Webinar

Creating a competitive advantage with a resilient & transparent supply chain

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Director of Northern Europe, Shippeo
Agenda

1. How technology is transforming the supply chain and why supply chain companies are attracting venture investments?

2. How to address the fragmentation and transparency issues and create a resilient supply chain?

3. How Faurecia, a global automotive supplier, and Leroy Merlin, an international DIY retailer are relying on real-time and predictive supply chain visibility to become more competitive?
How technology is transforming logistics & supply chain

1. INDUSTRY CHALLENGES
2. TRANSFORMATION FORCES
3. DISRUPTION
# 1) Industry Challenges

The logistics & supply chain industry faces many challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Description</th>
<th>Europe</th>
<th>US</th>
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<tbody>
<tr>
<td>Shortage of Workforce</td>
<td>• Large share of employment</td>
<td>• 3.2M truck drivers</td>
<td>• 5M workers (3% of workforce)</td>
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<td></td>
<td>• Driver shortages and high employee churn</td>
<td>• ~20% driver shortage</td>
<td>• 8% of US GDP</td>
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<td>Fragmentation &amp; Complexity</td>
<td>• Complex geographic footprints</td>
<td>• 600k trucking companies</td>
<td>• 1M trucking companies</td>
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<td>• Variety of goods transported</td>
<td>• 44 countries, 24 official languages</td>
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<tr>
<td>Lack of Transparency</td>
<td>• Low standardization</td>
<td>• &gt;400 telematics &amp; gps providers</td>
<td>• &lt;100 telematics &amp; gps providers</td>
</tr>
<tr>
<td></td>
<td>• On-premise software</td>
<td>• Multiple layers of subcontracting</td>
<td>• Limited subcontracting</td>
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<tr>
<td></td>
<td>• Subcontracting</td>
<td></td>
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<tr>
<td>Cost Pressure</td>
<td>• Difficult to optimize capacity</td>
<td>• Empty running 15-30%¹</td>
<td>• Empty running ~20%</td>
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<tr>
<td></td>
<td>• Labor-intensity</td>
<td>• EBIT margins for 3PLs typically 1-4%</td>
<td>• EBIT margins for 3PLs typically 4-7%</td>
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<td>• Emerging technology adoption</td>
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</table>

1) International 15%, Domestic 30%
Source: Transport Intelligence, IRU, Goldman Sachs, International Trade Administration, Convoy, Expert interviews, NGP Analysis
Several macro and technology trends are driving development

MACRO TRENDS

1. eCommerce and growing customer expectations
2. Shifting work patterns

TECHNOLOGY TRENDS

3. Multi-tenant SaaS
4. APIfication
Venture capital funding in supply chain technology has increased by more than 14x since 2010

Selected Fundings in 2019:

- **flexport**: Freight forwarder, $1,000M
- **CONVOY**: Trucking freight network, $400M
- **samsarc**: IoT devices for tracking, $300M
- **KEEP TRUCKIN**: Fleet mgmt & ELD, $149M
- **NEXT TRUCKING**: Drayage freight network, $97M
- **EMBARK**: Self-driving trucks, $70M

Note: Numbers exclude Uber.
Source: Pitchbook
A new generation of tech-enabled companies is emerging

### TECHNOLOGY ENABLERS
- **IoT & Sensing**
  - samsarc
  - roambee
  - TRAXENS
  - SCANDIT

- **Autonomous Trucking & Robotics**
  - E/NRIDE
  - EMBARK
  - Peloton
  - BALYO

### SOFTWARE-AS-A-SERVICE
- **Logistics Procurement**
  - SHIPSTA
  - XENETA

- **Supply Chain Planning, Visibility, Risk & Analytics**
  - SHIP2O
  - riskmethods
  - veekia
  - RELEX
  - zenCARGO

