

INNOVATION AND INNOVATION MANAGEMENT AT DEUTSCHE POST DHL GROUP

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Deutsche Post DHL
Group

What you can expect today

- Deutsche Post DHL Group: Who we are and what we want ...
- Innovations: Why we need them and how they look ...
- Innovation Management: How it works and what it takes ...

Who we are - One company with two strong pillars

Deutsche Post DHL
Group

Deutsche Post 

The Post for Germany



The logistics company for the world

CORPORATE PRESENTATION 2019 | Bonn | April 1, 2019

Who we are – a family of strong divisions

A global company with a unique portfolio

Germany's No. 1 mail and parcel provider



Global E-Commerce enabler



**Deutsche Post DHL
Group**

No. 1 in international express delivery



Leader in the forwarding business

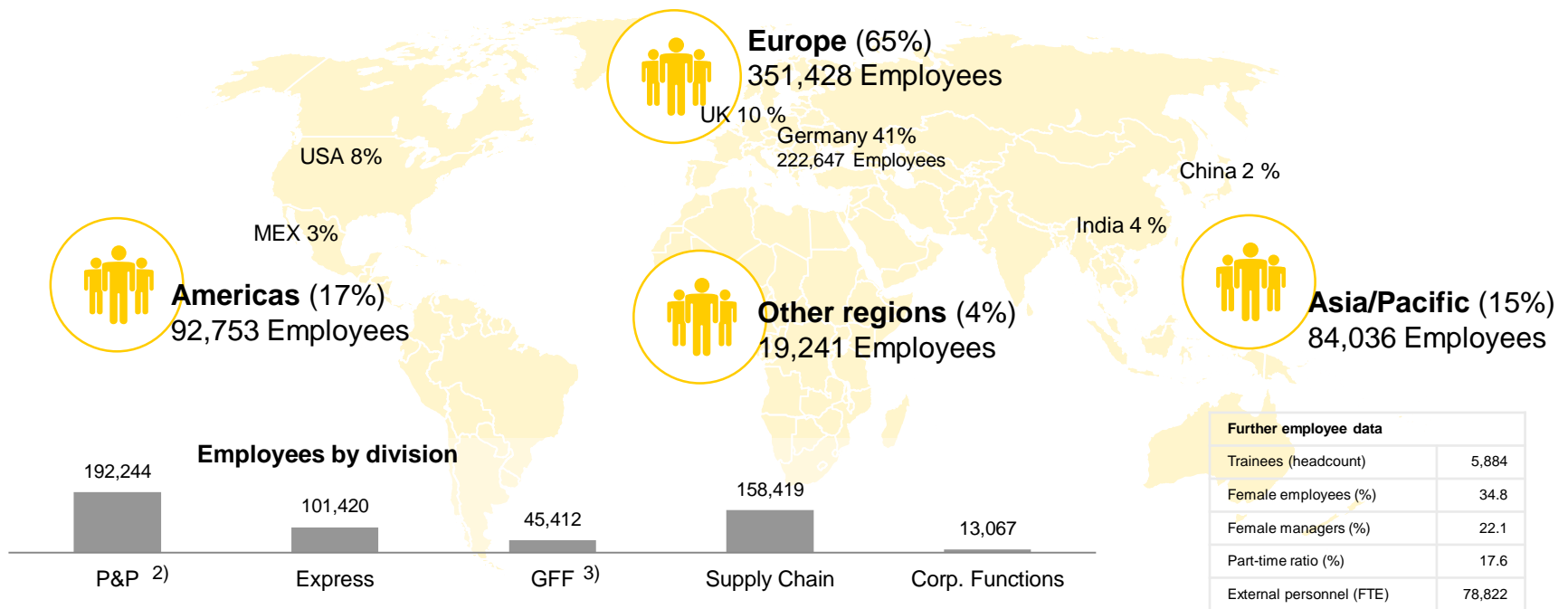


No. 1 in contract logistics



Who we are - Employee data¹⁾

With about 550,000 employees worldwide Deutsche Post DHL Group is one of the largest employers in the transportation & logistics industry.

