

MTAC Focus Group Sessions
Wednesday, May 15, 2013

VISIBILITY/SERVICE PERFORMANCE MEASUREMENT

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Session 1: PACKAGE SERVICES

(John Medeiros, MTAC Industry Leader)

OPEN DISCUSSION: Led by

Product Tracking System 2 (PTS-2) deployed quickly. Customers and USPS are pleased with performance so far. USPS is running duplicate systems to ensure smooth functionality transition.

IMpb Transition – USPS is making certain the current 11-digit can be used. Some concern about the 11-digit; there are some customers today that don't want to send USPS a file every day. Industry stated that sometimes they can't match up the pieces they process, and with a move to 11-digits, there is no place on labels to put the additional digits; complicating the ease of use. Industry stated that the USPS can't just say no to a need to an ease of use for customers; who want to use ZIP+4. USPS stated that a street address on 100% of mailings is necessary. Changing the size of the label has been discussed. In addition, some of the customers don't know what their cut-offs are. This eliminates the need to send a file.

Industry as if USPS could waive the requirement? Initial design of ZIP+4 was done in 2008, and ZIP+4 will get a very accurate carrier routes, but not a very accurate dynamic routing. In 2009, USPS did the 5-Day delivery review. Many in today's session weighed in that not delivering packages on Saturday would hurt the industry. Jim Wilson and team looked at the possibility, and the changes in standards were created based on Saturday delivery. Industry stated that the reason they are bringing this up is that they have been messaged that ZIP+4 is good, and are being told now that they need to change and that ZIP+4 is no longer acceptable. This poses a difficult problem. Industry stated that they have a listing by client of ZIP+4 and now must go back to the customer and tell them this is no longer good.

IMpb Proposed Compliance Thresholds – USPS put out a 6 month extension to July 2013. Industry stated that they are trying to get to a reasonable threshold, because they don't feel

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that it is realistic to expect to get to 100% ZIP+4 on 100% of the addresses. That's why USPS is comfortable with asking for the street address. USPS stated that although they can correct the street address on their end, UPS and other competitors have surcharges for not having a correct street address.

Task team #19 agreed to meet again to set a future date to set future thresholds. 70% was the starting point with new implementation of technology. Industry questioned why USPS is requesting these high threshold percentages, stating that package business is going to go down. The USPS had not been ready to require these thresholds, but will be ready in July 2013.

In January 2014, USPS stated that they must increase the percentage including ZIP+4 and/or address from the 68.96%. If penalties should occur, it would be very significant if the non-compliant pieces could be kept in the mailing and pay the higher rate on just those pieces. Industry stated that they would like to see something in writing on these decisions.

Trackable barcodes – USPS discussed the question of how they are increasing barcode readability and how is it tracked? USPS stated that they haven't included that issue in, and will continue to work through this, as they want to resolve the key issues.

USPS expects that they may be fine on legacy or IMpb. The ZIP+4/destination delivery address file is extremely important. When not included, these packages take extra handling and scanning procedures. Get us something in the file that is a street address. It is extremely important.

Service Type ID (STID) is the same as Service Type Code (STC). Service Type Code would trigger a service type handling of the piece. There will be a follow-up discussion on this.

CASS/MASS – Only 3% of the pieces have 11-digits. USPS only certifies to the 11-digit.

USPS asked Industry "If you were in charge of shipping for a large parcel mailer, what justification could you make to your CFO?"

USPS suggested these sample talking points: "I'm shipping with the USPS and they are going down the path of 5-Day delivery. In an effort to lower costs and facilitate Saturday delivery, USPS is looking to automate addresses on packages to the 5-Digit ZIP-Code. We don't yet know how it will affect us if we don't have the address."

Industry would like detailed talking points to answer the above question. Some possibilities to cover would include: Surcharge elimination, Presort destination entry rate, quality of service to be expected, and Saturday delivery. This would be an overall business case to present ROI to the CFO of the company.

Getting to 100% - Compliance Threshold

Industry stated that system outages and other issues may prevent mailers from getting to 100%. If it's over a 30 day period, it could impact that ability. Example: If a customer had a system issue, the issue may impact their percentage number, as it will not be aggregated over the month. If the USPS lowers the proposed compliance thresholds for ZIP+4/ Destination delivery address file it may be costly. Industry stated that they are trying to cover the cost to process packages that are not in compliance.

