



What's Going On?

Greater Madison Area Postal Customer Council

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Housekeeping

- Everyone is on mute.
- Please use the "Chat" box.
- Slides will be available afterwards.
- Link will also be in newsletter.
- Please laugh at my jokes.



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What's Going On?

- State of the USPS
- PMG Brennan Era – PMG DeJoy
- Legislation Update
- Informed Delivery & Visibility
- Staying Informed
- Trends & Technology

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State of the USPS

- Mix of mail continues to change
 - Declining FCM volumes
 - Leveling of Standard Mail volumes
 - Significant growth in parcels
- Network Rationalization / Optimization
 - Facilities and equipment - investments
 - Routes
 - Employees
- FY 2019: \$8.1 Billion loss (includes \$3.4 Billion "controllable")

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State of the USPS April 2020 Financials

- Mail declines while package volumes explode
 - Mail volumes **-29.4%**
 - Packages **+35%**
- Operating expenses outpace revenue
 - Revenue \$5.6 billion
 - Expenses \$6.8 billion
 - Net Loss **\$1.2 billion**

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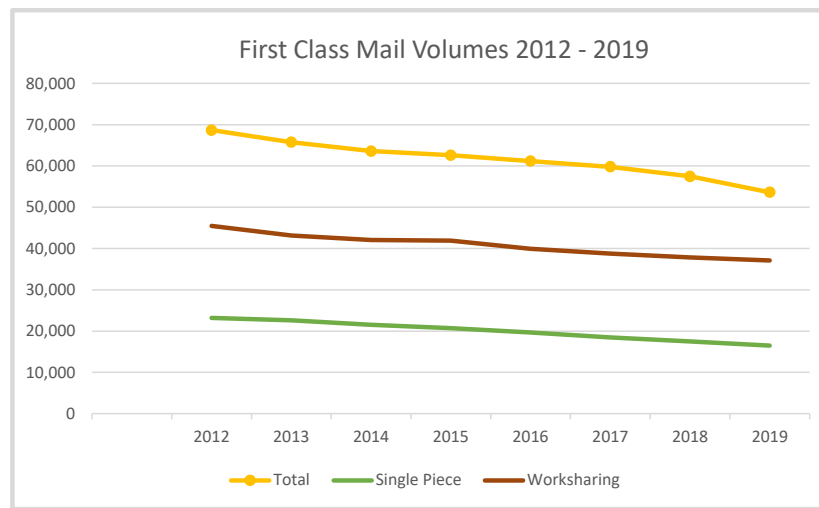
State of the USPS May 2020 Financials

- Mail declines while package volumes explode
 - Mail volumes **-28.8%**
 - Packages **+55%**
- Operating expenses outpace revenue
 - Revenue \$6.0 billion
 - Expenses \$6.2 billion
 - Net Loss **\$0.2 billion**
- **YTD Loss – \$6.6 billion**

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Physical Mail Remains Relevant



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USPS: PMG Brennan Era

- Infrastructure
 - Consolidations on hold
 - Union contract negotiations
 - Packages lead the way
- Technology Changes
 - New delivery vehicles (Long Life Vehicles – LLVs)
 - New carrier scanners (“live” updates)
 - Small Package Sorting Systems (SPSS) testing
- Business Mail
 - Mailer Scorecard
 - Seamless Acceptance (2020)



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USPS: PMG DeJoy

- Term began June 15, 2020
- Long career in logistics (former USPS supplier)
- Unanimous vote by the Board of Governors

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USPS: Legislation Update – 116th Congress

- 225 Bills or Resolutions focused on USPS (as of 07/03/2020)
 - 104 Naming post offices
 - 25 Stamp related
 - 96 USPS reform, funding, recognition, operations
 - 8 Opioid/Fentanyl
 - 9 ZIP Codes
- No significant legislative reform bills filed in either chamber

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USPS: Legislation Update – 116th Congress

