



# Supply Chain Solutions that Deliver



**UTi Worldwide 2011 Investor Day**

**1World: Transformation**

**Ron Berger**

**SVP – Global Operating Processes**

June 23, 2011

# UTi Transformed – End State

## CLIENT LOYALTY

- ❖ Add quantifiable value and achieve the longest term client relationships
- ❖ Consistently deliver our strengths and strategically expand our capabilities

## ORGANIZATION

- ❖ Best Practical HR, Change Management & Training Capabilities
- ❖ Consistent Organization to Engage and Retain People

## RELIABILITY

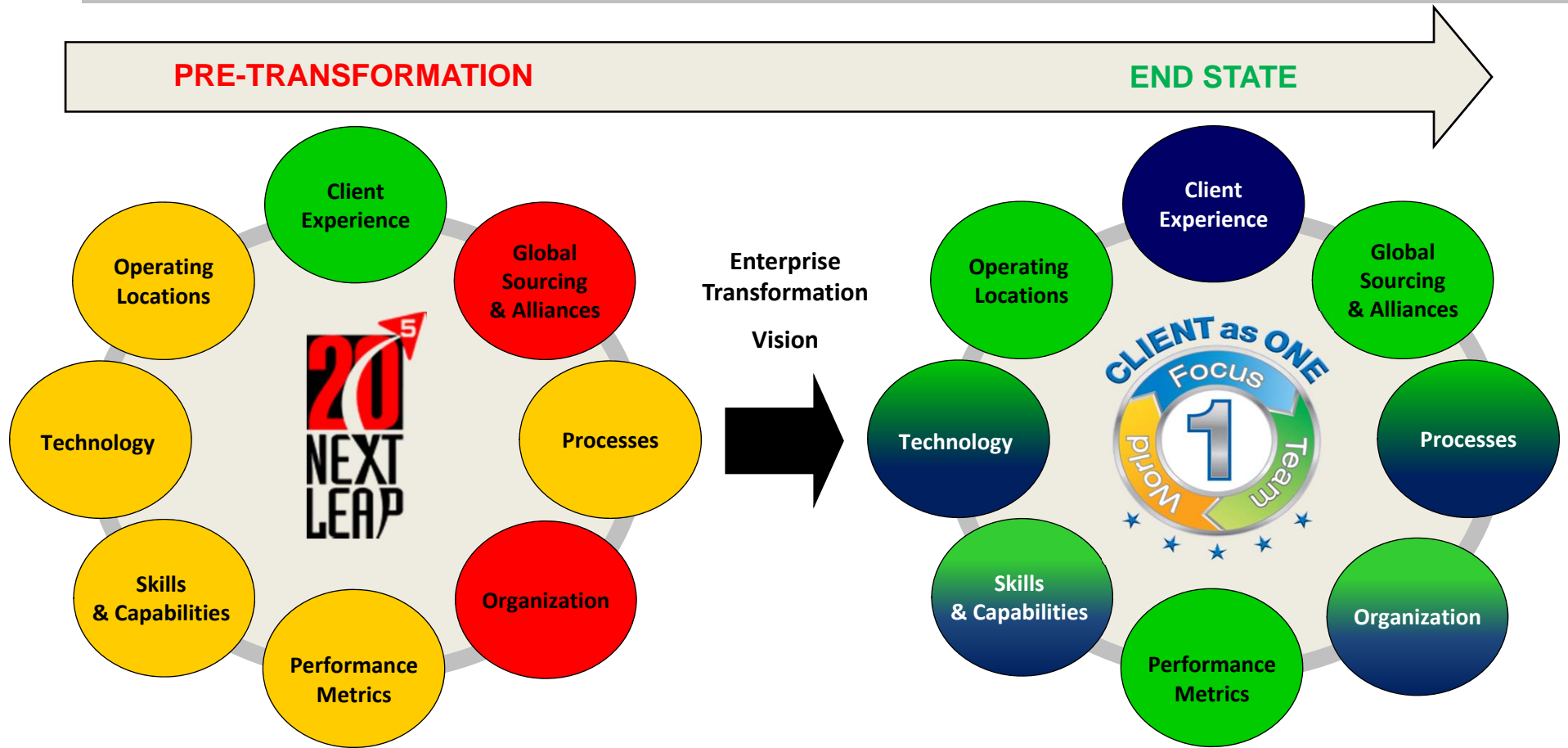
- ❖ Uncompromising Client Centric Service Execution
- ❖ Predictable and consistent operating performance

