

# Intelligent Transport for Metropolises – City Logistics by DHL

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Essen, 12. October, 2010

# Agenda

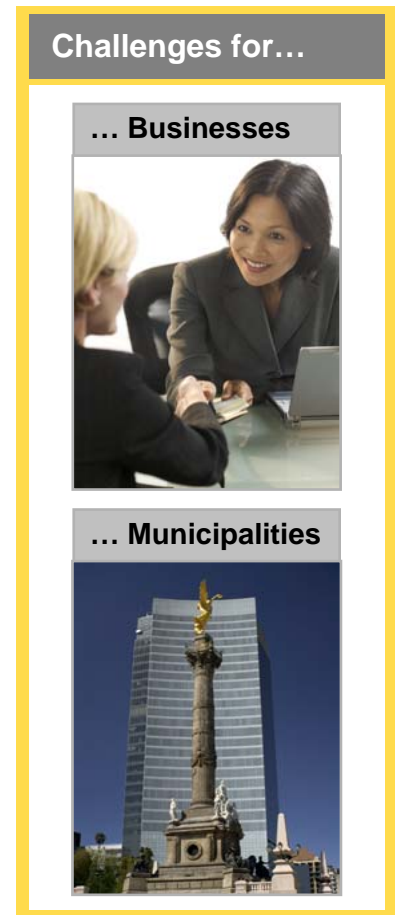
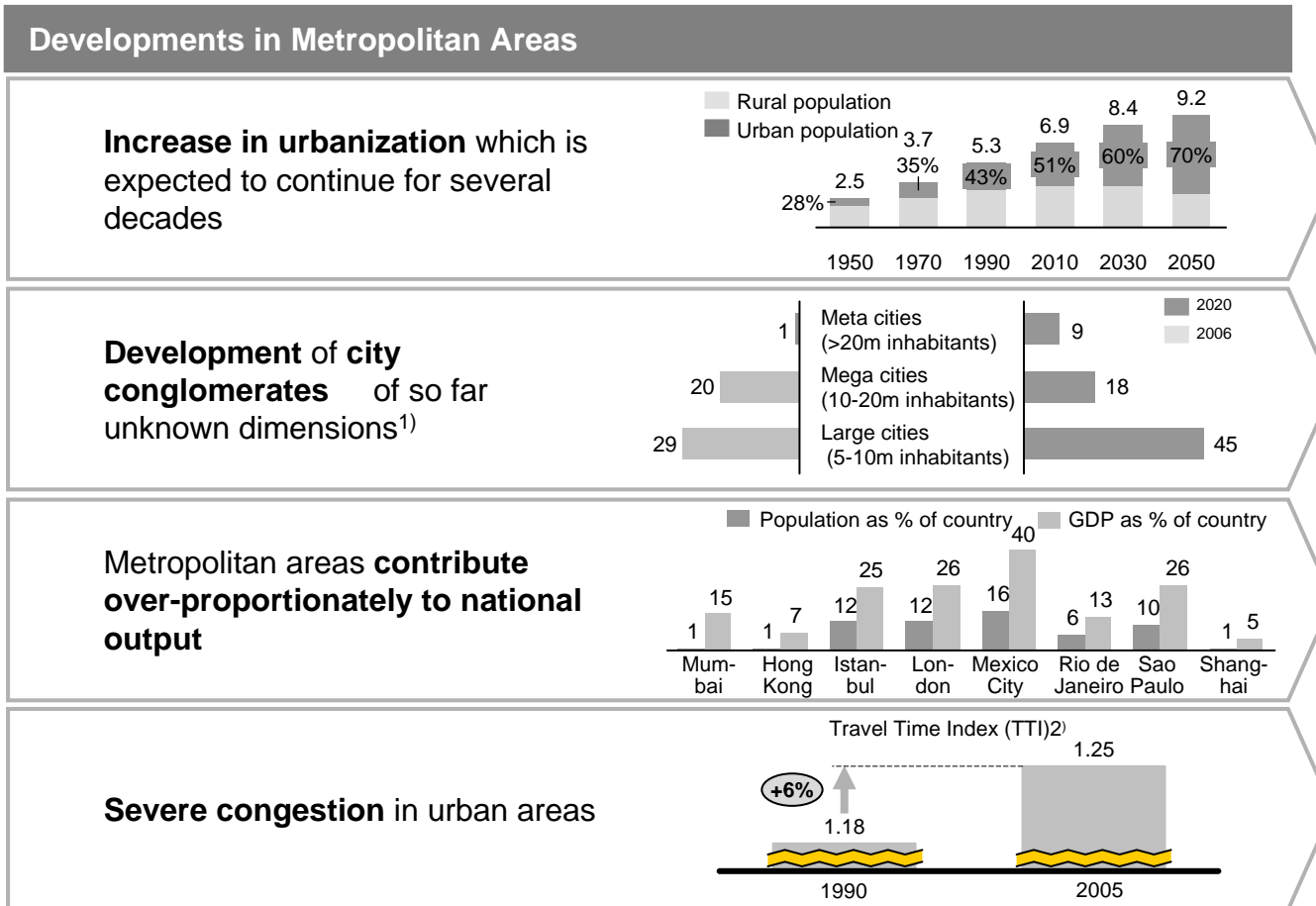
Introduction

