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TRANSACTIONAL MAIL: DISCUSSION FORUM RECAP



Executive Summary

Transactional mail may be facing an uncertain future. Many companies are trying to implement paperless billing, but the majority of their customers still prefer to receive their bills through the mail. Companies cannot afford to ignore this persistent consumer preference. Understanding this dynamic is important for the U.S. Postal Service, as transactional mail accounts for about \$18.5 billion of its annual revenue.

To understand how billers view and plan to use transactional mail, the U.S. Postal Service Office of Inspector General (OIG) gathered representatives of companies that send and process bills. This discussion built off previous OIG research, which explored how consumers choose to receive and pay their bills.

Participants identified three drivers that are pushing companies to create digital billing and payment options: a strategic effort to digitize the entire enterprise to create effectiveness and efficiencies across the company, cost savings associated with digital communications replacing hard copy, and meeting customer preferences for multiple billing and payment channel options. Research shows that companies expected their incentives and penalties to drive customers online at a higher rate than they have actually been able to achieve. Thus far, the consumer move to receive bills electronically has been slow and incremental, with the Postal Service still delivering almost 80 percent of all bills and statements.

Participants, however, agreed that one or more disruptors could accelerate this digital diversion. Disruptors are external forces that could bring about rapid change to transactional mail, such as the loosening or elimination of regulations that require some content to be sent by mail. The introduction of a breakthrough device, broad consumer adoption of a new mobile billing application, or increased customer comfort with technology could also change consumer behavior. The financial maturation of Digital Natives into homeownership and other bill-paying responsibilities could overhaul companies' communications strategies, with a focus on this digital-first generation. Finally, postage prices could rise to a tipping point that pushes companies and their customers online.

Although the Postal Service is not in imminent danger of losing the transactional mail market, it should consider taking steps to raise its value to both senders and recipients by promoting physical-digital integration, increasing the speed of delivery and innovation, designing a digital mailbox, and providing data analytics. This paper summarizes the main points participants identified about the transactional communications industry and ways the Postal Service can prepare and adapt itself for the unknown.



*Promoting Integrity and Accountability
in America's Postal System*

Introduction

The U.S. Postal Service relies on transactional mail — primarily household bills and payments — as a critical element of its financial health. In recent years, the revenue from transactional mail accounted for over a quarter of the Postal Service's total revenue. However, transactional mail volume has been trending downward since 2007.¹ This decline can be partially attributed to the dawn of the Digital Age, which has changed how consumers and businesses communicate and transact business. From hard copy mail to text messages, emails, and online portals, companies are giving consumers a growing number of channels through which they can receive and pay bills. In fact, companies are increasingly encouraging consumers to eschew hard copy communication in favor of digital alternatives.

Consumers are embracing these digital alternatives — but primarily to pay their bills. While almost three quarters of households pay at least some of their bills online, consumers continue to see value in receiving paper bills and statements.² Nearly 80 percent of bills and statements are delivered by the Postal Service, mainly because consumers view these hard copies as a reminder to pay their bills as well as a record keeping tool.

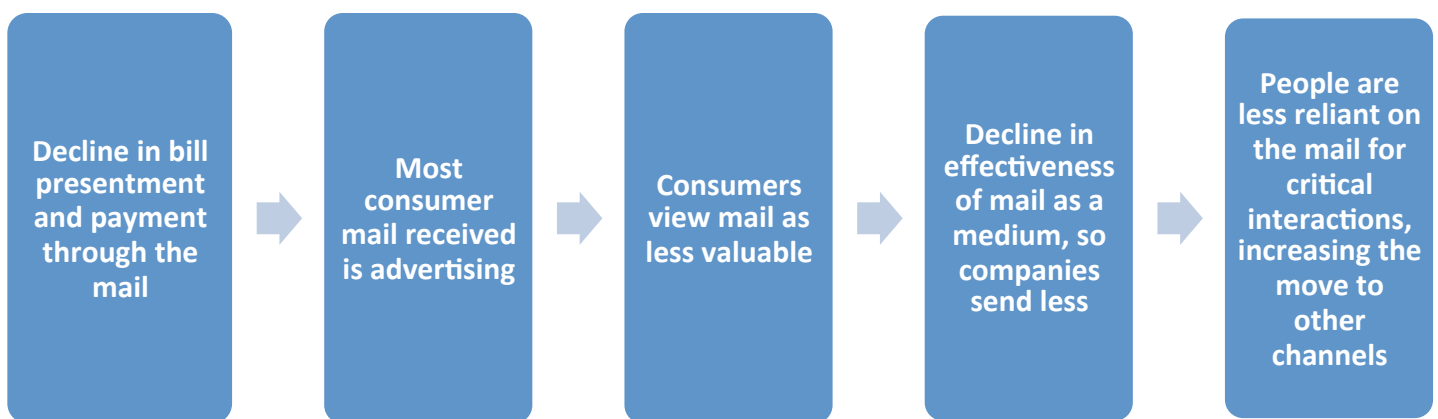
In an effort to move more than just bill payment online, more companies are giving consumers the option to receive their bills digitally. How quickly consumers adopt paperless options is important, as this has a profound impact on transactional mail, whose volume is a