## EARNINGS

- ❖ Utilize Efficiency Gains from Process and Technology Implementations to Produce Lower Unit Costs
- ❖ Reward & Recognition Programs to Maximize UTi's Overall Return



# Transforming Through CLIENTasONE

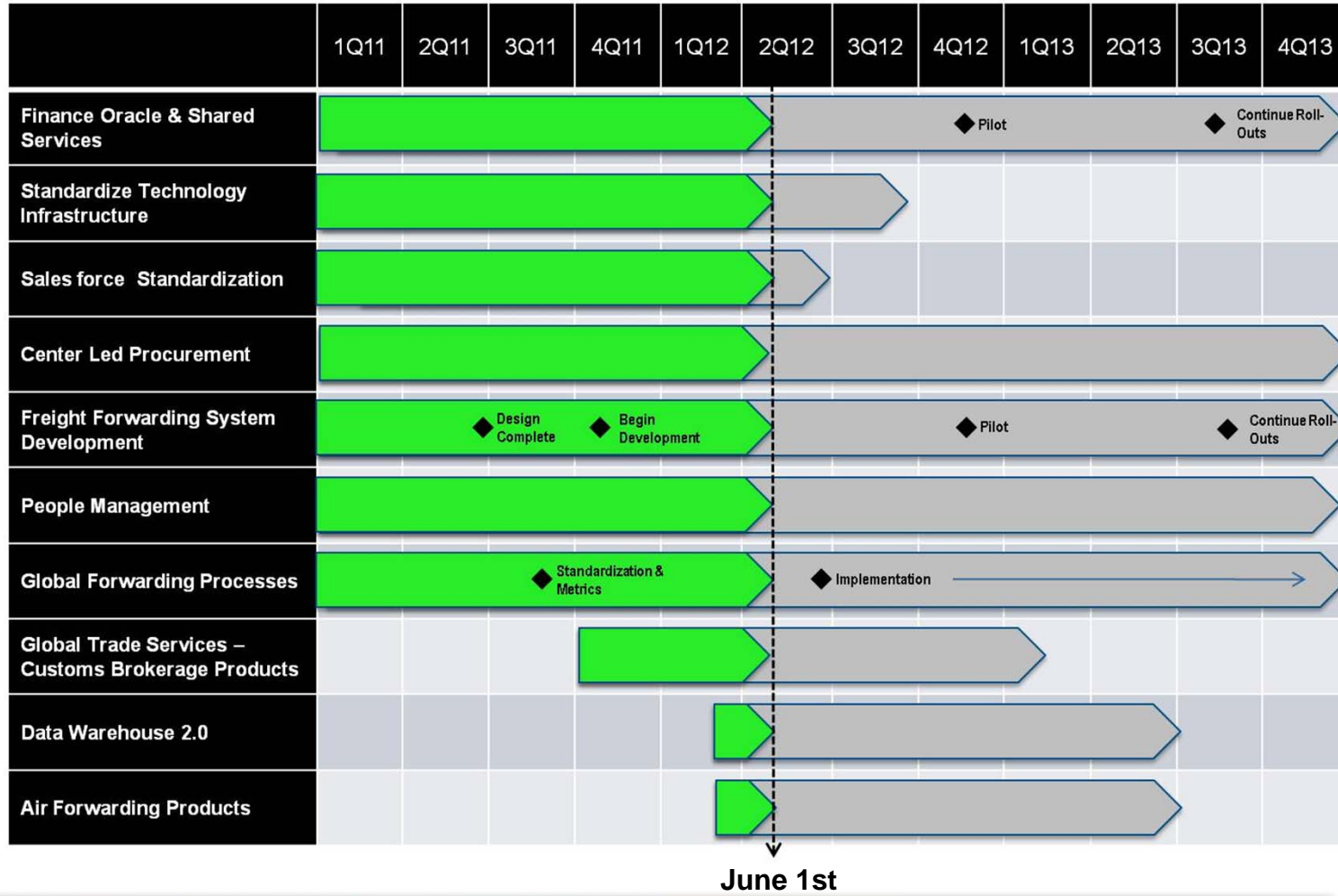


<b>Level I</b>	Major Gaps Exist	<b>Level III</b>	Most Gaps Addressed – On Par with Our Competitors
<b>Level II</b>	Gaps Exist but operates Adequately	<b>Level IV</b>	All Major Gaps Addressed & Industry Leader – Our Competitive Advantage



# Key Transformation Initiative Examples

Work is sequenced to provide incremental benefits



# How We've Made Progress

## Implementation becomes self-funded through incremental benefits

UTi has an absolutely incredible population of skilled, knowledgeable, and talented people.

Leveraging our people mitigates risk, lowers execution expenses, and is developing future leaders



