UNLOCKING THE FULL POWER OF THE E-COMMERCE BOOM

DIGI X E-COMMERCE
#DIGIFRIDAYS

DIGI x
E-COMMERCE
#DIGIFRIDAYS

Deutsche Post DHL Group

#DIGIFRIDAYS

DIGI x ESG

June 2nd
@15.00 CEST

DIGI x E-commerce

June 16th
@15.00 CEST

DIGI x Automation

June 9th
@15.00 CEST

DIGI x CX

June 23rd
@15.00 CEST

DIGI x E-COMMERCE #DIGIFRIDAYS

Digi x E-commerce Unlocking the full power of the e-commerce boom

Konstantin Peris
SVP Digital Customer Interactions
DHL Customer Solutions & Innovations

Digital Experience at DHL eCommerce Solutions

Ralf Pankotsch
VP IT Systems
DHL eCommerce Solutions

Seizing the re-commerce opportunities through digitalization

Nabil Malouli
SVP Global E-commerce and Returns
DHL Supply Chain

Cutting through customs with Artificial Intelligence

Thorsten Kranz
Head of Data Science Implementation
DPDHL Group

UNLOCKING THE FULL POWER OF THE E-COMMERCE BOOM

DIGI X E-COMMERCE

KONSTANTIN PERIS

SVP DIGITAL CUSTOMER INTERACTIONS
DHL CUSTOMER SOLUTIONS & INNOVATIONS
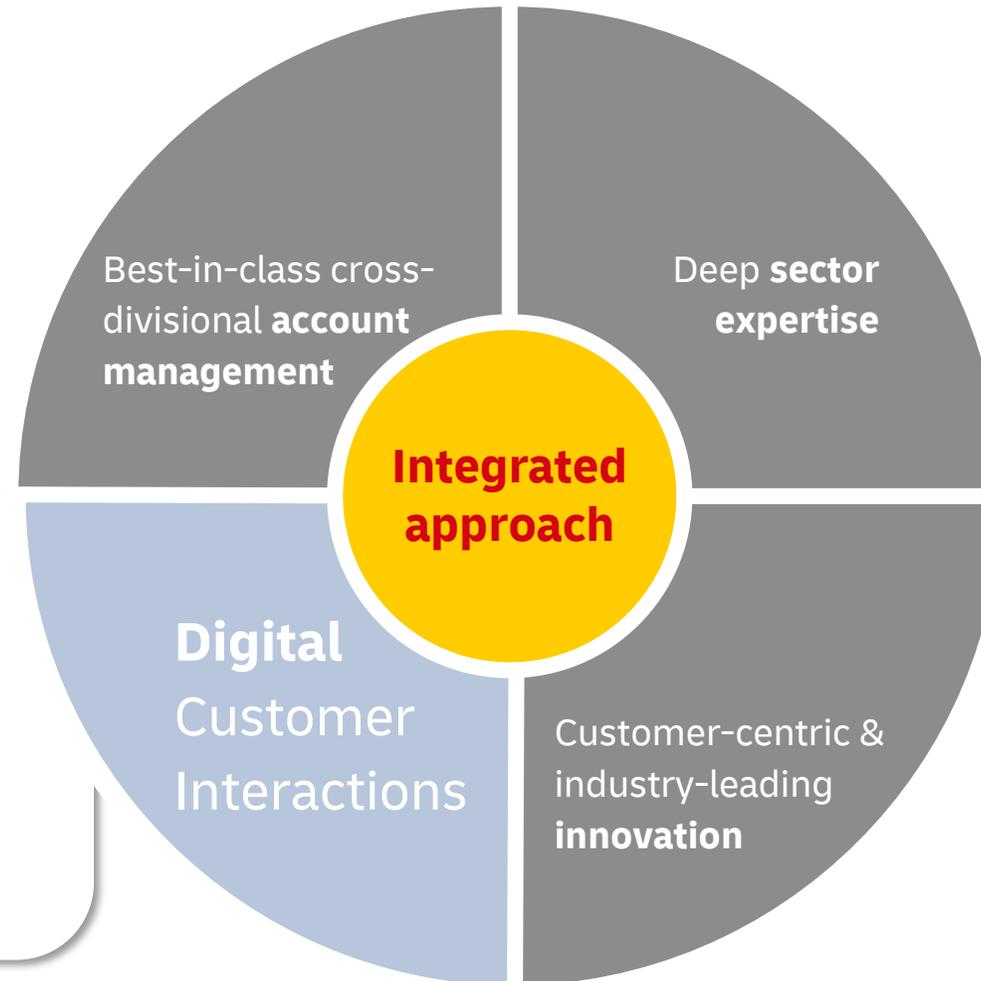
DIGI x ECOMMERCE #DIGIFRIDAYS

DHL Customer Solutions and Innovation (CSI) manages the Top-100 customers of the group and digital customer interactions at group-level

Konstantin Peris
SVP Digital Customer Interactions

- Happy Customers
- Profitable Growth
- Digital Shine

Best-in-class cross-divisional **account management**

Deep **sector expertise**

Integrated approach

Digital Customer Interactions

Customer-centric & industry-leading **innovation**

Four important trends that will shape the industry going forward

GLOBALIZATION

E-COMMERCE

DIGITALIZATION

SUSTAINABILITY

E-commerce is here to stay and a positive logistics experience is key

+48%

DHL Express B2C Shipments/Day
Q1 2023 vs. Q1 2019

+74%

DHL eCommerce Solutions B2C Volumes Europe
Q1 2023 vs. Q1 2019

+21%

DHL Parcel Germany Volumes
Q1 2023 vs. Q1 2019

78% of consumers unlikely to buy again from a brand after negative delivery experience.

