

Business white paper

HP Managed Services and Solutions for the transportation and logistics industry



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Market situation

Decades of revenue and shipping volume growth, globalization, and consolidation have shaped much of today's logistics market. Their primary effect has been to complicate supply chains—the heart of every logistics business.

As product companies and shippers extended their operations across markets and continents, logistics providers eagerly followed. As a result, logistics providers have grown in size and reach through acquisitions, service portfolio expansions, broadened transportation and warehousing service networks, and larger supplier bases.

Growth in the number of enterprises involved in global logistics and a multitude of touch points have caused supply chains to become more complex and less agile:

- The increase in trading partners, shippers, and carriers has often complicated integration and communications.
- Numerous mergers and acquisitions have resulted in a myriad of business processes and supporting infrastructures and technologies.
- Expanding operations into new countries presents specific challenges, such as new regulations, customs laws, governing bodies, languages, packaging specifications, shipper options, and fuel choices.

Many logistics supply chains are now fragmented. Without consistent visibility to transactions and inventory, supply chain constituents struggle to coordinate and respond to customer demand and supply changes. Furthermore, supply chains are often supported by an old and geographically scattered mix of technology and data sets.

The transportation and logistics industry's response to the current pressure is three-fold:

- Help reduce costs and increase profitability
- Increase flexibility and ability to react to market changes
- Offer better services and added value to customers

Although the importance of integrated freight logistics information is well recognized, the sector has been slow in effecting changes related to its role in the supply chain. With heightened cargo security and continuing productivity requirements, freight logistics enterprises require a more integrated information system to be competitive. Information drives all the fundamental processes in a freight logistics enterprise. Managing this information and its related systems is a key to success. Foremost, the information surrounding in-transit materials and financial management can be as valuable as the actual physical goods.

The challenges

Among the biggest challenges for transportation and logistics companies is reducing operating costs. Oil price instability and swings caused by geopolitical unrest can impact all sectors of the transportation and logistics industry. As energy expenditures increase, the cost of manufactured and transporting goods rises. Rising fuel prices stressing near-term operating costs force logistics and freight companies to redirect working capital investments to higher fuel purchases, driving down operating cash flows. The net result is lower industry capacity and higher transport prices. At the same time, terrorism fears are a source for increased regulatory and security overheads, economic recession causes reduced consumer spending, and it is unclear what will happen next.

In addition, transportation and logistics companies are facing evolving and mixed volume growth. Falling world trade and deteriorating economic conditions can significantly impact the load factor and cause strong decline in freight volumes. Simultaneously however, customer expectations and service levels grew significantly over the past years, forcing companies to adapt to market demand faster and putting their time-to-market response capabilities under pressure. Transportation and logistics companies also have to enable new markets and look for new revenue opportunities while keeping focus on added value and process excellence in established markets.

Other challenges include new and nimble competitors, meeting the needs of more demanding customers, and the imposition of even more stringent business and safety regulations. In addition, transportation and logistics companies have to comply with industry mandates and regulations, which can impact the bottom line and business efficiency.

Sustainability and corporate responsibility are also key elements of transportation and logistics companies' strategies. Aging assets and infrastructure, coupled with increased environmental pressures within the industry to "be green", are propagating accountability for sustainability alongside the value chain.

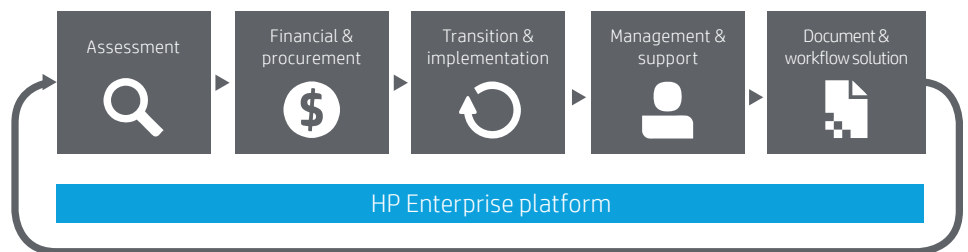
How HP can help

The hard costs associated with inefficient or improperly designed imaging and printing infrastructure are certainly obvious and the first part that large organizations seek to address. Print and print fleet costs tend to be large, yet are mostly hidden.

