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CRYSTALGROUP

Challenges & Opportunities offered by Digital Innovation

« Food for Thought »

QUALITAIR&SEA
International Logistics

alis
sije
International

SETCARGO
Logistique Internationale

ILS GROUP
INTERNATIONAL LOGISTICS

PILOT
International logistics

TALA
The Network Logistics Alliance

ALTUS
LOGISTICS

AIRSEA
international

ADICIS
IT solutions & services

1. Crystal Group at a glance

Key Figures

- › **1st** Independent group with Freight Forwarding & Logistics operations in France
- › **150 000** transactions per year
- › **7th** Top Freight Forwarder Agent by IATA in 2017 (air export France)



Air **40%**



Sea **40%**



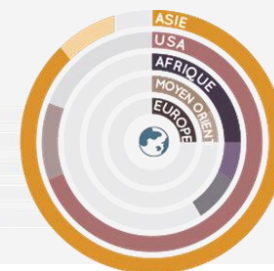
Consulting & Engineering **15%**



Logistics **5%**

450 destinations
worldwide

- Chine
- USA
- Maroc
- Turquie
- France
- Japon
- Brésil
- Algérie
- Tunisie
- UAE



2. Insights from the last financial crisis

Drastic increase in our customers' need for visibility

- › Flows are accelerated to reduce storage costs
- › Deliveries are just-in-time, while stocks are in-transit

NEW HABITS, NEW EXPECTATIONS:

- › Consumers need to know the detailed content of all orders in a shipment, and monitor its location in near real time
- › Steering tools integrate more and more detailed layers of analysis
- › B2C Track & Trace habits become B2B requirements

CHALLENGE:

- › We will have to manage & monitor data on behalf of our clients... for free

B2C Track & Trace for shipments is free !

- › **Over time, we are going to collect huge amounts of customer flow data**

3. Challenges & Opportunities offered by Digital

Over time, we are led to collect huge amounts of customer flow data

Data collection only makes sense to our clients *if* we create new service offers built around personalized data

IMPLICATIONS:

- › Significant R&D investments
- › Build a network of data providers to create added-value up to IoT
- › Significant investments in data technology
- › New set of skills

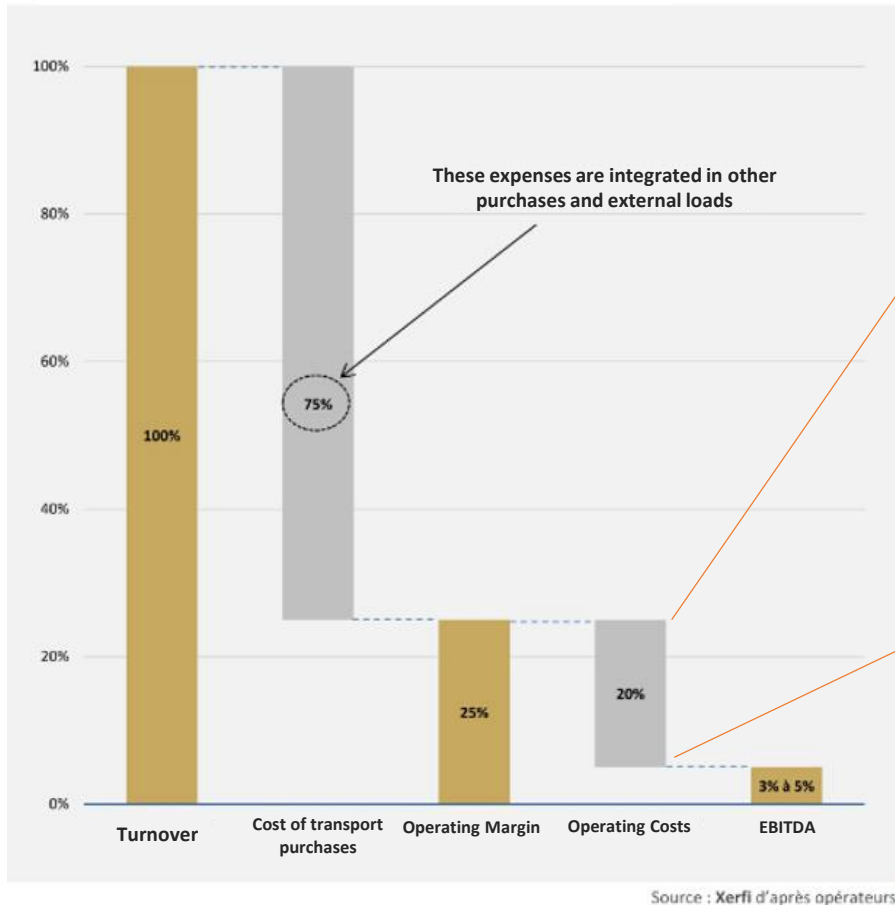
We use to move or send *weight*...

We are shifting to carrying and administrating *data* (Data Management) ...

The challenge is : *How to finance these new service offerings ?*

4. Challenges offered by Digital

■ Typical Income Statement of a Freight Forwarder
Unit: % of turnover



Challenges:

- 75% of our operating expenses are payroll
- Administrative productivity will only happen by *injecting technology to automate our processes*
- **ROI must be large enough to finance:**
 - ✓ **Productivity gains**
 - ✓ **Creation of new data-oriented service offerings**