# INVESTOR RELATIONS SERIES

EXPERIENCE EXCELLENCE. SIMPLY DELIVERED.

Oscar de Bok

**CEO DHL Supply Chain** 

**Markus Voss** 

CIO & COO DHL Supply Chain

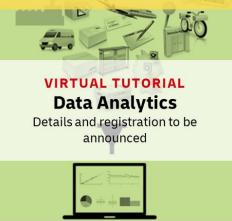
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### INVESTOR RELATIONS SERIES: Experience Excellence. Simply Delivered.





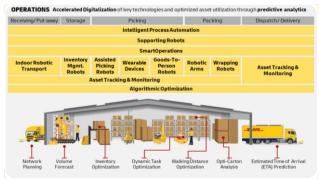




### **Key takeaways**







#### **Digitalization**

is a key enabler of Group and DSC Strategy 2025 DHL Supply Chain

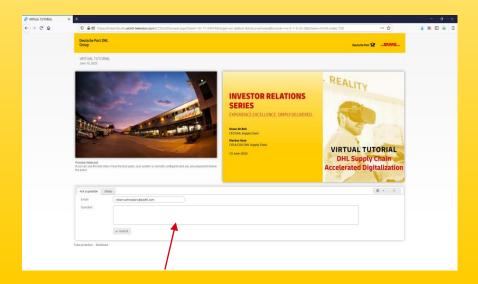
Identifying the best technology for each customer's requirement...

**DHL Supply Chain** 

... and roll-out, steer and track benefits - at scale, across all areas!

### Q&A

Please use the chat function to submit questions...



Enter your email and question here, then press submit.

Questions will not be posted or visible to all.

### **Group Strategy 2025**

#### **Our Purpose**

Connecting people improving lives

#### **Our Vision**

We are THE logistics company for the world

#### **Our Values**

**Respect & Results** 



#### **Our Mission**

#### **Excellence. Simply delivered.**

Along the three bottom lines in a sustainable way Enabled by **Common DNA** 



#### **Our Business Unit focus**

Strengthening the profitable core

Supported by **Group functions** 

**Digitalization** 

### STRATEGY 2+25

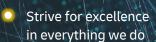
### **#TogetherUnstoppable**

### **#DelightedCustomers**

#### #ConnectedPeople



- Keep each other safe and engaged
- Collaborate as a diverse team to deliver highperformance
- Certified, passionate experts in everything we do



#ExecutionEdge

- Consistently drive our best in class tools and processes
- Improve every single day

- Deliver outstanding customer experiences
- Use our full breadth of capabilities to create value for customers
- **Build lasting** relationships to grow

#### **#OwnTomorrow**



- Lead in innovation and sustainable solutions
- Realize our creative potential in a coordinated way
- Make the digital supply chain a reality



### We are the Supply Chain solutions company for the world, while the world is changing and is changing fast



#### Digitalization

- Faster adoption of new technology
- Automation and robotics becoming a reality thanks to lower cost and higher flexibility
- · Data based service offerings





#### Labor

- · High speed and flexibility
- Further digital skills required by the industry
- Rapid increase of labor costs

Our strategy addresses these challenges and opportunities in order to secure our business today & #OwnTomorrow

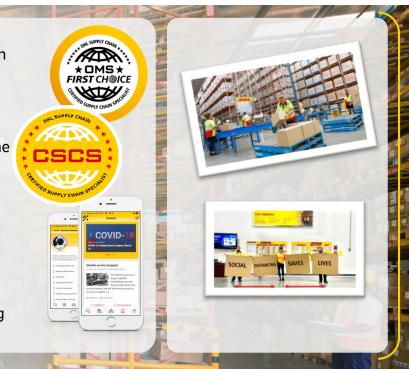


#### Customer

- Rise of e-Commerce requirements (faster delivery, more SKUs, reduced order lines)
- New value-added services
- · Sustainable solutions
- Supply Chains changing faster than ever before

