



Mail Transport Equipment (MTE)

Cathy Moon

Manager MTE

May 14, 2012

Mail Transport Equipment (MTE)

- Background
- Supply Plan
 - Fulfillment
 - Repositioning
- Purchase Plan FY12
- Keeping MTE Circulating
- What's new in MTE

What is MTE?

- Trays (letters & flats)
- Sleeves
- Sacks
- Pallets
- Rolling stock



\$120,000,000





Mail Transportation Equipment Service Centers (MTEESC) and the MTEESC Network

What is the MTE Network?

- The MTE network consists of MTESCs, USPS Plants, Business Mailers, Delivery Units, MTE HQ and MTE Suppliers
- The goal of the MTE network is to ensure that adequate, timely, and high quality MTE is available to both mailers and USPS facilities
- USPS provided MTE ensures that mail will be able to move smoothly through the mail network as it is designed specifically for mail products and to work with USPS automation equipment



MTE Servicing Centers (MTEESC)

MTEESC's serve as the heart of the MTE Network

- Act as MTE warehouses and supply centers
- Send MTE to mailers and USPS facilities
- Receive new and used MTE from the field and prepare the equipment to be sent to MTE customers by:
 - Repackaging MTE (Finishing) so that it can be delivered efficiently
 - Repairing damaged MTE when possible
- Ship trailer loads of MTE to customers via a dedicated MTE fleet
- Store excess MTE during off peak season
- Are run by contractors
- Load orders 24 hours in advance of dispatch



Inside an MTE SC





Mail Transportation Equipment & MTE Network

MTE SC Locations



MTE SC Hours of Operation

USPS

- M-F hours vary by center ranging from 5:00 AM to 11:30 PM
- 50% of sites regularly require two shifts to complete processing
- Weekend shifts added as needed to complete processing and load orders
- Orders are loaded 24 hours prior to scheduled dispatch
- Pick-up and drop-off of scheduled trips occurs 24/7



USPS Plants

USPS plants in the MTE Network consist primarily of Processing & Distribution Centers (P&DC) and Processing & Distribution Facilities (P&DF)

- Receive MTE from MTESCs, Mailers, Post Offices, and other Plants
- May return excess MTE to different MTESCs than they receive MTE from to help maintain a balanced network
- Receive the majority of MTE shipments from MTESCs



Business Mailers

Business Mailers are made up of 3 groups:

- Large Mailers
- Consolidators
- Small Mailers



Large Business Mailers

Large Business Mailers, in the MTE network, are Mailers who have been approved to receive shipments of MTE from MTESCs. They are typically companies that specialize in preparing mail (Mail Service Providers) or companies that do a lot of mailing on their own (credit card companies, etc)

- Receive truckloads of MTE from MTESC's
- Return MTE to USPS when inducting mail into USPS Plants
- Receive MTE from the same MTESC each order*
- May give MTE to Consolidators

**Under certain circumstances, MTE HQ can decide to source an order from a different MTESC on a order by order basis.*



Consolidators

Consolidators are Large Business Mailers that combine mail from other mailers to take advantage of volume, sortation, and point of entry discounts

- Obtain MTE from other mailers when receiving their mail
- May also receive truckloads of MTE from MTESCs
- Return their MTE and MTE from other Mailers to USPS when inducting mail into USPS Plants



Small Mailers

Small Mailers, in the MTE network, are Mailers who receive MTE, but are not consolidators and are not approved for MTE delivery. Currently the MTE Department has no insight into what MTE Small Mailers request and receive

- Receive MTE from Post Offices or USPS Plant loading bays
- Are only allowed to receive certain MTE products
- Return to USPS when dropping off mail at the Post Office or USPS Plants
- May give MTE to Consolidators

