

# POSTAL NEWS

No. 69/2009

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

1. **TNT opens regional hub . April 15, 2009.**
2. **'Summer Sale' Will Discount Our Future. April 15, 2009.**
3. **Voluntary Early Retirement update . April 15, 2009.**
4. **The DX Adopts Cognito Handheld Devices. April 15, 2009.**
5. **Deutsche Post May Not Bid for Royal Mail, Chief Says. April 15, 2009.**

## 1. TNT opens regional hub

April 15, 2009

By Gabriel Chen

TNT, a leading provider of mail and integrated express services, has opened a \$20 million regional hub in Singapore that will lead to faster turnaround times and seamless transfer and consolidation of both air and road-haul cargo.

The facility, which covers 7,334 sqm, is located next to the cargo apron at the Singapore Changi Airport. The regional hub is capable of handling up to 350 tons of cargo a day, up from about 80 tons a day now.

Singapore has hosted TNT's regional operations for close to 40 years and over the past few years, TNT has aggressively sought to expand and upgrade its capabilities here. Recent initiatives include the launch of the Asian Road Network, Life Sciences Express Hub and integrated Singapore Country Depot.

TNT chief executive Peter Bakker on Wednesday said that Asia is a promising market and it is committed and determined to grow its position in domestic, intra-regional and selected intercontinental express flows even further.

000

## 2. 'Summer Sale' Will Discount Our Future

Burrus Update #05-09, April 15, 2009

In response to declining mail volume and deteriorating financial circumstances, the Postal Service has announced plans for new price incentives for major mailers.

One proposal, which is designed to increase volume during the time of year when mail volume is typically lowest, is being called a "Summer Sale." The plan calls for large mailers to be granted rebates of 20 to 30 percent for increasing their Standard mailings between June 15 and Sept 15.

The Summer Sale follows on the heels of another discount bonanza, the Saturation Mail Incentive Program, which proposes a rebate of 2.2 to 4 cents per piece on "incremental business" during the 12-month period beginning May 11.

Although the Postal Service did not issue a press release or make a public statement about the proposals until they were disclosed on mailing-industry Web sites, the USPS is now describing them as attempts to increase volume.

In fact, the new price incentives represent a further erosion of uniform rates.

Does anyone remember the noble principle that every mailer should pay the same amount? According to the concept of “universal service and uniform rates,” no matter where you live or who you are, postage rates should be the same.

That principle is now history, and I expect that Postmaster General Potter is proud of the role he has played in its demise.

The model of uniform rates has been turned on its head with workshare discounts, drop-ship discounts, Negotiated Service Agreements (NSAs), and now the Summer Sale and Saturation Mail Incentive Programs. Each of these giveaways was portrayed as an effort to reduce postal costs or increase volume.

Why then, when the giveaway programs are at their zenith, are we suffering the lowest mail volume in a decade? How does one justify giving away more money for lower volume day after day?

I will give PMG Potter the benefit of doubt: I assume he truly believes that price drives volume and that cheaper rates will lead to increased volume. But a review of the facts reveals the opposite.

The record shows that as rates have been artificially reduced, volume has continued to drop — and at an unprecedented rate. So, if volume does not increase as rates fall, one is left with the conclusion that these artificial rate reductions have another purpose, such as rewarding large mailers in order to maximize their profits.

#### Our Own Experience

The APWU uses the services of a printing company for mailings to our membership. We design the letter, pamphlet, or flyer, and instruct the firm about distribution. The company prints the material, addresses envelopes, and inserts the completed product in the mail stream with the appropriate postage, including discounts. The union is subsequently billed for the mailing, including printing, preparation, and postage costs. If postage discounts save the union \$20,000 compared to full postage rates, we would apply those savings to other union activities. Under no scenario would the discount result in additional mailings. Why would I convert the savings to an additional mailing if I have don't have an urgent message?

In this example, the Postal Service has been denied \$20,000 for processing, transporting and delivering mail to the home of each APWU member, but will receive not one additional piece of mail. That is because the decision to communicate with each member is not based on cost.

When was the last time you considered the cost of first-class postage when you mailed your mortgage payment? You probably had already made the decision to mail the payment or to use EFT — and the cost of postage had nothing to do with your choice.

When we decide to mail a message to each APWU member, we consider other means of delivering the message — including posting information on the APWU Web site, deferring the release of the information until the next issue of the union magazine, or producing an APWU News Bulletin. The savings generated by the rate discounts are not determinative in the decision to mail.

This same decision-making process is applied by commercial entities that utilize the mail. Seasonal mailings are designed to promote the purchase of goods or services at a specific time of the year; sales notices are intended to attract interest and stimulate buying; bills and other financial matters are mailed in order to generate payment; political mailings are sent to share information and encourage an action. For these purposes, postage discounts are rarely determinative in the decision to use mail as the vehicle.