Best practice

Vision

# Trends in Metropolitan Areas

## Strong growth in metropolitan areas results in significant challenges for municipalities as well as businesses



Source: City Logistics Team; UN, Department of Economic & Social Affairs, citymajors.com, Deutsche Bank, OECD; 1) 70% of these large cities are in India, China, and other developing countries in Asia & Latin America; 2) The internationally used Travel Time Index (TTI) is the ratio of travel time in the peak period to the travel time at free-flow conditions, US example, metropolitan conglomeration areas

# Challenges of Municipalities

## Municipalities face 7 key challenges of which Reducing Pollution, Traffic Flow and Quality of Life can be addressed by DHL

- Strong influence
- Low influence
- Primarily addressed by DHL

Challenges for Municipality		Addressable by DHL <sup>1)</sup>
<b>Limited budget funds</b>	Cope with difficult financial situation while maintaining or increasing service levels and meeting legal obligations	-- ○
<b>Ease of doing business</b>	Provide companies with a supportive business environment for growth and development	Increase in service levels through more efficient logistics ○
<b>Efficient transportation</b>	Enable optimal framework for private, public and cargo transportation, which is able to absorb the growing traffic	Smart approach to manage supply chain/ freight within city ●
<b>Balancing Labour market</b>	Provide employment and social security to skilled and unskilled workforce	Generation of employment ○
<b>Reducing Pollution</b>	Addressing the root-causes and effects of pollution within the city	Minimized delivery vehicles / leverage low emission vehicles ○
<b>Quality of life</b>	Balance all levers that can be influenced in order to improve the quality of life for keeping and attracting citizens	Reduction in congestion & positive impact on pollution ○
<b>Inadequate infrastructure</b>	Enhance suboptimal infrastructure in order to keep up with economic growth and increasing population	-- ○

Source: City Logistics-Team; 1) Strategic fit to DHL City Logistics: Presence of right capabilities and alignment with core logistics business

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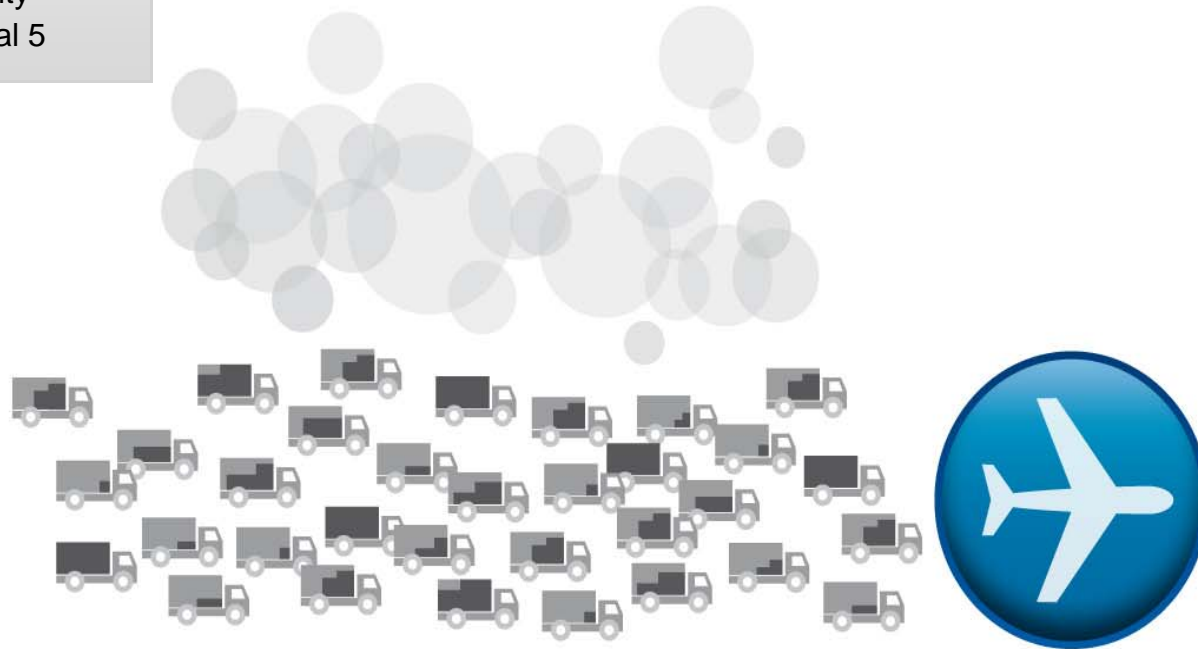
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# Heathrow Airport before Consolidation Center

