

TRANSFORMATION

A white silhouette of a truck, consisting of a rectangular trailer and a cab with a single wheel, positioned in the center of the cover. The background features a dark teal color with a large, faint, circular graphic that resembles a road or a track, with the word 'TRANSFORMATION' repeated in a circular pattern around the central truck icon.

## A time of change

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Dear Business Partners and Friends,

We are experiencing a time of change. Some people would say that change has always been with us. However, the development that have characterised the freight forwarding sector in recent years really picked up the pace in 2018. Driver shortages, toll extension and toll costs, Logistics 4.0 – digital revolution are just three of the key issues. Each of these is a challenge in its own right. All in all, some are sure to see them as an insurmountable obstacle.

However, these are challenges we need to face, in spite of all hindrances. Especially if we, as an SME, still want to play a part in the general cargo market. In Germany in particular. However, this requires new solutions and approaches. We need to re-evaluate the entire general cargo system and put our processes to the test. VTL needs to redefine its future position in the landscape of general cargo networks in Germany and Europe. Because the changes required will not occur on their own. One thing is clear: Those who do not move with the times will go in time. It is therefore vital to move the right levers, swiftly and unconventionally.

What is certain is this: Not every step will be immediately garlanded with success. We will also suffer defeats, such as leaving the merger with ILN and S.T.a.R. But these should not discourage us. Instead, we have the chance to learn from these and do things better the next time. This is also why we will also be talking to other freight forwarding networks about a possible alliance.

The market position of VTL is certainly not a bad one. Sure: Some things could be better. But we are not alone in the national general cargo landscape,

the other players in the market are facing the same challenges. We are convinced that we are amongst those who have recognised the sign of the times and are responding accordingly. There is therefore no reason for despondency - instead, a pioneering spirit is called for.

Because we have the expertise and the energy to emerge from the transformation phase as a strong, future-capable European network, ready to assume a leading role in the European network market again.

Andreas Jäschke  
Managing Director  
VTL Vernetzte-Transport-Logistik GmbH



## Rate adjustment from January 2019

As early as 2017 VTL assigned the FORLOGIC institute under Prof. Dr. Dirk Lohre with co-operating with representatives of the depots to develop a new rate structure. The result: a new rate system that has been in place since 1 January of this year. It comprises a basic rate that is the same for all depots and is based upon shipment weight and the distance from the R-depot to the recipient or the consignor to the D-depot. In addition to the basic rate, each depot receives an individual supplement for cartage

and procurement, which takes account of regional conditions regarding toll kilometres, personnel and material expenses.

The next stage of rate changes enters into effect in 2019. According to this, from 1 January 2019 there will be an increased basic rate and correspondingly adjusted regional supplements. "The rate increase aims to ensure that the performance of the depot is adequately compensated," says VTL Managing Director Andreas Jäschke.

## Set the right course now

**Improved wages is one opportunity for VTL partners to gain an advantage in attracting skilled personnel. In this interview Johanna Birkhan, member of the VTL board of management, explains the challenges currently facing the general cargo market and how VTL is addressing these.**

**Ms Birkhan, can you briefly tell us about the current cost situation in the general cargo market?**

**Johanna Birkhan:** The sector as a whole is struggling with sharply rising costs. According to a study by FORLOGIC, commissioned by the Deutscher Speditions- und Logistikverband (DSLV - German freight forwarding and logistics association), system costs rose by almost seven percent to the end of the first half of 2018 in comparison to the same period the preceding year. Personnel costs are the primary cause for this rise. They increased by over ten percent. Further items increasing costs include spending on fuel (+ 2.45 percent), tolls (+ 2.13 percent) and non-cash benefits (+2.93 percent). In total, the production of a general cargo consignment

became 6.6% more expensive. And there is no end to these spiralling costs in sight. Toll rates are set to increase by 38.5 percent from 1 January 2019. The FORLOGIC institute anticipates that the cost of producing a general cargo consignment will then become 1.1 to 2.3 percent higher. With margins that have been too low for years, there is an urgent need for partners to pass on these costs to the customers/consignors.

