

Fed

up

?

DHL

History

- FedEx was founded by Frederick W. Smith in 1971
- He started by acquiring Arkansas Aviation Sales by using \$750,000 he received from a trust his father had left him.
- The name FedEx came about after a meeting with the Federal Reserve Board with whom Smith initiated a contract with in order to secure the rights to ship Federal Reserve checks overnight.

The FedEx logo is displayed in a bold, sans-serif font. The word "Fed" is in purple, and "Ex" is in orange. The letter "E" is stylized with a white negative space cutout.

Early Growth

- In 1977 after legislative restrictions that banned the use of certain routes by cargo planes were lifted, FedEx became profitable and went public
- FedEx grew at a very impressive rate, in fact it was the first U.S. company to reach the billion dollar revenue mark within 10 years of begging operations
- By the late 1980's, FedEx owned the worlds largest all-cargo airline



From its headquarters in Memphis, Tennessee FedEx has grown into the biggest delivery company in the world, as well as becoming the world's largest airline in terms of freight tonnage and the world's second largest in terms of fleet size (Delta Air Lines being the largest).

However, the company hasn't rested on its laurels and continues to expand and defy expectations with ever growing revenues and numbers of employees.

Over the years, the company has been at the forefront of innovation and as such is regularly voted as one of The Best Companies To Work For by Fortune magazine.

Discover the amazing universe that FedEx has created for itself.

Legend



Revenue

US \$35.5bn PY09

First company to reach US \$1 bn in revenue within 10 years of starting up.



Employees

280,000+ worldwide

Employees at hubs must sort at least 50 packages per minute and memorize more than 800 identifiers.

Meet The Boss™
The Executive Channel

Continued Success

- In 1981, FedEx began international operations by opening its first hub in Canada
- During this time they also introduced the “Super Tracker” which was the first hand held bar code tracker used in the shipping industry
- FedEx ultimately sealed its place in the shipping industry by establishing a contract with China and moving its operations into Asia

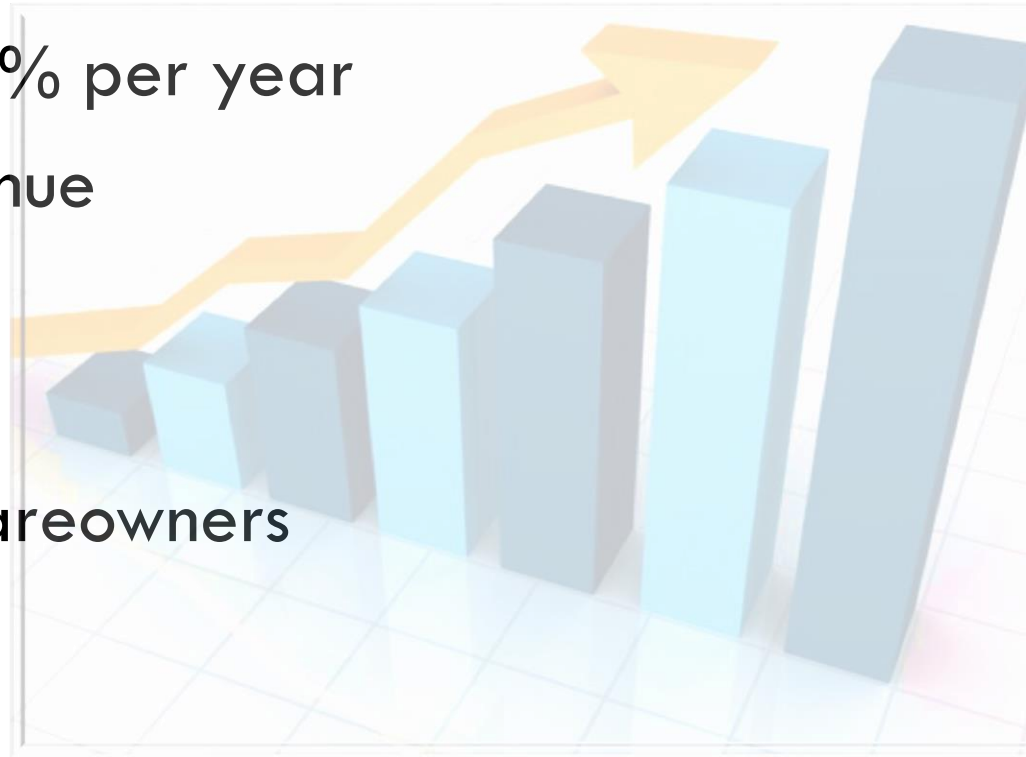


Mission Statement

- FedEx Corporation will produce superior financial returns for its shareowners by providing high value-added logistics, transportation and related business services through focused operating companies. Customer requirements will be met in the highest quality manner appropriate to each market segment served. FedEx will strive to develop mutually rewarding relationships with its employees, partners and suppliers. Safety will be the first consideration in all operations. Corporate activities will be conducted to the highest ethical and professional standards.