## Situation:

- passengers: 66mn
- stores: 323
- storage space: very little
- bottleneck: infrastructure
- requirement: security
- expansion: Terminal 5



# Consolidation at Heathrow Airport

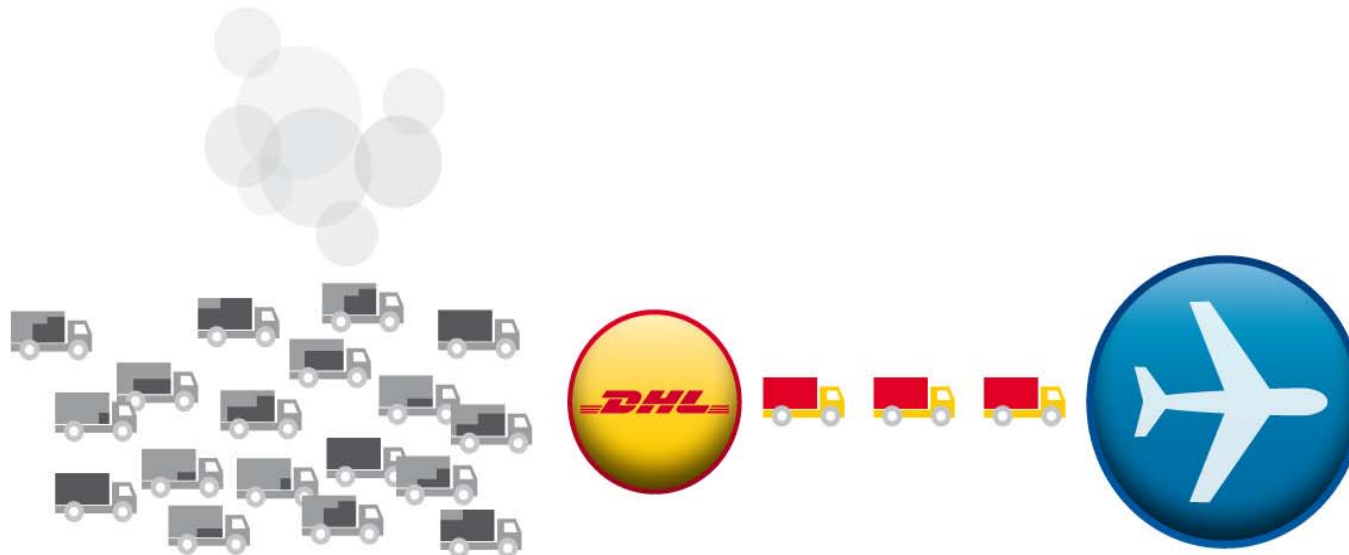
## Heathrow Consolidation Center

### Solution:

Consolidation Center  
(since 2001)



- supplier drops fewer and fuller loads
- product consolidation
- security scanning and value-adding services
- reduced vehicle movements
- Retailer assistance within the Terminal



Source: City Logistics Team

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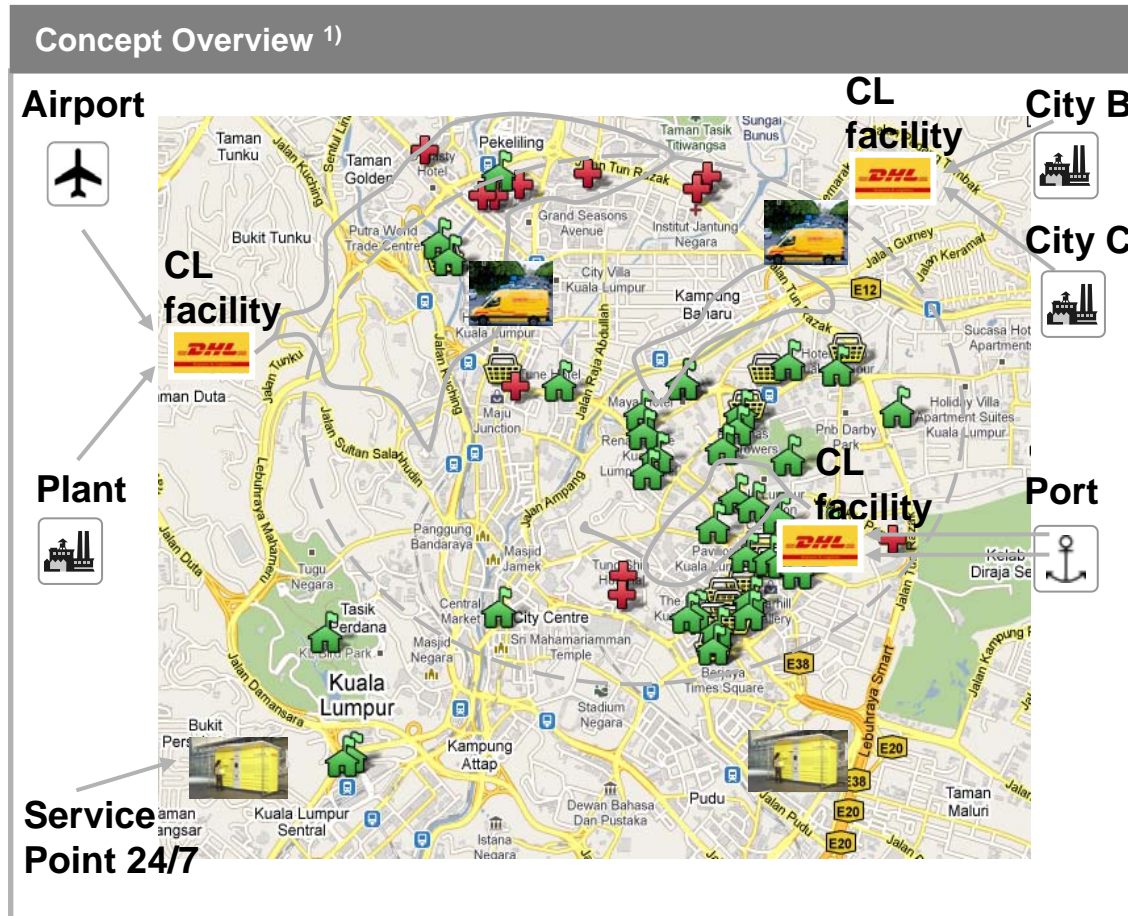
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# DHL City Logistics

