

Forum



Summer 2006

UPS History

UPS celebrates 30 years of service in Europe

And looks forward to the next 30

Depending on your perspective thirty years can seem like an eternity, or it can pass by in the blink of an eye. For an example just ask a small child to describe a 30 year-old person. You will hear words like 'old' and 'wise' used. Now ask a 30 year-old to describe him or herself and you'll hear words like 'young', 'energetic' and 'ambitious'.

Here at UPS Europe we're trying to figure out which words describe us best on our thirtieth anniversary. It's true that compared to some of our competitors we feel like the old wise man of the village but when you go into our operations there is no mistaking the vitality and energy of youth that pervades everything we do. So which one is it, young or old? Well, it's both really.

When UPS opened for business in West Germany in August 1976 we had a couple hundred employees, 120 delivery vehicles and 60 customers. One of those newly-hired employees on opening day was a young man named Wolfgang Flick – the current President of UPS Europe. For the next nine years Wolfgang and his colleagues concentrated on getting goods around West Germany with the same reliability and care that had made UPS such a success in the United States.

1985 brought a major change as UPS expanded beyond Germany's national borders and introduced an international air express service to and from major European countries and the United States. Back then shipping patterns in



Europe were very different from what they are today. Shipping was done on a local level, taking place largely within national borders. Then, the prospect of country-to-country shipping involved a blizzard of confusing delivery services, confounding rate tables, and maddening regulations and customs requirements.

Europe was moving toward economic unification and a borderless trading region. The need to simplify cross-border shipping was becoming clear to us and we began to act. From 1987 to 1992 UPS expanded its infrastructure and network in Europe by acquiring 16 operators in various countries.

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Different industries, different solutions

One size does not fit all

It's no surprise that each industry in the world faces its own unique challenges.



For global industries like the automotive and high tech industries these challenges are exacerbated by continuous pressure from competitors waiting to pick out any flaw, any advantage they might derive from another competitor. The good news is that UPS has the knowledge and services to provide just such an advantage.

Working with industry leaders has led us to develop a series of best practices and innovative solutions to problems that dog many companies. For an on-the-road workforce we can make sure that they know when a spare part arrives at a customer for work. This way they avoid waiting and wasting valuable time.

We can help with manufacturing trends like Build-to-Order which are only as good as the delivery process that allows stock to be minimised. Honouring warranty commitments is only as feasible as your reverse logistics are functional. Saving money by manufacturing in China is only a savings if you can get your components and products back to Europe when you need them. UPS can help you with all of these scenarios and more.

The processes, trends and ideas mentioned above are just a few of the different movements currently underway in manufacturing and supply chain design. Each one of

them comes with a small or large amount of what we call 'pain points' or 'pinch points'. They're those moments where an idea transforms from brilliant simplicity on a whiteboard to infuriatingly difficult in practice because of one element or another. Smoothing those moments, finding a workable solution, that is what UPS does best – whatever the industry. To learn more on how UPS can help you in the automotive industry, high tech industry, pharmaceutical industry or another industry please contact your UPS sales representative.

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Grand Opening

Big things in lots of packages at new Cologne Hub

UPS investment makes Cologne Hub the new centre of Europe

In the news world there is big news, and there is news about big things. The opening of the expanded UPS European air hub is both. After two and a half years of construction and an investment of more than 111 million euro, UPS announced the official opening of the 75,500 square meter facility.

The expansion more than doubles the operating area in Cologne/Bonn to the equivalent of more than ten football fields and automates the express package sorting process with advanced, customized technology. The new building is the largest facility investment outside of the United States in UPS's history and increases the hubs sorting capacity to 110,000 packages per hour or more than 30 packages per second. "Through the Cologne facility, UPS can now connect the world to Europe like never before,"

said Wolfgang Flick, president of UPS Europe. This was more than mere words as an additional flight between

will be used on the route between Cologne and Shanghai and it will make five trips per week.

United States so it's extremely important to us," said David Abney, President of UPS International.

from an arriving plane, they traverse a world of automated belts, scanners and tilt-trays until they are ready to be loaded into containers on an outbound flight. In between those two stages, the packages travel on the almost 30km of belts in the facility depending on where they are from and where they are going. It takes a total of 1800 employees working at all hours of the day and night in a multitude of different roles to make sure that this complicated operation never hits a glitch.



Cologne and Shanghai was announced on the same day as the opening. An MD-11, one of the largest planes in the UPS fleet,

"The hub in Cologne is a cornerstone to our network. It allows us to connect Europe to Asia, Europe to Europe and Europe to the

The new hub brings more than just sheer size to UPS's European operations, it also brings technology. Once packages are unloaded

UPS's air hub at Cologne/Bonn has been the main European gateway for our ever-growing global network since 1986. Along with the Worldport facility in Louisville, Ky., and Asian hubs in Taiwan and the Philippines, Cologne/Bonn plays the central role in UPS's ability to offer customers optimal international service.

