



Future Mailing Strategies: **Co-Pal, Co- Mail and Co-Production**

Tuesday 4/13
PERIOD 14
4:30PM-5:30PM



*Where knowledge
and innovation connect.*

Speakers

Erv Drewek

Brown Printing Co.

&

Dale Miller

RR Donnelley

Certificate Program

MAKE IT OFFICIAL WITH THE
PROFESSIONAL CERTIFICATE PROGRAM

*There are 14 Professional Certificate Programs
available this year.*

Flats Track for Certificate Program

- **What's required to earn a certificate?**
 - Attend five workshops of the Flats Track for Periodicals, Catalogs and Printers
- **How do I get my certificate?**
 - Register for your certificate on the National Postal Forum Website
 - **www.npf.org**
 - Answer the three true/false questions for each of the four sessions you attended
 - Certificates will be mailed upon certification

Agenda

- Why co-palletization, co-mail, co-distribution or co-anything?
- Understanding the flow of mail
 - How do these manufacturing methods effect your delivery?
- Defining the Co's
 - Co-palletization Process
 - Bundles and Trays
 - Co-mail Explained
 - Co-Manufacturing
 - Variable Trim Binding
- What's in it for you?
 - Savings
- What's next?
 - Mixed-Class Co-mail

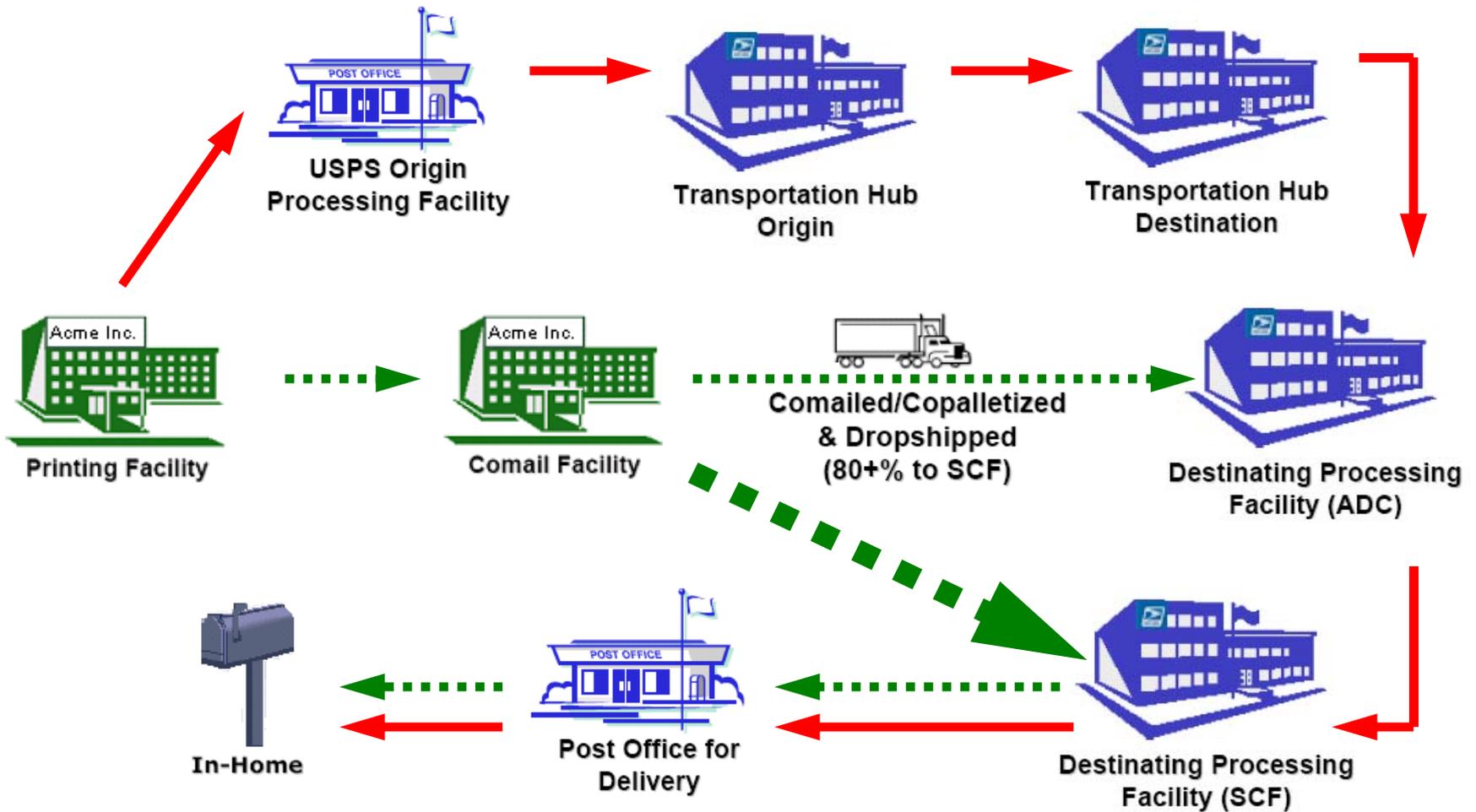
Why Co-Palletize and Co-Mail?

