

INNOVATION AND EXPANSION OF OUR GLOBAL PLATFORM

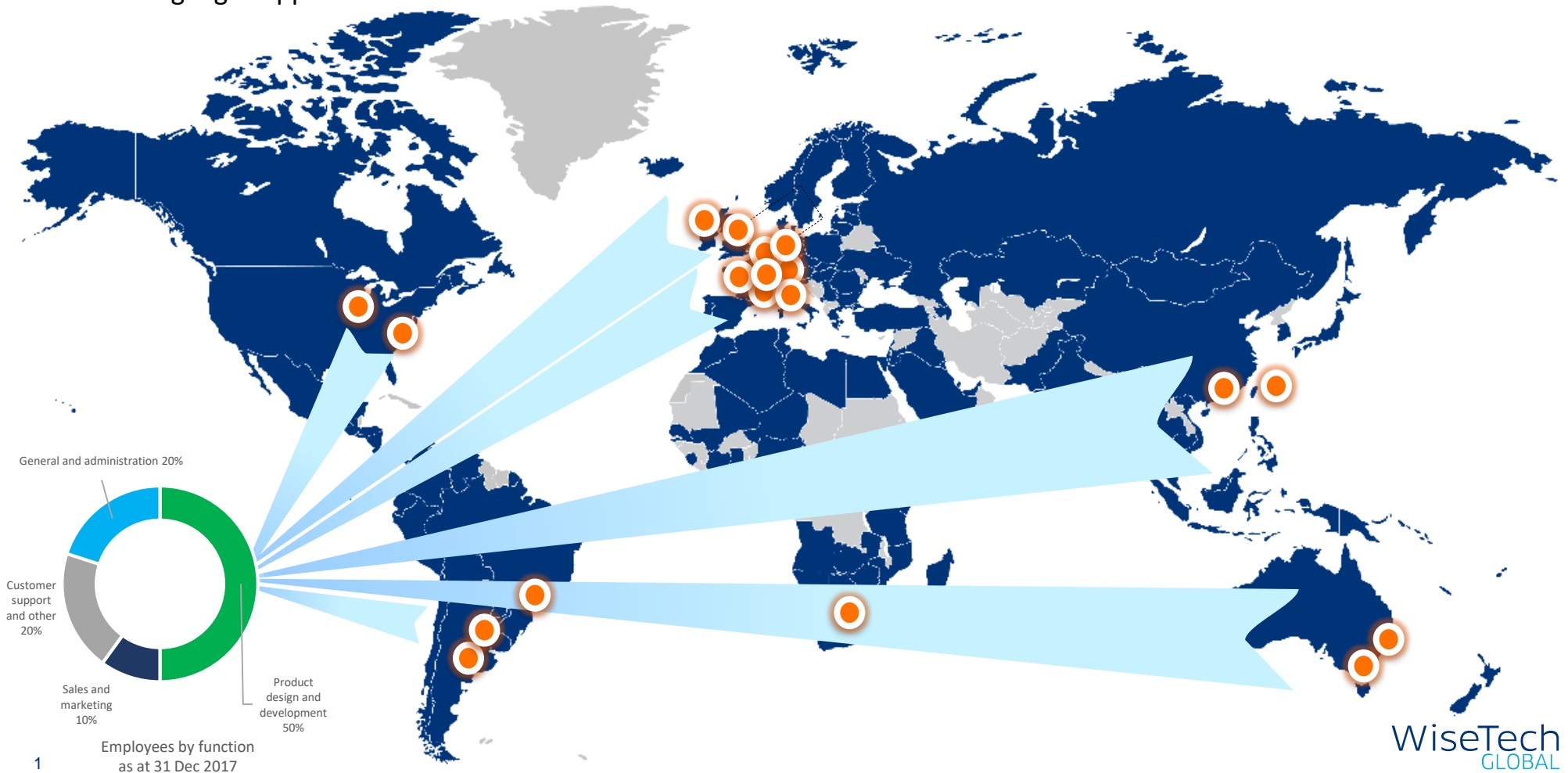
Product development: how we drive innovation

