

e-Campus Profits from QWL's Cost-Saving Solutions

In December of 2001, the QWL Lexington Distribution facility (led by Wayne Penkalski, Plant Manager, and team) began shipping product for e-Campus, a local Lexington e-commerce company. e-Campus is a source distributor of college and trade text books and miscellaneous merchandise for the college campus.

The management team at QWL Lexington was approached by e-Campus and asked if it could provide lower cost shipping using the USPS rather than UPS, the company's current small package shipper. In addition to reduced costs, they required quick processing turnaround to meet their market requirements.

The QWL team in Lexington responded by providing \$200,000 in shipping savings year over year to e-Campus. Additionally, this offered quite a healthy return for QW Lexington on a projected annualized sales revenue of \$500,000. Utilizing Lexington's mail manifesting capabilities and QWL's transportation network to the Bulk Mail Centers, a profitable solution was achieved both for e-Campus and the Lexington Distribution facility. ■

USPS AFSM 100 - Torn & Damaged Cover Update

Over the last six months, many postal customers have reported problems with covers being torn off or damaged upon delivery. QWL has participated in many discussions with customers, USPS senior managers and print competitors to identify and resolve this problem. Additionally, QW has supplied samples for testing at the USPS Engineering Facility in Merrifield, VA, along with QWL representation during the two-week testing period.

The problem was quickly identified as a situation related to the new USPS high speed flat sorter, the AFSM 100. Many believed it to be a machine feeder problem along with a training issue requiring careful feeding of flats. The Postal Service is actively deploying these flat sorters and at present, have at least 379 in live use. Although the manufacturer is working on a machine solution to take feeder variability out of the equation, it is believed that it will be a year before this is accomplished. Postal Service employees are being instructed on the proper method of feeding mail

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Logistic Solutions

Penetrating New Markets - QW Express Applies Expertise to Business Beyond Print Logistics

Lear Siegler

Lear Siegler is a 3rd party DOD (Department of Defense) contractor supplying parts and maintenance on aircraft, trucks and personnel carriers for the US Government. The parts can be anything from small boxes of parts to motors and truck frames for rebuilding Humvees. QW Express (QWE) currently provides global transportation, customs clearance and logistic support for Lear Siegler facilities located in the US, Italy, Sicily, Germany and Hawaii through its San Antonio office. In the past, to ensure that QWE was meeting the service demands for its client, onsite support was provided at the facilities in Italy, Sicily and Germany. QWE will continue to provide this value-added service. The staff of QWE in San Antonio has been working with Lear Siegler for over 6 years. The team's success can be directly credited to superior customer service, the ability to anticipate the customers' needs and react to those needs appropriately.

American Outpost

American Outpost is a clothing retailer based in Zelienople, PA with stores in outlet malls from Massachusetts to Texas. QW Express acts as American Outpost's logistics partner by managing all inbound shipments (LTL, partials, truckloads, and occasional expedites) from vendors in the USA and Mexico. QWE's services include communications with vendors, P.O. confirmation, Bill of Lading preparation, carrier management and customer service support (tracking/tracing, POD's, etc.). QWE allows American Outpost to economically handle all shipments and payables through one source, eliminating the need to manage several carriers across the nation.

Medtronic

Medtronic is a medical technology company that provides therapeutic, diagnostic and monitoring products for the cardiac rhythm management, other cardiovascular and neurological markets. QW

Express controls the inbound purchasing for virtually all of Medtronic's suppliers around the world. QWE takes orders from the suppliers and transports the freight into Denver and the QWE warehouse. The orders are then checked in and packing slips are faxed to Medtronic purchasing to notify them of arrival. Medtronic will then call for the shipment to be delivered to their facility, where it will be officially entered into their inventory, and bar-coded to show part number and arrival date. Medtronic will then send all excess inventory back to QW's dock to be warehoused until they are ready for the remaining parts, at which time they e-mail or call and order parts by lot number and check-in date. Medtronic currently has approximately 100-200 different parts in stock at QWE's warehouse.

Aero Controls

Aero Controls purchases airplanes (737,767,777) down in Victorville CA. Once they are purchased, Aero Controls takes them apart,

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Newsstand Update

-- The number of wholesaler facilities remains about the same, with only a couple of consolidations since our last report. Grand Junction, CO was closed and the distribution was consigned to Salt Lake City, UT, Denver, CO and Albuquerque, NM. Holyoke, MA was consolidated with the Glenmont, NY facility. This continued consolidation means larger retail service areas for wholesalers, which may effect on-sale dates.

