

Intelligent Mail® for Service Performance Measurement

Based on information provided by the United States Postal Service (USPS), the Standard Mail Subgroup has the following understanding of the Intelligent Mail® technology for use in service performance. This system will rely on mailers preparing their mailpieces with Intelligent Mail® barcodes, producing shipments with proper IM™ barcodes and submitting an electronic manifest either through Mail.dat, Web Services or the Postage Statement Wizard.

Scans are gathered from a variety of sources using both passive and active scanning. Initial scans are used to “Start-the-Clock” for the mailpieces in the mailing while en-route scans provide the insight to measure service performance of processing functions in the USPS’ network. Finalization and delivery unit scans are then used to “Stop-the-Clock.” All of these scans are then compared to the mailer data submitted in advance of the mailing to accurately measure service performance.

Start-the-Clock

As mail is inducted into the USPS network, a barcode is scanned to Start-the-Clock in accordance with the following procedures:

For BMC arrival: The time the truck enters the BMC yard will be considered the Start-the-Clock event. The mail handler unloading the vehicle(s) will scan each of the largest containers (pallets, sacks, trays, or tubs) presented by the mailer. The container scans will be associated to the yard entry time to establish the Start-the-Clock event for all mail in the scanned containers.

For Plant arrival: If a barcode is present on the 8125, the subsequent scan of that barcode is considered the Start-the-Clock event. If no barcode is present, the Facility Access and Shipment Tracking (FAST), appointment arrival time will be documented by either scanning the truck’s permanent or temporary “license barcode” or by manually entering the appointment arrival time in the system. While unloading the truck, the USPS mail handler will scan each of the largest handling containers presented by the mailer. The container scans will be associated to the appointment arrival event and the earliest time will be considered the Start-the-Clock event for all mail in the scanned containers.

For BMEU arrival: The largest handling containers will be scanned by the BMEU clerk upon completion of mailing verification. The container scans will be considered the Start-the-Clock event for all mail in the scanned containers.

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Stop-the-Clock

Enhanced visibility data through Intelligent Mail® also provides better Stop-the-Clock measures. A Stop-the-Clock event will be recorded in one of the following ways:

Non-saturation letters: Passive barcode scans are gathered as the letters are processed into Delivery Point Sequenced (DPS) trays. Those scans are used for Stop-the-Clock purposes. Service Measurement will use the same Stop-the-Clock events as defined in the Confirm® system.

Non-carrier route flats (sorted by mail processing equipment): Incoming secondary sort scans are gathered from mail processing equipment as flats are sorted for a delivery unit. After transport to a delivery unit, the top piece in each handling container will be scanned prior to casing. The last machine en-route scan, in conjunction with the top piece scan, will be considered the Stop-the-Clock event.

Carrier route bundles: Carriers will scan the IM™ barcode on the top piece of a bundle prior to casing. This mailpiece scan will be considered the Stop-the-Clock event for each mailpiece in that bundle.

Saturation trays (not sorted by mail processing equipment): Carriers will scan the Intelligent Mail® Tray barcode of each saturation tray prior to casing or delivery. The tray scan event will be considered the Stop-the-Clock event for each mailpiece in that tray.

Recommend Use of Intelligent Mail® for Performance Measurement

The Standard Mail Subgroup recommends using the proposed USPS Intelligent Mail® technology solution for measuring service performance in Standard Mail. The group believes that there are many business reasons why this method of service measurement is worthy of implementation by the USPS.

1. The same data employed by the USPS in managing and measuring their performance would be the same data used by the mailing industry. All measures would be “from the same page.” Using the same data would also make the reported performance to the PRC and Congress more meaningful to mailers.
2. The lower combined cost. Any measurement system developed to report the official USPS service performance will be born by mailers. This will increase postage rates to a constituency already under postage stress – and lead to more mail leaving the system.