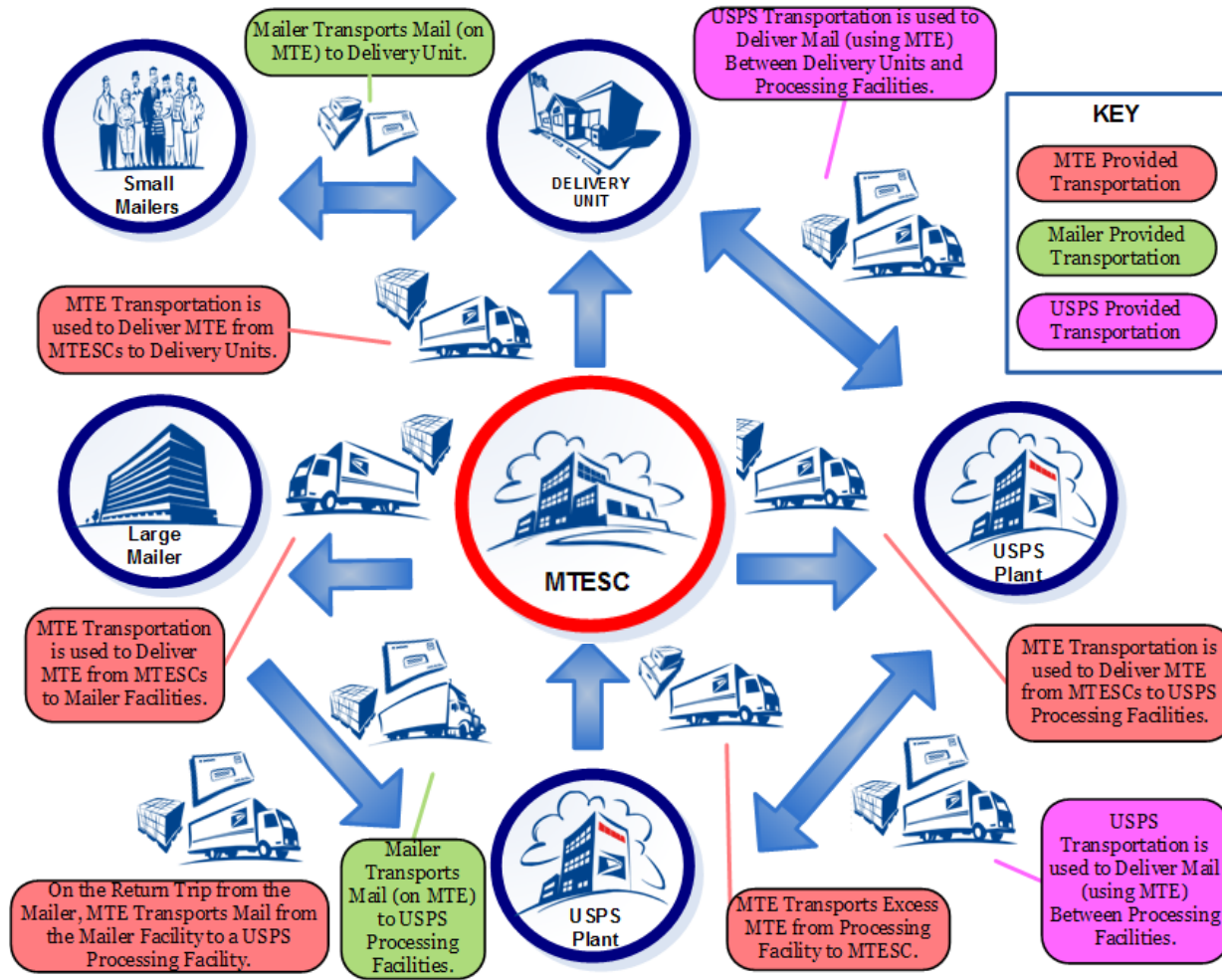




Mail Transportation Equipment & MTE Network

MTE Network – Simplified Network Diagram

The diagram below represents the MTE Network without Consolidators.

