

Digital *NEXT*



Creating value through
digital interactions and
distinctive experiences -
Bart Delmulle

7 June 2021



Our ambition is to be your favourite deliverer



Purpose

Deliver special moments



Ambition

To be your favourite deliverer



Strategy

To be the leading logistics and postal service provider in, to and from the Benelux

Digital raises the bar on customer expectations and provides opportunities to re-invent operations



Customer and consumer expectations



Raising bar on customer experience: with a shift in preferred channels; digital, from anywhere, anytime



Innovative digital services and business models lead customers and consumers to expect ever better fit to their needs



Platforms are simplifying the management of all digital services and products

Optimise our operations



Real-time and data-driven decision making in a fully smart supply chain, with straight-through processes in the back-end



Automation of operations, ranging from robotised processing to autonomous driving bots for picking and sorting



Rise of open ecosystems, where we can integrate even closer and faster with customers and partners, and accelerate through open innovation

With Digital NEXT we can deliver more unique customer experiences

To be your favourite deliverer



Our digital ambition

The most **efficient and innovative** e-commerce and postal logistics **platform** in, to and from the Benelux. **Seamlessly integrated** with customers, consumers and operators. And **driven by data**. Together **delivering a unique customer experience**.



The digital experience

Distinctive experiences at the right time and place, smartly personalised and customised in a proactive, easy and simple manner

Our Digital NEXT promise to our customers and consumers



We make it easy and smart to interact with us, in the way you desire



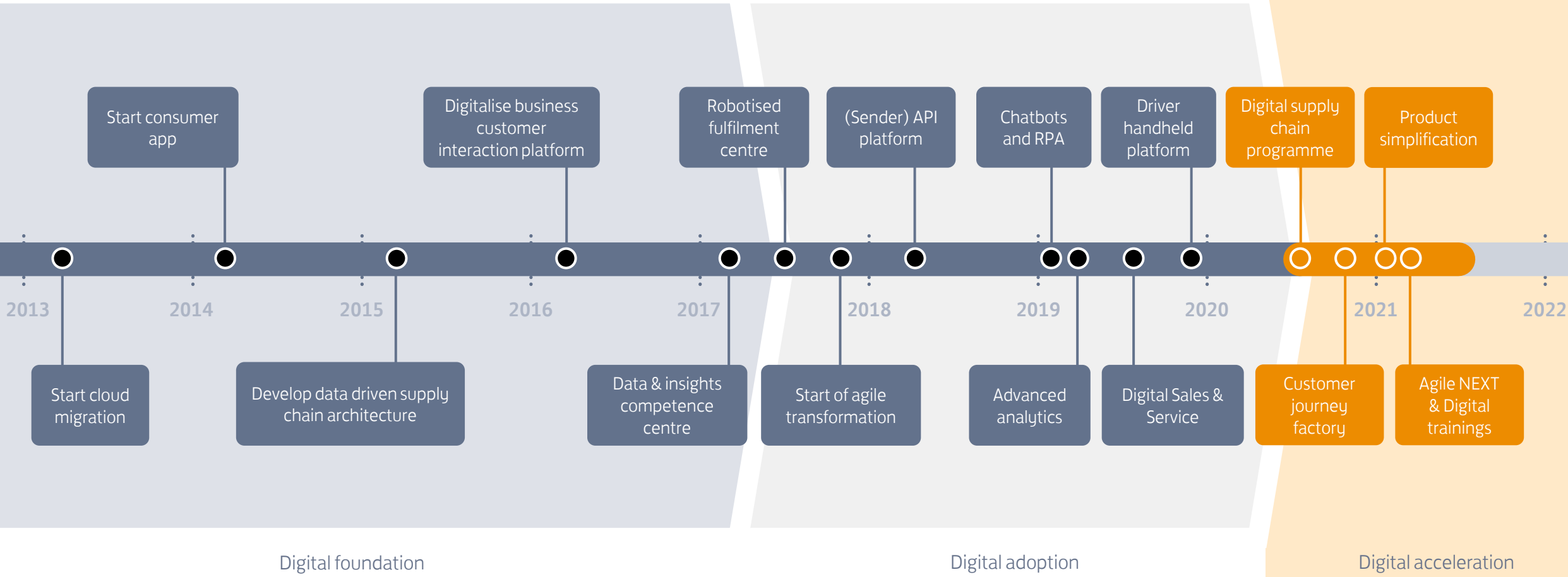
We run the most efficient and adaptable supply chain, to give you the flexibility you need