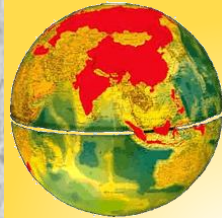


Source: Corporate Responsibility Report 2018; 1) Headcount as of 12/31/2018; 2) Post & Parcel Germany 3) Global Forwarding Freight

What we want – Strategy 2020 is based on key global trends

Continued growth but shift in pattern

- Long-haul trade slowing down
- Emerging Markets remaining important



Acceleration of eCommerce and last-mile innovation

- Multi-channel delivery
- Focus on customer-centric solutions



Transformation through technology and automation

- More efficiency
- New, data-driven business models



Increasing demand for responsible business

- Growing need for green / circular economy solutions
- High social awareness (investors, consumers)



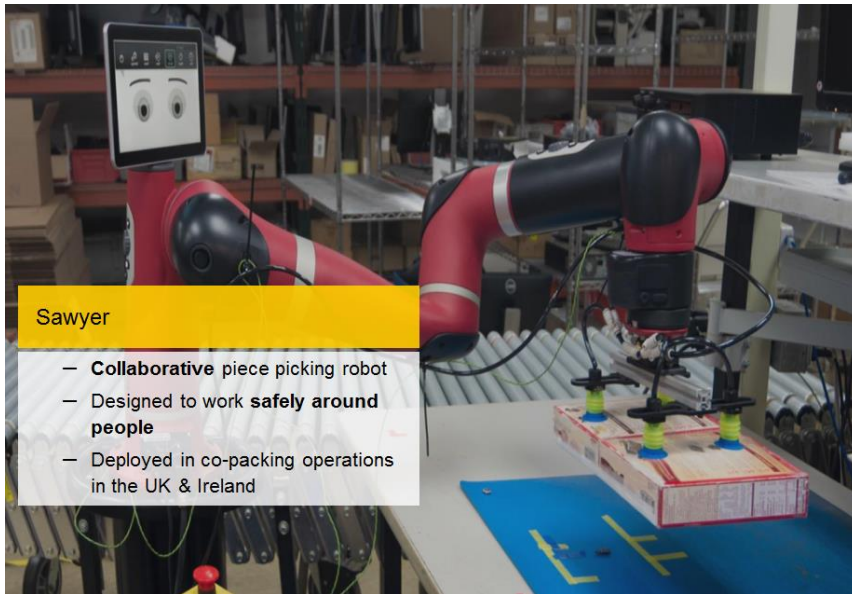
Innovations – new technologies and digitization are part of our strategy



- **Sorting technology and delivery optimization**
Automated sorting by region/street/houses/mailboxes in high rises
- **E-Mobility in delivery**
StreetScooter – a pioneering idea of DPDHL Group, defining a new market and scaling fast by leveraging internal demand
- **Collaborative robots**
Humans and robots working side-by-side in warehousing and beyond
- **Augmented reality**
Vision picking/ smart glasses increasing efficiency significantly
- **Supply Chain visibility**
DHL Resilience 360, a cloud-based platform for risk assessment and incident monitoring



