



UPS 2012 HIGH TECH

Exporting & Global Trade: Preparing for Shifts

UPS 2012 Change in the (Supply) Chain Survey



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The 2012 “Change in the (Supply) Chain” survey targeted 125 U.S.-based supply chain decision makers at high-tech companies.



Background: High Expectations for High-Tech Companies

Because the high-tech industry has been identified as key to meeting increased U.S. export goals, UPS commissioned IDC Manufacturing Insights for a special edition of our annual “Change in the (Supply) Chain” survey. Our survey examines the global trade outlook and the state of U.S. high-tech exports and imports. Respondents are U.S.-based high-tech industry supply chain decision makers.

On the following pages, we share top highlights from our survey results. Plus, we have included key takeaways to help you prepare for increasing exports at your company – and taking advantage of increased global market opportunities.





Survey highlights

Top survey findings are organized in the following categories:

- ▶ [High-tech exports outlook](#)
- ▶ [Supply chain priorities](#)
- ▶ [Global demand patterns](#)
- ▶ [Sourcing strategies for the future](#)
- ▶ [Overcoming hurdles to exporting](#)
- ▶ [Preparing for shifts](#)





High-tech exports outlook: Long-term expectations improve

The high-tech industry is poised for export growth. While only 23 percent of U.S. high-tech companies have seen export growth in the past two years, 74 percent expect to see export growth in the next two years.

Factors driving export opportunities include global trade agreements and infrastructure enhancements. A large majority (81%) say free trade agreements in Asia will increase their imports/exports to and from the region.



74 percent of respondents expect to see export growth in the future.





Supply chain priorities

Reducing total supply chain import/export costs and reducing global supply chain lead times have been the top supply chain priority of U.S. high-tech companies in the past two years, each cited by 51% as a priority. Improving overseas in-market capability to drive sales performance (46%) ranks as the third highest priority.

Increased international regulation
 New free trade agreements
 Intellectual property
 Resilience
 Growing complexity in import and export processes
 Security risks

Cost **Lead-times**
Responsiveness
In-market competence

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Costs, lead-times and responsiveness were identified as the greatest factors driving changes in the supply chain for the next 3 to 5 years.

HIGH-TECH TAKEAWAY

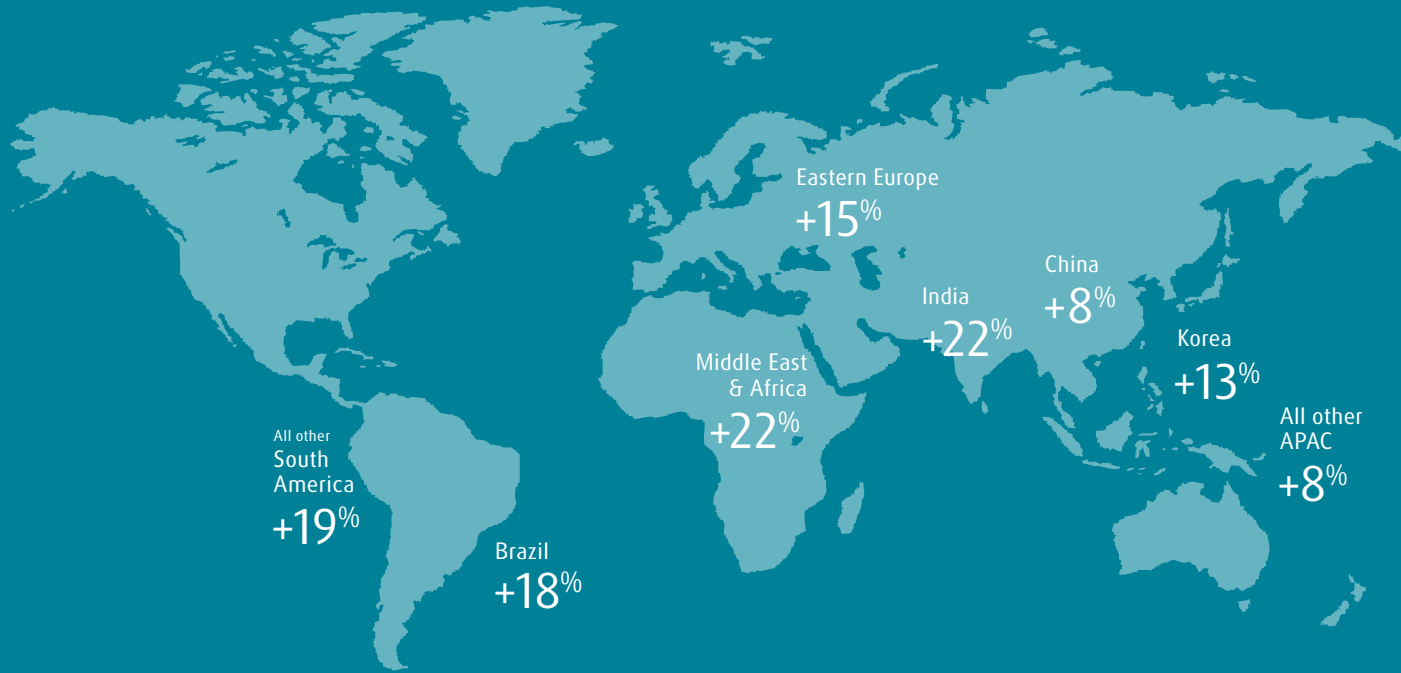
Flexibility is the key to global market success.