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3. The diagnostic benefit for all mailing parties that is generally passive information and representative of the distribution of the mailing.
 - a. Seed reporter systems provide subjective information when a piece was delivered according to the reporter, there would be no information as to when or where the piece was entered. This type of measurement system does not allow for diagnostic analysis and correction on both sides of the equation.
 - b. External seeding programs have definite limitations and are difficult, if not impossible, to fabricate. The USPS would have to provide seed lists to the service provider who will be handling the portion of the mailing program associated with the address file presort and data process to blend the seed data into the mailings. In many situations several different companies can touch portions of a mailing program making the determination of who to send the seed records to complex.
 - c. Seed mail can be the only mail in a container because the addresses of the seeds will not be in an area the mail is destined.
 - d. The USPS would need to reimburse mailers for production and postage costs.
 - e. Timing is an issue, with many mailings prepared “just in time.”
4. The IM™ barcode will be required by January 2009 for the automation postage rates.
5. In conjunction with providing electronic documentation there will be a reliable Start-The-Clock for each and every mailpiece entered within the framework of the system.
6. Intelligent Container Barcode (Pallets), and the Intelligent Tray Barcode augment the mailpiece barcodes by providing both active and passive scan information for mail moving through the postal service. The active sample scanning of the IM™ barcode on flat mail will provide the status of bundles on postal processing equipment and at the Delivery Units and indicate the arrival of a mailing.
7. The Intelligent Mail system requires mailers to provide detailed information electronically to the USPS for each mailing allowing the USPS to better prepare and manage resources for the processing of the mail; as well as near real time diagnostic data for system improvements.
8. This same scan data is available to the mailer and mail owner allowing the mailing industry to better plan, prepare, and enter their mailings. The uniqueness of every mailpiece utilizing the IMB will enable granularity of diagnostics and measurement.

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The group recognizes and accepts that the USPS will not capture 100% of all pallet scans. We agree that the USPS Performance Measurement should be based on the actual pallet scans, and the delivery data from pieces within those pallets; however, we request that the comparison data of the expected number of pallets per destination (as supplied by in the electronic manifest) versus the actual number scanned, be maintained and made available to the mailing industry. It is expected that the USPS will hold their sites responsible for continual process improvement plan to achieve and maintain annually the highest possible percentage of pallet scans per facility on a daily basis, without seasonality variances in excess of 5-7 percent.

As part of the review process of Performance Measurement, there should be a review of percentage of actual pallet scans. Through this review the USPS and other interested parties will be able to identify gaps and areas of concern which would lead to process improvement by the USPS and/or the mailing industry in an effort to achieve an ultimate maximum of 100 percent scans

Gaps

Seamless Acceptance: There are gaps in some mail streams that Intelligent Mail® does not currently cover. While the IM™ barcode will not be mandatory until January 2009, many mailers are already converting their systems and utilizing it.

While all mailers will be using the IM™, not all will participate or qualify to enter their mail in a Seamless Acceptance environment. There is an increase “postage” risk associated with Seamless Acceptance that may prevent all mailers from participating despite the benefits. Seamless Acceptance won’t be ready for roll-out within the USPS till March/April 2008. However, several mailers are piloting the program to identify obstacles and assure that the system function as planned.

Major printers and mail service providers will embrace Seamless Acceptance as soon as they are able. This group is estimated to be 20 percent of the mailers and enter approximately 80 percent of the mail. Eventually, more mailers will embrace Seamless Acceptance and any perceived risk due to competitive pressure and to take advantage of the benefits.

However, mailers do not have to participate in Seamless Acceptance to be included in a service performance measurement system. The Postal Service has developed processes and tools which enable mailers to provide electronic documentation of mailings which can be used to measure service performance. Currently there are three methods that allow customers to submit postage

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statements electronically: Postage Statement Wizard®, Mail.dat®, and Web Services. These systems provide an electronic linkage between a customer's mailing information and Postal Service business mail acceptance and induction processes. This collaboration will give customers a streamlined process for mail entry (start-the-clock), tracking and reporting.

Saturation Flats are not required to have automation barcodes. It is presented to the USPS in exact carrier walk sequence with a high volume entered by the mailer at the Destination Delivery Unit. This mail is the "third" bundle for the letter carrier.