Innovations – automation and robotics in mail processing



Innovations – future of last mile delivery



Innovations – facilitation of delivery



Deutsche Post's PostBot



Innovations – Deutsche Post DHL's electric vehicles

Business exploration I

Disruption – powered by DPDHL Group

A pioneering idea

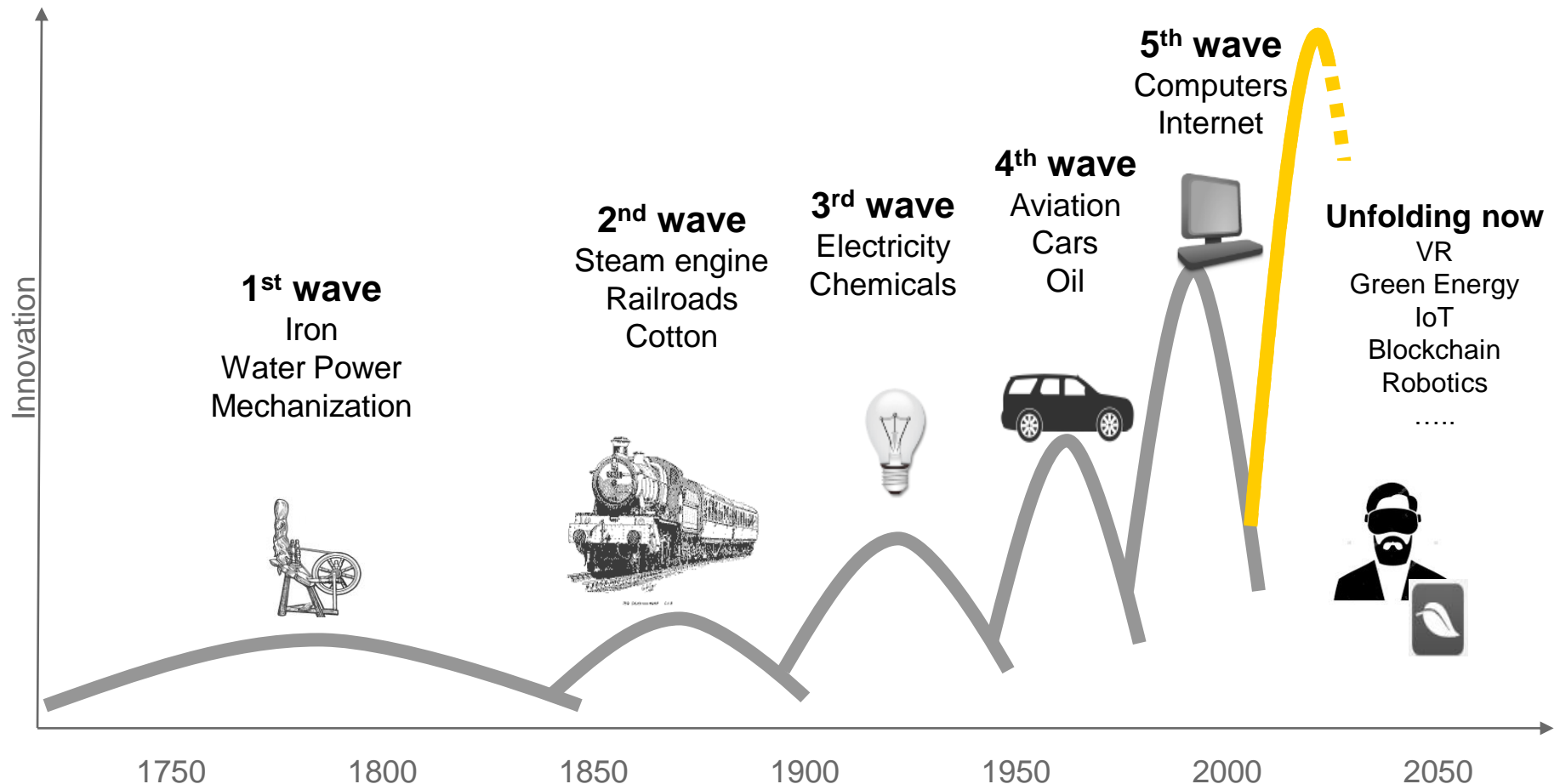
- ✓ Defining a new market
- ✓ Scaring the automotive industry (incumbents)
- ✓ Scaling fast by leveraging internal demands
- ✓ Driven by real entrepreneurship

DHL StreetScooter

- 2011 Commitment to own e-vehicle
- 2014 Acquisition of StreetScooter GmbH
- 2016 New model “Work L”
- 2017 New model “Work XL”
- Today** ~6000 vehicles already on the road
- Sales to 3rd parties, autonomous driving pilots