Industry asked if there is an address quality requirement; and if not, will there be? Industry posed that if they can't get it to the deepest sort, then they will have to do that correction manually. Industry stated that currently, they rely on the personal knowledge of the unit and carrier; but mail and packages are different, and UPS & FedEx are using dynamic routing. The USPS is delivering parcels by local knowledge, but stated that they want to design routes based on dynamic routing as well. USPS is trying to save costs, remembering that 3 gallons of gas equates to \$30M, and that 15 minutes of load time is \$2M per day. Carriers load vehicles based on route knowledge, but USPS can use dynamic routing to eliminate turns, load vehicles out more efficiently, save gas, and keep costs down.

ACTION ITEMS

IMpb Thresholds and Compliance:

- **Jim Cochran** was requested to provide industry talking points that can be used to persuade their CFOs to make the 100% compliance investment now. The talking points need to emphasize the overall business case and ROI benefits.

Session 2: FIRST-CLASS MAIL

(Sharon Harrison, MTAC Industry Leader)

Update on First-Class Visibility

Added discussion item: Load-Leveling for First-Class Mail – Industry would like to better understand this. This is mostly a Standard-Mail (Flats) issue. Hand-offs to different technology creates some challenges. It only affects First-Class mailers by the change in service standards. Should Standard Letters and Flats have the same service standards? Jim Cochrane will talk to Dave Williams to see if First-Class mailers should be included with Work-Group #157, the workgroup on load-leveling.

USPS stated that they are always looking to drive the last mile impact down on late delivery; stated that the score is mostly reflective of First-Class letters, but they do break the numbers down by Flats as well.

ACS Options – Will be available with the July pricing notice. With Option 2 mailers can get ACS notification back. USPS stated that Temporary Return Service Requested was a situation where, when they introduced the Return Service Requested option, mailers lost all of their forwarding on the temporary addresses. This now allows for the capture of the return service for temporary addresses.

Industry asked if Secure Destruction is posted on RIBBS. USPS replied that it will not be posted until they actually invoke Secure Destruction, and although there is not a tentative date on this yet, July is being discussed. Industry stated that the table on RIBBS would be helpful if it were updated to reflect changes

ACS STID Split – ACS service options – USPS stated that in January mailers will be able to have ACS Option 1 or 2 under the Service Type ID. USPS must ensure that all mailers are using the correct Service Type ID, and that while this is an advisory, they will do additional communications along with direct communications to the industry stating that this will be implemented in January 2014. USPS stressed that mailers must look at their Service Type ID to ensure that it reflects the service they are seeking. The Service Type IDs will be required, and the USPS is endeavoring to minimize the impact by making this Mailer ID specific. It was suggested that this topic be placed on the User Group # 5 discussion docket in order to ensure that mailers get the information on Service Type IDs.

USPS stated that they would defer the CASS cycle to 2015; explaining that when they got the feedback from the mailing industry, it came down to a deferment date.

PO Box Street Addressing (PBSA) – USPS has not come up with a solution to address the outstanding issues. USPS has done some additional analysis and are looking at unique designators as well as marketing/customer challenges. If USPS goes to the term “key” and it stays within the CASS cycle, would that work? USPS may be able to do this outside of CASS cycle, but this is an ongoing discussion to determine consistency which is extremely important. If USPS did this now as opposed to waiting for CASS cycle 15 would that be better for Industry? This will be brought up in User Group #5.

Pay-As-You-Go – Due to naming convention issues, the name has been changed to Last Known Address. USPS is trying to satisfy the automating qualities of “Last Known Address”. It is becoming challenging to hit the July timeframe due to costing measures. USPS is trying to recognize and accommodate existing behaviors of mailers. USPS is also trying to show the benefits to the mailer and the USPS. Efficiency is needed, but costs are in consideration. The cost will be only the pieces that are handled. Market dominant pricing structure must be in the consideration. USPS ask Industry “How can we help you?” USPS requested of Industry to go to their associations and find out how much mail is being separated into two separate mail streams and how much does that represent? Everybody in First-Class is going to have this problem. USPS either can’t alter the customer’s address, or can’t get back to that source. Majority will find opportunities to use this. Industry stated that they can talk to their mailers to find out what the segments need and can come in to provide feedback. It’s more a legal compliance issue than pricing. USPS stated that the first thing that is needed is some data to provide mailers with; such as:

- Health, insurance, financial/banking, telecommunications

Full-Service ACS - USPS doesn’t get details of NIXIE data on a non-automation piece, and introduced a single source ACS as the option to fill in that gap because they are not full-service defined. That does not solve the issue. The appropriate STIDs are needed for two different ways of handling. Jim Wilson stated that it’s not necessary to change the STID to acquire the ACS notices. Single source comes in when a single STID is on the mailpiece. Standardizing on one format was discussed. The likeliness that USPS will have changes on the Full-Service side is slim. (It was requested to get some information out to industry on FS/ACS). The original proposal was for a limited period of time.