We offer innovative products, digital services and platform, to make you successful



Accelerating our digital transformation, from a strong starting point



Ambitious plan to accelerate digital transformation

Transformation of the core and innovation of our platform



Value drivers >>

Transform our commercial engine

- Simple and smart products
- Re-invented customer journeys
- Digital first sales, care and marketing
- Automated and self-service retail



Transform core logistics and operations

- Fully data-driven supply chain
- Automate supply chain execution
- Increase supply chain flexibility
- Digital enabled frontline



Scale platform and digital business models

- Data & insights for customers
- Consumer services on leading app
- Integrator platform
- Subscription models



Foundations >>

Strengthen our data foundation

- Data infrastructure and access
- Scale analytics use case factory



Strengthen our IT foundation

- Modernise IT foundation
- Accelerate IT delivery



Drive our digital DNA

- Agile NEXT
- Digital capabilities
- Digital labs & depots
- Open innovation



Transform our commercial engine



Simple and smart products and services...

- Simple
- Modular
- Relevant



...delivered via seamless customer journeys...

- Customer centric
- Seamless
- Dynamic



...through digital first and easy-to-use channels...

- Digital first
- Self-service
- Physical when it matters

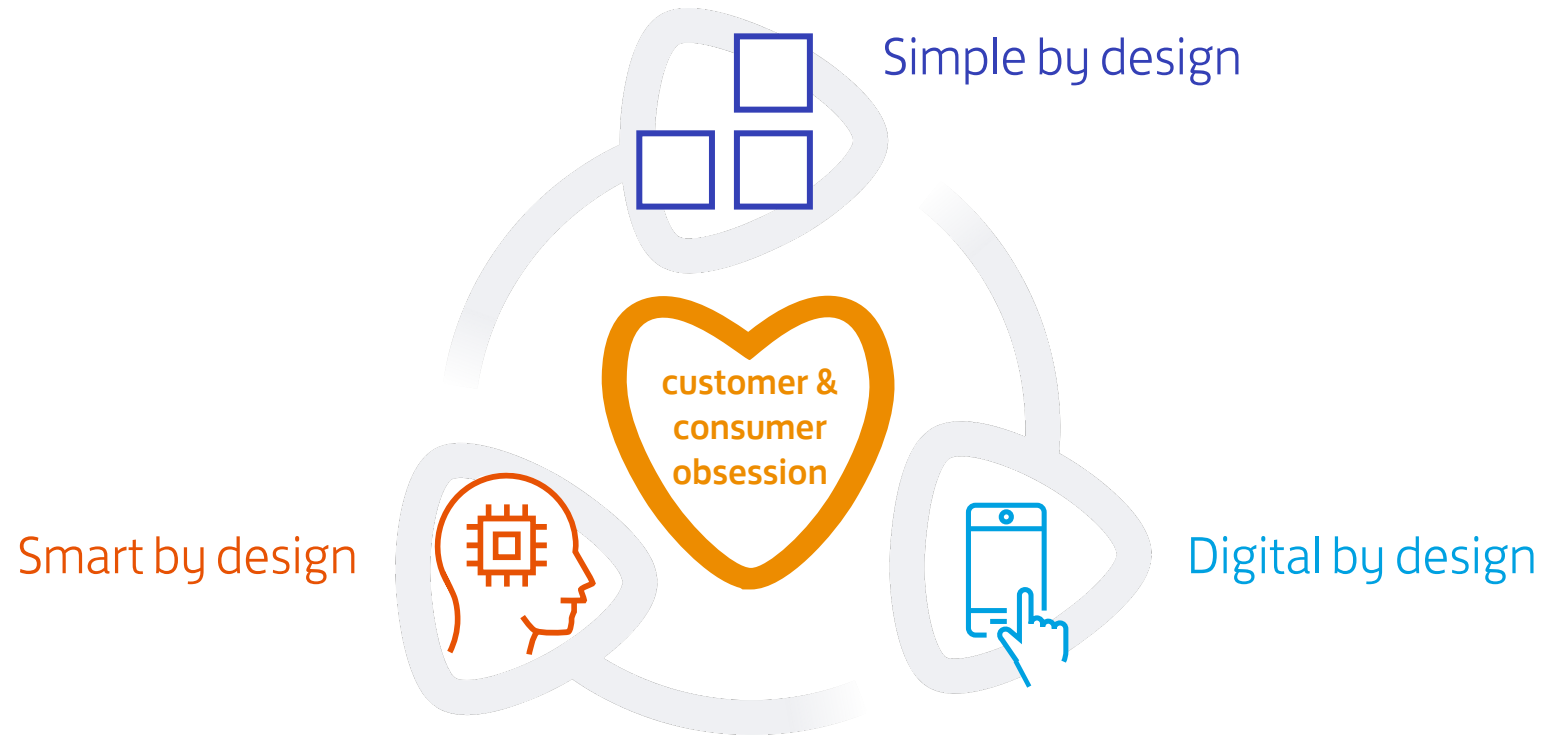


...individualised through the use of data & analytics

- Intimate
- Proactive
- Real-time

Three core principles underpinning Digital NEXT

Our customer & consumer obsession is the main focus point of everything we do



Digitising our commercial engine

Example initiatives – not exhaustive



Simple and smart products

- Simplifying current product portfolio; eliminating complexity and legacy
- Digitising current products: smart label free return options