- USPS Vision
 - Focus on what matters to customers
 - Related cost reduction efforts include increasing use of pallets
- 2009 Annual Compliance Report
 - Moving forward with new technologies to remove processing costs
 - FSS (Flats Sequencing System)
 - Fully automate the sorting of Flat-Size mail into carrier walk sequence
 - Automating Flat Mail Preparation Technology
 - Direct induction into the AFSM 100s and FSS
 - Cost Coverage

Creating Greater Efficiencies

- Improved Efficiency
 - Reduce Costs Through More Efficient Processing
 - Eliminate Sacks
 - Costly for mailers to produce and for the USPS to process
- Move Mail Onto Pallets That Can Be Drop-Shipped 
 - Mail entered deeper into the mailstream
 - Greater discounts
 - More consistent service
 - Bundles maintain their integrity better with fewer handlings resulting in less opportunity for damage to pieces

Mail Flow



How to Get Started

Evaluating the Need

- Step 1 – Gain Customer Focus
 - Start by defining your intent
- Step 2 – Discover what works for your operation
 - Speak with your customer
 - Benchmark to industry standards
- Step 3 – Get price quotes from manufactures
 - List specific requirements
- Step 4 – Create a marketing strategy
 - Define your customer
- Step 5 – Develop a business plan
 - Put it in writing
 - Define your operation

Evaluating the Specific Need

- Co-Pal and Co-Mail Steps
 - Identify candidate/titles
 - Co-Pal
 - Co-Mail
 - Build potential co-pal and co-mail pools
 - Volume based
 - Comparison
 - What is the savings and what is the cost?