HP uses sophisticated fleet design capabilities to address this as part of a Managed Print Services (MPS) engagement. To help companies reach an optimized imaging and printing infrastructure state, HP provides a unique set of corporate assessments aimed at analyzing the current environment and helping to define best-in-class infrastructure. HP MPS also offers flexible imaging and printing services that can help organizations to adapt quickly to ever-evolving business and technology environments.

HP's comprehensive Managed Print Services offering

In addition, as a technology industry environmental leader for decades, HP is making it easier for large organizations to use less energy, recycle more and reduce the impact of imaging and



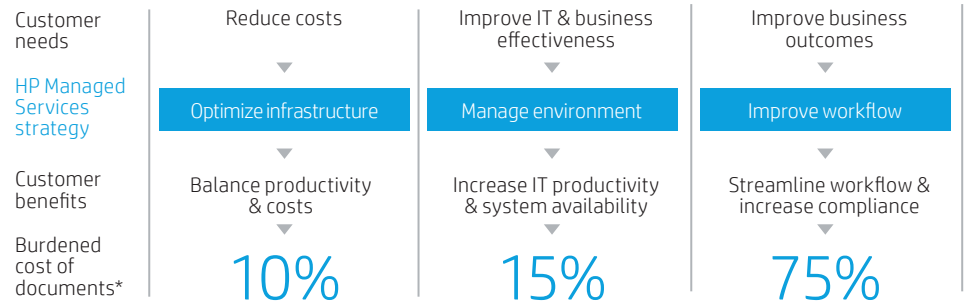
printing—to help you reduce costs, save resources and deliver results that are good for business and the planet.

To learn more, visit hp.com/go/ecoprinting

HP Managed Print Services (MPS)

Many organizations launch initiatives to increase the efficiency of their imaging and printing environment—only to quickly find that maintaining those improvements is the real challenge. Sustainable, long-term efficiency gains require that imaging and printing be approached as part of your organization’s overall IT strategy.

HP’s proven approach to MPS



ROI

*Source: ALL Associates Group, February 2015

In this environment, organizations often discover that it is not enough to pay attention to which technology, services and solutions are deployed. They must also remain attentive to how they are managed over time. When improvement projects are deployed without policies or governance, the imaging and printing environment can quickly devolve back into a sub-optimal state. HP MPS can help organizations reduce costs and increase efficiency on multiple levels by optimizing their infrastructure, managing their environment, and improving workflow.

To learn more, visit hp.com/go/MPS

“With the Managed Print Services contract, we have been able to streamline all our processes more efficiently.”

Dirk Kröning, Vice President Global IT-Infrastructure, LSG Sky Chefs

LSG Sky Chefs processes better streamlined with HP MPS

Objective:

- Reduce the costs of the printer fleet through standardization of the products, services and processes
- Reduce the environmental stress through a Managed Print services (MPS) contract

Approach:

- Compare MPS offers of several suppliers with the primary extension of the costs reduction through standardisation and further focus on environment viewpoints.

