

Implementing International Programs

Globalization Views





Rinchem CMS Capabilities

An asset-based chemical management company

- 2006 marks Rinchem's 30th Anniversary
- Clientele in Americas, Europe, the Middle East and Asia
- Neutral, asset-based supplier focused on four lines of business:
 - Public Chemical and Gas Warehousing
 - Transportation Services
 - Waste Stream Management
 - Supply Chain Consulting & Regulatory Training
- "Flexible CMS" model, allowing customers to select preferred configuration of Rinchem services for their unique needs



Veolia CMS Capabilities

An asset-based environmental services company

- World's largest environmental services company
- Management expertise in time-sensitive, highly regulated environment
- Long-term relationships/contracts with many Fortune 500 corporations
- Engineering teams capable of lab analysis and product testing
- Global reach with international sales force and widely dispersed sites
- Environmental services provider focused on four lines of business:
 - Industrial Services
 - Waste Services
 - Technical Services
 - Recycling and Reclamation Services
- Currently offering “downstream CMS”. Partnership with Rinchem to provide synergistic, comprehensive, “cradle to grave”, asset-based chemical management solution to CMS providers and prospects.



Why Expand Internationally?

When the Expansion Began:

- **Veolia has had an international presence for decades – acquisition was the primary driver behind its global expansion**
- **Rinchem expansion into: Mexico – 1996, Europe – 2003, Middle East – 2005, Asia – 2007**

Drivers of International Expansion:

- **Global economy, utilizing off-shore resources**
- **Existing global customers desiring to replicate support services**
- **Openness of mature industries to CMS and outsourcing**
- **Attractiveness of having a global offering to secure global accounts**



Why Expand Internationally?

CMS Supplier reasons for international expansion:

- Strengthen relationship with major global customers
- Leverage investment in worldwide fixed assets
- Provide a consistent quality of worldwide environmental services
- Differentiate services from competition
- Grow revenues and profitability organically

Value propositions to customers:

- Protect/enhance brand with a worldwide environmental policy
- Reduce potential liability/risks in activities outside US
- Achieve consistent quality of worldwide services
- Reduce administrative costs through interfacing with one partner
- Focus on core competencies to maximize profitable growth
- Provide synergies at all global locations



International Market Overview

	Mature Markets	Emerging Markets
Countries	U.S., European Union, Taiwan, Korea	China, India, Vietnam
Regulatory Enforcement	Increasing restriction, strong enforcement	Few written and enforced regulations
Labor Costs	Medium to High	Low (China=\$1000/yr)
Business Practices	Westernized	Government controlled, highly political
Geographic Compactness	Compact	Vast, with isolated factories
Logistics Network	Established infrastructure	Limited highways and transportation methods



Differences and Challenges

- Travel and relocation costs for U.S. support staff
- Geopolitical and cultural considerations
- Time zone differences and language barriers
- Differences in legal, tax, regulatory, banking, HR rules
- Achieving “sustainable mass” for regional customer base
- Managing lag time and costs for overseas shipping
- Remote management of support functions:
Marketing, human resources and information systems
- Establishing trust and company culture, fostering a feeling of “being part of the company” from long distance





Lessons learned (Case Study)

Entry into Israel (Semiconductor manufacturer):

- **Culture**
Ethics, Urgency, Innovation
- **Distance Management**
Travel, Time Zone
- **Staffing**
Regulations, Labor Rates, Skill Level, Training
- **Environmental Regulations**
- **Risk v. Investment**
Legal, Finance, Banking
- **Negotiation**
- **Rollout**
Phasing
- **Success Metrics**
Know service levels of prior provider, take time to measure





Question and Answer

Questions.

Thank You!