**What challenges do you see the partners as facing?**

**Johanna Birkhan:** For years now the partners have been in price-intensive competition with margins that are

low. In addition, volatile volumes, increasing driver shortages and delivery restrictions are making life difficult. In spite of increasing digitalisation, the business remains highly personnel - and therefore cost - intensive. These are joined by high infrastructure costs that are necessary for the organised and transparent production of general cargo. However, cost increases are not always passed on to the customers. Moreover, there is no realistic pricing of additional performance and extra costs incurred in production are not charged to the customers.

**What solutions are available to the partners?**

**Johanna Birkhan:** The VTL should take care to ensure that they adapt their calculations continuously and that additional performance is also billed appropriately. Last but not least, partners need the courage to step away from business and customers that

are not lucrative, in order to remain on course for success

in the long term. It is also necessary to continue to invest in digital transformation, to automate processes in the best way possible.

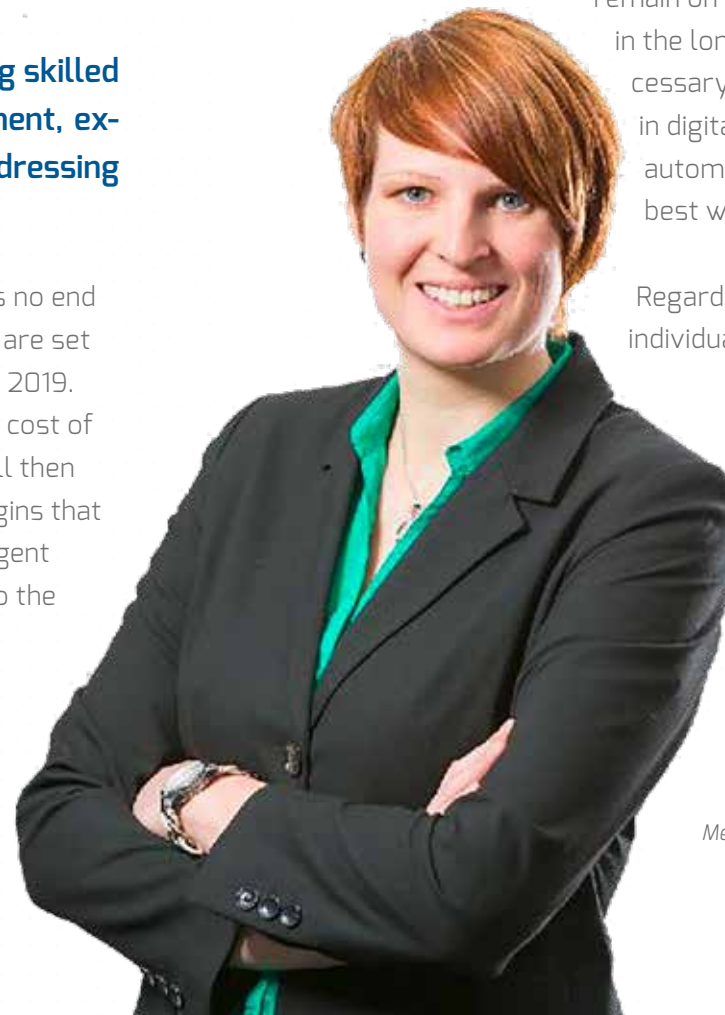
Regarding driver shortages, individual firms barely have

a chance to counteract this development. When one considers the fact that an increased volume of goods is forecast for the coming years and that a large portion of drivers currently active will be retiring, the situation is set to deteriorate further. A solution needs to be found here for the sector as a whole, with political bodies also playing a role. In future, autonomous driving will presumably be one solution, but I believe this cannot be implemented quickly enough. In contrast, in the short term the focus could shift to the idea of long trucks. This could be of interest for the general cargo area in particular, as we could then transform three trucks into two, which could then be employed night for night on scheduled services. Advantages here are that one driver fewer is required, utilisation can be improved and environmental friendliness enhanced.

**What contribution can system headquarters make here?**

**Johanna Birkhan:** The task of the system headquarters is to ensure network stability and guarantee coverage throughout Germany. In the current market situation this is a great challenge, as there are scarcely any more freight forwarders willing to consider working in a network as full partner or leaving their current network.

For this reason we will examine options for new alliances as soon as the Netzwerk AG is wound up. Because although the join-up with ILN and S.T.a.R. has failed to come to fruition, VTL continues to consider co-operation with another network to be the right move. Because one thing is clear: In the next five years between one and three general cargo networks will disappear from the market - either voluntarily or involuntarily. This is why we want to strengthen our position today, to avoid getting into difficulties.



