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Every connection is a new opportunity™

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Many savvy mail-management executives are realizing that the solutions they have been using for years to automate mail sorting to capture presort savings, while good, often leave real room for improvement—especially when it comes to maximizing profits.

Mail continues to hold an important place in customer communications; trends indicate it will continue to do so for a considerable time to come; and, in these challenging economic times, mailers are finding new ways to lower postage costs and improve the return on their mailing investments by taking a fresh look at the latest alternatives available to them today.

This white paper delves into how recent trends in the mailing industry are reshaping how organizations think about mail; and, it recounts the types of upgrades and innovations that are helping to reduce costs, increase efficiencies and profit from them. It also examines alternative approaches—both in-house and external presort services—for sorting and preparing mail to maximize savings and profitability.

**Trends in mail: meeting new multichannel expectations**

**An ongoing concern:** A decade or so ago, many experts were touting the disappearance of traditional mail, predicting that forms of electronic communication would take mail’s place practically overnight. Instead, the electronic revolution has turned out to be more of an evolution—and, despite many organizations’ attempts to push customer communications into less expensive electronic channels, consumers still like their physical mail.

More challenging for businesses and the U.S. Postal Service (USPS) alike, the majority of consumers continue their attachment to mail in many different ways. Some like to get all communications via the post. Others like hard copies of bills but take advantage of e-mail and texts for other information. And still others continue to configure and reconfigure their mail/electronic mix.

**A demand for insight:** What consumers have come to embrace and expect, however, is flexibility—and unprecedented levels of speed and interconnectivity among the different communication channels they suddenly have available to them. Businesses that structured themselves around different channels often struggle to ensure that they have a “360° view” of their customers, one that enables them to have a near-, or better yet, real-time view of all customer communications across all channels and across their organizations.

**Increasing cost pressures:** The economic recession, huge hopes and expectations for electronic communications, and the advent of aggressive “do not mail” and green campaigns all contributed to a significant dip in mail volume. In the U.S., the USPS therefore introduced a number of postal rate changes designed to better correlate cost with processing expense. It created the Intelligent Mail® barcode (IM™ BC) to provide new efficiencies and tracking features. And it tightened its belt in other ways, including more stringent enforcement of its rules and regulations. Overseas, a trend toward mail privatization also began to alter the landscape for international mailers.

The tough economic conditions, and the changes in mail volume and focus, have been putting pressure on organizations, challenging them to look for ways to decrease operational and postage costs.

**Trends in mail sortation**

Most mailers report that they had taken somewhat of a “set it and forget it” approach to mail sortation, especially when it came to gaining presort advantages.

They were neither careless nor cavalier—in “setting it,” their analyses were rigorous. They took into account factors ranging from mail volume and ZIP Code™ density, to mailing patterns, to labor and space requirements, to speed of delivery, to concerns over privacy and control. They considered in-house and external options. They weighed the benefits of hardware and software sortation solutions. They considered high-speed sorters, manifesting options and presort services suppliers.

Their decisions were carefully considered. Once they established a process, however, focus turned elsewhere, and the new solutions became standard operating procedure.

**Industry changes create new opportunities for mailers**

Many mailers now are finding it is time to rethink their carefully considered choices. Changes in technology, in mail volumes, in mail patterns, in USPS® processes, and economic conditions all are causing them to take a good hard look at where additional savings and efficiencies can be found. At the same time, they are finding ways to improve customer service, even as they reduce costs.

**Key areas of opportunity include:**

- **Technology upgrades**—spending money to save money, in-house mailers are finding ways to save by capitalizing on improvements in sorting equipment such as throughput, Optical Character Recognition’s (OCR’s) read rates, cameras and printers. New technology and solutions are also providing faster throughput and a cost-efficient way to sort a variety of mail.

- **Presort services**—these services enable organizations to offload operational overhead. They can help consolidate mail to enable organizations to capture more of the top postage
presort discounts by aggregating mail from multiple sources and then sorting it by ZIP Code™ before it enters the USPS® network. These services not only make it less expensive to send mail, but can speed delivery depending on the destination.

• **Hybrid solutions** – augmenting in-house mail preparation processes with external mail presort services is a tried and true approach, and it packs a huge opportunity to save. By augmenting in-house presort preparation with an external presort provider’s solutions when mail volumes and/or zip densities don’t support optimal savings, mailers can maintain consistency and control in their fundamental approach, while using a presorter’s mail consolidation options to capture maximum discounts on more of their mail.

**Here is a closer look at each of these options:**

**New technology introduces exceptional efficiency**

There is a whole new spectrum of technology choices for mailers to consider when sorting mail in-house. Today’s top sorters are faster than ever. They process as many as 45,000 pieces per hour. Exceptional operational throughput enables companies that sort in-house to do so with fewer machines and less labor. This, in turn, reduces real-estate requirements—fewer machines require less space onsite. Higher throughput also means that more mail can be sorted and out in the same day, which means faster responses, with a particularly valuable cash-flow result for transactional mail. New sorter technology is better equipped to meet more stringent USPS regulations. For mailers with lower volumes, new lower speed sorters are now available with a smaller footprint. Flats sorters are also helping mailers take advantage of additional savings.

Mail integrity can be enhanced on today’s sorting equipment as well. New software connects sorters and inserters to streamline mailpiece creation and improve quality controls. Adding a scale into the sorting process automatically catches and redirects pieces that are over- or under-weight. These technologies all help to ensure that any exceptions are flagged closer to production and can be corrected quickly—saving time, labor, and expense. Mail sorted in-house can also be tied into a reprint process for any mail that needs to be rerun.

**Presort services: a collaborative approach worth a second look**

Many organizations work with an external mail presort services provider. Doing so offers the advantage that mail can be commingled across businesses to achieve critical mass for more five-digit discounts. This is particularly attractive for mailers whose mail volumes aren’t sufficient on their own or whose ZIP Code™ concentrations are low.

Tough economic times mean that organizations are looking to reduce expenditures on plant, equipment and labor. Presort services offer all the discounts without the on-site expense. And presort providers—because they specialize exclusively in mail services—have outstanding perspective on working through changes in postal regulations and rules, regulation enforcements, mailing and shipping trends, and the latest innovations in technology and mailing solutions.

Presort services providers can also help organizations assess their total mailstream volumes. The proliferation of new customer communications channels has caused shifts in mail volumes. As a result, for some mailers, the in-house sortation solutions selected some years ago are no longer the best fit. When, for example, mailings are fewer or further between, in-house savings may be negated by the amount of time that labor and equipment sits idle.

Further, while speed was once a concern for businesses that were considering working with an external mail presort services provider, today’s presorters are turning mail processing around faster than ever. The top presort services providers now typically do two layers of sorting. Providers will pick-up outgoing mail and process it with specialized equipment that reads the mailing address, validates address accuracy, applies the barcode, then sorts and trays mail according to USPS® specifications. Then an organization’s mail is commingled with mail from other mailers, which provides all mailers, regardless of size, with a greater depth of sort. This double-sort process actually expedites delivery by moving mail closer to its end destination while maximizing the amount of mail that benefits from five-digit discounts.
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