GLOBAL ASSET RECOVERY SUPPORTED BY TECHNICAL SERVICES AND ENVIROSOLUTIONS

Global Technology Sector

Mark Watson, Chris Jackson, Alan Ockenden (TXO)
April 2015

Agenda

Introduction

Why

How – Interactive session

What is DHL doing

Partner – TXO

Summary

Q&A

Integrated technical services – Team introduction

Mark Watson
Head of Global Technical Services
Technology Sector
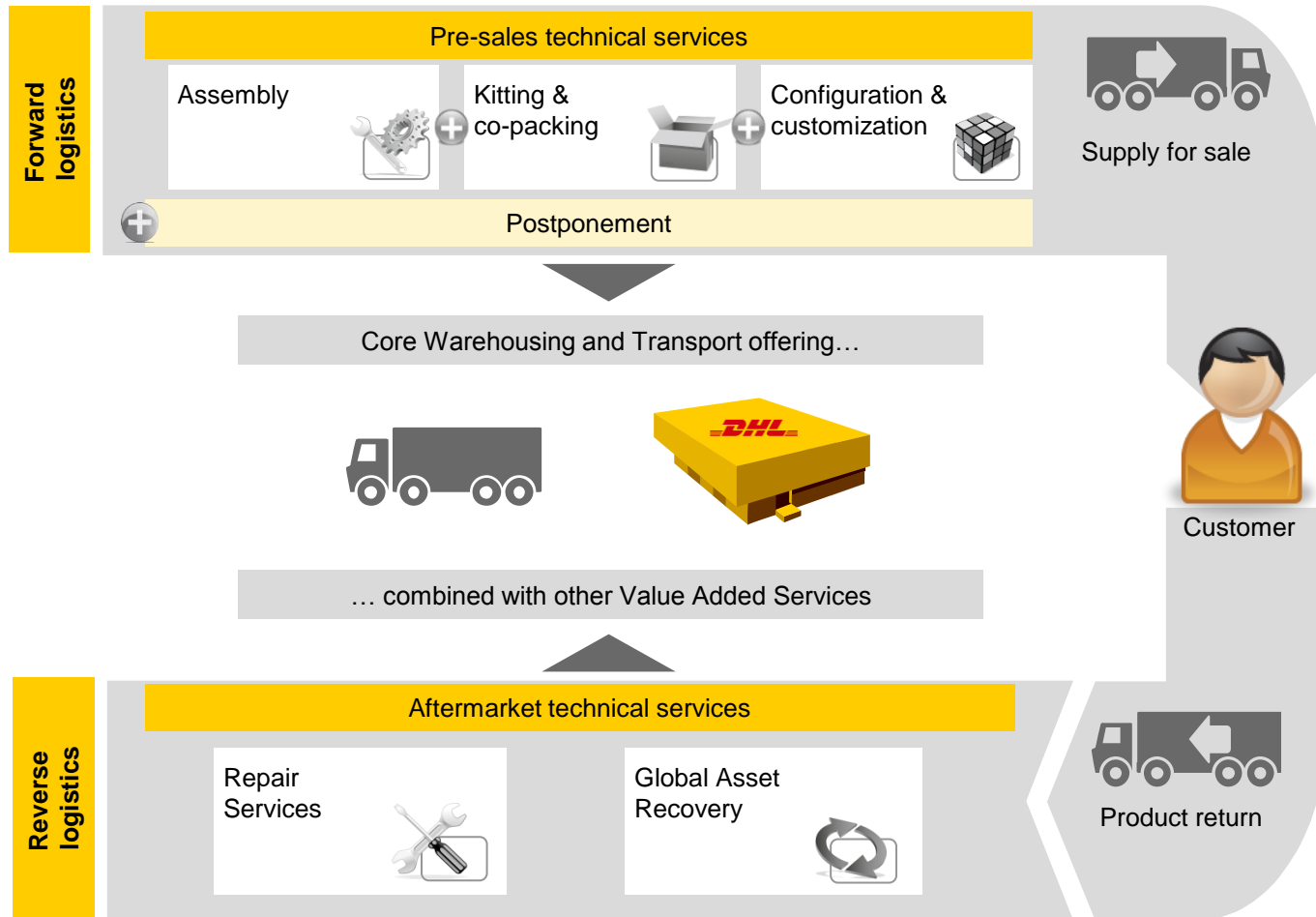DHL Supply Chain

