



Mercedes-Benz

**Excerpts from the statement
on the occasion of the
Sprinter Innovation Campus
at Stuttgart, 4 December 2017**

(The spoken word is binding)

Volker Mornhinweg, Head of Mercedes-Benz Vans

Ladies and Gentlemen,
a very warm welcome to the Sprinter Innovation Campus.

The city is the natural habitat and workspace of our vehicles: Many of the modern services which make urban life so pleasant would not be possible without vans. For in a digitalised world they are the hardware that bring the products and services to the customer. And if life and logistics in the city are changing, our vans have to change too.

This was precisely the reason for our Van Innovation Campus one year ago. Back then we presented *adVANce*, a future initiative which is revolutionizing Mercedes-Benz Vans: We are developing from being a vehicle manufacturer into a supplier of holistic transport and mobility solutions. We started *adVANce* because the extremely dynamic developments in urbanisation and digitalisation are presenting both us and our customers with completely new challenges. Back then we unveiled a multitude of intelligent solutions for different fields, some of which as pilot projects, but some of them just as concepts which we later expanded. What began a year ago as a strategic peek into our workshop is now taking shape in concrete terms at today's event. With this Sprinter Innovation Campus we would like to show you how we have developed the new Sprinter. The first series vehicle from Mercedes-Benz Vans is putting the fundamental concept behind

adVANce on the road. There are very good reasons for placing our trust in our Sprinter to do this: Since 1995 our flagship has been spearheading technological development. Back then it founded a new segment and since then it has redefined its limits over and over again. And this is how we want it to be this time, too – that is the standard we have set ourselves. The new Sprinter embodies our *adVANce* philosophy and therefore far exceeds anything you are familiar with in this segment.

The completely reconceptualised Sprinter will be a unique, holistic transport solution: a completely networked van as part of the Internet of Things, where we have already written connectivity into the vehicle's DNA. Today we are going to show you how we are creating the best overall solution for our customers through a combination of fundamental innovations and a specific sector focus.

Why is the new Sprinter the perfect basis for this?

Firstly, its success to date. A few figures:

- All in all the Sprinter is out and about in more than 130 countries.
- Since its premiere we have sold more than 3.3 million models.
- In the first nine months of this year alone we have sold over 142,000 units. This continues to be at a top record level - even in the final year of the current model.
- What is this success founded on?
Quite clearly: the Sprinter is the perfect answer to the challenges presented by transportation today – in every sector.

Just recall the 1990s, when we first brought it to market. Digitalisation was slowly starting to change our lives in 1995: Many of us were buying our first mobile phone. The internet was still very slow and expensive, but not only did it offer us a wealth of information, it also gave us new ways of consuming - just think of ebay or Amazon. Internet giants appeared from nowhere – often on platform models. Since then traditional companies have had to adapt their business models to suit the changed conditions and increased competition: Customers have been able to compare offers quickly on the web and find the most favourably priced alternative. This cost pressure called for even greater transport efficiency. Above all this made goods transport more fragmented, more dynamic and more individual. Companies in all sectors needed a new type of van for their daily work: with a high annual mileage, huge flexibility and a large load compartment. In this period our Sprinter hit the right nerve, as this was precisely

where it was able to score well: A van with maximal flexibility that becomes a tailor-made transport solution through the interplay of customer requirements and manufacturer flexibility. Designating this new approach in the truest sense: the Sprinter was the first model from Mercedes-Benz not to be given a combination of numbers or letters. Instead it bears an international, easily comprehensible name which sums up its concept: flexible, agile and memorable. Today this name stands for an entire segment, and we're proud of this. At the same time this is an obligation for the future as far as we are concerned: The Sprinter must always be at the forefront of development and the benchmark for transportation – both for major logistics companies and for the trades person's business round the corner. This is where *adVANce* comes into play. With *adVANce* we are developing from being purely a vehicle manufacturer into a supplier of holistic transport and mobility solutions. The initiative is now divided into five areas:

- With **digital@vans** it's mostly about connectivity and the digital networking of our vehicles.
- With **solutions@vans** we're developing hardware solutions which make our customers' daily work more efficient.
- In the **rental@vans** field it's about innovative rental models with a pay-per-use approach, so "Mobility on Demand".
- With **sharing@vans** we deal with new concepts in local public transport.
- And with **eDrive@vans** we are developing a comprehensive approach to electric mobility.

But as part of *adVANce* we are also changing our working culture. We are creating agile units which pool diverse areas of expertise and work on individual solutions. From mechanical engineers, electrical engineers and computer scientists to lawyers, psychologists and social scientists. The new Sprinter will be the first model series in which all these new developments come together. The result is a completely new kind of concept which we no longer consider to be just a vehicle, but an overall system solution. We are extending the fundamental idea of the product's versatility – so the hardware itself – and transforming it into a new, more intelligent form. In so doing we are still offering the classic Mercedes strengths such as safety, comfort and quality. Our flagship is becoming smart hardware which we can adapt together with the customers to suit each of its use cases and every sector. Our Campus today is configured in such a way that we can present this combination of sector focus and innovative solutions to you in detail. In some parts we will also already be showing you very concrete features

We have prepared six Labs: Three on the fundamental characteristics of the new Sprinter and three as examples of specific solutions tailored to key sectors. Firstly to the three Innovation Labs. This is where we are showing you hardware and services which form the basis of our overall solutions.

