



**Showing the way:**  
The DHL Logistics Centre at Budapest  
Airport opened in 2013

## All's clear in the control tower

**The business of transport specialist DHL Freight in Hungary knows no bounds: 95 per cent of all deliveries are to destinations outside Hungary. To reduce the number of unpaid invoices, the group relies on the international know-how of EOS KSI...**

In the early 1970s the staff of school or church offices in Honolulu (Hawaii, USA) could be at the receiving end of a strange phone call asking whether they knew anyone who wanted to fly to the US mainland free of charge. There was just one condition – the person would have to leave enough space in his or her suitcase for a bundle of documents. The caller was an employee of the courier service DHL founded in 1969 by Adrian Dalsey, Larry Hillblom and Robert Lynn. She was desperately looking for volunteers to carry important documents, such as shipping documents for container ships or even bank cheques. The three company founders were real pioneers with their air express service. They succeeded in delivering documents much faster and, more importantly, with greater reliability to their consignees than the traditional mail service. They soon expanded to the Middle East, Asia, Australia, Europe, Latin America and Africa. Starting in 1979 DHL also delivered parcels.

DHL, now the world's leading logistics brand, has been owned by Deutsche Post (Germany) since 2002. Deutsche Post had previously held a minority stake in the express delivery specialist. At the time of the takeover DHL Worldwide Express employed 70,000 people.

### **Huge transport demand**

In the meantime DHL has grown further. Its international network links more than 220 countries and territories. For example in 2008 DHL Freight, the company's business area specialising in surface transport, founded a subsidiary in Hungary. In 2012 the logistics specialist opened its first sales office in Mosonmagyaróvár in Hungary's northwest, close to the border with Austria. Two more sales offices followed in the next year, this time in the west and south of the country. The company has flourished since that time. 'We have doubled our sales in Hungary in the past five years.'

The number of employees has increased by 60 per cent,' states Gábor Mitro, Chief Financial Officer (CFO) of DHL Freight, responsible for Central and Eastern Europe. 'As a result of its geographical location, Hungary occupies an important strategic position in the landscape of European logistics. The motorway network bridges the eastern and western markets of the European Union,' says Mr Mitro. Hungary takes twelfth place out of 140 in the 'Global Connectedness Index' which DHL uses to measure the extent to which a country is integrated into the global trade flows.

'The automotive industry in particular has an enormous demand for transport services,' the DHL Freight expert explains. Mercedes-Benz, Audi, Suzuki and Opel manufacture in Hungary, along with a huge number of parts suppliers. Just under 22 per cent of all exports are attributable to this industry. 'And the sector continues to expand. We are therefore expecting a further increase in the demand for our services,' says Mr Mitro. In addition to the automotive industry, DHL Freight also works primarily for consumer goods manufacturers, technology companies and machinery manufacturers. 'Besides this, the pharmaceutical industry is one of the fastest growing sectors for us.'

### A logistics centre with a runway

In 2013 the company reacted to increasing demand by opening a new headquarters in Hungary. 'At Budapest International Airport DHL has opened a logistics centre which is one of the most modern in the world,' explains Mr Mitro. It is as large as two

and a half soccer pitches. Over 200 employees of DHL Global Forwarding, the specialist air and marine freight company, and DHL Freight work there. DHL planes with their yellow livery take off and land at the company's own airfield which covers 6,000 square metres. And just round the corner trucks load and unload their goods at 48 loading bays. 'The Hungarian market is divided up amongst a large number of companies,' explains Mr Mitro. 'Moving goods from A to B is not rocket science – if you know how to go about it' Which is definitely the case with DHL. All business units of the company are among the top 3 in Hungary. 'DHL Freight is the market leader in Hungary in the road transport of palettised goods,' according to the CFO. DHL can demonstrate evidence of the excellent quality of its services with its many certificates such as ISO 9001 and 14001.

### One contact person for everything

DHL is continuously optimising itself. 'We will soon be installing a new enterprise resource planning system which can be linked into SAP. We are enhancing work processes and increasing synergy effects and the quality of our services,' explains Mr Mitro. One of the most exciting services for him is the 'control tower solution'. 'This solution transforms us into clients' sole contact area for all their requirements – ranging from the actual movement of the goods to completing customs formalities and then on to central invoicing and receivables management'

DHL Freight takes care of most of its own receivables management. Two of the nine employees of the Finance Department are responsible for debt collection. But in 2012 the company decided to also seek external help. 'Our business had grown quickly in the previous years and unpaid debts had grown at the same time,' reports the CFO. A law firm handles cases in Hungary which DHL cannot resolve with its own resources. But 95 per cent of the consignments go abroad.

The number of cross-border receivables is correspondingly high. 'We needed a service provider with international experience for the efficient collection of debts which our own department had been unsuccessful in collecting in the first instance.' This is where EOS KSI in Hungary came to the fore. 'EOS impressed us with its global activity and competitive prices,' says Mr Mitro.

