

# POSTAL NEWS

No. 33/2008

**Formulated by UNI-Japan Post in cooperation with UNI-Apro,  
ASPEK Indonesia and SPPI**

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## **1. FedEx warns of fuel costs and weak economy**

By Justin Baer in New York

Published: March 20 2008 14:04 | Last updated: March 20 2008 14:04

FedEx warned that mounting fuel costs and a weak US economy, which crimped quarterly profit, may weigh on the package-delivery company's results well into its next fiscal year.

The company's outlook echoed that of arch-rival United Parcel Service, whose executives noted last week that domestic shipments began to ebb in late January.

"FedEx faces a challenging economic environment that includes persistently high oil prices, sluggish US growth and continued concerns in the credit markets," Fred Smith, FedEx's chief executive, said in a statement.

Net income for the fiscal third quarter slipped 6 per cent to \$393m, or \$1.26 a share, as fuel costs and other operating expenses outpaced a 10 per cent increase in revenue. Demand slackened for US express packages, less-than-truckload shipments, and copy and printing services.

The Memphis-based company, which forecast that fourth-quarter profit will fall to \$1.60-\$1.80 from \$1.96, trimmed its annual capital-spending budget to \$3bn.

"Looking ahead to our fiscal 2009, we are expecting a continuation of fourth-quarter trends, which would result in limited earnings growth next year," Alan Graf, FedEx chief financial officer said. "We are scrutinising all expenses and investments to realign them with the current environment."

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## **2. Postal Service Extends IT Services Contract With Nortel Government Solutions**

US\$6 Million Award Covers Continued Software Support for PostalOne! System  
March 20, 2008: 06:00 AM EST

Neither snow, nor rain, nor heat, nor gloom of night stop the U.S. Postal Service(1) (USPS(1)). To help keep it that way, the agency has awarded a one-year, estimated US\$6 million IT services contract extension to Nortel Government Solutions.(1)

This extension for services to support the PostalOne!(1) automated mail handling system follows a one-year, US\$9.6 million extension in 2006. Nortel Government Solutions is a U.S. company wholly owned by Nortel(1) (TSX: NT)(NYSE: NT).

The PostalOne!(2) system helps integrate and optimize business mail handling, which is a nearly US\$40 billion annual business for USPS. It also provides financial management data, as well as online access to tracking and status information for both USPS and its business customers.

"We're continuing to work with the Postal Service not only to keep PostalOne! running efficiently, but also to provide new applications and enhancements designed to help raise the level of customer service," said Chuck Saffell, chief executive officer, Nortel Government Solutions.

Nortel Government Solutions provides software design, secure data management and integration of the PostalOne! system with legacy USPS systems and third-party applications. This includes development and enhancement of mail processing support applications to handle an estimated two million new addresses each year.

Nortel Government Solutions has provided systems and application development, engineering and network administration services for USPS since 1993.

## **3. Poste Italiane To Modernise Egyptian Postal Service**

21 March 2008 by Michael Lean - © Hellmail.co.uk

Poste Italiane and Egypt Post have signed an agreement for the technological development and improvement of Egypt's postal service.

The partnership is supported by Finmeccanica, a leading Italian group which delivers technological systems and platforms applied to a variety of production sectors. The international agreement signed by Poste Italiane with Egypt's postal service provider is aimed at promoting an overall improvement in the quality of mailing, and increasing the system's innovation, including through the introduction of value added services.

The partnership between Poste Italiane and Egypt will take the form of regular bilateral consulting sessions and joint technical working groups which will allow for the sharing of technical information and the diffusion in Egypt of more advanced solutions which can be implemented within the postal sector.

Poste Italiane will make available its knowledge and experience with regard to updating and improving postal mechanisation systems. With the aim of introducing innovative technologies into Egypt and providing technical support for the optimisation of logistic processes.

"I am extremely pleased as regards the signing of the agreement – commented Poste Italiane's MD, Massimo Sarmi – because it represents an acknowledgement of the results achieved by Poste Italiane and serves to confirm its international reputation. At the same time, it is a gratification for the country's whole system since it sees Poste Italiane and Finmeccanica working together to improve the postal system in Egypt, a nation of strategic importance for Italy's economic and commercial relations with the Mediterranean and the Arab world".

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#### **4. Get ready: More U.S. postal changes en route**

Mar. 20, 2008 12:00 AM

Dear Dan - We do a lot of business mailings through the U.S. Postal Service, but every time I blink, it seems to change the rules, as well as the rates. Now, I understand that more changes are coming. Is direct mail still worth it? - Big Mailer

Dear Big Mailer: With so much attention focused these days on marketing via e-mail, mobile devices, Web sites and search ads, "old school" methods such as direct mail can get lost.

Still, for many types of customers, especially younger age groups, getting something in the mail actually has become an attention-getting novelty.