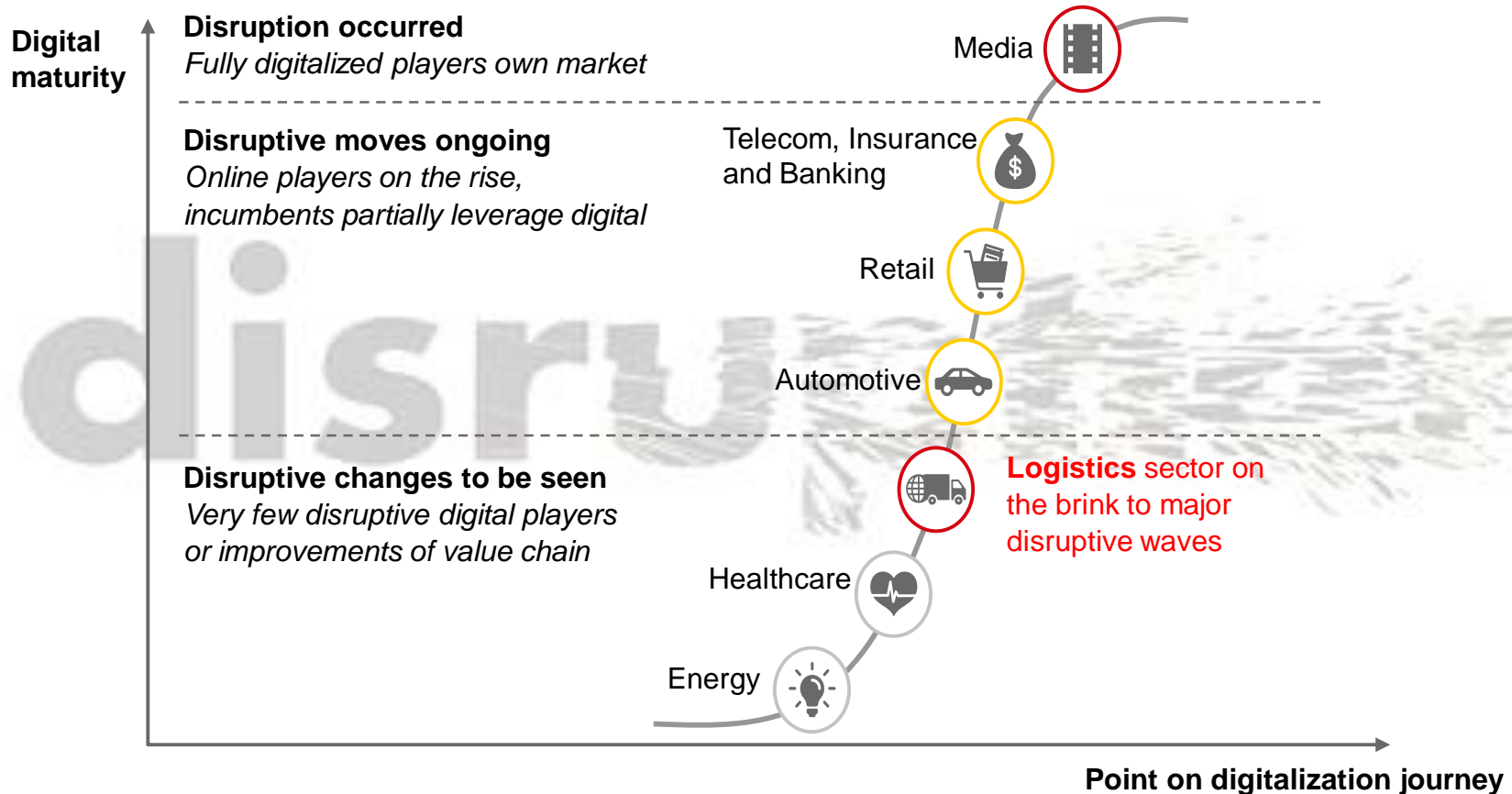


Innovation management – technology change disrupts the logic of traditional business models



Source: adapted from Kondratiev waves and "The Natural Advantage of Nations", Vol. I, K. Hargroves, M.H. Smith; Corporate Development