- 6 presidentially appointed members of the USPS Board of Governors
 - Quorum
 - 3 Open Appointed Position, plus Deputy Postmaster General
- Postal Regulatory Commission 10-Year Rate Review – 12/1/17
PRC Order 5337 – 12/5/19 (Modifies 2017 proposed rules)
- Delivering Government Solutions in the 21st Century” – Administration Blueprint
- Presidentially appointed Task Force, 12/4/18

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U.S. Senators

The Honorable Tammy Baldwin (Dear Senator Baldwin)
30 West Mifflin Street, Suite 700
Madison, WI 53703
Phone: (608) 264-5338
<https://www.baldwin.senate.gov>

The Honorable Ron Johnson (Dear Senator Johnson)
5315 Wall Street, Suite 110
Madison, WI 53718
Phone: (608) 240-9629
<https://www.ronjohnson.senate.gov>

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Informed Delivery

- Digital previews of household mail
- Expanded to include notifications of packages
- Multi-platform campaigns – color images and links
- Grew from 2 million users in May 2017 to 27.9 million today
- 2020 Mailing Promotion
- Mailer Website:
<https://www.usps.com/business/informed-delivery.htm>

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Informed Visibility

- Replacement of IMb Trace
- End-to-end tracking of mail (geofencing)
- Real-time service performance diagnostics
- Predictive workloads and mail inventory management
- Informed Visibility – [PostalPro Webpage](#)

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Staying Informed Physical Mail: Online Resources

- USPS website - www.usps.com
- PE Explorer - <http://pe.usps.com>
- PostalPro – <https://postalpro.usps.com>
- Business Customer Gateway - <https://gateway.usps.com>
- Industry Alert - IndustryAlert@usps.gov

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Commonly Used Acronyms

- Postal Facilities
 - NDC(Network Distribution Center)
 - ASF (Auxiliary Service Facility)
 - BMEU (Business Mail Entry Unit)
 - BSN (Business Services Network)
 - PDC (Processing & Distribution Center)
 - SCF (Sectional Center Facility)
 - ADC (Area Distribution Center)
 - AADC (Automated Area Distribution Center)
 - DDU (Destination Deliver Unit)
 - AMF (Air Mail Facility)
 - APO (Army Post Office)
 - FPO (Fleet Post Office)
 - MPO (Military Post Office)
- Equipment
 - AFSM 100 (Automated Flat Sorting Machine)
 - UFSM 1000 (Universal Flat Sorting Machine)
 - FSS (Flat Sequencing System)
 - BCS (Barcode Sorter)
 - OCR (Optical Character Reader)
 - MLOCR (Multiline Optical Character Reader)
 - MERLIN (Mail Evaluation Readability Lookup Instrument)
 - APPS (Automated Package Processing System)
 - SPBS (Small Parcel Bundle Sorter)
 - LPSS (Large Parcel Sort System)
 - PBCS (Parcel Barcode Sorting System)
- Address Management
 - CASS (Coding Accuracy Support System)
 - MASS (Multiline Accuracy Support System)
 - PAVE (Presort Accuracy Validation & Evaluation)
 - NCOA^{Link}® (National Change of Address)
 - LACS^{Link} (Locatable Address Conversion System)
 - ACS (Address Change Service)
 - FAST^{forward}®
 - Move Update
 - UAA (Undeliverable As Addressed)
- Others
 - IBI (Information Based Indicia)
 - IMB (Intelligent Mail Barcode)
 - BPM (Bound Printed Matter)
 - BPRS (Bulk Parcel Return Service)
 - QBRM (Qualified Business Reply Mail)
 - BRM (Business Reply Mail)
 - CRM (Courtesy Reply Mail)
 - MRM (Meter Reply Mail)
 - FIM (Facing Identification Mark)
 - POSTNET Barcode (Postal Numeric Encoding Technique)
 - DPBC (Delivery Point Barcode)
 - OEL (Optional Endorsement Line)
 - PCSC (Pricing & Classification Service Center)
 - NCSC (National Customer Support Center)
 - CSR (Customer Support Rulings)
 - PVDS (Plant Verified Drop Shipment)
 - FAST (Facility Access & Shipment Tracking)
 - REC (Remote Encoding Center)