Results:

IT improvements

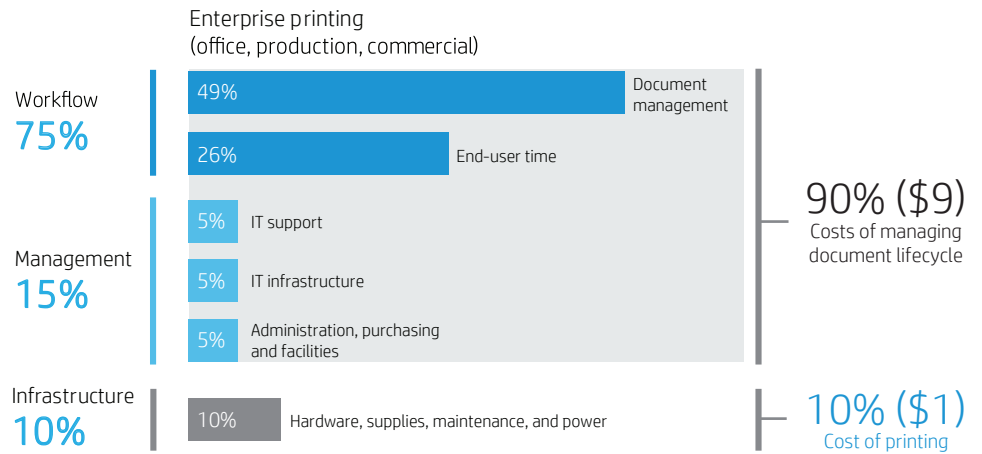
- Relief of the IT Department through full service draft including automated delivery of consumption materials, online reporting as well as Monitoring system

Business benefits

- Improve quantity by 40 per-cent; since implementing HP Managed Print Services as well as internal process improvements
- Reduce paper consumption by 15 per-cent through centralization of printers, including HP Secure Print or Scan-to-email
- Reduce time wasted on maintaining old kit
- Easily integrated into existing IT Outsourcing contract of the LSG Sky bosses

HP MPS helps organizations account for all the costs

Every dollar spent printing involves another nine dollars to manage it.



*Source: ALL Associates Group, February 2015

HP Information Workflow Solutions

In the transportation and logistics industry, large organizations demand the reliable delivery of mission-critical documents when and where they need them. When business-critical information does not get to the right place at the right time your organization can lose revenue and productivity and suffer from unwanted business disruptions. When fully analyzing the cost of 'business documents', All Associates Group reports that 90% of the burdened cost comes from aspects of the document which are NOT related to paper, toner, equipment costs, etc. Further, All Associates Group estimates in its predictive assessment benchmarking that transportation and logistics companies' document spend on print and document management is on average 2.36% of total revenue, (including the total spent on office paper, commercial documents and marketing materials—hard and soft costs).¹

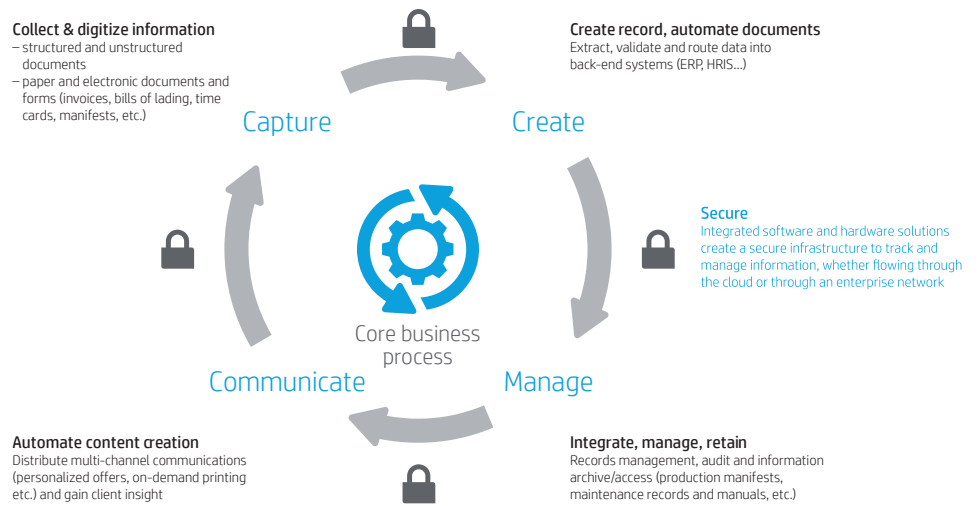
After optimizing the imaging and printing infrastructure layer, mostly consisting of rationalizing the printer fleet for costreduction and better usage, customers often seek ways to get better control over the fleet to see where the overall utilization is, and to understand printing and scanning uses. From here, the next desire is to address the business processes that are generating the pages and bring the efficiencies of digital workflows to the convenience and familiarity of paper. This is what HP Information Workflow Solutions can offer.