Alan Ockenden
Chief Executive Officer
TXO Systems
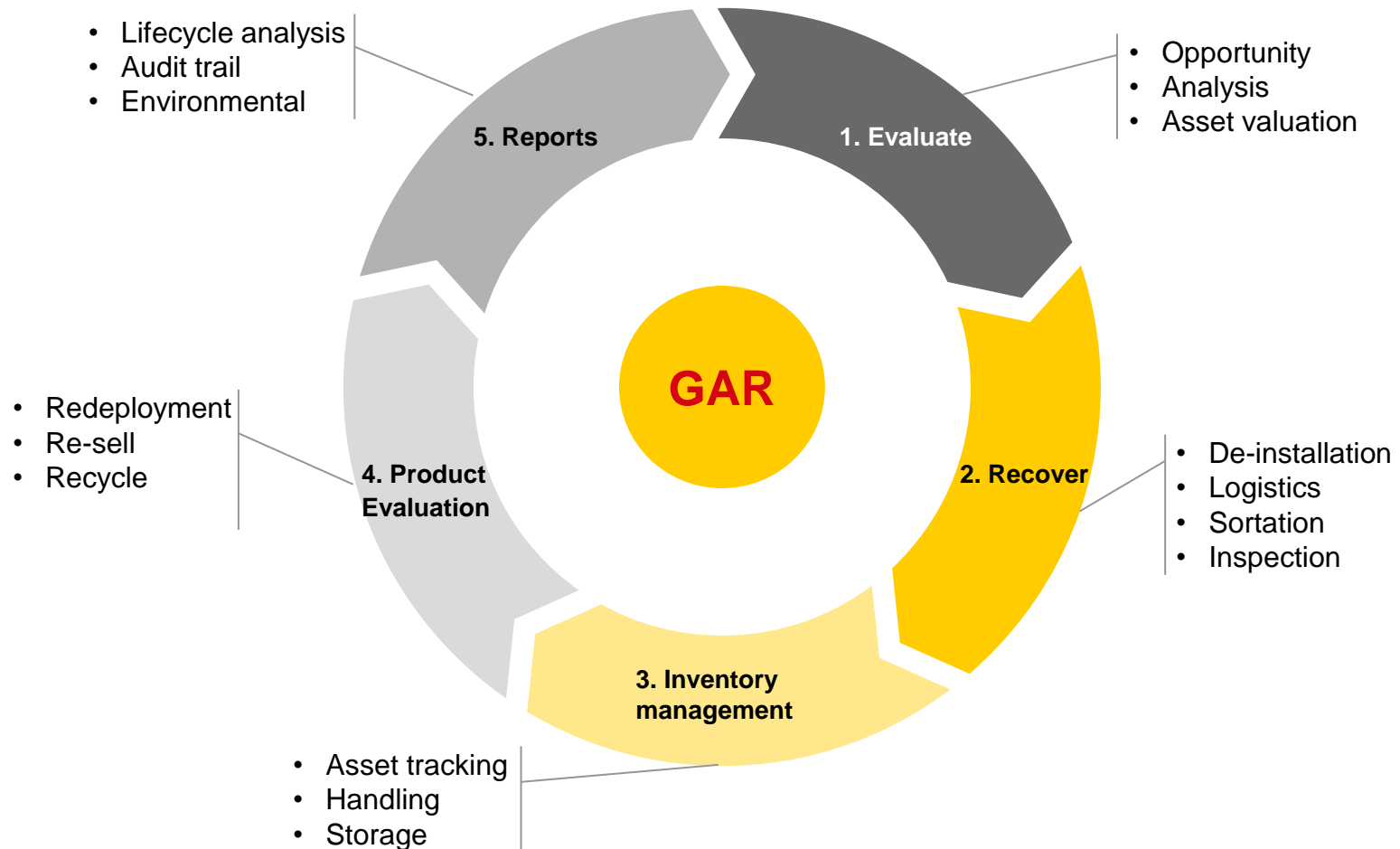
Chris Jackson
Vice President Envirosolutions
