DIGITAL INNOVATION IN SUPPLY CHAIN MANAGEMENT

THE DAY WHEN 3RD PARTY LOGISTICS PROVIDERS MOVE DATA INSTEAD OF FREIGHT

PHILIPP MÜLLER / WALTER ISLER / CHRISTOPH LIENHARD | ETH - ZÜRICH | 26 APRIL 2018
AGENDA

A brief history and today’s expectations.

Internet-of-Things (IoT) – what it can do… and what not.

What’s next & closing.
PANALPINA AT A GLANCE

Global network with some **500 offices** in **70 countries**, and partner companies in a further **90+ countries**

- **Profit** CHF **57.5 m**
- **Core Activities**
  - **Air Freight**
  - **Ocean Freight**
  - **Logistics and Manufacturing**
  - **Energy and Project Solutions**

**Forwarding volumes:**
- **996 thousand tons** in Air Freight,
- **1,521 thousand TEU** in Ocean Freight

- **Net forwarding revenue** CHF **5,533 m**
- **EBIT** CHF **103.3 m**
- **14,000 FTE’s**
<table>
<thead>
<tr>
<th>Core Activities</th>
<th>Geographical Coverage</th>
<th>Core Industries served</th>
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<tbody>
<tr>
<td><strong>Airfreight</strong></td>
<td><strong>Basel</strong> (North-Western Switzerland)</td>
<td><strong>Healthcare &amp; Chemical</strong> (Basel &amp; Geneva)</td>
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<td>• Nr. 1 in Switzerland</td>
<td><strong>Zurich</strong> (Zurich Area/Central Switzerland)</td>
<td><strong>Watch</strong> (Lyss und Geneva)</td>
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<td>• Turnover CHF 170 Mio.</td>
<td><strong>Geneva</strong> (Romandie)</td>
<td><strong>Machinery &amp; High-tech</strong> (Zürich und St. Gall)</td>
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<td>• 40,000 tons moved</td>
<td><strong>Lyss</strong> (Jura/Swiss-Midland)</td>
<td><strong>Fashion</strong> (Lugano)</td>
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<td><strong>Oceanfreight</strong></td>
<td><strong>St. Gall</strong> (Eastern Switzerland)</td>
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<td>• Top 4 in Switzerland</td>
<td><strong>Lugano</strong> (Southern Switzerland)</td>
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<td>• Turnover CHF 95 Mio.</td>
<td>Total 350 Employees</td>
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<td>• 25,000 Containers moved</td>
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<td><strong>Logistics</strong></td>
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<td>• Turnover CHF 20 Mio.</td>
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<td>• Limited W&amp;D Service offerings</td>
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These five mega trends are all interconnected, disruptive and evolving rapidly. We strive to stay ahead of the changes that are impacting your business and ours.

**CONSUMERS + EXPECTATIONS**
Increased consumer power, with rising expectations of immediacy and personalisation impacting customer behaviour.

**TECHNOLOGY + CONNECTIVITY**
Increasing need for visibility and connectivity fuelled by convergence of internet, mobile devices, cloud and data analytics.

**URBANISATION + MOBILITY**
People, products, ideas and information moving around the world at speeds we never imagined.

**SUSTAINABILITY + RESOURCES**
Scarcity of resources, climate change, and demands from Generation Y will necessitate more sustainable manufacturing and supply chain solutions.

**POWER SHIFT + COMMERCE**
Tightening trade policies conflicting with customer demand for global access to new products and demand for omni-channel purchasing, delivery and return.
TRENDS AND THEIR IMPLICATIONS FOR SUPPLY CHAINS

Diverse trends are reshaping logistics and impacting both Panalpina and our customers

**Circular Economy**
Sharing economy, reconomy, return, repair, recycle, uberisation, modularisation

**Consumer**
Expectation of immediacy, mass customisation, mass personalisation, omni-channel, e-commerce, pay for use models, digital currencies

**Transportation**
Autonomous vehicles, e-mobility, drones, last mile delivery, urban decoupling, hi-speed infrastructure, decreasing cost of distance, overcapacity, continental shift

Big data, cloud, business intelligence, Internet of everything, inventory management (D2ID), RFID, augmented reality, cognitive learning, blockchain, machine learning, 5G, digital lean

**Sustainability + Resources**
Energy prices, Inventory management Carbon footprint, CO₂ reduction, reconomy,

**Manufacturing + Assembly**
3D printing, distributed manufacturing, clusterisation, near-shoring, offshore/onshore, machine learning, Avatars, trade barriers, industry 4.0, cyber production systems, speed factories

**Design**
Makerspace movement, Design for 3DP, sustainable manufacturing design
YOUR PRODUCTS
END-TO-END SUPPLY CHAIN
SUPPLY-CHAIN CONNECTIVITY BACK IN 1991
TODAY
REAL-TIME
IS AN EXPECTATION
2009 ONLY HIGH VALUE CARGO
MORE DATA... AND?
YOUR SUITCASE?
DATA + KNOWLEDGE = INFORMATION → INFORMED DECISION MAKES DECISIONS?
BRINGING PRODUCTS TO LIFE WITH PANALPINA
OK, BUT WHO CARES?
ALL OF US
GET YOUR PRODUCTS CONNECTED
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PHILIPP MUELLER, VP GLOBAL OPERATIONS TRANSFORMATION MANAGER

Responsible for:
Strategic operations transformation initiatives impacting Business and IT functions
Transformation of Global IT Services

Curriculum vitae:
Philipp Mueller joined the Group in 2015 as Head Governance and PMO of the Operations Transformation Program. This program introduced a new corporate freight forwarding platform which involves several core business processes across the organization and consolidates corporate data management. More recently, he leads the transformation initiative forming the Global IT Services organization. He has 20 years of experience with ICT Management mainly in the pharmaceutical industry. He was the Corporate Head IT Strategy & Architecture at Novartis and prior to this he was the Chief of Staff Global IT Infrastructure, where he managed large transformation initiatives. He holds a Ph.D. in electrical engineering from ETH Zurich and TELECOM ParisTech, and an executive MBA from IMD Lausanne.
WALTER ISLER, COUNTRY MANAGER PANALPINA SWITZERLAND

Responsible for:
Panalpina Switzerland

Curriculum vitae:
Walter Isler became the Country Manager for Panalpina Switzerland in 2011. He has over 40 years of experience in Logistics and International Freight Forwarding. Before taking over the current position he served as Country Manager in Italy for 3 years and various Sales and Operation Functions at Panalpina Switzerland. Prior to joining Panalpina in 1994, Walter Isler spent 20 years with other Global Logistics providers in Switzerland, Canada and Saudi Arabia and as Logistics Manager with a Global Automotive Manufacturer.
CHRIS LIENHARD, CORPORATE HEAD OF CUSTOMER & FORWARDING IT PRODUCTS

Responsible for:
Global application portfolio of Customer & Freight Forwarding IT Systems

Curriculum vitae:
Christoph Lienhard became a member of the group CIO’s management team in 2015. He has over 20 years IT and general management experience at frontline, regional and headquarter based positions. Before moving to Panalpina’s head office as Supply Chain Business Consultant Manager and Head of Customer Systems in 2007, he served 4 years with the regional IT management team in Hong Kong. Before joining Panalpina Christoph Lienhard spent 10 years with Maersk Sealand in IT and Operations positions in Thailand, Mali & Denmark. He holds a Master of Business Administration from IMD, Switzerland.