Direct mail still can be a cost-effective way to tell customers and prospects who you are and what your business offers. You can use it to promote interest in a new product or service, generate orders, drive traffic to your Web site, thank customers for their business and build brand recognition.

Understanding the postal game is vital, however. Rates and rules are scheduled to change again May 12 when the price of a one-ounce first-class stamp goes to 42 cents, from 41 cents.

U.S. Postal Service business mailing rules are complex, and many of the recent changes have served to benefit business mailers. The single-piece additional ounce price for first-class mail (17 cents) is not changing, and the price for presorted first-class mail is being lowered.

Also, additional-ounce price for presorted first-class letters is going lower, and big mailers get a lower pound price for standard-mail saturation and high-density flats.

New flat-rate, large-size priority-mail boxes (\$12.95 to anywhere in the United States) can benefit small business. A smaller version will go for \$8.95.

Here's a roundup of key postal changes set for May and where to get the detailed information about pricing.

**Shipping services:** Prices on USPS shipping will change, including express mail, priority mail, parcel select, parcel return service and international mail. USPS will, for the first time, offer a variety of pricing incentives, including online discounts, rebates and commercial volume prices. Postmaster General John Potter says the pricing incentives should be especially attractive to small-business shippers.

**Discounts for express and priority mail:** Prices for express mail will be zone-based, so you will pay less for nearby destinations. Get a 3 percent discount for purchasing online or through a corporate account, and more if you hit volume minimums. Priority-mail discounts will average 3.5 percent if you use electronic postage.

**Forever Stamps:** First-class stamps will be 42 cents, but you can continue to use the Forever Stamps purchased before May 12 at 41 cents, even after the price change. The postal service is printing 5 billion of them, and you can order online at the USPS Postal Store ([shop.usps.com](http://shop.usps.com)).

**Parcel post:** The parcel return service will move entirely to a weight-based pricing system, resulting in significant price reductions for many lighter packages.

Key postage price points:

- First-class letter (1 ounce): 42 cents.
- First-class letter (2 ounces): 59 cents.
- Postcard: 27 cents.
- First-class large envelope (2 ounces): \$1.
- Certified mail: \$2.70.
- First class to Canada/ Mexico (1 ounce) 72 cents.
- First class all other countries (1 ounce): 94 cents.

Under the new and ever-changing rate structure, choosing the right mailing services is more important than ever. For example, using electronic rather than paper-based

address correction for your mailing lists will save money. Also, lower costs for electronic return receipt mail saves money over certified mail.

Here's where to get additional information about the latest changes to USPS mailing rules and prices:

- USPS.com/prices is a special Web page on the USPS site devoted to pricing information. From this page, you can download complete pricing files in PDF format. These include separate breakdowns for all the different shipping services, such as express mail, commercial priority mail, parcel post, parcel return, media mail and others. For online rate tables, go to USPS.com/rates.

- Pitney Bowes, the postage meter and mailing services company, offers a wealth of helpful information on its Web site, including money-saving ideas.

From the home page at [www.pb.com](http://www.pb.com), click on the "New Postal Rates" box on the right. From there you can check details of how price changes affect business mailers. Click on "Ways to Save on Postage Rates" for tips about cutting costs.

Every letter and parcel your business sends represents a money-saving opportunity of some kind.

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March 20, 2008 10:00 PM Eastern Daylight Time

### **5. Snapshots Japan Postal Services 2008 Available Now**

DUBLIN, Ireland--(BUSINESS WIRE)--Research and Markets (<http://www.researchandmarkets.com/reports/c86422>) has announced the addition of "Snapshots Japan Postal Services 2008" to their offering.

Snapdata's Snapshots Japan Postal Services 2008 provides 2007 year-end market size data, with 2008 estimates, 5 years of historical data and five-year forecasts. The Snapshots report gives an instant overview of the Japanese postal service market, and covers postage of domestic letters, parcels and international mail. Market volume is based on units delivered. The data is supplied in both graphical and tabular format for ease of interpretation and analysis. The Snapshots Japan Postal Services 2008 forms part of Snapdata's Business Services industry coverage.

Benefits of the Snapshots Reports

The Snapdata product range is designed to save time for clients by providing an industry data overview, market size, shares and forecasts; verified with full sourcing.

Easy to search, quick to access, and clear and concise to use: Snapdata reports can save 40% of resources in those early stages of a project. Sometimes just a report from the Snapshots Series is all that is required for an internal client's first request. But when the project develops, the reports also help your internal research team prepare a fuller picture for their end-users utilizing the further sources provided in each report for industry drivers and analytical information, enabling them to provide a more detailed document based on solid figures but tailored to the end-users' requests.

Topics Covered:

- Snapshots Executive Summary
- Category Definitions
- Market Size by Volume (2003-2007)
- Market Segmentation by Volume
- Market Shares by Volume
- Company Websites (Main Players)
- Market Forecast

For more information, visit <http://www.researchandmarkets.com/reports/c86422>.

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