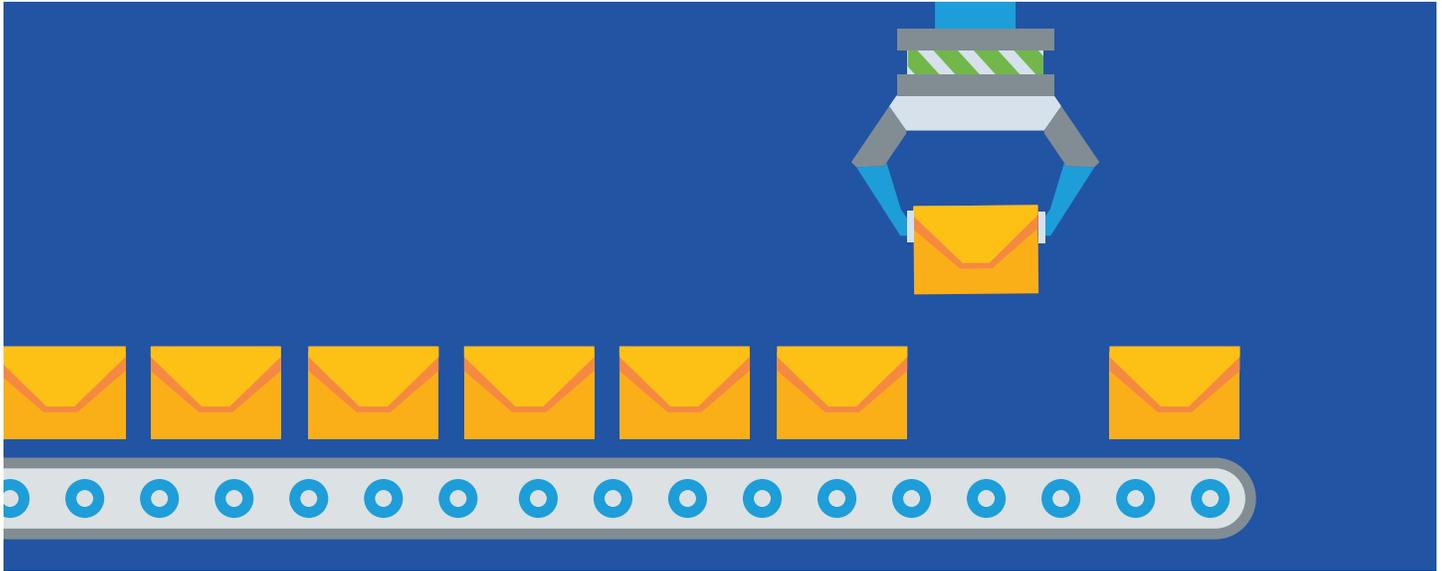


2018-2020 Mail Supply Chain Strategic Plan

Developed by Association for Postal Commerce (PostCom), Idealliance, and National Association of Presort Mailers (NAPM)



Purpose

The purpose of undertaking the development and publication of the *2018-2020 Mail Supply Chain Strategic Plan* was to:

1. Acknowledge significant challenges, changes, and trends impacting the mail supply chain.
2. Provide a vision for a more cohesive and competitive mail supply chain network.
3. Establish goals and objectives to enable solution innovations and implementations in the dynamic and rapidly evolving communications and mail delivery networks.

