

AAPA Marine Terminal Management Training Program



September 21, 2009

NYK LOGISTICS. INNOVATE AND DELIVER.

Overview

- First a word about NYK
 - Global
 - NLA
 - Warehousing
- Think “Inside the Box” to be able to think outside the box.
 - Who are our customers?
 - What is important to them?
- Conclusion
 - Opportunities
 - Questions



Sea-Earth-Air “Logistics Integrator”

Hardware/Assets



- 779 vessels
- 34 Container terminals and Stevedore operations
- 10 RoRo terminal

Sea

Software



office



employee

- ◇ NYK Line, NYK Global Bulk, Hinode etc...

Ocean Transportation



130



Land 11,778 & Sea 21,369

- 460 Distribution Centers
- 4,177 Tractors & Trailers

Earth

- ◇ NYK Logistics

Freight Forwarding & Transportation
Warehousing & Distribution
Consolidation & Cross dock
NVOCC “Double Wing Express”
Cargo Order management



211



15,504

- B747-400F: 8

Air

- ◇ Yusen Air & Sea Service

Air forwarding and relevant logistics service



249



5,326

- ◇ Nippon Cargo Airlines

Air transportation



17



846

NYK LOGISTICS
& MEGACARRIER

The NYK Group

- **125 years of experience - NYK was established in 1885**
- **\$27 billion revenue in FY 2008**
- **660 marine vessels**
- **over 50,000 worldwide employees & contract workers**
- **Comprehensive logistics solution from origin to final destination**

NYK Logistics Americas

International Division

- Integration
- Brokerage
- Forwarding
- NVOCC
- Origin Consolidation

Warehouse Division

- Warehousing
- Transloading
- Cross-docking
- Consolidation
- Deconsolidation
- Value-added services