Johanna Birkhan,  
Member of the management/  
authorized signatory  
VTL Vernetzte-Transport-  
Logistik GmbH



## VTL apprenticeship ambassador

**Jessica Rockel** has been official apprenticeship ambassador since September. The idea behind this is establishing contact at eye level with pupils in search of an apprenticeship.

Well prepared thanks to presentation training and personal coaching from the chamber of trade and industry, Jessica Rockel introduces the profession of Freight Forwarding and Logistics Clerk at the invitation of schools, also answering questions about the day-to-day life of an apprentice.

She is also a contact partner on the VTL website and is available for direct contact with interested pupils. With this initiative VTL aims to increase its presence in schools, remove inhibitions for initial contact and publicise apprenticeships in the logistics sector. For the apprentice this represents an opportunity to assume responsibility at an early stage and increase own communication and presentation skills.



*Jessica Rockel,  
Apprentice Freight  
Forwarding and Logistics  
Services Clerk,  
2nd year of training*



*From the left: Verena Budenz, Benedikt Dangel, Mathis Kritzner, Mendy Nguyen*

## Beginning of 2018 apprenticeships

19-year-old **Mendy Nguyen** enjoys the challenge. Her apprenticeship as Freight Forwarding and Logistics Services Clerk at VTL began in August of this year and she already feels well integrated into the CargoFamily team. The amateur drummer particularly likes the fact that she is also assigned tricky tasks, which challenge her.

She and the other VTL apprentices enjoy using the regional trainee app that VTL has provided its apprentices with as of the new training year. The app offers promotions, events and discounts specifically and exclusively for trainees.

## Hungarian apprentice exchange

Every year VTL apprentices have the opportunity to gather experience abroad, improve their language skills and get to know new cultures. In October **Benedikt Dangel**, in the 2nd year of his apprenticeship as Freight Forwarding and Logistics Services Clerk,

had the chance to complete a three-week placement with VTL partner Ghibli in Budapest:

"My friends and family had already told me lots of good things about Budapest. So I was really looking forward to getting to know the country and its people, as well as the work at a classic freight forwarding company.

On the first day I was collected from my apartment and given a friendly welcome by everyone at the firm. In the tour of the company that followed I found the rail, sea and air transport from China to Budapest particularly interesting. The complex customs procedures require particular attention, and Ghibli has its own customs office for this.

During my stay I got to know all of the departments, which are divided up according to country or form of transport. For example, there is a department for China transport via plane, train and ship. There are also departments for the regions Northern Europe, Italy and Turkey, as well as for warehouse logistics, local transport and marketing.

I spent most of the time in the Europe department, which works closely with VTL. Here I transferred

