

CES Government 2008

Regulation – Employing Technology to Foster Innovation



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Chairman

Innovation and technology in the postal environment



Postal Service Facts

- ❑ \$73 billion in 2007 revenues
- ❑ 2nd largest US employer with over 700,000 employees
- ❑ Nearly 1 BILLION pieces of mail were processed on December 17 – busiest day
- ❑ Almost 150 million addresses served every day
- ❑ World leader in optical character recognition
- ❑ Over 80% of all letters bears USPS barcode



Postal Service Use of Technology

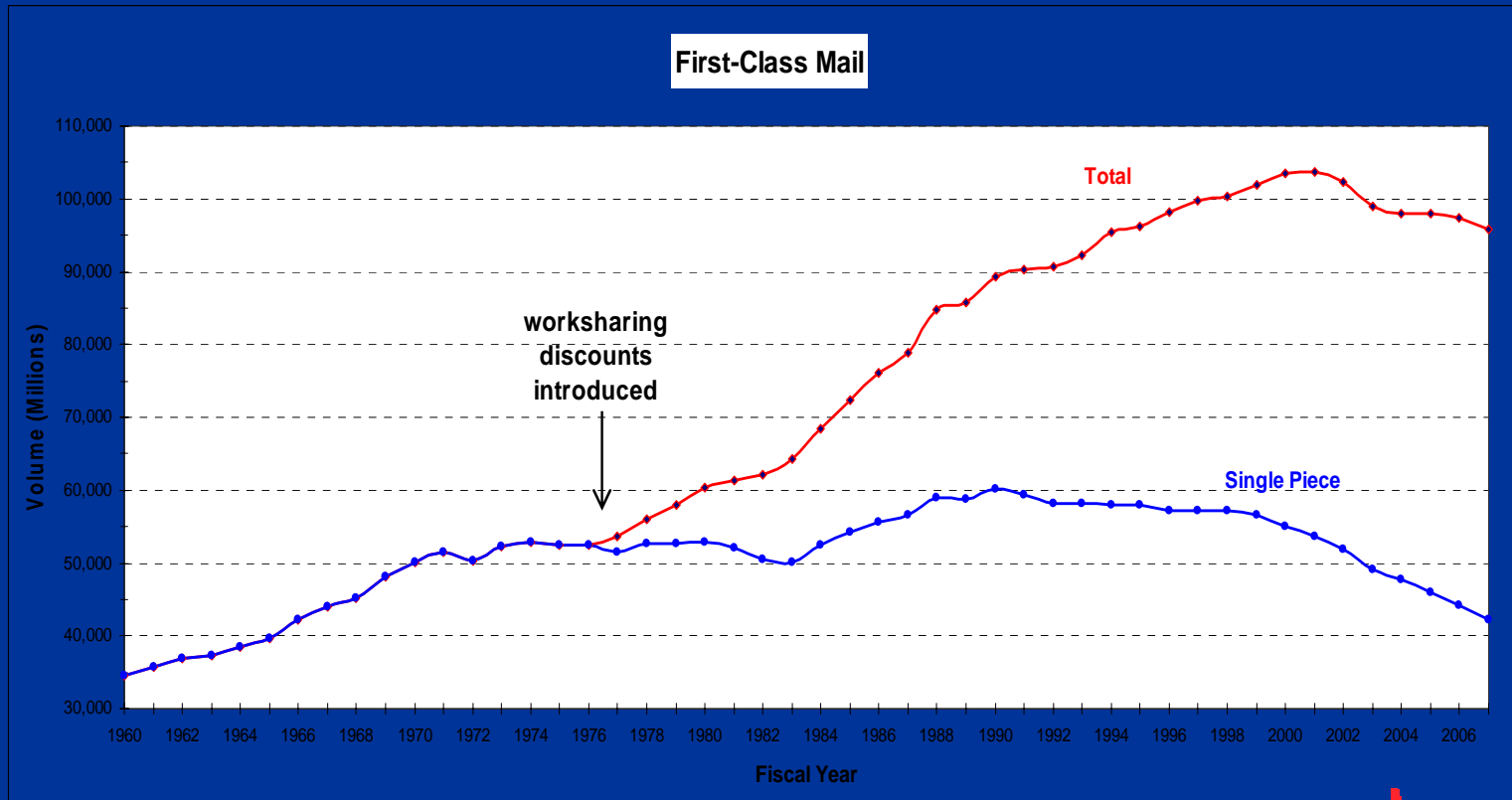


Regulation and Innovation

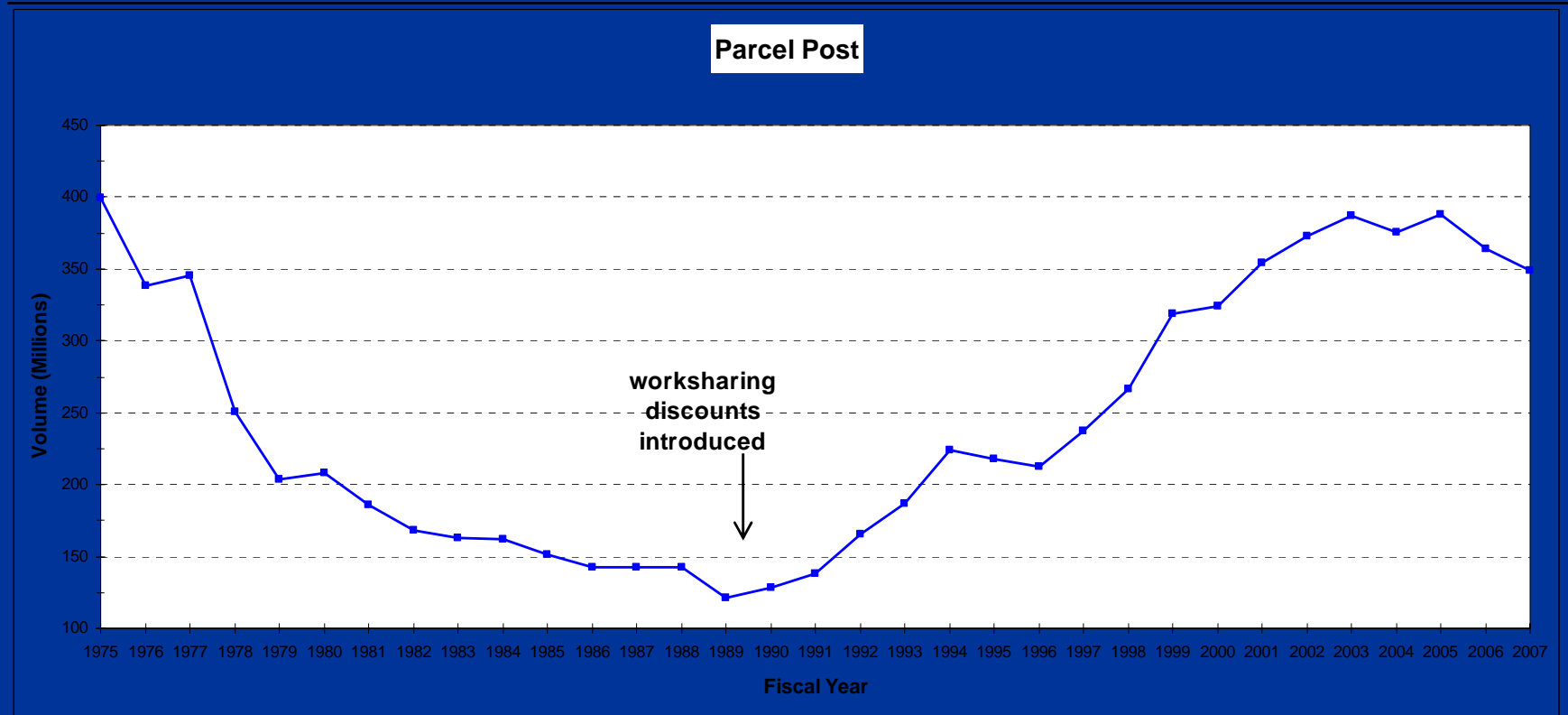
- Worksharing between USPS and Private Sector
 - Electronically sorting addresses before printing eliminates physical sorting
 - Reduces postal handling costs
 - Savings passed on to mailer in discounted rates
 - Estimated \$11 Billion annual net savings to mailers
 - Prebarcoding and drop-shipping
- Private sector workshares 70% of mail to some degree
- Benefits to multi-channel marketers