There are many documents involved in key logistics functions such as procurement, inventory management, and transport, legal and warehousing. At each step, the information is stored in computer-based system, yet not all physical documents movement can be, neither do they need to be eliminated.

While reducing paper waste and cost per page are key attributes of historic customer requests, HP has been helping customers operate more efficiently and securely while remaining compliant and reducing paperwork where possible. Time and energy spent manually performing business document tasks which could otherwise be automated, is both a risk to introduce mistakes and to lose time and energy that could otherwise be better spent growing the business. HP integrates the security and reliability of digital workflows with the convenience and familiarity of paper, while reducing the numerous manual steps in the process. In almost all cases the end result is also an overall reduction in printing.

HP believes that simplifying logistics industry supply chains turns around a single premise: the information surrounding in-transit materials and financial management is as valuable as the actual physical goods. Thus, the better you synthesize and utilize the information embedded in your supply chain operations, the more you can reduce complexity and optimize business results.

The five elements of a business process



Your next move

HP has put together a methodology to assess critical business processes and identify the impact on your business and the solutions available.

Leveraging solutions and services provided by HP, companies benefit in a wide range of areas, which can be broadly classified into four categories.

- **Cost savings**—These result from lowering administration costs and reducing headcount, removing paper during the process and reducing cost associated with manual paper handling processes and shipping across locations.
- **Process efficiency**—Includes reducing time spent on documents, automating routing of tasks to individuals, resolving order discrepancies or customer complaints quickly and effectively and allowing quick turnaround when original documents are requested.
- **Improved visibility and control**—Results from improved reporting and analytical capabilities, improved financial audit ability and fraud prevention by addressing regulatory and compliance needs.
- **Environmental impact**—Hard copy document digitization and electronic workflows can reduce paper consumption as well document shipment thus helping companies to develop sustainability practices and reduce the environmental impact of their activities.

For HP to provide your company with the full benefit of managed services, a deeper dialogue is required to explore and identify specific business document workflows with corresponding business impact. The topics in this paper are general, but with further engagement, HP can assess and relate more directly to your organization's specific business document needs.

HP is a strong provider choice because of deep technology and innovation roots in both computing/IT and imaging/printing disciplines, creating a unique ability to truly help you control not only the cost but also optimize the business impact of documents across the entire company. We look forward to a continued dialogue on innovation and partnership.

Getting started with HP

Engage in a strategic conversation



- HP imaging and printing strategy consultation
- Print policy workshop
- Industry workshop

Perform an assessment



- Managed environment assessment
- Eco printing assessment
- Security assessment
- Workflow discovery

Optimize results



- Standardize and get control
- Manage efficiencies
- Automate workflow
- Deliver data-driven continuous improvement programs

Learn more about HP Managed Services and Solutions at hp.com/go/mdiworkflow and hp.com/go/MPS

¹ All Associates Group, February 2015

HP three-part approach

HP works with you to assess, deploy, and manage an imaging and printing environment tailored to meet your business needs, while helping you reduce costs, conserve resources, and simplify document-intensive processes.

Optimize infrastructure

HP can help you achieve a balance between your total cost of printing and your needs for convenience and productivity.

Manage environment

Working together, HP can help you maintain your optimized infrastructure while improving business efficiency and tightening security.

Improve workflow

By streamlining your document-intensive processes, HP can help you deliver a more efficient environment for capturing, managing, and sharing information.

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