What's Going On?

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What's Going On:
United States Postal Service

- State of the USPS

- Legislation Update

- PMG Brennan

- Sarbanes-Oxley

- Who Do You Call?

USPS:
State of the USPS

- Mix of mail continues to change

  - Declining FCM volumes

  - "Leveling" of Standard Mail volumes

  - Significant growth in parcels

- FY 2014: $5.5B loss
  (includes $5.7 B prefunding)

- Rates

  - Exigent rate case extended by PRC until Spring, 2016

  - New USPS filing with US Court of Appeals (8/28/15)

USPS:
Legislation Update

- 80 Bills or Resolutions focused on USPS
  (as of 9/18/15)

  - 37 Naming post offices

  - 17 Stamp related

  - 27 USPS reform or operational changes

- 1 comprehensive reform bill proposed as of September 18, 2015

- No Senate hearings scheduled for USPS Board of Governors nominees (6 vacancies)

- No consensus among "print-mail industry"

USPS: PMG Brennan Era Begins

- Transportation infrastructure – halted changes
  - Network Rationalization (RIBBS)
  - Clerk/ Mailhandler reductions
- Technology Changes
  - New delivery vehicles (Long Life Vehicles – LLVs)
  - Small Package Sorting Systems (SPSS) testing
- Business Mail
  - Mailer Scorecard and "Invoices"
  - ?????

USPS: Sarbanes-Oxley

- USPS and SOX
  - Requirement of PAEA of 2006
  - Certify internal controls on financial reporting
  - Identified and closed gaps in compliance
  - Annual certification
- USPS Customers and SOX
  - Tighter controls on mail prep and acceptance
  - Closer review of mailing statements
  - Push for IMb and electronic submission

USPS Contacts:
Who You Gonna Call?

- Factors to Consider
  - Where are you located?
    - ZIP Code
    - Point of mail entry
  - What are you trying to accomplish?
    - Mail Piece Design, Rates and Classification
    - Mail Entry
  - What size customer are you?

Physical Mail:
Online Resources

- USPS website - www.usps.com

- FAST – https://fast.usps.com

- PE Explorer - http://pe.usps.com

- RIBBS – http://ribbs.usps.com

Documentation and Payments

- CAPS - http://caps.usps.gov

- PostalOne! and Manifest Mailings - http://www.usps.com/postalone/welcome.htm

- Postage Statement and Postal Wizard - http://www.usps.com/forms/postagewizard.htm

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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)

**The Most Common
but
Least Valuable
Manual In Existence:**

ISS Manual

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

Color and Documents: Traditional

- Pre-printed color on forms

- Highlight color

- Full color

    - Offset Color

    - Digital Color

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

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)

Color and Documents: Challenges

- ROI isn't always easy to prove

- Consistency (PMS, screen vs. print)

- Post-print applications (inserters)

Digital Mail: What Is It?

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

Digital Mail: Why Implement?

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

Digital Mail: Challenges

- Imaging equipment – selecting, installing and training

- Legal constraints

- Non-scannable mail – brochures, magazines

- Multiple electronic document systems

- Integrating with BPM

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

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

Trends: E3 (b)

- E-Presentment
  - B2B – Statements, billing
  - B2C – Statements, billing
- Multiple formats
  - PDF
  - HTML page
  - Downloadable data
- 3rd Party consolidators
  - Volly?
  - Google?

Comprehensive Communication Plans: What is it?

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

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

Trends: Sourcing

- 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

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

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 50 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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Questions?

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Senator Chuck Grassley
721 Federal Building
210 Walnut Street
Des Moines, IA 50309

Dear Senator Grassley:

A recent study showed that the mailing industry employs over 8 million people in the United States, and contributes almost $1.2 trillion to the national economy. At the heart of that vital industry is the United States Postal Service ("USPS").

The well-publicized financial struggles of the USPS are the result of a shift in mailing practices, an expanding number of delivery points due to a growing population, overpayments into the federal retiree system and an oppressive pre-payment requirement of future retiree health care costs. The last two problems can only be solved by an act of Congress. There's been no indication of any solution that will be agreed to by both political parties.

The first two issues must be addressed by the USPS leadership. However, due to the inaction of the U.S. Senate, a significant part of that leadership is missing. As of today, there are 6 vacancies on the 9-member Board of Governors of the USPS. The terms of 2 additional governors will expire on December 31, 2015. That will leave one appointed governor. One.

President Obama has nominated competent individuals for these positions, 3 Republicans and 3 Democrats. Two of the Republicans are men who served as members of the Board under President Bush. There's been no public opposition to any of the nominees. However, there's been no vote taken to confirm them.

The current nominees, and the months they were originally nominated are:

- Hon. James C. Miller III, March 2012

- Stephen Crawford, June 2012

- David M. Bennett, April 2014

- Mickey Barnett, July 2014

- David Shapir, January 2015

Mr. Miller and Mr. Crawford were both nominated over three years ago, and have testified three times before the Senate Homeland Security and Governmental Affairs Committee.

All of the nominations have been reported favorably by the committee in July, 2015, but there has been no vote taken on the Senate floor.

It's time for the Senate to get to work and stop this unnecessary crisis. It's essential that you publicly call for the Senate leadership to hold a vote on the nominees. If there's an issue with any of the nominees, then those matters should be made known to the public. If there are no issues, then a confirmation vote should be held as soon as possible.

The citizens of this country deserve to have a full Board of Governors for the USPS – one of the oldest and most trusted government institutions.

We need you to take action.

Regards,

Senator Joni Ernst
733 Federal Building
210 Walnut Street
Des Moines, IA 50309

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