### The key component

'As part of the international EOS Group we have in-depth experience of the collection of older cross-border receivables that are overdue by more than 120 days,' confirms Managing Director Péter Thummerer (see interview on the right). A key component of this service is the EOS Cross-border Center in Hamburg, Germany. Using its Global Collection Platform, EOS forwards the cross-border cases from the client's country to the company in the debtor's country which then processes the receivables. The latter is either a subsidiary of the EOS Group or a carefully selected partner debt collection company. The client is satisfied: 'We have improved our debt recovery ratios through our collaboration with EOS KSI. We have reduced the number of non-performing receivables and improved our cash-flow. In addition we have taken pressure off our Debt Collection Department,' states Mr Mitro. DHL is always kept informed of the progress of the collection. 'Our employees are in contact with our clients every day and provide them with a status report every week,' explains Mr Thummerer. This is because maintaining an overview in complex operations is just as important for success in debt collection as in the transport business.



**Budapest Airport:**  
DHL's hub in Hungary

### EOS KSI in Hungary

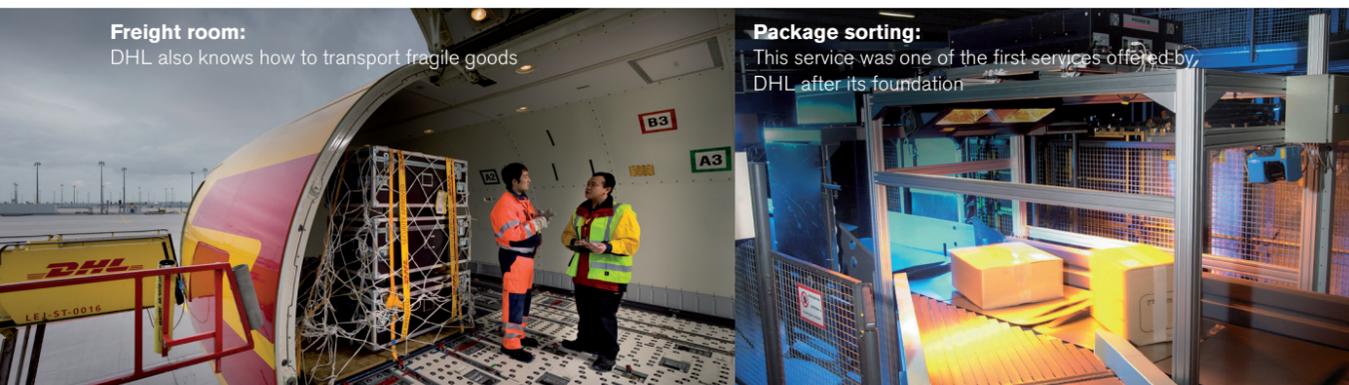
- Kasolvenzia, the predecessor of EOS KSI in Hungary, was founded in 1997.
- The company has been part of the international EOS Group since 1999.
- More than 270 employees in the company's head office in Budapest look after over 100 clients.
- The clients of EOS KSI come from many different sectors, but particularly from the wholesale and retail trades, IT, logistics, the services sector and the building industry.

### Always on the move

Amongst other things, DHL uses the 250 aircraft it owns and its 30,000 vehicles to transport approximately 250 million consignments every year. For example the company transports the equipment of the Cirque du Soleil, huge wind turbines, fragile musical instruments and Formula 1 racing cars.

### 'EOS collects even older debts efficiently and so takes the pressure off our Debt Collection Department!'

**Gábor Mitro**  
Chief Financial Officer  
DHL Freight, responsible for Central and Eastern Europe



**Freight room:**  
DHL also knows how to transport fragile goods

**Package sorting:**  
This service was one of the first services offered by DHL after its foundation

## INTERVIEW

# 'International debt collection is booming'

### **Péter Thummerer**

Managing Director of EOS KSI in Hungary since 2003



### **Péter Thummerer, Managing Director of EOS KSI in Hungary, explains how cross-border receivables management works.**

#### **How would you describe the market position of EOS KSI in Hungary?**

We are amongst the country's leading debt collection companies. We offer debt purchases and fiduciary collection. Hungarian companies are increasingly asking for help in international debt collection. We are already performing this service for over 50 clients.

#### **What services are you providing for DHL Freight in Hungary?**

Our services for DHL are exclusively in the area of international debt collection. The debtors are located in 15 countries spread across the world. We relay these cross-border cases to the EOS subsidiaries in the corresponding region for them to collect the debt. In Sweden, Hong Kong and the Netherlands, where EOS does not have a subsidiary, we cooperate with partner companies. They work according to the same high standards as EOS.

#### **What sort of cases does DHL pass to EOS?**

The cases we receive from DHL are very carefully documented. They involve receivables due both from businesses and private clients. The receivables on each invoice therefore range from EUR 50 to EUR 8,000. The only difference in the way we treat these debts is that in the case of the smaller amounts we don't agree to payment in instalments but insist on collecting the debt in a single payment. This way we reach our objective faster.

#### **What sort of special challenges do you face in your work for DHL?**

In this work we must very carefully examine the documents. This is something which requires sector-specific know-how, and is essential for the collection to be successful. Our overall success ratio is above 80 per cent.



### **The Deutsche Post DHL Group**

- Deutsche Post AG acquired DHL in stages from 1998 to 2002.
- The Deutsche Post DHL Group (DPDHL) is headquartered in Bonn, Germany.
- DHL's portfolio includes extensive services in the fields of international express deliveries, freight transport, E-commerce and supply chain management.
- DHL employs 340,000 people throughout the world; the corresponding figure for the DPDHL Group is about 500,000.
- In 2015 DPDHL achieved sales of over EUR 59 billion with an EBIT of about 2.4 billion. Of this, EUR 1.66 billion were attributable to the DHL business areas.

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