



Pitney Bowes Meter Assessment

Support for your postage meter may soon be discontinued
Think of it as an opportunity.

Dear Valued Client:

In a recent survey, we asked you to respond to 10 statements to help YOU judge if you are prepared for the future. Below are the results of your assessment.

At Pitney Bowes, we study the U.S. Postal Regulations so you don't have to! Our products are developed so that you can get the mail out the door every day without worrying about over-spending, selecting the right service or having any of your mail returned. We want you to be confident about the future, and we'll do whatever we can to help you.

Statement

1. We mail fewer letters than we used to.

- a. **YES** – It is very common for mailers to send fewer letters than in years past. Electronic substitution is very common for correspondence and important documents. However, we want you to check two additional areas. First, we find that your package volume may be growing more significantly than you imagine. This includes sharp increases in private carrier expenses (i.e. FedEx, UPS Ground). For every \$100 of letter mail sent, we are finding package costs growing by 10 – 30%. Second, we find that mailers like you have shifted more work outside your department—perhaps to a third party mailer. So while your First-Class Mail® volume may appear to be declining, your PERMIT and outsourced mailing costs may have actually grown. So the next time you assess your mailing expenses, include all areas including costs through your postage meter, small package costs and cost shifts to third parties who process your communications.
- b. **NO / NOT SURE** – You are not alone. Many mailers have lost track of their postage costs because mail doesn't just go through their postage machine anymore. At Pitney Bowes, we find that your package volume may be growing more significantly than you imagine. This includes sharp increases in private carrier expenses (i.e. FedEx, UPS Ground). For every \$100 of letter mail sent, we are finding package costs growing by 10 – 30%. Second, we find that mailers like you have shifted more work outside your department—perhaps to a third party mailer. So while your First-Class Mail® volume appears to be declining, PERMIT and outsourced mailing costs may have actually grown. So the next time you assess your mailing expenses, allow for all areas, including costs through your postage meter, small package costs and cost shifts to third parties who process your communications.

2. We use pre-printed envelopes that may include our logo, return address or different promotions.

a. **YES** – Of course, YES is the most common answer we received to this question. However, we want you to be aware of changes that may affect your procedures in the future. In 2010, the U.S. Postal Service approved the first mailing system to print color on an envelope. This means that you no longer have to be dependent on a third party print-shop to print small runs of your envelopes—with varying return addresses or promotional messages. What we have found is that many organizations like yours actually want to print small runs of mail with different return addresses (to show a specific department), or to print a promotional message on the outer envelope that helps get your mail read and acted on quicker. New printing technology allows full-color printing that is color-matched to your logo or brand standards.

b. **NO / NOT SURE** – The quickest action you can take is to look at where you keep your envelope inventory. You may find a lot of different types of envelopes all printed with different logos or return addresses. If you find some of this stock to be unusable, you are not alone. Envelopes must be stored in a climate-controlled environment to minimize the effects of humidity. In addition, at times people buy too many envelopes—when they only needed 10 boxes but bought 50 boxes because of a discount. At Pitney Bowes, we want you to be aware that in 2010, the U.S. Postal Service approved the first mailing system to print the return address and promotional messages on an envelope at the same time you print postage. And this can be printed in full color, matching your organization's logos and brand standards. Now, you can eliminate waste by printing the envelopes you need when you need them. And you can do it all for less than two cents per piece to print.

3. We add color and personalized messages to our envelopes in order to boost response.

a. **YES** – The industry calls this “trans-promotional” mail, where the outside of the envelope includes an attention-grabbing message. The key to making transpromo work is to keep your message fresh with every mailing. However, one of the pitfalls we have seen is that it is cost prohibitive to do this for mail runs of less than 5,000 pieces. Purchasing 10 boxes of envelopes with a pre-printed promotional message may not be very cost effective—where a print shop may charge as much as 15 – 25 cents per envelope for that small run. So, congratulations on discovering the value of adding promotions to your outbound mail. For smaller mail runs, you should be aware that the U.S. Postal Service approved mailing system that can do this printing—at the same time as you print postage. And the cost savings can be significant.

b. **NO / NOT SURE** - Times have changed and it's time to think about using your envelopes as marketing real estate. In our business, we call this “trans-promotional” mail. The key to making transpromo work is to keep your message fresh with every mailing. However, one of the pitfalls we have seen is that it is cost prohibitive to do this for mail runs of less than 5,000 pieces. Mailers may have found that the cost per envelope and time required are just not worth it. Many print shops charge as much as 15 – 25 cents per envelope for small runs under 5,000 pieces. What you may not be aware of is that new technology is now available to print short runs of mail in full color—where you can select the images and messages you want to print at the moment of printing. The U.S. Postal Service approved of this technology in 2010—resulting in a significant cost saving to organizations like yours for lowering the overall cost of envelope printing.

