

THE **DESCARTES**
SYSTEMS GROUP INC.

HELPING CUSTOMERS DELIVER™

BUSINESS WHITE PAPER

An Interview with
Descartes Customers
and Colleagues on
the 2009 Outlook



Like in any industry, gloom times are times of opportunities for the strong and the willing, and time of despair and knee-jerk reactions for the weak and fearful. The Chinese word “weiji” (危機) means crisis. It is said that *wel* (危) means “danger, dangerous; endanger, jeopardize; perilous; precipitous, precarious; high; fear, afraid” and *ji* (機) means “machine, mechanical; airplane; suitable occasion; crucial point; pivot; incipient moment; opportune, opportunity; chance; key link; secret; cunning”. For many, 2009 will be a crucial year, and it will depend on organizations’ strength or character, resolve and determination, and vision, as to whether they will seize the opportunities or cease under the pressure of those that took the path of opportunity. For supply chain and logistics providers, opportunities will lie in outperforming their competitors by providing lower cost and more efficient services.

As an outlook for 2009 and leading up to the Descartes User Group Conference, we reached out to our customers, partners and colleagues to hear about how their organizations are *Meeting the Challenges of Today’s Economy*. Included below are a just few of the thoughts from our global logistics community of customer and partners.

What do you think the big industry trends for 2009 will be in the area of supply chain and logistics?

- Expense control and efficiency will be one of the biggest trends. Businesses are trying to “batten down the hatches” and weather the current economic uncertainty. To do this, organizations will be focused focus on how to reduce expenses and/or gain productivity in their existing operations.
- Another area of focus is accountability. Accountability is a very prevalent topic with expectations that all parties in all relationships in the business world raise their expectations of each other to provide value against the recessive backdrop in the economy.
- Number one theme is “Doing more with less...”
- Economic woes. With such instability in the market 2009 is going to be difficult because old partnerships may be lost and new ones may be difficult to come by.
- Look towards efficiency - fleets are going to have to be more efficient, whether its fuel related or labor related.

Specific to supply chain and logistics, what are some ways that your company is working to improve the productivity and performance of your operations, especially in this tough economic environment?

- Supply chain and logistic service providers should reduce number of IT systems (and suppliers) and create strong partnerships with vendors offering a wider footprint for the end-to-end management of their logistic chain, from contract management, to rate

management, to booking management, to messaging, to tracking, to delivery and asset optimization.

- We are focused on making each customer happy - differentiated customer service is key.
- More than ever, we are focusing on our existing vendor base to form collaborative partnerships in the supply chain that provide insulation to both parties. We are trying to better "synchronize" our entire order cycle through expanded usage of EDI, dock and order scheduling, and adding dimensions to our existing relationships (i.e. replacing third-party carriers for our vendors with our own fleet, or adding SKUs from an existing vendor who is a value-add partner as opposed to low ROI, low volume "boutique" vendors.)
- We are continuing to standardize best practices and processes across our network as well as create a platform of information sharing so that the entire supply chain works as a cohesive unit.

How can Descartes work together with you to make the world a better place through logistics?

- Descartes has been an excellent partner in part of our business. If we are to partner more holistically with Descartes, then Descartes needs to help us understand how they can contribute more at making us a more efficient organization, and committing to a solution roadmap that make it the partner of choice.
- Descartes could best work with us to improve how we use existing solutions, as well as to increase access to "best practice" situations for an array of business relationship scenarios.
- Provide metrics as to the efficiency of our routes on a daily basis. Possibly some type of data warehouse of routing stats for LNOS

About Descartes

Descartes (TSX: DSG) (NASDAQ: DSGX), a leading provider of software-as-a-service (SaaS) logistics solutions, is delivering results across the globe today for organizations that operate logistics-intensive businesses. Descartes' logistics management solutions combine a multi-modal network, the Descartes Global Logistics Network, with component-based 'nano' sized applications to provide messaging services between logistics trading partners, shipment management services to help manage third party carriers and private fleet management services for organizations of all sizes. These solutions and services help Descartes' customers reduce administrative costs, billing cycles, fleet size, contract carrier costs, and mileage driven and improve pick up and delivery reliability. Our hosted, transactional and packaged solutions deliver repeatable, measurable results and fast time-to-value. Descartes customers include an estimated 1,600 ground carriers and more than 90 airlines, 30 ocean carriers, 900 freight forwarders and third-party providers of logistics services, and hundreds of manufacturers, retailers, distributors, private fleet owners and regulatory agencies. The company has more than 300 employees and is based in Waterloo, Ontario, with operations in Atlanta, Pittsburgh, Ottawa, Montreal, Miami, Washington DC, Derby, London, Stockholm, Shanghai, Singapore and Melbourne. For more information, visit www.descartes.com.