices were to move to EDI or lose a valued client," explains Hodes.

"In the late nineties the economy was flourishing, so this was not a problem. Everyone wanted to maintain the financial freedom offered by a client such as Ahold (the parent company of Albert Heijn). We initiated this project in collaboration with an external party. Seven years later, the Dutch economy experienced a crisis, which also placed KPN in the line of fire, and these activities were outsourced. KPN outsourced it to an organization in Germany."



The increasing popularity of e-invoicing

Over the years, electronic invoices became more common and KPN experienced a higher demand for this service. KPN's German e-invoicing service provider handled these requests. Hodes explains: "When customers called us, they were serviced by our German service provider after various detours and connections in the chain. In my opinion, this could have been done better."

Phasing out paper as invoice volume increase

"Over a period of ten years we grew from a mere 1,000 customers with a few monthly invoices to 5,000 to 8,000 invoices per month. During this time, it became more and more obvious that paper needed to be phased out. Due to our status as a leading telecommunications company, KPN was obliged to lead the way and to let the innovation spread through all areas of the organization. Not offering electronic data exchange would have compromise our credibility," explains Hodes.

Need for quick switch of e-invoicing provider - chose Basware

Hans Hodes met with Basware first in 2011. KPN's e-invoicing provider was shutting down, and they needed a new one - and fast.

"I explained our situation to Basware emphasizing that everything had to be completed within two months. I said 'if you solve this challenge for me, we are in business.' Within two months, everything was implemented and the project was delivered. None of our customers - those receiving paper or electronic invoices - ever noticed this switch. The project was completed without a hitch." - Hans Hodes

Implement full solution for 60% cost savings

After a successful first project, Hodes and Basware looked for further improvements.

"We discussed my desire to minimize the number of links within the chain which would, among others, lead to a better price per invoice. Basware suggested a transformation project that would last approximately five months and offer us 60% greater cost savings."

Developing the B2B e-invoice market

Of the 100 million invoices KPN sends out annually, approximately 8 million are sent to business and government customers. And of these commercial invoices, 1% (80,000 invoices) are currently sent in XML format via Basware - as 'true e-invoices'.

Hodes explains: "The percentage of 'true' e-invoices sent is currently on the low side. But, it is not too surprising because for small companies an email with a pdf invoice will suffice. For small companies it is not always easy to move over to 'true' e-invoicing. Larger companies have an easier time."

E-invoicing requires change

"Though e-invoicing adoption numbers may seem low, you must keep in mind the major impact of e-invoicing on receivers. They need to adjust their business processes. In a paper-based process, a paper invoice is received, the first page is typed into an AP system and, eventually, the invoice becomes payable."

"When you receive your invoices electronically, however, though the typing into the AP system step may be skipped, the subsequent steps are likely to require changes. For example, the approval process," explains Hodes. "Change is sometimes difficult to accept. The transitioning phase is often a bottleneck for organizations. E-invoicing is more than a technical opportunity: the processing side forms the actual challenge."

Hans Hodes wants to increase e-invoicing adoption. "Together with Basware, we want to develop the market. For this, we prepared an onboarding program. During the past few years, several companies encouraged one another to move to e-invoicing and to connect to the Basware network."

"The decision was easy: the investment in the project was earned back within eight months." – Hans Hodes

Co-operation is needed to get e-invoicing to take off

Getting e-invoicing to take off in a market requires cooperation among the multiple e-invoicing service providers. The service providers need to create a stable environment for customers, so that customers will dare to make the switch to 'true' e-invoicing. If the e-invoicing service providers don't work together, companies in the Netherlands will stick to invoicing via direct connections or an e-mail with PDF."

In the Netherlands, the e-invoicing market has been stagnant for a few years. For that reason, KPN is working with Basware to encourage cooperation throughout the entire industry. Once there is greater transparency as to which company is connected to which community and information can be exchanged, e-invoicing can be stimulated.