How is move update going to fit into the seamless environment with the thresholds? That may be a question for Pritha Mehra. USPS will look at the possibility to create a threshold for ACS. 95 days came into effect in 2008. In the Full-Service world, USPS should be able to shorten the 95 days, but a change may not make any impact. In mergers, USPS may have a lot more return mail when they go through that type of acquisition.

- Shortening the frequency of CASS products – There may be some options to look at with data cycles.

What date in July will this be required? Will there be a grace period as far as implementation? It wont be a must use/can use. It will be more of a can use.

SASP/BIDS outages – USPS is much better positioned at addressing problems as they come into the system. eDocs are continuing to improve USPS ability to capture diagnostics.

Latency issues - Informed Visibility – The challenge is the receiving of the tray and container data. USPS is building the business case of what platform can handle and manage the volume of scans. USPS believes there will be a value to the industry and USPS when they provision the container and piece level data, and that industry will be provided with the most up to date data in a near real-time environment. Cycle time is how the USPS has changed that environment, and that they can really intervene when they know operational efficiencies through being able to capture and monitor near-real-time data and making informed processing decisions. USPS should be able to very accurately provide diagnostics in real-time.

Reply mail visibility/diagnostics – Confirm system – Sharon Harrison initiated discussion - Industry is doing the earned value, putting in every Mailer ID (MID) not expecting to have mail coming back to them, and are getting earned value credit coming back on MIDS that they know should not be coming back. It's about 3% off, and Sharon was part of the original pilot. Sharon is currently only getting a number "45", and asked "What does that number mean to me?" USPS suggested that Sharon reach out to Gary Reblin to find out how the MIDs are being used, stating that postal needs an image of the piece to help them understand the diagnostics and be able to reconcile.

- Reach out to Gary Reblin's group to find out how the MIDs are being used
- Image of the mailpiece for reconciliation
- Build a solution to validate the correct use of MIDs

Service Standards – Industry stated that calculating Day "0" is confusing. Jim Cochrane explained that if mailings miss the cut-off 2100, and mail is entered at 2300 on Wednesday, the Start-The-Clock (STC) Day "0" is Thursday. Sunday is calculated into the clock for the USPS across the postal enterprise, and the USPS calculates service performance using calendar days. Performance results for First-Class always include Sunday. Remittance mail benefits greatly from this. If Industry needs to discuss discounting Sunday in the clock, then First-Class mailers would like to be at the table. USPS's initial approach is a Standard Mail issue, not a First-Class issue. Changing First-Class service standards are not being discussed in this regard.

- Part of the communication would be to find out what else is being filtered out other than Sunday? Does anyone want to track how many containers are being measured?(Lisa Bowes may have suggestions)

ACTION ITEMS

Talk to Pete Allen about sharing presentations and notes with PCC's and posting to the PCC website.

General:

- **Jim Cochrane** was requested to provide industry "Load Leveling" clarification; which should include "Day 0".
- **Jim C** was also requested to add FCM mailers to Work Group #157
- **Steve Dearing and Jim C** will reach out to Gary Reblin's team to find out how to manage the Accounting aspect of Business Reply Mail visibility
- **Jim C** will investigate the possibility of providing images of mailpieces to mailers for reconciliation of errors
- **Jim C** will investigate building a solution to validate the correct use of MIDs. This may be an item that can be addressed via UG #4, and may need to include creating MID owner definitions

SPM clarification:

- **Jim C** discussed that USPS counts "calendar days" and not "business day" for calculating SPM, and that "Sunday is included in that calculation as a "processing" day across all classes and shipping. This was an apparent revelation to nearly all of industry in the session.
- **Jim C** committed to an educational effort regarding these facts, and that the educational effort will include "exclusions".

