



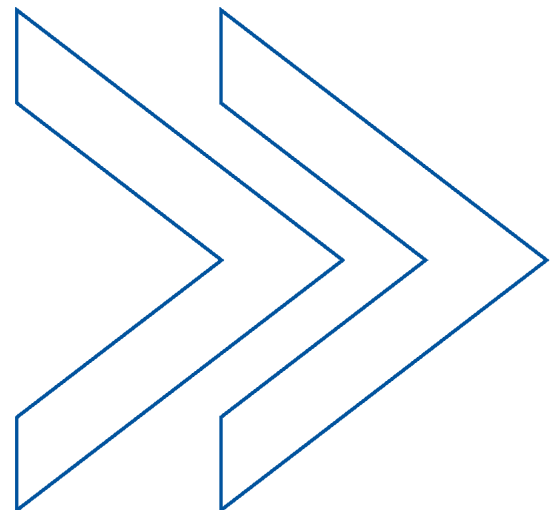
Optimizing the Intelligent Mail® Barcode

Turn a postal mandate into a business-enhancing resource.

NOTICE: In the Federal Register dated January 7, 2008, the USPS® issued an Advance Notice of Proposed Rulemaking that outlines requirements for the Intelligent Mail® barcode, which are scheduled to take effect in January 2009.

This White Paper is based on this published proposal, which is not final. As such, details are subject to change. For the most up-to-date information, visit www.pbpostalinfo.com.

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OPTIMIZING INTELLIGENT MAIL®

Across the country, mailers who take advantage of automation discounts are planning for the latest USPS® mandate, the Intelligent Mail® barcode. Compliance with the proposed January 2009 implementation date will require changes to many business-critical communications such as invoices, marketing campaigns, statements and check remittance.

At first glance, the new requirements may appear to be only an operational issue. After all, replacing the current POSTNET™ barcode with the new Intelligent Mail® barcode will help you save on postage.

Early adopters, however, have discovered great value in this new-found intelligence—value that can positively impact departments throughout your company, including marketing, sales, customer care, collections, finance, risk management and compliance.

In the short term, there are two ways to comply with this mandate: “Full Service” Intelligent Mail® and “Basic” Intelligent Mail®. While the Basic option may be easier to implement, the Full Service option supports many added benefits. Plus, the Postal Service™ seems to be promoting Full Service as the long-term solution that will provide the deepest postal discounts. How you deal with the new postal requirements today may have an impact for years to come, because few companies will want to commit the resources needed to implement one barcode option now and then additional resources to re-work the solution soon after.

In this white paper, the third in a series of helpful resources, we explore some of the advantages a company can achieve by implementing Full Service Intelligent Mail®.

The benefits, which provide value to many functional groups within your organization, are categorized here in four primary areas:

- Maximum postal savings
- Visibility into the mailstream
- Increased customer knowledge
- More efficient print and mail operations

For a more detailed assessment, you can also contact Pitney Bowes for a customized analysis and find out how you can make the most of this transition. When you get smart about Intelligent Mail®, you put yourself and your company in position to achieve more with your mailstream.

MAXIMUM POSTAL SAVINGS

As of January 2009, automation prices will no longer be available for the use of the POSTNET™ barcode. The Intelligent Mail® barcode will be required on all letters and flats looking to earn the maximum postal discounts.

The difference between 5-digit automation pricing and non-automation pricing is significant:

First-Class Mail®

- 1 ounce letter: an additional 6.1 cents per piece
- 2 ounce letter: an additional 10.6 cents per piece
- 3 ounce letter: an additional 15.1 cents per piece

Standard Mail®

Letters weighing 3.3 ounces or less: an additional 2.8 cents per piece

Note that it has not yet been determined whether there will be financial incentives for selecting Full Service vs. the Basic option.



VISIBILITY INTO THE MAILSTREAM

When a mail piece leaves your hands, you have an expectation that it will be delivered to the right address, to the right person and at the right time. The difference between expecting and knowing, however, can be significant—and costly.

By allowing you to track each mail piece individually, the Intelligent Mail® barcode provides you with an opportunity to add a level of certainty. You can receive the precise status of mail routing, which provides six key benefits.

THIS SIX BENEFITS OF MAILSTREAM VISIBILITY

1. LOW-COST PROOF OF MAILING

Some mail is more important than other. Failure to properly deliver checks, credit cards, travel vouchers, cancellation notices, policy updates or other legal notifications could have significant repercussions—but rarely is it worth the extra \$2.65 cost per piece to merit Certified Mail™ service.

