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CUSTOMER INPUT, WEB SITE, KEY TO FLAT STRATEGY

WASHINGTON –The Postal Service is seeking input from its customers on its plans to automate the delivery of magazines, catalogs, and other flat mail by encouraging them to review its Corporate Flat Strategy on the web and comment through an email address:

FlatStrategyFeedback@usps.gov.

"Our Corporate Flat Strategy describes initiatives to provide customers with the best possible service at reasonable rates," explained Senior Vice President Operations John Rapp. "Using what we have learned from automating letters, our plan now is to automate flats so that we can avoid costly manual sorting associated with our delivery operations. This will allow us to pass those savings to our customers."

Flat mail represents about 25 percent of total mail volume and generates approximately \$16.1 billion annually in revenues. Yet nearly half of last year's 51.6 billion flats were not presorted for carrier delivery and were more costly to process as they required additional sorting.

The Corporate Flat Strategy identifies near- and longer-term initiatives to drive down the \$4 billion annual cost associated with letter carriers spending nearly three hours daily sorting mail prior to making their rounds. Despite its name, flat mail varies greatly in size and shape, and is sorted on various machines or presorted by mailers to carrier routes. Because there is no single machine that combines this mail, letter carriers also spend time checking through as many as five separate flat bundles at the customer's mailbox before delivering the mail.

Customer Communication

"Industry involvement and participation adds value, keeps everyone informed and allows ideas to flow freely," Rapp told a PostCom USPS-Industry Flats Summit meeting here today.

The Postal Service first brought up the subject with customers during the fall of 2000 when then Senior Vice President for Operations, John Potter, speaking before a mailers group, declared 2001 as the "Year of the Flat." Discussions with the mailing industry have continued through the "IDEA Alliance," the Mailers Technical Advisory Committee, Mailcom, the National Postal Forum, and now at the PostCom event.

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Customer Commitment

"It's important that we find innovative ways to increase the amount of barcoded flats in the system, since barcoded flats are sorted quickly and at the lowest cost," he added, referring to the need for mailers to begin the process of moving from 9- to 11-digit barcoding so that mail can be sorted to the delivery point.

Research and Development (R&D)

The Postal Service is investing in R&D projects to determine if equipment can be designed to handle a wide range of sizes and shapes and still be inexpensive enough to generate a cost effective return-on-investment.

Rapp said the larger goal is to reduce mail streams, "first to two – automated and manual – and then hopefully to one – Deliver Point Packaging (DPP) – if the technology can be developed.

DPP is an R&D initiative that uses automation to sort both letters and flats simultaneously into delivery order and then bundle the mail into one package for each delivery stop. Rapp said that while the technology is not yet available, and a decision has yet to be made, the Postal Service expects to have a DPP machine simulation available for evaluation during FY 2005, or the next year.

"DPP can't be done overnight," he said. "The concept needs to be evaluated to determine feasibility, equipment costs and space requirements. Most important, the Postal Service needs to identify any potential customer impacts," he said.

A second option – the Flats Sequencing System (FSS) – will be designed to sequence flat mail using two passes. Decisions to move forward with one or both of these initiatives is expected to be made in 2004. Should these R&D efforts prove positive, FSS will be targeted for initial deployment in 2006; DPP in 2007.

Accessing the Plan

The Corporate Flat Strategy can be viewed at ribbs.usps.gov. On the left column under "RIBBS Links," click the "Corporate Flat Strategy" link. The FlatStrategyFeedback@usps.gov email address routes all comments to the Postal Headquarters.

Since 1775, the U.S. Postal Service has connected friends, families, neighbors and businesses by mail. It is an independent federal agency that makes deliveries to 137 million addresses every day and is the only service provider to deliver to every address in the nation. The Postal Service receives no taxpayer dollars for routine operations, but derives its operating revenues solely from the sale of postage, products and services. With annual revenues of more than \$65 billion, it is the world's leading provider of mail and delivery services, offering some of the most affordable postage rates in the world. The U.S. Postal Service delivers more than 43 percent of the world's mail volume - some 207 billion letters, advertisements, periodicals and packages a year - and serves seven million customers each day at its 38,000 retail locations nationwide.