Business Solutions
DHL Supply Chain
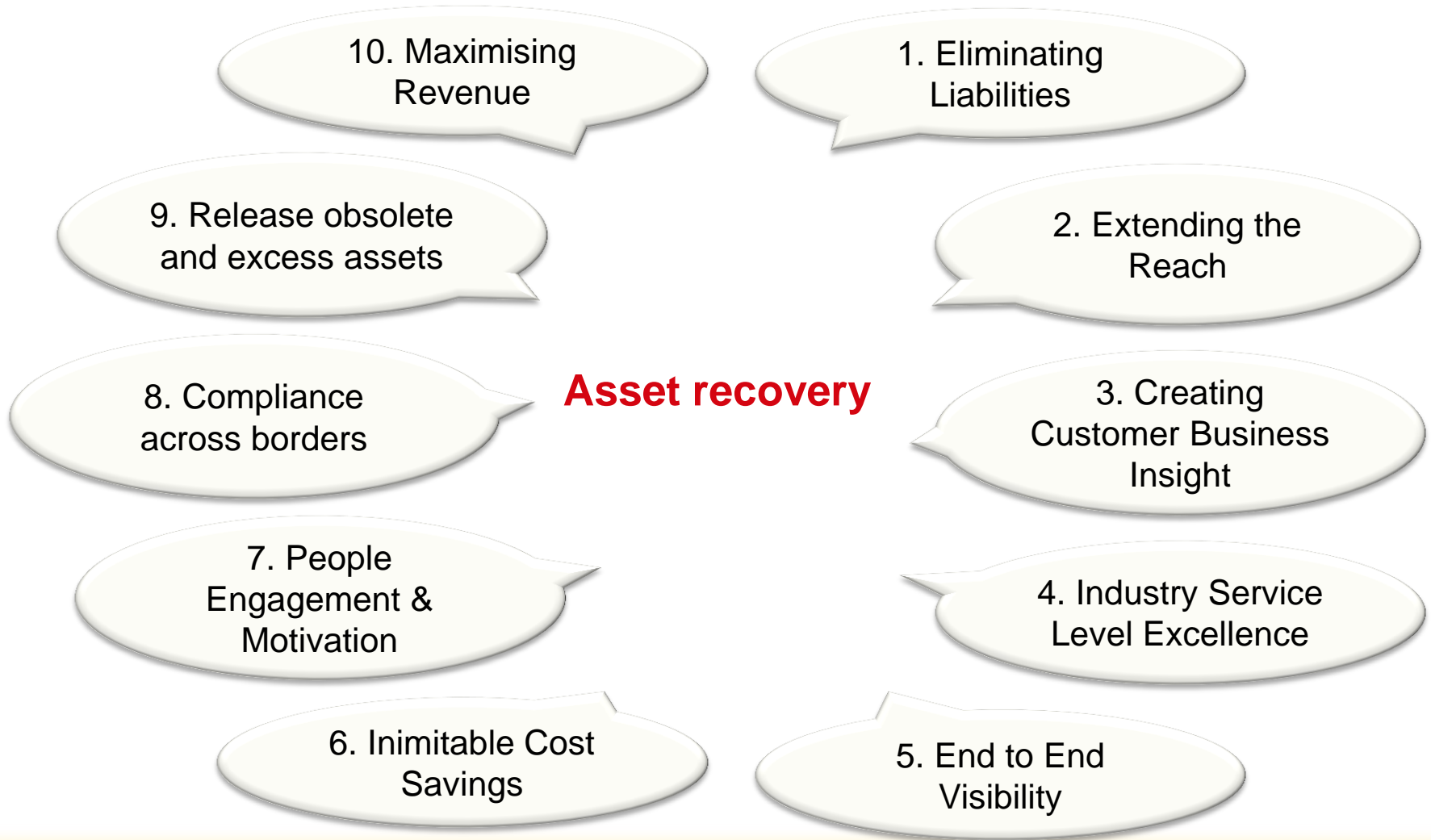
Introduction – The integrated technical services solution