Source: Auctane

What does our offering along e-commerce logistics value chain look like?
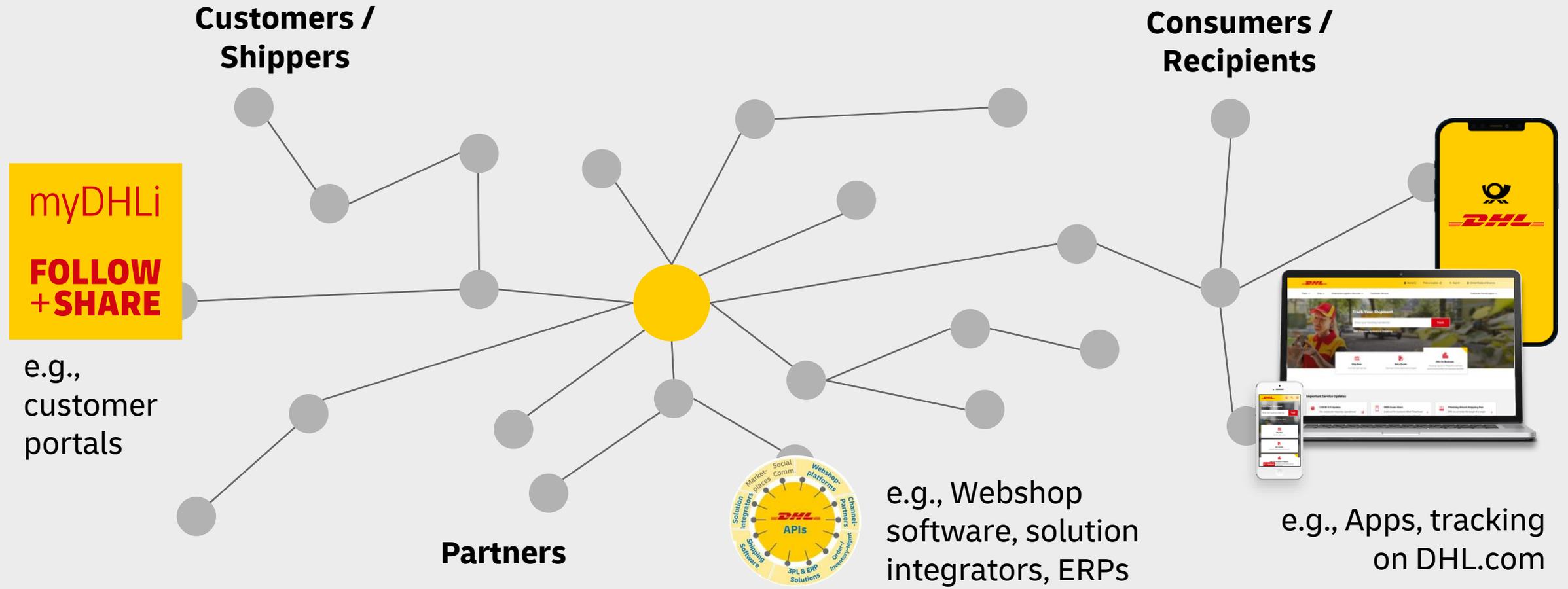
Inbound ▶ **Fulfillment** ▶ **Delivery** ▶ **Return**

ENABLING E-COMMERCE THROUGHOUT THE ENTIRE LOGISTICS VALUE CHAIN

Where digitalization improves our e-commerce offering

...

Parcel locker (via Apps)

Mobile Apps (e.g., Post&DHL)

Online Tracking

APIs

UTAPI

...

Online Quotation

Customer portals (e.g., myDHLi)

IoT (e.g., Asset Tracking, Monitoring)

On Demand Delivery

DHL.com

ChatBot (incl. WhatsApp)

RPA (Process Automation)

Inbound

Fulfillment

Delivery

Return

Re-Commerce

Digital Products & Services

E-commerce value chain

Data Analytics

Robotics (incl. wearable devices)

Duty & Tax Calculator

Route Optimiza-tion

3PVs

...

In the e-commerce ecosystem, APIs are "hidden heroes"
(invisible connectors between all parties)

Customers / Shippers

Consumers / Recipients

myDHLi
FOLLOW +SHARE

e.g., customer portals

Partners

APIs

e.g., Webshop software, solution integrators, ERPs

e.g., Apps, tracking on DHL.com

The concrete e-commerce set up of each customer is unique

Webshop Platforms

Post-Purchase Experience

Warehouse Management Systems

...