ACS/Service Type IDs (STIDs)/Secure Destruction (Slide #19):

- **Jim Wilson** will highlight the new table for "Secure Destruction" when it is posted on RIBBS for that can be easily located and identified - Jim's recollection is that it is not the Secure Destruction STIDs, but the new STIDs for January when the STIDs are split by option, that the industry wants to see here and in the next item. Secure Destruction is not a service, hasn't even piloted yet, and we will not post those until that program owner allows it.
- **Jim W** will also forward an advance copy to industry for review
- **Jim W and Jim C** will ensure that STIDs, the ACS STID split, ACS service options, and correct STID use is assigned to User Group #1.
- **Jim W and Jim C** will follow-up on the industry request that PBSA KEY changes be done "outside" of the CASS cycle
- **Jim W** will ensure Educational Seminars for major mailers, either making FS-ACS part of User Group #5 or via a publication; and to reach out to the Postal Customer Councils regarding Single Source ACS. Single Source technical guide has been published on RIBBS for 6 months, but a new DMM Advisory will be generated listing the basic details. FS-ACS was not part of this discussion.

ACTION ITEMS (CONT'D)

Move Update Action for Industry:

- **Industry will** take the **next 2 weeks** to ask their associations to find out how many of their clients are separating their mail into two (2) separate mail streams in order to meet MOVE update. USPS needs this data to assist in making decisions regarding legal restraint surrounding this issue.

Session 3: PERIODICALS

(John Stark, MTAC Industry Leader)

Visibility and Service Performance Measurement

USPS posed the question of whether they can leverage what they are getting from their other visibility streams, and discussed a cross-check of IMb scans: CFS vs Automation.

USPS also posed examining if Standard Mail is exceeding its clock time; via a review of the Opp Code.

In January of 2014 USPS will be doing some reassignments of the STIDs; stressing that mailers will need to ensure that their Service Type ID is correct. This will impact ACS Options.

If there is a way to drive the scan percent higher, anything more than 75% will cause problems.

USPS has been focused on the manual processing and how to get that percentage higher, and requested of Industry if there is a message that postal can take back. Robert Raines is working with delivery and will be doing some pallet scans: Piece to bundle. USPS will dig into the data and will try to build some reports working with Dave William's data.

USPS is focusing on problems with the Hot 2C. There is a lot of focus on service and the last mile score directly ties into the Periodical industry. Is the delay in the plant or in the delivery unit?

Last Mile Impact – USPS wants to start nesting bundles and scanning when it arrives in Post Offices. USPS has scores in the 90's now and success in the plants, but needs more data in the delivery units for last mile, arrival at post office scans and at the case.

USPS is hitting 99% on Periodicals on a National level, and currently are at a 92% On-time for Rolling 5-day variance. Having bundle data and scanning the pallets will help to get to 99%.

If mail is SCF entered and overnight anyway, Sunday shouldn't matter anyway. Taking ADC away has been considered. Should it be "noon" on Saturday? Right now it's 8:00am Saturday. Will the critical entry time be different? FSS's are going to be on Sunday. Should USPS have different critical entry times by day of the week? This should be explored further via possibly picking 5 sites around the country: non-FSS sites.

Informed Visibility – USPS is continuing to pursue the business case for it, and has reached agreement to move forward; thinking that the value in having real-time information is significant. USPS can use that intelligence to maximize operations and make business decisions. The plans are to create a dashboard. Periodicals – on the bundle sorter. USPS can go to Priority at 4:00pm in the afternoon in order to know exactly what needs to be run. USPS will get to a point of knowing exactly when to begin the next operation; improving service and efficiency. USPS believes there is a real value here, and also recognizes the latency in bundle and container data. This intelligence will help to drive that efficiency.

Industry stated that the USPS has to be cautious about cost, what is the relevant system that is there, and if they try it and it doesn't work will they abandon? Is there a big enough audience to see and reap the value? USPS stated that they have to build it because it is needed and it will drive the efficiency and it is a need that the market will adopt. It is industry wide regarding how to improve the value of the mail.

Carrier Route and mail volume going on FSS? – USPS wants to make sure that 5-digit and bundles are being captured. It's predominantly 5 digit. The amount of flats that are in theory for an FSS environment are about 50%. The FSS zones handle about 25% of the volume. 75% are not FSS zones.

30 days on automation. Product Information will be working closely with Dave Williams; digging into an analysis of why periodicals are not getting on technology, and setting-up a MeetingPlace together on that to be scheduling this soon.

Action Items

General:

- **Jim Cochrane** committed to review Op Codes
- **Jim C** committed to an analysis – **within 2 weeks** – of why Periodicals isn't getting Start-the-Click scans or automation where possible
- **Jim C** committed to investigating with Dave Williams the possibility having Critical Entry Times by day of the week for Periodicals. Jim also stated that this consideration may be a "Load Leveling" item as well
- **Jim Wilson** will ensure that a CFS vs. Automation cross-check of IMb scans is performed

Session 4: STANDARD MAIL

(Wanda Senne, MTAC Industry Leader)

Informed Visibility

Scores, where is service and visibility? USPS is at a 93.2% in the processing environment, and they is no reason why there shouldn't be on time with that measurement. USPS is doing a better job on letters than flats and has been talking about different service standards for letters vs flats; putting some efforts on the End-to-End.