UPS Technology

DIAD IV – The world at your fingertips

At UPS we talk about technology a lot. It's hard not to when we invest \$1 billion annually.



But most of technology is behind the scenes – innovations and improvements that customers can't feel or hold. On the other hand, there is one piece of technology that you've probably held numerous times and didn't know just how advanced it was. That brown handheld computer where you sign your name every time

you receive a package is known as a DIAD (Delivery Information Acquisition Device), and there is a new generation coming on board, the DIAD IV.

The DIAD IV is being rolled out across Europe in 2006 and while it may not appear too different on the outside

(a little smaller, softer curves, different buttons) the inside is where the real changes lay. The new DIAD has three different methods of wireless communication – a first in the industry. There is Bluetooth connectivity for use in the personal area, WiFi connectivity for the local area, and GPRS or

CDMA connectivity for use anywhere in the globe.

The addition of Global Positioning Satellite capability is an exciting development in the handheld computer market. It brings us one step closer to having the ultimate in delivery-service transparency. With the addition of a colour screen, a greatly expanded memory (128 megabytes) and an additional modem our drivers may be forgiven for thinking that their rugged work tool is more computer than tool. So keep your eyes open the next time you are signing for a package – what you are holding in your hands is a lot more than just a simple tool, it's a leap in delivery technology.

In the 16 years since we introduced the first DIAD there have been a lot of changes. The technology in them was revolutionary at the time, as was the idea of collecting an electronic signature, but looking at one now they seem to resemble a slab of brown granite more than a high tech tool. We may say the same about the DIAD IV in 16 years time but that will only be because we've continued to push the boundaries of technology to help us provide the best, most efficient service possible.

Expanded Services

Extending the Quantum View family

Increasing visibility, cost control and time management – for free!

Quantum ViewSM Manage sounds like something quite complicated involving physics, lasers and possibly, extra-terrestrials. In fact, it is easy-to-use free software available from UPS that can dramatically improve the way you track and manage your shipments. There is no special IT installation or support needed and QV Manage is designed to be used by anyone with basic computer skills.

Quantum comes from the Latin word 'Quantus' meaning 'how many' or 'how much.' With Quantum View Manage you can view the number of packages wherever they are in the delivery process to better manage them and your business.

The increased visibility possible because of QV Manage is the primary attraction for many users. You can see when a package is processed, in transit, when it arrives and why it might be interrupted. This can all be done without a tracking number which can save you time and improve your internal processes. With visibility comes information which you can then share with interested parties. Use proactive notification to let a customer know that a package has been shipped or there has been a change of status. Speed up your cash flow by billing customers as soon as a shipment is delivered.

“ The increased visibility possible because of QV Manage is the primary attraction for many users. ”

Within QV Manage there are also customisable tables, search and set-up preferences, including exception and delivery alerts and a number of other ways to store and analyse your shipping data. Analysing your stored data will also enable you to identify trends, revise strategies and increase efficiencies.

Quantum View Manage has been available in the Benelux, Germany, Switzerland, Spain, France, Italy and the UK for some time now. As of July 2006 it will also be available in the Nordics, Austria, Ireland, Poland and Portugal.

To learn more about Quantum View Manage and how it can help you please do

not hesitate to contact your local UPS representative.



Case Study

UPS and Imago: Fashionably on-time



The fashion business, like the delivery business, is all about timing

Fashion boutiques across Europe are a fascinating array of colour, where the latest eye-catching fashions vie for the attention of fashionistas and trend-setters. For Imago, an Italian importer of top-of-the-range fashion garments,

it is vital to maintain a continuous flow of new and awe-inspiring haute couture items to keep shoppers, and shop-keepers, enthralled.

Imago was founded in 1997 with the goal of becoming

a reliable, top-quality supplier of garments directly to boutiques and fashion vendors across Europe. To do this Imago needed one logistics provider who could integrate its freight, customs clearance and package delivery needs into a single process. They chose UPS Supply Chain Solutions to engineer and implement the company's entire Supply chain. Final stage delivery is carried out via UPS's traditional small package network with time-definite delivery. Depending on how urgent the shipment is for final recipients Imago can

use a combination of small package delivery options (UPS Express, UPS Standard, UPS Expedited). Because orders arrive promptly and reliably, Imago's customers – boutiques and fashion houses across Europe – no longer have to needlessly hold inventory and can easily change their fashions with the changing of the seasons.

For Imago, the important factor in choosing UPS was not one particular service but the combination of services and expertise available. "Importing from countries in different continents, dealing with specific customs regulations, offering quality control and national redistribution, collecting payment from clients and dealing with returns are just some of the areas where we needed help. UPS Supply Chain Solutions gave us all this with excellence, reliability and competence in order to make everything run smoothly," said Imago owner Diego Lorenzini.

Imago has grown significantly since its inception almost ten years ago. In that time UPS has provided tailor-made services that could be adapted as Imago grew. Now that it has achieved a significant presence on three continents Imago and UPS continue to work closely together. In 2004 more than 50,000 garments were delivered by the UPS global transport and logistics network to more than 250 stores throughout Europe. From the factory in Asia to customers in Europe the entire distribution process today takes no more than one week.

