

## FedEx's Blueprint for What's Next

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Today is an exciting day for FedEx because today, we build on our tradition of reinvention. We've looked to our operating principles "Compete Collectively, Operate Independently, Manage Collaboratively" to guide our decisions. As we look toward the future, we are evolving this strategic framework to stay ahead of our customers' changing expectations. Effective immediately, we are redefining our strategic operating principles as:

Compete Collectively, Operate Collaboratively, Innovate Digitally

We are building the network for what's next, and our new strategic operating principles are the blueprint to get us there. Taken together, these principles guide how we grow, execute and evolve as a company. Let's take a closer look at each individual operating principle.

Compete Collectively

This principle remains the same, and for good reason. The collective FedEx brand unites our distinct operating companies. It is this purple thread that gives us our competitive edge and ensures a seamless experience for our customers.

When we compete collectively, we change what's possible and unlock opportunities. In fact, most of our customers already use services from two or more of our operating companies. As a company, we know that

together:

We bring faster delivery and more flexible options.

We meet customers wherever and however they need it, as seamlessly as possible.

We revolutionize the industry through innovations like year-round Sunday residential delivery, FedEx Freight Direct and FedEx Delivery Manager.

Operate Collaboratively

This new principle presents an important and strategic shift for FedEx. While our networks, and the expertise that lies within our operating companies, are — and will remain — independent, we're building a holistic, collaborative approach to compete in a dynamic and ever-changing market. By operating collaboratively, we help ensure that we have the right package, in the right network, at the right cost to serve.

We're already seeing the benefits of this shift through various initiatives launched in the last few years:

Last Mile Optimization — the delivery of specific FedEx Express residential and rural packages by FedEx Ground — allows us to flex our network to reduce cost and increase delivery density. It has already successfully launched in 57 origin markets since February. As e-commerce skyrockets and residential deliveries increase, this approach is already delivering efficiencies.

FedEx Freight has provided FedEx Ground with 20 million miles of road and intermodal support and delivered more than 750,000 non-conveyable shipments so far in FY21. To put this in perspective, Freight had never delivered a Ground package before May of this calendar year.

FedEx Logistics and FedEx Express continue to work together to secure air charters for customers in the U.S.

#### Innovate Digitally

The first two principles help us deliver more seamlessly and efficiently for our customers, yet this final area — Innovate Digitally — is how we'll deliver the future.

In 1978, our Chairman and CEO Fred Smith recognized before anyone else "the information about the package is as important as the package itself." It was groundbreaking when he said it more than four decades ago and clearly illustrates the role innovation has played in our DNA since day one. Innovation inspired our start, and it is fueling our future.

We will benefit from the remarkable Digital Transformation efforts already underway by our world class teams. This includes:

Increasing visibility and control for customers through FedEx Delivery Manager. Leading cutting-edge innovation through autonomous vehicles, like Roxo, the FedEx SameDay Bot.

Advancing our industry-leading tracking technology through our newest solutions, FedEx Surround and SenseAware ID.

The size and scale of our network, and the more than 16 million packages that traverse it every day, gives us a bird's eye view of global supply chains and trends. This foundation enhances our ability to build better insights as a result of information from our network and the world around it.

Today, we are channeling our innovative nature to reimagine what is possible as we sit at the intersection of physical and digital networks.

#### Building the network for what's next

We have a vision for the future that sets us apart. And this path that we are on — to Compete Collectively, Operate Collaboratively and Innovate Digitally — along with YOU, the sharpest team in the business, is building the network for what's next.



Our ability to deliver on all of this goes back to our Purple Promise, to make every experience outstanding. And this realigned

strategy is allowing us to deliver on this promise in ever more meaningful ways.

Source: [FedEx](#)