### MARKETPLACES & SERVICES
- **Warehouse & Fulfillment**
  - FLEXE
  - Cubyn
  - byrd

- **Freight Marketplaces (Land, Ocean, Air)**
  - FLEXPORT
  - CONVOY
  - INSTAFREIGHT
  - onTRUCK
  - FREIGHT HUB
  - FREIGHTOS
  - UBER FREIGHT
  - cargo.one
  - Flock Freight

- **Digital Freight Forwarders (Land, Ocean, Air)**
  - FLEXPORT
  - CONVOY
  - INSTAFREIGHT
  - onTRUCK
  - FREIGHT HUB

- **Last Mile Delivery**
  - Postmates
  - STARSHIP
  - shadowfax
  - BRINGG
3) DISRUPTION

NGP Capital portfolio in Smart Logistics

- **Next Trucking (US)**: Digital Freight forwarder focused on Drayage.
- **Peloton Technologies (US)**: Developer of a V2V platform that enables truck platooning and fleet management.
- **Deliveroo (UK)**: On-demand food delivery company.
- **Shippeo (France)**: European leader for supply chain visibility software.
- **Scandit (Switzerland)**: Mobile data capture software for Retail and Logistics.
- **Shadowfax (India)**: India’s largest logistics provider for local businesses.
- **Meican (China)**: Largest B2B food delivery company in China.
- **Quiknos (China)**: Cold chain logistics for medical supplies and test services.
- **Fetchr (UAE)**: Last mile delivery company. 2nd largest 3PL in the Middle East.
Supply chain software adoption is growing. In 2019, visibility was the most important initiative.

### Adoption status for supply chain applications 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Deployed</th>
<th>Implementing</th>
<th>Plan to buy</th>
<th>Not in roadmap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order mgmt.</td>
<td>56%</td>
<td>27%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>WMS</td>
<td>56%</td>
<td>26%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>TMS</td>
<td>46%</td>
<td>25%</td>
<td>21%</td>
<td>8%</td>
</tr>
<tr>
<td>Core SC planning</td>
<td>45%</td>
<td>36%</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Sourcing/Procurement</td>
<td>44%</td>
<td>31%</td>
<td>25%</td>
<td></td>
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<tr>
<td>S&amp;OP</td>
<td>39%</td>
<td>34%</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Analytics / perf. mgmt.</td>
<td>31%</td>
<td>40%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Visibility / event mgmt.</td>
<td>24%</td>
<td>46%</td>
<td>27%</td>
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</table>

### Top 3 most important funded supply chain initiatives 2019

- Visibility / end to end traceability: 46%
- Inventory / asset optimization: 37%
- BI and analytics: 36%
- SC / network redesign: 34%
- Customer / supplier collaboration: 32%
- S&OP: 31%
- New SCM app / technology: 31%
- Automation / material handling: 13%
- Recruiting, training, talent: 11%
- Emerging technologies: 11%
- Other Initiatives: 4%

Source: Gartner surveys to supply chain leaders
Why we invested in Shippeo?

INVESTMENT RATIONALE

Large Market Opportunity
Real-time supply chain visibility is a large and rapidly growing market.

Product & Network
Strong product and analytics capabilities. Proven ROI. Broad network of carriers and telematics integrations.

Customer-centric approach
Long term partner to customers. Deep integration to processes. More than 50 enterprise customers. 0% customer churn.

FUNDING & INVESTORS

Total funding: $36M
Last funding round: $22M (Jan-20)
THE LEADING SUPPLY CHAIN VISIBILITY PARTNER IN EUROPE

- **80** full-time employees in throughout Europe 7 offices
- ⅓ of the team focus on R&D
- **5 million loads tracked** each year for 50+ customers
- **140,000+ carriers** network in 40+ countries
- **500+ connected systems** (Telematics, TMS, AIS, and Parcel APIs, WMS, ERP, etc.)
- Dedicated teams throughout Europe speaking 20 languages
50+ GLOBAL COMPANIES TRUST US