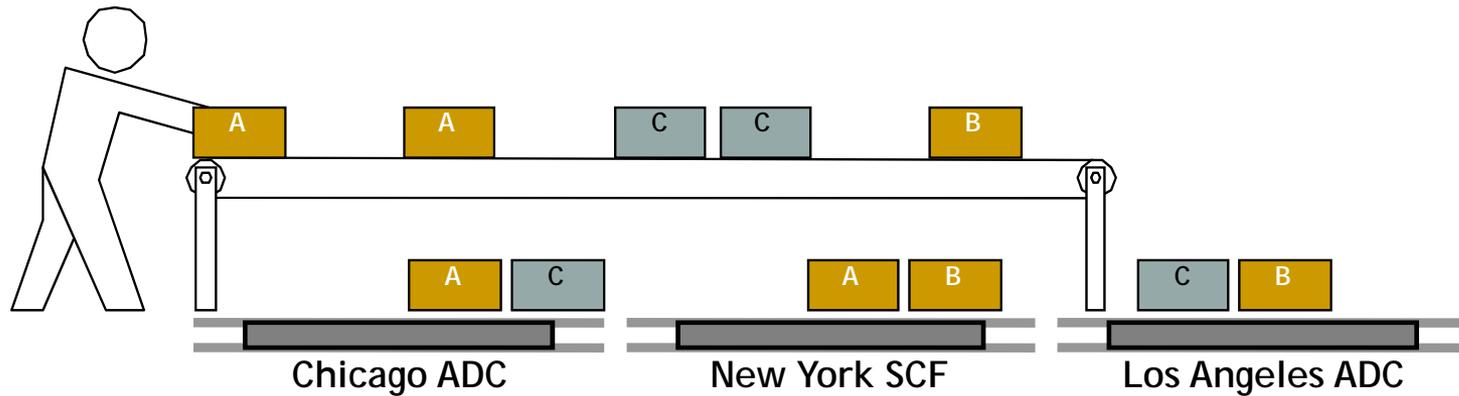
Co-Palletization



What is Co-Palletization?

- **Co-Pal Bundle Description** (Periodicals Only)
 - Co-Pal is not the method of combining sacks onto the same pallet
 - Consolidation of multi-titled magazine packages from individual presorts on pallets by common destinations
 - The combined weight of multiple Periodical titles, that would otherwise be prepared in sacks, enables the volume for palletization and drop shipping

Co-Palletization



Mail would have otherwise been prepared in sacks (less than 250 pounds to an ADC)



Prepared on SCF and ADC pallets

Drop Shipped to the SCF or ADC

Co-Palletization

- **Basic Manufacturing Rules for Co-Pal**
 - Presort need not be performed by the mailer
 - Mail.dat must be fed into mailer's special co-palletization software program
 - Can accept multiple trim sizes in some co-palletization pool
 - No restrictions on addressing options
 - All participants in a cycle must ship at the same time
 - Poly and non-poly titles can be mixed
 - Electronic Postage Payment (CAPS)

Co-Palletization

- Savings from 1% to 3% of origin postage
 - Variety of contributing factors
 - Advertising, piece weight, volume of sack mail
- End-of-month mailings
 - Circulation Audits
 - BPA and ABC
 - Mail Service Provider (MSP) coordination

Mixed Class Co-Palletization

- Palletization of Mixed Classes (Pilot Program)
 - Standard Mail and Periodicals
 - Provide opportunities to consolidate flats mail streams where it makes sense for efficiency
 - Build on opportunities of Periodicals co-palletization experiment
 - Reduce the number of containers prepared by customers
 - Move mail from sacks to pallets
 - Match preparation with shape-based postal processing

Mixed Class Co-Palletization

- Palletization of Mixed Classes (USPS Initiative)
 - Pallets must be drop shipped
 - Pallets are treated as Standard Mail
 - Finest level pallet not required
 - Independently presorted pallet may not be degraded

Co-Palletization Tray Process

- Drop-ship and Co-Pal Tray are complementary services, use both to maximize savings
- Analyze and determine the upgrade
 - Mail.dat analysis evaluates specific tray upgrades to new SCF and BMC levels
- Create USPS documents
- Verify and pay postage locally
- Ship & process at Co-Pal Tray provider
- Drop-ship new pallets to USPS SCF & BMC locations
- Use delivery tracking and reporting to insure customer satisfaction

Co-Mailing

Today and Tomorrow

What is Co-Mailing?

Co-Mail is the process of combining and presorting two or more titles into a single mail-stream. This process lowers the per/piece postage rates due to improved level of presort for each title. It also creates deeper penetration into the postal system, facilitates more consistent and timely delivery, and allows mailpieces to arrive in better condition with less handling by the United States Postal Service.