## Repurpose and Redeploy

Industrial engineering, business analysis, and solutions design staff working on internal projects where redeployed to 1WORLD.

As efficiencies are gained operating cost savings are being leveraged to fund implementation activities

Early value releases offset operating expense bubbles expected from a project of this scale



# We Built The Foundation, Started The Walls

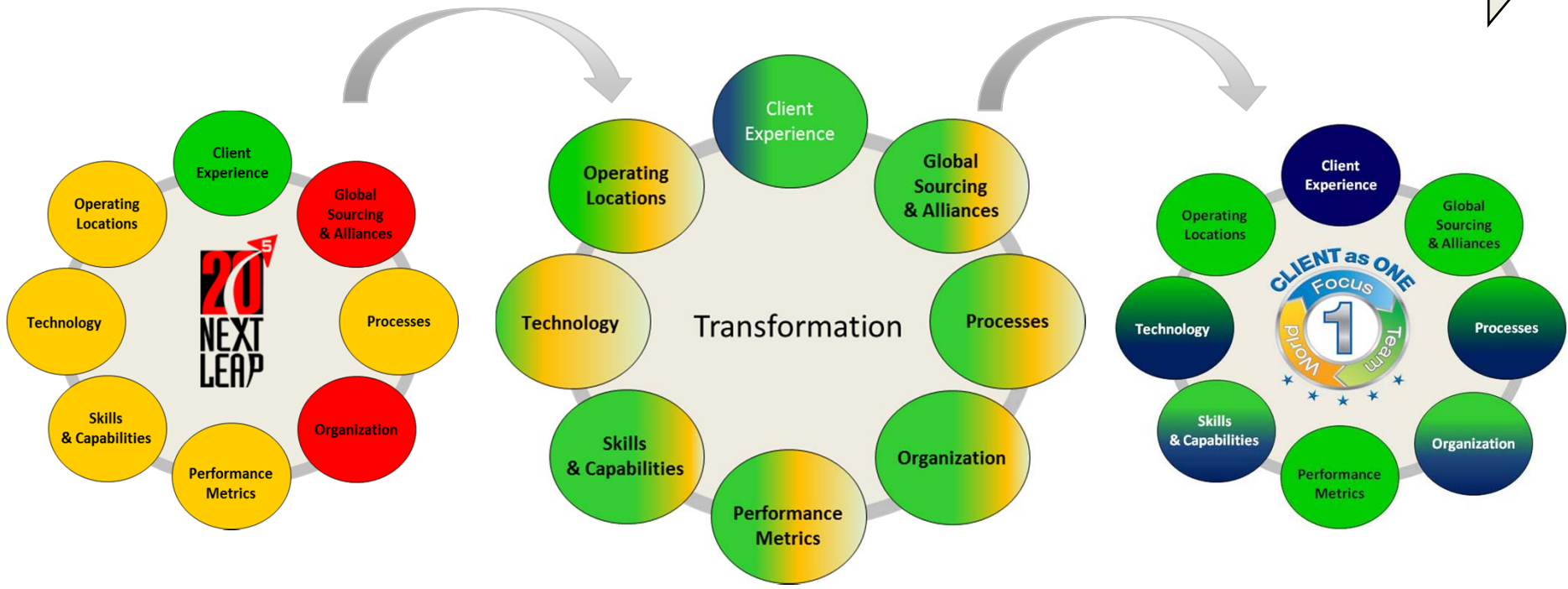
- ❖ Globalized Client Support Functions
- ❖ Created Center-led Operations Support
- ❖ Defined and implemented role based organization structure
- ❖ Standard global IT infrastructure
  - ❖ Network
  - ❖ Data centers
  - ❖ Email
- ❖ Opened shared service centers
- ❖ Created single global Intranet
- ❖ Standardized performance metrics
- ❖ Finalized scope for 1World systems
- ❖ Implemented 25 entities on Oracle
- ❖ 1World systems in full development



