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## **Postal Service Leverages Technology to Save \$57 Million** *Earns Award for Leadership and Innovation in Supply Management*

WASHINGTON — The U.S. Postal Service has earned the R. Gene Richter Award for “Leadership and Innovation” for optimizing the use of bidding software that resulted in savings of more than \$57 million from 2005 to 2008.

Called “optimization-enabled sourcing,” the technology allows suppliers to submit multiple bids on a proposed contract based on different bundling options that best meet their capabilities. The Postal Service’s Supply Management organization and its internal clients can then examine and evaluate the bids in many ways to get the best possible deal — in cost and in service — for the Postal Service.

Without the technology solution, the collection and evaluation of multiple bid combinations is a manual process that can be time consuming. The optimization tool enables multifaceted analysis on hundreds of business requirements to occur in minutes, and sourcing events can be completed in days.

Susan Brownell, vice president, Supply Management, said the Postal Service first implemented optimization in 2005, primarily for transportation sourcing.

“When we realized the need for a resource that could perform more robust analyses of complex requirements and allow more collaboration with suppliers, we decided to fully leverage the optimization tool,” she said. “It gives suppliers flexibility in submitting their bids and provides them an opportunity to give proposals that really hit their sweet spot.”

Brownell said the decision to expand the use of optimization outside the transportation spend category has resulted in greater flexibility for suppliers and an annual cost reduction for the Postal Service of \$5.2 million per sourcing event.

Named after supply management leader and innovator R. Gene Richter, and sponsored by the Institute of Supply Management (ISM), the ISM R. Gene Richter Awards for Leadership and Innovation in Supply Management were established to recognize innovative supply organizations of all sizes and geographic locations, that through strong leadership, have dramatically increased their contribution to organizational success. Award winners are recognized for:

- Leadership and innovative practices
- Heightened recognition for supply management departments
- Approaches that optimize resources
- Supply management as a strategic contributor to the organization
- Real-world success stories that you can apply in your organization

Sponsors for the 4th Annual ISM R. Gene Richter Awards for Leadership and Innovation in Supply Management are:

Gold — A.T. Kearney; HP

Silver — ADR International; Anklesaria Group; Bank of America; BP; eclaro international; McKinsey &

Company; and Tyco International

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An independent federal agency, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 149 million residences, businesses and Post Office Boxes, six days a week. It has 34,000 retail locations and relies on the sale of postage, products and services, not tax dollars, to pay for operating expenses. Named the Most Trusted Government Agency five consecutive years by the Ponemon Institute, the Postal Service has annual revenue of \$75 billion and delivers nearly half the world's mail.

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As the largest supply management institute in the world, the mission of Institute for Supply Management™ (ISM) is to lead supply management. By executing and extending its mission through education, research, standards of excellence, influence building and information dissemination — including the renowned monthly ISM Report On Business® — ISM continues to extend the global impact of supply management. ISM is a not-for-profit membership association serving more than 40,000 supply management professionals in 75 countries. ISM offers credentialing to professionals around the world with the Certified Professional in Supply Management® (CPSM®) qualification. ISM is a member of the International Federation of Purchasing and Supply Management (IFPSM).