

**MTAC AFSM AI Workgroup #96**  
**PostCom Meeting Notes**  
**10/18/05 Meeting**

MTAC workgroup 96, Developing an Interface to the AFSM 100 Automatic Induction (AI) Process, held its second meeting at R. R. Donnelley's facilities in Lancaster, PA, on October 18, 2005. The meeting included tours of two of RRD's mail production and preparation operations.

**Tour Observations**

The group convened for its meeting following the plant tours. The following tour observations were noted by the group:

- # Lack of people (automation)
- # Mail production/preparation equipment manufacturers not represented on workgroup
- # "Tight" footprint of the equipment
- # Technology exists that can "containerize"
- # Logs, bundles, "egg crates", etc
- # "Focus on the process"
- # "Hand offs" versus process transfers
- # Delete the consumables!
- # The product is always under control
- # New York Times: how do they de-palletize upon receipt of product – is it an automated process or manual process, etc.? (Mike Winn will follow-up)

**General**

The group then discussed what they had seen during the plant tours in terms of how it may relate to USPS processes. Mark Neebe, Northrop Grumman, noted that bundle concepts and presort today may be totally different under FSS. Marc McCrery agreed that perhaps 80 percent of flats may be presorted to the 5-digit level under FSS. Today, he said, 50-60 percent is carrier route presort.

Mike Winn commented that the rate structure would need to change in order for incentives to change mailer behaviors. Marc McCrery said that in theory the relative rates for presort under FSS should be less than today because of the inherent cost savings, but ultimately the rates will take care of themselves. All that is fixable in the long term and he said that the USPS and industry should be looking at those issues now. Mike Winn commented that rate changes would need to at least be discount neutral in impact.

Barry Walsh emphasized that FSS implementation will be a long process, and it could be a decade or so from now before FSS machines are fully deployed, which allows industry to depreciate existing

equipment and change its equipment and processes over that time. Mail preparation rules could be put in place at some point that allow changes to be optional today but mandatory in five years.

Bill Worth asked if industry wants larger aggregates of mail in terms of containerization, to which the response was yes, particularly at the carrier route level. Making up carrier route with 10 piece bundles is very expensive for mailers. Tommy Ramsey, RRD, noted that printers have invested in separate bindery lines just to prepare carrier route presort.

Bill then asked if the USPS want larger aggregates of mail, to which the USPS responded yes. Marc McCrery noted that the current rate structure and presort requirements discourage preparation of larger aggregates of mail (e.g., the “logs” that the previous workgroup had studied). He noted that the USPS needs some type of mail presentation/containerization that maintains mailpiece integrity and fits within USPS manual handling limits. It may differ depending on whether we are talking pre-FSS or post-FSS, he noted.

The USPS was asked if in a pre-FSS environment, there is any value for the USPS if mailers were to separate carrier route from the rest of the mail. Marc McCrery responded that there is value in that only if the carrier route bundles go to APPS for 5-digit distribution and the rest go to the AFSM AI. If the USPS has to dump it all and sort it, there is not much value.

### **Container Requirements/Constraints**

Bill Worth presented an initial list of flats container requirements (copy of his presentation distributed with these notes) . He requested that any additional requirements the group can think of be sent to himself or Mike Winn via e-mail. He noted that both industry and USPS should keep in mind the overall combined costs of various alternatives.

The group briefly discussed the preliminary list of container requirements, adding cost of transportation; unloading/loading/transfer of container; and industry requirements to the Evaluation Sheet.

Charley Howard noted that there are different drivers for containerization, for instance if the driver is the deepest penetration into the USPS system for service benefits, that drives containerization in one direction. His company, for instance, would make up more small bundles and smaller pallets in order to obtain deeper penetration and better service.

The group briefly discussed container requirements and agreed that initially the focus should be physical attributes, but later there may need to be discussion around priorities for trade-offs (e.g., delivery vs. low-cost, etc.). Dave Williams, USPS, asked if there is a way to weight the container attributes in terms of relative cost implications. Bill Worth said that using available USPS costing data could yield that information.

### **Flats Work Flows**

Mauro Licciaradello, USPS, presented information on flats mail work flows (copy of presentation distributed with these notes). He separated flats work flows into current processing environment, long-term, and FSS environment.

He showed a work flow under current processing environment that 61 percent of flats are carrier route presorted, per FY 2005 mail characteristics studies (includes saturation flats). Of the remaining 39 percent of flats, about 10 percent does not go to the AFSM 100 because it is non-automation flats mail.

He noted that 56 percent of flats processed on the AFSM 100 are output from bundle sorting operations (SPBS/APPS), 24 percent come from USPS opening unit operations, and 20 percent come from cancellation operations. Of the AFSM 100 mail output, 66 percent is carrier route sorted to the delivery unit, 20 percent is outgoing primary (largely First-Class Mail), 7 percent is ADC, and 7 percent is SCF. He noted that all inbound flats from mailers is processed on APPS prior to the AFSM 100, except for a small percentage of First-Class flats presented by the government on direct pallets which go directly to the AFSM 100.

Mauro Licciaradello gave a brief update on flats initiatives, including the Automatic Induction (AI), Automatic Tray Handling System (ATHS), Flats Recognition Improvement Program (FRIP), Flats Sequencing System (FSS), Flats Forwarding System (PARS), and flats preparation initiatives.

He then discussed flats mail work flows under an FSS environment, showing the differences from the current environment. He noted that the target under FSS is to have 60 percent of flats to be processed on FSS to be presorted by mailers to the FSS scheme.

### **Harte Hanks Mail Preparation Test**

Rob Laybourne, Northrop Grumman, and Charley Howard, Harte Hanks, gave a brief update on the status of the mail preparation test being planned with Harte Hanks where they will prepare mail in the AFSM ACTs. The purpose of the test is to test and document the impact to USPS processing related to the creation of ACTs at a mailer site, and to test transportation of ACTs on proposed induction rolling equipment between mailers and processing plants.

They reported that the test likely will be conducted after January 2006, and noted that they still have to work through some acceptance issues with that mail to ensure that Harte Hanks' discount qualifications will not be impacted during the mailing.

**Interconnectivity with Other Workgroups**

Mike Winn reported that he, Dave Williams and Kathy Siviter held a brief telecon to review the list of active MTAC workgroups (list distributed at the meeting) to ensure that there is interconnectivity with those groups and any other USPS/industry efforts. It was concluded that there is ample cross-representation between this workgroup's members and members of the few other MTAC workgroups where there needs to be connectivity.

**Next Meeting**

The next scheduled meeting of the workgroup will be on Nov. 2 from 8:00-11:00 a.m. in USPS Headquarters, Room 1P439. Mike Winn will distribute the meeting notes from the 10/18/05 meeting as well as a tentative agenda for the next meeting prior to that date.

Workgroup assignments still remaining to be completed, include:

- # Review the work/report of the previous workgroup prior to the next meeting
- # Review the preliminary list of flats container requirements and evaluation criteria and provide feedback to Bill Worth or Mike Winn
- # Update on Harte-Hanks test (at next meeting)
- # RRD will put together for the next meeting a presentation concerning mailing profiles for mailings that are 50-60 percent carrier route presort (presort volumes in terms of bundle types, what causes small bundles, etc.)
- # Workgroup members to give thought to communication plans and list of impacted constituents that should be included