## Our Strategy has given us the right foundation to respond to COVID-19 crisis and set the basis for future

- Global operational standardization (OMS First Choice) enabled us to adjust supply chains and implement new businesses quicker than ever before
- SAFETY first! Record LTIFR results during COVID-19 pandemic despite changing operational procedures
- Daily data transparency and steering of quality leading to an all time high performance of 98%
- Certified standardized training agenda enabling flexible deployment of our employees
- Continue to invest significantly in training our 20k frontline supervisors
- Significant increase of customer satisfaction (+25pp)
- Roll-out of CONNECT App to our 150k colleagues globally enabling real-time 2-way communication and engagement



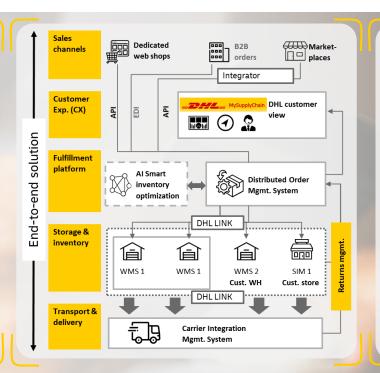
## DHL Supply Chain is uniquely positioned to cater for e-commerce growth

We manage supply chains to reduce complexity for our customers

Our profitable core is:

- warehousing, transportation
- LLP, Service
   Logistics,
   packaging and
   e-commerce

We lead in innovation and sustainable solutions



**38%** of new retail business is e-commerce and we are **growing** at a **double digit** rate



Pure e-commerce for brand manufacturers



Pure e-commerce retailers/ etailers, marketplaces



Omni-channel centralized and combined B2C/B2B fulfillment



Regional fulfillment networks across multi user locations

... using state-of-the-art technologies

# Digitalization with countless technologies and options



# DHL Supply Chain is world's No. 1 contract logistics company - supporting all our customers to leverage their digitalization opportunity



### Digitalization at DHL Supply Chain in a nutshell

#### DISTINCT DIGITALIZATION AGENDA

- Globally standardized approach to identify and deploy key digital technologies at scale to a wider number of sites
- Transparent deployment and benefits tracking
- Leveraging our scale through focus on vendor agnostic connectivity and inter-operability of systems
- Application of advanced analytics to maximize supply chain efficiency, resilience and delight our customers

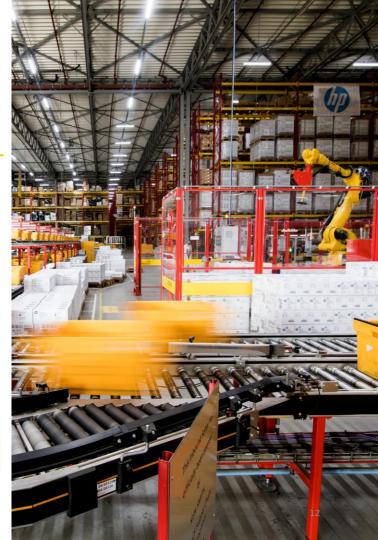
#### BENEFITS

- Apply digitalization expertise to deliver highest quality service
   PROVIDER OF CHOICE
- Realize productivity increases and better asset utilization
   INVESTMENT OF CHOICE
- Deliver tangible-on-the-job improvements and attract key talent
   EMPLOYER OF CHOICE

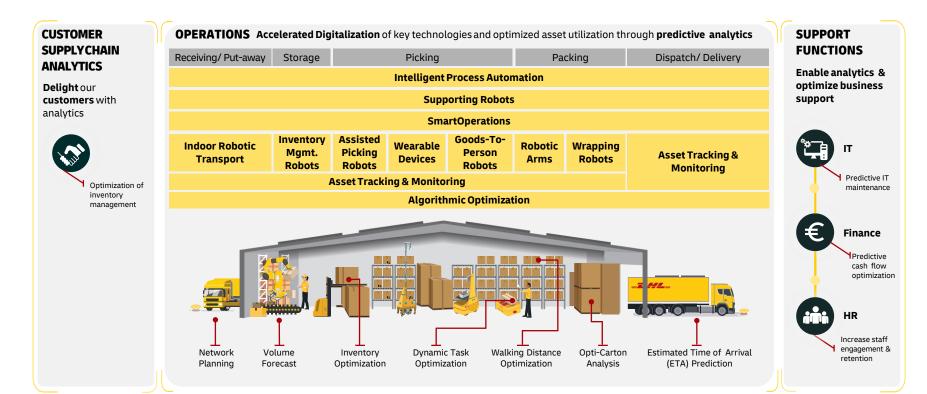
#### **IN LINE WITH STRATEGY 2025 OBJECTIVES**

