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

**Software**
- NYK Line, NYK Global Bulk, Hinode etc...
  - Ocean Transportation: 130
  - Land 11,778 & Sea 21,369

**Sea**
- 460 Distribution Centers
- 4,177 Tractors & Trailers

**Earth**
- B747-400F: 8

**Air**
- NYK Logistics
  - Freight Forwarding & Transportation
  - Warehousing & Distribution
  - Consoliation & Cross dock
  - NVOCC “Double Wing Express”
  - Cargo Order management: 211
  - 15,504

- Yusen Air & Sea Service
  - Air forwarding and relevant logistics service
  - 249
  - 5,326

- Nippon Cargo Airlines
  - Air transportation
  - 17

NYK Logistics
Innovate and Deliver.
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
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....