Good cooperation with Basware

Hans Hodes has been working with Basware for several years and has been very satisfied: "I am very happy with the collaboration. Basware is client and solution oriented. Since we have been working together for a few years, we are aware of one another's challenges. Of course, there is always room for improvement - for example, we spent a lot of time and energy in the contract negotiations in 2014, when we merged three Basware contracts into one.

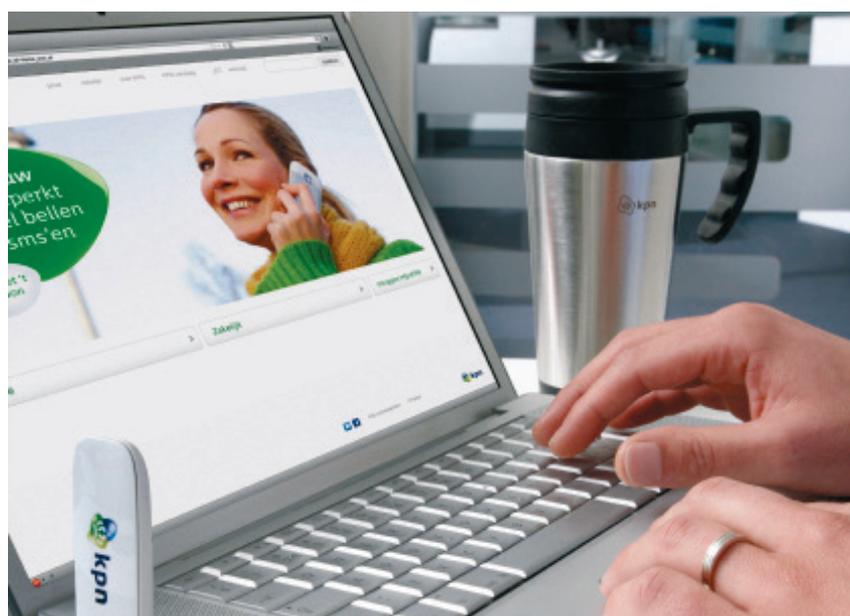
Goals: more than double e-invoicing & increase transparency

Partially with the help of the onboarding plan, Hodes wants to increase the number of e-invoices from 8,000 to 20,000 invoices per month by the end of this year. He explains: "This requires strong growth. Everything that is still happening on paper, must disappear. "Another of Hodes' goals is to make e-invoicing in the Netherlands transparent: "So that I know which company is on which platform - to enable smooth communication. Our collaboration with Basware to open this market, must serve as a catalyst to achieving this goal."

Moving from reactive to proactive approach

Today, one percent of all commercial invoices are sent in XML format. Hodes concludes: "Within 1 year, I would like to see this increase to three percent, and within three years to ten percent.

Until now, we have offered e-invoicing reactively: when a client asked for it, we provided it. But from now on, our Account Managers for Large Enterprise & Corporate customers will proactively offer e-invoicing with contract renewals or updates. This is a group of 500 to 3,000 companies who jointly represent 10,000 - 100,000 invoices. This is the type of development that will get the ball rolling to reach our goals. And all this with Basware."





About KPN:

KPN is the largest telecom and IT service provider in the Netherlands. Our network is Dutch to the core. We have a clear mission - to help the Netherlands move forward through that network.

We believe in a society in which communication technology makes life richer, easier and fuller. KPN wants to be the unifier of that society, for people and companies. At home, at work and on the move. We have the resources, and the technology and the reliable fixed and mobile networks.

We use our knowledge and experience to make our services and products accessible for everyone, anytime, anywhere. We fulfill people's expectations, but we also achieve the unexpected. KPN believes in technology, in the power of communication and in the power of connection. We are the network that enables the Netherlands to move forward.



About Basware

Basware is the global leader in providing networked purchase-to-pay solutions, e-invoicing and innovative financing services. Basware's commerce and financing network connects businesses around the globe. As the largest open business network in the world, Basware provides scale and reach for organizations of all sizes, enabling them to grow their business and unlock value across their operations by simplifying and streamlining financial processes. Small and large companies around the world achieve significant cost savings, more flexible payment terms, greater efficiencies and closer relationships with their suppliers.

Find out more at www.basware.com.

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