Logistics Provider

DHL APIs allow quick, secure and seamless data transfer

Our efforts in digitalization improve our customers' success in e-commerce

**Digital Experience at
DHL eCommerce Solutions**
Ralf Pankotsch

**Seizing the re-commerce
opportunities through
digitalization**
Nabil Malouli

**Cutting through customs with
Artificial Intelligence**
Thorsten Kranz

eCommerce Solutions provides World-Class Parcel Logistics Services mainly for e-tailers in B2B and B2C space around the globe

Core business		
Domestic Last Mile		• In **selected countries outside of Germany** • This includes **Europe**, **US** and selected emerging markets in **Asia Pacific**, incl. India
We focus on Domestic and non-TDI* Parcel delivery	**Non-TDI Cross-border**	• Commercial capabilities – primarily **to/from and intra-Europe** • Parcel Connect in Europe a **strong and growing platform** as basis for future growth

*non-Time Definite International Parcel delivery

Data as a product

Global DeCS Data-Lake technology

- Microsoft Azure & Databricks

- PowerBI Reporting Suite

- Datarobot advanced analytics

- Near future: Generative AI (ChatGPT, MS-Fabric)
  exposed via DPDHL AI Hub

Dashboards & Reports

- Customer Carbon Reporting

- Global Quality Reporting

- Volume Reporting & Forecasting
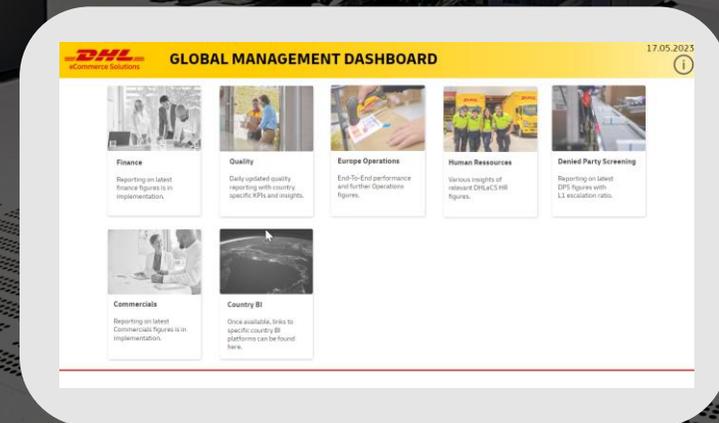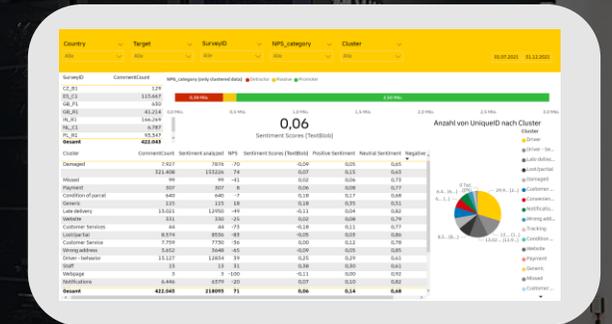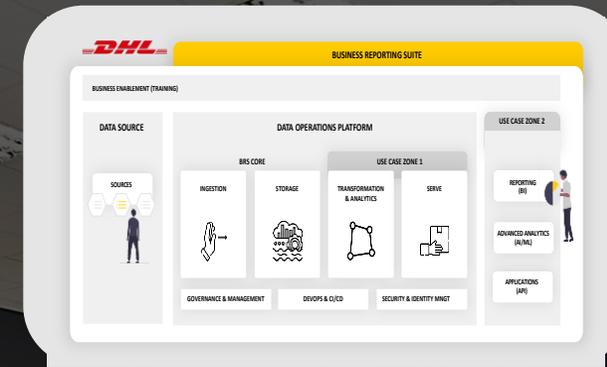
Advanced Pricing Tool

Technology

- e-cloud based SaaS Platform "Open Pricer"

- Integration in Salesforce.com & SAP

- API based rating engine

Core Features (examples)