Product, Technology and Strategy Day – 4 May 2018

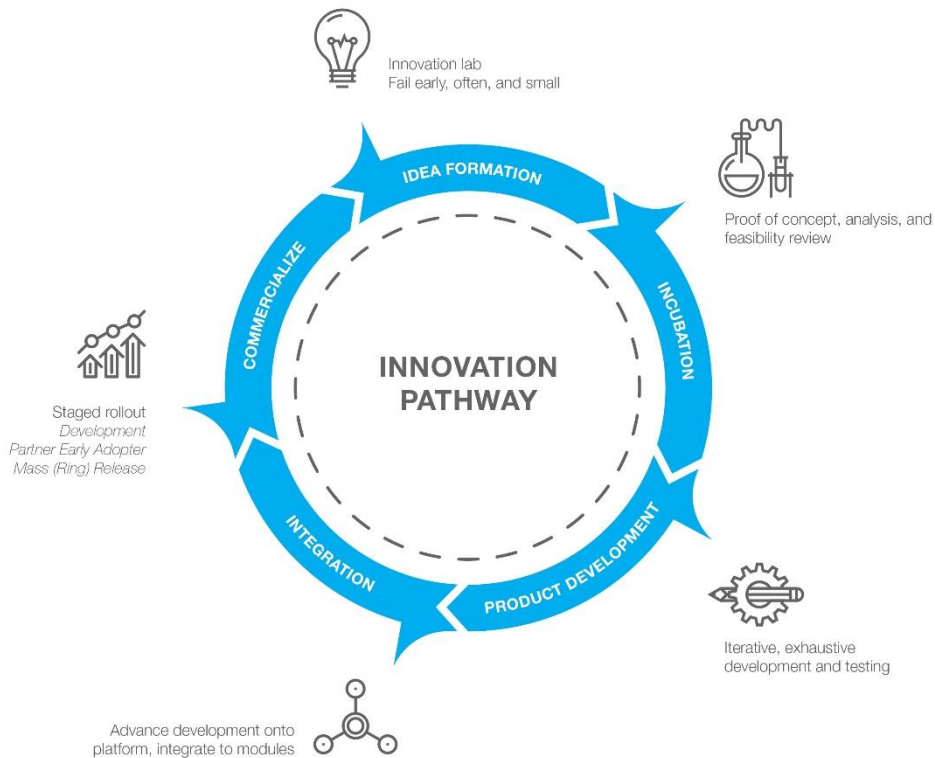


Global innovation development teams

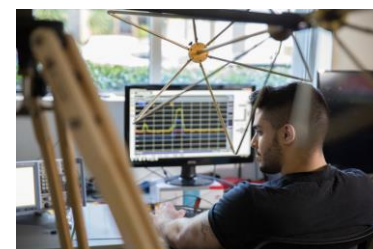
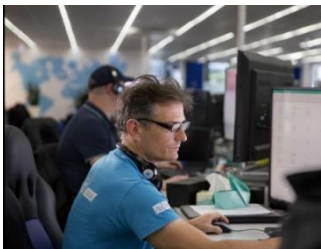
- Universal access to CW1, PAVE, GLOW, Universal Customs Engine
- Global development team over 500 people across 20 countries, leveraging local knowledge
- Multi-language support



We achieve with relentless engineering to remove constraints to scaling innovation



- Culture supports **bold ideas and innovation**
- “Tech creatives” achieve in a supportive environment of “**freedom and responsibility**”
- High performance innovation cycles – we **strive to solve complex, perennial industry-specific problems**, attacking root cause
- “**Test first, fail quickly, improve rapidly**” approach ensures rapid application development at high quality with efficient resource use
- Flat, low hierarchy management, small teams, open hubs, eclectic hires and skill development
- Architectures: PAVE + GLOW + Universal Customs Engine



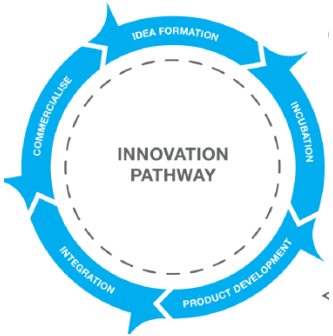
Product commercialisation and monetisation processes and timeline

High innovation to commercialisation ratio – product designed for CW1 platform + global customer base

Rich ideation | Innovation cycle | Rapid commercialisation | Grow usage and revenue

Industry expert teams solve across sectors and countries:

- **Regulatory compliance** (eg SOLAS, ACE)
- **Inefficiencies and pain points** (ie automating or eliminating manual work)
- **Productivity, quality, control and visibility enhancements** (incl machine learning, AI, grouping big data and global integrated services)



Product leads and architects leverage global data, integrated platform and layered visibility to build breakthrough solutions

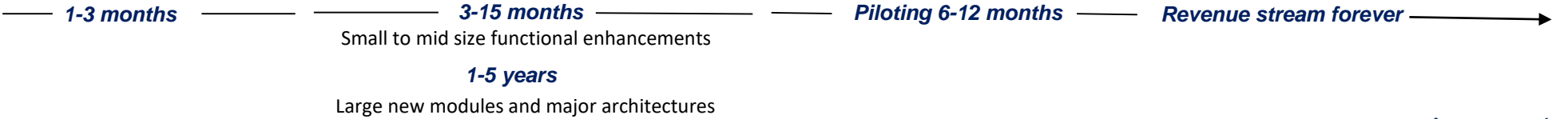
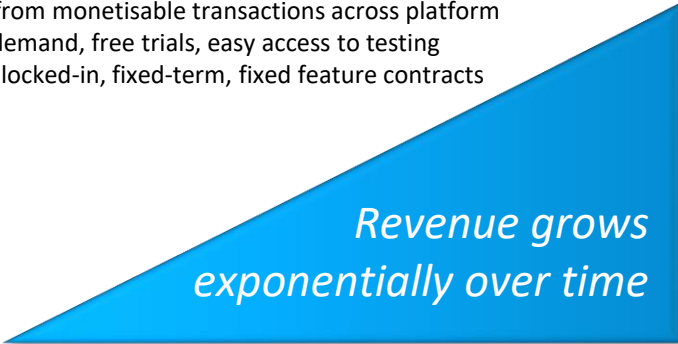
Global platform availability of released product/functional enhancement

Dev't partners and early adopters | Commercialised final release

Early low cost or free deals signed | Early adopter deals expire

Standard price list and terms published

Seed usage ahead of revenue from monetisable transactions across platform
 New component released on-demand, free trials, easy access to testing
 Customers start using without locked-in, fixed-term, fixed feature contracts



Innovation investment

Significant pipeline of longer-term innovations across existing verticals and new adjacencies

~600

product upgrades and enhancements annually

37%

of revenue invested in 1H18

50%

of employees focus on innovation and product development

>670,000

unit tests executed every 45 mins

>\$200m

invested FY14-FY18F

Major development focus on:

- Productivity
- Global data sets
- Machine learning
- Natural language processing
- Guided decision making
- Global automations
- HVLV logistics (e-tail)
- Regulatory environment changes

Over 3,000 product upgrades and enhancements added to the global platform over last 5 years

Our FY18 commitment: >\$65m in innovation and development

Work faster, harder, smarter

PAVE

- Productivity Acceleration Visualisation Engine

GLOW

- 'Build once' architecture and 'coding without coders'

Universal Customs Engine

- Accelerating complex customs localisations

Reduce cost, time, error, risk

WiseRates

- Global data sets
- Real-time access
- Immediate booking

Global Tracking

- Global air/ocean schedules, container and air waybill tracking

BorderWise

- Risk reduction
- Due diligence
- Cost efficiency

Supply chain behavioural change

GEOCODE

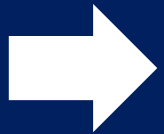
- Global address cleansing
- Geocoding
- Master data de-duplication

Global data sets

- Multi-modal rates, schedules, bookings
- Compliance data
- 3PL supply chain

Machine learning

- Process automation
- Guided decision making
- Natural language processing



BorderWise



Tracking & events



Rates & bookings



Global accounting, netting and invoicing



E-commerce



Know your customer, denied party, Master Data

Innovation pipeline - Why do our customers need BorderWise?