- Topline growth at least in line with market
- Maintain industry leading margin at ~5%

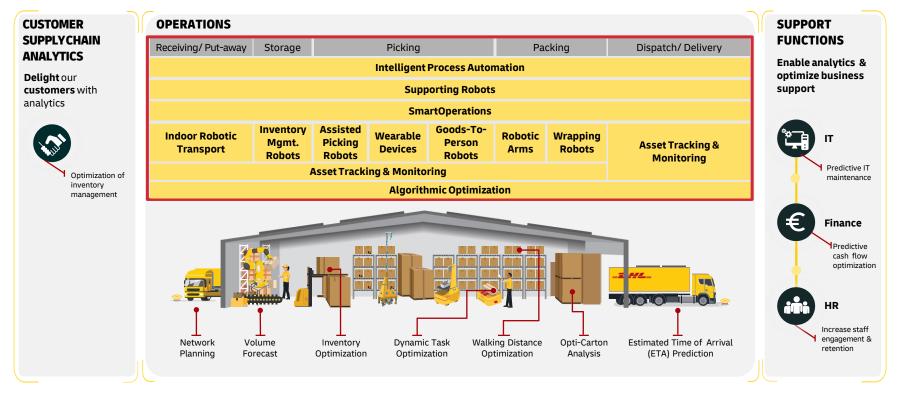




### Our digitalization agenda embraces all areas



## Accelerated Digitalization: Our global program to deploy scalable focus technologies

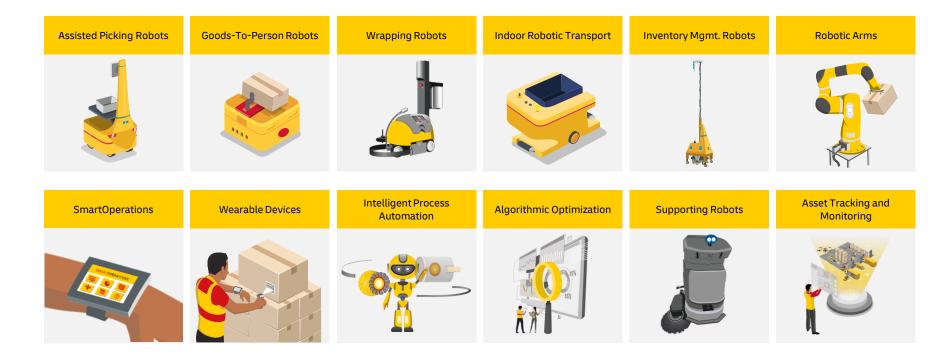


### We established a funnel to achieve scalability

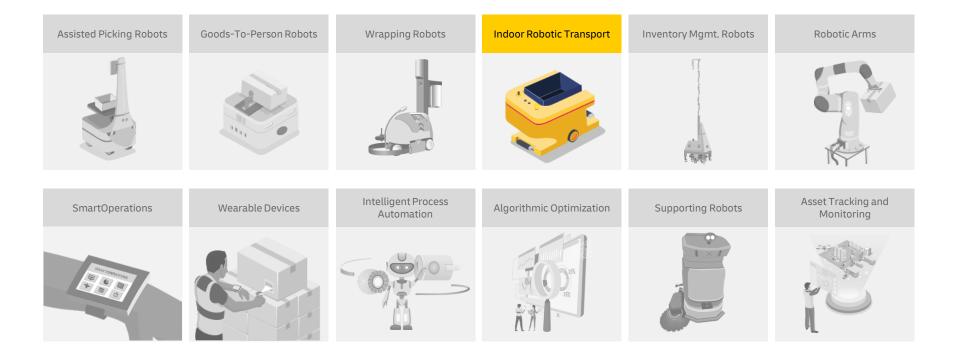
Our mission: To maximize pace through a focused and orchestrated effort to bring key digital technologies to a wider number of operations