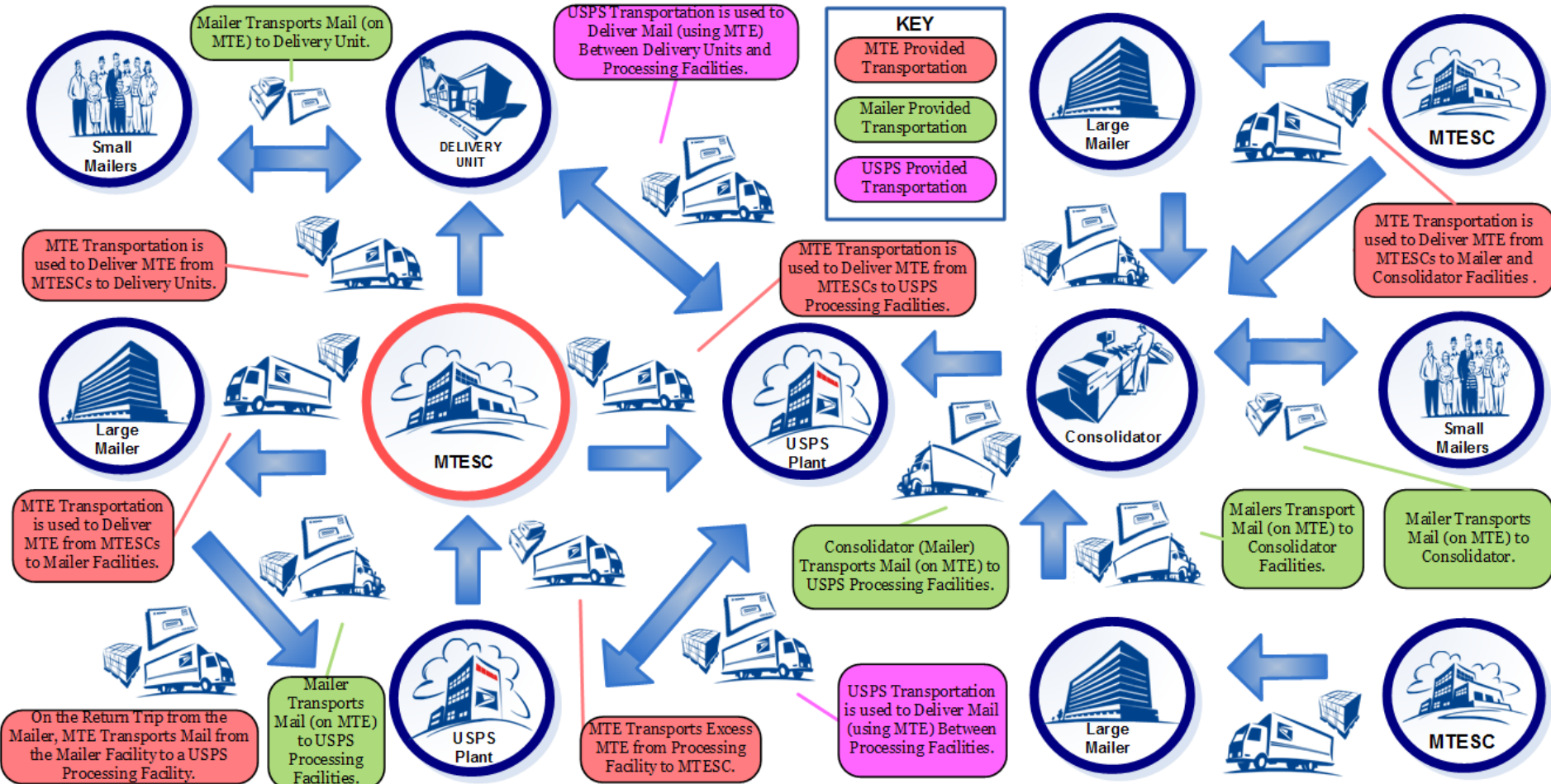




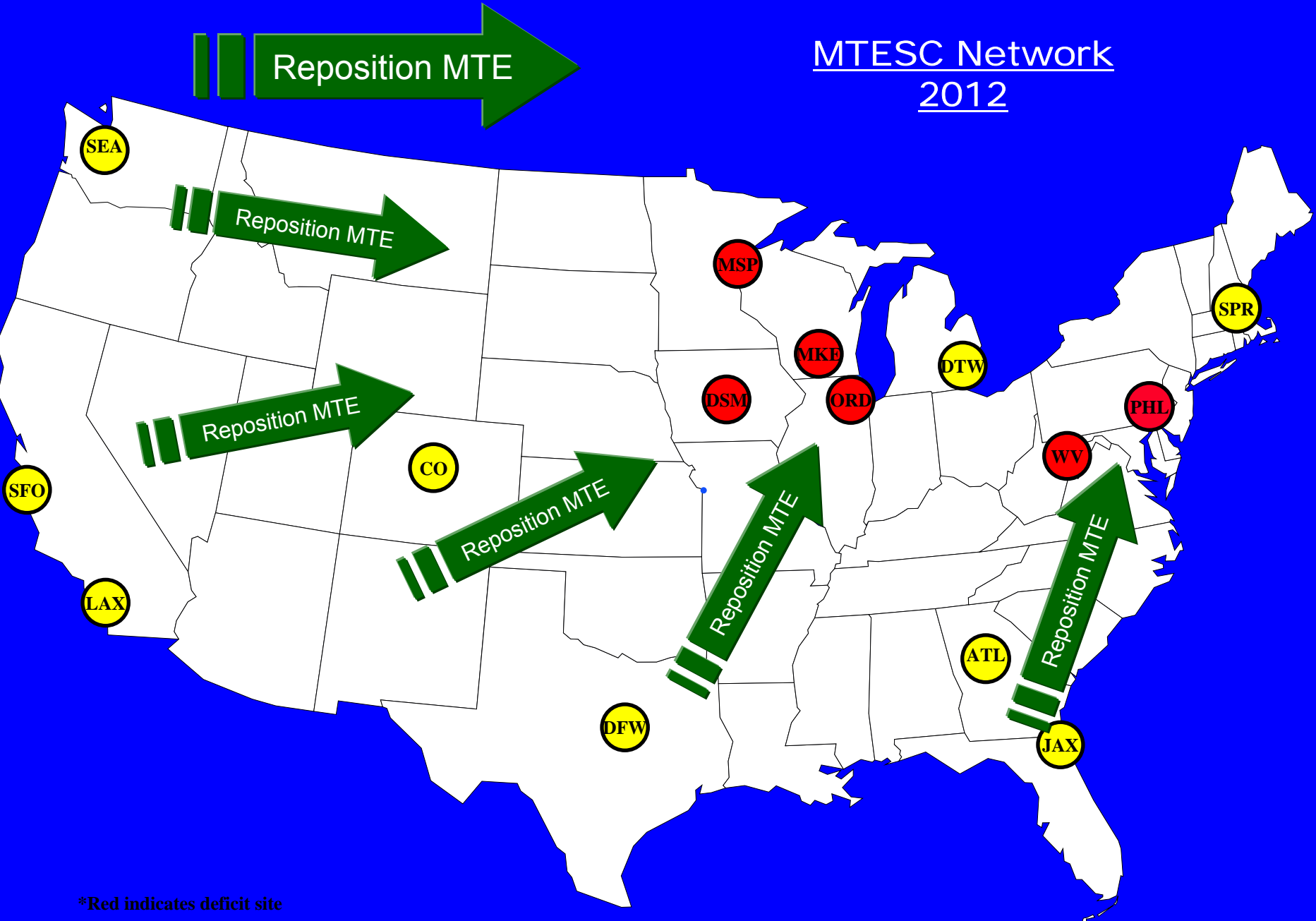
Mail Transportation Equipment & MTE Network

MTE Network – Expanded Network Diagram

The diagram below represents the MTE Network including Consolidators.



MTEESC Network 2012



*Red indicates deficit site

- **Unusually high demand**
- **Demand not supported by on-hand inventory**
- **Less durable MTE**
- **Lack of visibility of mailer inventory and MTE received from plants**

- ❑ **Increased quantity of MTE purchased**
 - **Modeling completed to determine quantities needed**
 - **Restore inventory levels at MTESCs to sustain peak demand**
 - **Leadership committee review**
- ❑ **Pursue development of system to track end-to-end flow of MTE and provide visibility of order status to mailers (MTEOR)**
- ❑ **Identifying internal local recycling, destruction and misuse**
 - **Return serviceable product to inventory**
- ❑ **Tightening process for MTE fulfillment at plants**
 - **Require photo ID from drivers**
 - **Track mailer pick ups**

FY12 MTE Purchases \$120,000,000

- ❑ 22M MM trays
- ❑ 5M EMM trays
- ❑ 1.1M Half trays
- ❑ 7.7M MM sleeves
- ❑ 4M EMM sleeves
- ❑ 800K Half sleeves
- ❑ 10M Sacks
- ❑ 3M Flat tubs
- ❑ 3M Pallets



Keeping MTE Circulating



What is the price of MTE not circulating?