Increasing regulation and complexity across borders

Definition & Example for U.S. HTS Codes
[hts code example]
0901.21.0010

What these numbers mean

09 Chapter
Coffee, Tea, Mate And Spices

0901 Heading
Coffee, Whether Or Not Roasted Or Decaffeinated; Coffee Husks And Skins; Coffee Substitutes Containing Coffee

0901.21 Sub Heading (HS code)
Coffee, Roasted, Not Decaffeinated

0901.21.00 Subheading (Determines Duty)
No Distinction

0901.21.0010 Statistical Suffix (Further Definition and Makeup)
Coffee, Roasted, Not Decaffeinated, Certified Organic

- Classification governed by the WCO Harmonised System (HS) and then each Government extends the 6 digit HS
- Duty and tax determination requires interpretation using the WCO HS and the local variant, law, regulation, case law etc
- Many other government agencies add requirements to import and export compliance
- Incorrect classification can cause significant delays, fines, penalties, reputation and other risks

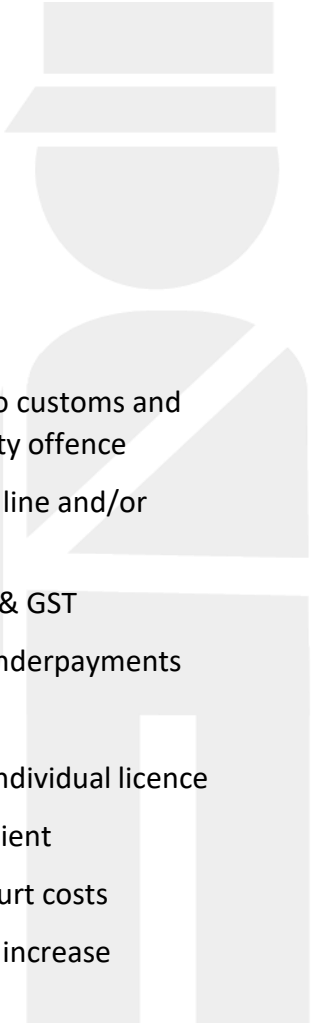
Top import errors

- Valuation date
- Tariffs
- Incorrect delivery address
- Gross weight
- Overseas goods Insurance
- Invoice terms
- Tariff concession orders

Top export errors

- Valuation date
- Gross weight
- Export tariff (AHECC)
- Net weight
- Origin
- Other export data inaccuracy

- False or misleading information to customs and border protection is a strict liability offence
- Hefty fines impacting the bottom line and/or individual employee
- Over or under payment of duties & GST
- Corporate/individuals liable for underpayments
- Bad compliance record
- Suspension/loss of corporate or individual licence
- Potential dispute and/or loss of client
- Dispute resolution – legal and court costs
- Professional indemnity insurance increase



Innovation pipeline – BorderWise

Global data set + machine learning = powerful border compliance engine, market leading

WiseTech border compliance engine

- + Custom-built global data set
- + Adjacent acquisitions x 2
- + WiseTech machine learning and natural language processing (NLP)

Prototype testing to rapid deployment <6 months

Immediate customer base from ediTariff, Digerati and TradeFox

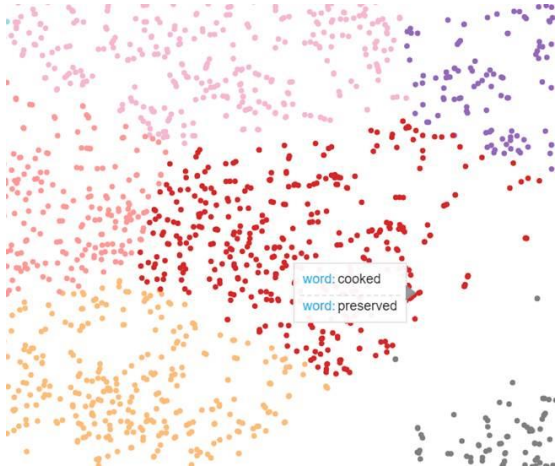
Attractive for large global 3PLs and non-logistics data providers

What's in the box:

- Next generation of compliance management: comprehensive, integrated suite of legal books, technical documents, tariff-classification tools, and reference information.
- Provides the full breadth of customs publications from the World Customs Organization Harmonized System Explanatory Notes and the principles of valuation, to ratified treaties and local legislation.
- Global data set with real-time updates and alerts on legislation, publications and notices from regulatory bodies. Improves productivity, reduces compliance risk, fines, penalties and costs and can help customs and border protection agencies mitigate safety and security risks arising from the movement of goods across their borders.

Development:

- Over 60m past classifications and growing exponentially daily.
- Extensive global and local data set drive our machine learning and NLP techniques.
- NLP will allow levels of automated classification through the use of guided decision trees.
- Available standalone and integrated with CargoWise One.
- SaaS subscription licensing, cloud enabled.
- Launched in Dec 2017
- Rolled out to Australia, NZ and US
- In the future: Canada, Brazil, Germany, Italy, the EU, Mexico, Singapore, South Africa, Taiwan, UK, then ROW.