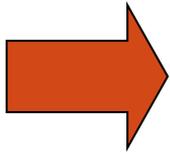
Applies to Periodicals and Standard Mail

Types of Co-Mailing

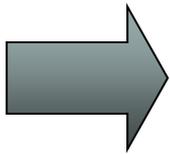
- **In-Line** 
 - Co-Manufacturing, Co-Stitch, Co-Bind, Selective, Variable Trim Binding
 - The combination of mail lists of two or more jobs and selectively stitch or bind the copies on one bindery line
- **Off-Line**
 - The combining of multiple mail lists from multiple publishers into a single pool for a combined off-line mailing

Before Co-Mailing Produced Separately

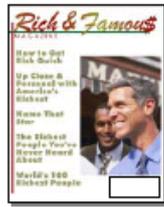
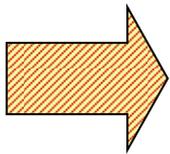
Mailing Line 1



Mailing Line 2



Mailing Line 3



Before Co-Mailing

1 Title Bundles

Mailing Line 1



Mailing Line 2

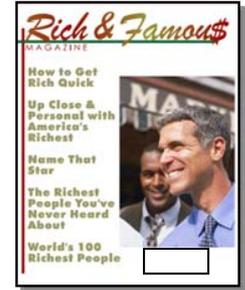
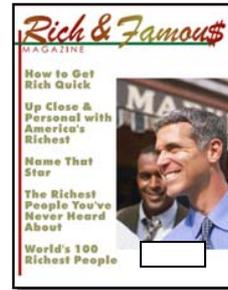
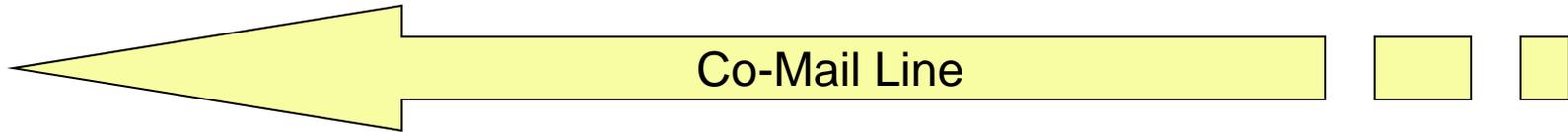


Mailing Line 3



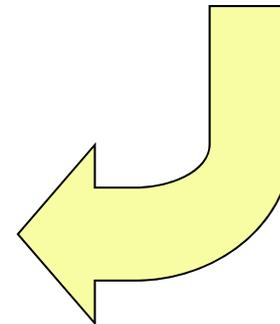
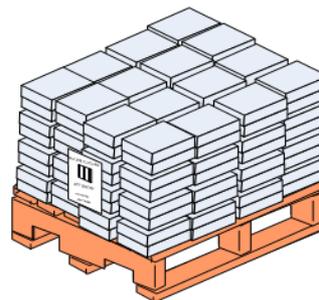
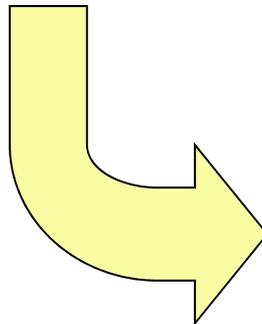
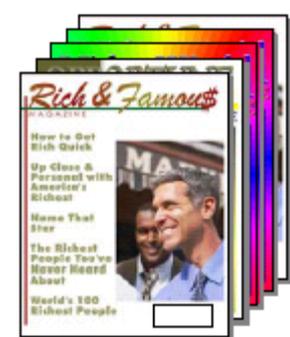
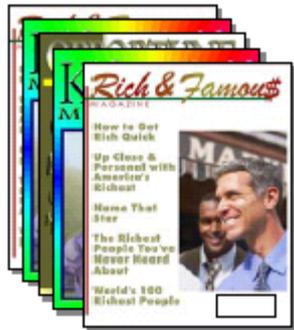
Co-Mailing

Mailings are Merged



Bundles Contain Multiple Titles

Co-Mail Pieces are Presorted Together into the same Bundles onto the same Containers



Co-Mailing

- **Basic Co-Mail Requirements**
 - Addressing restrictions, for the most part
 - Trim Size range within a co-mail cycle is restricted
 - Limited range in variance between thinness to thickest in co-mail pool
 - Mailpieces with poly is permissible
 - Presort conducted by the printer (Off-line environment)
 - All participants together cannot exceed the number of available pockets
 - Cover design changes are possible

