

DROP SHIPMENT MANAGEMENT SYSTEM (DSMS) PROGRAM STANDARDS

I. Description:

The DSMS program enables authorized users to build consolidated loads of palletized plant-verified drop shipment (PVDS) mail from multiple jobs and mailing locations and to create consolidated Forms 8125-CD, *Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance — DSMS*. Forms 8125-CD's are created using electronic data and describe the consolidated mailings in the PVDS shipment. The forms do not bear an acceptance employee signature or origin post office round stamp date. DSMS shipments are limited to Periodicals, Standard Mail, and Bound Printed Matter mailings that are verified during the production process at the mailer's plant by acceptance clerks at a detached mail unit (DMU).

Mailings or mailing segments that are verified and cleared by the DMU clerk may be dispatched for storage at a DSMS consolidation location other than the production site prior to postage payment. Once postage is paid on the verified and cleared mailing(s), the DMU clerk electronically *releases* the mailing(s) for inclusion in PVDS shipments to destination postal facilities. The release provides data about the pallets, which will be reported on Form 8125-CD by the DSMS user. Forms 8125-CD cannot be produced or printed, or mailings sent to or deposited at a destination postal facility, until mailings are released by the DMU clerk. A DSMS mailer may print Form(s) 8125-CD and dispatch released mailings directly to a destination postal facility or may ship released mailings to a location other than the production site, where an approved DSMS consolidator will consolidate the mailings into direct PVDS shipments, print Form(s) 8125-CD, and dispatch the mail to destination postal facilities.

A DSMS user may be:

- a. A mailer with a single production plant.
- b. A mailer with multiple production plants, acting as its own consolidator.
- c. A consolidator receiving mail from multiple mailers/customers. Under this section, a consolidator may be a mailer authorized under a or b who also accepts shipments from other authorized DSMS mailers/customers or may be a firm that does not produce its own mail but consolidates mailings received from multiple mailers/customers*.

* *Note: A consolidator under b and c may have multiple consolidation locations.*

II. Requirements for participation:

- A. A mailer must have an approved DMU with on-site verification.
- B. A mailer or consolidator must provide the DMU with a computer, printer, internet access for transmission of release data to the consolidation facility, and information systems (IS) support to maintain the system. The mailer or consolidator must ensure the acceptance clerk(s) are trained to use the system and are provided a system user's guide.
- C. A mailer or consolidator must provide all documentation in section IV.A.1 for each mailing, as well as any additional documentation required by standard or the mailer's authorized special postage payment system (for example, Optional Procedure [OP]).
- D. A mailer must have sufficient funds for postage payment on deposit at the post office where mailings are verified, or in a CAPS account, for each mailing at the time it is released for shipment to the destination entry postal facility.
- E. A mailer or consolidator must meet all applicable *Domestic Mail Manual* (DMM) standards, including standards for PVDS in 705.15.

- F. A mailer must obtain a DSMS authorization from the Manager Business Mailer Support serving each mailing location.
- G. For Standard Mail, mailings must be verified under a special postage payment system agreement (occasional weigh-verified mailings will be accepted under DSMS if the mailings are supported by the documentation in section IV.A.1) and must meet all requirements for those agreements.
- H. A mailer or consolidator must implement a documented quality assurance program that ensures that DSMS requirements are met.
- I. A mailer or consolidator must use the Facility Access and Shipment Tracking (FAST) for shipments of Standard Mail and Bound Printed Matter Mail deposited at a network distribution center (NDC), auxiliary service facility (ASF), or sectional center facility (SCF). Appointments for deposit at a DDU are made with that DDU.

Additional requirements for a consolidator, as defined in sections I.b and I.c:

- J. A consolidator must obtain a separate DSMS program authorization from the Manager Business Mailer Support for each consolidation location.
- K. A consolidator may report on Forms 8125-CD only mailings that have been verified and released at a mailer's plant under the mailer's approved DSMS program.
- L. A consolidator must allow reasonable access to their consolidation facilities and DSMS related records for postal reviews (see section V).