4. We occasionally send out larger mailings through a local printer or third-party service provider.

c. **YES** – In our survey, a majority of our clients also said YES to this statement. It isn't a surprise. Organizations like yours tell us that they want to focus on the core goals of the organization versus spending valuable time and cash to support their ever-changing operational needs. But with that comes a risk—a risk that the local printer or third-party provider is giving you a fair price and the service levels you expect. If your process has become “routine,” it's time to reassess your policy for outsourcing. For example, new technologies have made it easier to print envelopes on demand versus outside printing. A third-party service may actually be using simple technology that you could incorporate into your own organization and save significantly on the overall expense. Remember, they are making money on you, hoping that you keep up the routines of sending business their way. But a regular assessment of the technology and costs involved will prove whether this is a wise move or not.

d. **NO / NOT SURE** - Where some organizations have been able to maintain their operations with up-to-date printing and mailing technology, others could not, and so they rely on third parties for routine or extraordinary jobs. If you ever consider using an outside print-shop or third party provider, remember that it comes with risk. You could lose control and pay a premium for the service. So we believe you should evaluate this decision carefully. For example, a third-party service may actually be using simple technology that you could incorporate into your own organization, and avoid significantly premiums they charge. A regular assessment of the technology and costs involved will prove whether this is a wise move or not.

5. We send out more parcels, packages or overnights than we used to.

a. **YES** – We are in an e-commerce world. But you may find that your spending on packages and parcels may be growing while your letter-mail costs are declining. There are just certain things you can't put in an email. And, while your package volume is increasing, your package costs may be increasing proportionally more. It is very common for an organization to lose control over how packages are sent—the carrier selection, the speed of delivery, the tracking requirements, and even the packaging choices. All of these decisions add to the cost, and your employees may not be prepared or knowledgeable enough to make the best decision. We encourage you to face this challenge head-on and take control. The cost savings can be significant, and you may not lose any of the services you need for package tracking or security.

b. **NO / NOT SURE** – Our survey found that many organizations like yours have lost track of their postage and shipping costs. Why? Because everyone now has access to shipping – whether it is in your mailroom, the loading dock, or on a carrier's website. The scary thing is that even if your package volume is not growing, your costs may be going sky high. It is very common for an organization to lose control over how packages are sent— the carrier selection, the speed of delivery, the tracking requirements, and even the packaging choices. All of these decisions add to the cost, and your employees may not be prepared or knowledgeable enough to make the best decision. We encourage you to face this challenge head-on and take control. The cost savings can be significant, and you may not lose any of the services you need for package tracking or security.

6. We qualify for Commercial Base Pricing discounts from the USPS.

a. **YES** – In 2014 all postage meter users qualify for Commercial Base Pricing (CBP) discounts on their packages sent through the US Postal Service. But that discount may only be temporary. The savings you get today may soon disappear depending on how you process your packages. At Pitney Bowes, we want you to be prepared for the potential changes to CBP qualifications. By early 2015, if the regulations change according to the USPS plan, you may be facing a significant increase in postage expense.

b. **NO / NOT SURE** – If you use a postage meter, the answer to this question will never be “no.” But many survey respondents answered “Not Sure” to this question because the U.S. Postal Service rules are very confusing. So, just to remind you, all postage meter users qualify in 2014 for Commercial Base Pricing (CBP) discounts on their USPS packages. But CBP discounts may only be temporary. By early 2015, if the regulations change according to the current USPS plan, you may face a significant increase in postage expense. At Pitney Bowes, we want you to be prepared for the potential changes to CBP qualifications. We can even do this so that you don't pay extra for a compliant solution. So, please consider how Pitney Bowes can coach you on these complex rules and offer you a way to keep your package discounts.