Source: DSC Global Technology

Global asset recovery – End-to-end solution for recovery and disposal of customer assets

- Lifecycle analysis
- Audit trail
- Environmental

5. Reports

1. Evaluate

- Opportunity
- Analysis
- Asset valuation

GAR

- Redeployment
- Re-sell
- Recycle

4. Product Evaluation

2. Recover

- De-installation
- Logistics
- Sortation
- Inspection

3. Inventory management

- Asset tracking
- Handling
- Storage

Asset recovery – Listening hard, thinking differently

10. Maximising Revenue

1. Eliminating Liabilities

9. Release obsolete and excess assets

2. Extending the Reach

8. Compliance across borders

Asset recovery

3. Creating Customer Business Insight

7. People Engagement & Motivation

4. Industry Service Level Excellence

6. Inimitable Cost Savings

5. End to End Visibility

Technical services trends

4–10%

return rate
for consumer
electronic devices

60%
of returned
products can be

**sold in secondary
channels**

20–40%
of returns can be
**characterized as
No Fault Found**

USD 19bn
spent on returns
by the electronics
industry every year,

which is **5–6% of the
revenue**

Sources: 1) Transport Intelligence: Global High Tech Logistics 2012; 2) Accenture (2011): A "Returning Problem"; 3) Accenture (2008): Big Trouble with "No Trouble Found" Returns

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Asset recovery

Why?

Asset recovery

"Maximize
revenue, reduce cost
and optimize Cashflow"

Why

"Leadership
in Compliance"

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Asset recovery

"Maximize revenue, reduce cost and optimize Cashflow"

Why

"Leadership in Compliance"

How

Asset recovery

"Lifecycle Analysis"

"Redeploy, Resell or Recycle"

"Asset Valuation"

"Maximize revenue, reduce cost and optimize Cashflow"

Why

"Leadership in Compliance"

"Track & Store"

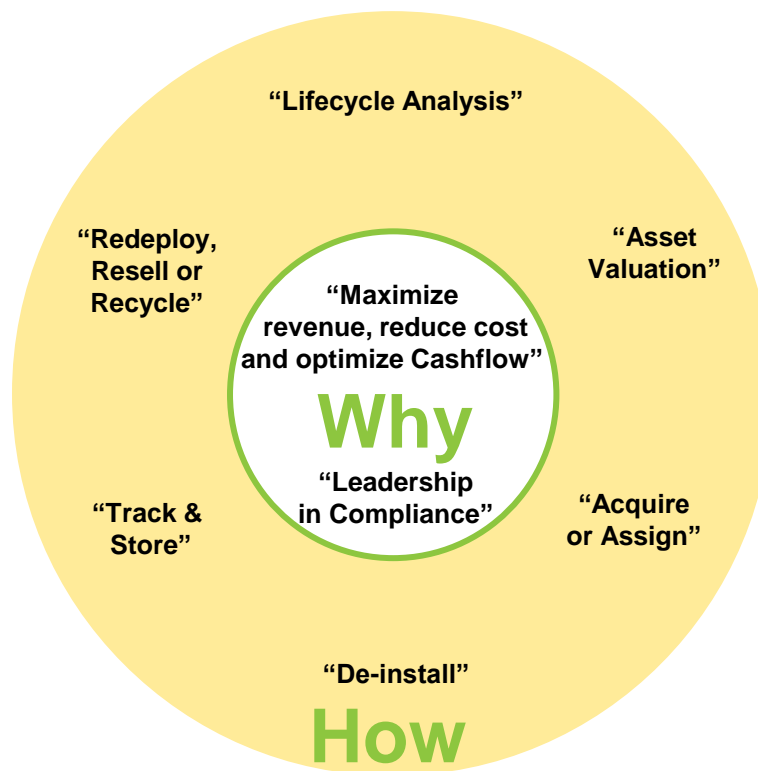"Acquire or Assign"

"De-install"

