Creating Lean, Agile and Demand Driven Supply Chains
Kuehne + Nagel Integrated Logistics
A Snap Shot of the Global Logistics Market
Growing Demand for End-to-End Services

- Globalized and fragmented supply chains get predominant in the market
- Market volatility drives the need for synchronization that results in end-to-end visibility
- Customers tend to source logistics management to avoid technology investments and learning curve
- Industry wants to access best practices, cost variabilization and accelerate time-to-value
- Supply chains are progressively following end-to-end industry/company specific standards
# Kuehne + Nagel – A Global Logistics Network

## Facts & Figures

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worldwide Network</td>
<td>1000 locations in more than 100 countries</td>
</tr>
<tr>
<td>Integrated Service Portfolio</td>
<td>~ 63,000 employees</td>
</tr>
<tr>
<td>Warehousing Space</td>
<td>6.5 Million m²</td>
</tr>
<tr>
<td>Turnover 2012</td>
<td>20,753 mCHF</td>
</tr>
</tbody>
</table>

## Seafreight
- Top 1
- Sustained year-on-year double digit growth in managed freight
- Strong partnerships with extensive range of preferred ocean carriers

## Airfreight
- Top 3
- Well positioned in the top league
- Leader in innovative cargo management concepts
- Global Cargo 2000 Phase II certification
- Strong partnerships with preferred airlines

## Contract Logistics
- Top 3 global contract logistics provider
- Worldwide network of warehouse & distribution facilities
- Dedicated and shared warehousing & distribution management

## Road & Rail
- Top 6
- European Top 6 Provider
- Focus on network services, LTL & FTL business
- Pan-European coverage of 38 countries
- Innovative intermodal solutions

## Integrated Logistics
- Top 3 Global Lead Logistics Provider (LLP)
- Industry specific solutions for end-to-end supply chain
- Worldwide organization with dedicated teams and shared Logistics Control Centres
Kuehne + Nagel Integrated Logistics provides managed services tailored to meet customer challenges, with an emphasis on simplifying supply chain complexity through integrated end-to-end solutions, reducing total cost of ownership and maximising service levels.

Integrating these managed services with collaborative concepts into a cohesive model creates a competitive advantage for our customers in the marketplace.
Integrated Logistics Covers All Transport and Service Modes Along Customers’ Supply Chain

Kuehne + Nagel Integrated Logistics
- End-to-end Management across the supply chain
- True one-stop shop and integrated global IT solution

- Compliance & Documents
- Sea Freight
- Air Freight
- Road & Rail
- Warehousing & Distribution
- Last Mile / Integrators
# Reducing Costs and Maximising Service Levels

Focus Areas of Cost Optimization

<table>
<thead>
<tr>
<th>Transport</th>
<th>Inventory</th>
<th>Import Duty, Customs &amp; Taxes</th>
<th>Warehousing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td>Capital expenditure &amp; Financing</td>
<td>Duty on Transport</td>
<td>Equipment capacity</td>
</tr>
<tr>
<td>Modes</td>
<td>Obsolescence</td>
<td>Broker fees</td>
<td>Storage space</td>
</tr>
<tr>
<td>Equipment utilization</td>
<td>Damage</td>
<td>Value Added Tax</td>
<td>Blue collar</td>
</tr>
<tr>
<td>Special handling</td>
<td>Perishability</td>
<td>Documentation</td>
<td></td>
</tr>
</tbody>
</table>

Management and Information Systems
### Integrated Logistics Creates Additional Value

**Key Benefits for Customers**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>End-to-End</td>
<td>Managed end-to-end solution integrating all transport and service modes across the supply chain</td>
</tr>
<tr>
<td>Visibility</td>
<td>Visibility and comprehensive information</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Performance management and cost control</td>
</tr>
<tr>
<td>One-face</td>
<td>Single point of contact</td>
</tr>
<tr>
<td>Technology</td>
<td>Integrated global IT solution including centralized billing</td>
</tr>
<tr>
<td>Synergy</td>
<td>Synergies from Logistics Control Centre environment</td>
</tr>
</tbody>
</table>
The Integrated Logistics Infrastructure is Supported by 600 Employees and 6 Logistics Control Centres