- Making our products smarter: new pricing structure parcels
- Innovating digital products: data, insights and dashboards for customers via our portal
- Innovative digital service: address check API, age check



Seamless journeys and experiences

- Future back redesign of our journeys: 'I return' and 'I get help'**
- Putting consumers in control: personal preferences with new delivery options ***
- Innovating journeys: 'traffic' indicator at pick-up points
- Infusing with data: forecasting of incoming return parcels



Digital first and easy-to-use channels

- 24/7 Self-service & insights: 'customer profile' pages
- Self-service channels: chat bots for consumers in the Benelux**
- Fast growing PostNL app**
- Personal dashboarding in business portal**
- Extending our APIs and plug-ins offerings**
- Self-service consoles at retail points**



* Topic of second presentation today; further details on bold examples at next slides

Redesign customer and consumer journeys with repeatable journey factory



When we have redesigned our journeys, we have redesigned PostNL

Future back redesign of all journeys, in prioritised manner; starting with

- 'I return', consumer and customer
- 'I get help', consumer

Journeys as 'unit of transformation'

Proven repeatable agile and service design driven digital innovation approach to deliver distinctive seamless experiences

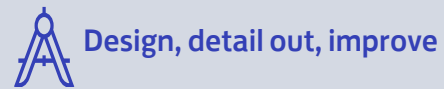


Discover

Immersion into customer/
consumer/employee pain
points and root-causes

Inspiration from inside and
outside our industry

Baseline for NPS, cost, and
journey KPIs incl. a way to
track these



Design, detail out, improve

Ideating, prototyping, and iterating on on-stage and off-stage
solutions, collaborating with teams across 7 dimensions

Customer/consumer requirement
Process requirements
Product requirements
Logistics requirements
Channel requirements
Employee requirements
IT requirements (e.g., ARTs)