How

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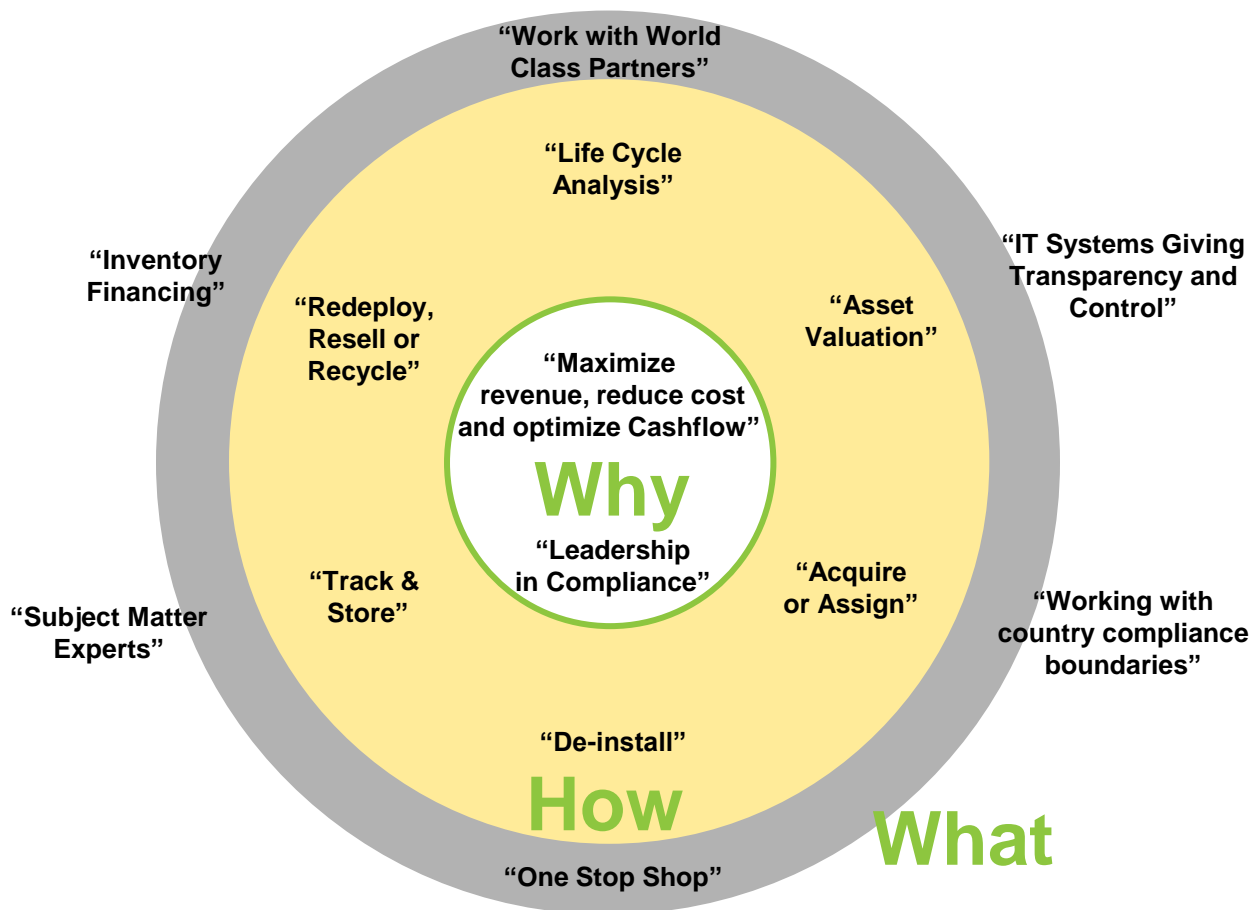Partner – TXO   5 slides – 10 mins

Summary

Q&A

Asset recovery

"Life Cycle Analysis"

"Redeploy, Resell or Recycle"

"Asset Valuation"

"Maximize revenue, reduce cost and optimize Cashflow"

Why

"Leadership in Compliance"

"Track & Store"

"Acquire or Assign"

"De-install"

How

What

Asset recovery

"Work with World Class Partners"

"Life Cycle Analysis"

"IT Systems Giving Transparency and Control"

"Inventory Financing"

"Redeploy, Resell or Recycle"

"Asset Valuation"

"Maximize revenue, reduce cost and optimize Cashflow"

Why

"Leadership in Compliance"

"Track & Store"

"Acquire or Assign"

"Subject Matter Experts"

"Working with country compliance boundaries"

"De-install"

How

What

"One Stop Shop"

Technical Services, Integrated Solution – Agenda

- Recycling Compliance

"Extended Producer Responsibility" (EPR)

"A policy approach used by governments in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle."[1]
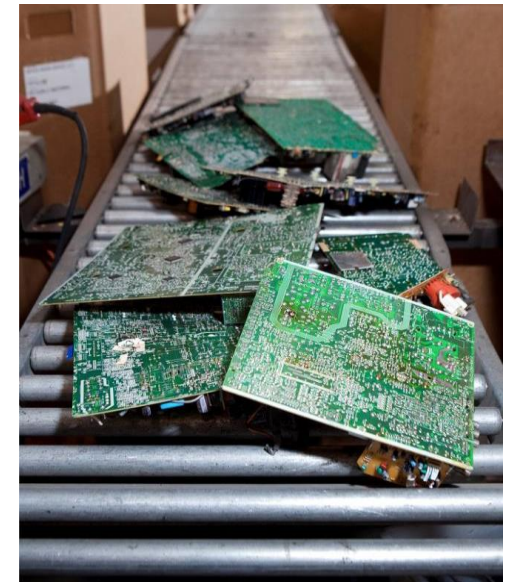
> **Common global policy tool**

- 10+ years in EU and expanding globally
- Applied to many products (packaging, electronics, vehicles etc.)