Benchmarks to Success

- FedEx highlights these benchmarks as a means of achieving long term success:
 1. Achieve 10%+ operating margin
 2. Increase EPS 10%-15% per year
 3. Grow profitable revenue
 4. Improve cash flows
 5. Increase ROIC
 6. Increase returns to shareowners



In order to sustain growth

Increasing
scope of influence

□ In order to sustain growth FedEx lists the following strategies:

1. Grow core package business
2. Grow internationally
3. Grow our supply chain capabilities
4. Grow through e-commerce & technology
5. Grow through new services & alliances

Leadership

Innovation

Transparency

Performance

Future Growth

- ❑ FedEx believes its greatest opportunity for growth and success lies outside of the U.S.
- ❑ Factually speaking more than 70% of the worlds purchasing power is outside of the united states
- ❑ In 2014, the U.S. shipped a record 2.3 trillion dollars overseas which only continues to show that buying power is continuing increase in other countries



Logistics

- FedEx is looking to become one of the key players in the logistics market as well
- The CEO and Founder, Frederick Smith been known to emphasize how important it is to be efficient in such a competitive market



Acquisitions

- In order to facilitate its growth in the logistics department, FedEx acquired GENCO in 2015
- GENCO is recognized as a world leader in product lifecycle and reverse logistics solutions designed to maximize value and reduce costs
- The acquisition should give FedEx the ability to transact business even more efficiently, which is becoming increasingly important in the overseas market



Product Lifecycle Logistics®

Leadership

- CEO and founder, Frederick W. Smith has continued to be extremely involved in the companies day to day operations since it was started in 1991.
- He is known to be a passionate leader who will do anything to satisfy his customers
- Over the years, he has formulated what is now known as the “Purple Promise” which is the guideline of how FedEx will treat its customers



The Purple Promise

1. Do whatever it takes to satisfy our customers
2. Always treat customers in a professional, competent, polite and caring manner
3. Handle every customer transaction with the precision required to achieve the highest quality service
4. Process all customer information with 100 percent accuracy



The Future and Sustainability

- Continue expansion into South America, China, and India
- Increase investment in logistics and marketing solutions
- Invest in untapped markets such as IT and the medical industry

FedEx[®] HealthCare Solutions

We understand the importance of what you do, and we're proud to play a part. Share your situation with us, and we'll share our healthcare connections, solutions and experience with you.



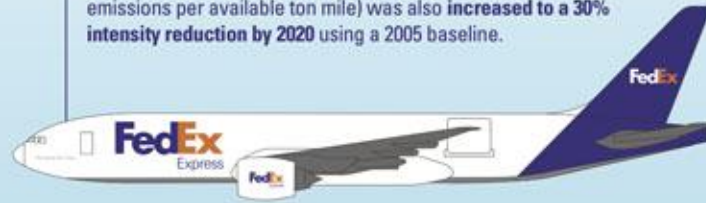
Sustainability



A SUSTAINABLE FUTURE

Through energy efficiency and diversification, collaborations and advocacy, FedEx is helping to create a more sustainable world and business for the future.

FedEx Express set a goal of sourcing **30% of aviation fuel needs from alternative fuels by 2030**. The aircraft emissions intensity goal (CO2 emissions per available ton mile) was also **increased to a 30% intensity reduction by 2020** using a 2005 baseline.



9 solar energy systems are now installed across FedEx facilities in the US (6) and Europe (3).

FedEx Express has made LEED Certification the standard for newly built US facilities. Currently **9 FedEx Express buildings are LEED certified**.

Since 2006, FedEx Ground has **recycled 93 million lbs. of waste**, shredding some of their waste to provide an alternative to conventional packing material.

FedEx Office purchased **25,000 megawatt-hours of renewable energy credits (RECs)** in 2012 to support renewable energy generation.



FedEx Freight is testing two new trucks in Dallas, TX, powered by cleaner-burning engines that use only liquefied natural gas.

FedEx Express increased its vehicle fuel efficiency goal to a **30% improvement by 2020** using a 2005 baseline, having beaten our initial target of 20% in FY12.

364 FedEx Low Emission Hybrid Electric Vehicles and 118 FedEx Zero Emission All Electric Vehicles were in the FedEx Express fleet by the end of 2012.

7 FedEx Zero Emission Electric Tricycles are now serving 5 districts of Paris.

FedEx Freight has **successfully tested synthetic diesel fuel derived from biomass** in trucks at the Birmingham, Ala., service center.

More than 10,000 clean diesel FedEx Express Sprinter vans are now in the FedEx Express service. **These vans are 70% to 100% more efficient** than the vehicles they replaced.

FedEx Corporation

- Business Model
- Key Resources
- Strategies
- Competitive Advantage
- Risk

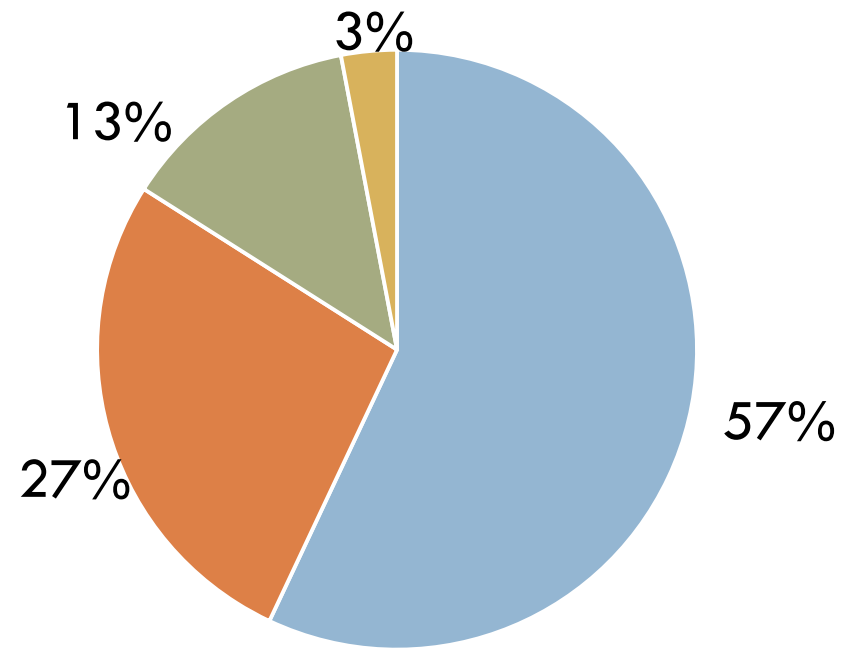


Operating/Reportable Segments

Classified its operation into 4 segments:

- FedEx Express
- FedEx Ground
- FedEx Freight
- FedEx Services

Revenue Mix
for the quarter ended on May 31, 2015



■ FedEx Express ■ FedEx Ground
■ FedEx Freight ■ FedEx Services

Independent Service Provider Model (ISP)

- FedEx Ground's drivers – independent contractors
- Maintains control over its workers
- Avoid the cost of employing them directly
- Federal Fair Labor Standards Act, Family Medical Leave Act, state minimum wage laws only applies to employees
- Pay for their uniforms, truck maintenance, and package scanners out of pocket
- FedEx has saved significant amount of labor costs

Key Resources

As of May 31, 2015:

Human Resources	
FedEx Express	165,000 employees
FedEx Ground	70,000 employees/contractors
FedEx Freight	39,000 employees
FedEx Services	12,000 employees
Total	286,000 team members worldwide

UPS's workforce is greater by more than 65% worldwide (435,000 employees)

Key Resources

	Vehicles	Aircrafts
FedEx	47,900	647
UPS	99,892	539

- UPS's vehicles more than doubled FedEx's
- FedEx has 20% more aircrafts

Strategies

Modernizing Air Fleet

- Replace older aircraft with newer, more cost-effective aircraft
- On June 1, 2015, FedEx retired 15 aircraft and 21 related engines
- On July 21, 2015, FedEx agreed to purchase 50 additional aircraft from Boeing
- The strategy will substantially reduce its operating costs
- For example, on a 750 mile round trip, operating costs can be reduced by up to 30% depending on the types of aircraft

Strategies

Capital Expenditures:

(in millions)	2014	2013	2012
Aircraft/related equipment	\$1,327	\$1,190	\$1,875
Facilities/sort equipment	819	727	638
Vehicles	784	734	723
IT investments	403	452	541
Other equipment	200	272	230
Total capital expenditures	\$3,533	\$3,375	\$4,007

Strategies

Grow Globally, Operate Locally

- “FedEx’s international domestic revenue has more than doubled from \$653 million in FY11 to about \$1.4 billion in FY14”
- FedEx has acquired domestic transportation companies in the key markets (growing markets) around the world
- Countries include the UK, Mexico, Hungary, India, Poland, France, Brazil, and Southern Africa
- FedEx has opened 100 stations in Europe since 2011

Strategies

Grow Globally, Operate Locally (continued)

- On April 7, 2015, FedEx announced that it will acquire TNT Express
- FedEx and TNT anticipates that the offer will close in the first half of 2016
- The acquisition of TNT will significantly increase FedEx's market share



Market Share in Europe	
UPS	16%
TNT	12%
FedEx	5%

FedEx will become the second largest logistics player in Europe after the deal closes

Competitive Advantage

Hybrid Electric Fleet

- FedEx's hybrid electric delivery truck demonstrated higher fuel economy by 12% to 17% compared to conventional diesel trucks
- FedEx achieved its fuel efficiency many years ahead of schedule
- 2005-2013, its fuel efficiency improved by 22%
- 2013-2020, the goal is 30% improvement in fuel efficiency
- FedEx's continuous focus on hybrid and electric vehicles is likely to minimize its fuel costs

Risk

Court ruling may upend FedEx's Business Model

- In 2014, the Court in Portland, Oregon ruled that FedEx had misclassified 2,300 FedEx Ground drivers as independent contractors
- “FedEx had the broad right to control the manner in which its drivers perform their work, and the workers should therefore be classified as employees.”
- The decision may prompt claims for benefits and wages that could cost millions of dollars
- FedEx can no longer use ISP model?
- Can FedEx maintain the same control over its drivers?

United Parcel Service



1916



1937



1961



2003

Key Facts

- Founded in Seattle, Washington on August 28, 1907
- Headquarters: Atlanta, Ga.
- CEO: David Abney
- 2014 Revenue: \$58.2 billion
- 435,000 employees
 - US: 354,000
 - International: 81,000



Overview



Founder, James Casey

Started as a simple messenger service in 1907, UPS quickly evolved into the world's largest package delivery company.

During the year 2014, UPS delivered 18 million packages each day worldwide. In total, UPS delivered 4.6 billion packages and documents worldwide in 2014.

Reporting Segments

- US Domestic Package
 - ▣ Provides guaranteed ground and air package transportation services
 - ▣ Offers same day, next day, and a specified time-of-day guaranteed delivery option
- International Package
 - ▣ Provides guaranteed day and time definite international shipping services such as Express Plus, Express, and Express Saver
 - ▣ Operates across various regions such as Europe, Asia, Canada, Latin America, and the Middle East

Reporting Segments

- Supply Chain & Freight
 - Forwarding & Logistics Services
 - UPS Freight
 - UPS Capital



Competitive Strengths

- Integrated Global Network
- Global Presence
- Cutting edge Technology
- Customer Relationships
- Financial Strength



UPS Enterprise Strategy

- Create value for customers
- Transform to strengthen leadership position
- Invest to grow in key markets