- 
-  BorderWise
 -  Tracking & events
 -  Rates & bookings
 -  Global accounting, netting and invoicing
 -  E-commerce
 -  Know your customer, denied party, Master Data

Innovation pipeline – Tracking & events

Data availability, speed, accuracy and quality is essential for all parties involved

Customer challenges

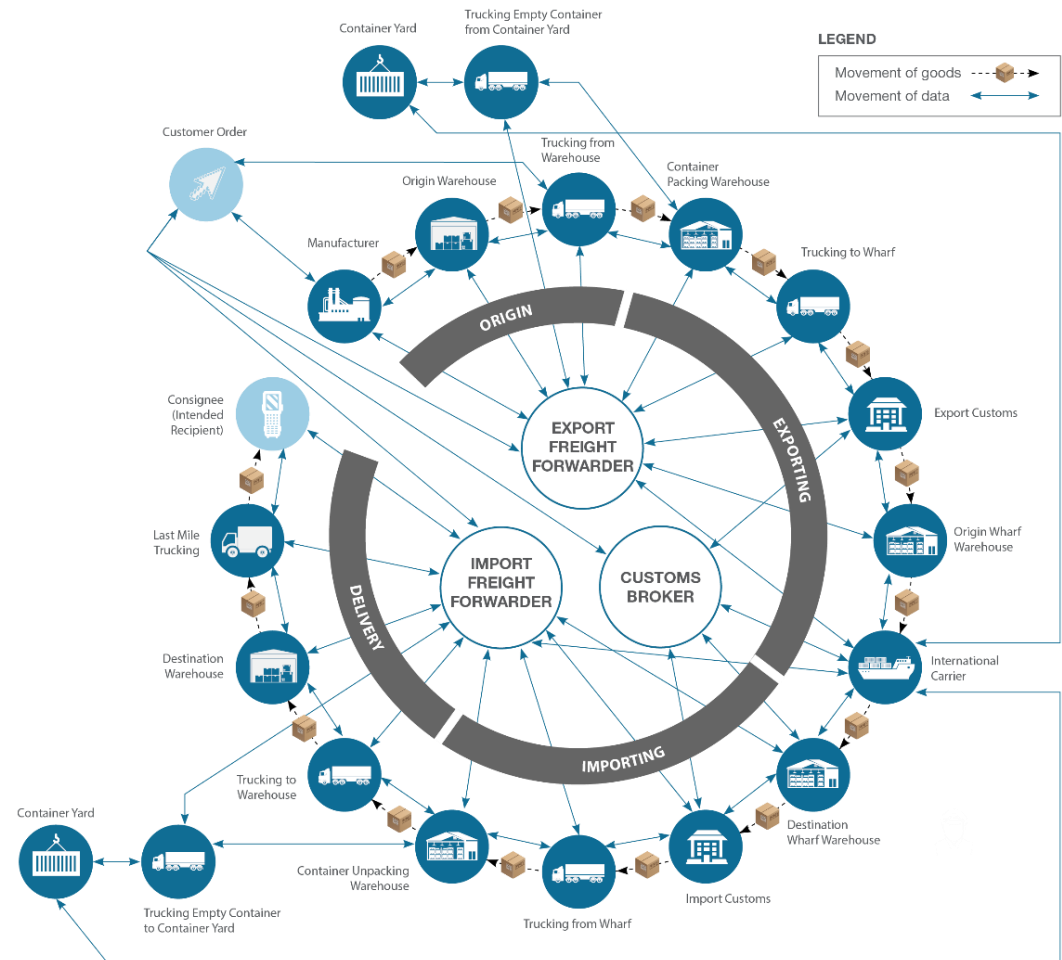
- Manual search of events, manual data entry, risk of error
- Too much data to monitor
- Loss of productivity
- Possible delays and penalties
- Missed connections, futile trips

Industry challenges

- Industry growth:
 - Over 20 million TEU in operation (650m TEU rotations per annum)
 - Over 50,000 merchant vessels including over 5,000 containerised
 - Hundreds of ocean carriers and airlines
 - 25 million AWB per month
 - ~36 million commercial flights a year (IATA 2017)
- Inability of multiple logistics players to share data electronically, and those who can only provide data to exporters as a response to electronic booking, leaving other logistics providers out

Information challenges

- VOLUMES and VOLUMES of information
- No two sources of data are the same
- Data duplication: similar data provided by different sources
- Data is available too late
- Cargo can be offloaded or split
- It is a configuration and data setup nightmare



Innovation pipeline – Tracking & events

Global data set, powerful, unique global tracking engine

Powerful global tracking for containers and vessels

+ Custom-built global data set – ‘one source of truth’

+ WTC proprietary advanced analytics and workflow automations

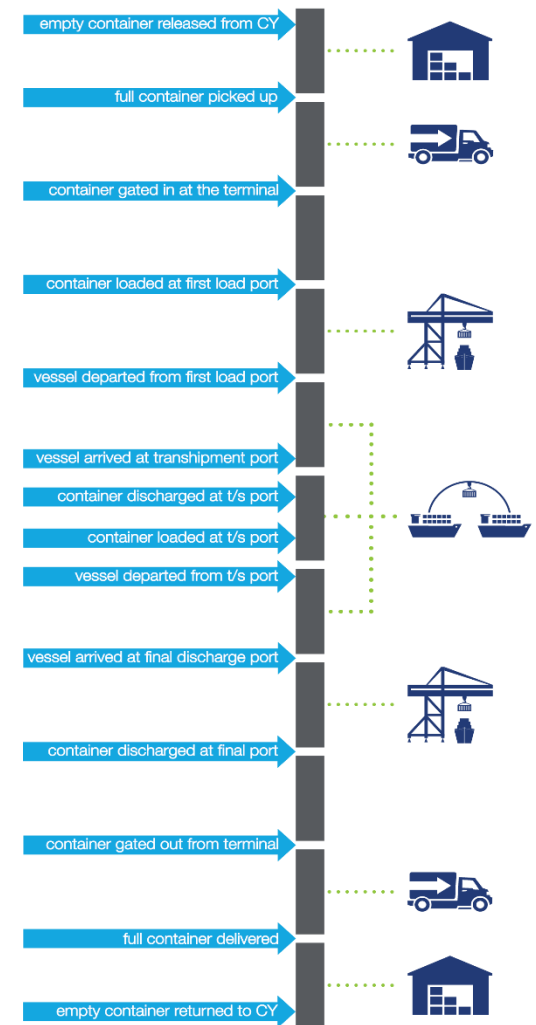
+ Embedded in CargoWise One and will integrate with acquired rates engines