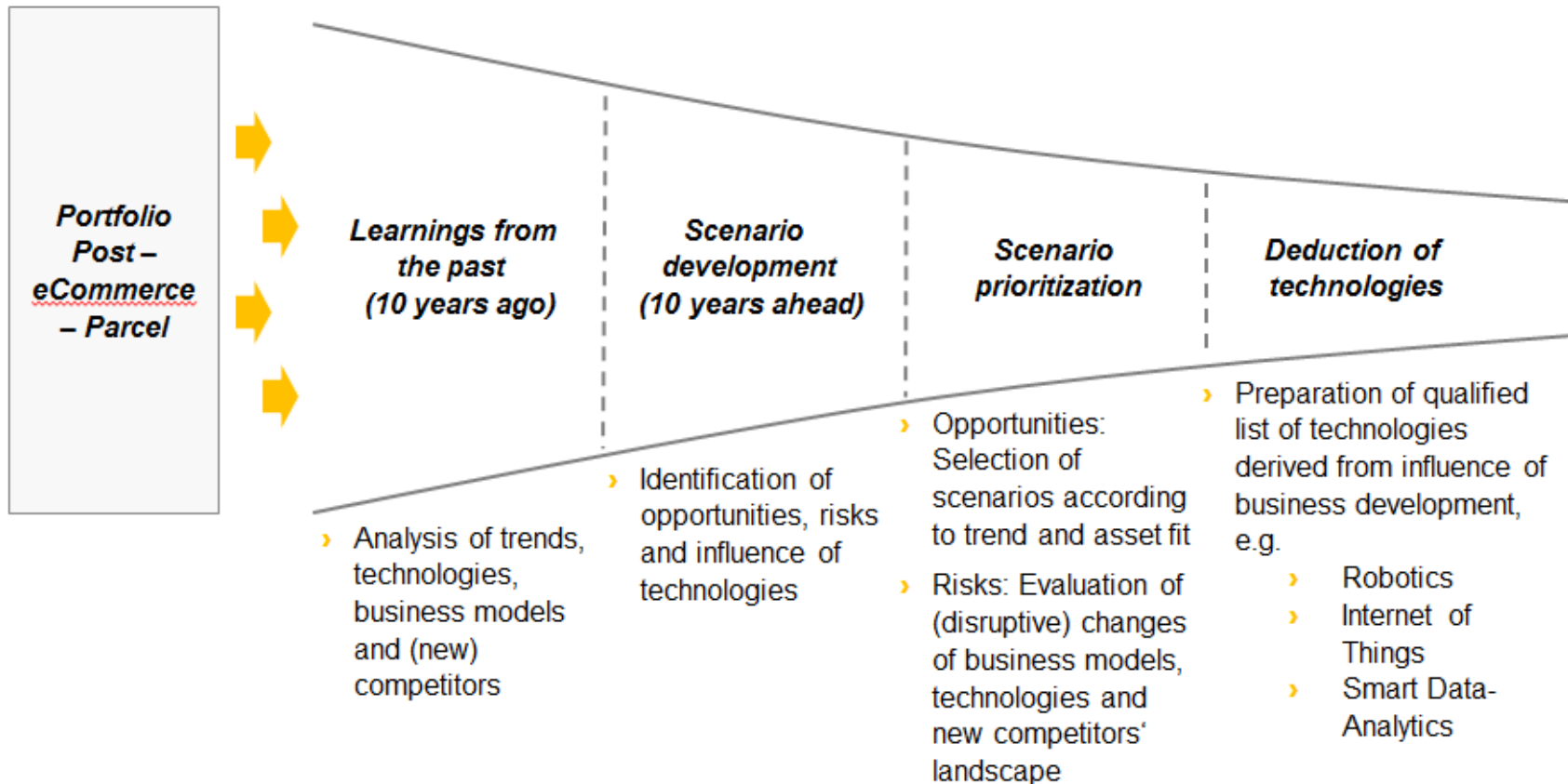
Innovation management – digitalization hits industries in different ways



Source: BCG

Innovation management – identification of mission-critical technologies by developing scenarios