Management Committee



David Abney, CEO



Alan Gershenhorn, EVP, CCO



Richard Peretz, CFO



Myron Gray, President,
US Operations



Jim Barber, President
UPS International

Training & Development

- Promotion from within
- Women's Leadership Development program

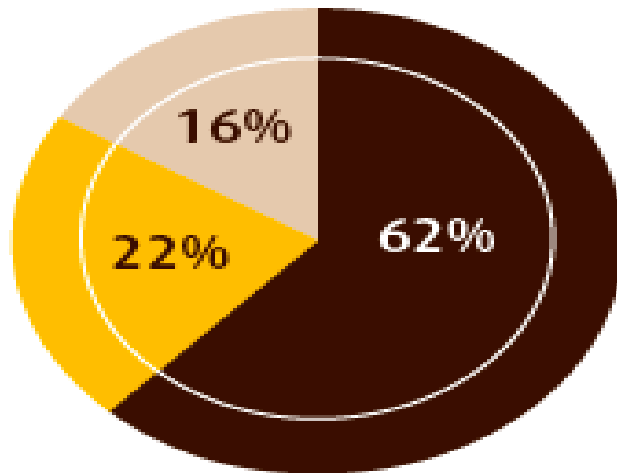


BUSINESS MODEL UPS

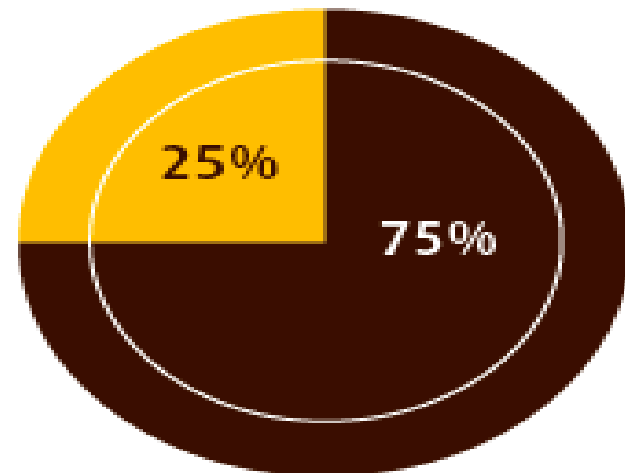
Lisa Shi

Operating segments

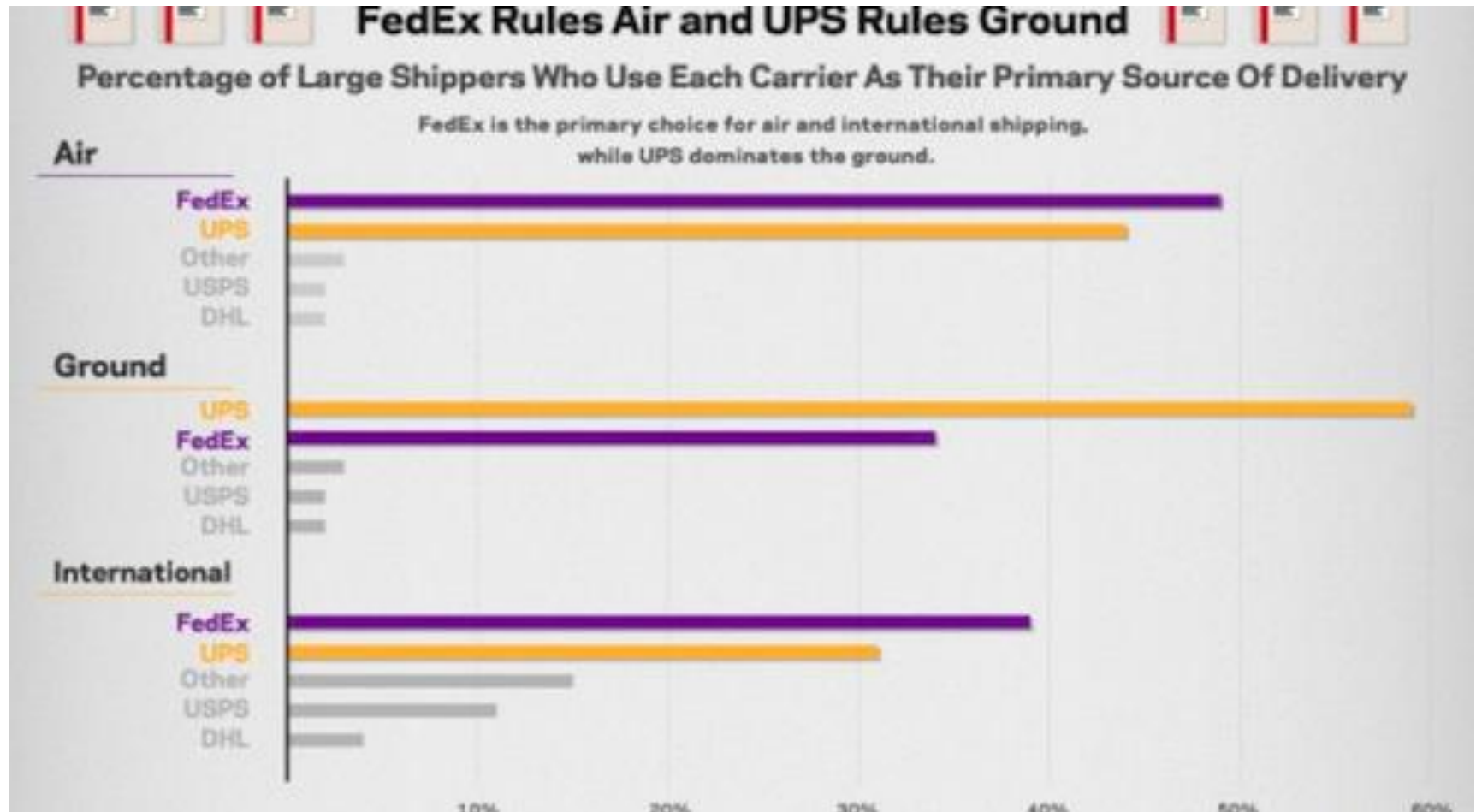
Revenue by Segment
percent



Revenue by Geography
percent



Who rules the world



Moving at the speed of business

- UPS switched gears and launched a whole new ad campaign built on four strategic pillars. 1) Globalism, 2) Timeliness, 3) Flexibility, and 4) Technology.
- The "Moving at the Speed of Business" campaign conveys a fundamentally operational concept of the company, showing its resolution of performing with a sense of urgency in an environment of rapid and continuous change.