- Fair Price Benchmarking using modern machine learning

- Profitability Analysis

- Customer Segment Analysis supported by AI

- Sales KPI Monitoring

Digital Products in operations and last-mile delivery
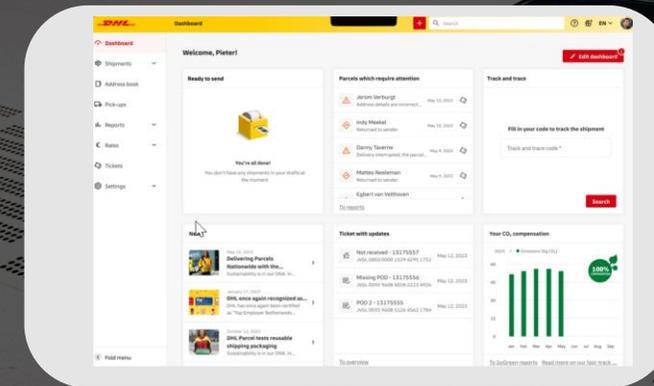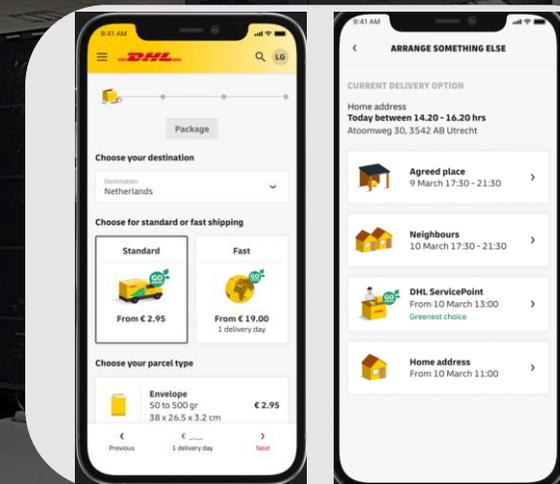
Technology

- React frontend

- Java / Scala backend

- Kafka event processing

Core Features (examples)

- What3Words integration

- Delivery time prediction

- Pick-up ordering

- Shipment tracking

The Last Drop Off | DHL x what3words
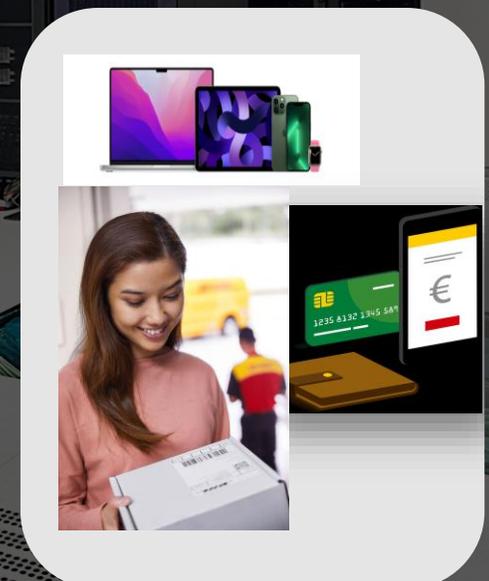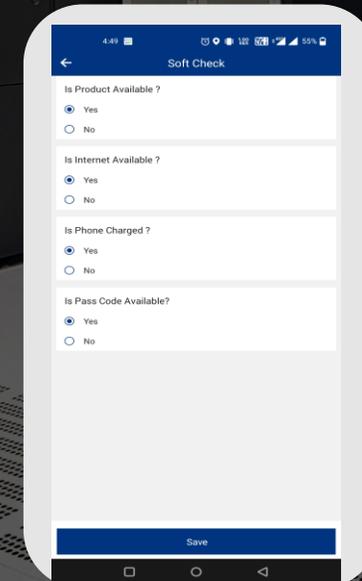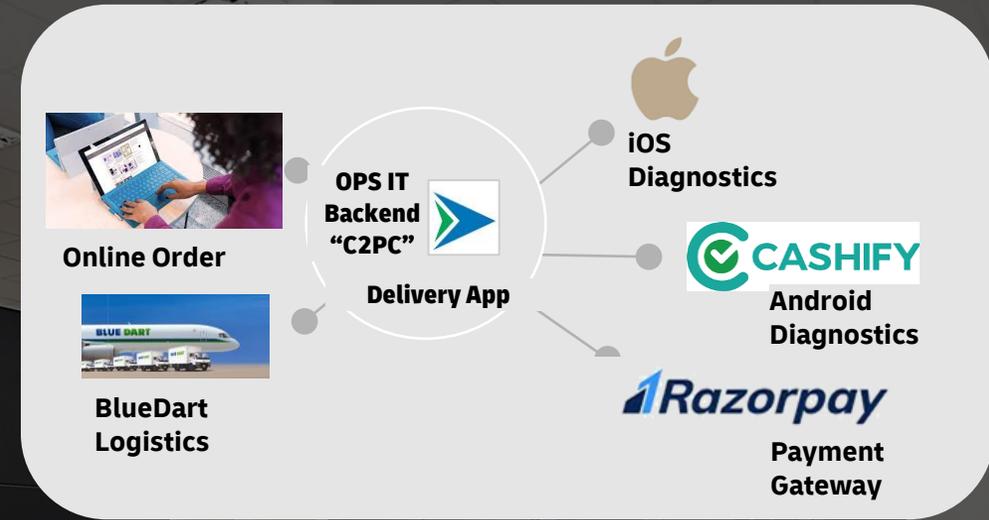
Design of new products & services
BlueDart Hi-Tech device exchange

Technology

- FarEye delivery app

- iOS & Android diagnostic integrated

- Razorpay gateway integrated

Core Features (examples)