Continued from front page

Integrating those 16 companies, with all of their vital local knowledge and different operating systems was a significant challenge that took time and commitment to complete. But, the result was a company with a local, European and global viewpoint. This viewpoint allowed us to launch 'Europe's New Delivery System' in September 1996.

This pan-European seamless service portfolio was supported by a fully integrated air and ground network, uniform, industry-leading technologies and a one-stop shop for all of a customer's shipping needs. As the EU has continued to expand we continued to work on our network, expanding into new, younger markets and rolling out enhanced products and services in more mature countries where we already had a presence.

That's one of the ways how UPS manages to stay both young and old at the same time. We are different things to different people at different times. In the former West Germany businesses have grown and matured with us and expanded internationally as we have introduced new services and options. We can look back together on three decades of teamwork, commitment and dedication.

In other countries we see enormous potential in the ambitions and vitality of the people and businesses. Next year will mark the entry of Romania and Bulgaria to the EU family and we'll be there to greet them with an unparalleled level of service and our integrated network. Our services will grow as the young businesses in Bucharest and Sofia realise their own potential within the common market.

Today, Europe is UPS's largest market outside the United States and accounts for half of the company's international revenues. UPS Europe, which includes the Middle East and Africa, currently employs a workforce of more than 27,000 on the small package side of the business, supported by a delivery fleet of more than 8,000 vehicles and over 40 aircraft. Stay with us over the next 30 years – we've got big plans to come.

Expanded Services

Trade Direct expands further

Trade Direct now available in Europe, Asia, US and Canada

Over the past few years supply chains have gone from being seen as an unavoidable cost expenditure to an area of potential competitive advantage. Potential, however, is the key word. UPS's mix of experience and expertise can unlock that potential and provide you with a competitive advantage.

When Royal Philips Electronics of the Netherlands approached UPS with an ambitious project to redesign the distribution network of Philips Semiconductors' it was with two goals in mind: Optimise performance and enhance service for its customers. To do that it needed to increase flexibility, reliability and global visibility. It also needed to reduce manual processes which contributed to a lengthy order-to-delivery time and helped drive a high error rate.

Philips and UPS began implementation of a multi-phase programme that would reorganise Philips Semiconductors' entire Asia to Europe distribution infrastructure. Using Trade Direct an integrated, multi-modal service that combines air freight and customs clearance with package and LTL (less than truck load) delivery, Philips get their goods to market faster and with fewer errors.

Now that all phases are executed UPS oversees Philips' complete supply-chain transportation needs, its warehousing requirements and its cross-docking operations – all while serving as the company's single point of accountability.

As a result Philips Semiconductors' turnaround time has been slashed from

Visibility is increased using UPS Flex Global View throughout the entire supply chain process.

In recent months the range of UPS Trade Direct has also grown. We've recently added service between Canada and Europe for Trade Direct Air and Ocean as well as Trade Direct from the US to Europe.



Trade Direct routes available to and from Europe

8 days to 48 or 72 hours within Europe. Billing for customs brokerage, transportation, duties and taxes all come from one service provider to reduce costs and simplify invoicing.

These additions complement our existing services from Europe to the US and from Asia to Europe and mean Trade Direct can help your supply chain almost anywhere in the world.

News of the World

Looking for an experienced employee?

In a company where 25, 30, or even 35 years of service is not uncommon, Marty Peters has at least 10 years more experience than the next longest-serving employee. At age 83, Marty, who currently works full-time as a shifter and centre clerk in the Metro Detroit facility has held a variety of positions during his 60-year tenure as of March 7, 2006. That is a service milestone surpassed only by company founder Jim Casey and UPS's third CEO, Paul Oberkotter.

We're going to blush...

According to Fortune magazine UPS is the "Global Most Admired" company in the delivery industry. That's a nice feeling but this acclaim is more useful as a reminder that we need to be your "Most Admired" in order to continue being successful. Let us know how we're doing at tellus@upsforum.com.

Look on the bright side

Small and mid-sized businesses in India are more positive about their current prospects than similar businesses in China; according to the 2006 UPS Asia Business Monitor, a survey of 1,200 executives in small to mid-sized Asian businesses. 35% of Indian respondents believe their company's prospects are 'much better' for the coming 12 months than in the previous 12 months.

Going to your happy place...in a friendly way

UPS has been named the official express delivery sponsor of Hong Kong Disneyland as well as the Hong Kong Disneyland Railroad Station and Steam Train. There are no plans at this time to use the steam train for delivery purposes.

We want to hear from YOU

Remember – this newsletter is just for YOU! Your opinion is important to us and we'd love to hear what you think of UPS Forum, any suggestions you might have and stories (funny or not) that you'd love to share. Send them to tellus@upsforum.com. What's more, if you know of someone who would like to receive UPS Forum regularly, give us their details and we'll make sure they don't miss out!

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