Getting Smart About Intelligent Mail®

Prepare yourself for one of the most significant postal changes in years.

NOTICE: In the Federal Register Ruling dated August 19, 2008, the USPS posted final rules on the implementation of new standards for the Intelligent Mail® barcode.

This White Paper is based on information published to date. As such, details are subject to change. For the most up-to-date information, visit www.pbpostalinfo.com.

9/23/08
“To capitalize on the value of information about mail, the Postal Service and its customers will place an information-rich code on all mail, aggregates of mail, and business forms, enabling end-to-end visibility into the mail stream.”

Intelligent Mail Corporate Plan
Published by the United States Postal Service
April, 2005

GETTING SMART ABOUT INTELLIGENT MAIL®

It’s been referred to as OneCode, Intelligent Mail barcode and the 4-State Barcode, but for most mailers, the Intelligent Mail barcode has been a non-event… a sidebar story on postal innovation that has flown under the radar for several years.

But that is about to change in a major way.

The Intelligent Mail initiative, which was announced in 2003, became available in 2006, and was expanded upon and enhanced in 2007, will be required in order to earn the maximum USPS automation discounts starting in the fall of 2009 according to the latest USPS proposal.

As the first barcode change since the Postal Service invented POSTNET back in 1980, some companies may find themselves in uncharted territory. Not only could there be budget implications in 2008 and beyond, the impact may be felt well outside the walls of your mail production environment, affecting legacy systems, critical communications, business unit applications, document creation, paper stocks, database management, marketing, call centers and IT resources.

There are many advantages to the proposed Intelligent Mail barcode, but how you manage the near-term implementation could have long-term implications for your business—especially as the Intelligent Mail barcode is to become a mandate for all automation rates by May 2011. While it may seem complex, there are ways to simplify the process, minimize your costs and maximize the value you receive; and Pitney Bowes will guide you along the way.

As the first in a series of insightful articles and practical resources that will help you generate better results for your company, this white paper provides an introduction to the:

- Expected requirements for the change
- Factors that make this barcode so different
- Key considerations to focus on now
- Benefits one can expect to receive
- Pitfalls to avoid

While the Intelligent Mail® barcode will become the USPS preference (and eventual mandate) for automation mail, you do have several choices to make: whether you strive for the minimum requirements or the maximum value; where in the process you will generate data and the barcode imprint; and, perhaps most importantly, how you will you leverage this new-found intelligence for your business. When you get smart about Intelligent Mail®, you put yourself and your company in position to achieve more with your mailstream.
INTELLIGENT MAIL® AT A GLANCE

While certain specifics have not yet been finalized, the Federal Register Notice addresses the following key points:

1. The USPS has proposed two ways for mailers to implement the Intelligent Mail® barcode: Full-Service and Basic. The Basic option will have fewer requirements. The Full-Service option will provide access to more services such as free ACS™ and Start the Clock Information. (Free ACS is unlimited for First-Class® Mail; free for 30-days for Standard Mail® and 60-days on Periodical Mail.)

2. Pricing will be announced prior to May 2009. It is expected that by the fall of 2009, you will be required to implement the Full-Service Intelligent Mail® barcode to earn the greatest discounts. (Basic Intelligent Mail® barcode and POSTNET™ are expected to be priced the same but at a higher rate.)

3. POSTNET™ will be phased out entirely by May 2011.

4. The Intelligent Mail® barcode, previously referred to as the “OneCode”, will combine the functionality of several barcodes into one multi-service code, replacing ACS™, POSTNET™ and PLANET Code®.

5. The new requirement not only covers mail piece barcodes, but also new codes for trays and containers such as pallets. Plus, for full-service implementation, the electronic submission of postage statements using Mail.dat®, Wizard Web Services or Postage Statement Wizard will be required.

6. The new barcode offers more accurate and detailed information about mailings, plus an opportunity to participate in USPS special services that allow you to track individual mail pieces, correct addresses and more.

7. The Intelligent Mail® barcode would include the same delivery point data contained in POSTNET, plus four entirely new data fields: Barcode ID, Service ID, Mailer ID and Sequence Number and Routing Zip Fields.

8. You will be expected to populate these new fields, which could entail multiple data sources. The Sequence Number, a six- or nine-digit identifier for each mail piece sent using full-service Intelligent Mail® barcode must remain unique across your mailings for each 45-day period.

9. The graphics, fonts, coding and print specifications for the Intelligent Mail® barcode are different from any existing barcode used today.

10. Migrating to the new Intelligent Mail® barcode may entail creating the new barcode, plus eliminating all existing postal barcodes.

11. In many companies, the current POSTNET barcode is created at different points in the process for different documents.

12. For some legacy applications, you may even encounter a knowledge gap as to exactly how the current POSTNET barcode is deployed.

13. Overall, the Intelligent Mail® barcode was designed with innovation in mind – meaning that it will be used to enable additional USPS services, new applications and future benefits.

