

1. Is Kuehne + Nagel ISO certified?

Kuehne + Nagel is ISO 9001:2008 and 14001:2004 certified, which ensures that we focus on:

- Measurable quality goals
- Evaluation of customer satisfaction
- Continuous process improvement
- Identification and compliance with legal requirements
- Documented training techniques

2. How do you monitor your service providers?

Our connected network of shared depots is managed through a centralized Customer Contact Center in Naugatuck, Connecticut. The center, staffed around the clock, processes all orders and monitors service requirements at each location. Staff focuses on:

- Daily, weekly, and monthly data on their performance in key service requirements.
- Field Service Managers work with all depots to provide uniform, best-in-class service across the network. On-site audits ensure consistency of process at all locations.
- Program that quickly identifies depots requiring improvement.
- A depot recognition program promotes competition between individual depots and service providers.

This approach allows for:

- Regular communication with service providers to ensure consistent performance.
- Real-time order and inventory monitoring.
- Inventory management through a stringent cycle-count program.
- System-generated reports that provide instant feedback of Service Provider performance when processing inbound and outbound orders.
- Tracking of inbound shipments and central management of the escalation process.

3. How many facilities are in your network?

We are where our customers need us to be. Sites can be shared or dedicated based on our customers' needs. Utilizing our network of service providers, KN Critical Service Logistics could have a project up and running in less than one week.

4. Do you offer international services?

Yes. With 54,000 employees at 850 locations in more than 100 countries, the Kuehne + Nagel Group is one of the world's leading logistics companies. Its strong market position lies in the sea freight, airfreight and contract logistics businesses, with a clear focus on providing IT-based supply chain management services and comprehensive lead logistics solutions. This allows for KN Critical Service Logistics to tap into Kuehne + Nagel's worldwide network of services and locations.

5. What metrics are tracked?

With each customer, we jointly agree on the five key areas that matter most to their service logistics requirements. However, we routinely track additional metrics based on our customers' requirements. The five key metrics typically include contact center performance, customer service, inventory control, information technology and account management, which includes our finance services.

Some examples:

- **Contact Center Response** – calls are answered within agreed-upon timeframe such as 80% in less than 30 seconds.



- **Inventory Line Item Accuracy** - line-item accuracy of cycle-count program, which can be measured and reported as “First Pass xx%” and/or “Second Pass xx%”.
- **RSL Deliveries** – last-mile service to the customer. Kuehne + Nagel Critical Service Logistics service levels include 1.0 hour, 1.5 hour, 3.5 hour, 4.0 hour, 7.5 hour and “next day”.
- **Information Technology** - database up-time, support of hardware and software, work-order status and system maintenance along with contingency plan.
- **Account Management** – actively reporting, auditing and managing each customer’s specific requirements.

6. Do you have a disaster-recovery plan?

Yes. Critical Service Logistics’ contingency plans detail steps to take during each of six levels of emergency severity (see below). Systems are backed up using Sunguard Disaster Recovery Services; the Naugatuck, Connecticut operations center is supported by comprehensive redundant power generators. In the most severe case, Kuehne + Nagel has a “hot site” building 15 miles from its operations center. Within two hours of declaring an emergency, CSL would have access to a phone switch and mirror image workstations with Internet access. Emergency levels:

- **Level 1:** Staff Shortage / Temporary building evacuation
- **Level 2:** Computer system down
- **Level 3:** Telephone system down
- **Level 4:** Power outage
- **Level 5:** All power and inbound lines down
- **Level 6:** Long-term operations center down

7. What are your service levels?

Critical Service Logistics works with customers to determine appropriate service levels. Capabilities range from “hot shot” services, such as one-or two-hour, or “next flight out” to next-day and consolidated less-than- (LTL) or full-truck-loads (FTL).

8. Is EDI billing available?

Kuehne + Nagel provides integration with its clients’ systems, automating data exchange processes to provide a seamless EDI billing solution. Experienced IT staff ensures the appropriate integration and support is provided.

9. What systems are used?

Our Web-enabled systems offer real-time visibility to client inventory throughout its service supply chain lifecycle. In addition to RSL and DC stocking location tracking, Kuehne + Nagel can monitor inventory activity by field engineers (FEs). This allows for replenishment of trunk stock based on reported usage or when a defective part is returned. The same information is available to track repair vendors, as well as in-transit and customer-stocked inventory. This real-time inventory can be ordered via the Web or a call to the Customer Contact Center.

10. What comprises Critical Service Logistics?

- **Physical network:** A flexible, customized, network of best-in-class service providers. Leveraging this depot network allows inventory to be positioned closer to the customer. Depots are managed to tight service levels and provide secure storage with last-mile, time-specific delivery, including one-hour services.
- **Customer Contact Center:** Operating around the clock, with an experienced staff that manages phone, fax, email and Web-based critical orders, order exception resolution, immediate event notification, automated part-substitution logic.



- **Processes & systems:** This includes user-defined tailored reports, aggressive cycle-count program, technician parts aging, track-and-trace service.
- **Value-added capabilities:** Repair vendor management and integration with Kuehne + Nagel services, including international forwarding, distribution centers and transportation.