Co-Mail Operations

- **Equipment** (Offline – Varies by Mailer)
 - **Typical 30-Pocket Machine** (180' long)
 - Various Manufactures
 - **Different Pocket Configurations**
 - Perfect Bound & Saddle Stitch
 - Combination of Rotary and Shuttle
 - **Alternative Addressing Options**
 - Inkjet (Preferred)
 - Blank Paper Label
 - Affix Label and Inkjet On-Top



Co-Mail Comparison

- Non Co-Mail

- Little or no drop ship savings
- Little or no Carrier Route Pieces
- Large volume of mail in sacks
- Slow or uneven/unpredictable mail delivery
- Little or no Postage Discounts
- Potential damage to product

- Co-Mail

- Destination entry discounts
- High percentage of Carrier Route
- Large volume of mail on pallets
- Faster more predicable mail delivery
- Advantage of Postage Discounts
- Reduction of damage due to reduce mail handling

Co-Mailer (Varies by Printer or Mail Service provider)

- **“Typical” Mailpiece Characteristics**

- Saddle Stitch & Perfect Bound
- Trim Size Variance
 - Width: Between 7-3/4” and 9”
 - Length: Between 10-1/2” and 10-7/8”
- Book thickness
 - Minimum: 1/8” (Thin Pocket Feeders)
 - Maximum: 5/8”
- Piece Weight
 - Maximum of 20-Ounces (per USPS regulations)
- Poly-Wrapped Mailpieces
 - Authorization required
- No Inside Inkjet Personalization (Offline)



Variable Trim Binding



- Unique variable co-binding technology
 - Variable size products can be co-mailed into a single, cost effective mail stream
- Allows for multiple sized products from multiple customer to be bound in-line in a single, efficient operation.
- It removes the barrier of trim size alignment from the process
- Various configurations in the face-to-backbone dimension

Postage Savings - Periodicals

Pound Prices—per pound or fraction

ADVERTISING PORTION			NONADVERTISING PORTION		
Zone	Regular Price	Science-of-Agriculture	Zone	Regular Price	Science-of-Agriculture
DDU	\$0.131	\$0.098	DDU	\$0.109	\$0.109
DSCF	0.200	0.150	DSCF	0.166	0.166
DADC	0.212	0.159	DADC	0.176	0.176
1 & 2	0.237	0.178	Other	0.197	0.197
3	0.259	0.259			
4	0.317	0.317			
5	0.404	0.404			
6	0.496	0.496			
7	0.607	0.607			
8	0.701	0.701			

Preferred Price:

Authorized Nonprofit and Classroom publications and publications that meet the standards for Limited Circulation publications and Limited Circulation Science-of-Agriculture publications receive 5% off the total Outside County postage excluding the postage for advertising pounds. This does not apply to commingled nonsubscriber or nonrequester copies in excess of the 10% allowance in DMM 707.7.0.

Piece Prices—per addressed piece

Bundle Level	LETTERS		MACHINABLE FLATS		NONMACHINABLE FLATS		PARCELS
	Barcoded	Nonbarcoded	Barcoded	Nonbarcoded	Barcoded	Nonbarcoded	
5-Digit	\$0.195	\$0.286	\$0.276	\$0.286	\$0.300	\$0.301	\$0.301
3-Digit/SCF	0.255	0.383	0.362	0.383	0.407	0.417	0.417
ADC	0.275	0.400	0.377	0.400	0.467	0.491	0.491
MXD ADC	0.315	0.435	0.403	0.435	0.561	0.606	0.606

All Firm bundles: \$0.178

All Carrier Route pieces: Saturation—\$0.132; High Density—\$0.151; Basic—\$0.178

Nonadvertising adjustment factor for each 1% of nonadvertising content: \$0.00098