Due to the limit of scope and volume of this type of mail it may be acceptable to accept the current USPS ADVANCE reporting system. While it is subjective, it has been proved to be reasonably accurate.

Non-automatable and non-machinable mail: This group represents a very small portion of Standard mail, mainly due to postage cost pressures. It is not of a large enough volume to initially warrant its own measurement system.

Not-Flat Machinable mail (NFM) by definition is mail that does not lend itself to efficient end-to-end automated mail processing. While we want all mail products included in service measurement, it is important that the cost of mailing not be increases to achieve such results.

One suggestion might be to include NFM mail pieces that are represented on an electronic manifest. Other opportunities to achieve scan data for NFMs could be a mailer applied barcoded bundle facing slip placed on the top piece of bundle; scanned at entry, and prior to mail delivery. A scan of a sack or container barcoded label would only be representative of the destination of the container and would not represent the stop the clock as the NFMs randomly appear at delivery units across the country.

Reporting

It is anticipated that the USPS will report on Standard Mail minimally by shape, by Automated, Presorted, and Non-machinable characteristics; for Origin and Destination Entered Mail.

Aggregated reporting is very important to mailers as it represents a benchmark against which to compare their specific mailings. Postal geography plays an important role here. The aggregated reports should have the ability and granularity to allow drilling down to:

- Postal Area
- Bulk Mail Center

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- Postal District
- Sectional Center Facility
- Delivery Unit (Post Office)

Frequency of reporting can be just as important. Performance should be reported quarterly and annually. While good for comparison purposes it does not allow for timely response by the USPS nor the mailer to shifts in performance that require action. Monthly reporting adds the benefit of being actionable. The USPS processing and performance can vary by facility and through time. Knowing these changes in performance allows mailers to adjust as required so that their very important messages are received when they need to be.

Use of IM™ barcodes and Seamless Acceptance will allow the USPS to report as required with relative ease. Not only will the reports be timely and actionable, but so will the data.

USPS Intelligent Mail® for Service Performance Timeline

Based on the information and timeline provided by the USPS, the industry recommends service performance measurement for Standard Mail needs to utilize Intelligent Mail technology. This will provide the most comprehensive and cost-effective solution which will meet their business needs.

Until the full deployment of the Intelligent Mail® technology, there will still be potential gaps in the measurement system. Therefore, the industry strongly recommends that the USPS accelerate the design and implementation of the Intelligent Mail® solution for service performance. Other opportunities may exist for tracking those “non-intelligent” mail products. The subgroup supports measurements for all market dominant products while acknowledging that all categories of mail may not be available upon initial launch.

Current expectations are that service performance will be measured for selected mailers who are testing the Seamless Acceptance and Intelligent Mail® in FY2007.

In 2008, additional mailers will participate in seamless acceptance and the USPS will continue to expand technology and service performance processes to increase the volume of mail being measured significantly.

By 2009, a fully implemented service performance measurement solution will measure USPS service performance for the majority, if not all, of Standard mail.

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USPS Service Performance Measurement should include ongoing communication with customers and the industry enabling feedback to for the Performance Measurement solutions and progress.

Performance Measurement Goals

It is the recommendation of the Standard Mail subgroup that USPS will set targets to be measured against for the following criteria:

- Goals specific to the percent of mail delivered with the Service Standard range.
- Goals which target to reduce the percent of mail which is delivered late and significantly reduce the “tail-of-the-mail”
- Goals to ensure that mail gets an appropriate start-the-clock scan. This will include metrics which measures the effectiveness of scanning 8125s and acceptance document barcodes, container barcodes and piece barcodes.

Baseline goals should be established when implementing the service performance measurement system and USPS performance goals should improve over time. After adequate data is collected these goals should be reviewed and adjusted, as necessary. All metrics and goals which are defined should push the USPS towards the ultimately service performance goal of delivering all Standard Mail pieces within appropriate service standard range.