III. System requirements:

A. General:

1. All documentation in section IV.A.1.b–g, as well as Forms 8125-CD, must be created using data from the same electronic file(s), for example, mail.dat. The mail.dat format is required for *PostalOne!* participants.
2. Mail must be properly palletized and labeled by the mailer under DMM M041 and M045 and, if applicable, must be properly containerized (in trays or sacks), in accordance with the supporting documentation provided by the mailer. For example:
 - A USPS Qualification Report shows 750 Standard Mail letter-size Enhanced Carrier Route price pieces for ZIP Code 31211, in two 5-digit carrier route trays, on pallet #3 for BMC Atlanta. There must be exactly two carrier route trays labeled to Macon GA 31211, containing all carrier route packages appearing on the USPS Qualification Report, on pallet #3, labeled to BMC Atlanta GA 31195.
 - A USPS Qualification Report shows 1200 Standard Mail flat-size 3-digit presort price pieces for ZIP Code 501, in three 3-digit sacks, on pallet #12 for BMC Des Moines. There must be exactly three 3-digit sacks labeled to Des Moines IA 501, containing all 5-digit and 3-digit packages appearing on the USPS Qualification Report, on pallet #12, labeled to BMC Des Moines IA 50999.
 - A USPS Qualification Report for Mailing A shows 1,500 Standard Mail flat-size Enhanced Carrier Route price pieces, in 150 packages, for ZIP Code 750. A USPS Qualification Report for Mailing B shows 500 Standard Mail flat-size carrier route price pieces, in 40 packages, for ZIP Code 750. The copalletization report shows 2,000 pieces, 1,500 from Mailing A and 500 from Mailing B, on pallet #133, for ZIP Code 750. Pallet #133 must contain 150 carrier route packages containing 1,500 pieces for carrier routes appearing on the USPS Qualification Report for Mailing A, and 40 packages containing 500 pieces

for carrier routes appearing on the USPS Qualification Report for Mailing B. The pallet must be labeled to North Texas TX 750.

3. Each pallet must bear a pallet label containing a human readable unique identifier (ID), and a barcode representing that ID. In addition to the unique pallet ID, pallets going to the same destination entry postal facility within a single mailing may bear a common group ID, different from the unique pallet ID, which groups the pallets together. Pallets identified in this manner are referred to as pallet groups.

If a pallet bears only a unique pallet ID and is not part of a pallet group, the unique pallet ID must appear on pallet labels and Forms 8125-CD. The unique pallet ID must also either appear on, or be linked in DSMS to, all other documentation for the mailing, including the postage statement and/or register of mailings, USPS Qualification Report, and Form 8125 Release Report (see section IV.A.1.g).

If a pallet is prepared as part of a pallet group and bears a pallet group ID in addition to the unique pallet ID, the pallet group ID must appear on the Form 8125-CD. All pallets that are part of that group must be shipped on the same vehicle to the destination entry postal facility. In addition, the pallet group ID must either appear on, or be linked in DSMS to, all other documentation for the mailing, including the postage statement and/or register of mailings, USPS Qualification Report, and Form 8125 Release Report, and must also be linked to the unique pallet IDs in DSMS. Unique pallet IDs and pallet group IDs may not be repeated within a 90-day period.

4. The system must read the pallet barcode and use the barcode data to track the pallet through production, staging, storage, and/or shipping from the mailer's plant to the destination entry postal facility (DBMC/DSCF/DDU), or from the mailer's plant to a DSMS consolidation location and then to the destination entry postal facility.