- Delivery & exchange of Mobile Devices

- Multiple big brands integrated

- Technical checks at doorstep

- Payment & returns handling

BlueDart Express provides delivery and exchange service for high-end mobile devices at the doorstep

Step 1

❖ **Consumer buys new device online incl. trade in option**
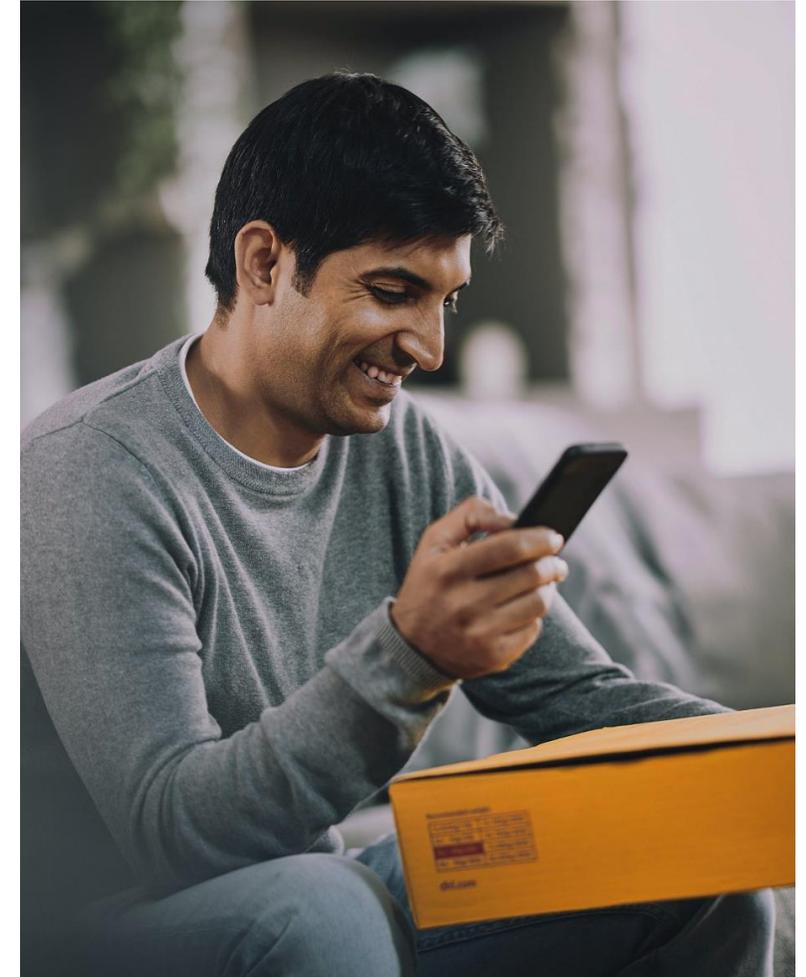
Step 2

❖ **BlueDart Customer Service arranges delivery date**

Step 3

❖ **Technical & functional checks**

❖ **Commercial offer**

Step 4

❖ **Handout new device**

❖ **Handle payment**

❖ **Return old device**

Re-commerce market is booming!

Projected to reach $350bn by 2027!
So are the supply chain activities!!

Reverse logistics market for re-commerce is expected to reach **$24bn by 2027,** presenting a very attractive opportunity*

Walmart launches product refurbishment program

Published Aug. 1, 2022

NIKE · Published April 12, 2021 1:33pm EDT

Nike launches shoe refurbishment program with focus on saving the environment

The company plans to reduce its waste footprint with the campaign

SUSTAINABILITY / ENVIRONMENT

Global Secondhand Market to Reach $350 Billion by 2027, ThredUp Says

Resale is hot, but is it set to sustain momentum against fast-fashion heavyweights?

Carhartt Launches Resale Program for Recycling Worn Jackets, Coveralls, and More

lululemon Expands Like New Resale Program to All U.S. Stores Beginning This Earth Day

Apr 12, 2022

*Sources: DHL Consulting Research, Statista, Straits Research

Why re-commerce presents a great opportunity for companies

Sustainability, consumer satisfaction, margin erosion are all key elements!

Sustainability & Circularity
88 companies launched resale programs last 12 months

