Scott Davis
Chief Financial Officer
United Parcel Service
• 13M packages and documents delivered daily
• Presence in more than 200 countries and territories worldwide
• $470M economic impact on Metro Atlanta
• $3B annual ripple effect
Financial Highlights

• Domestic business down slightly
  - Focus on growing in a controlled, profitable manner
• International segment experienced a record quarter
  - Asia up 24%
  - Europe up 13%
• Logistics revenue up 27%
Supply Chain Revolution
Synchronizer of Global Commerce

Goods
Information
Funds
From a $60 Billion Domestic Market...
...to a $3 Trillion Global Supply Chain Market
Creating a sense of harmony, unity and precision among all members of the supply chain so that goods, information and funds can move fast, efficient and secure.
Synchronized Activity
“Companies no longer compete... supply chains do.”

“Supply chain management is THE strategy”

“Supply chain integration is a matter of survival”
Motivating Reasons for Supply Chain Integration

- Need to meet rising customer expectations
- Desire to increase productivity and reduce costs
Inventory to Sales Ratios

• Dropping steadily since 1990
• Declined 34% since the 1980’s

Estimated reduction of over $4.6T in total business inventories
Inventory Performance

- Cash-to-cycle times improved 10% in last five years
- High-tech inventory turns nearly doubled, to six a year
- Estimated economy-wide savings of $342B if all companies in these industries implemented advanced supply chain streamlining techniques*
Estimated Savings

- Consumer packaged goods: $139
- Defense and industrial: $118
- Chemicals and pharmaceuticals: $47
- Telecommunications: $24
- Computers and electronic equipment: $15

(in Billions)
Financial Logistics Analysis Tool (FLOGAT)
## Partnership and Collaboration

### Astrazeneca Plc - Benchmark Analysis

#### Key Indicators Ranking

<table>
<thead>
<tr>
<th>Company</th>
<th>Operating Margin</th>
<th>A/P (DPO)</th>
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| ABT     | 4 | 3 | 1 | 2 | 3 | 4 | 4 | 4 | 3 | 3 | 4 | 1 | 3 | 4 |
| PFE     | 1 | 2 | 3 | 3 | 2 | 1 | 2 | 2 | 1 | 2 | 1 | 1 | 1 | 1 |
| NVS     | 2 | 4 | 2 | 1 | 4 | 2 | 1 | 3 | 4 | 4 | 1 | 1 | 4 | 3 |

**NOTE:** Highlighted cells denote Best In Class and overall best ranking
### What if Inventory DOH is reduced by 40 days?

**Astrazeneca Plc - Benchmark Analysis**

**'What If' Key Indicators Ranking**

**Fiscal Year End**

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Measures of Growth

Revenue Growth
Measures of Growth

Revenue Growth

Income Statement
Measures of Growth

Revenue Growth

Income Statement

Balance Sheet
Synchronizer of Global Commerce

Goods

Information

Funds
• Few lenders allow customers to borrow against collateral outside their national borders
• UPS handles product fulfillment, securing customs clearance and providing just-in-time delivery to customers in Mexico
Manages funds flow by lending on the value of the capital
Four Major Global Trends

• Younger worldwide population
• Rising middle class
• Increased urbanization
• Greater mobility
Rise of Worldwide Middle Class

- Household consumption increased nearly 70%
- Consumer product spending to grow exponentially
Meteoric Growth of Urban Population

• 60 million new citizens every year

• More than half of the world will be concentrated in urban areas in 8 years
Increased Mobility
• Worldwide air passenger growth has tripled since 1974

• Ocean shipping has grown almost 40%
Explosion in the Flows of Goods, Information and Funds

Foreign exchange transactions

• 1970: $10B a day
• Today: $10B a second