Postage Savings - Periodicals

Bundle Prices—per bundle

Bundle Level	CONTAINER LEVEL			
	CR/5-Digit	3-Digit/SCF	ADC	MXD ADC
Firm	\$0.077	\$0.137	\$0.149	\$0.179
Carrier Route	0.147	0.279	0.314	---
5-Digit	0.140	0.145	0.199	0.276
3-Digit/SCF	---	0.125	0.183	0.267
ADC	---	---	0.111	0.201
MXD ADC	---	---	---	0.077

Container Prices—per pallet, tray, or sack

Entry	PALLET			TRAY/SACK			
	5-Digit	3-Digit/SCF	ADC	CR/5-Digit	3-Digit/SCF	ADC	MXD ADC
Destination Delivery Unit	\$1.600	---	---	\$0.900	---	---	---
Destination SCF	20.400	\$11.100	---	1.300	\$0.800	---	---
Destination ADC	30.200	20.700	\$12.400	1.700	1.200	\$0.800	---
Destination NDC	31.900	23.800	22.400	2.000	1.500	1.400	---
Origin	42.130	33.360	28.000	2.700	2.100	2.010	\$0.420

Postage Savings – STD Mail

Standard Mail

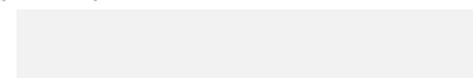
FLATS



	Entry Discount	Carrier Route ^{1,2}			Automation ^{1,2}				Nonautomation ¹			
		Saturation ³	High Density	Basic	5-Digit	3-Digit	ADC	Mixed ADC	5-Digit	3-Digit	ADC	Mixed ADC
Flats weighing 3.3 oz. or less per piece price	None	\$0.194	\$0.219	\$0.262	\$0.346	\$0.418	\$0.486	\$0.496	\$0.367	\$0.464	\$0.509	\$0.558
	DNDC	0.160	0.185	0.228	0.312	0.384	0.452	0.462	0.333	0.430	0.475	0.524
	DSCF	0.151	0.176	0.219	0.303	0.375	0.443	---	0.324	0.421	0.466	---
	DDU	0.142	0.167	0.210	---	---	---	---	---	---	---	---
more than 3.3 oz. ⁴ per pound price	None	0.609	0.609	0.696	0.725	0.725	0.725	0.725	0.725	0.725	0.725	0.725
	DNDC	0.446	0.446	0.533	0.562	0.562	0.562	0.562	0.562	0.562	0.562	0.562
	DSCF	0.401	0.401	0.488	0.517	0.517	0.517	---	0.517	0.517	0.517	---
	DDU	0.356	0.356	0.443	---	---	---	---	---	---	---	---
+ per piece price		+	+	+	+	+	+	+	+	+	+	
		0.068	0.093	0.118	0.196	0.268	0.336	0.346	0.217	0.314	0.359	0.408

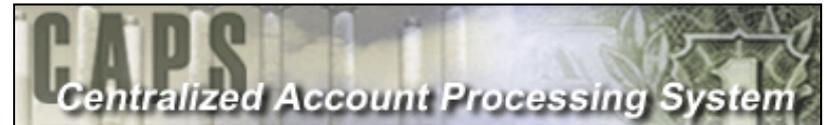


1. Flat-size pieces with certain characteristics (see DMM 301.1.3 and 301.1.4) are subject to not flat-machinable or parcel prices.
2. Subtract \$0.001 for each flat that complies with the full-service Intelligent Mail option (not available for Saturation) requirements.
3. For carrier route flats with a detached address label, add \$0.017 per piece.
4. For pieces weighing more than 3.3 ounces, each piece is subject to both a per piece price and a per pound price. Multiply the number of pieces in the mailing by per piece price. Multiply the number of pounds of the mailing by per pound price. Add both totals.



Candidate Criteria

- Customer Requirements
 - Periodicals Publication
 - Regular and Non-Profit
 - Additional Entry Application/Entry Point
 - Standard Mail
 - Permit Application
 - Postage
 - Debit CAPS Account
 - CPP Accounts
 - List Preparation
 - Per Current Production Schedules
 - Address Location



Typical Candidate Criteria

- Main Run & Supplemental Mailings
 - Non-Selective
 - Minimum Print Order
 - Maximum of 5 Versions per Pool
 - Maximum Print Order
 - Subject to Pool Capacity
 - Firm Bundling within Title
 - Across titles -- Who pays per-piece rate?