CPG & RETAIL
- HEINEKEN
- DECATHLON
- INTERMARCHE
- Carrefour
- FRANCE BOISSONS
- Kronenbourg
- Auchan
- ECKES granini

INDUSTRY
- faurecia
- ROQUETTE
- TOTAL
- hager
- Schneider Electric
- sappi
- Prysmian Group

BUILDING MATERIALS
- SAINT-GOBAIN
- Siniat
- LEROY MERLIN
- adeo
- castorama
- FRANS BONHOMME
- GediMAT

3PL & 4PL
- FM LOGISTIC
- DB SCHENKER
- arcese
- ASSTRA
- VIAPOST
- LABATUT
THE SHIPPEO REAL-TIME VISIBILITY PLATFORM
MULTIMODAL VISIBILITY NETWORK

COLLECT REAL-TIME DATA FROM ALL MODES OF TRANSPORTATION

- OCEAN FREIGHT
  - AIS / shipping lines

- PORT
  - Port terminals

- PARCEL
  - API / IoT
  - TMS / SSCC
  - WMS

- FULL TRUCKLOAD
  - TMS / telematics / smartphone

- LESS THAN TRUCKLOAD
  - TMS / SSCC

- WAREHOUSE
SHIPPEO GIVES SHIPPER, CARRIERS AND RECIPIENTS INSTANT ACCESS TO PREDICTIVE AND REAL TIME VISIBILITY OF ALL DELIVERIES IN 4 STEPS

**CONNECT**

Exchange real-time information with all relevant systems used by the shipper and their carriers.

**ANTICIPATE**

Identify anomalies quickly and accurately.

Shippeo proprietary ETA calculation algorithm based on machine learning

Shippeo control tower for ongoing tours, with status, traffic and real-time events

**COMMUNICATE**

Communicate proactively with all stakeholders.

Visibility Solutions for the client

PUBLIC LINK OF FOLLOW-UP OF THE ORDER

DEDICATED WEB PORTAL FOR CLIENT

Proactive notifications via different channels

SMS

EMAIL

API

**IMPROVE**

Measure your delivery performance precisely to improve it

Reliable measurement of delivery performance using precise delivery times recorded by GPS and geofencing

Real-time data presentation on a customizable online dashboard (Module Shippeo Insights)
FAURECIA SEATING IS THE GLOBAL LEADER IN AUTOMOTIVE SEATING COMPONENTS AND COMPLETE SEATS DESIGN AND ASSEMBLY

#1 worldwide in mechanisms & seats structure
#3 worldwide in complete seats

- Global standard frame platform leader
- Full range of high-performance mechanisms
- Advanced mechatronic systems
- Full JIT services and seat component offer: covers, foams, accessories
- Personalized through Smart Comfort solutions
- Seat Electronics

- €7.5 billion Value-added sales 2018
- 44,800 employees
- 74 production sites
- 19 R&D and D&D centers
- 23 countries

A strong presence in all automotive regions
FAURECIA’S SUPPLY CHAIN AT A GLANCE

- Tier-n Suppliers
- Internal Suppliers
- External Suppliers
- Complete Seats Assembly Plant
- Components
- Packaging

Global xDocks Network

Just In Sequence

O.E.M.
1. Non-anticipated over costs (waiting times, extra distance) re-invoiced by carriers with no control
   Representing up to 20% of transportation costs

2. High cost of line stops if component supply is disrupted
   Around 1000 EUR / minute in case of line stop

3. Penalties for non-anticipated late deliveries
   Can reach up to 10% of the revenue for a given customer
TO SOLVE THESE THREE CHALLENGES, THE SOLUTION HAD TO DELIVER ON FOUR STEPS

1. **Non-anticipated over costs** (waiting times, extra distance) re-invoiced by carriers with no control

2. **High cost of production line stops** if component supply is disrupted

3. **Penalties** for non-anticipated late deliveries

---

**CONNECT**

Exchange real-time information with all relevant systems used by Faurecia Seating and their carriers.