For more details, see the USPS Guide to Intelligent Mail® for Letters and Flats.
THE USPS PERSPECTIVE: BETTER MAIL.

The “Full-Service” Intelligent Mail® option promises to raise the level of service the USPS provides to its customers while allowing them to control costs in the face of new rate increase limits, higher fuel costs and changing workforce skills. While a major change such as this will require an effort from mailers, this initiative will help the USPS deal with four key issues essential to the long-term success of mail.

**New value-added services**

The new barcode creates a platform for intelligence-based services that add value to the mailstream, and makes it easier to access OneCode ACS™ and OneCode Confirm™.

**Improved deliverability**

With streamlined address correction and piece-level tracking, it will help eliminate undeliverable and returned mail – and the associated costs.

**More efficient operations**

Intelligent Mail® barcodes add speed, quality and accuracy to the entire process of mail delivery. By some estimates, mail sent using the Intelligent Mail® barcode can be several times less expensive to deliver than other automated mail.

**Greater accountability**

Mailers will have increased visibility into the performance of the Postal Service, leveraging the same technology that will be used by the USPS to meet the service measurement requirements set forth by the Postal Accountability and Enhancement Act. Likewise, as each mail piece can now be tracked back to a specific sender, the USPS will be able to accurately assess which mailers are sorting, traying and preparing their mail according to USPS specifications.

This last point is important: while the Postal Service promotes the fact that Intelligent Mail® provides customers with greater visibility into the mailstream – these barcodes provide the USPS with better visibility into your mail operations, too.

For mailers who are vigilant about address quality and proper postal presort techniques, this could be advantageous. In today’s spot-check environment, it is possible you could be assessed higher postage on an entire mailing (at a cost of tens of thousands of dollars) even if only a handful of pieces were in improper trays. Going forward, any extra fees would likely be based on the quality of the entire run, not just a few random pieces.

If, however, you are less than diligent about address quality, move updates, proper sorting and mail tray preparation – there may be significant repercussions. So when a letter addressed to Iowa ends up in a Florida mail tray and needs to loop back, the USPS will be able to track back the source of these additional costs to a specific mailer.
THE BUSINESS PERSPECTIVE: A ONE-TIME OPPORTUNITY.

For years, businesses have understood the benefits offered by mail piece tracking in terms of cost-efficiencies, accurate forecasting, fraud prevention, improved cash flow and customer satisfaction. Companies who are already using these intelligence-based services can point to millions in bottom-line savings.

Achieving these benefits, however, requires a change to business-critical communications such as invoicing, statement process and check remittance. As you are well aware, companies do not want to change business-critical applications unless absolutely required; and now, that requirement is upon us.

Individuals responsible for mail production, therefore, should be thinking about the long-term. Even if you have no immediate interest in using the Intelligent Mail® barcode to improve address management, track mail or support new TransPromo applications – choosing to implement the 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. Current benefits of today's Intelligent Mail® barcode include:

OneCode Confirm™

Through this mail tracking service, you can measure service performance, predict delivery, document proof of mailing and provide customer service departments with track and trace information on mailings. There are hundreds of business applications for this service, with benefits including cost reduction, cash flow improvement and improved satisfaction. Unlike the current PLANET Code®, with Intelligent Mail® you will not need a second barcode, and the tracking will now follow a piece through the forwarding process.

OneCode ACS™

This electronic Address Change Service enables mailers to receive updated address information whenever mail is forwarded or returned by the USPS. For businesses, not only can you eliminate the costs of reprints and returned mail, you can ensure your mission-critical communications reach their intended recipients faster. The Intelligent Mail® barcode eliminates the need for the current keyline, which requires two lines of real estate. And you can’t beat the price – with the full-service barcode, First-Class Mail® OneCode ACS™ will be free.

Other Intelligent Mail® Benefits

In addition, the Intelligent Mail® barcode provides several other advantages:

- One standardized barcode gives you a cleaner, consistent, more visually impactful address block
- An easy-to-scan barcode improves the accuracy of sorting equipment and reliability of delivery
- Enables participation in the new USPS Seamless Acceptance program, which will eliminate the need to run mail through MERLIN®
- Plus with the Full-Service Intelligent Mail® barcode, you can continue to qualify for the lowest postal rates available

THE OPERATIONAL PERSPECTIVE: LET’S GET IT DONE.

While rationales and benefits are all well and good, when faced with a significant change, most operation managers want to know “how can I ensure a seamless transition?”

This question is so important in fact, that experts from Pitney Bowes have developed an in-depth article on this topic alone – plus an invitation for you to take advantage of a customized Intelligent Mail® readiness assessment. Put simply, there are four ways you can apply the barcode, and Pitney Bowes is the only company with expertise in each of
these four disciplines, which provides for a thorough review of the advantages, disadvantages and challenges, plus insights into the many ways you can simplify the process.