> **Complex**

- Multiple implementation systems
- Data, B2C, B2B and retailer obligations

> **Risks**

- Non-compliance financial penalties and reputational damage

"Companies' biggest gripe about EPR laws is not cost but inconsistency. Few states have the same requirements, making compliance complicated for manufacturers."[2]
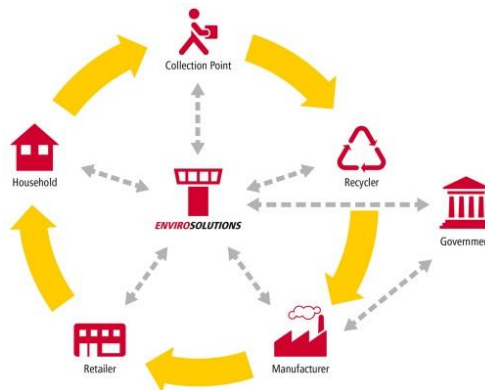
1) Organization for Economic Co-operation and Development (OECD). 2) The Economist, 31 May 2010

Case study: Producer responsibility – Australia

Australia

- Federal Legislation passed making it compulsory for PC/TV importers to be members of a Product Stewardship Arrangement (PSA) and recycle e-waste
- First full year of scheme ran Jul 2012 to Jun 2013

Successful replication of Envirosolutions UK capability into Australia. Now the leader in Product Stewardship in Australia. First Arrangement to be approved by the Government.
First collection locations opened to the public (Drop Zone, http://www.dropzone.au)

Customer challenge

- Recycling targets for TVs and computers, historically at 17% were set at 30% in the first year of operation (2012/13)
- Short amount of time to establish the scheme, set up the required infrastructure, on-board and audit recyclers and hire personnel
- Marketing and Communications campaign required to change consumer behavior around e-waste recycling

DHL solution

- Set up Drop Zone collection points with local councils
- Utilize ~15 recyclers across all states to reduce transport costs and minimize CO_2 emissions
- Will provide 97% of Australian's with free recycling service – Drop Zone collection locations (339 locations, the most of any Arrangement and 80% of the collection sites listed on the Australian governments website as of June 2013)

Customer benefits

- On track to be the first Arrangement to achieve its collection and recycling targets for both computers and TVs in 2012/13
- First Arrangement to provide a collection/recycling service in each state of Australia
- Speed to market – signed up 49 customers in four months
- 90% material recovery rate – recyclers diverting 90%+ waste from landfill

DHL support around EPR

Extensive experience, specialist skills, innovative technologies and dedicated resources

SUPPORT
GUIDANCE
KNOWLEDGE
MANAGEMENT

Legal assurance
- Analysis and explanation of legal responsibilities and options across complex Supply Chains
- Simplification of voluntary & statutory responsibilities
- RoHS and REACH compliance monitoring

International commitments
- Compliance for all products, all regimes, all countries
- Dedicated subject matter experts
- Unrivalled global coverage with access to compliance schemes globally

Simplicity, assurance and credibility
- Consolidated reporting and expert support services
- DHL Envirosolutions liaises with the relevant providers in multiple countries on your behalf

Minimization of data reporting
- Single point of contact for worldwide compliance
- Auditable, secure data management methods and processes
- Full data visibility across entire Supply Chain

Financial transparency
- Simple consolidated global invoicing
- Simplified compliance and KPI reporting
- Financial savings through reduced administrative workload

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TXO SYSTEMS

Global Asset Recovery

Prepared by Alan Ockenden

DHL Dubai Conference

The telecoms market place – Setting the scene

TXO SYSTEMS

One half of wireline and **over one-third of wireless operators** currently catalogue and manage **less than 50%** of their assets