If 350 of the 700 very large mailers served by the MTEESC each hold just **2 extra trailer loads** of MTE in reserve:

We need **\$17,197,425** to replace the MTE which is not circulating.

If 5,000 of the large mailers each hold just **20 pallets** of MTE in reserve:

We need **\$68,730,000** to replace the MTE which is not circulating.

If 15,000 mid-sized mailers each hold just **8 pallets** of MTE in reserve:

We need **\$82,476,000** to replace the MTE which is not circulating.

Combined we would need \$168,403,425 to replace this MTE!

Trailer load values based on cost to replace full load quantities such as 48 stacks of plastic pallets or 48 pallets of plastic MM trays

□ **Current Efforts to Reduce Leakage**

- Inspection Service – Recyclers
- Lean Six Sigma Projects
- Internal Awareness Campaign
- GPS Pallet Program

- ❑ Inspection Service Recycler Initiative
 - 218 recycling facilities visited November 2011.
 - 30% were in possession of USPS MTE.
 - 14,453 plastic pallets with an estimated value of \$286,748 and other MTE with an estimated value of \$7,434 recovered.
 - USPS MTE awareness posters were distributed at each location visited.

- ❑ Inspection Service continues to recover MTE on a routine basis via self-initiated reviews, investigations, postal employee/public leads.
- ❑ MTE recovered as of mid-year \$926,324 (including 27,789 plastic pallets)



Lean Six Sigma Projects

- Reduce Excess MTE in Delivery & Retail Units
- Reduce Excess MTE in Plants
- Reduce Excess MTE at Mailers
- Recycling & Destruction of MTE at Plants and Post Offices

The movement of USPS pallets.....

- Where do our pallets go?
- How long are our pallets outside the USPS network?
- Where do our pallets end up?

We sample and monitor the flow with GPS.

Pallet Cycle Times

- Average measured cycle time from customer receipt of pallets to USPS return – 18 days
- Some sit and do not move for months
- Others make trips to multiple locations before returning to USPS facilities

High cycle times cripple our ability to resupply the network.

Extra trips increase wear and reduce the life of the pallets.

Examples

- Pallet sits at customer facility in MD – 75 days
- Pallet sits at customer facility in TX – 74 days
- Pallet sits at customer facility in FL – 51 days
- Pallet deployed to a mailer in WI moves to two places in IL before arriving at the Detroit NDC two weeks later.
- Pallet deployed to a mailer in CA moves to another location in CA, a 2nd facility in IL, a third facility in PA before being inducted into a USPS facility in NY.

How Industry Partners Can Help:

- Reliable Forecasting
 - Advance visibility of demand by equipment type and date
- Place equipment orders just-in-time based on production
- Minimize cycle time between obtaining MTE and entering mail stream
- Maintain equipment within postal supply chain

Mail Transport Equipment (MTE)

MTE is Postal property.



Tubs, Pallets, Trays and Rolling Stock

Utilize MTE only for mail transport
not for any private business use



What's New in MTE

What's New in MTE

- New Tray Material
- MTEOR
- MTEESC Network Modification

- ❑ Testing MM trays in Solid Fiber
 - Increased durability over corrugated
 - Lower cost than plastic