Responding to rapidly changing customer demands is essential in the high-tech industry, but so is cost efficiency. To achieve both, you need a flexible supply chain that lets you move quickly to make last-minute decisions affecting your operations worldwide. Working with UPS, you gain maximum flexibility. Our [strong global network](#) reaches into more than 220 countries and territories, with high-tech distribution facilities in key locations to help you stay ahead of customer needs. Plus, our multi-modal network gives you access to air, ocean and ground transportation options so your products can be where they need to be, when they need to be there.





Fastest growing markets for high-tech demand:



Global demand patterns

Survey data shows growth in demand for high-tech products in several global markets. North America, China and other APAC regions top the list of where companies plan to fulfill/sell products in the future, followed closely by Japan and Western Europe. There are also some interesting jumps in demand in several emerging markets. Looking at where companies fulfill/sell products today versus where they will fulfill/sell them in the next three to five years, there are significant increases in the following markets: India (+22%), the Middle East and Africa (+22%), Brazil (+18%), the rest of South America (+19%), Eastern Europe (+15%) and Korea (+13%).

HIGH-TECH TAKEAWAY

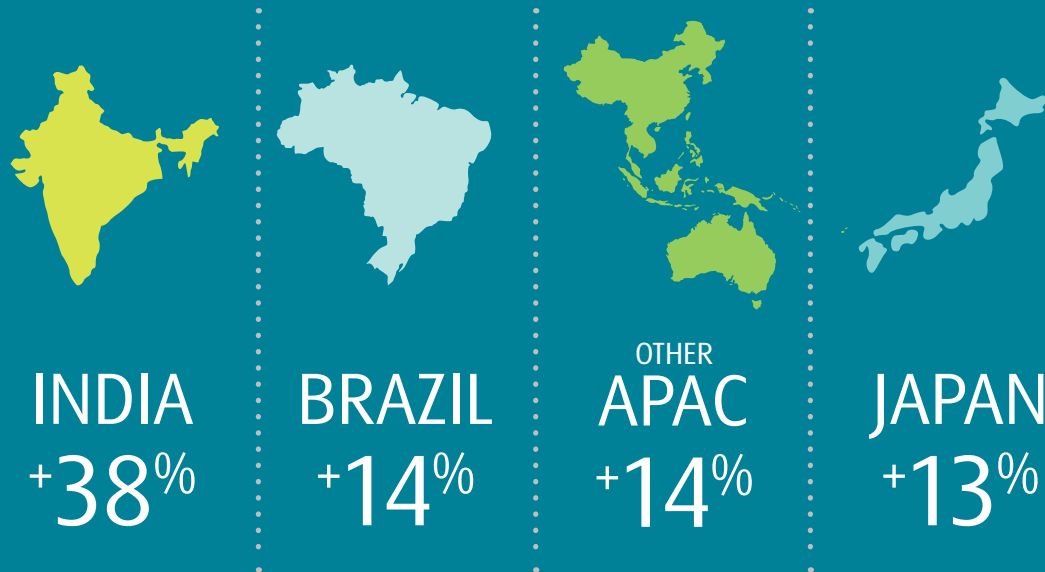
Emerging economy consumers will fuel long-term growth opportunities

There is significant global growth opportunity for high-tech companies, and much of it will come from emerging economies. To win in this shifting marketplace, you'll need to successfully navigate the complexities of import/export. As **the world's largest customs broker** and leading global logistics provider, UPS gives you a critical advantage to enter or expand to overseas markets. You'll gain access to a strong global network and resources such as country-specific market expertise and multi-client distribution facilities. By taking advantage of our international resources and trade management services, you can enter new markets faster and more cost-efficiently.