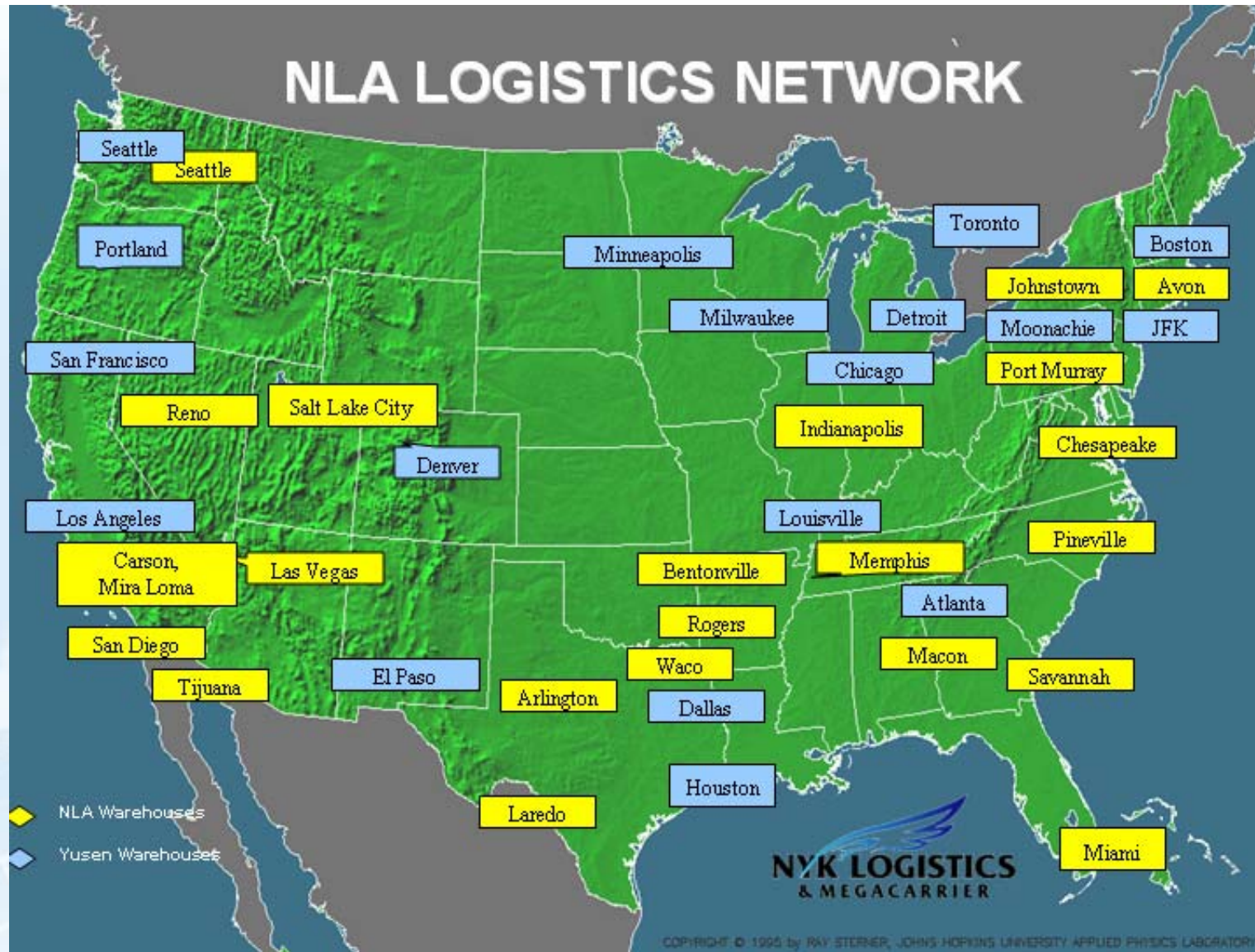
Transportation Division

- OTR & LTL
- Intermodal
- Reverse Logistics
- Ocean
- Air
- Expedited

Supply Chain Consulting

- Order management – lean warehousing
- Supply chain analysis & optimization
- Modal conversion
- Inventory optimization

NLA LOGISTICS NETWORK



Think “Inside the Box”

- Container: APZU3561257
- PO#: 6026300
- Sku#: 70492380431656
- Style#: 250755
- Item#: 0925
- Commodity
- What’s in this container?
 - Back to school items
 - School supplies
 - Clothes & shoes for the school year



Who are our customers?

- Jane Smith
 - Who is Jane?
 - She is the customer
 - Middle class, married, mother of two
 - Household income: \$52k
 - Lives in Kansas City
 - What is important to Jane?
 - Not exceeding her weekly budget – short term
 - Quality & Service – short term
 - Timing – short term
 - Value – short term
 - Taking care of her family – long term
 - Sustainability – long term



In the Box to “Out of the Box”

- A holistic approach vs. a fragmented approach
- At times like these we need to be closer to our customers
- Our customers show us the way and will change at a rapid pace



In the Box to “Out of the Box”

- This is our competitive advantage as an industry; the more we collaborate & listen, the more our customers will find value in what we do
- Supply chain is a “Team” sport
- Think “outside the box”



Opportunities: Educate the Customer & Yourself

- We need to become familiar with customers
 - Begin to reach out to key industry shippers to understand shipping volumes, patterns & shifts in sourcing. Incorporate into forecasts.
 - Educate your customers in terminal operations.
 - Differentiate your customers. Reward those who are more efficient than those who are not.



Opportunities: Continually Evaluate Past Practices

- Collaborative efforts like PierPass have addressed legislative efforts and improved congestion however...
 - Shippers not happy with increases
 - Concern is that we are paying for inefficiencies at some terminals
 - Costs need to be kept in check or shippers lose faith in collaborative process
 - We need to improve communication process



Opportunities: Smooth Flow & Downstream Cost

- We need to focus on short term solutions that will buy some time while we focus on longer term infrastructure and cost solutions.....
 - Chassis management
 - Investigate use of appointments
 - Mid-week sailings
 - Further reductions in dwell time
 - Increase terminal productivity



Opportunities: A Box is Not a Box

- Facilitate quick turn times for drivers
 - Fifty minutes for a dual transaction
 - Measure driver queue time vs. gate in-time for drivers
 - Streamline gate entry process
 - Strive to increase driver satisfaction



Opportunities: Create a “Team” Environment

- Develop a “Business Practice Intelligence” forum of industry leaders to address infrastructure and environmental solutions
- Group made up of Waterfront Coalition, RILA, PMSA, Railroad Association
- Focus on short and long term solutions



Opportunities: “Team Environment” Continued

- Collaborative approach to addressing environmental issues....
 - Alternative fuel use in yard equipment
 - Explore use of low sulfur in vessels
 - Test using emissions controls on vessels
 - Educate shippers/community groups on steps you are taking and the costs
 - Truck emissions reduction task force



Opportunities: Think Long Term - Sustainability

- MTO's and ocean carriers have to begin working collaboratively together to address environmental concerns/solutions
- Industry desperately needs a PR campaign
 - Begin to alter image with communities
 - Communicate positive changes in a unified voice
 - Use format to educate public beyond California



Final Words

- Without a coordinated effort between shippers, MTO's and ocean carriers, we will continue to face uncertainty and a future dictated by supply/demand, as well as unhealthy legislation and lose our ability to effectively manage our business.....