### We defined 12 focus technologies to accelerate deployment

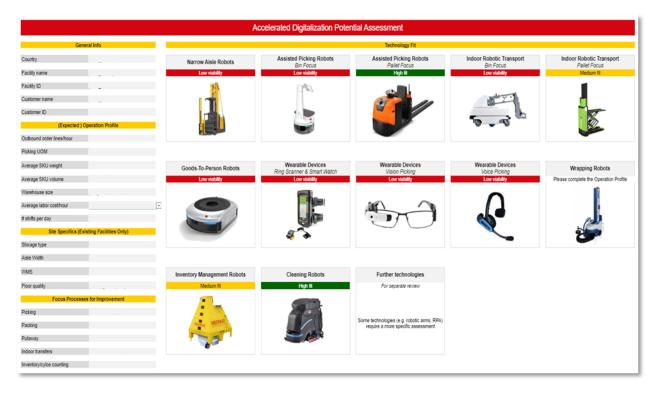


### We defined 12 focus technologies to accelerate deployment





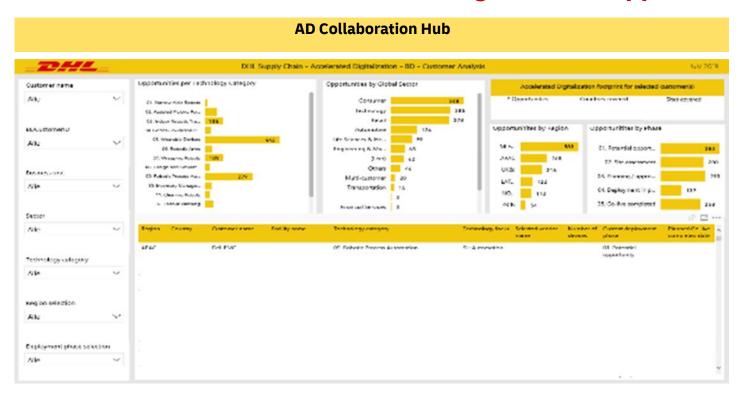
## We identify and prioritize digitalization opportunities with a structured site-technology fit assessment tool kit



Video Assisted Picking

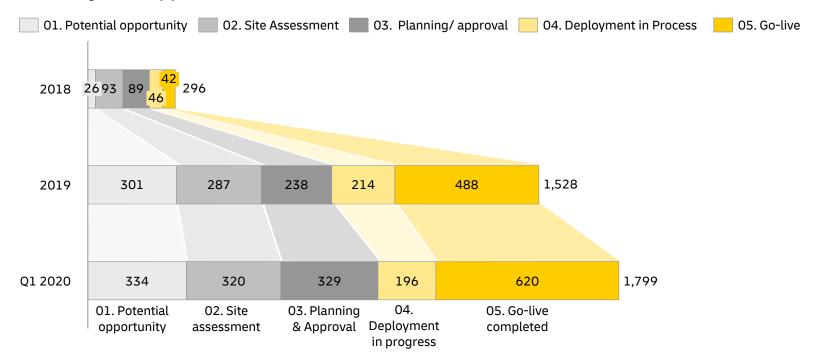


## Our program management tool provides access to all relevant information in real-time to make us #TogetherUnstoppable



## We kicked-off the acceleration program mid 2018 and increased the number of opportunities to 1,799 within 2 years

#### Advanced Digitalization pipeline



# We have a standardized approach for deployment and benefits tracking in place to monitor and steer return on investment