1/2 of wireline operators **+** 1/3 of wireless operators **=** Less than 50% of assets managed and catalogued
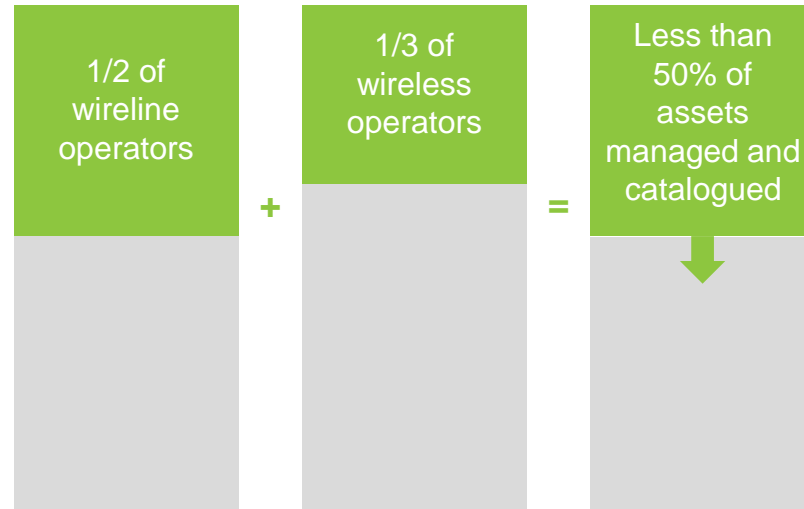
Menu

Nearly **90%** of wireline and **over 60%** of wireless operators intend to **decommission legacy networks** in the next **five years**

Reuse elsewhere in the network **(80–100% of value realized)**

£££ **Resell** to secondary market **(5–15% of value realized)**

Recycle/dispose (<5% of value realized)

PWC: Network Clearing the way – 2012 Outlook for telecom network decommissioning: July 2012; Accenture: Network Asset Recovery – A Hidden Opportunity; April 2014

What we do

Global Asset Management & Consultancy Services

Over 700,000 parts supporting maintenance and expansion requirements
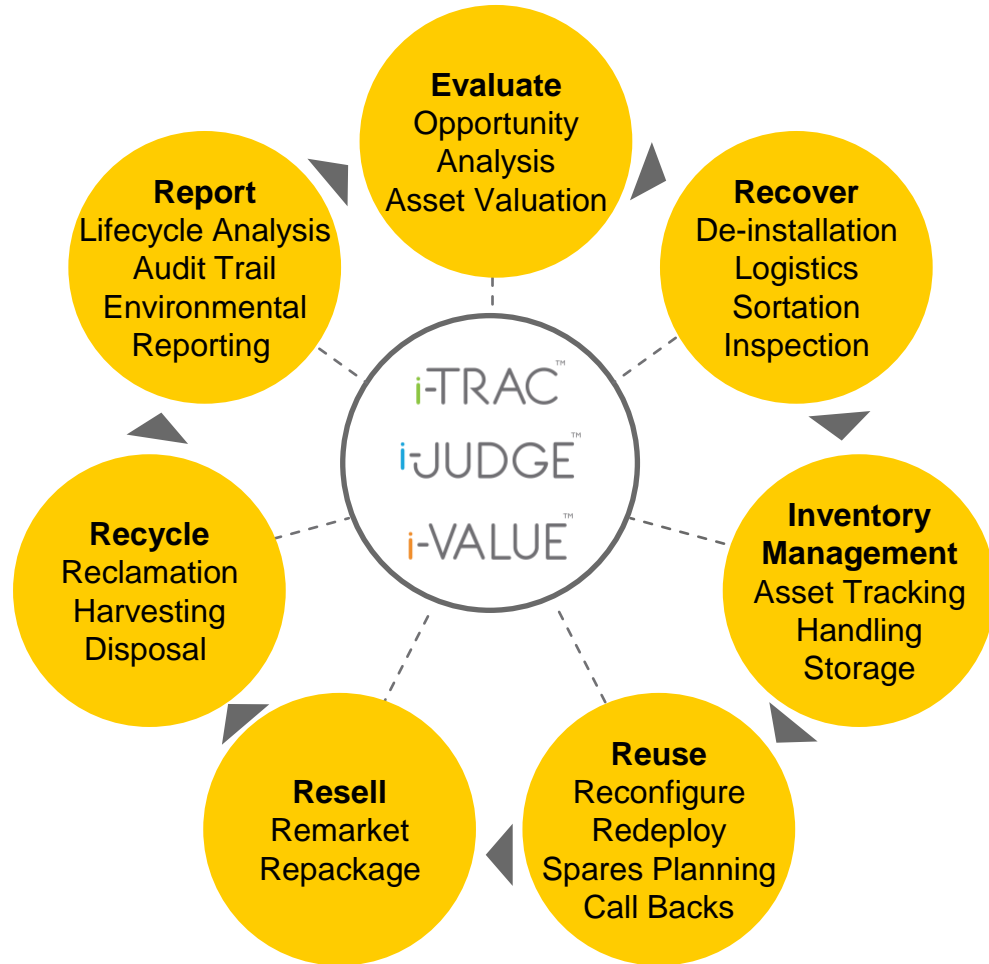
How we do it