barometer for the health of all household mail. The move to paperless billing could create a chain reaction in the mail mix, eventually leading to a decrease in all types of mail, as described in Figure 1.

Transactional mail's decline could hurt consumers' perception of all mail they receive. As households receive fewer bills and statements in the mail, it is likely their mailbox will contain a higher percentage of advertising mail than it did previously. This change could have a negative impact on the mail moment, which is the daily ritual consumers undergo when they look through and sort their mail. If consumers check their mail less often and look through it with lower anticipation, it will begin to lose value for advertisers who send mail as well. Will the American public still require a Postal Service if it delivers nothing but advertisements and parcels? For parcels, there are other providers. To stay relevant in this segment, the Postal Service needs to understand how its customers — businesses and consumers alike — make decisions about how and when to use different channels for transactional communications.

To understand how billers are dealing with customer expectations and company interests related to transactional mail, the U.S. Postal Service Office of Inspector General (OIG) hosted a discussion forum with representatives from various stakeholders across the transactional mail industry.³ This paper summarizes the event's discussion.

Figure 1: The Threat of Digital Diversion in Transactional Mail to Other Revenue Streams



1 U.S. Postal Service, *The Household Diary Study: Mail Use & Attitudes in FY 2007*, March 2008, <http://about.usps.com/studying-americans-mail-use/household-diary/usps-hds-fy07.pdf> and U.S. Postal Service, *The Household Diary Study: Mail Use & Attitudes in FY 2013*, May 2014, http://www.prc.gov/Docs/90/90246/USPS_HDS_FY13.pdf.

2 InfoTrends, *Customer Communications Delivery Market Sizing & Forecast: 2013-2018*, 2014 and U.S. Postal Service, *The Household Diary Study: Mail Use & Attitudes in FY 2013*.

3 The participants kept their discussion to the relationship between businesses and customers and did not include a discussion of business-to-business transactions.

The Event

The OIG gathered representatives from two key industry segments with connections to transactional mail.

- **Companies that Employ Transactional Mail** Representatives included companies that send transactional mail as well as those that provide mail services. These participants shared their first-hand knowledge about how their organizations made internal decisions about customer communications. They spoke to the factors that go into making those decisions, the push they and their competitors are making toward digital communications, and the role customer satisfaction plays in their decisions.
- **Trade Associations Representing the Mailing Industry** Representatives were familiar with the postal industry,

electronic bill payments, marketing, and direct mail product manufacturers. They spoke about how the use of transactional mail has evolved over time, reviewed transactional communications research, and discussed some of the policy considerations for which senders are advocating.