-- The News Group has opened two new depots, one in Knoxville, TN and the other in Lincoln, NE. Shipments to these locations should begin soon. Newsstand magazine print orders have remained fairly stable however, the page counts continue to decrease due to a lack of advertising pages. Mid-year continues to be the targeted time frame for increased page counts. ■

Penetrating New Markets (Cont.)

piece by piece, and then crates them. QWE has been moving them via flatbeds back to their warehouse in Shelton, WA. Once the parts are refurbished, Aero then sells the parts back to the airlines and all shipping is done through QWE-Sea. One plane takes about 5 flatbeds to move the shipment completely. ■

New Communication Strategies to Enhance Logistics Services

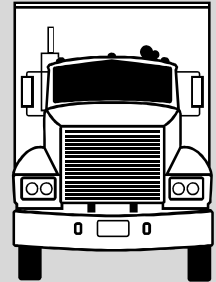
The Product Tracking-Lite (PT-Lite) and Quebecor World Manufacturing System (QWMS) projects continue to roll out across the QWL network, offering all locations the ability to share more and more information. As these sites are established, they improve QWL's ability to electronically communicate customer-specific needs and pertinent distribution information. The critical data divisions and consolidation centers input to these very systems, which facilitates the pricing and administration department in its ability to proactively assist both internal and external customers, customize logistics services and identify solutions for their distribution needs.

From a pricing and rating perspective, QWL strives to exceed customer expectations and look for creative ways to improve service. As the volume of QWL-managed freight has increased across QW facilities, it is imperative that the internal communication process continues to improve

in quality.

In order to facilitate clear communication between Sales and the QWL Pricing group, QWL is implementing new procedures in the order entry process. These changes are specifically designed to capture vital information, streamline communications and provide more accurate and timely invoicing for customers.

The pricing and administration group will draw from these statistics to form new ideas on improving distribution efforts for customers and divisions. In working with marketing and customers, the group will implement proven distribution methodologies and identify new entry points for Periodical mail, thereby improving delivery, yet maintaining or minimizing distribution costs. Similarly, plans are underway to enhance services for QWL catalog customers as well. QWL will continue to provide updates on these improvements in future issues of *LogisticSolutions*. ■





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USPS AFSM 100 (Cont.)

pieces to minimize damage. The Postal Service also believes that characteristics of the mail piece play a significant role.

The test data (from the testing conducted in Merrifield, along with field observations) is not sufficient to make any definitive recommendations on the design of magazines and

catalogs; however, there are some preliminary indicators. Heavy books (i.e. 100+ pages) should have 3 stitches (not 2) with the proper pressure on the stitches. QW samples survived the tests successfully. Glossy covers can present problems, particularly covers with UV coating. What seems to be a factor is the coefficient of friction between the cover and the text. Further tests need to be conducted to determine the proper coefficient. Perfect bound pieces do not appear to experience problems.

In August, the Postal Service established an e-mail address for reporting cover damage problems. To date, they have received approximately 400 complaints. The Postal Service has analyzed the

complaints by zip code and have determined that two-thirds of the damaged pieces were processed on the AFSM 100's while one-third were not. Although many questions remain, this information is being analyzed by USPS operations as well as shared with the equipment manufacturer.

In an unrelated initiative, the Postal Service will be conducting tests to determine the weight maximums that the AFSM 100 can process successfully. These tests will be conducted in late February. It was agreed that in conjunction with this test, the Postal Service will accept test pieces from mailers who have experienced cover damage problems. If any QW customers are interested in participating, please contact Jennifer Lukasiak at 630-438-2317. ■

QW Mail List Technologies:

I want you to know what a pleasure it is working with the folks at QW Mail List Technologies-Noel Manhart, and especially Debbie Boehm. From the launch of ESPN *The Magazine*, things have always ran smoothly for List Services and ESPN, and as we start our 4th year together, I look forward to continuing that fine relationship.

-- Dennis Farley
ESPN/Disney

International Postal Transit Testing

Quebecor World International Logistics (QWIL) is now offering free postal transit testing for the first mailing of all new customers to utilize QWIL's service. By applying a label to the mail piece including an email address for response, recipients can share the arrival date of their mail. QWIL will compile the data received and provide a report detailing international postal transit times.

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Questions/Comments?
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