Costs are considered in determining the forum to be used in conveying information, but it is not the only factor. When comparing costs, one compares the Internet, television, radio, newspapers, e-mails and hard-copy communication. Some of the forms, such as e-mail and the Internet, have significant cost advantages, but cannot compete with mail in garnering the attention of the recipient. Television, radio, and newspapers cannot target a specific audience as effectively as the mail.

So, major mailers, including the APWU, that benefit from postage discounts appreciate any and all means of reducing costs — especially during these times of economic turmoil. But the mailers' appreciation for discounts does not translate into any benefit for the United States Postal Service.

I am sure the officials and shareholders at Pitney Bowes, National City Bank, LL Bean, and other major mailers appreciate the savings generated by reduced postage, but the United States Postal Service is the loser. Perhaps they will nominate PMG Potter for Man of the Year; but I nominate him for \_\_\_\_\_. You fill in the blank.

000

William Burrus  
President

### **3. Voluntary Early Retirement update**

The Postal Service has extended the deadline to elect the Voluntary Early Retirement (VER) option for eligible carriers until June 19, 2009.

Carriers who are 50 with at least 20 years of service, or any age with at least 25 years of service, may choose to take the option and may select one of three effective dates: May 31, June 30 or July 31.

Those covered by CSRS must accept a permanent reduction in their annuities of 2 percent for each year they are under age 55 on the effective date of their early retirement. There is no reduction for eligible carriers covered by FERS, but those carriers would not receive the special supplemental annuity benefits payable to annuitants under age 62 until they reach their minimum retirement age (age 55-57, depending on the employee's year of birth). The Postal Service's VER offer does not provide any financial incentives (lump-sums, special severance payments, etc.) to choose early retirement.

Eligible letter carriers were sent VER offer letters and annuity estimates (based on the July 31 retirement date) between April 6 and April 10. The letter included a special form to choose the VER. This form must be signed and returned by mail (postmarked) by June 19 to Human Resources Shared Services Center. Faxed or e-mailed copies of the form will not be accepted. The decision to accept the VER is irrevocable after June 19.

President Young reiterated his advice to union members: "The decision to retire is one of the most important decisions you have to make—take your time, think hard about all the implications for you loved ones in today's economy, and talk it over with your family before you decide."

Further details and FAQs information are provided on the Postal Service's intranet site for employees.

#### **4. The DX Adopts Cognito Handheld Devices**

15 April 2009 by Sarah Sharpe - © Hellmail.co.uk

DX Group (DX) today announced the roll-out of a mobile workforce solution from Cognito. DX Group's couriers will be equipped with Honeywell handheld devices, underpinned by Cognito's mobile workforce management software to improve both security and efficiency in the delivery of urgent and confidential consignments on behalf of their clients. The system is designed to enhance DX's existing delivery and tracking systems with new features that will improve customer confidence by providing greater transparency and control along the end to end delivery process.

“Clients trust us to deliver valuable, confidential and sensitive mail and packages to their customers, which means that there can be no question on the performance of our network,” said Mike Stone , Chief Operating Officer at DX. “We have to think two steps in advance of anyone who would seek to compromise our system which is why it is critical for us to use the latest technology to counter any risks. We turned to Cognito not only for the strength of its managed network, but also because its consultants had the experience and expertise to advise us on the technology choices that we needed to make to meet our unique requirements.”

DX's delivery network manages over 25 million secure or tracked deliveries annually on behalf of clients in the financial, retail and government sectors with more than 90% of these deliveries being to residential addresses. This entire network is supported by a dedicated contact centre of 130 staff handling over 20,000 calls per day.

Raymond Murphy, a DX Group courier, explains: “We have to plan our own routes and when we deliver the packages we must collect a three-point identifier of the location to ensure we have a fully visible trail of a delivery for our clients and their customers. Previously all of this added a considerable amount of time to our working day, but with the new handhelds the processes and proof of delivery are much more manageable.”

Stone added: “With so many variables in our workflow process, not least the challenges of residential deliveries, a single point of failure can, and indeed will, lead to a break down in our processes. It's simply not acceptable to have any element of doubt in the system. Demonstrating this to our customers is critical for gaining their trust and the new features introduced with the rollout of the new handheld devices to the couriers, goes even further toward removing any shadow of doubt as to the security and reliability of the service we provide to our customers.”

Cognito and DX have worked closely to develop a range of unique features to address the various challenges DX faced. All features are based on real-time data that comes via Cognito's end-to-end managed network coupled with software timers within DX's back-office applications. Key features include:

\* Directed Courier Workflow: A bespoke application adapted from Cognito's Managed Workflow product that eliminates the need for paper forms, instead creating

a fully auditable, digital trail of communication between a courier's handheld device and the back-office. Built in alerts let a courier know if they are unlikely to meet agreed delivery times, which means recipients can be informed in advance of any changes to the service.