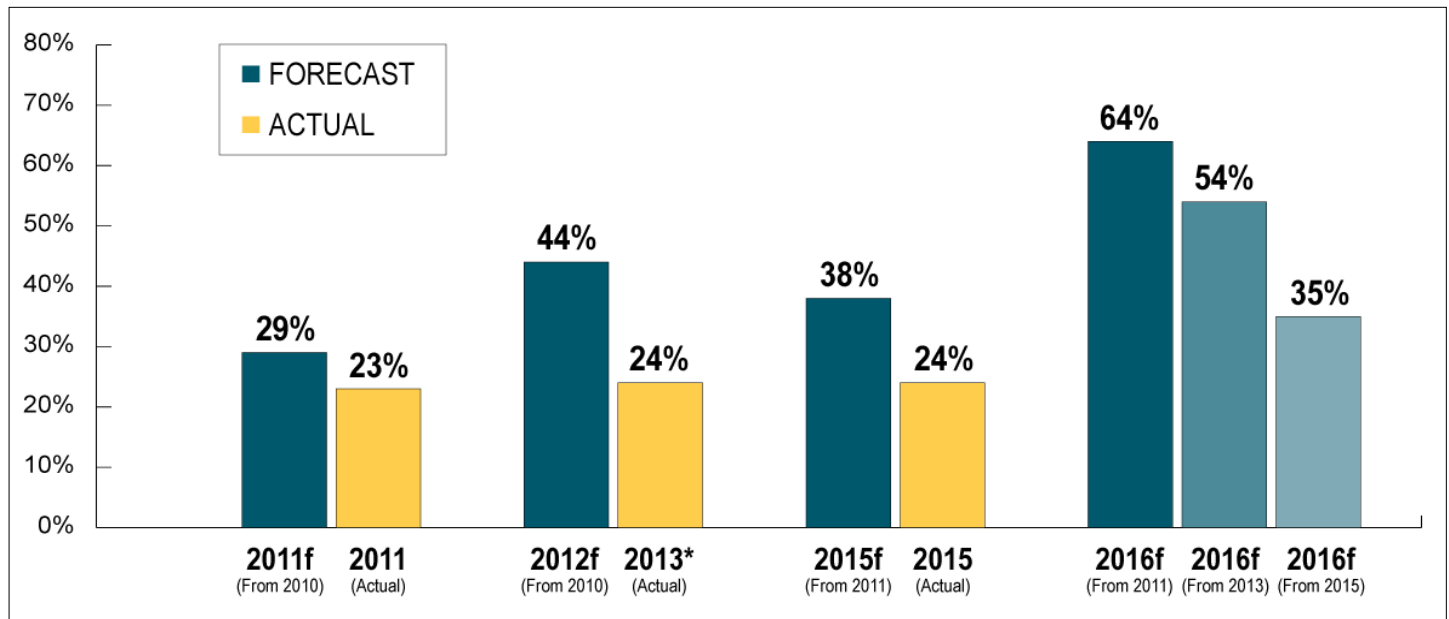
The OIG brought these groups together because of their unique perspectives about the current and future trends in transactional mail and the Postal Service's role in this industry. Participants explored how billers balance physical and digital communications, potential market disruptors, and how the Postal Service could increase its value to transactional mail customers.

Balancing Physical and Digital Communications

Companies expect to move consumers online at a higher rate than they have actually been able to achieve. Figure 2 shows that the actual adoption rates have consistently fallen short of the forecasted adoption rates. The chart also shows that companies were less optimistic about their electronic adoption rate for 2016 as years went on, perhaps because they recognized that actual adoption

rates were lower than previous forecasts. Regardless of past forecasting errors, 45 percent of companies expect to be mostly or completely paperless for their delivery of communications by 2017.⁴ That this expectation exists, despite digital bill delivery seeing a plateau between 2013 and 2015, further demonstrates companies' desire to move people online.

Figure 2: Actual and Expected Consumer E-Adoption



* InfoTrends did not collect actual adoption rates in 2012, so the 2012 forecasted adoption rate is compared to the 2013 data.
Source: InfoTrends, 2015.

4 Crawford Technologies, *The Future of Mail: Exploring the Digital Mailbox Revolution*, August 2012, <http://www.crawfordtech.com/company/the-future-of-mail-exploring-the-digital-mailbox-revolution>.

When deciding how to communicate with customers, companies take into account a number of factors, balancing both the companies' priorities and the often-competing priorities of the customer. Three factors typically drive companies' pushes for digital adoption: company-wide digitization, cost savings, and customer preferences for multiple billing choices.