Accelerated Digitalization Deployment process				Benefits tracking – validation approach		
Exemplary technology category	Pipeline tracking	Ac	tuals	Digitalization equipment usage	Direct labor and depreciation impact	P&L impact
	01.Potential opp.	03. Planning/ approval	04.Deploy.in progress			
	02. Site assessment		05. Go-live		Level of confidence	e in positive P&L impac
		BCA PROJECT PAPER	INVOICE	Analytics  The state of the sta		
Wearable Devices	Advanced Digitalization assessment toolkit	Business Case Application (BCA) approval	Invoice from vendor	Technology dashboard E.g. number scans	Operational Performance Management <sup>1)</sup> Direct labor <sup>2)</sup> Depreciation <sup>2)</sup>	Divisional Performance Management <sup>3)</sup> Site Gross Profit

<sup>1)</sup> OPM - Operational Performance Management - DHL Supply Chain reporting suite for operational performance measurement, incl. dashboards 2) adjusted for volume 3) DPM - Divisional Performance Management - general DHL Supply Chain reporting suite incl. financial results







### Global steering and standardization enables full exploitation of digitalization potential at scale

#### Early digitalization phase

- Opportunity identification, assessment, vendor selection, business case approval and deployment happened locally (site & country-level)
- DHL's scale was underutilized

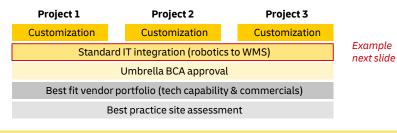
#### Conceptual of technology deployment

Project 1	Project 2	Project 3	
Customization	Customization	Customization	
IT integration	IT integration	IT integration	
BCA approval	BCA approval	BCA approval	
Vendor selection	Vendor selection	Vendor selection	
Site assessment	Site assessment	Site assessment	

#### **Benefits of current setup**

- Opportunities are moved through the deployment process at pace leveraging our global organization's capability that is applied and customized locally
- Project success depends on operational, technological and commercial attractiveness of opportunities
- Local best practices are turned into standards to accelerate
- Realization of economies of scale and cost advantages
- New business opportunities thanks to higher flexibility e.g., by exchanging robots between sites

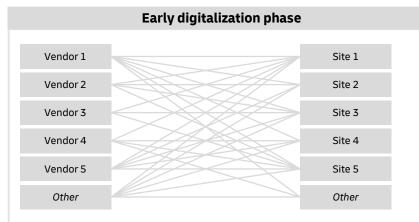
Conceptual of technology deployment



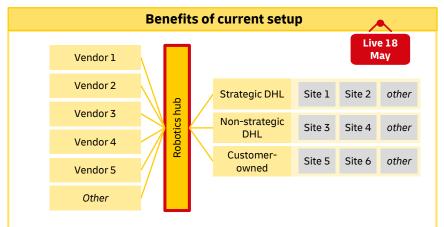


## The robotics hub offers plug and play solutions to minimize deployment effort at high pace

**Conceptual of robotics integration** 



- Isolated Point to Point integrations Every project was unique and customized
- Individual integration complexity at high costs

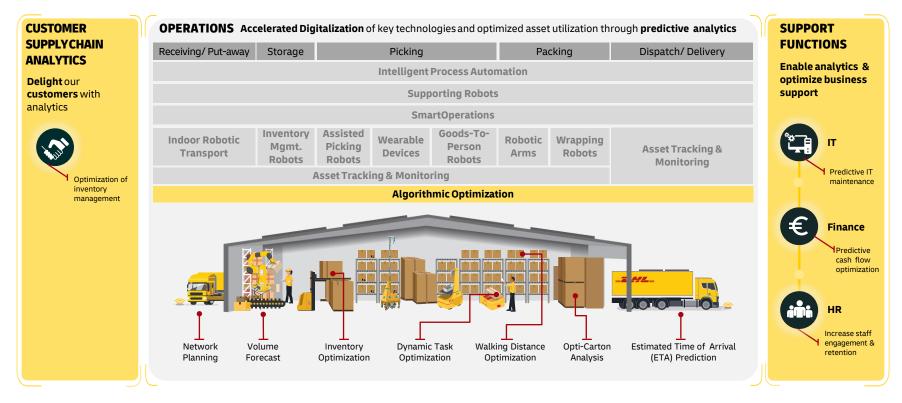


- Swift connection of all productive assets and resources plug and play
- Every project **re-uses** available **components**
- Individual integration complexity and cost are low
- Customers value DHL for clear advice on best fitting robotic and/or automation solution (cost, quality, time)