Via the USPS® Confirm® service, the Intelligent Mail® barcode allows you to access Destination Confirm service for mere pennies, giving you advance notice about when your high-value mail pieces will reach their destinations.

- Save over other forms of confirmation
- Detect possible fraud when high-value mail is rerouted, misrouted or undelivered
- Avoid unnecessary re-mails and reissues for mail that is still in transit

2. PAYMENT TRACKING

Intelligent Mail® barcodes can also be applied to incoming mail when you barcode response forms and remittance coupons. Origin Confirm service lets you anticipate when an individual customer's check (or response) is on the way back to you; and this information can provide practical insights across your organization.

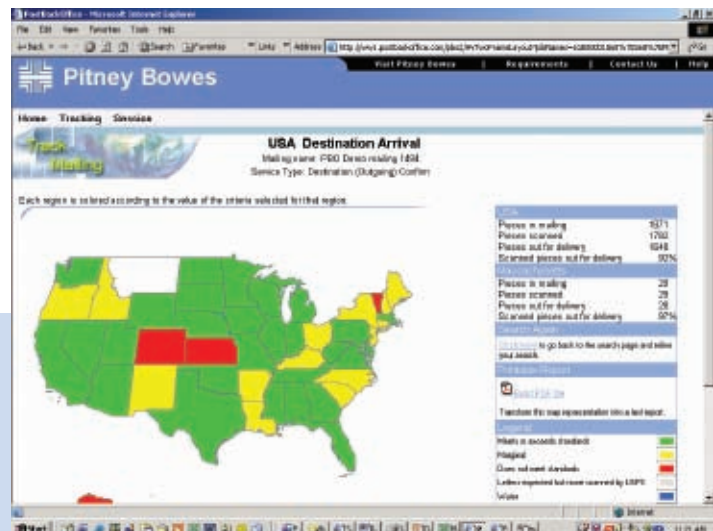
- **Revenue management.** Your finance departments will be able to predict and monitor payments more effectively, which improves cash flow management.

- **Unnecessary cancellations.** When payment is in route, you can avoid the cost of closing and then immediately reopening accounts.
- **Smarter collections efforts.** With precise knowledge of when customer remittance enters the mailstream, you can eliminate unnecessary collection calls and dunning notices.
- **Eliminate excuses.** Verify claims that the "check is in the mail." With the ability to provide more accurate answers, your team can address concerns and build customer confidence.

3. MORE EFFICIENT CUSTOMER CARE

With the right interface, you can provide mailstream visibility to your customer care representatives, giving them the time-sensitive intelligence needed to provide more responsive customer service.

- **Reduced talk time.** Agents will be able to provide delivery status on statements, offers, payments and responses, allowing them to instantly resolve inquiries with greater accuracy.
- **Fewer calls.** You can also incorporate accurate delivery status into automated response systems and self-service websites, giving customers even greater convenience—especially important for any firm that issues checks, cards, coupons or fulfillment kits.
- **Accurate fee waivers.** Piece-level tracking can also help you realize revenue because you will know exactly when remittance payments were mailed, making it easier for you to make informed fee-waiver decisions.



4. MORE EFFECTIVE MARKETING

With so many cost-saving advantages, it may surprise you to learn that mail piece tracking is often used by those charged with increasing revenue: the marketing staff. Direct marketers in particular are looking for any edge that can help them increase ROI, and the new Intelligent Mail® barcode helps provide key insights.

- In-home window.** By monitoring campaign delivery, marketers can determine which day of the week generates the most response and how long it takes to deliver mail to different parts of the country. With the right tools, marketers can then plan and forecast optimum in-home dates and increase overall response rates.
- Call center staffing.** Likewise, being able to forecast delivery of individual mail pieces makes it easier to forecast the number and timing of incoming phone calls. This helps marketers ensure phone centers are staffed accordingly while minimizing waste.

5. STRONGER PERFORMANCE MANAGEMENT

While knowing that a mail piece was delivered is important, there's also value in simply knowing it's out the door—especially when you rely on third-party vendors. For example, through Intelligent Mail® you can verify whether the “one day turnaround” or SLA promised by your presort house has been achieved on a piece-by-piece basis. Likewise, you can monitor the overall performance of the USPS and verify whether any trays of mail were somehow misrouted or otherwise delayed.

6. IMPROVED TRACKING INTERNALLY

In addition to improved visibility once a mail piece leaves your company, the Intelligent Mail® barcode also helps improve the integrity of your own production environment. With unique identifiers in place, you can verify the status of individual mail pieces and document performance against internal SLAs.