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The Most Common
but
Least Valuable
Manual In Existence:

ISS MANUAL

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What's Going On: Trends & Technology

- Color – Color – Color
- Digital Mail: Not Just a Delivery Method
- E3 – E-Mail, E-Pay, & E-Presentment
- Comprehensive Communication Plans
- Sourcing
- Operations Management

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Color and Documents: Traditional

- Pre-printed color on forms
- Highlight color
- Full color
 - Offset Color
 - Digital Color

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Color and Documents: What's Changed

- PowerPoint presentations in color
- Web pages use color
- Printing technology, especially inkjet
- Renewed focus on branding
- Speeds increasing, costs decreasing
- USPS Mailing Promotions

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Color and Documents: What's Happening Now

- Color forms replaced with color printing
- ~~B&W for low-value documents~~
Mid-volume, low-cost color inkjet
- Added color for messaging on transactional documents
- Fully digital processing for on-demand printing (offset and digital presses)

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Color and Documents: Challenges

- ROI isn't always easy to prove
- Consistency (PMS, screen vs. print)
- Space & facilities requirements
- Post-print applications (inserters)

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Digital Mail: What Is It?

- Scan & Deliver
 - Mail Center
 - Centralized Scanning
 - Business Unit
- Internet/Intranet document delivery

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Digital Mail: Why Implement?

- Faster delivery
- Access for remote staff
- Less expensive storage/retrieval
- Improve business processes

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Digital Mail: Challenges

- Imaging equipment – selecting, installing and training
- Legal constraints
- Non-scannable mail – brochures, magazines
- Multiple electronic document systems
- Integrating with BPM

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Digital Mail: One Tool of Many

- Hard copy will always exist
- Consider gradual adoption
- If you only have a hammer, everything looks like a nail

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Trends: E3 (a)

- E-mail
 - B2B - Documents
 - B2C - Marketing
 - C2C - Correspondence
- E-Pay
 - B2B – EFT (not new)
 - C2B – growing, but doesn't directly correlate to e-presentment
 - Direct pay vs. bank pay

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Trends: E3 (b)

- E-Presentment
 - B2B – Statements, billing
 - B2C – Statements, billing
- Multiple formats
 - PDF
 - HTML page
 - Downloadable data
- 3rd Party consolidators – no one yet

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Comprehensive Communication Plans: What is it?

- Multiple media – print, digital, video
- Multiple delivery methods – mail, email, television, internet, intranet, mobile
- **One Message**

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Comprehensive Communication Plans: Challenges

- Different owners, different priorities
- Confusing cost with value
- Content and design conflicts
- Difficult to calculate ROI
- Silver bullets only work against werewolves

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Trends: Sourcing

- Break-ups/Mergers and acquisitions
 - Equipment, software and service providers
 - Opens door to new technologies, services
 - Disruptive to industry (good and bad)
- Service Providers
 - Model changing with decline in mail volumes
 - Aggressive pricing and new services
 - Hybrid outsourcing models

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Trends: Operations Management

- Quality control at center stage
 - Moving beyond inserter controls
 - Complete system integrity – cameras, scanners and QC teams
- Complete workflow management
 - Controls, monitoring of entire system (file creation to USPS acceptance)
 - Mix of in-house, vendor and 3rd party systems

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Questions?

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About The Berkshire Company

An independent management consulting firm, The Berkshire Company specializes in improving your business process, including analyzing your operation, developing and selecting solutions, and providing project management.

The Berkshire Company has helped more than 80 organizations improve their operations with:

- Process Evaluations & Improvements
- Strategy Development
- Project Management
- Outsource vs. Insource
- Mail Center Security
- New Technology

Learn more at: www.berkshire-company.com

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