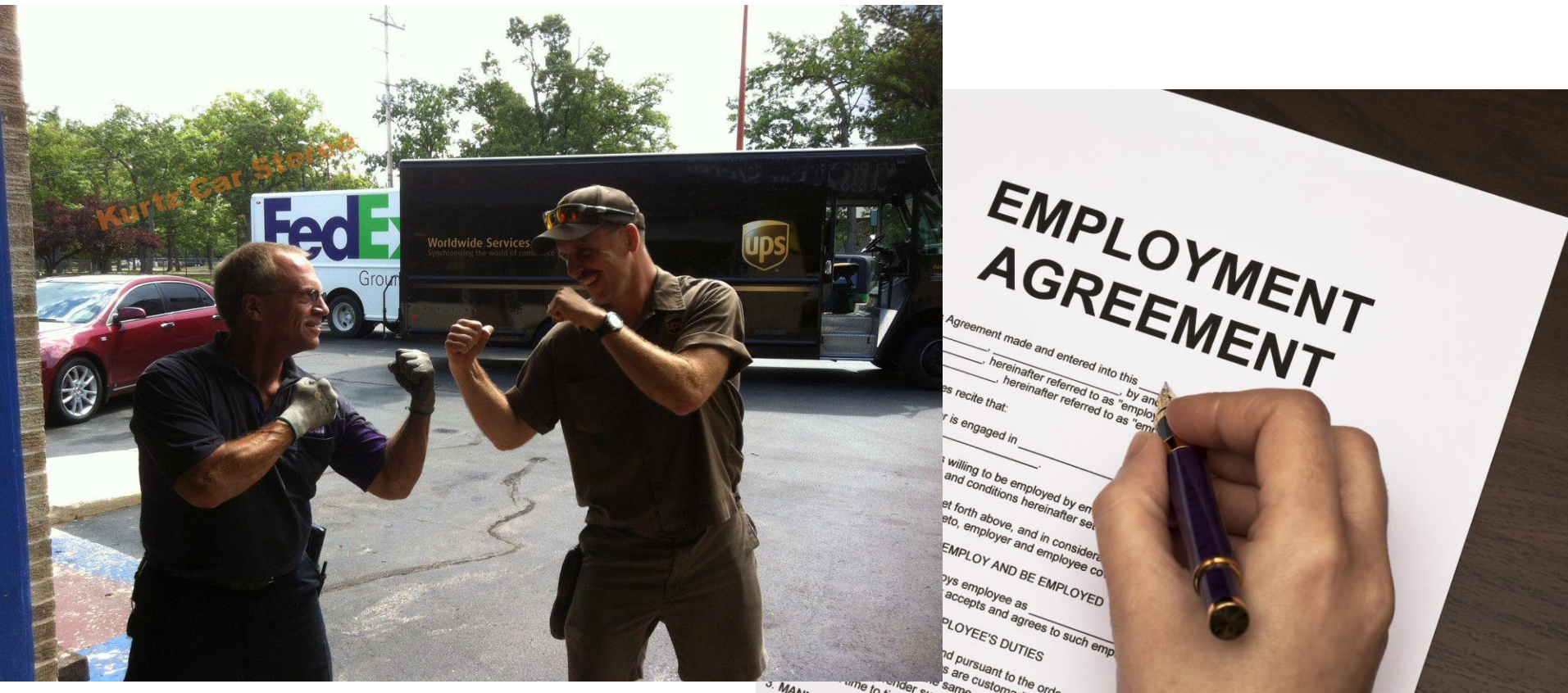
MOVING at the SPEED of BUSINESS.

Business Strategy

- Expansion of global trade
- Emerging market growth
- Increasing need for segment expertise in the integrated carrier, logistics and transportation space

Key resources

Independent contractors vs. outright employees



For UPS...

PROS

- Drivers are employees with security and benefits
- Tightly managed and controlled schedule and environment
- Average tenure for drivers is more than 16 years
- Nearly all drivers are hired from within the company

CONS

- Unless moving up the "corporate ladder" drivers salaries cap out around \$70,000
- Tightly managed and controlled schedule and environment
- Teamsters can lead to a strike and cause work disruption
- It can take 4 to 12 years to get a job as a driver after joining the company