Consumer Satisfaction
Returns process is linked to consumer refund

Margin Erosion
Destroy less, resell better, resell more

Unsolved Problem
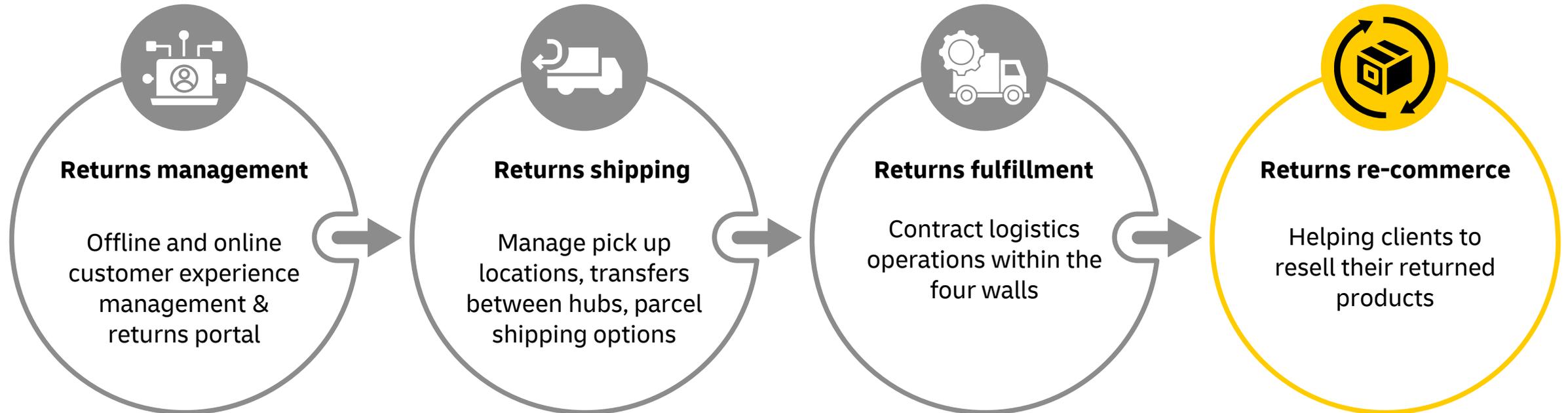Double touch and long recovery times

Regulations
Rise of regulations such as Waste Framework Directive

High Cost
Additional logistics costs to return a product

The reverse logistics journey is complex

Returns management

Offline and online customer experience management & returns portal

Returns shipping

Manage pick up locations, transfers between hubs, parcel shipping options

Returns fulfillment

Contract logistics operations within the four walls

Returns re-commerce

Helping clients to resell their returned products

To make re-commerce viable, financially and operationally, a sophisticated and effective end-to-end reverse logistics supply chain is required
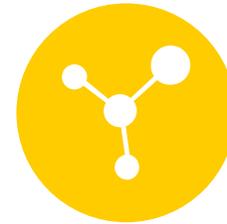
How is DHL helping customers?

End-to-end Reverse Logistics solution at scale through best-in-class technology
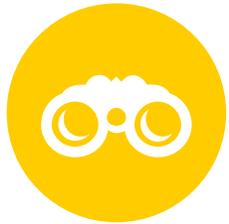
Traceability & visibility through **one software solution**

State of the art **return functionalities & features**

Ecosystem of integration with re-commerce sales channels
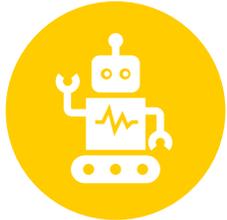
PROVEN BENEFITS

- Management of **large-scale return volume** (i.e.: +25M/Year per site)
- **+30% gains in productivity** in return processing
- **Reduction of destroyed products** by 20%

How is DHL helping customers?

Automation enables faster processing and enhancements of productivity

Deployment of
automation tools e.g. assisted picking robots
(Locus robotics)

Automation **increases speed of processing** to reduce inventory carrying cost

PROVEN BENEFITS

- Faster **"available to sell"** status through **re-fulfillment and shipping**

- **25% cost reductions** through automation

- Synergies through **activities under one single operation** with one inventory pool

We leverage technologies to help brands & retailers unlock their re-commerce

Customer testimony

"More sales from positive returns experience in a Market Strategic and Cost-effective Location, leveraging Efficient and Innovative approach"

SVP Global Logistics & Distribution
Global Leading Sportswear Brand

Speed & Efficiency

+97% dock to stock within 24 hours

Operational execution at scale

Managing dedicated regional return centers processing more than 125M units per year globally

Omnichannel reverse logistics

Ability to process B2C & B2B into the same operation

End-to-end supply chain solution

Enabling the management of return portal, return shipping & return fulfillment and resale

Deutsche Post DHL Group

CUTTING THROUGH CUSTOMS WITH AI

PRODUCT CLASSIFICATION TOOL

THORSTEN KRANZ
HEAD OF DATA SCIENCE IMPLEMENTATION
DPDHL GROUP

DIGI x ECOMMERCE #DIGIFRIDAYS

Connecting People, Improving Lives ACROSS BORDERS

A connected world with barriers

Customs processes are expensive

Best-in-class internal solution

Global trade is essential. Existing and growing **customs requirements** are complex.

The **complexity and scale of customs processes** are a challenge for our network and imply significant costs. Efficient mitigation is a critical success factor.

Providing leading edge solutions for **customs process automation**. Accurate, reliable and compliant.

AI-based Product Classification Tool (PCT) predicts customs codes for cross-border shipments and helps automating customs clearance processes.