DHL's City Logistics offers a holistic concept how cities can increase efficiency in the flow of goods e.g. by optimizing inner-city freight deliveries



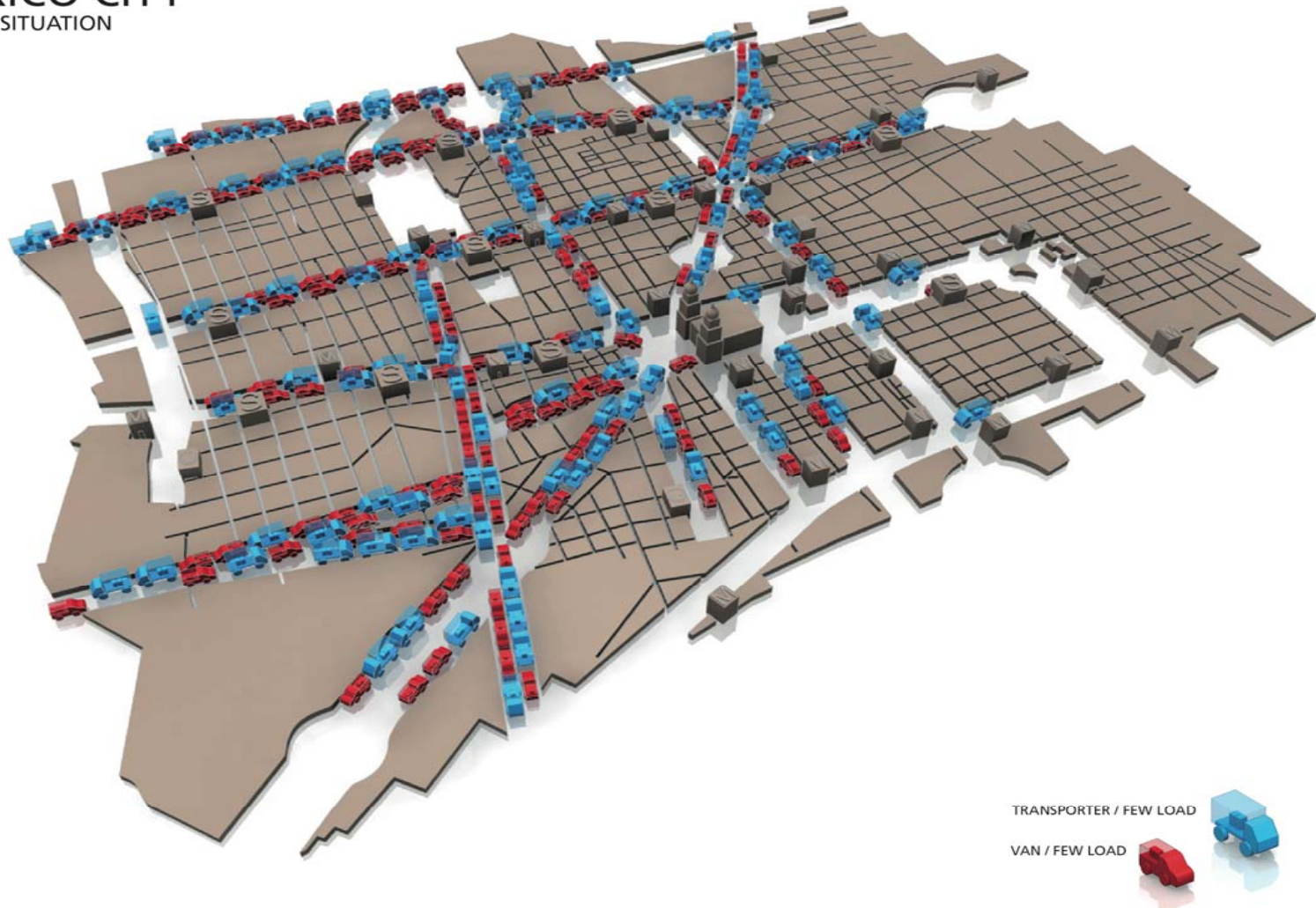
## Details

- Geography-bound flows of goods are **optimized across industries** e.g. for hotels and hospitals. Consolidation Centers and transport capacities are shared; **last mile delivery combined**
- **Optimized timing:** shift freight transport to **off-peak hours**, when there is less traffic