B. The DMU portion of the DSMS computer application must:

1. Allow only the DMU clerk to release mailings for reporting on Forms 8125-CD.
2. Allow the DMU clerk to "un-release" (cancel release of) mailings.
3. Allow sufficient access to the mailer's system to determine the location of pallets at any point from production through staging, storage, and/or shipping from the mailer's plant to the destination entry postal facility, or from the mailer's plant to a DSMS consolidation location (if applicable) and then to the destination entry postal facility.
4. Allow the DMU clerk to print Form 8125-CD Release Reports identifying mail that has been released by the DMU clerk by job; mailing/ mailing segment; unique pallet ID or pallet group ID, if used; and release date.
5. Provide information linking pallet or pallet groups to postage statement/register of mailings.

C. The authorized DSMS computer application must have sufficient security measures built in to:

1. Ensure that only DMU clerks have access to the Form 8125-CD release program.
2. Provide DMU clerk access by IDs unique to each user.
3. Track DMU activity by individual user ID.
4. Allow only mailings that have been released by the DMU clerk to be reported on Forms 8125-CD and not allow Forms 8125-CD to be printed until pallets to be included in each load are scanned to the appropriate destination trailers.

5. Have an inactivity log-out with variable time settings.

D. PS Form 8125-CD elements:

1. All DSMS mailings for the same destination entry postal facility in a single vehicle must appear on one consolidated Form 8125-CD (if different classes of mail are required to be deposited at separate facilities, separate 8125-CDs are required). Other non-DSMS PVDS mailings for the same entry facility may be transported in the same vehicle if accompanied by signed and dated Form(s) 8125 or 8125-C and clearly segregated from the DSMS mail represented by the Form 8125-CD. A consolidated Form 8125-CD may consist of multiple pages if the number of pallets or pallet groups in the shipment exceeds what can be reported on one page. Multiple page Forms 8125-CD must be endorsed "1 of 3," "2 of 3," and so forth. All pages must contain the information prescribed in section III.D.2–6.
2. Form 8125-CD must contain enough information to track a pallet or pallet group back to the mailing's presort reports and the postage statement(s). The unique ID appearing on the pallet label(s) for a pallet or pallet group must appear on Form 8125-CD.
3. The name of the authorized DSMS user generating the Form 8125-CD and contact information (consolidator).
4. Required data elements for each pallet or pallet group in a mailing:
 - Product/Job Name.
 - Product/Job ID#.
 - Permit number and payment type.
 - Unique ID number that identifies each pallet or pallet group.
 - Number of pallets and type.
 - DSMS mailer ID as assigned by USPS.
 - Total gross weight of pallet or pallets by unique pallet ID# or pallet group ID#.
 - Class of mail.
 - Type (letters, flats, etc.).
 - Date mail was released by DMU.
 - Total pallets and total weight of mail.
 - Total pieces/copies for each pallet/pallet group
5. Additionally, the Form 8125-CD must show the date the trailer is loaded or the date the trailer leaves the DSMS consolidation location. Forms 8125-CD may not be dated after the load has left the consolidation location.
6. Each Form 8125-CD must bear the endorsement:

"This 8125-CD was verified and accepted under the Drop Shipment Management System (DSMS). No origin office postal signature or round stamp date is required. Contact the consolidator listed above if there are any questions."
7. Destination entry postal facility information. For mail entered at a BMC or SCF, the city, and state names shown in the applicable DMM labeling list must be used.

IV. Participant responsibilities:

A. Mailer responsibilities:

1. Documentation¹ —

The following records must be presented or available for review at or before the time the mail is produced:

- a. Production schedule for jobs under DSMS (at least 24 hours prior to beginning of production).
- b. Presort reports (USPS Qualification Report, Pallet Reports).
- c. List identifying individual pallets/pallet groups by job and mailing and their scheduled release dates (date when postage will be paid).

The following documents must be provided prior to final release of mailings/ mailing segments:

- d. Postage statements or consolidated postage statements
- e. Postage statement register or PS Form 3602C (Standard Mail).
- f. Postage statement register (Bound Printed Matter)
- g. Postage statement register (Periodicals)
- h. Any modifications to IV.A.1.c, if applicable (for example, change in release dates, changes to pallet groups, pallets not produced or released).