Build and scale

Continuously
prioritised backlog of
change

Shallow IT delivery

Deep IT delivery

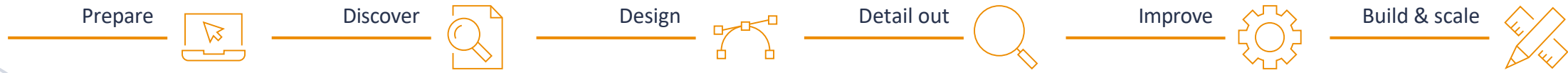
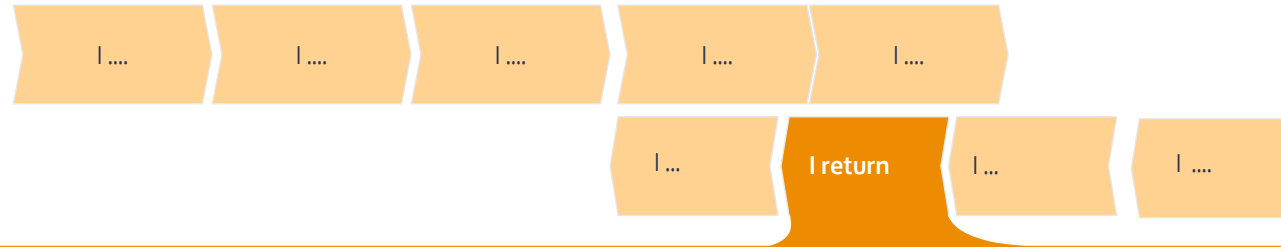
Process optimisation

Continuous
deployments in agile
sprints

Track metrics to
measure impact



First wave of systematic customer and consumer journey redesigns initiated



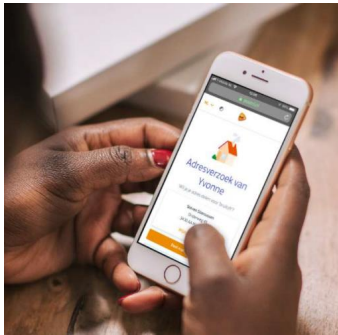
Easy and fast access to our services for currently 6.2m account users



PostNL app

Direct connection to currently 6.2m users, providing them with easily accessible 'self-service' and features

4,5* rating in app-store; continuously implementing data-driven improvements, (such as address request, peak hour indication, self-returns, delivery preferences)



Chat bots

Chat bots and assistants help synchronise our service of digital and human service, and help customers faster - personalised by conversational AI and a 360 customer/consumer view

Recent releases are bots for consumers (Daan), customers (Noor), Belgium (Sam) and a translation API for English and French

300,000 conversations per month

49% of consumers start conversation via chat bot; 50% resolved by bots

7 questions per chat bot conversation on average



Expanding our channels and offering towards personalised self-service

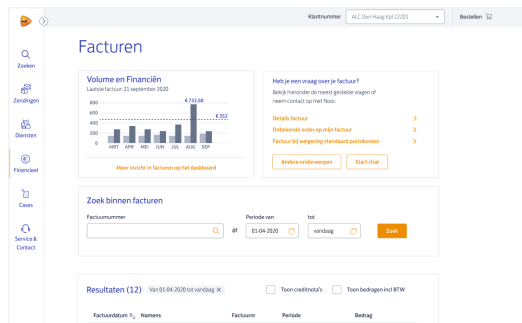


Portal

Building towards fully personalised self-service to currently 80,000 active users, through wide range of functionalities:

- Pre-announcement of parcels and mail
- Insights in volumes, invoices, etc.
- Managing additional PostNL services

New portal developed for transactional customers through customer backed innovation; first 2,000 customers are migrated