- **Technological improvements** such as dynamic route optimization for deliveries (**Smart truck**) or deploying the **most efficient vehicle generation** (electric/ hybrid)
- **Service Points 24/7** reduce failed delivery attempts and decreases PUD-induced traffic

Source: City Logistics Team; 1) passenger transportation is excluded

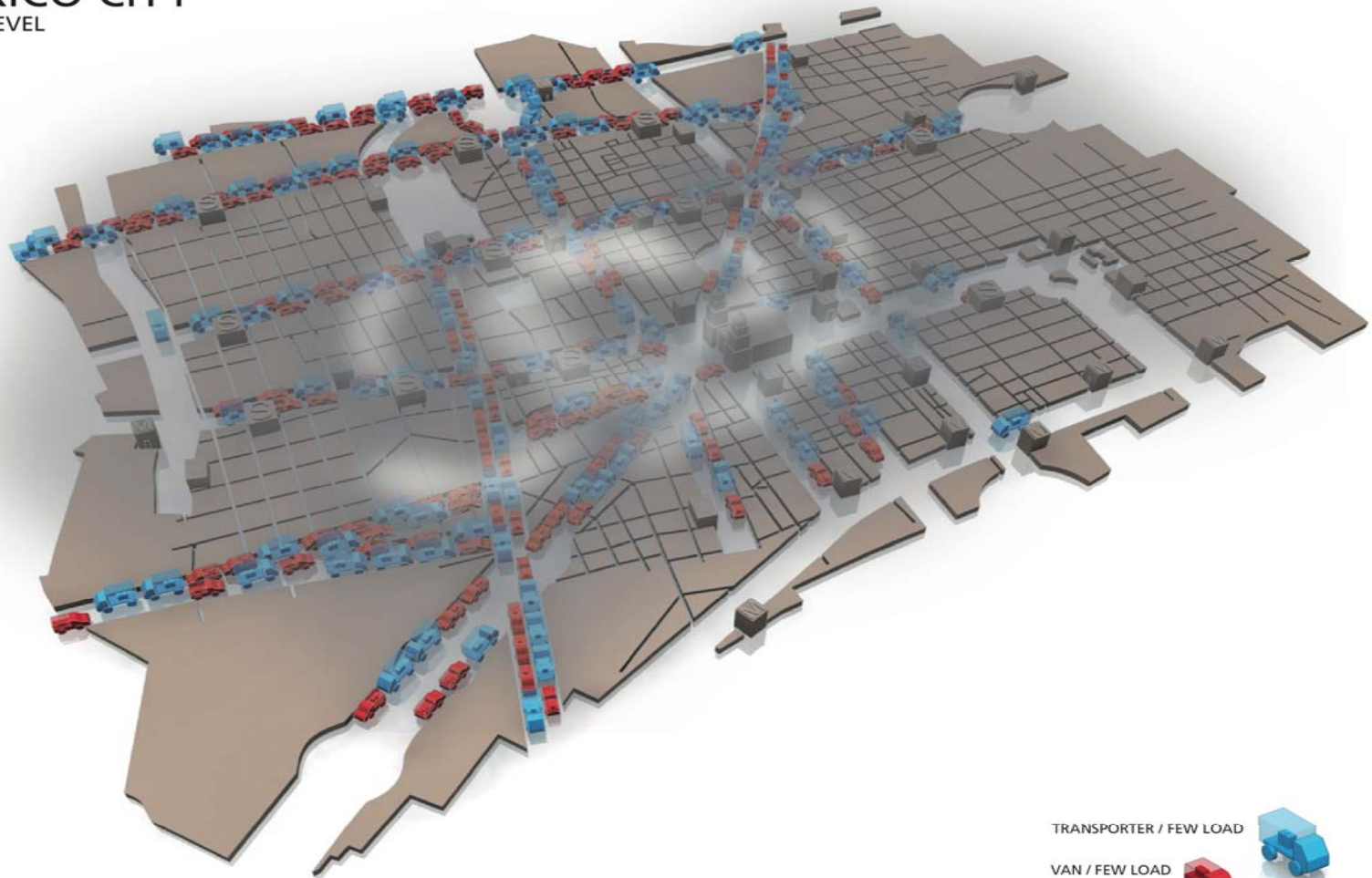
# Intelligent Transport for Metropolises