Overview

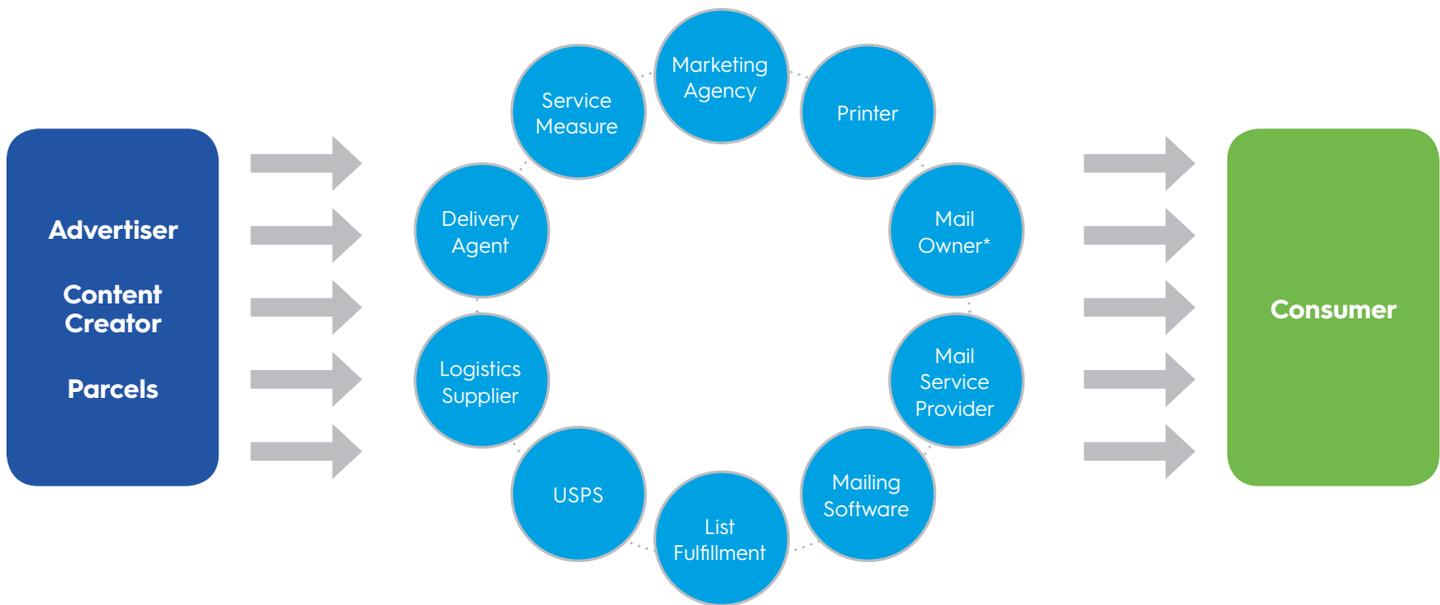
Today, the mailing industry is a vast and complex *supply chain* contributing \$1.4 trillion in annual GDP, 7.5 million jobs, and 149.5 billion in mail volume to the U.S. economy. (Institute of Postal Studies, EMA Foundation for Paper-based Communication and U.S. Postal Service *Fiscal Year 2017 Annual Compliance Report*) The concept of “mail,” though

it existed long before, took shape within the United States in 1792 to “...facilitate the sending and receiving of a letter or packet between the sender and the receiver...” and it remains the same today. As commerce flourished in our nation, facilitation of that “concept” created a mailing industry that is composed of a host of mail services suppliers collectively identified as the “mail supply chain.”

Each link in the mail supply chain—mailpiece owners, marketing firms, data and list management services, mailing service providers, fulfillment companies, logistics and transportation providers, printers, service measurement providers, software developers, hardware providers, and the U.S. Postal Service—shares a common, critical interest in ensuring that mail remains a valued, reliable, and viable mode of communication and commerce.

The Postal Service, which is empowered by the Constitution to provide a “universal delivery service” that binds our nation together, is central to the mail supply chain. Over the years the evolving mail supply chain has worked closely with the Postal Service to develop the mail delivery system, enabling the growth of commerce and serving the needs of our country’s citizens and businesses. As the Postal Ser-

Mail Supply Chain Partners



Chain for mail creation, production, and delivery varies by partners and workflow.

* cataloguer, publisher, direct mailer, non-profit, etc.

vice faced increased pressures toward the end of the 20th century, when mail growth exceeded the Postal Service's capacity to process and deliver it in a timely manner, the concept of work sharing was developed to encourage mailers to prepare mail for more efficient handling by the Postal Service, facilitating speedier delivery and ensuring that work was performed at the lowest possible cost. The Postal Service and this new mail supply chain continued working together to "automate" the processing of mail by developing and implementing technologies (barcoding and scanning, information management systems, sorting, transporting, electronic data exchange, etc.) that enabled high-speed sorting and delivery of mail and creating visibility for mail throughout the chain. These collaborative efforts enabled the Postal Service and the mail supply chain to develop the business processes, technologies, and capabilities that, at the industry's peak in 2007, led to the delivery of over 212 billion pieces of mail.