Developing a System to Track MTE End-to-End

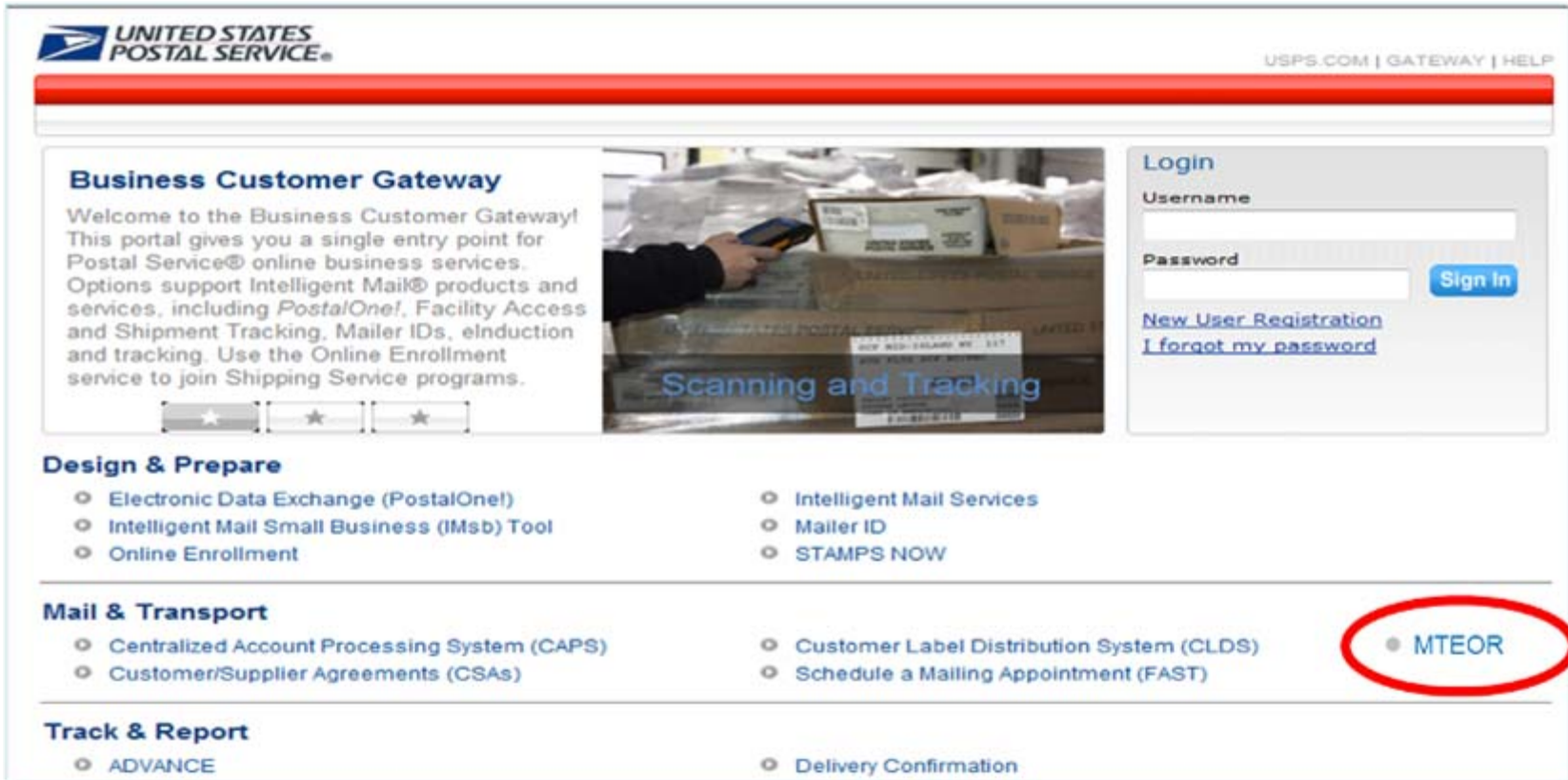
- Funding and approval for MTEOR
- Phase 1 Launch September 1
- Phase 2 Early 2013

Phase 1

For mailers supplied MTE via MTEESC

- Online ordering
- Visibility to order status

MTEOR will be located in the Business Customer Gateway, providing mailers easy access through a familiar site. Each mailer will login using an existing account or by creating a new account.




UNITED STATES POSTAL SERVICE® USPS.COM | GATEWAY | HELP

Business Customer Gateway

Welcome to the Business Customer Gateway! This portal gives you a single entry point for Postal Service® online business services. Options support Intelligent Mail® products and services, including *PostalOne!*, Facility Access and Shipment Tracking, Mailer IDs, eInduction and tracking. Use the Online Enrollment service to join Shipping Service programs.