## MEXICO CITY TRAFFIC SITUATION



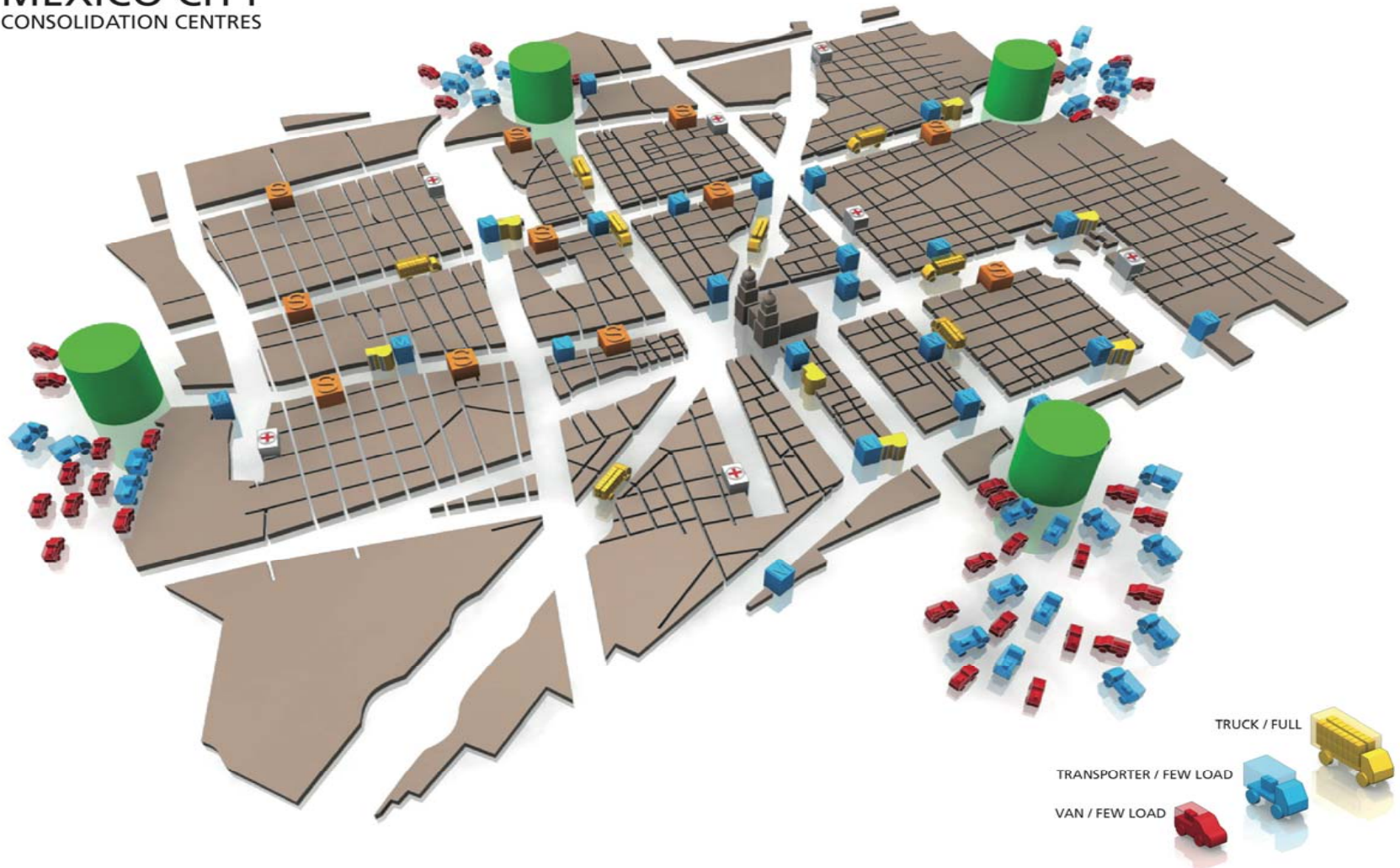
# Intelligent Transport for Metropolises