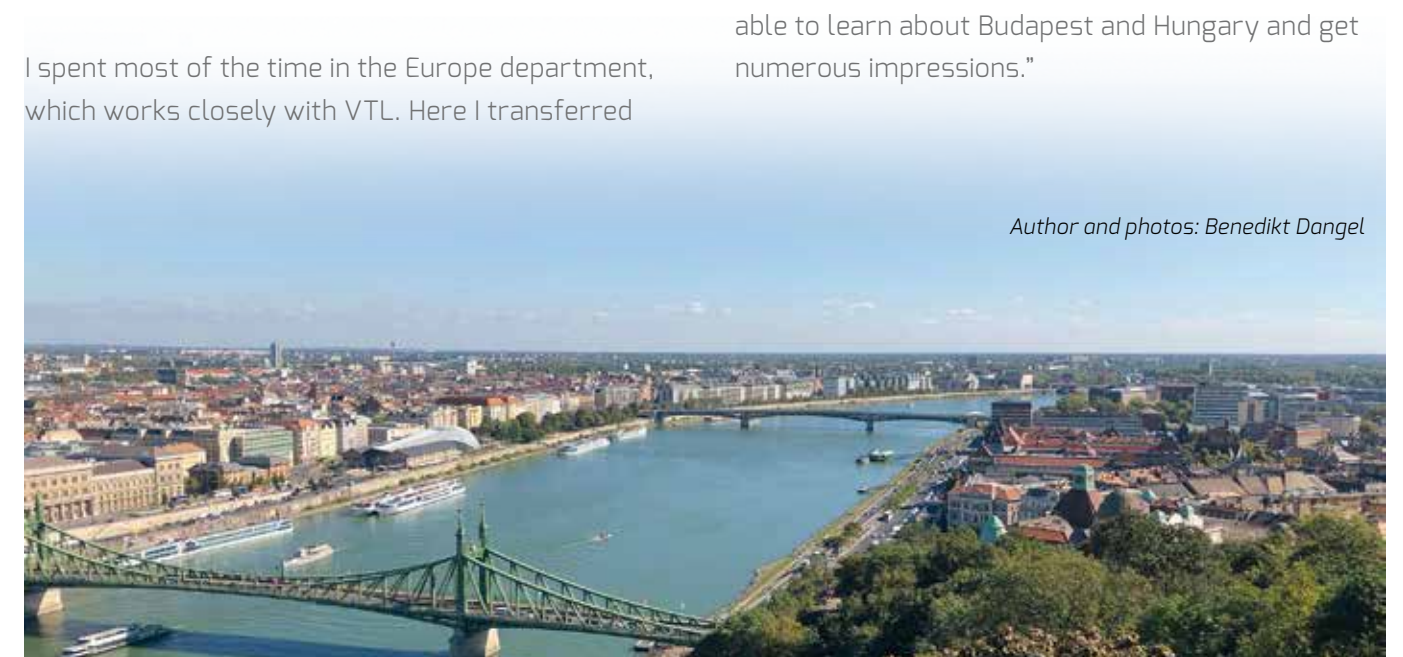
consignments in myVTL, but also in the in-house software of the company. As the programmes were only available in Hungarian, it was very difficult for me to work with these. However, the colleagues could speak very good English, some of them even German, so I found communication easy and I could improve my foreign language skills, which also helps me in my daily work at VTL.



Working in international freight forwarding was interesting, the daily tasks are very different from purely transshipment operations.

The stay was very rewarding for me. On the weekends I explored the city with all of its sights, I was able to learn about Budapest and Hungary and get numerous impressions."

*Author and photos: Benedikt Dangel*





## New members of the CargoFamily

VTL has acquired two new, strong partners. Barsan Global Logistik ensures that consignments travel safely and punctually in the Nuremberg region. The trucks of Arthur Welter Transports carry consignments to Luxembourg.

### Barsan Global Logistik Nürnberg

...is a wholly-owned subsidiary of Barsan Global Logistik AS, based in Istanbul. The company is a market leader in the field of logistics and customs consulting in Turkey. With around 3,000 employees and more than 850 vehicles, Barsan operates logistics centres in 29 countries. There are plans to add a further 44 countries to the global network for international transport. In Germany Barsan has ten sites with around 20,000 square metres of warehouse space: Kelsterbach, Frankfurt, Munich, Nuremberg, Nürtingen, Crailsheim, Hanover, Berlin, Remscheid, Hamburg. The international freight forwarding operation feeds an average of 516 consignments, 961 packages and 258 tonnes into the VTL network each month. "The decision for VTL was based on two reasons: The high production quality and promising outlook for development for the Cargo Family were persuasive arguments for us," says Ali Umit Celik, Managing Director Germany.



### Freight forwarder Arthur Welter

...chose VTL to help expand its general cargo department continuously, efficiently and in an environmentally friendly way. Founded in 1962, the family-run company is now managed in the second generation by Marianne and Viviane Welter and is one of the leading grouped cargo freight forwarders in Luxembourg. The new partner will take on this region in the VTL network. With 700 employees and some 400 trucks, the service provider transports an average of 200,000 consignments per year. The company can make use of the sites at Leudelingen, Messancy and Ennery with around 20,000 square metres of warehouse space for intermediate storage and transshipment. The Luxembourg grouped cargo specialist feeds an average of 1,836 consignments and 2,354 packages, more than 1,000 tonnes, into the VTL network each month.



From the left: Viviane and Marianne Welter (CEO Arthur Welter Transports Sàrl)



## HUBEye - new app provides an overview

The introduction of new tablets with the new HUBEye app helps team leaders plan arriving trucks more effectively and distribute the load evenly within the HUB. This should improve transshipment quality and ensure greater care in handling individual packages.

Developed by itRessort specially for VTL, the app comprises four key functions, which offer team and shift leaders a rapid overview of the status of the trucks and gates, thus enabling them to control operational procedures more efficiently.