Perhaps it will best suit your business to incorporate the Intelligent Mail® barcode…

**When you Compose the Document**

In recent years, more and more companies have been applying barcodes as part of document creation, with all barcode information included in the initial data payload. This trend has been driven by other initiatives, such as TransPromo, where the goal is individualized, relevant statements. Creating barcodes at this point in the process may require some added effort, but with the proximity to your databases and business applications, you may find it easier to track back data (such as a corrected address) to its original data source.

**When you Produce the Document**

With today’s document output technologies, you can modify and reengineer print streams – moving and adding information (such as barcodes) on the fly. Likewise, you could print barcodes directly on the envelope using an envelope finishing system. Either way, you may be able to centralize and standardize barcode creation on the production floor, at a point where you are still working with original data files—without impacting the upstream business applications.

**When you Sort the Document**

When you run separate jobs and then want to combine them to achieve additional postal savings, you can physically sort your mail after it’s produced using sorter equipment. With new or upgraded sorter technology, you should be able to accommodate the new Intelligent Mail® barcode at the end of the mail production process. You can even program your system so that it assigns and tracks the unique mail piece identifiers.

**When someone else Sorts the Document**

The quickest and easiest way to step up to the Intelligent Mail® mandate may be to let someone else deal with it, and when you utilize a third-party presort house you’ll also gain the benefits of commingled mail. Choosing a service provider will be important, however, because the USPS can monitor the quality of the sortation using your Mailer ID. It will also be important to coordinate sequence numbers with your vendor so you can best leverage OneCode ACS™ and OneCode Confirm™ services.

The truth is, there may be no single solution or wonder application that will take care of all your Intelligent Mail® needs. Many large companies may use some or all of these approaches based on their business needs and environment, and you may find it advantageous to manage Intelligent Mail® in different ways depending on the unique characteristics of an application.

**SPECIFICS AROUND THE NEW BARCODE**

The Intelligent Mail® barcode is a height-modulated barcode that encodes up to 31-digits of mailpiece data into 65 vertical bars.

The code is made up of four distinct symbols, which is why this barcode was once referred to as the 4-State Customer Barcode. These are the tracker, ascender, descender, and full bar (TADF).
THE INTELLIGENT MAIL® READINESS ASSESSMENT.

Since introduction of the Intelligent Mail® barcode in 2006, nearly 200 mailers have successfully begun integrating the barcode within their operations. According to USPS publications, mailers seeking the greatest automation discounts must use intelligent barcodes in the fall of 2009. The Postal Service is working with the mailing industry to finalize requirements for discounts while actively encouraging customers to adopt the Intelligent Mail® barcode as soon as possible.

THE NEW DATA PAYLOAD

In total, the new barcode is expected to carry a data payload of 31 digits comprised of the following elements:

<table>
<thead>
<tr>
<th>Field Name</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barcode Identifier</td>
<td>2</td>
</tr>
<tr>
<td>Service Type Identifier</td>
<td>3</td>
</tr>
<tr>
<td>Mailer ID (Customer Identifier)</td>
<td>6 or 9*</td>
</tr>
<tr>
<td>Sequence Number</td>
<td>9 or 6*</td>
</tr>
<tr>
<td>Delivery Point ZIP Code</td>
<td>0, 5, 9 or 11</td>
</tr>
</tbody>
</table>

Field Name: Barcode Identifier
- Length: 2
- This field is reserved for future use. It will be a constant ("00"), except for flats where it represents optional endorsement line information.

Field Name: Service Type Identifier
- Length: 3
- A value that corresponds to a particular mail class with a particular combination of service(s). For example, "040" is First Class Mail with Destination Confirm.

Field Name: Mailer ID (Customer Identifier)
- Length: 6 or 9*
- A number assigned by the USPS that identifies the specific mailer or subscriber.

Field Name: Sequence Number
- Length: 9 or 6*
- An ID specific to this mailpiece that must remain unique for each 45-day period.

Field Name: Delivery Point ZIP Code
- Length: 0, 5, 9 or 11
- The same data used to generate the POSTNET barcode today.

* depending on annual mail volumes

In the meantime, you will have several decisions to make—and how you manage the near-term implementation of this expected mandate could have long-term implications for your business.

At Pitney Bowes, we want you to make smart decisions—decisions that simplify processes, ensure compliance, reduce postage and 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-and MASS-Certified™ software, the most advanced document output technologies, the most intelligent inserting and sorting systems and the largest presort service bureau in the world.

Given the scope of this expected mandate, and the number of departments, documents and workflows it could affect within your business, we encourage you to get started today. Depending on the size of your business and the number of applications involved, you may want to begin with a one-on-one consultation or a full-scale readiness assessment. Pitney Bowes even has the wherewithal to help you staff an on-site Project Management Office to oversee and coordinate any internal or external projects related to Intelligent Mail® optimization.

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

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