Method for determining relevance of technologies



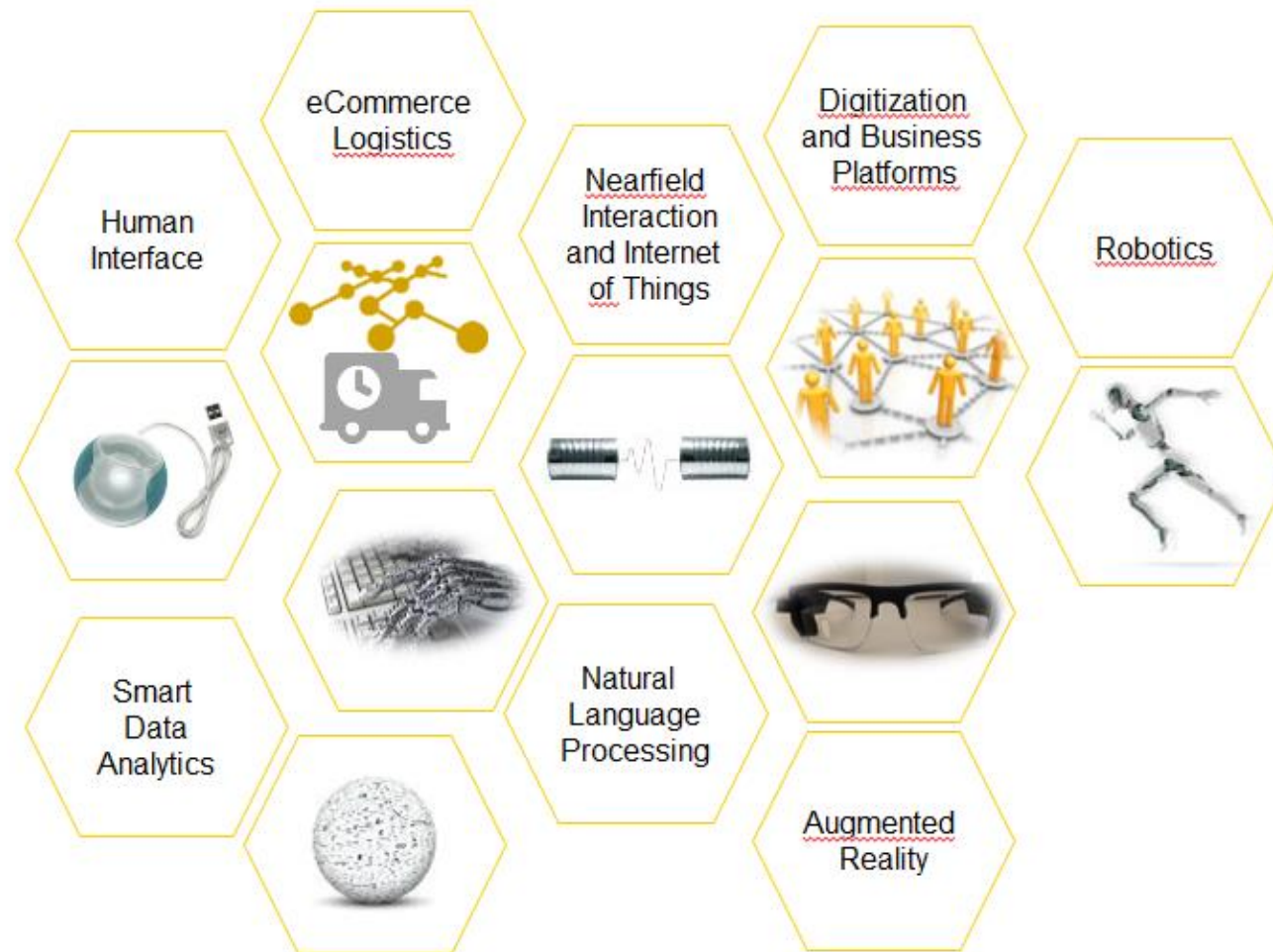
Innovation management – DHL logistics trend RADAR



DHL Logistics Trend Report

Published bi-annually and
available through
www.dpdhl.com

Innovation management – overview current R&D areas



Innovation management – key tasks and processes



> **Analysis** of new services, technologies, business models and processes relevant to our business



> **Evaluation** of maturity level and opportunities of innovation projects



> **Prototyping**, i.e. development of technological basis modules, up to high fidelity prototypes



> **Piloting/Launch** of new services, offers and business models



> **State of the art knowledge transfer** to relevant business units, i.e. by workshops



> **Patent management**, i.e. strategy determination and management “Intellectual Property”

What it takes – technology exploitation and business exploration require also a specific culture and capabilities