The "hall overview" function provides each team with an overview of its gates as well as comprehensive information on arrival and departure times, depot number, truck type and number of the truck. The gates are colour coded according to status.

Three further functions aid truck loading and unloading and provide information on the number of packages still located on the truck, or that still need to be loaded. In addition, the contact details of the driver and further detailed information are also visible. Team leaders receive an overview of the respective team members, including their functions (fork-lift driver, scanner etc.) and can also access all key information regarding a consignment. The next planned extension aims to deliver the option of direct ADR control of trucks and packages.

"For the employees in the transshipment hall the newly-developed HUBEye is an enormous labour-saving aid that enhances the productivity of work processes.", explains Michael Furdzik, head of night shift operations. The app gives an improved overview of all procedures and ensures greater transparency and control."



Head of night shift operations –  
VTL Vernetzte-Transport-Logistik GmbH

## VTL offers prospects for refugees

Experienced personnel are hard to find nowadays. Fulda is no exception to this. Unless you alter your perspective: VTL is currently training refugees and other interested applicants as fork-lift drivers. To the benefit of everyone.



At the end of September the employment agency Bundesagentur für Arbeit reported 58,000 unfilled training places across Germany, with the number of unfilled jobs over 800,000. Without refugees the number would be far greater. Because according to details from the Institute for Employment Research (IAB), nearly one refugee in three now works for their living, with more than 38,000 applying for apprenticeships in 2018. "The integration of refugees in the employment market is accelerating," says Herbert Brücker, Head of the IAB research unit "Migration, Integration and International Employment Market Research".

VTL is contributing to this. In collaboration with the regional job centre in Fulda the general cargo co-operation is offering refugees and other interested applicants the opportunity to acquire their driving licence for handling trucks and therefore fork-lift licence. In addition to the fork-lift licence, applicants also receive two weeks of driver training before being seamlessly integrated into the VTL team.

Refugees and VTL benefit equally. Then, especially during the night shift, there is always a lack of personnel. Thanks to the joint initiative of VTL and the regional job centre this gap can now be closed: Since the launch of the project at the beginning of September eight employees, thereof five refugees, have already qualified and now boost the night shift in loading and unloading the trucks as well as in distributing the goods in the transshipment hall. With this VTL is displaying social responsibility and making a valuable contribution to the successful integration into the labour market.



## PartnerAWARD 2018

Outstanding performance - In the course of the system meeting in Leipzig on 26 October VTL once again recognised the best partners - with the PartnerAWARD 2018 in the categories "Best Quality", "Greatest National Growth" and "Greatest International Growth".



From left to right: Michael Hintzke (KSW Kreisbahn Siegen-Wittgenstein GmbH, Freudenberg-Alchen), Attila Francz (Transfreight AG, Pfungen), Herbert Rothschild (Spedition Kurt Rothschild GmbH & Co. KG, Ulmen)

The award for best quality went to KSW Kreisbahn Siegen-Wittgenstein GmbH from Freudenberg-Alchen. The rail freight forwarder has been part of the CargoFamily since July 2017 and only began including general cargo in its portfolio one year ago. Despite this, KSW Kreisbahn Siegen-Wittgenstein GmbH achieved the highest number of points in various ranking categories. Spedition Kurt Rothschild from Ulmen recorded the highest growth in consignments and tonnage nationally last year. It was able to improve its figures by over 4,500 tonnes and some 7,990 consignments. The winner in this category for the international comparison is Transfreight AG from Pfungen. The Swiss freight

forwarder increased by around 1,600 consignments and 2,800 tonnes.



Dirk Karminovski (Head of Quality Management, VTL)





20-year membership as system partner: Heinz Hintzen (Hintzen Logistik GmbH), Sandy and Nancy Auch (Auch GmbH), Christof Bergmann (Bergmann GmbH & Co. KG), Nils Heidenreich (Garbe Transport GmbH), Matthias Rux (Jos. Rux GmbH), Herbert Rothschild (Spedition Kurt Rothschild GmbH & Co. KG) (from the left)



System meeting 2018: Johanna Birkhan (Member of the management / authorized signatory, VTL)



The Niesiger Straße civic initiative from Fulda on a visit to VTL; getting to know the company and the transshipment hall



Meeting of dispatchers 2018 in Fulda: Winner of the archery tournament

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