First-Class Mail Volume History



Parcel Post Volume History



PRC Innovation: Online Filing

- All filings with PRC are submitted via the Internet
- Previously, participants distributed physical copies of ALL testimony, motions, interrogatories and responses to all other participants

PRC Innovation: Online Filing

- Drastically reduces participation costs
- Same day posting on PRC website speeds proceedings and improves transparency and public access
- Electronic archive facilitates research

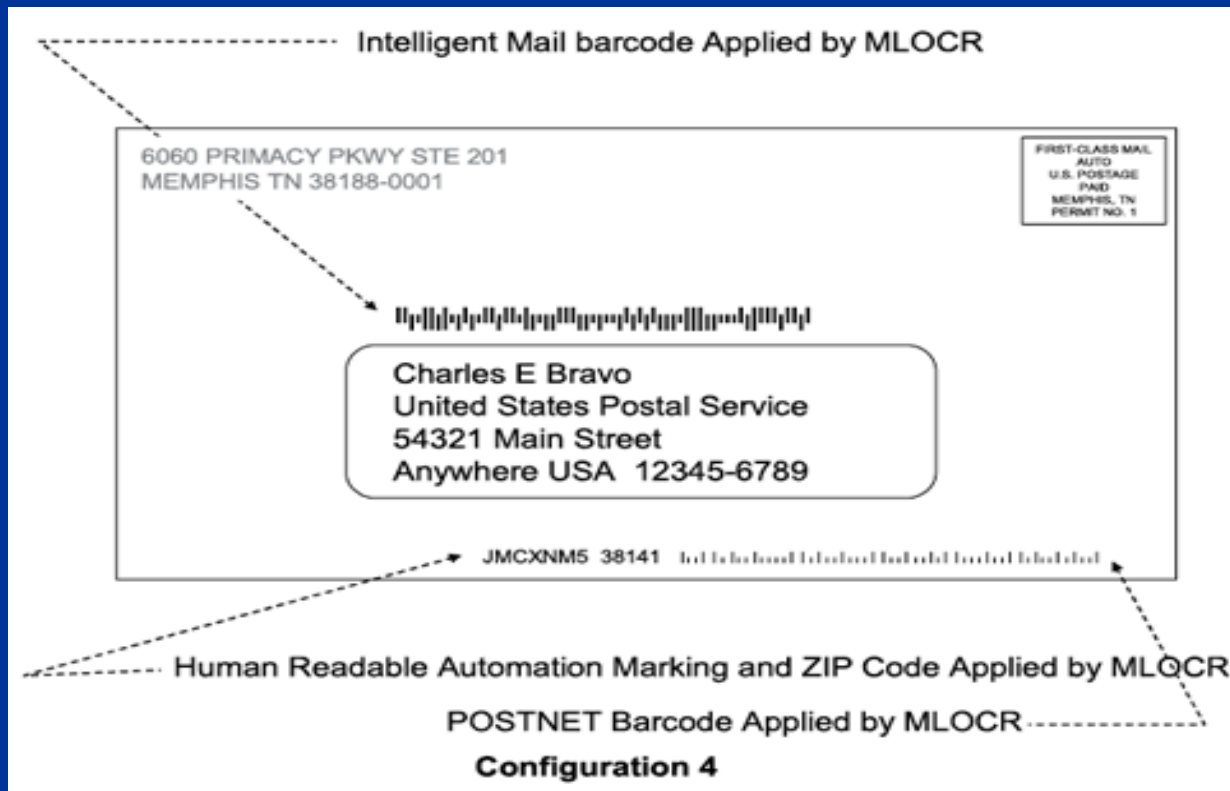
Importance of Regulation

- Consumer Price Index Rate Cap – Stability, Predictability
- Transparency – Cost, Service Data
- Efficiency – USPS and Mail Users
- Equity – Ensure Level Playing Field

Technology and the Future of Mail

- Intelligent Mail, Seamless Acceptance, Confirm
- Tracking flow of letters through system
- Better cost and service measurement

Identifying and Tracking Mail



Producing innovation and ensuring fair competition

- Reduce inefficiencies and service problems
- Identify potential new product offerings
- Increased value and more effective use of mail
- Ensure a level competitive playing field

Innovation Despite Regulation

Questions?



Wrapping Up

- Lessons learned
- Innovation and technology enhanced through effective regulation
- Regulation in the public interest