Expected sourcing increases outside the U.S. in the next 3-5 years



Sourcing strategies at home and abroad

While the U.S. continues to be the largest source for U.S.-manufactured high-tech products with 90% of respondents currently sourcing inside the U.S., there is growth anticipated for sourcing outside the U.S. in the next 3-5 years. China and Korea follow North America as the primary source of products today, and are expected to continue to grow as sourcing locations over the next 3-5 years. Meanwhile, India, Brazil and other APAC regions are expected to emerge with large growth as future sourcing locations.

HIGH-TECH TAKEAWAY

It may be time to re-evaluate your sourcing strategy.

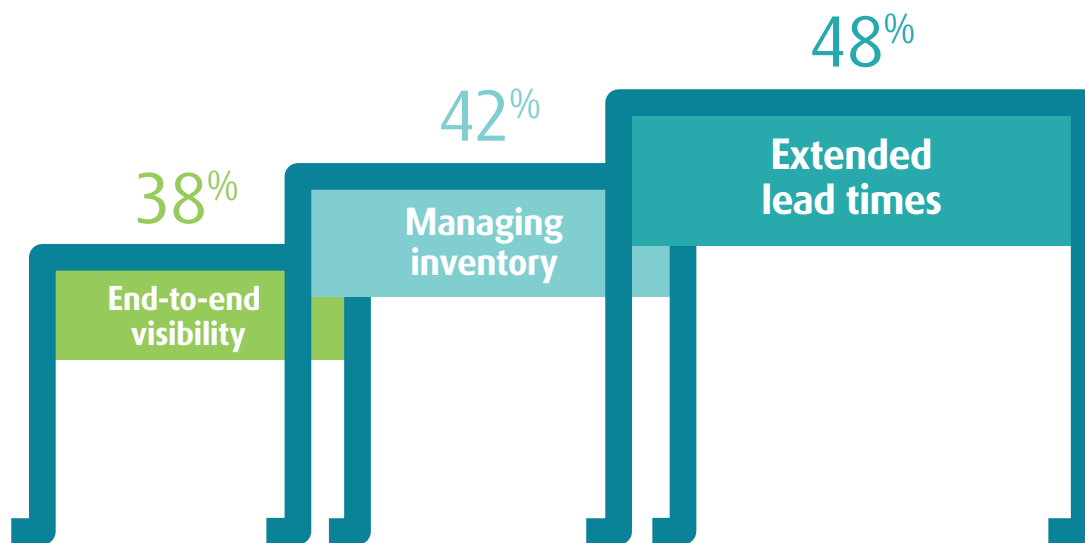
With new areas of the globe emerging as prime sourcing locations, it's time to consider making your supply network more geographically diverse. With our [leading-edge technology](#) and vast global network, UPS can help you source from new locations and improve end-to-end visibility across your supply chain. We can also help you manage your global suppliers to ensure vendor compliance and help mitigate the effects of long lead times. No matter what sourcing strategies you employ, it's essential to have the right logistics partner, [resources](#) and technologies to ensure success. UPS can be your source for all three.





Overcoming hurdles to exporting

Only one in four survey respondents report that their import/export capabilities are best-in-class, while 73% reported their company has room for improvement. When asked about the top pain points in their import/export processes, high-tech decision makers cite extended lead-times (48%), managing inventory (42%) and end-to-end visibility (38%) as the top three pain points.



The top three pain points in the import/export processes.

HIGH-TECH TAKEAWAY

Improve your import/export game to gain a competitive advantage.

When it comes to global trade, high-tech companies are challenged by long lead times, supply chain visibility and inventory management. Overcoming these hurdles will improve responsiveness, leading to better customer service and new sales opportunities. We can help you achieve higher service levels (on-time delivery, order fulfillment, invoice accuracy) and gain a competitive advantage through superior service. Our innovative technologies, [global distribution network](#) and international customs brokerage services, can make it easier to clear the export hurdles – and deliver an exceptional experience for your customers around the world.





Preparing for shifts: Is your supply chain ready for increased global trade?

Opportunities abound for the U.S. high-tech industry in new markets around the world. Is your supply chain ready to capitalize on these opportunities? UPS can help you find out with a global supply chain analysis and mapping exercise.

We can also help you:

- Expand into new global markets
- Improve your customers' experience
- Drive greater operational efficiencies
- Mitigate risks and develop business contingency plans
- Gain a competitive advantage through your supply chain

You may be surprised by what logistics can do for your company – and for your global customers.

For more information

For more information on the UPS 2012 “Change in the (Supply) Chain” survey, download the findings whitepaper at thenewlogistics.com/grow.

To learn more about UPS services and solutions that can support your high-tech business, visit: ups.com/hightech.