Immediate customer base from CargoWise One global platform

Container tracking – adopted by DHL GF, Geodis, Rohlig & many others

Covering 36 top ocean carriers, representing over 90% of industry volume

- Fully embedded into CargoWise One: cloud enabled, transaction licensing for tracking, schedules in STL seat charge
- Launched container and associated vessel tracking, schedules for ocean and air, with further phased rollouts
- Large global set, cleansed, validated and designed to provide visibility of every ocean container, booking and master bills from 36 major ocean carriers covering over 90% of industry volume
- Container tracking provides critical timely and accurate updates on ~30 different statuses: eg carrier, government, customs and quarantine statuses, cargo pick-ups, loading, consignee receipts
- Built on top of powerful workflow engine, provides automated alerts to staff, customers, agents and third parties and automated triggering of downstream transactions
- Embedded in Freight Forwarding and Customs, designed to link to Rates, Warehousing, Land Transport and broader CW1 platform
- Inbuilt access to airline and ocean schedules provides planning tools and selection of most optimal routes with automated updates
- Real-time flight tracking provides real time information on flight departures and arrivals, alerts on possible delays and cancellations – available in pilot for selected customers
- Currently WTC receives over 12m air freight status updates annually for exporters
- Enhanced AWB tracking to be launched in the next phase: tracking targeting cargo movements inland and in the air, status updates for all logistics providers
- Continuous improvements to the existing data set
- Zero configuration from users, reduced headcount, penalties, delays, missed shipments, detention, risks = increased productivity

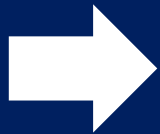




BorderWise



Tracking & events



Rates & bookings



Global accounting, netting and invoicing



E-commerce



Know your customer, denied party, Master Data

Innovation pipeline – Rates management

Data availability, speed, accuracy and quality is essential for all parties involved

Customer Challenges

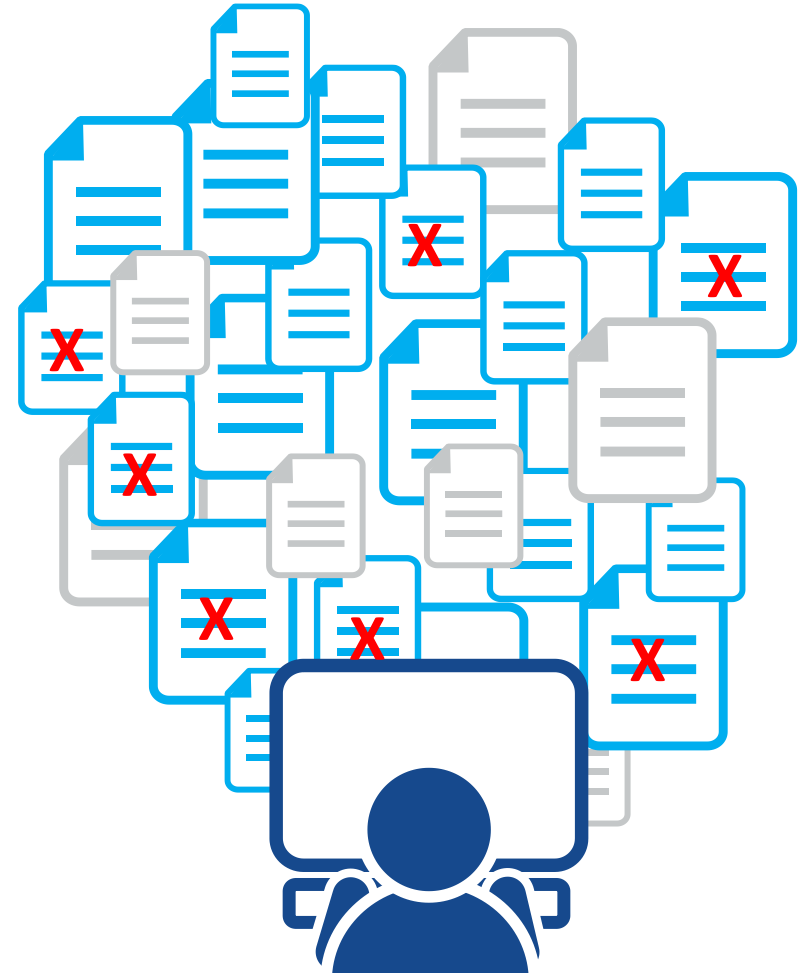
- Ocean carrier contracts are highly complex and not standardized
- Manual entry of contract and rate information both costly and error prone
- Tight margins mean incorrect buy rates can reduce or eliminate profit on a shipment
- Inaccurate invoices lead to time consuming dispute processes and journal adjustments
- Shipments (cargo) can be held by a carrier due to lack of timely payment of invoices

Industry Challenges

- Freight forwarders:
 - Time consuming: estimated 24.4m hours per year spent by freight forwarding industry handling buy-rate management
 - Costly: Annual labor cost expended by the global freight forwarding industry to manage and/or find accurate carrier buy-rates is estimated to be US\$500m
 - Inaccurate: inaccurate invoices reported as high as 12% to 20%
- Ocean carriers:
 - Distribution methods to customers still very 'manual' via email attachments, website updates
 - Confidentiality of contract rates, and rapidly growing spot market, pose distribution concerns