★ ★ ★



Scanning and Tracking

Login

Username

Password

[New User Registration](#)
[I forgot my password](#)

Design & Prepare

- Electronic Data Exchange (PostalOne!)
- Intelligent Mail Small Business (IMsb) Tool
- Online Enrollment
- Intelligent Mail Services
- Mailer ID
- STAMPS NOW

Mail & Transport

- Centralized Account Processing System (CAPS)
- Customer/Supplier Agreements (CSAs)
- Customer Label Distribution System (CLDS)
- Schedule a Mailing Appointment (FAST)
- MTEOR**

Track & Report

- ADVANCE
- Delivery Confirmation

This screen shot is for discussion purposes only

MTEOR will feature a dashboard view that will provide mailers with a snapshot view of various metrics, such as their order status, order history, reporting capabilities, etc.

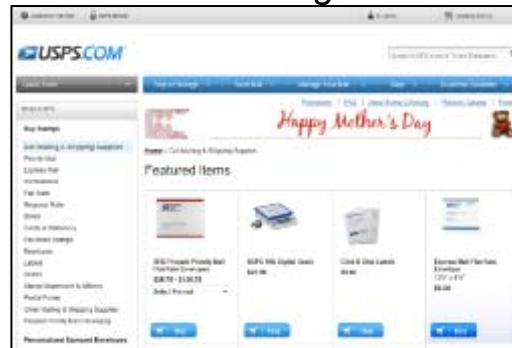


Mailer Dashboard View

View/search order history



View MTE Catalogue/ Order



Publish reports



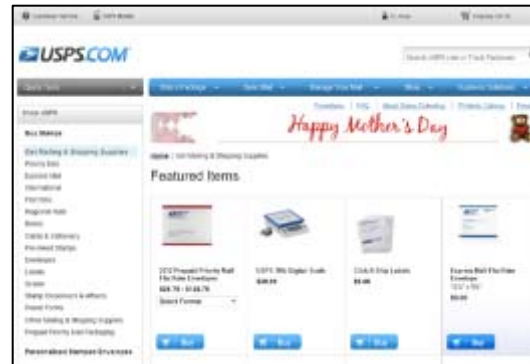
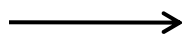
These screen shots are for discussion purposes only

Mailers will have a catalogue with an MTE product list, which they will be able to browse, make selections and place orders.

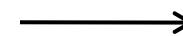
MTEOR MTE Catalogue-- Representative



MTE Catalogue



Mailer selects MTE product(s)



Mailer places order(s)

The representative MTE catalogue process flow is intended to illustrate the mailer experience when browsing, selecting and placing an order for MTE.

These screen shots are for discussion purposes only

MTEESC Network Modification

Temporary expansion of the Chicago MTEESC

- 300,000 sq ft addition
- Positioned to resupply MTEESC's in Milwaukee, Minneapolis and Des Moines



A



B



C



D

Which of these is
NOT a Postal pallet?



A



B



C



D

All of these are Postal pallets!

80% of the pallets purchased in Q1-Q3 were wood due to the lower price point



A



B



C



D

Bonus Question:

How much does each type of pallet cost?



A



B



C



D

How much does each type of pallet cost?

Wood Slat = \$6

Pressed Wood = \$8

Plastic = \$20



A



B



C



D

Which can be recycled or disposed of locally (by mailer or USPS plant) if it is no longer serviceable?



A



B



C



D

No MTE of any type may be recycled locally. Return all MTE to the MTEESC to be recycled.

Mailers return MTE to the plant which returns to the MTEESC

What about pallets that are in this condition?





No MTE of any type may be recycled locally, even if damaged. Return all MTE to the MTEESC to be recycled.

Mailers return MTE to the plant which returns to the MTEESC



Thank you!

We appreciate the opportunity to share the MTE process and plan with you.

Questions concerning MTE should be channeled through your Business Service Network representative.

MTE Hotline: 866-330-3404

Email: HQMTE@usps.gov