Market Leading Tools

i-JUDGE™   i-VALUE™   i-TRAC™

Using TXO's 10 years of IP to deliver innovation

Collaboration

Complementary partnerships delivering superior and cost effective solutions

Logistics | BPO | Professional Services | OEMs | Repairers

Global Reach

What we deliver

New Revenue Streams – Opex and Capex relief

Reduction in space – DC & FSL

Accurate identification of asset – transparency through i-TRAC

Supporting audit legal requirements & CSR goals

Greater inventory productivity

Facts & figures

TXO Systems Statistics				
700,000 parts in stock	Recover from over 50 countries annually	Recover >100,000 parts monthly	OEM accredited facilities	Recycle >250 tonnes monthly

UK Fixed Line Service Provider – 3 year project					
180,000 parts recovered	GBP 3.6mn of revenue generated	Closed 3 warehouses	Negated the need for repair	Redeployed >8,000 uncatalogued parts	Innovative amnesties and site closure

Australian Service Provider – 3 month project					
50,000 parts recovered	Remote sortation and recycling at 4 locations	20 container shipments back to TXO hubs	>GBP 2.0mn of revenue generated	Compliance to satisfy legal audit requirements	Ongoing projects

Summary

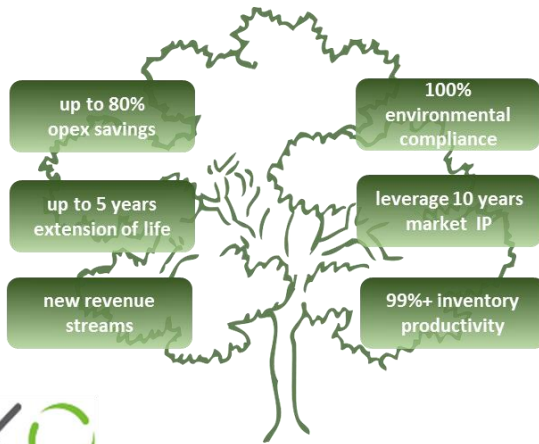Modernise ((·)) Rationalise

Maximising the value in obsolete, excess and stranded assets
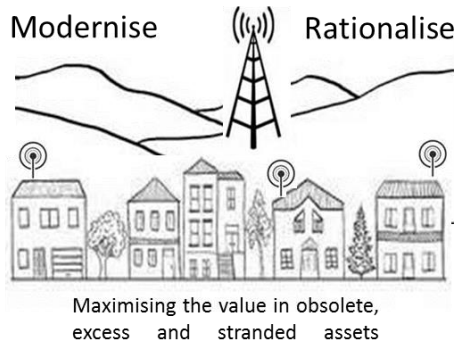
Consultative Services

Asset Evaluation
Inventory Productivity Analytics

Operational Services

Turnkey Asset Recovery Solutions

Managed Services

Sourcing, DHL Warehousing
Spares & Inventory Management

Reuse — *elsewhere in network 80-100% of value*

i-JUDGE™
Intelligent Asset Disposition

Resell — *to secondary market 5-15% of value*

i-VALUE™
Real Time Asset Valuation

Recycle — *environmentally <5% of value*

up to 80% opex savings

100% environmental compliance

up to 5 years extension of life

leverage 10 years market IP

new revenue streams

99%+ inventory productivity

Program Transparency

i-TRAC™ | ASSET MANAGEMENT PORTAL

- Track assets through the TXO process
- Call back redeployments
- Follow and measure resale and recycling progress in real-time

Responsible Asset Management

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What is DHL doing   2 slides – 5 mins

Partner – TXO

Summary & Q&A

Customer questions – Interactive

- Who are you most problematic countries for asset recovery

- Is it acceptable for you to sell recovered assets to maximize margin

- Would you prefer outright purchase or consignment modelling i.e. cash now or more cash in the future

- Do you buy used assets to support EOL or repair avoidance