

Highlights of [GAO-09-599](#), a report to congressional requesters

Why GAO Did This Study

Over 80 percent of the approximately 200 billion mail pieces processed and delivered by the U.S. Postal Service (USPS) last year was sent by commercial mailers that barcode, sort, or transport mail to get lower postage rates. Starting in May 2009, USPS will encourage these mailers to use new barcodes that have increased capabilities as part of Intelligent Mail, a new program. According to USPS, Intelligent Mail is the most complex change it has ever undertaken.

GAO was asked to describe (1) the Intelligent Mail program and the status of implementation efforts and (2) the key risks to implementing Intelligent Mail and how USPS is addressing these risks. GAO reviewed USPS and regulatory documents, public comments, and interviewed USPS officials, mailers, and mailer representatives involved in developing this program.

What GAO Recommends

GAO recommends that the Postmaster General address the risks to successful implementation of Intelligent Mail by developing (1) a comprehensive Intelligent Mail strategy; (2) attributable cost and savings information; and (3) a plan that addresses how USPS will mitigate risks, including the implications of the impact of lower-than-anticipated customer adoption of Intelligent Mail. USPS agreed to recommendations one and three and has begun implementing them, but stated that it already has cost information.

View [GAO-09-599](#) or key components. For more information, contact Phillip Herr at (202) 512-2834 or herrp@gao.gov.

U.S. POSTAL SERVICE

Intelligent Mail Benefits May Not Be Achieved if Key Risks Are Not Addressed

What GAO Found

The Intelligent Mail program is a USPS effort to encourage commercial mailers to use standardized barcodes that will improve the ability to track mail. The program is centered on a new barcode that can uniquely identify a mail piece. While Intelligent Mail could provide benefits to both mailers and USPS, it will also require both to make significant changes to their processes and information systems. USPS expects to be prepared to begin implementation in May 2009. After that, USPS will phase in price incentives and other functions in November 2009 and will require mailers to use the new barcode by May 2011 to qualify for lower postage rates.

Example of a Mail Piece Containing an Intelligent Mail Barcode and Program Benefits



Sources: U.S. Postal Service and GAO.

Successful implementation of Intelligent Mail faces two key risks—(1) USPS's management approach and (2) mailers may not choose to participate in the program—which if not addressed, could limit achieving Intelligent Mail benefits. USPS has taken some steps to address these risks, such as a phased approach. However, USPS has not followed some key program management practices to reduce risks, raising questions about whether USPS and mailers will be able to meet schedule and program objectives. For example, USPS

- lacks a comprehensive strategy, including all planned phases and the specific functions and systems to be implemented in each phase; goals and measures of success; and a risk mitigation plan to address the risks that could impact the Intelligent Mail program as a whole; and
- lacks information on costs and savings attributable to the Intelligent Mail program, including a baseline and mechanism to track and measure actual savings, which are needed to measure program performance.

The second risk is that program success is dependent on mailer participation, and it is uncertain whether pricing and other incentives will encourage mailers to participate to the extent anticipated. Some mailers have said they find the pricing incentives insufficient to recover their investment in the program. The Postal Regulatory Commission has also noted that uncertainty may lead mailers to delay adoption. Low mailer adoption could affect USPS's ability to report representative delivery service results, as required to comply with service performance reporting requirements, but USPS has not said how it would address this risk.