UTL Enterprise									
Activities:	North America	Latin America	Europe	Asia	Africa	Oceania	Global	UTL Systems	UTL
<ul style="list-style-type: none"> <li>1. Operating administrative and clerical center</li> <li>2. Services based on shared infrastructure within customer groups</li> <li>3. Support functions</li> <li>4. No link to the world</li> </ul>									
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# CLIENTasONE Progress



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# Transformation Capital and Operating Expense

- Capital consumption started in FY08 and runs through FY13

- Operating expense started Q4 FY11: Capital depreciated over 5 years

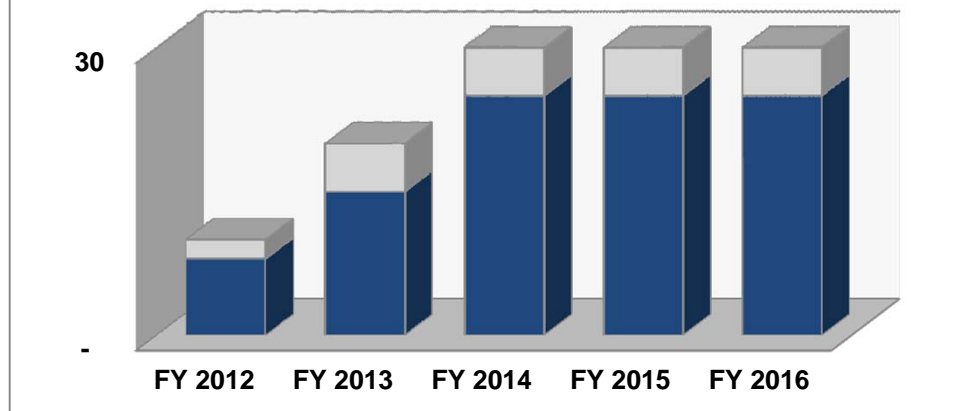
(\$ In millions)

Purchased Software	\$13-14
Capitalized Labor	62-63
Other, T&E, Financing	10-11
Hardware and Infrastructure	10-12
<b>Total Capital</b>	<b>\$95-100</b>