Who Qualifies?

- **Ideal candidates** (Check with your Mail Service Provider)
 - Target circulation files of 30,000 to 500,000 copies
 - Standalone carrier-route sortation
 - Over 50% will not achieve full co-mailing benefits
 - Preference to main list runs
 - Supplemental mailings secondary

Mixed Class Co-Mailing (Pilot Program)

- **Benefits**

- Increased presort discounts by moving pieces to more finely presorted bundles
- Decreased use of sacks
- Fewer bundles to prepare
- Improved palletization
- Improved drop ship penetration
- Increased drop ship discounts
- Improved delivery consistency
- Decreased bundle breakage with decreased use of sacks

Mixed Class Co-Mailing (Pilot Program)

- Future Preparation Plans
 - Currently Periodicals in the origin mixed area distribution center (OMX) are integrated into the First Class mail stream. This will not happen going forward, these Periodical pieces will receive standard mail treatment.
 - All pieces in the mixed-class Co-Mail must be machinable.
 - All pieces are required to have the Full Service IMB (must meet Full Service automation).
 - No ADC entry will be allowed under the new program. However, NDC entry will be made available. (NDC was not allowed during the pilot).
 - Since no ADC entry will be allowed, ADC container charges can be applied for mail entered at the NDC. Essentially, you don't get to enter the mail at the ADC, but you can get the pricing. (SCF entry will continue to be allowed).
 - Any mixed NDC pallets prepared under this program must be entered at the NDC servicing the 3-digit Zip Code of the entry Post Office for the mailer's plant.
 - Each piece must use the term "MIX COMAIL" in the OEL.

Mixed Class Co-Mail (Pilot Program)

Frequently Asked Questions

Q: Standard Mail & Periodicals have difference bundling requirements. How will this be handled?

A: A pure Periodicals bundles will still be created at a minimum of 6 pieces to prevent loss of bundle presort. The presort will attempt to build a mixed bundle of 10 pieces. If the 10 pieces are not available the presort will then attempt to create a pure Periodicals bundle of 6 pieces.

Q: If Periodicals and Standard Mail is mixed together will the Periodicals pieces see a slower processing and delivery time through the USPS?

A: Mixed Class Co-Mail receives consistent and timely delivery just as mailers receive today. Increasing sortation levels and injecting the mail deeper into the postal stream will move the mail through the system in a more efficient manner.

Co-Palletization and Co-Mailing

- **Summary**

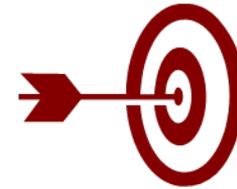
- Every mailer can benefit from moving out of sacks and onto pallets that can be drop shipped further into the postal system
- There are reasons to co-mail and co-palletize other than potential postage savings
- There is some added work and coordination required to co-mail and co-palletize
- Current rates provide incentives

Flats Sequencing System (FSS)

- **Potential Changes to the Industry**
 - Drop ship entry points would change
 - Impact of time sensitive publications
 - Critical Entry Times
 - **Carrier Route presort eliminated** (Automated zones)
 - FSS Sort Schemes (multiple 5-Digit presort volume)
 - **IMB/11-digit barcode required**
 - Higher address hygiene standards for automated pieces
 - **Rates will be reflective of mail preparation**
 - Lowest postage applied to pieces meeting FSS standards
 - **Co-mailing to FSS locations**
 - Provided the USPS maintains and/or improves the incentives
 - **MTAC WG#134**
 - Implement Optional FSS Presort Parameters

Certificate Questions

True or False



1. Drop shipping is intended only for the large volume mailers?
2. Co-Manufacturing is a form of Co-Mailing
3. Bolingbrook, IL is commonly referred to as the co-mailing capital of the world?

Questions