The robotics hub allows our systems to move more efficiently and provides standardized access to our data

## Data Analytics will permeate our business as part of our Strategy 2025



# Prediction of meal consumption and optimization of flight loading inventory management – increasing DHL's reputation

Customer Supply Chain Analytics for a Leading Airline

#### **New Business Opportunity**

#### **Customer Challenge**

· Inefficient sourcing and distribution of flight consumables

#### **Value Created by DHL**

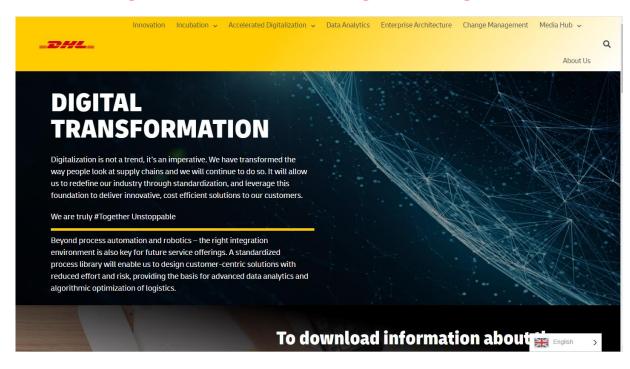
- Diagnostic analytics model developed to analyze and optimize inventory levels against flight consumption; decreased costs and optimized service
- "Digital Twin" allows assessment of new supply chain strategies (what-if)
- Passengers delighted by improved matching of supplies to preferences



DHL's analytics service offering resulted in a new opportunity with SATS



## Our one-stop-shop for targeted internal communication, marketing material and change management methodology

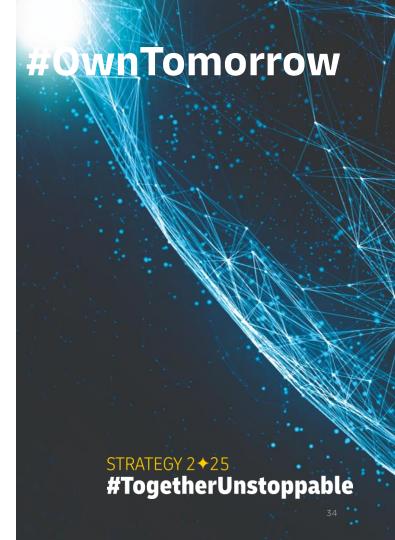


- Everything you need to know about Digital Transformation focus technologies (features, benefits, fit assessment etc.)
- Product Marketing Collaterals including direct link to the Product Collaterals Library (back-end)
- Innovation tracker
- Program governance
- Regional engagement, priorities and best practices

# We are already a logistics leader today and thanks to our Digitalization Agenda we will

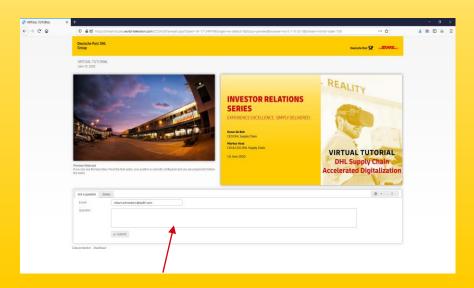
#### **Distinct Digitalization Agenda with Great Progress**

- Standardized approach to identify and deploy key technologies at scale to a wider number of sites
- Great progress since start of Accelerated Digitalization program mid 2018 with 12 key technologies, more than 1,800 opportunities and 620 go-lives
- Plug-and-play robotics hub live enabling fast deployment of robotics solutions with low effort giving digitalization program further push
- Mature experience and service offering in data analytics to delight our customers, optimize asset utilization and decision making
- Making the digital supply chain a reality and delivering on our Strategy 2025 objectives



### Q&A

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