Competitive advantage: The shift to a pull-oriented business model

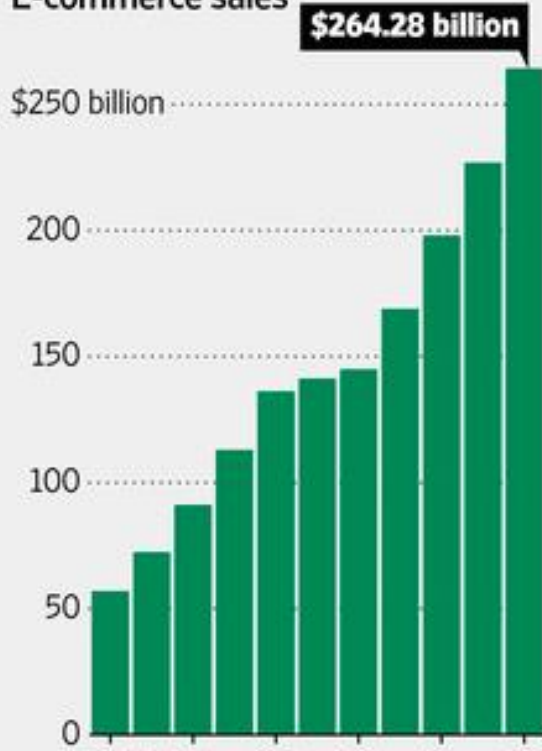
- 1. Enhanced Tracking- Enables shippers (and their customers) to track packages using their own internally generated reference number (e.g., a P.O. number).
- 2. Address Validation- Catches discrepancies in city-state-ZIP code combinations and helps companies improve customer service and reduce costs by ensuring that shipping addresses are correct at the point of order entry – before the order has left the shipping dock.
- 3. Time-in-Transit- Provides the buyer with the time-in-transit in business days for UPS ground shipments between any two postal codes within the continental U.S.
- 4. Service Mapping- Generates a color-coded map displaying UPS ground transit time for any origin ZIP code within the continental U.S. Service Mapping is a valuable tool for just-in-time inventory planning.
- 5. Electronic Manifesting- Enables customers who use a non-UPS OnLine compatible shipping system to upload shipment manifest information to the UPS mainframe, which is required for reference number package tracking.

Risks associated with UPS's business

Part and Parcel

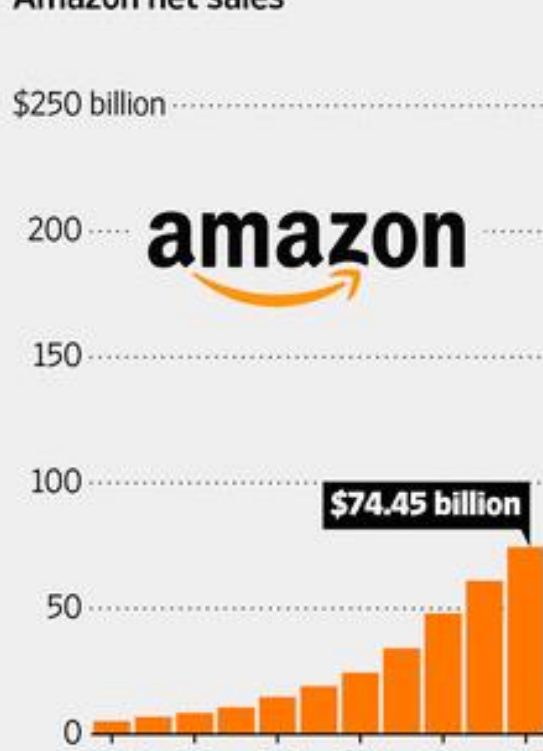
Retail sales by Internet have more than quadrupled in the past decade...

E-commerce sales



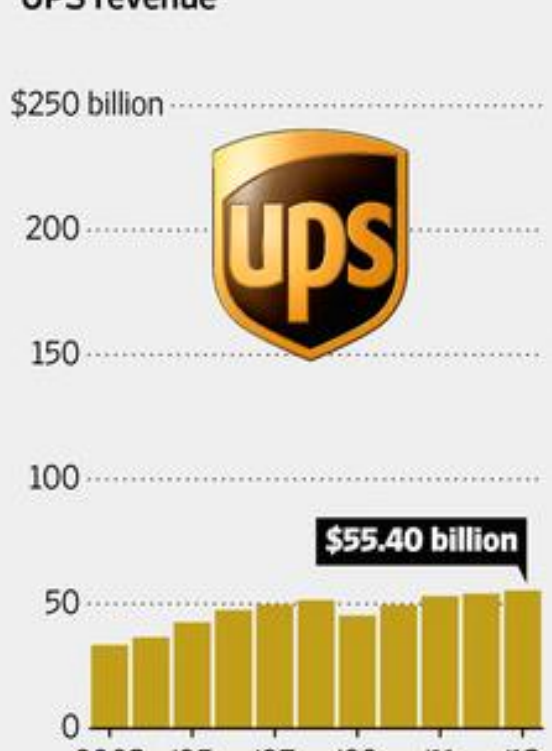
...and Amazon has fueled a big chunk of that growth...

Amazon net sales



...but competition and Amazon's size are squeezing UPS.

UPS revenue



Risks associated with UPS's business

- COMPLIANCE WITH LAWS, ORDINANCES OR REGULATIONS
- STRIKES, WORK STOPPAGES AND SLOWDOWNS
- POSSIBLE DISRUPTION OF SUPPLIES, OR AN INCREASE IN THE PRICES, OF GASOLINE, DIESEL AND JET FUEL
- CYCLICAL AND SEASONAL FLUCTUATIONS

E-Commerce



Risks and Impending Obstacles

- Growth of online shopping led to
 - ▣ Bottlenecking
 - ▣ Shipping delays
- Million dollar investments to prevent future setbacks



Risks and Impending Obstacles

- Inefficient packing by retailers
 - ▣ Poses opportunity costs for FedEx and UPS
 - ▣ Wastes fuel costs



Risks and Impending Obstacles

- FedEx and UPS' dimensional weight pricing
 - ▣ Predicted to increase rates by 30 - 50%
- USPS's lowered rates
 - ▣ Most companies cutting costs would most likely choose a cheaper alternative to FedEx and UPS

What Makes You More Likely to Purchase Products Online?