The following record is produced at the time of release as described below:

- g. Form 8125-CD Release Report. This report lists all pallet/pallet groups for a job/ mailing for release on a specific date by unique pallet/pallet group ID and destination. DSMS must allow the DMU clerk to compare the Form 8125-CD Release Report information, about mailings/ mailing segments designated for release, against the postage statement/postage statement register and pallet/pallet group list prior to final release of mailings/ mailing segments to ensure data has been entered correctly. If the DSMS mailer is not the party creating the Form 8125-CD, the Form 8125-CD Release Report must identify the DSMS consolidator who will generate the Form 8125-CD.

DSMS records must be retained at least one year unless otherwise specified by standard or mailing system agreement requirements.

2. Quality assurance —

The mailer's documented quality assurance must ensure that:

- a. Pallets are correctly prepared according to the supporting documentation.
- b. Pallets are correctly labeled, tracked, inventoried, and, if applicable, correctly shipped to a consolidation location.
- c. Postage for all mailings has been paid at the correct prices.

3. Procedures —

The mailer must:

- a. Affix a barcoded pallet label (see section III.A.3) to each pallet and scan the barcode to place the pallet in inventory once the pallet is completed. Barcoded pallet labels must also be scanned at the time pallets are shipped to a DSMS consolidation location.
- b. Provide the DMU clerk reasonable access to the production area to complete verifications.

- c. Provide the records listed in section IV.A.1.a–c to the DMU clerk in sufficient time for the verifications outlined in section IV.B to be completed. Pallets may not be shipped to a DSMS consolidation location until cleared by the DMU clerk. Clearance will be provided once the initial verifications are completed.³
- d. Separately stage pallet groups and/or mailing segments for pallets selected for pallet or presort verification by the DMU clerk.
- e. Provide the records listed in section IV.A.1.d–h to the DMU clerk in sufficient time to allow for the reconciliation of the records, and correction of any discrepancies, prior to the release of mailings/ mailing segments.
- f. Ensure sufficient funds are deposited prior to release of mailings/ mailing segments.
- g. Provide Form 8125-CD Release Report data to the DMU's DSMS computer application. Information used to create the Form 8125-CD Release Report may be provided to both the DMU's and consolidator's DSMS computer application; however, this information may not be released by the DMU clerk or used to create Forms 8125-CD until postage has been paid.

B. DMU clerk responsibilities:

1. Verification procedures³ —

The DMU clerk must:

- a. Set up a verification schedule using the production schedule (section IV.A.1.a).
- b. Ensure all documentation is provided when required.
- c. Complete initial verifications and cursory reviews.
- d. Complete presort verifications to ensure mailings are randomly sampled. Verifications should be scheduled to include samples from the beginning, middle, and end of production. When selecting trays/sacks for verification, the DMU clerk must ensure that all trays/sacks for the selected ZIP Code are included in the verification. Tray/sack contents must be matched against the USPS Qualification Report to ensure the mail matches the documentation (see section III.A.2).
- e. Complete pallet verifications to ensure the correct number of pallets have been prepared for a selected pallet group and/or mailing segment.
- f. Notify the mailer when mailings/ mailing segments are cleared to begin shipment to DSMS consolidation locations.
- g. When the records in section IV.A.1.d–h are provided for the mailings, check to ensure pallets/pallet groups appearing on the pallet list (section IV.A.1.c) match the Form 8125-CD Release Report and register of mailings, all verifications are completed, and sufficient postage is on account for all pallets/pallet groups on the postage statement.
- h. Release mailings/ mailing segments to the DSMS consolidation location.
- i. Check the final Form 8125-CD release information to ensure it matches the initial Form 8125-CD Release Report.

- j. Complete the DSMS Tracking Log, if required, by listing all DSMS mailings/ mailing segments to ensure a postage statement has been submitted and postage was paid for all DSMS mailings.
- k. File Form 8125-CD Release Reports and pallet/pallet group lists together. Retain for 90 days.