With the rise of x-border e-commerce, PCT is a great support for our customs clearance processes

Acceleration of processes

Product Classification API accelerated customs clearance by **automatically providing customs codes**
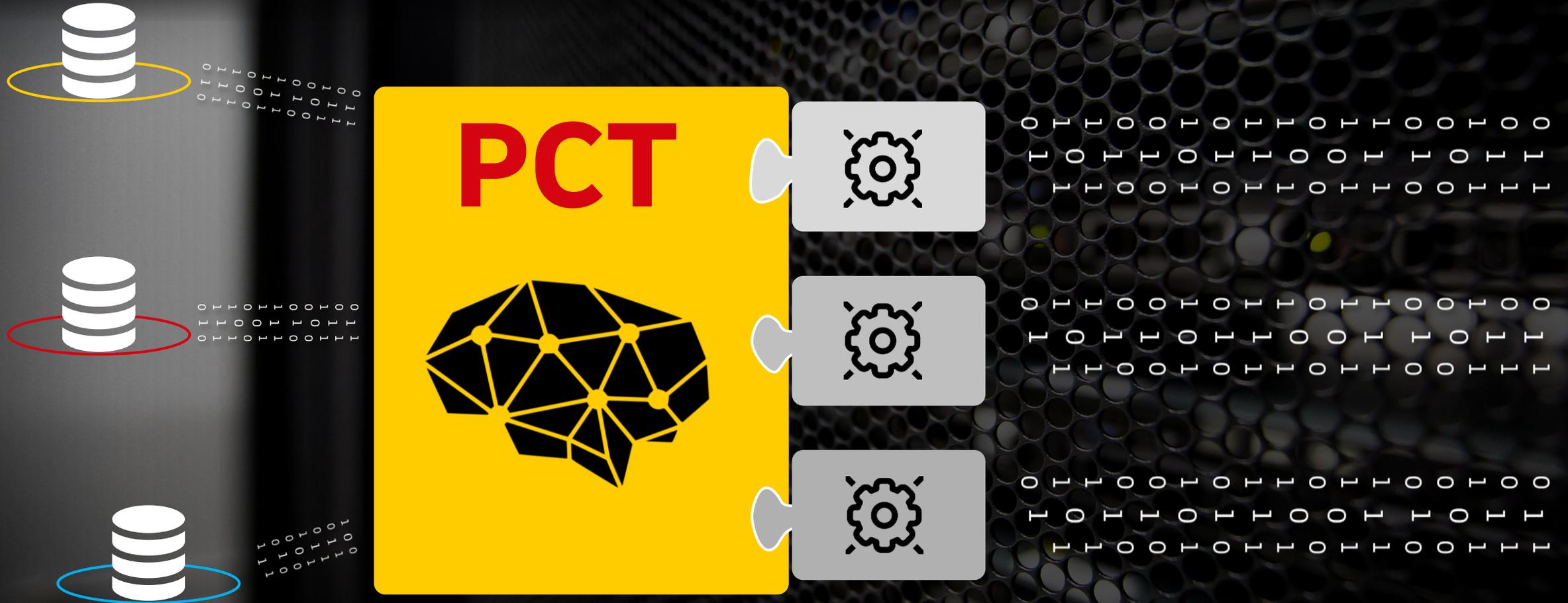
Supporting Customs Audit

Product Classification models **trained on holistic DPDHL customs data assets** also used during **customs audit**
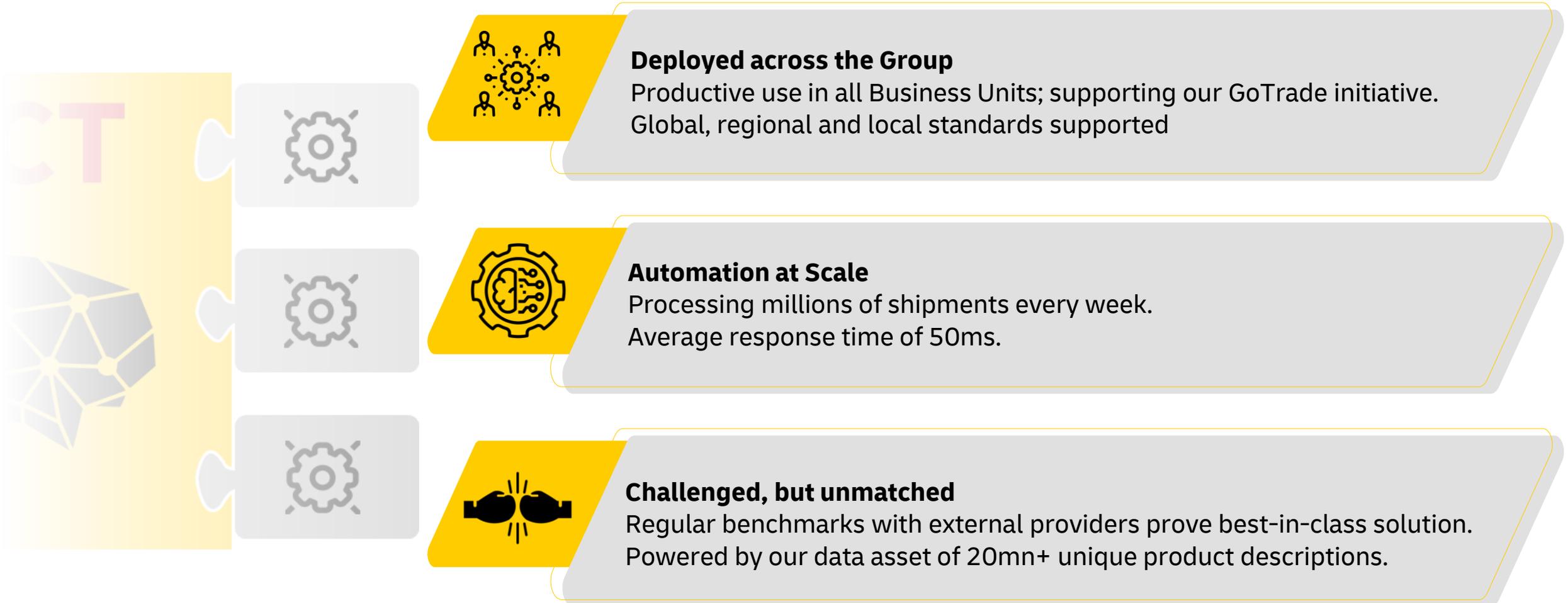
Improve Master Data Quality