Information Challenges

- 1,000+ potential surcharges (average 9 per shipment)
- Can be 100+ different port pairs in a single contract
- Coding of freight charge types different per carrier and customer
- Different data and contract structures per carrier



Innovation pipeline – Rates management

Global data set of real-time, accurate rates

Powerful global data set of carrier rates

+ Real-time access to rates within your operational system

+ Embedded in CargoWise One and will integrate with acquired rates engines

What's in the box (WiseRates/CW1):

- Provides a live, centralized, global data set on carrier rates
- Supports auto-rating of shipments
- Standardizes carrier rates and charge codes
- Directly optimizes profit margins of all CW1 supply chain quoting and billing operations

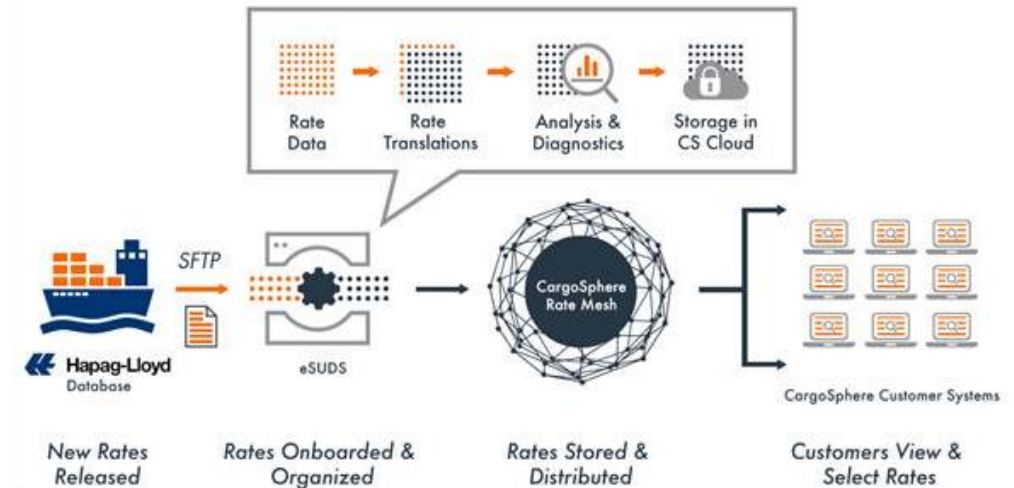
What's in the box (CargoSphere):

- Neutral platform linking carriers and BCOs, freight forwarders & 3PLs
- Rates Mesh standalone and data integrated to CW1 customers
- Hapag Lloyd (top 5 ocean carrier) is the first to offer its customers automatic access to all their contract rates using CargoSphere's electronic Smart Upload and Diagnostics Solution (eSUDS)
- CargoSphere provides rate management solutions and Rates Mesh to over 100 customers including Kuehne + Nagel, Dachser, M+R Spedag, and Livingston International

Development:

- Provide rate back to carrier within booking and shipping instruction
- Single sign on (SSO) for enhanced user experience for CW1 customers
- Integration with Cargoguide for air rates management
- Integration with land transport providers/integrators

Hapag-Lloyd Digital Rate Distribution in CargoSphere Platform



“Eliminating the email distribution of spreadsheets and PDFs is an exciting moment for Hapag-Lloyd. We are committed to improving efficiency for our customers and ourselves, and this joint Hapag-Lloyd/CargoSphere integration achievement is an important contribution to the industry as it improves timeliness and accuracy”

Henning Schleyerbach, Senior Director Sales & Service Processes of Hapag-Lloyd



BorderWise



Tracking & events



Rates & bookings



Global accounting, netting and invoicing



E-commerce



Know your customer, denied party, Master Data

Innovation pipeline – third party logistics requires specialised accounting

Supply chain activities, fragmented data and domestic regulations add complexity

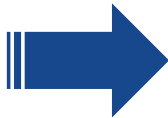
Challenges in 3PL accounting

Day-to-day business

- Issuing invoices, posting costs and tracking job profit for thousands of jobs per month

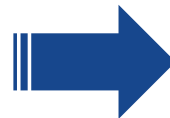
Invoicing compliance

- Tax determination
- Presentation of the invoice document
- Electronic invoicing compliance
- Fiscal compliance invoice vs invoice as 'request for payment'



Settlement

- Complexity of transactions = disputes
- High volume = lengthy reconciliation processes
- Credit controls critical to reduce bad debt exposure
- Inter-agent settlements = high cost



CargoWise One solves globally – 130 countries

Invoicing and invoicing compliance

- VAT engine extended over time to meet the needs of 130 VAT countries - focussed on logistics industry businesses
- Cash basis VAT implemented generically for all jurisdictions
- Fiscal document classification + numbering engine
- Generic Transaction Compliance Reporting Engine
- Cost and revenue estimates linked to invoice cost + revenue invoice posting
- Job transactions automatically integrated into general ledger
- Universal XML model for accounting transactions