C. Consolidator responsibilities⁴:

1. Quality assurance —

The consolidator's documented quality assurance must ensure that:

- a. Pallets received from mailer's plant are tracked and inventoried correctly.
- b. Only mail that has been released by the DMU clerk is reported on Forms 8125-CD.
- c. Mail is dispatched to the appropriate destination entry postal facility with the appropriate Form 8125-CD, based on the entry discounts claimed on the postage statement.

2. Procedures —

The consolidator must:

- a. Scan barcoded pallet labels upon receipt from the mailer's plant and when pallets/pallet groups are loaded in a trailer to a destination entry postal facility.
- b. Print Form 8125-CD corresponding to the trailer load.

Note: *Pallet/pallet group information may be used to plan loads prior to release; however, trailers may not be loaded and Form(s) 8125-CD may not be printed until pallet/pallet groups are released by the DMU.*

- c. Ensure Forms 8125-CD reflect the date the trailer is loaded or the date the trailer leaves the DSMS consolidation location.

V. Authorization:

A. Applications: General —

- 1. Each mailer and consolidator must prepare all application material and submit it to the Manager Business Mailer Support. If a consolidator intends to use more than one consolidation location, each location must be separately approved; however, all locations may apply simultaneously with one application.
- 2. If a mailer intends to prepare mailings under DSMS at a number of locations, a separate application must be prepared for each mailing location.

B. Submission by DSMS applicant —

Submit a DSMS application, Form 5341, to the Manager Business Mailer Support. The form must be accompanied by:

- 1. A narrative account of how the system works, including a detailed explanation of how the system requirements will be met.
- 2. Flowchart(s) showing relationship between mail movement and data flow, including:

- a. Source and movement of data used to create and track mailings from planning through dispatch to destination entry postal facilities, where and when each required report is created, and how each report supports the system.
 - b. Mail movement (pallet/pallet groups) from production through dispatch to destination entry postal facilities.
3. A sample pallet label identifying the unique pallet ID(s) and ID barcode(s).
 4. Samples of all required reports, including postage statements (registers) and a Form 8125-CD, identifying the unique IDs that will be used to track pallets and pallet groups.
 5. A detailed written description of the applicant's quality assurance (QA) procedures and copies of the forms used to document the QA process.

C. Review and Approval of DSMS Application —

1. Applicants meeting all program requirements, including a successful live test of the system, will receive a 90-day conditional authorization. Final approval will be given after the successful completion of the 90-day conditional period. Final authorization will be given for a non-expiring agreement that will remain in effect until the USPS or DSMS mailer cancels the authorization.
2. A DSMS agreement between the mailer and the Postal Service will be prepared for both conditional and final authorization for users authorized under sections I.a or I.b. If a DSMS mailer will use a consolidator under section 1.c, the authorization will identify the consolidator and include the consolidator's signature. Copies of the agreement will be provided to all parties and appropriate postal officials. The consolidator will receive a separate letter of authorization for their DSMS system.

D. Denial of DSMS Application —

If the application is denied, the applicant may file an appeal, in writing, within 15 days of receipt of the notice. The appeal must be submitted to the Manager Business Mailer Support. The appeal must present additional information explaining why the DSMS application should be approved. After review, if the Manager Business Mailer Support determines the application still does not warrant approval, the file is forwarded to the Manager, Business Mail Acceptance, USPS Headquarters, who issues a final decision to the applicant.

E. Suspension of DSMS Authorization —

A DSMS authorization may be suspended by the Manager Business Mailer Support at any time, pending investigation, if it appears that postage is not being fully paid or the DSMS user fails to comply with any terms of the DSMS authorization (e.g., unique IDs not used, mail is not properly reported on Form 8125-CD). An action to suspend a DSMS authorization may be issued to a DSMS mailer under sections I.a or I.c, a DSMS mailer under section I.b at one or more mailing plants, or a DSMS consolidator and one or more mailing plants under section I.c.