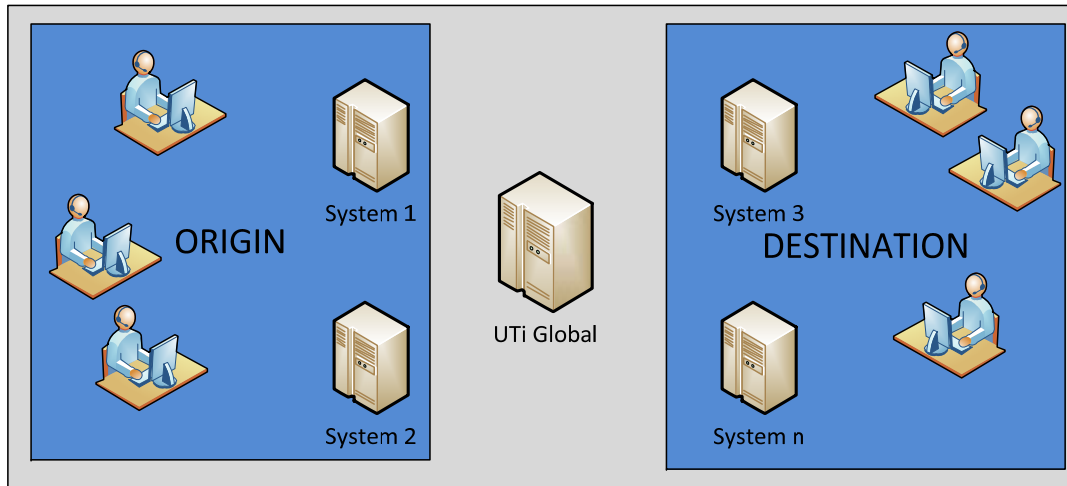
*\*Includes Freight Forwarding, Financial, and Sales Force Automation systems*

## Operating Expense Related to Transformation

(\$ In millions)



# Simplified Systems Produce Operating