Settlement

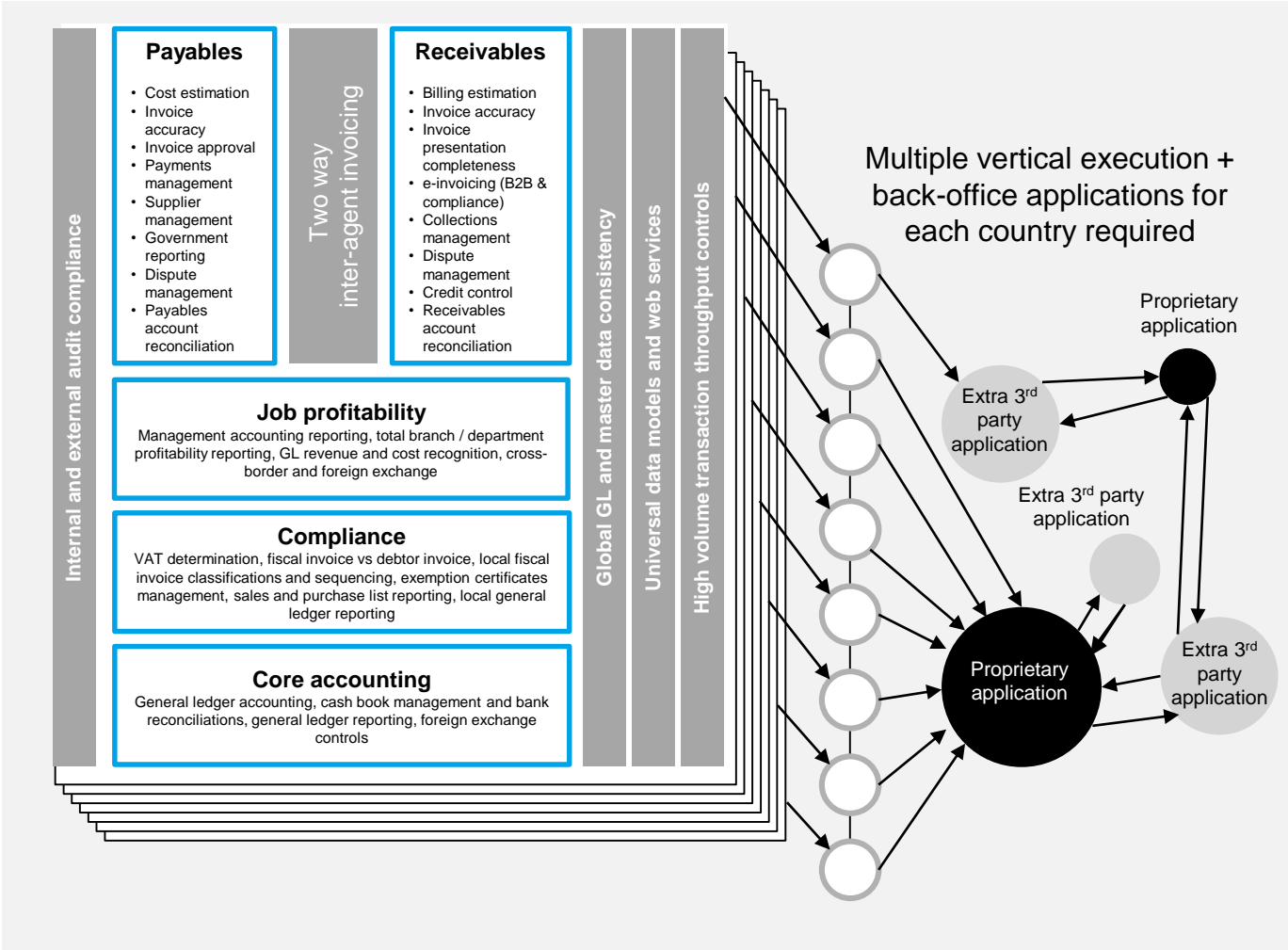
- In-built payments + receivables management
- Integrated dispute management for claims + queries
- Bulk AR + AP data management

Inter-agent settlement

- Multi-lateral, multi-currency global invoice + payment netting
- In development partner pilot phase now

Innovation pipeline – 3PL requires specialised accounting

Complex network of applications replaced with CargoWise One



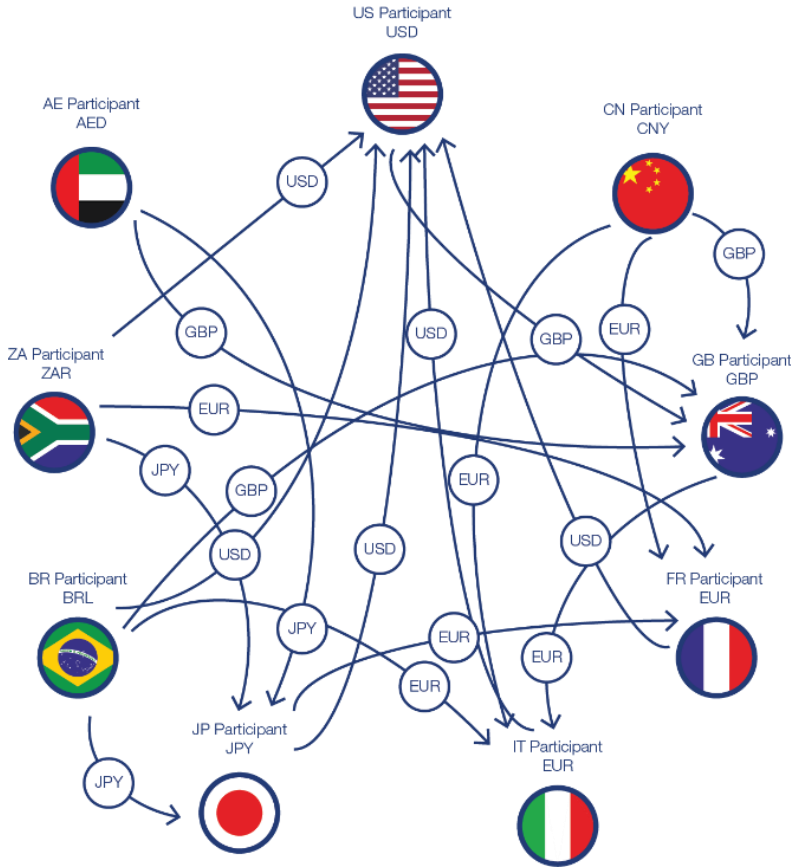
Complex network of applications replaced with **CargoWise One**