Product Classification Tool **recommends potential customs codes to customers** improving data for x-border shipments
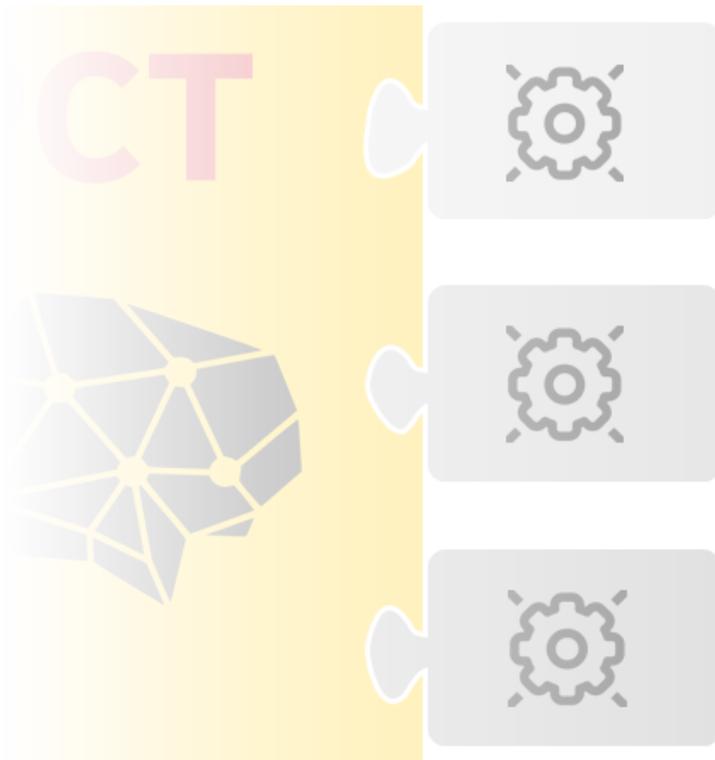
We are leveraging internal data sources to provide tailored, highly accurate solutions that can be plugged into existing IT landscapes

PCT is a cross-divisional solution used by EXP, DeCS, P&P and DGF

Deployed across the Group
Productive use in all Business Units; supporting our GoTrade initiative.
Global, regional and local standards supported

Automation at Scale
Processing millions of shipments every week.
Average response time of 50ms.

Challenged, but unmatched
Regular benchmarks with external providers prove best-in-class solution.
Powered by our data asset of 20mn+ unique product descriptions.

Cross-divisional solution: Automation at scale

DHL Express

Automated classification of import shipments either with global or local standard

Post & Parcel Germany

Automated classification of German import letter ("Post International")

DHL eCommerce Solutions

Automated classification of EU import shipment

DHL Global Forwarding

Monthly customs audit through rule-based validations with machine learning based predictions

We are supporting SMEs in emerging economies through GoTrade

Trade Facilitation

- Connecting People. Improving Lives. In a sustainable way.

Help Growing Together

- When trade grows, we grow. Through proactively steering trade environments, we support market growth.

Win-Win

- Countries benefit from DPDHL's knowledge & expertise while future customers are exposed to our service capabilities.

Providing PCT as an interactive tool for GoTrade

Enter product details

AI-based recommendations

Interactive selection of final customs code

PCT benefits and outcomes

Reduce cost

With a fully automated process for AI-based assigning customs codes the cost for manual labour can be reduced.

Customer satisfaction

Fully landed cost can be displayed before checkout. Shipments are received faster.

Lower CO_2e footprint

Correct customs codes reduce unnecessary shipping and vehicle usage caused by returns.

Easy to implement

The API service can be easily integrated into existing systems.

Reliable service

Automated cloud-based solution makes sure that data and services are available and accessible 24x7. Autoscaling enables usage for millions of requests.

Faster delivery time

Goods will clear customs faster and can be delivered to the recipient in time.

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