7. We use free Flat Rate boxes provided by the U.S. Postal Service.

a. **YES** – This is fantastic on several levels! First, you are getting free boxes that are clearly labeled for the U.S. Postal Service. Second, the packaging you select is a critical part of the cost you pay. Many people on your staff may not realize that weight and distance are not the only factors that determine your postage costs. People sometimes just pick up the most convenient packaging they can find, and give that to the mailroom to process. If you haven't done so already, you may want to set up some procedures for making sure EVERYONE is trained on selecting the right packaging. A flat rate box through the USPS may be significantly lower in cost than when someone uses a FedEx or UPS box just because it was available.

b. **NO / NOT SURE** – Our survey indicates that most mailers are aware that the U.S. Postal Service provides free supplies and offers flat-rate fees. Unfortunately, not everyone is taking advantage of these. The cost savings of using a U.S. Postal Service flat rate box over other carriers' packaging can help you lower your overall costs significantly. If you haven't done so already, you may want to set up some procedures for making sure EVERYONE is trained on selecting the right packaging. Many people on your staff may not realize that weight and distance are not the only factors to determine the cost of shipping. People sometimes just pick up the most convenient packaging they can find, and give that to the mailroom to process. This is where a little education can go a long way.

8. We're ready for all the new Intelligent Mail® package barcode rules.

a. **YES** – You are ahead of the game. The new IMpb rules are complicated. Being prepared means you can continue to qualify for Commercial Based Pricing (CBP) discounts for Priority Mail® and other package services through the USPS. We encourage you to keep in touch with us and the industry as these rules evolve and become more definitive by January 2015.

b. **NO / NOT SURE** – It's time for you to review this topic. The cost implications may be significant if you send between 5 – 10 packages each day through the U.S. Postal Service. By being prepared, you can continue to qualify for Commercial Based Pricing (CBP) discounts for Priority Mail® and other package services through the USPS. We encourage you to keep in touch with us and the industry as these rules evolve and become more definitive by January 2015.

9. We use Electronic Return Receipt to track Certified Mail™ and keep a record of signatures.

a. **YES** – Congratulations! As a user of electronic return receipt, we suspect you have saved a significant amount of money with your Certified Mail™. For many decades, mailers had to pay a high price to receive the Green Card receipt. But now with the electronic version, you can digitally store a PDF delivery record with the recipient's signature. Many legal authorities now accept these electronic receipts as legal proof of delivery. And don't forget—with any Certified Mailing—the USPS still keeps the hard copy receipt on file. So if you are like most, and you rarely need the actual signature (e.g., for a court case), then electronic return receipts are a great way to go.

b. **NO / NOT SURE** – Many mailers are still not aware that you can get a digital receipt instead of a hard copy, and save money with each Certified Mail™ piece you send. The electronic return receipt is delivered to you in a PDF file. Many legal authorities now accept these electronic receipts as legal proof of delivery. Plus, you can always get the hard copy version if a court requires it. (The USPS keeps the hard copy on file for a couple of years.)

10. We can track all the parcels send out from drop off to final delivery.

a. **YES** – Tracking packages has become standard in the package shipping industry. You probably know that, for years, the USPS was challenged to compete with carriers like FedEx and UPS. But the good news is that the USPS has invested significantly in their tracking services. In fact, the USPS now requires all packages to have a Delivery Tracking label applied so that they can deliver these benefits to you. So, if you are a heavy user of FedEx, UPS or ANY non-Postal carrier, you may want to evaluate how the U.S. Postal Service can better serve your needs at a lower cost. One package a day could provide you with significant savings. Ask your staff to consider the benefits of tracking and the potentially lower costs of the USPS for the next package they send. You may be pleasantly surprised.

b. **NO / NOT SURE** - Tracking packages has become standard in the package shipping industry. You probably know that, for years, the USPS was challenged to compete in this arena with carriers like FedEx and UPS. But the good news is that the USPS has invested significantly in their tracking services. In fact, the USPS now requires all packages to have a Delivery Tracking label applied so that they can deliver these benefits to you. So, if you are an occasional user of FedEx, UPS or ANY non-Postal carrier, you may want to evaluate what the U.S. Postal Service has done to earn your business. It doesn't have to be for all your packages. But for each "next" decision someone on your staff makes, they should consider the benefits of tracking and the potentially lower costs of the USPS.

Pitney Bowes can help you engage with your customers while saving you money.

Learn more at 877-208-4379