Efficiency



- Multiple Freight Forwarding Systems
- Multiple Variations of Ledger Systems
- Client facing requirements necessitate systems overlays

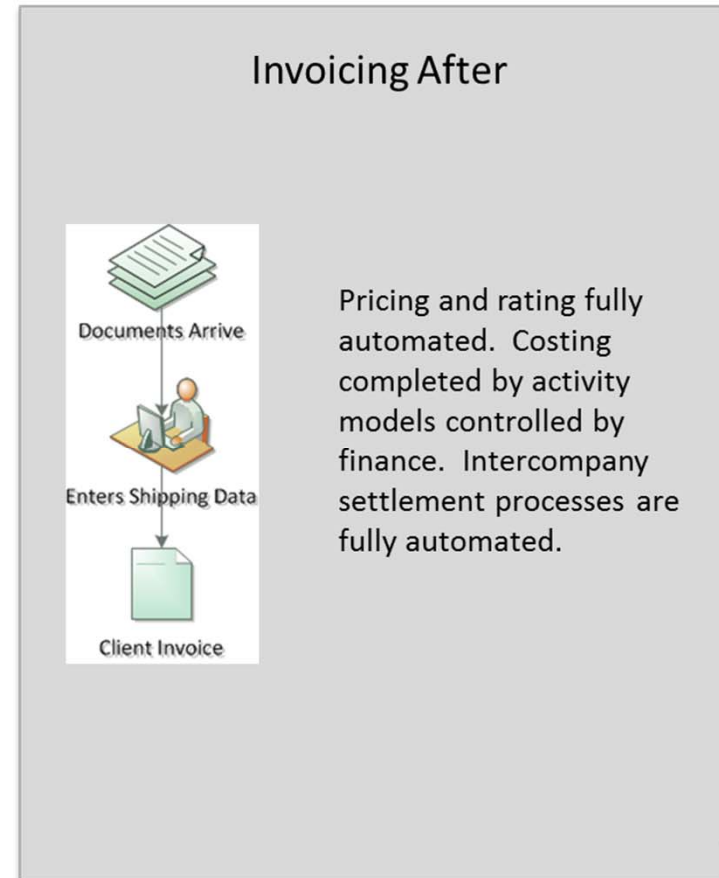
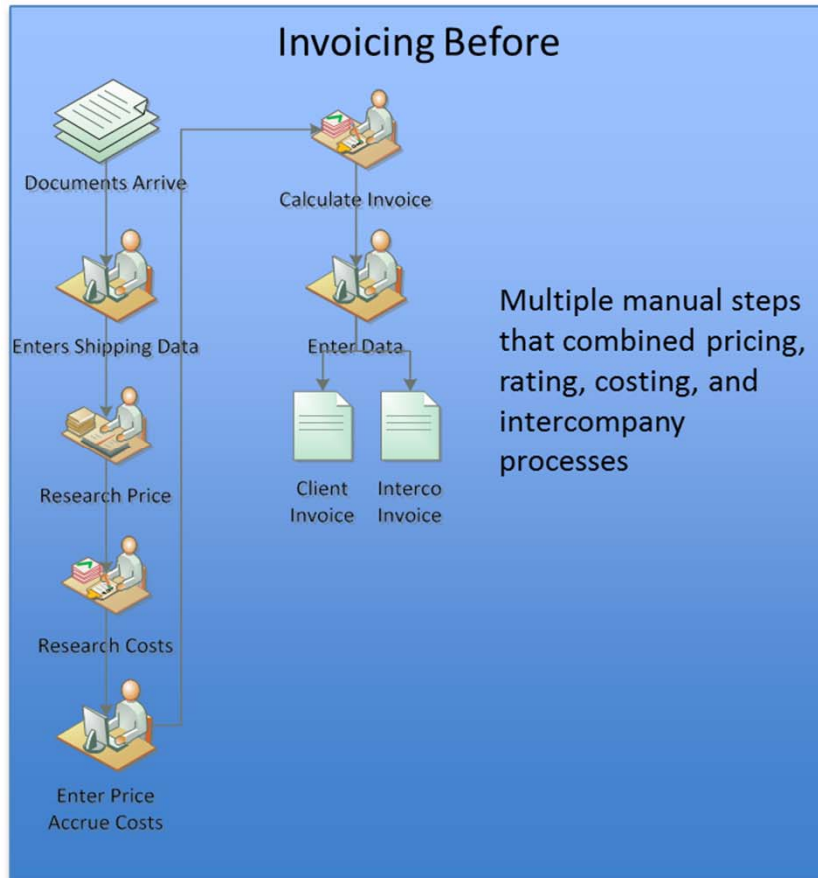