Source: Walker Sands' 2014 Future of Retail Study

Risks and Impending Obstacles

- Reliance and susceptibility to market conditions
 - ▣ More income = more likely to spend = more likely to expedite
 - ▣ Less income = less likely to spend = less likely to expedite

Risks and Impending Obstacles

- Retailers' new strategies
 - ▣ Building distribution centers
 - Shorter distance = less revenue for FedEx and UPS
 - ▣ Using in-house system
 - Own networks, delivery trucks, drones etc. = Eliminates need for FedEx and UPS



Use of Data Analytics



FedEx: SenseAware and Shipment Watch

UPS: ORION

What is SenseAware?

- First-of-its-kind service that provides near real-time access to a package's vital statistics
- Enables customers to stay connected to their high-value, critical shipments.



How Does It Work?

- ❑ Precise temperature readings
- ❑ Information about a shipment's location
- ❑ Notifies when shipment is opened or if contents have been exposed to light
- ❑ Real-time alerts and analytics between trusted parties regarding the vital signs of a shipment.
- ❑ Equipped with radio that constantly broadcasts information back to FedEx.





□ <https://www.youtube.com/watch?v=Lf6SdEncual>

SenseAware & Shipment Watch

- Used for a range of sensitive shipments, including one-time and non-FedEx shipments
- Easy instructions for sender



“As today’s global business environment becomes ever more complex, information has never been more critical to organizations,” said Carlo Novi, Managing Director Sales, FedEx Express EMEA.

Takeaways

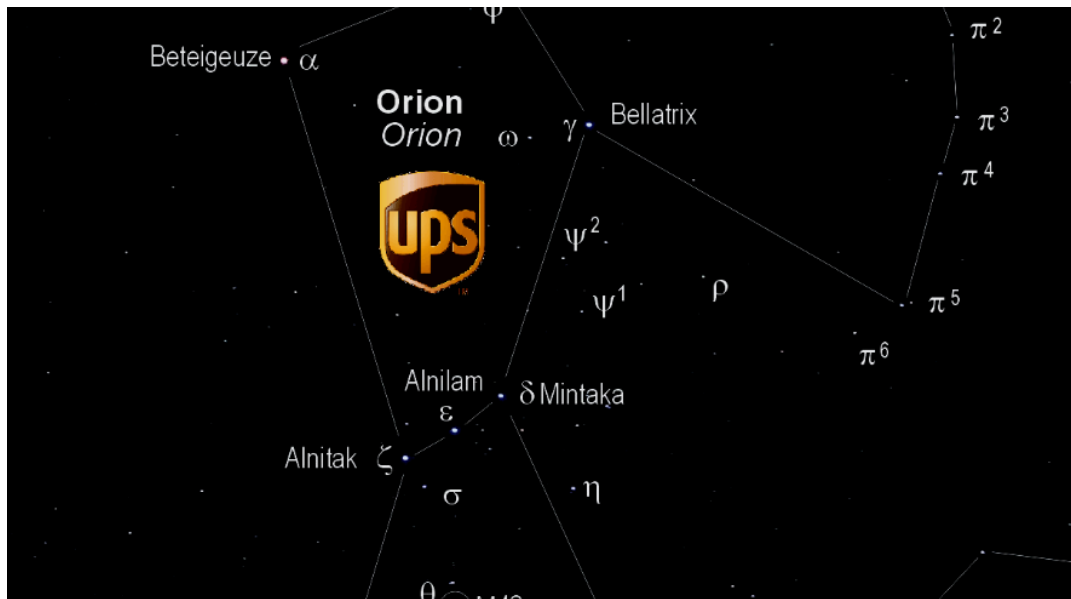
Available for businesses only

Average price is \$150 per shipment

No immediate plan to expand into new countries.

Beneficial to all industries with sensitive shipments

ORION



- On-Road Integrated Optimization and Navigation
- Uses fleet telematics and advanced algorithms for route optimization
- Largest operations research project in the world
- Allows UPS managers to monitor driving habits of its workers



- <https://www.youtube.com/watch?v=ZHqgpVsUfhl>



- “Good-sized project” for the company’s \$1 billion annual technology spend
- More than 40% of the company’s 55,000 U.S. routes use this software
- Expected to save \$300 to \$400 million annually at full implementation in 2017

Training



Six days to train a driver.

Conclusion



Automation part of
company's long-term plan



Engineers still making
improvements



Driverless truck automation



Global Business



Select your location ▼



Remember this location.