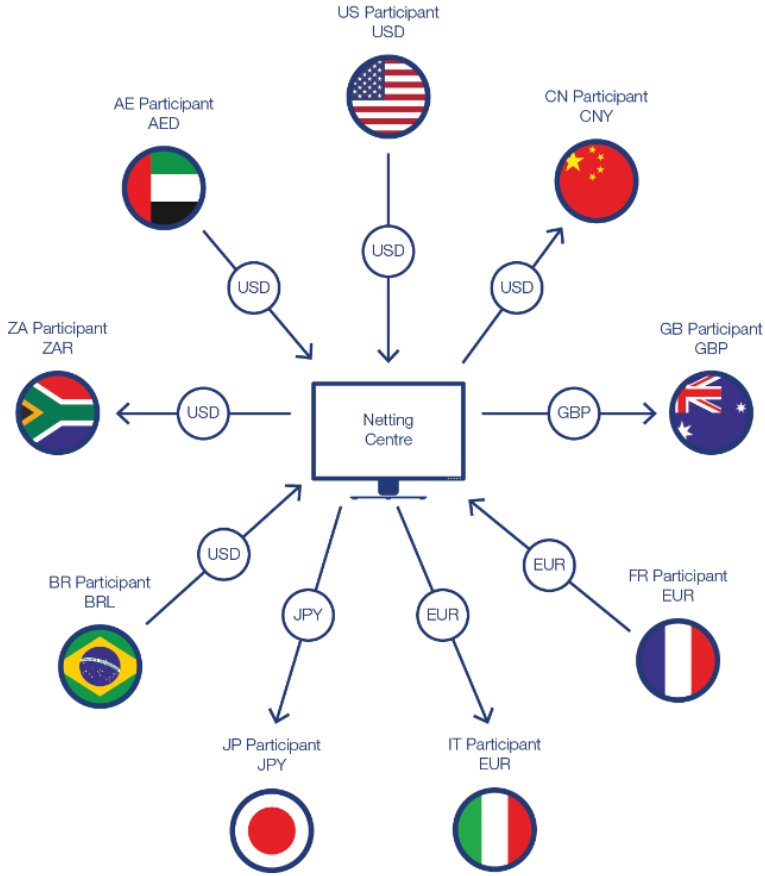
Innovation pipeline – CargoWise One delivers netting in addition to accounting

Netting reduces the number of payments and shortens the time taken for reconciliations

Without netting



With netting





BorderWise



Tracking & events



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Know your customer, denied party, Master Data

Innovation pipeline – e-tail 2nd generation, High Volume Low Value

Scalable, high volume integrated solution for 3PLs facing e-commerce juggernaut

International e-commerce solution designed for higher volume levels

Country agnostic – founded on the global customs strategy

Designed for seamless rollout to CW1 customers + their partner warehouses

Web-enabled, multi-user interface, multiple devices

Global rollout expected FY19

- Currently in prototype test with development partner, then roll out to existing AU & NZ customers.
- Phase 1 launch complete FY18 with destination depot. Phase 2 origin warehousing, courier integration and automations in FY19.
- Fully integrated, highly scalable, cross border solution for HVLV packages
- Next generation to our existing e-commerce product (AU)
- Full integration between freight forwarding, customs brokerage, warehousing, last-mile carrier management and online tracking
- Transaction-based licensing, cloud-enabled
- Immediate customer base from our existing e-commerce customers





BorderWise



Tracking & events



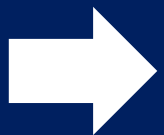
Rates & bookings



Global accounting, netting and invoicing



E-commerce



Know your customer, denied party, Master Data

Innovation pipeline – Geo compliance: the cost of shipping to a denied party

Increasing government scrutiny, increasing fines and penalties

US Export Administration Act 1979

- Criminal penalties
 - \$1,000,000 per violation
 - 20 years imprisonment per violation
- Administrative penalties
 - \$250,000 per violation, or twice the amount of the transaction, whichever is greater
- Loss of export licence

Compliance thwarted by problem of scale

- More than 120 lists globally
- Over 200,000 denied parties
- 3,000 changes per week

“We are putting the world on notice: the games are over. Those who flout our economic sanctions and export control laws will not go unpunished – they will suffer the harshest of consequences.”

Wilbur Ross – US Secretary of Commerce

FY		Criminal	Administrative
2013	Convictions / cases	52	63
	Fines / penalties	\$20.9M	\$6.1M
	Imprisonment	73 Years	
2014	Convictions / cases	39	44
	Fines / penalties	\$139.1M	\$60.4M
	Imprisonment	47 Years	
2015	Convictions / cases	31	47
	Fines / penalties	\$240.9M	\$15M
	Imprisonment	40 Years	
2016	Convictions / cases	32	35
	Fines / penalties	\$79.3M	\$23M
	Imprisonment	73 Years	

2017 ZTE was fined a record \$1.19B in March for exporting communications equipment to Iran and North Korea

<https://www.bis.doc.gov/index.php/enforcement/oe/penalties>
<https://www.commerce.gov/news/press-releases/2017/03/secretary-commerce-wilbur-l-ross-jr-announces-119-billion-penalty>

Record fine in 2017 \$1.19bn

Innovation pipeline – Geo compliance: the denied party solution

CargoWise One – an integrated solution

Fully integrated screening of

- organisations and contacts
- vessels

Stops document production for

- shipments and consolidations
- US customs declarations





List updates are automated

Match rates improved by:

- automated rescreening
- duplicate removal
- multiple fuzzy matching techniques
- address verification before screening (125m to date)

More than 2 million screens in 2017

Denied Party Screening Results

	Screened	Denied
 Organisations	879,040	986
 Vessels	52,780	98
 Shipments	4,845,925	129,228
 Consolidations	2,099,980	111,548

“For us, the address validation is a mandatory step for denied party screening... so we are fine with the validation! It's VERY fast and now that the address validates as you are typing it into the organization module, it's even better!”

Debbie Strojan – OIA Global

WiseTech
GLOBAL