- 1 Freight Forwarding System
- 1 Ledger System
- 1World to Deliver Client Experience



# Efficiency Example

Process optimization and automation drives operating efficiency gains



All processes have been mapped analyzed and optimized



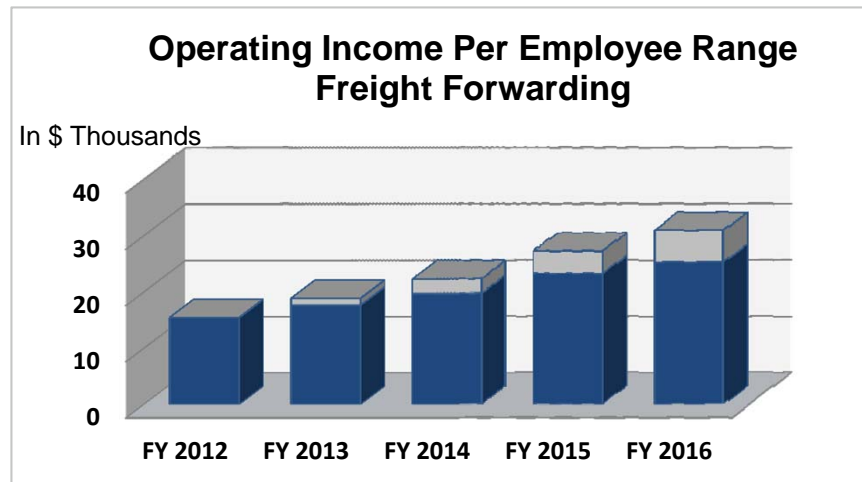
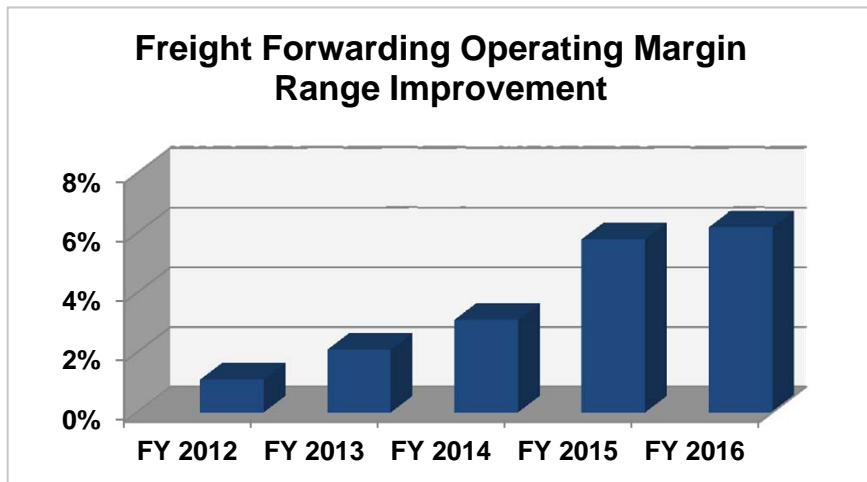
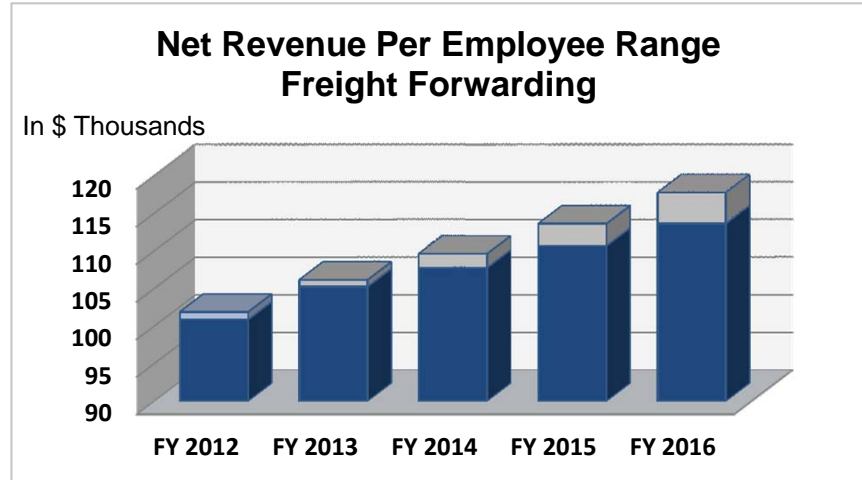
## Operating Benefit Drivers

- Automation of accounting functions and implementation of shared services
- Elimination of manual service and support processes created to support client needs due to missing integrated and optimized global processes
- Organization flattening due to operating management being removed from back office responsibilities
- Reduction of duplicate data capture and processing due to multiple freight forwarding systems
- Error reduction and improved billing costs through single ledger system



# Transformation Goals: Benefits

- Operating expenses will reduce, then subsequently grow at a slower rate than net revenue as new business is added
- Operating expenses are expected to reduce between \$75 and \$95M annually once fully implemented



# Risk Mitigation

Risk	Mitigation Plan
Employee attrition	<ul style="list-style-type: none"><li>• Change management</li></ul>
Implementation delays	<ul style="list-style-type: none"><li>• Experienced management and implementation teams</li><li>• Time buffers</li></ul>
Failure to meet transformation goals	<ul style="list-style-type: none"><li>• Volume expectations are conservative</li><li>• Time buffers</li><li>• Scope management</li></ul>
Client risk	<ul style="list-style-type: none"><li>• Pilots</li><li>• Client communication</li><li>• Phased implementation by country</li></ul>
Environmental risk	<ul style="list-style-type: none"><li>• Adjust plans if economic conditions warrant</li></ul>