Perhaps the biggest advantage of mailstream visibility, however, is improved customer relations. Timely responses, accurate knowledge and improved service delivery can help you increase retention and boost overall satisfaction with your firm. Whether you plan on leveraging this mail piece tracking now or in the long-term, incorporating the Full Service Intelligent Mail® requirements into your operations will give you the flexibility to respond to business unit demands.



INCREASED CUSTOMER KNOWLEDGE

The USPS has made it a clear goal to reduce Undeliverable-As-Addressed (UAA) mail by 50% between now and 2010, so it's not surprising that the new Intelligent Mail® barcode will make it easier for you to make address corrections as needed. In fact, for First-Class Mail®, electronic address change service (OneCode ACS™) is free for the first two notices of any name and address.

After receiving the corrected electronic data from the ACS™ program, you can update your source data or start whatever process you have in place for investigation, notification, consent and updating addresses—improving your overall data quality and customer knowledge.

Given the unnecessary costs, lost opportunities and the damage to customer relationships generated by poor address quality, this represents one of the most significant avenues to improve mailstream operations. Via OneCode ACS™, the Full Service Intelligent Mail® option gives you another tool to ensure more of your mail reaches its intended recipients in a timely fashion. (Not surprisingly, using the ACS™ service allows you to satisfy the USPS® Move Update requirements, including its expansion to Standard Mail® on November 23, 2008).

SOME ESTIMATE THE HARD COSTS OF RETURNED MAIL TO BE \$3.00 PER MAIL PIECE OR MORE

- print and mail costs of initial mailer
- postage on initial mailing
- lost sales opportunities
- increased call volume
- unnecessary collection calls
- handling of returned mail
- one-off address corrections
- mail regenerations
- postage on remails
- communication delays
- customer dissatisfaction
- delayed revenue receipt

While valuable, mailers should note that OneCode ACS™ is only one part of a best-in-class address quality process. For example, the combination of pre-mail change-of-address programs (such as NCOA^{Link}®) with a post-mailing program (such as the Address Change Service) can help mailers achieve significant benefits over either individual approach.

MORE EFFICIENT PRINT AND MAIL OPERATIONS

The Full Service Intelligent Mail® option requires you to have a unique identifier on each mail piece. While the Postal Service will use this barcode after your mail has been inducted into the mailstream, you can also take advantage of this scannable piece ID during your document process, and this will enable you to benefit from a broad range of document management practices.

- **Job reconciliation.** Eliminate the manual processes associated with job count discrepancies—you can track each individual mail piece through every step.
- **File-based processing.** Increase integrity and enable new initiatives such as targeted messaging and selective inserting.
- **Automated processes.** Simplify document delivery with new capabilities such as closed-loop reprinting and multi-channel document delivery.
- **Enhanced reporting.** Streamline workflow with job ticketing capabilities that enable full control, reporting and centralized job accounting.
- **Increased efficiency.** With workflow studies, you can identify trouble spots and find ways to improve productivity, reduce cost and increase worker safety.
- **Improved tracking.** As mentioned previously, with the unique identifiers you can verify the status of individual mail pieces and document performance against internal SLAs.



PREPARE YOURSELF FOR THE FUTURE OF MAIL

As the first full-scale barcode change since the introduction of POSTNET™ in 1980, many companies may find themselves in uncharted territory. But savvy mailers will quickly realize that Intelligent Mail® is much more than a barcode change—it's about changing the value of mail.

There are many advantages to the proposed Intelligent Mail® barcode, but how you manage the near-term implementation of this mandate could have long-term implications for your business. Decisions you make today could impact marketing, finance, customer care and your overall customer experience for years to come.

Individuals responsible for mail production, therefore, should be thinking about tomorrow. Even if you have no immediate interest in using the Intelligent Mail® barcode to

improve address quality, track mail or manage performance—choosing to implement the Full Service Intelligent Mail® barcode now with these capabilities in mind will make it easy for you to support these (and other) programs in the future with little effort. Fact is, it may not cost much more to do it right the first time.

We want you to make smart decisions – decisions that simplify processes, ensure compliance, reduce postage and most of all, add value to your business. When you contact Pitney Bowes, you can expect first-rate postal knowledge, unrivaled expertise and innovative ideas... the same mailstream leadership that's behind the nation's leading CASS Certified™ software, the most advanced document output technologies, the most intelligent inserting and sorting systems and the largest presort service bureau in the world.

For more information, speak with your Pitney Bowes representative or call us today at 877-536-2736.