**ANTICIPATE**

Identify anomalies quickly and accurately.

**COMMUNICATE**

Communicate proactively with all stakeholders.

**IMPROVE**

Measure your delivery performance precisely to improve it

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Several million euros in savings targeted EVERY YEAR
A TRUE PAN-EUROPEAN PROJECT, DEPLOYED IN 7 MONTHS

- Deployed to 38 plants and 48 carriers in **7 months**, between September 2017 and April 2018
- Tracking 1600 flows per week in **16 countries**
- Users speaking **14 different languages**

A FLEXIBLE SOLUTION USED AT ALL PLACES AND ALL FUNCTIONS

- The solution is being used by **traffic schedulers, carriers** as well as **warehouse operators** to track incoming traffic
- The platform is **integrated** to traffic schedulers’ TMS and used at the warehouses as an e-receiving board to allow dynamic dock management
First real-time tracking system for land transportation in the automotive industry

Direct integration to Faurecia Seating daily tools

Innovative machine learning ETA calculation

Pan-European deployment regardless of the language or their region

Detailed tracking of all transportation inefficiencies to save resources

Cost optimization: dwell time reduction and anticipation of delays to avoid penalties or line stops

Real time communication on transportation risks to customer teams allowing proactive reaction
Operational excellence via a deployed TMS

Decrease carbon emissions

Transport Track & Trace

Buying and carrier strategy

Capture transport economic perf
2 DIFFERENT SCOPES WERE ENTRUSTED TO SHIPPEO

OUTBOUND DELIVERIES

- Connection to 100 carriers
- Provision of transport visibility to transport management
- Provision of transport visibility to the 138 stores
- Single communication stream with carriers and stores

INBOUND DELIVERIES

- Connection to 80 carriers as well as the reception of OTM data
- Provision of transport visibility to transport management & stores
- Single communication stream with carriers and stores
- Appointment taking
**USECASE: SHIPPEO DEPLOYED ALL THE CARRIERS AT A RATE OF 5 ONBOARDINGS PER WEEK**

**SCOPE**
- 100% of the scope have been onboarded
  - 180 onboarded carriers

**REAL TIME**
- 80% of the carriers are sending live GPS position
  - 144 carriers in real-time

**INFORMATION ON DELIVERY**
- 100% of the orders contain information about delivery
  - 17,000 TOs per month

**SHIPPEO USERS**
- Shippeo is used as an everyday tool by the transport department and has become the only channel of communication with carriers:
  - 40 daily users

**CUSTOMER PORTAL**
- End customers have direct visibility on their deliveries through the customer portal.
  - 1000+ logs a week

**API DEVELOPED**
- Shippeo developed connections to software editors in order to insure the success of the project.
  - 40+ connections developed
MULTIPLE BENEFITS CAN BE SEEN AT ALL LEVELS

Actionable insights to improve operational efficiency

- Accurate and objective measurement of unloading times at stores
- Objective OTIF measurement per store and per carrier

Increased supply chain visibility allows companies to efficiently manage exceptions, quickly highlight areas of improvement, and carry out cost-efficient corrective solutions.
Increased productivity of transportation teams

- A 25% decrease of calls with carriers
- A 25% decrease of inbound store calls
- A daily control tower allowing teams to quickly anticipate delivery problems

Real-time visibility reduces the need for in-store teams to aggregate delivery information, allowing them to focus on in-store operations and customer service.
Instant access to delivery information for in-store teams, increasing customer satisfaction

- A unique portal enabling stores to receive delivery alerts
- A unique portal allowing stores to quickly anticipate each deliveries ETA, in order to efficiently manage unloading and in-store operations
- A faster and more precise response to delivery information requests from stores, regarding their deliveries
QUESTIONS?
QUICK POLL