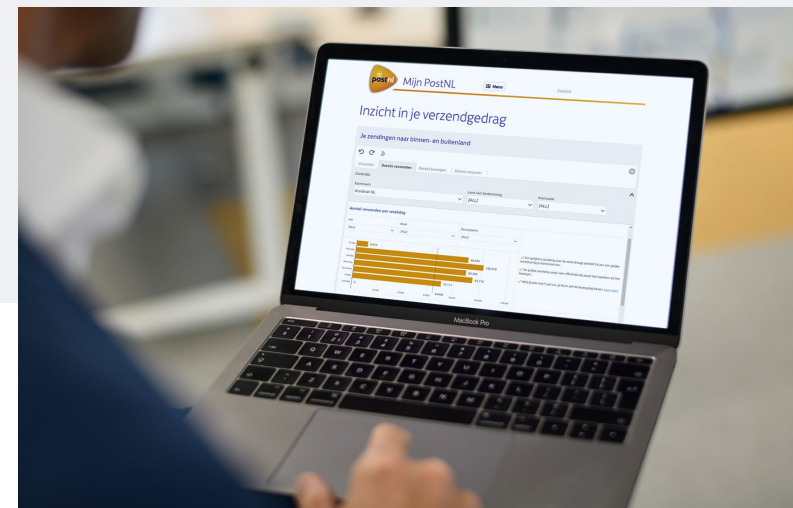
Personalised dashboards for customers

Sharing personal insights in new modern interactive dashboard via the portal to our customers.

A service all customers can use providing insights like:

- Performance of our delivery
- Comparison with industry averages
- Reasons of returns
- Year-on-year comparison on multiple variables

Since start used by 1,000 customers out of population of 2,500



Building out our APIs and plug-ins to support business of our customers

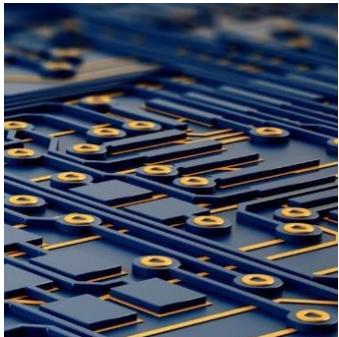


APIs

API platform with nearly 200 APIs, 6,686 active users, increasing >50% annually and over 7 bn API calls/year (majority related to Parcels)

Platform makes services easily accessible for other e-commerce platforms:

- Track & trace services
- Label generation & other shipment services
- Other services: more than 16 million calls/day, with y/y double digit growth

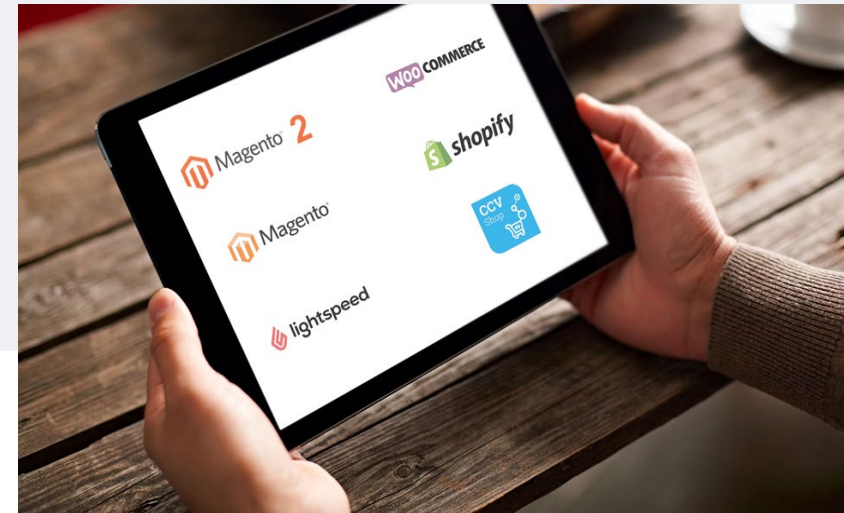


Plug-ins

6 different plug-ins live with 2,013 active users, increasing >30% annually, and more than 45% growth per volume/year

Plug-ins make shipment preparation and delivery easier for our customers:

- Pre-announcement of parcels and label generation
- Delivery options
- Pick up points options



Extension of self-service solutions in retail and last mile

Optimise mix between human service and self-service

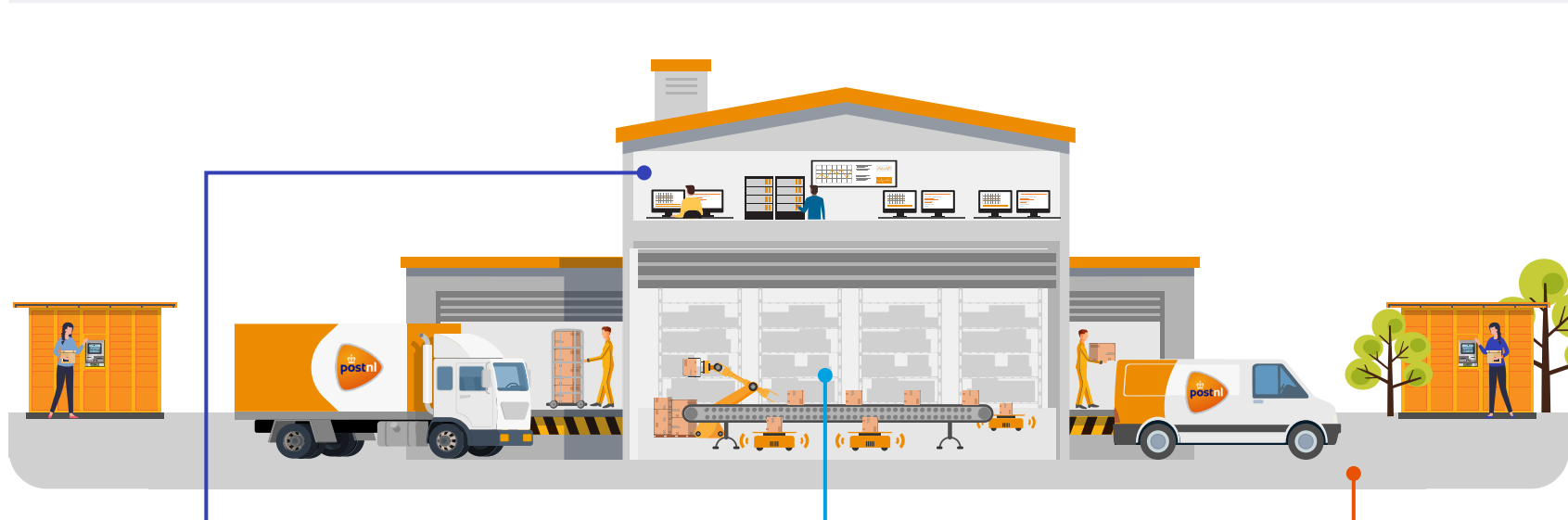
- Offer everyone in the Netherlands and Belgium easy and flexible solutions for sending and delivery; consumer in control
- Strong growth share of self-service solutions expected (now at 8%)
- Currently 160 automated parcel lockers that offer send, deliver and return services, outside and inside; pilot in cooperation with AH and bol.com
- Concept testing self-service consoles at retail points for pick-up of parcels



Transform our logistics and operations



Real-time data-driven and automated supply chain



Supply chain orchestration

Flexibility increase by

- A data-driven foundation of the entire supply chain with real-time decision making
- ML-based forecasting for more seamless connection to our customers' operations
- Live tracking of our material via IoT (e.g., roll containers)

Supply chain execution

Speeding up the sorting by

- Robotisation of parcel processing
- Autonomous bots for picking and sorting
- Automation of cross dock loading

Frontline enablement

Efficiency and speed improvements by tooling for

- Real-time route optimisation
- Van loading optimisation
- Digital driver debriefs

Scale platform and digital business models



Consumer services

The app as a true secure engagement platform for innovative digital services to consumers