\* CVRS: Computerised Vehicle Routing Software is used to optimise the number of deliveries that can be made by automatically planning routes. These automatic routes remove the burden of planning from the courier and enable greater efficiency, as well as better security, by taking into account the number of deliveries, location, time of day and any special considerations about the delivery area.

\* Address geo-coordinate functionality: The Honeywell Handheld Product (HP) 7900 is used to check the location of the courier against the known coordinates of the delivery address in real time. This means that when a package is en route the courier and customer can be warned about potential delays or address discrepancies, reducing the chance of delivery to the wrong place and at the wrong time. When they do arrive, geo-coordination coupled with both a camera on the handheld device and an on-screen prompt significantly improves the efficiency of collecting the three-point location identifier.

“During these tough economic times when there will be a general push for greater efficiency it's critical to ensure that customer service doesn't suffer,” said Steve Alderson, Managing Director at Cognito. “By adopting a finely tuned mobile workforce system DX will ensure efficiencies can still be achieved and most importantly that customers remain confident in the service.”

Following trials at several DX locations, which proved that the systems were reliable and resilient, the handheld technology will be implemented across the organisation by end April 2009.

000

## **5. Deutsche Post May Not Bid for Royal Mail, Chief Says**

By Joseph Mapother and Steve Rothwell

April 15 (Bloomberg) -- Deutsche Post AG, Europe's biggest mail carrier, has “no strategic necessity” to bid for a stake in Britain's postal service, according to the German company's chief executive officer.

“Mail is a declining business and no one knows how far it will go,” CEO Frank Appel said late yesterday at a briefing for reporters in Frankfurt.

The comments suggest that the Bonn-based company may not make an offer to invest in Royal Mail Group Plc, the U.K.'s 360-year-old postal service. TNT NV, Europe's second-biggest express-delivery company, is considering acquiring a stake in Royal Mail Group, and private-equity firm CVC Capital Partners Ltd. may also be interested, according to reports by Welt am Sonntag and other newspapers.

The U.K. government is seeking to sell about a third of the national postal service as the Royal Mail struggles to adapt to competition from companies including TNT and Deutsche Post's DHL Worldwide Express. U.K. Business Secretary Peter Mandelson has said that only an outside company has the cash, experience and technology to help the Royal Mail with European Union rules that phase-in competition by 2013.

Even as Appel said the delivery business is deteriorating, the CEO said Deutsche Post may be past the worst in recession- driven declines in monthly volumes.

#### March Improvement

“With all due caution, March may be a little bit better” than the first two months of 2009, he said.

Deutsche Post rose 10 cents, or 1 percent, to 9.30 euros in Frankfurt trading. The stock has fallen 22 percent this year, valuing the company at 11.2 billion euros (\$14.8 billion).

Appel said in February that the declining number of letters and small packages is the most pressing immediate difficulty for Deutsche Post. “We still need to prepare for rough waters,” he said yesterday.

The company’s deliveries collapsed in the final quarter of last year as customers trimmed expenses and retail consumption slowed. The company had a loss of 3.16 billion euros in the fourth quarter of 2008, compared with net income of 253 million euros a year earlier.

Deutsche Post probably will have “some decline” in underlying profit this year, the company said March 11, though overall earnings will show a “significant” increase after the sale of a controlling stake in banking subsidiary Deutsche Postbank AG to Deutsche Bank AG.

#### Deutsche Bank Stake

Deutsche Post received an 8 percent stake in Deutsche Bank, Germany’s largest, as part of the 4.9 billion-euro agreement reached in January. The package is subject to price-support agreements protecting buyer and seller. Deutsche Post can dispose of half of the shares starting in May and then sell the rest starting in the middle of June. “There is a downside protection and an upside protection,” meaning the transaction will represent at most 4.9 billion euros for Deutsche Post, Appel said.

Deutsche Bank’s stock has gained 68 percent since the deal was announced. Postbank “has no need for a capital increase,” said Appel, who is chairman of the bank’s supervisory board.

To contact the reporters on this story: Joseph Mapother in Frankfurt at [jmapother1@bloomberg.net](mailto:jmapother1@bloomberg.net); Steve Rothwell in London at [srothwell@bloomberg.net](mailto:srothwell@bloomberg.net)  
Last Updated: April 15, 2009 12:19 EDT

000

Collected by Chairul Anwar, Bandung, Indonesia.

E-mail address : [chairulanwar49@operamail.com](mailto:chairulanwar49@operamail.com), [uyungchairul@plasa.com](mailto:uyungchairul@plasa.com).