KN IL’s regional capabilities and resources are globally aligned. We support our customers in virtually any location.
Results Delivered Through a Combination of Customer Dedicated Services and Shared Services

**Shared services**
- Order Management
- Transport Planning
- Customer Service
- Visibility & Event Management
- Security Monitoring & Control
- Freight Audit & Payment
- Network Engineering

**Customer dedicated services**
- Business Management
- Continuous Improvement
- Logistics Partner Management
- Customer Analytics
Business Management and Continuous Improvement
Strategic and Tactical Services

**Manage**: Controlled end-to-end logistics fulfillment at variable cost through KN Control Tower

**Optimize**: Cost-to-serve minimization under service level constraints delivered by dedicated re-engineering teams

**Evaluate**: Capture and analyze exhaustive KPI’s to drive objective decisions
Logistics Control Centre (LCC)
The Service Menu Covers the Lifecycle of an Order

<table>
<thead>
<tr>
<th>Visibility &amp; Event Management</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order Management</strong></td>
<td><strong>Transport Planning</strong></td>
</tr>
<tr>
<td>Received / generated forecasts and Revision of inventory windows</td>
<td>Transport order consolidation</td>
</tr>
<tr>
<td>Replenishment Proposals</td>
<td>Routing, rating and equipment forecast</td>
</tr>
<tr>
<td>Reception &amp; completion of order data with master data augmentation</td>
<td>Customer service requests, non conformity Mgmt &amp; PoD Mgmt</td>
</tr>
<tr>
<td>Priority Freight Authorization</td>
<td>Document Mgmt.</td>
</tr>
<tr>
<td>Back order management</td>
<td>Security Monitoring</td>
</tr>
<tr>
<td>Merge in transit/order line consolidation</td>
<td>Insurance Services</td>
</tr>
</tbody>
</table>

Harmonized communication lines / Daily Interaction / Scalable & globally aligned process architecture
The Integrated Logistics enabler approach is operated as a fast track plug-in to existing customer systems using KN’s Global Enterprise Service Service Bus.

- **Scalable and flexible architecture allows for seamless template integration with multiple external system and data sources**
Content

1 Introduction

2 Integrated Logistics Infrastructure

3 Engagement Approach

4 Pricing

5 Sustainable Competitive Advantage
The Think Big, Start Small and Scale Fast Approach Drives Improvement

**Think BIG**
- Organisational support
- Scope, actual metrics and competitive requirements
- Business case
- Verification of electronic data provision and standard processes

Approval to proceed

**Start small**
- Sustainable proto-version with reduced functionality and integration
- Deploy Value Adding Projects (low dependency on additional software)
- Learning / adaptations

First success propelling further changes

**Scale fast**
- Functional enhancements, if required
- Deployment to full scope sequenced per market, factory or supplier
- Extended Value Adding Projects

Improvements as envisaged
Risk Control Based on Defined Gateways along the Engagement Cycle Underlines KN’s Commitment to Quality

Defined Gates from Sales Phase to Operations ensure:

- Documented and auditable sign-off process with clear roles, accountabilities and approval levels
- Pre-alert indications of potential risks
- Systematic escalation paths
- Early execution of corrective actions
- On-time monitoring and reporting
Implementation Management with Dedicated Teams
Follows Proven Methodology to Set-Up Your Business

The tick in the box
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Pricing Structures
Focus on Management Fee or All-In Prices

Management Fee

Transport Rates

Warehousing Cost

All-In End-to-End Rates
Gain Share to Synchronize Incentives
“The less you pay, the more we earn”
Content

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Sustainable Competitive Advantage
Cumulatively Encompasses All Features

- Customized and modular approach
- Integrated plan-build-run phases
- Transparency & Control
  - Zero disconnect in customer engagement cycle
- Continuous improvement and innovation
- Management and integration services
- Strong Change Management
- Industry Expertise
- Independent from execution services modes
- Gain sharing models
- Capabilities in business process (out)-sourcing field
- Experience, hands-on, scalability and speed

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