11. How do you manage employee performance?

In addition to annual reviews, associates receive formal quarterly evaluations tied to their compensation as part of the division's "pay for performance" incentive program. Key performance indicators (KPIs) are measured -- to the individual level -- and shared with each associate. Each KPI is then rolled up weekly, monthly and quarterly.

12. What are the main industries that you service?

Organizationally, Kuehne + Nagel focuses on the retail / consumer goods, high-tech, healthcare / pharmaceuticals, and industrial / chemical sectors. The Critical Service Logistics division, which has offered services since 1992, specifically works with the following:

- Telecommunications
- Computers & peripherals
- Automation & industrial equipment
- Aerospace
- Medical equipment

13. What are your hours of operation?

We operate 24 hours a day, seven days a week, 365 days a year.

14. How do you receive orders?

Kuehne + Nagel receives orders via phone, email, fax, web order entry and XML. We can manage data exchange in a variety of methods, including simple downloads, FTP file transfers, EDI and XML links. Our IT staff ensures the optimal method data exchange is selected and implemented to meet each client's individual needs.

15. What types of reports are available to customers?

Reports can be customized to customer needs, including:

- Real-time view of inventory.
- Key performance metrics, including cycle counts, inbound put away times, on-time delivery performance, proof-of-delivery times, order fill rate and accuracy, and timely transaction of inventory adjustments.
- Customer Contact Center call response times, call abandonment, order accuracy.
- Escalation details and summaries.
- Track-and-trace information.
- System uptime and feed accuracy.

16. How do you provide systems support?

Kuehne + Nagel's IT staff ensures that the appropriate integration and support is provided for each customer; support is offered around the clock via the KN Help Desk.

17. What is your value proposition? I still have to pay for warehouse space, material handling, and transportation.

Kuehne + Nagel's support of customers' field service organization drives costs down and reduces inventory movement, while our field management team increases inventory accuracy and service levels. We deliver superior business-to-business service and aftermarket support solutions based on years of successful, award-winning critical parts distribution.



The CSL technology optimizes customers' forward-positioned inventory, while providing real-time visibility to their products. Our approach is designed to:

- Enhance customer service and increase sales
- Improve material velocity
- Increase field productivity
- Allow our customers to focus their resources on their core business
- Provide experts to select best warehouse space and transportation partners
- Offer financial flexibility to our customers where they pay only for the warehouse space they need

Specifically within critical service logistics, the value prop includes:

- Technicians focused on fixing machines not managing inventory
- Less technician travel time due to rapid delivery of parts, enabling completion of a service call on the first visit
- Less technician time spent traveling to depots to pick up parts
- Increased service part availability to meet our customers' service level agreements

Our customers also turn to us to:

- Manage logistics facilities (leases, insurance, utilities, maintenance, etc.)
- Manage operations personnel (recruiting, hiring, ongoing HR activities, and so on)
- Select the best transportation providers to meet operations needs, negotiate and maintain agreements with them, manage ongoing relationships with them and make changes if necessary
- Manage contact center operations that their service technicians use to request parts using our Contact Center that is a 24x7x365 operation.
- Provide management solutions that integrate resources and technology to design, build, run and continuously improve complex supply chain networks through our Lead Logistics Solutions group. Its proven solutions help customers significantly reduce logistics costs through optimal design, efficient execution and continuing improvement of logistics processes, in order to achieve transformational efficiencies not attainable internally or with traditional 3PL models.

18. So who is Critical Service Logistics and what do you do?

Critical Service Logistics is the group within Kuehne + Nagel that provides tailored service parts logistics solutions.

- Solutions include service parts request contact center, depot operations, transportation management and the systems that support them.
- Our solutions get service parts to technicians enabling them to meet contractual service level agreements.

19. Do you compete with UPS and FedEx? What makes you different?

UPS does have customers who engage them to warehouse and move service parts as does FedEx. Our flexible business model and supporting systems allow us to integrate better with each of our customer's unique service logistics operations. We work with the "best" service providers in each geographic region to provide the level of service our customers need.

20. Who else do you see as your competition?

We offer a compelling value proposition to our customers that they are not likely to find elsewhere. Complete global support for what we refer to as Last Mile Logistics – getting parts quickly to forward deployed stocking locations and from them into the hands of service technicians in as little as one hour.



21. Your marketing materials say that you provide value added services; can you give a few examples?

We work with each customer to develop the right list of basic services we will provide. Some of those are already considered value added services:

- Proactive management of inventory at RSL's
- Monitoring and expediting parts shipments if needed
- Tracking progress of parts returns

In addition, we look for other opportunities to provide services that we may be able to perform better or more cost effectively:

- Identifying good or bad parts during the return process
- Managing your external partners for you such as repair vendors, etc.

22. Why would people want to outsource their service parts logistics?

- To focus on their core competency and driving revenue
- Managing service logistics operations can be a burden or unproductive distraction
- Many companies prefer to pick a partner whose competence is critical service logistics then let them manage that piece of the business

23. How do your customers know where to put their inventory (which KN location) so that they can meet their level of service commitments?

As part of our joint solutions process we can perform a full network analysis based upon your customer locations. We then recommend the best locations to position material based on the desired level of service.

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