F. Cancellation of DSMS authorization —

1. The USPS may cancel a DSMS authorization if:
 - a. The DSMS authorization has been suspended under section E and the user has not taken corrective action.
 - b. The DSMS user provides misleading or incorrect data to avoid paying postage; presents no mailings under the DSMS authorization during any consecutive 12-

month period; or continually fails to comply with the DSMS authorization or the standards applicable to the DSMS program.

- c. The Manager Business Mailer Support review reveals that the DSMS authorization is no longer justified.
2. The cancellation takes effect 15 days from the DSMS users' receipt of the notice unless, within that time, the DSMS user files a written appeal with the Manager Business Mailer Support stating why the DSMS authorization should not be canceled. If the manager upholds the cancellation, the entire file is forwarded to the Manager, Business Mail Acceptance
3. Any action taken to cancel a DSMS authorization may be issued to a DSMS mailer under sections I.a or I.c, a DSMS mailer under section I.b at one or more mailing plants, or a DSMS consolidator and one or more mailing plants under section I.c.
4. The DSMS user may cancel its authorization at any time by sending written notice to the administering post office and Manager Business Mailer Support.

VI. Review:

DSMS is subject to review by the Postal Service at any time to ensure compliance with system requirements. A review may be conducted in conjunction with other mailing system reviews or may be conducted independent of other reviews.

This review may consist of on-site visits to the authorized mailer's plant, the consolidator's location(s), or any destination entry postal facility. All records pertaining to DSMS, including the documentation listed in section IV.A.1, Forms 8125-CD, and the mailer's and consolidator's documented quality assurance must be made available for review upon request. The mailer/consolidator may also be asked to provide planned transportation information so a survey of current mailings can be conducted.

VII. Glossary:

Clear: Process whereby the DMU clerk notifies the mailer that initial verifications, cursory reviews, and presort verifications (when scheduled) have been completed and that the mailer may begin shipping mail to the DSMS authorized consolidation location. This may occur prior to the receipt of the records listed in section IV.A.1.d–h and postage payment.

Destination entry postal facility: Postal facility serving the delivery area for mailings included in a PVDS load to which the mailer/consolidator transports the load for entry into postal processing. These include bulk mail centers, auxiliary service facilities, sectional center facilities, and delivery units.

DMU (detached mail unit): The physical location within a mailer's plant where postal acceptance clerks complete verification and acceptance of mailings.

Load: Mailing(s) transported on a single vehicle and deposited at the same destination entry postal facility.

Mailing segment: Group of mailpieces within the same mailing sorted together and supported by a USPS Qualification Report summary. Often refers to all pieces designating in the service area of a single destination entry postal facility such as a bulk mail center or sectional center facility.

Pallet group: Pallets going to the same destination entry postal facility within a single mailing that bear a common group ID, which is different from the unique pallet ID, and groups them together.

Postage Statement Register: or PS Form 3602-C A computer-generated (hard-copy or *Posta/One!*) line item listing of all individual postage statements (destination entry postal facilities) for PVDS mailings released for inclusion on Form 8125-CD for a job.

Release: Process whereby the DMU clerk electronically notifies the mailer/consolidator that pallets/pallet groups for a mailing/ mailing segment may be included in a PVDS load and that information about the pallet/pallet group may be reported on a Form 8125-CD.

Un-release: Process whereby the DMU clerk electronically reverses a release.

¹ Information in the records under section IV.A.1.c and d–h must be listed by job/ mailing, release date, and pallet/pallet group for ease of reconciliation.

² If a presort verification is conducted on a mailing and the mailing does not pass, the mailer may be required to retrieve additional pallets for the same mailing from the consolidation location if the rework option is chosen.

³ These verification procedures are in addition to any applicable postage payment system acceptance procedures.

⁴ These requirements must also be met when a DSMS mailer acts as its own consolidator.