Participants indicated that executives at large companies are now looking to move as many functions as possible online, creating new efficiencies through enterprise-wide digitization. An interest in cutting costs drives some of this imperative, but other factors also play a role. A 2014 report from McKinsey & Company found that company-wide digitization promoted time-savings, new levels of customer data in a shorter time, real time analytics, and faster problem solving.⁵ For companies that have already made the significant investment necessary to digitize, they also want to realize cost savings by moving as many billing functions as possible online.⁶

Companies are balancing the preparation for a digital future with their continued interest in keeping their

customers satisfied. Customers want choices; just because a user pays a cell phone bill digitally does not mean the user will pay their electricity bill the same way. A recent study by Fiserv found that most American households use multiple channels to pay their bills.⁷ These "bill pay omnivores" might pay some bills through the mail, others through direct deposit, and others through a mobile application. Fiserv found that the more choices consumers have, the more satisfied they are.⁸

Consumers also expect an easy and reliable online experience. Participants at the discussion forum noted that to move customers to all-digital communication, the online experience must be just as good as or better than the hard copy experience. Specifically, participants identified that people want to be able to access past statements or communications, get alerts to pay upcoming bills, and easily read their financial statements.

Although companies continue to try to move their billing online, customers are not there yet. But, any one of a number of potential disruptors could tip the scales toward a vast migration to digital.

Potential Market Disruptors

Despite the desire and efforts of billing companies to move customers online, they alone cannot create a major, market-altering change. Companies may continue to expect higher digital adoption rates than what they have actually seen because they may be anticipating disruptors. Participants agreed that market disruptors could create a massive move to digital billing followed by a swift and substantial decline in transactional mail volume. Participants identified four potential disruptors: regulatory changes that would allow companies more choice in how they send certain documents, technological advancements making digital options less expensive and easier to use, evolving demographics, and an increase in postage prices.

Regulatory Changes

Currently, state and federal regulations play a major role in dictating how certain businesses can transact or communicate with customers. For example, many industries,

such as insurance, finance, and utilities are required to communicate certain notifications by U.S. Mail, such as:

- An electrical utility sending a cut-off notice;
- A confirmation of a trade through a stock broker;
- A notification of new terms and conditions for credit card holders;
- Disclosures for a loan made over the phone; and
- Tax documents from financial institutions.

Many of the companies affected by these regulations are trying to push lawmakers to relax or eliminate the requirements for physical communications. They argue that allowing them to communicate with customers through a mix of digital and hard copy communications would provide a more personalized experience for customers. If regulations were to loosen, companies may try harder to move communications with customers

5 Shahar Markovitch and Paul Willmott, "Accelerating the Digitization of Business Processes," *McKinsey and Company*, May 2014, http://www.mckinsey.com/insights/business_technology/accelerating_the_digitization_of_business_processes.

6 Work has not been done to determine if the initial capital investment will eventually lead to cost savings in the United States. A 2010 Danish study of a utility's digital and physical billing reported that although the initial cost of delivering electronic bills was less, higher costs of e-bill customers, in terms of additional reminder notices and customer service costs, more than offset any initial price savings. International Post Corporation, *Transactional Mail Proves More Profitable*, 2009, http://www.ipc.be/~media/documents/public/markets/case_studies/best%20practice%20-%20natur-energie.pdf.

7 Fiserv, "An Omni-Channel Strategy for Bill Pay Omnivores," December 16, 2014, <https://www.fiserv.com/blog/the-point/omni-channel-strategy-bill-pay-omnivore-blog.aspx>.

8 Ibid.

online by providing more incentives or offering additional communication channel options. Thus far, there have been few changes to federal and state regulations that require certain statements, particularly financial and insurance correspondence, to be sent through the mail. But, in some cases, there has been movement towards digital information sharing, even in government. For example, e-filing has become a commonly used channel for federal taxes, with over 120 million returns filed electronically during the 2015 filing season.⁹

In addition to regulatory changes, the Postal Service may have unintentionally created its own disruption by changing the interpretation of its mail classification rules. According to the Postal Service's Domestic Mail Manual, bills and statements, as well as all mail that contains personal information specific to the addressee, must be sent as First-Class Mail.¹⁰ Over time, however, the Postal Service has relaxed its interpretation of this requirement, thereby permitting mailers to use lower cost Standard Mail in lieu of First Class Mail for some material, such as statements, which is likely to reduce its revenue. This self-disruption may undermine the Postal Service's recent efforts to keep its customers "in the mail." One such effort the Postal Service has made to retain hardcopy transactional mail is to encourage mailers to incorporate color into transpromo marketing messages on the bills and statements they send consumers. Under this "Color Transpromo Promotion," mailers that spruce up their bills and statements with color, presumably with promotional content, can qualify for a 2 percent discount between June and November 2015.¹¹

Technological Advancements

Technology has already begun to disrupt transactional communications; household use of the Internet to pay bills increased from 30 percent in 2007 to nearly 74 percent in 2013.¹² There are three potential sources for technological disruption: the introduction of new, game changing technologies; improvements to existing technologies that significantly improve the consumers' digital experience; or an increase in familiarity and comfort with current devices that make consumers feel more confident in using digital channels to receive and pay bills.