Once again, the mail supply chain is facing extreme pressures, requiring us to work more closely together than ever before. Since the peak Postal Service mail volume in 2007, more than 59 billion pieces of mail have left the system as a result of changing consumer needs and market demands, new media channels and technologies, and increasing cost dynamics. Consequently, the mail supply chain must change! We believe mail is evolving and requires improved and

expanded capabilities to respond to market changes and satisfy consumer and business demands.

A review of the Postal Service's 2016 publication, *Future Ready: Postal Service® Five-Year Strategic Plan—Fiscal Years 2017 to 2021* (<http://about.usps.com/strategic-planning/five-year-strategic-plan-2017-2021.pdf>), spurred leading mail industry associations (Association of Postal Commerce, Idealliance, and National Association of Presort Mailers—a coalition representing a significant number of industry mail supply chain suppliers and mailers who effectively produce over 100 billion pieces of mail that annually enter the U.S. mailstream) to evaluate the challenges identified by the Postal Service. We recognize that while every business within the mail supply chain has unique challenges—as does the Postal Service—many of those challenges are shared by all.

After an examination of the shared challenges and the readiness of the industry's mail supply chain to address them in the future, our collective industry associations believe it is not only timely and prudent, but absolutely necessary to develop the *2018-2020 Mail Supply Chain Strategic Plan*. The resulting plan was developed to complement the Postal Service's strategic plan, as we all face similar challenges for our collective industry. It has been developed to provide the perspectives and strategic direction of a key group of industry stakeholders that, like the Postal Service, stake their futures on the mail.

Mission

Our mission is to strengthen the end-to-end mail supply chain by improving its efficacy and ability to address the challenge of keeping mail a valued, reliable, and predictively cost-effective mode of communication and commerce.

Vision

Our vision is to provide a more competitive and integrated mail supply chain that:

1. Not only coexists with, but effectively competes against digital channels;
2. Is tightly integrated, aligned, and collaborative;
3. Is highly adaptable and responsive to changing consumer demands and market dynamics; and
4. Enables the “three rights” of supply chain design that decision makers must manage to remain highly competitive: right players, right roles, and right relationships.

The mailing industry faces enormous challenges:

1. Mail volume has significantly declined but the Postal Service’s universal service obligation requires delivery to an ever-expanding network—causing costs to increase, as volumes decline and delivery points grow;
2. Changes in rapidly evolving media channels and delivery networks using innovative technologies to meet consumer demands—affordable, easy, how I want it, and when I want it; and
3. An expanding digital economy impacting consumer behaviors.

Because of these trends and challenges, the mailing industry is undergoing structural change resulting in consolidations, retraining and reducing staffing levels, diluting competitive advantage to seek additional revenue streams, and, in some cases, shuttering companies. We recognize that our varied but interdependent businesses have one thing in common: our prosperity depends on a vibrant postal system that benefits every stakeholder, including the consumer of mail.

The desired outcome for this strategic plan is a framework that emphasizes the interdependencies within the mail supply chain and the recognition that only by collaboration can we achieve the best long-term results for all stakeholders. The Postal Service has shown its commitment to developing solutions to implement innovative capabilities

to remain the premier postal delivery network in the world while fulfilling its mission to bind the nation together. As supply chain solution partners of the Postal Service, we, too, are committed to working with the Postal Service, as we always have, to fulfill that mission.

The *2018-2020 Mail Supply Chain Strategic Plan* is a starting point, intended to establish overarching goals with a few underlying specifics to provide clarity. This plan is a living document and, over time, will be updated to address our evolving industry and marketplace needs. We are committed to pursuing these objectives to ensure the mail industry remains at the very center of communication and commerce in the United States.