Before 1980

- Expanding throughout the Americas and Europe
- In 1985, International air to six European nations

1986-1990

- In 2001, An air hub in Louisville, Kentucky and another air hub in Cologne, Germany.
- In 2005, First non-stop delivery service between the U.S. and Guangzhou, China

- In 1975, Toronto, Canada
- In 1976, Germany

1980-1985

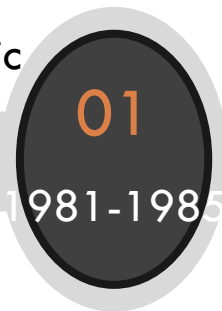
- 1989, Middle East, Africa, and the Pacific Rim
- Purchased IML

After 2000

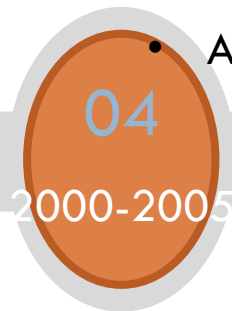
Timeline for UPS

- In 1981, Canada

- In 1984, Required Gelco Express International in Asia Pacific



In 1995, Asia Pacific hub in Subic Bay, Philippines(AsiaOne Network)



- In 2007, Acquired ANC and Flying-Cargo Hungary

- Acquired Prakash Air Kft in Europe. Freight Pvt. Ltd. In India
- Acquired DTW in China



In 1989, FedEx purchased Flying Tigers

In 2005, new Asia Pacific hub in Guangzhou, China

Timeline for FedEx

	UPS	FedEx
Revenue in global business (in billion)	14.55	12.7
Percentage of total Revenue (%)	25	28
Numbers of airplanes	574	650

In China



	UPS	FedEx
Trucks used in China	1800	2800
Served Airport	3	5
Year of Foundation	1988	1984

Gus

[编辑] [短信] [好友] [相册] [搜索] [举报] [道具] [奖分] [只看此人]

管理: [册]

sideshow

28% chose FedEx, 21%

FEDEX收费标准, FEDEX和UPS哪个好?

不懂就问02 | 分类: 贸易 | 浏览: 1000

chose UPS

2012-09-28 11:49

分享到:

HP

PP



UPS: Better in Customer

来自:

注册:

发帖:

FEDEX更好点吧, 收费标准根据每月快递的量, 如果超过3000元会有7.5折, 单月金额越大, 折扣越

高。如果你有到付件, 可以考虑UPS, 做管理的又回扣拿, 态度也会好些

service, Cheaper(<21 kg)

提问者评价 按照你说的, 真的成功了, 好开心, 谢谢你!

发表:

13:45

FedEx: Quicker,

Cheaper(>21 kg)

作者: rayyee 时间: 2003-06-02 18:31:05

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UPS表现更胜一筹！



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鼎力一助，最终成为UPS的骄傲和荣誉。

北京奥运会，UPS就是您身边的人，为您量身定做物流方案，保障您的货物
安全，确保北京奥运会物流和快递一帆风顺，成功奥运。

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全国客服热线：800-820-8388 平邮客服热线：400-820-8388

www.ups.com/7c



In Europe

	UPS	FedEx
Year of Foundation	1976	1995
Air Hubs	2	3
Acquisition	IML	ANC and Flying-Cargo Hungary Kft



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REJECTED

EUROPEAN COMMISSION

PRESS RELEASE

Brussels, 30 January 2013

Mergers: Commission blocks proposed acquisition of TNT Express by UPS

The European Commission has prohibited under the EU Merger Regulation the proposed acquisition of TNT Express by UPS. The Commission found that the take-over would have restricted competition in 15 Member States¹ when it comes to the express delivery of small packages to another European country. In these Member States, the acquisition would have reduced the number of significant players to only 3 or 2, leaving sometimes DHL as the only alternative to UPS. The concentration would therefore have likely harmed customers by causing price increases. During the investigation, UPS offered to divest TNT's subsidiaries in these 15 countries and allow the buyer to access its intra-European air network for five years. The Commission carried out an in-depth assessment, including a market test where customers and other interested parties were consulted. However, these remedies proved inadequate to address the identified competition concerns.

Commission Vice President in charge of competition policy Joaquín Almunia said: "*Many businesses active in the EU Single Market need to send small packages to another European country with guaranteed delivery on the next day. This requires access to affordable, reliable services that truly fit their needs. These businesses would have been directly harmed by the takeover of TNT by UPS because it would have drastically reduced choice between*

Relationship with TNT

- In June, 2015, FedEx submitted the request filing
- Purchase Price: \$4.8 Billion, a premium of 33% over the closing price
- Will not be rejected: Market share is not as much as UPS's in Europe



Earnings and Risks



Compare	FedEx	UPS
Revenue (in million)	45,567	58,232
Net Income (in million)	2,097	3,032
Diluted earnings per share	\$6.75	\$3.28
Profit Margin	5.37%	5.39%
Operating Margin	8.94%	8.69%
Return on Asset	7.66%	8.53%
Return on Equity	16.21%	77.62%
Total Debt/Equity	45.14	711.32
Current Ratio	2.00	1.31
Operating Cash Flow	5.16B	6.21B

103.62 +0.98(+0.95%) NYSE - As of 2:08PM EDT

Get the app

+ Indicator + Comparison 1d 5d 1m 3m 6m YTD 1y 2y 5y 10y Max [Calendar] [Linear] [Refresh] Go To Symbol [Arrow] [Print] [Share] [Settings]



172.25 +2.16(+1.27%) NYSE - As of 2:08PM EDT

Get the app

+ Indicator + Comparison 1d 5d 1m 3m 6m YTD 1y 2y 5y 10y Max [Calendar] [Linear] [Refresh] Go To Symbol [Arrow] [Print] [Share] [Settings]



Risk Analysis

- Same risk factors: Economic condition, competition, regulation in different countries, exchange rate, global climate change, transportation and IT.
- FedEx: Integration—divided into FedEx Express, FedEx Ground, FedEx Office...
 - Acquisition—TNT: Culture Fit
- UPS: Repay Ability—Debt is so high

Conclusion

□ FedEx

- ▣ Adaptable leadership
- ▣ Growing market share in Europe
- ▣ Higher revenue, less debt

□ UPS

- ▣ More advanced technology (ORION)

After careful consideration, we are choosing to invest in FedEx.