Consumers

Data Insights & Services

Help our partners to be more successful in their business by translating our abundant event, operational, customer data into actionable insights

Customers



Integrator platform

Open ecosystem to integrate services of 3rd parties to diversify our last-mile and bring additional digital add-on services

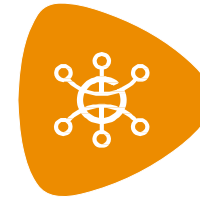
Operators & (digital) service providers

Foundations



Strengthen our data foundation

- Connected majority of sources to our data lake
- Implemented tooling for data access by the business
- Realised first use cases (improved first-drop rate to 98% by ML)



Strengthen our IT foundation

- Replacing legacy systems by cloud native applications to be faster, cheaper and scalable with the business of our customers
- Started our cloud journey in 2012 as one of the first major companies in the Benelux, and are now ready for the future
- Service architecture, API taxonomy for customers



Drive our digital DNA

- Rolled out agile ops model to ~1,200 people, delivering ~700 features in 2020 (+60% y-on-y)
- Standardised way of working with agile@scale
- Running Digital Next Academy for skills training for ~900 people
- Now moving towards cross-functional customer journey teams, DevOps, ML-Ops, self engineering and innovation approach

Clear path forward, adapting as we learn along the way



Accelerate digital

Scale digital

Embed digital – being digital



- Simplification, digital channel build out/ adaption, priority journey redesign

- New digital services, true digital first omni-channel, journey redesign at scale

- Simplified, fully omni-channel, agile/CIT journeys improvement. High clockspeed



- Accelerate digital supply chain, amplify automation and robotisation, continued digitalisation frontline

- Modular testing of all technology at pilot sites (autonomous bots, robot arms, cross docks)

- Real-time data-driven supply chain, high degree of automation and robotisation, extensive digitisation in frontline



- Prototyping, test and learn of innovative digital business models

- Scale digital innovations, business models and integrator platform and capture cross-synergies

- Digital business model and integrator platform fully part of PostNL business model



- Expand data lake contents, quality and architecture; step up use cases

- Data and analytics driven commercial and operational engine. Use case factory at scale

- Fully data and analytics driven, with real-time automated decision making



- Continued modernisation, state-of-art cloud services , CI/CD, API first design, faster IT

- IT enablers built (internal APIs, CI/CD pipelines, automated testing), self-engineering capability

- Software defined logistics, continuous improvement of IT and enablers and self-engineering at scale



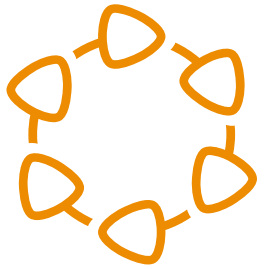
- Agile next model implementation, digital capability and resourcing build out

- Becoming digital evolution agile: next model, abundant/@scale digital capabilities, test & learn approaches, customer backed and open innovation

- Being digital - digital way of working, capabilities and culture fully embedded



Accelerating Digital NEXT



Digital
NEXT

Focus on value creation

From and with our customers

Agile – test, learn, adapt quickly

Strong focus on ‘how’, not only on ‘what’

Aligned, sequenced and do-able plan

Building from the strong foundation we have put in place



Digital NEXT will deliver for all stakeholders



Customers

- ...to work with us in an easy and seamless fashion
- ...to deliver better experiences to consumers with us
- ...to be more successful, jointly in a growing market



Consumers

- ...to have a truly distinctive experience
- ...to be in control
- ...to receive services easily



Operators / service providers

- ...to have access to a large base of customers
- ...to be part of our platform



Employees

- ...to work at an exciting and dynamic environment
- ...to be empowered and grow digital capabilities
- ...to be attractive for digital talent



PostNL and its shareholders

- ...to improve performance (normalised EBIT and free cash flow) which translates in shareholder return
- ...to be even better positioned in the future
- ...to be faster and more adaptive