## MEXICO CITY SMOG LEVEL



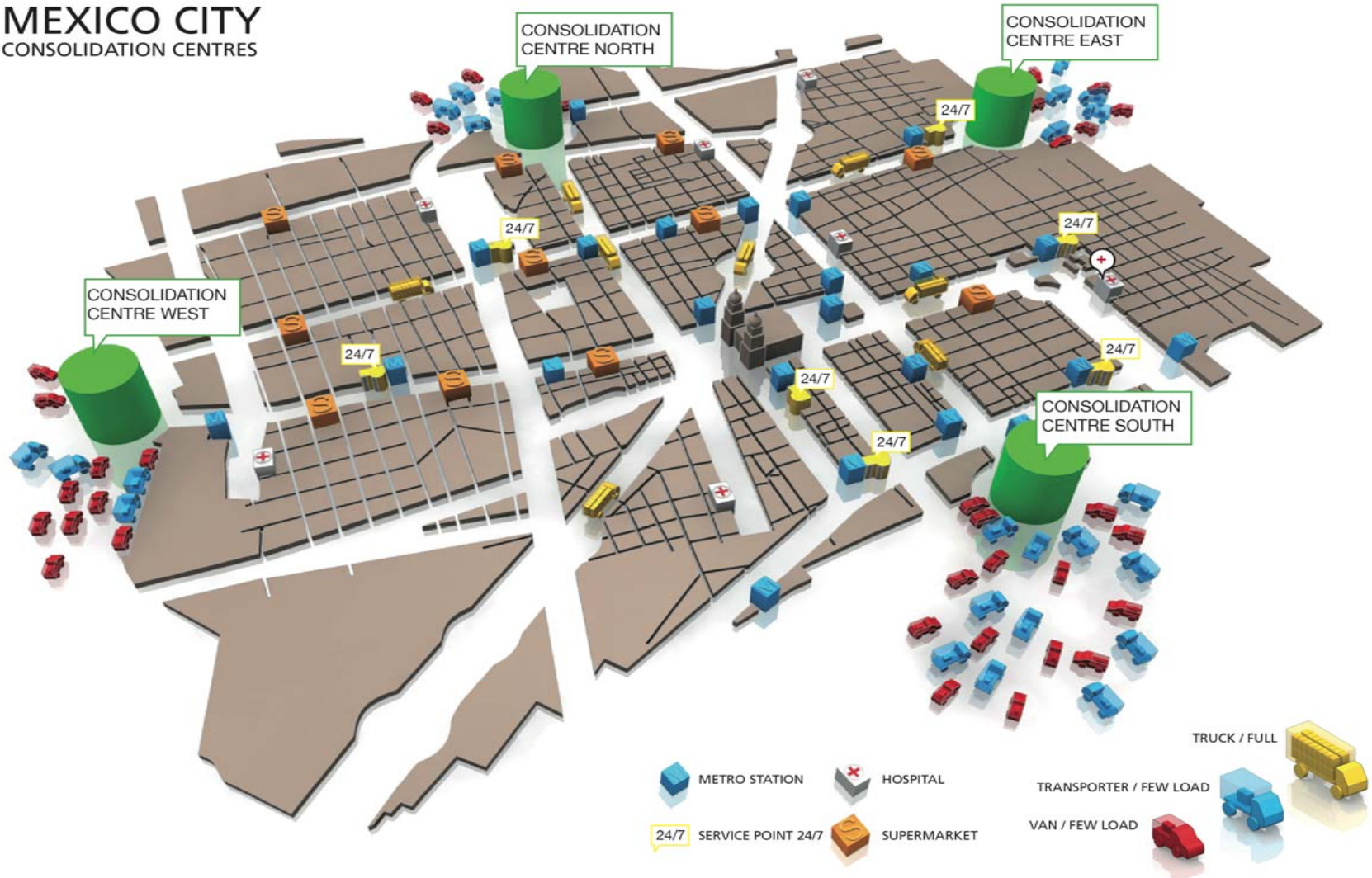
# Intelligent Transport for Metropolises

