

Press Release

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Voith launches merQbiz, a Digital Trading Platform for the Paper Industry

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- **First digital marketplace for recovered paper is launched by merQbiz in North America**
- **Potential expansion into other regions and markets to be investigated after start-up phase**

Heidenheim/Manhattan Beach. Voith is accelerating its digital transformation, taking yet another step in its digital agenda. The technology group has joined forces with the Boston Consulting Group Digital Ventures – a subsidiary of the Boston Consulting Group – to establish a digital marketplace for paper industry. The joint venture has been named merQbiz after Mercury, the Roman god of trade. “As an established technology leader with a profound expertise knowledge, we want to make a significant contribution to the digital transformation of the industry – and with the foundation of merQbiz, we at Voith have taken yet another step forward in our digital agenda,” explains Dr. Hubert Lienhard, President and CEO Voith GmbH.

The merQbiz company has its headquarters in Manhattan Beach, California. John Fox, previous President of Voith Paper in North America, has been named merQbiz CEO. The first product solution from merQbiz is the first digital trading platform for recovered paper in the US, initially aimed at market participants of the North American paper industry. The North American recovered paper market has so far been characterized by strong fragmentation, with many different market participants, inconsistent supply and logistics chains, low levels of price transparency and fluctuating product qualities. This is where the merQbiz trading platform steps in: traders and buyers from pulp and paper mills, paper brokers and recycling companies can directly network with one another in the future and receive all the relevant information on supply and demand. They can also conduct



their buying and selling transactions securely on the trading platform. Like many well-known online marketplaces, merQbiz can take over the evaluation of the sellers and buyers and the quality of the merchandise. This ensures enhanced transactional transparency, professional processing and a high level of security for all goods, logistics and payment flows.

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Recovered paper is a critical commodity for paper manufacturing. An example would be a containerboard mill, which requires around 350,000 tons of recovered paper per year. This is equivalent to roughly 100 truckloads per day and costs of around 40 million US dollars every year. "Digital marketplaces and e-commerce platforms have long been established in the world of consumer goods, but a digital trading platform for recovered paper market is the first of its kind in the US, where sellers and buyers can come together on one single platform. Thanks to merQbiz, the buying and selling of recovered paper can be processed securely and quickly and the paper industry is provided with a predictable and scalable inflow of recovered paper – a resource that's essential for the operation of paper mills," explains John Fox.

The trading platform for recovered paper has now been online for around two weeks and has already traded more than 100 tons of recovered paper. The platform is not only for trading recovered paper. It also networks logistics services companies that transport the goods from point A to point B. "We are convinced that merQbiz will make the paper industry more efficient and successful," summarizes John Fox.

For Voith, merQbiz is another major step in becoming one of the significant players of the digital industry. Voith plans to invest about €50 million in the setup of the venture by the end of fiscal 2020. The course for the group's digital agenda has been already set in April 2016, when Voith founded its new Group Division Voith Digital Solutions. With this, Voith takes three strategic directions: first, supplementing our existing product portfolio with additional, digital capabilities that offer customers extended functions and added value; second, developing new digital solutions in the traditional core markets; and third, developing new products and business models for markets to date not covered by Voith.

For 150 years, Voith's technologies have been inspiring customers, business partners and employees around the world. Founded in 1867, Voith today has around 19,000 employees, sales of €4.3 billion and



locations in more than 60 countries worldwide and is thus one of the largest family-owned companies in Europe. Being a technology leader, Voith sets standards in the markets of energy, oil & gas, paper, raw materials and transport & automotive.

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