What it takes – culture and capabilities

THREE DHL INNOVATION CENTERS in Europe, Asia and Americas



Global Flagship DHL Innovation Center
Near DPDHL headquarter, Germany
Built in 2007, re-opened in 2015



DHL Asia Pacific Innovation Center
Singapore
Built in 2015



DHL Americas Innovation Center
Chicago
To be opened in 2019

Wrap-up some simple conclusions

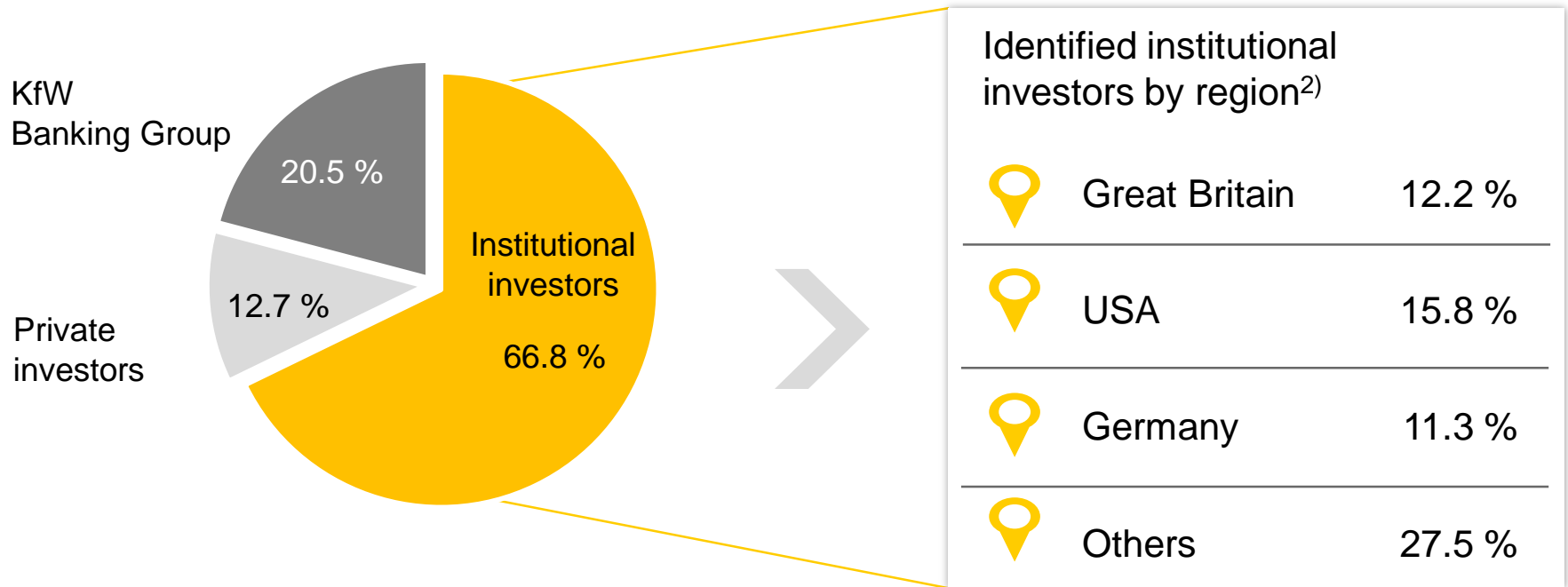
- ❖ The postal (logistics) industry faces huge threats and opportunities
→ technological and social innovations are key to survival and sustainable success
- ❖ When it comes to innovation and active innovation management the size of a company does not really matter
→ a large resp. a small organization comes with benefits and disadvantages
- ❖ Active innovation management is not an isolated activity
→ corporate values and leadership spirit make a big difference and shape the way a company develops and implements innovation
- ❖ Innovation management can be enhanced by providing adequate resources and by establishing the right structures and processes
→ at the end though it is a question of corporate culture
- ❖ Creating the proper cultural conditions is a top management challenge
→ empowerment, risk taking and tolerance for failure are crucial elements



Thank you!

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Shareholder structure - Free float 79.5 %¹⁾



Source: Investor Relations; 1) As of 12/31/2018 2) Incl. other regions and unidentified institutional investors