Strategic Goals

1. Remain a trusted and valued supplier of communication and commerce.

- a. Provide the transparency necessary to maintain the customer’s confidence that the mail and postal delivery network can meet his or her communication and commerce needs with low risk to the consumer.
- b. Use collaborative market research to anticipate changes in the demand for products and delivery services. Develop an industry supply chain “think tank” that looks at research and continues to think about direction changes, market impacts, disruptive implementations, and strategies.
- c. Enable a “culture” and facilitate provisioning of education and information that promotes awareness about the value of mail, encourages understanding of supplier roles in the supply chain, and facilitates the development of a highly skilled, trusted workforce.
- d. Promote the technology and data-driven innovations of the mail supply chain to overcome the negative stigmas of mail and encourage omnichannel integration.

2. Foster a competitive supply chain that ensures the most efficient and effective utilization of supply chain resources at every stage of creation, production, implementation, and distribution to improve mail’s results, affordability, and customer experience.

- a. Ensure that information and data management systems maintain the data integrity and system reliability necessary to facilitate the customer's business needs. Use data and process improvements to ensure the delivery of all mail products is consistent and on-time, because reliability and consistency are the bedrocks of quality service.
- b. Maintain a cost-centric approach throughout the mail supply chain, as affordability is essential to maintaining and growing market share in commerce and communication. Drive out costs through process improvements, data intelligence and analytics, data exchange with the supply chain, and leveraging cost-effective workshare partnerships.
- c. Employ a "spend-to-value" mail supply chain business model. Currently, the mail channel is the fifth highest cost communication medium. To maintain and grow the value and positive response rate of physical mail, all capital investment decisions should be based upon keeping prices affordable and predictable while delivering significant value to the mail owner, mail recipient, and supply chain partners.
- b. Create a culture of constant assessing, rethinking, and re-engineering initiatives or programs, mailing requirements, or business processes to replace outdated requirements, processes, and procedures by leveraging technology to innovate, simplify, automate, and facilitate mail flowing through the delivery network.
- c. Promote a collaborative approach for "cost management" that continuously re-evaluates unsuccessful products, services, and business practices and develops solutions to eliminate, redesign, or innovate new, more cost-effective, higher-value solutions.
- d. Facilitate an information exchange process where collaborative solution partners can better understand each other's businesses, their respective challenges, impacts of change, and common interests in developing and implementing both technical and business solutions within the supply chain.

3. Increase mail's competitive advantage through technology and innovation.

- a. Facilitate responsive innovation and communication development, necessary to integrate mail into multimedia channels, by protecting open standards throughout the industry.
- b. Enable a platform, across the supply chain, for innovations necessary to facilitate experimentation and accelerate testing of new approaches to better serve mail users' changing needs and integration of mail into individuals' digital lives.
- c. Establish cross-organizational engagement processes to enable a more tightly integrated mail supply chain platform that eliminates duplication and siloed decision-making, and increases shared knowledge and responsiveness to market shifts and customer demands.

4. Establish a responsive, integrated, and sustainable supply chain for the future.

- a. Establish the foundation that enables the supply chain to become a leader in providing multimedia channel solutions that produce the value that customers expect in the digital economy.

Closing Thoughts

The mailing industry is at a crossroads. Given growing cost pressures, increasing competition, and changing consumer habits, "business as usual" is not the path forward for a sustainable mail industry. We believe that the first and most important step toward long-term viability is to reorient our perspective to focus on the mail supply chain—as a whole. We must focus on strategies that encourage collaboration across the entire supply chain, including the Postal Service delivery system. This tenet of greater collaboration across the industry and its mail supply chain is central to the four strategic goals outlined in this document.

It is our hope that this strategic plan will spur tactical decisions about new and better ways to work, create innovative products and services, and develop process improvements to ensure the mailing industry continues to be a valued and essential source of commerce and communication. While the use of mail will change, the value of mail and a postal delivery network will always remain critical to binding our nation together and facilitating the economic growth of our country. In order to ensure this critical resource will be around for generations to come we—the entire mail supply chain and Postal Service—must work ever more closely together to deliver the best possible service at the most affordable cost.

2018-2020 Mail Supply Chain Strategic Plan released on January 22, 2018.

To obtain additional copies, go to www.idealiance.org/mail-supply-strategic-plan. For more information, contact Idealliance at (703) 837-1070 or www.idealiance.org; NAPM at (800) 500-6276 or www.presortmailer.org; or PostCom at (703) 524-0096 or www.postcom.org.