## MEXICO CITY CONSOLIDATION CENTRES



# Intelligent Transport for Metropolises

## MEXICO CITY CONSOLIDATION CENTRES



Thanks for your interest

## Questions?

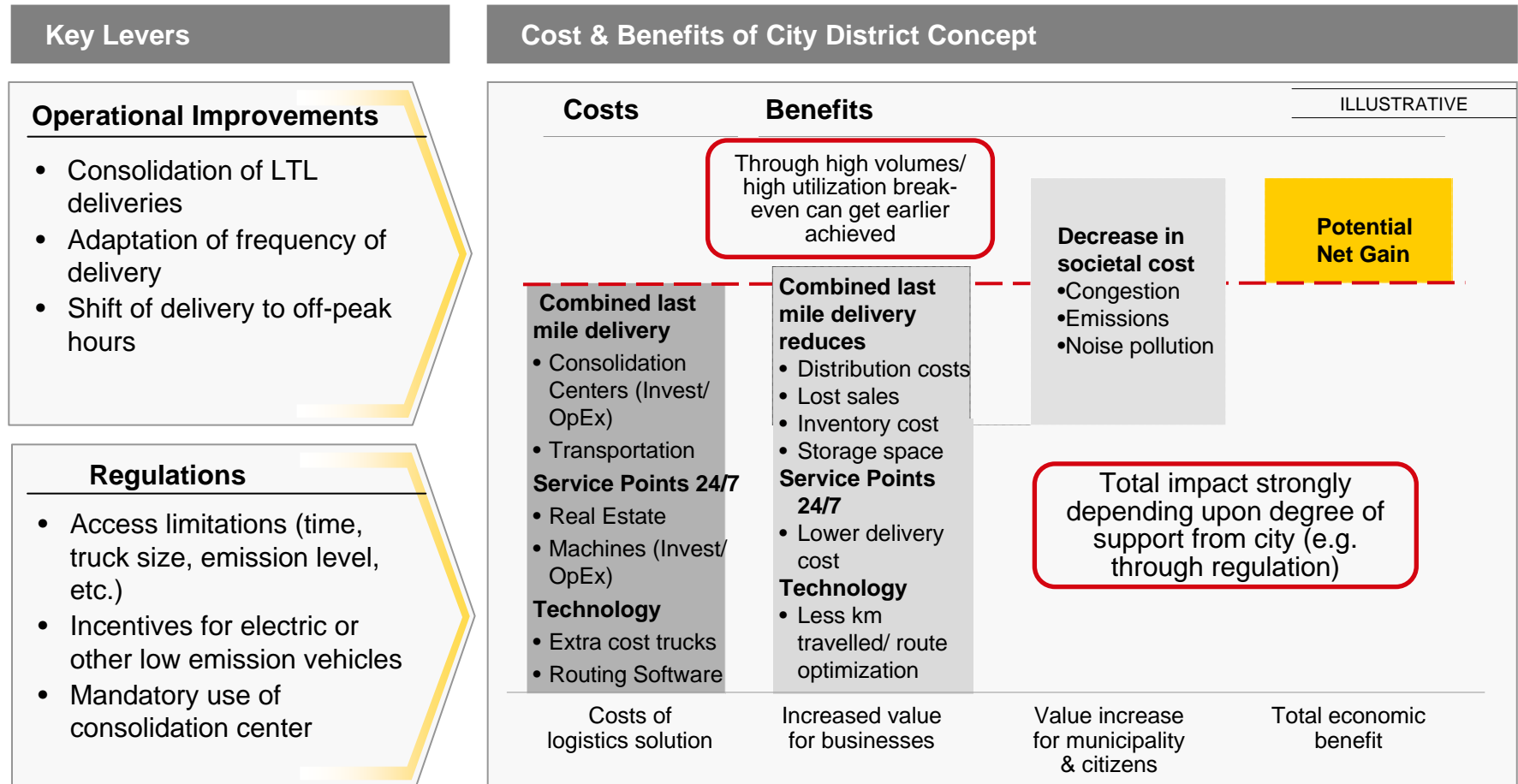
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# Back-up

# Levers & Benefits

## OPS improvements supported by regulations will generate a net value increase for businesses, citizens & municipalities



Source: City Logistics Team

## Actions to take and results for municipality

### The cooperation may lead to regulation, e.g. mandatory use of Consolidation Centers (CC) in order to achieve maximum benefits

Role/ Phase	Actions to Take	Results
<b>Supporter</b> 	<ul style="list-style-type: none"> <li>• Share available traffic/ freight flow data for freight optimization study (or DHL will collect data)</li> <li>• Publish press statements highlighting the benefits and positive outcome of City Logistics for participating businesses and the city as a whole</li> </ul>	<ol style="list-style-type: none"> <li>1. Study providing transparency leading to a visionary plan how to improve freight flows in the city</li> <li>2. Key stakeholders are aware of City Logistics' contribution on the way to a greener city and support this concept</li> </ol>
<b>Facilitator</b> 	<ul style="list-style-type: none"> <li>• Declare City Logistics district according to results of freight optimization study</li> <li>• Grant land at suitable location/ issue permits to operate Consolidation Center and Service Points 24/7</li> <li>• Support in building up information flows/ infrastructure, e.g. for Smart Truck implementation</li> </ul>	<ol style="list-style-type: none"> <li>1. Cost-benefit analysis for decision-making</li> <li>2. Buy-in of business owners to participate</li> <li>3. CC running (voluntarily use)</li> <li>4. Service Points 24/7 spread over the city</li> </ol>
<b>Regulator</b> 	<ul style="list-style-type: none"> <li>• Discussion and communication of concept in alignment with local decision-making process</li> <li>• Pass regulation, which can encompass access to city district based on loading factor or emission level and/or making the use of CC mandatory</li> <li>• Establish tax exemption for CC and road tax exception for trucks servicing the CC and associated retailers</li> </ul>	<ol style="list-style-type: none"> <li>1. Optimization of freight traffic flows in city district achieved</li> <li>2. Users accept regulation and realize benefits of CC (e.g. on time deliveries)</li> <li>2. CC running (mandatory use)</li> </ol>

Source: City Logistics Team;