It is in everyone's best interest to drive costs down. USPS stated that they try to use their data efficiently and consistently, and should look at letters and flat standards if some of it involves load leveling.

USPS does not want to combine Flats and Carrier route bundles.

Looking at some of the statistics with a low percentage, what is End-to-End? That includes mostly off shore and is up to 22 days.

Charlie Howard - Saturation letters on equipment. If USPS is putting them on there, it seems like there should be a way. Steve Dearing will discuss with Engineering.

Variance, the goal is efficient and consistent. *Letters* – USPS is at 98.5 and 99.5. The most important thing is to get tighter, and USPS stated that they aren't missing sale dates anymore. USPS needs to tighten up on early delivery, and with End-to-End they are starting to look at how this is being run. *Flats* – USPS is still running at a 99.2 on DSCF and 98.5 on DNDC, and is using this data to lean the process and become more efficient and effective.

Bundle scans to customers – *Robert Raines* – USPS is structured for an out for delivery scan through our visibility. The customer will get this from *PostalOne* or .XML. Pull the data from the *PostalOne* data.

Someday USPS hopes to have all these operation numbers, has it more clearly defined on the package side. Is there really a need for operation numbers, or should USPS translate them and call them outgoing process? These new events are more tracking events. *Lisa Bowes* – "I think that's the issue with the legacy sort plans. We are working with operations and cleaning those up as we work with the customers and determine where that is occurring.

Last Mile – What is causing these last mile issues? USPS is working to determine why the bundles are not getting placed on bundle sorters, and needs to understand what that 9% is on flats. That is giving USPS a better understanding of the last processing scan to the failure scan, and if they are successful in closing the gaps and showing the impact, they will be able to drive an increase in performance. USPS is working hard to figure out these flows and capture the data on these bundles.

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Industry – “Can a Slim-Jim go on the FSS?” *Postal* – “Yes, we measure on category of mail.”

USPS will be publishing the new STIDs in July, and will be publishing more about this to individual mailers. It will be difficult for a transition period due to system limitations. USPS stated that they are working hard to have the least harmful impact for the mailers.

Update the Quick Service Guide for the ACS information.

Early delivery is probably mostly a flat issue. USPS stated that they still have some sights that are not performing that great.

How is measurement refined? – The unique IMb is important, the local key doesn’t match the eDoc, redirects may be an issue with the local key, no piece scans on flats, no bundle scans (not included in measurement). USPS asked Industry if they see scans matched to eDoc.

USPS is going to work closely to look at pallets and piece scans.

USPS asked “Should we start identifying some test cases where we received scans in one place and not another? It is an issue. We want to work with the industry to determine where there are no start the clock scans. If we start digging into this, talk with Pritha because she started some analysis.”

Informed visibility has tremendous implications for our organization. USPS is using this data to help operations determine what the expected throughput should be for containers which will allow management to increase productivity. Containers sitting in bull pens and are building an inventory for Monday, Tuesday, Wednesday, etc. Today, USPS is looking back at SPLY and adjusting for current trends with historical data, and will be making decisions on when to turn each production line on and see opportunity to improve latency of container/tray/piece level data. USPS wants Industry to be able to use the data in real-time, and is leveraging scans to provide the data back to mailers which lets them know the mail is in the mailbox.

IMb Planning Tool – The data is basically two days old, and USPS needs to get the cycle time down to hours which is the essence of informed visibility. USPS is working on a modification to allow mailers to check off the plants that they want to look at; creating a “My IMb Planning Tool” which is a customized tool based on the mailer’s preferred sites. Finalization is targeted for the middle of this summer 2013. Mailers will log in through the Business Customer Gateway, and would have access to the planning tool.

USPS will try to figure out failure of pieces, stop-the-clock and the mail direction and redirection in labeling lists.

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ACTION ITEMS

Hot Topics

Costing (Slides #31-32):

- Industry expressed disagreement and concern with the possibility of combining the Carrier Route categories of flats together

General:

- **Jim Cochrane** committed to investigating the top three (3) exclusions to SPM visibility. Wanda Senne stated that Pritha already has a resource that could assist with that investigation