



October 19, 2007

The Honorable Wendy A. Hocking  
Secretary, Board of Governors  
United States Postal Service  
475 L'Enfant Plaza, S.W., Room 10300  
Washington DC 20260

Re: PRC Docket No. MC2007-1, *Rate and Service Changes to Implement  
Baseline Negotiated Service Agreement With Bank of America  
Corporation*

Dear Ms. Hocking:

GrayHair Software, Inc. ("GHS") respectfully submits these comments to the Governors of the Postal Service on the October 3 Opinion and Recommended Decision of the Postal Regulatory Commission recommending adoption of the NSA proposed by Bank of America Corp. ("BAC") and the Postal Service.

GHS, founded in early 2000, focuses on providing mail tracking, postage accounting and address quality functionality to the mailing industry. Our solutions include both applications and services, and our clients include a strong mix of high and medium volume mail owners.

Some time ago, BAC assessed the scale of implementing a potential NSA and formally issued a request for proposals ("RFP") to define and document the vast array of steps the bidders would need to consider. In March of this year, GHS was awarded a contract from BAC based on the RFP requirements to provide BAC with implementation and management of the NSA. GHS has been working on this project in earnest since April of this year. At the same time, some major decisions that have bearing on meeting the requirements have had to await the resolution of the status of the NSA.

The purpose of these comments is to summarize efforts already underway to enable the BAC NSA, outline what we believe are the remaining steps, and provide our qualitative assessment of its value. GHS believes that even a summary review of the items listed should make clear that BAC's participation in the NSA will be enormously valuable in readying the

Postal Service, other mailers and third-party vendors to make full-scale deployment of the Intelligent Mail Barcode and Seamless Acceptance occur as quickly as possible. We think that in terms of postal technology and its adoption curve, this process the bank has engaged in is critical to the electronic communications architecture joining the Postal Service and its mailers in an intricate exchange of information with bidirectional feedback.

At a high level, the contract scope requires GHS to

1. Work within the bank's many mailing LOB's (Lines Of Business), providing introductory sessions and more detail operational flow meetings. Follow-up sessions will also be required to fine-tune operations as the process continues.
2. Contact and work with all of the banks' mailing facilities, both internal and external, to prepare them for NSA participation.
  - a. Mail piece design.
  - b. Mail.dat orientation (new to most First Class mailers).
  - c. USPS PostalOne! sign-up and participation and operational impact.
  - d. USPS FAST requirements and operational impact.
  - e. USPS Seamless Acceptance requirements and operational impact.
  - f. USPS eDoc requirements and operational impact.
  - g. USPS CAPS requirements and operational impact.
  - h. Data file specs, requirements and operational impact.
  - i. Mailing files stored in comprehensive database for analysis.
3. Confer with each LOB and review their mail output for compatibility with the NSA requirements
4. Duplicate the data and methods used by the USPS in calculating the potential NSA performance results.
5. Systematically monitor mailed addresses, comparing formats among LOBs and providing feedback on multiple dimensions of address quality.

GHS takes this work very seriously, and to date has spent thousands of hours with various bank LOB's and mailing facilities, either in educational/planning sessions or in actual reviews, both with the suppliers directly and also in consultation with the USPS. Although I have not tracked the time spent by the bank itself, I suspect that each of its mailing facilities has also invested hundreds of hours of its own time. Implementing the IMB, Confirm, Seamless Acceptance,

eDoc, CAPS, PostalOne! for all suppliers across the entire bank enterprise within a very tight time frame is an enormous undertaking.

Many address quality improvements will be made as a fully intended byproduct of establishing this tighter electronic linkage. Move update process consistency can be managed to tighter tolerances across LOBs, which are not currently part of an integrated system. Address accuracy will be improved by flagging deficiencies for remediation. Completeness as well as accuracy will be pursued in a targeted effort to reduce "personal knowledge required" (PKR) mail. GHS believes that frequency analysis of delivery point validation (DPV) footnotes suggests more savings can be made on PKR mail than the USPS has been able to document to date. Through these measures there will be a direct and an indirect effect on reducing the quantity of undeliverable as addressed (UAA) mail, whether forwarding, returns or wasted mail.

All this is not to diminish the importance of the fact that the NSA has not been fully approved yet. More work remains once the NSA is approved to complete and then to maintain the data quality levels necessary for NSA participation. This is not to mention the staffing and massive amounts of storage (GHS estimates a 15 terabyte database when this is fully in place) and complex software (for example, no address hygiene feedback system of this magnitude has ever been able to meet the ROI thresholds to be developed) that will be required.

Please understand, after almost five months of work, significant progress has taken place, but none of the bank's mailing facilities are fully up to speed yet or capable of meeting the NSA requirements for mail. GHS estimates that it is about two-thirds done with the preparations work leading to implementation. In GHS's opinion, an operational PostalOne!/IMB/Seamless Acceptance environment in January 2009 may be optimistic even if the NSA is implemented. But none of this development would have occurred if the NSA had not been filed and the bank had not taken a proactive position.

Of course, there is significant interest on the parts of the bank and the Postal Service to get the mailers up to speed producing NSA quality mail. The bank's interests are as obvious as are those of the USPS. The bank gains an integrated approach to all of its electronic communications with the Postal Service and can expect more consistent and reliable mail service. For the USPS, getting a major portion of the mailing community up and running as much as one full year ahead of schedule would have great value. To demonstrate this point, in just a quick review, the third-party mail houses and other outside vendors used by the bank have many other customers. Taken together, these facilities generate almost ten times the bank's mail volume, representing almost 30 billion pieces of mail annually. Nothing will prevent the other customers of the bank's suppliers from making use of the architecture developed in substantial part through the bank's efforts for PostalOne!/IMB/Seamless Acceptance for these mailers' own mailings.

For these reasons, the entire industry will benefit from the bank's NSA. In addition, the high data quality levels that the NSA will require BAC to maintain over the life of the NSA could be a cornerstone or benchmark of best practices for the Postal Service as the entire industry transitions to a more controlled environment.

An NSA is intended to mutually benefit the parties who enter into them, while not harming third parties. Though no one has been able to quantify the benefits beyond rebuttal, it is not unreasonable to think that the benefits to all parties from quicker adoption of the new communications architecture exceed any discounts paid out by the USPS under the NSA. The current environment has more personnel, fewer tools, and less comprehensive monitoring of mailings than will soon exist. These costs can be reduced or eliminated as the new technology becomes standard. In the era of the PAEA, where the Postal Service must live within the CPI constraints, not moving forward with the NSA would border on the irresponsible.

Of course, GHS has a material interest as a vendor in seeing the NSA approved, and does not claim to be a neutral observer. But we also see the obvious value for the USPS in utilizing the bank's influence to move an entire industry at an accelerated pace. In the end, we have here a classic example of a private agreement for mutual benefit of the contracting parties serving as a catalyst to promote the reduction of errors in a communications network that is relied upon throughout many sectors of the economy, and whose survival and continued functioning serves the public interest. Therefore, GHS calls for the NSA to be approved by the USPS, as the PRC decision allows.

Respectfully submitted,

Cameron Bellamy  
President, GrayHair Software, Inc.