In the **Sprinter Versatility** Lab we show you how far we are going regarding individualisation. Everything begins with the cockpit: It is perfectly geared to the needs of the driver. The van is a workstation anyway, which is why we value maximum ergonomics and versatility, starting with the entry-level solution up to the high-end cockpit. Generally speaking, the new Sprinter offers an enormous variety of variables. That begins with the structural variants: Classic cab or crewcab, as a bus or panel van or as a right- or left-hand-drive vehicle depending on the sales market. Additionally, there are four different body lengths, variable tonnages and suitable load compartment heights. And of course, we also offer all drive types. Speaking of drive types, here we came up with a very special solution, but we'll be demonstrating this to you separately.

All in all this results in a huge variety of versions: We shall be offering the new Sprinter in over 1,000 standard versions. And I'm not even including the added classic items of equipment such as the paintwork, air conditioning system or seating configuration here. But this modularity is not an end in itself, it's essential. For the range of applications has never been wider than it is today: Our customers use the Sprinter as a high-end luxury coach for VIPs, but also as a construction vehicle that is cleaned with a high-pressure water jet at the end of the day. We must and shall reflect this flexibility in the new generation too, and we will develop it even further.

In the **eSprinter** Lab we're then presenting the Sprinter as a module for local emission-free overall system solutions – and as part of our electric initiative *eDrive@VANs*. Very important: We don't simply want to build a battery on wheels; together with our customers we want to develop an individual ecosystem. This is why we provide advice on a sustainable basis and on request we offer a suitable charging infrastructure or we equip vehicles for e-mobility with connectivity services. And when providing advice we also ensure that this concept is optimally integrated into the existing operating processes. Incidentally, in the medium term we shall be electrifying our entire commercial portfolio. We benefit from the technology transfer within the Daimler Group here. Also, by 2019 we shall be investing an additional 150 million euros in this area. Our aim is contemporary electric mobility which not only relieves the burden on cities and the environment, but also offers businesses genuine added value. And as we are to

date the only major manufacturer with such a comprehensive concept, the Sprinter will also be a pioneer in this field.

This also fits with the third Innovation Lab **Digitalisation & Intelligence**.

Infotainment, telematics, connectivity and the latest technology turn the new Sprinter into smart hardware: An organic part of the Internet of Things, and thus ideal for a new era of digital logistics. The key to this is our new Mercedes PRO brand. Mercedes PRO is a digital ecosystem into which our networked vehicles, products and services are integrated. For our commercial customers Mercedes PRO pools all the offers from Mercedes-Benz Vans under one roof. In conjunction with the new Sprinter we are offering our customers a wide range of networked services: For example flexible route planning when the order situation is dynamic, calling up the current vehicle status or Maintenance Management in real time. For certain tasks these services can be bundled and called up in sector-specific packages. For our customers this is a huge efficiency bonus: The many different tasks which fleet management entails can be taken care of via one portal on one screen. Variant diversity, electric mobility, connectivity and smart services – these are the fundamental modules from which we put together an individual overall solution for our customers. We show you what this can look like in concrete terms in our Sector Labs. Here we build on our decades of expertise with diverse sectors and place our customers and their needs firmly at the centre of our developments. The best example of this is the courier, express and parcel services sector, CEP for short.

You can see this in the **CEP & eGrocery** Lab. In Germany alone the number of parcels handled virtually doubled between the years 2000 and 2017. Experts are expecting the number to double again by 2025. The CEP sector is characterised by huge cost pressure. Speed and flexibility are also called for. This is especially apparent in the fast-growing trend towards ordering groceries online too. Known as eGrocery, this is to a certain extent a special CEP case and has requirements all of its own: Just think of the different temperatures needed for beverages, milk products and frozen pizza. With eGrocery the refrigerated body of a van has to be divided into different climate zones so that the goods arrive with the customer in precisely the same condition in which they would take them from the shelf in the supermarket. These circumstances ask a great deal of the vehicle and load compartment concept

In the **People Moving** Lab it is - as the name suggests - all about passenger transport. This transport segment currently already has a considerable share of the overall market and in future we will be focussing on it to an even greater extent. Because through the increasing burden of traffic in cities, new kinds of concepts such as ride sharing and ride pooling are becoming ever more popular.

We are using the high adaptability of the Sprinter in its basic form to meet the different requirements all over the world. Vans in this area are also reliant on connectivity so that they can communicate with the appropriate platforms. Algorithms then ensure that the route planning is carried out efficiently and as flexibly as possible.

With **Crafts & Services**, meanwhile, we are demonstrating how the new Sprinter helps trades people or service personnel to become more efficient in their everyday work. For example, we are testing a service known as In-Van-Delivery & Return. The stock of replacement parts in the vehicle is managed by logistics service providers. This makes the work of our customers more efficient and gives them time for additional orders.

Since 1995 the Sprinter has been a benchmark vehicle and thus a reflection of the progress which has redefined the segment with each new version. And as you can see, we have brought along a lot today to convince you that this will also be the case with the new generation. Up until now the Sprinter segment has been defined above all by payload, cargo volume and economy. These elements of course remain important. But we are supplementing them to include further fundamental aspects which are essential for modern logistics: Full internet connectivity and seamless integration into operational processes, in particular when it comes to IT infrastructure. So the new Sprinter is staying true to its tradition and once again it will be the first specimen of a new species: The van as smart hardware and a fully networked, holistic transport solution.

Thank you for listening.