New digital technologies could present capabilities far beyond current offerings the way inventions, such as the smartphone and tablet, have in the past. The introduction of these types of game-changing technologies may revolutionize the way that consumers communicate and transact business as well as heighten their expectations for speed, convenience, and cost savings. With the high potential impact on society, the introduction of these types of technologies could drive a larger segment of consumers to quickly adopt digital billing and payment.

Beyond just wholly new technology, existing digital devices could see improvements that could move billing online rapidly. Banks expect mobile websites and applications to replace computer browsers as the top method for paying bills in the next four years, with mobile bill payers already making up over a quarter of U.S. online households.¹³

In the case of bill delivery, if new mobile applications start providing consumers with features such as reminders to pay and instant archiving, this ease of use may overcome the convenience currently associated with the physical bill.

Individual technological advances do not necessarily change a market, but long-term and widespread use of technology generally make people feel more comfortable with and more likely to use technology to accomplish daily tasks. The continued penetration of smartphones and other mobile devices through all demographic categories may lead to more digital bill delivery and payment.

Evolving Demographics

While the digital revolution has influenced every age demographic, the impact has been greatest among Millennials, born between 1980 and 2000. Millennials currently represent the largest generation — one third of the total population — and are expected to continue to drive consumer behavior for years.¹⁴ This generation is comprised largely of Digital Natives, those accustomed to doing everything digitally: communicating, shopping, reading, and working. As this generation begins to lead households and take on more responsibilities that require bill paying, they are more likely to consider electronic billing as the natural default. This could,

9 Internal Revenue Service, *Filing Season Statistics for the Week Ending May 15, 2015*, <http://www.irs.gov/uac/Newsroom/Filing-Season-Statistics-for-Week-Ending-May-15-2015>.

10 Domestic Mail Manual (DMM) 300, *Mailing Standards for the U.S. Postal Service*, Section 133.3.3, Contents Standards, updated July 13, 2015.

11 Postal Regulatory Commission, *Order on Price Adjustments for First-Class Mail Products and Related Mail Classification Changes*, Order No. 2365, February 24, 2015.

12 U.S. Postal Service, *The Household Diary Study: Mail Use & Attitudes in FY 2013*.

13 Mary Wisniewski, "Bankers see Pain-Free Mobile Bill Payment as Key to Retaining Customers," *American Banker*, June 16, 2014, http://www.americanbanker.com/issues/179_115/bankers-see-pain-free-mobile-bill-payment-as-key-to-retaining-customers-1068126-1.html and Fiserv, "A 360-Degree View of Mobile Billing and Payment: Consumer Preferences and Billers' Strategic Response," <https://www.fiserv.com/resources/mobile-billpay-benchmark-research-paper.aspx>.

14 The Council of Economic Advisers, *15 Economic Facts about Millennials*, October 2014, https://www.whitehouse.gov/sites/default/files/docs/millennials_report.pdf.

in turn, create a rapidly increasing demand for paperless billing and payment. While they are digitally oriented, this generation is not blind to other channels; a recent OIG study found that Millennials are open to digital-physical integration, especially if it provides greater convenience to them and elevates their experience.¹⁵

Income can also play a role in the shift to digital among Millennials or any age demographic. While technology such as smartphones has been adopted across every income level, research from the Pew Research Center notes that for lower-income owners, it may be the only source of broadband access, but a risky one. Almost half of lower-income smartphone owners have lost service at some point for financial reasons.¹⁶ Technology may end up as a two-edged disruption, with distinct results for different ends of the economic spectrum.

Postage Price Increases

Participants had different perspectives about the effect of postage price increases. Some stated that there may be a time in the near future when postage rates will reach a tipping point that could generate a significant push to digital bill delivery and payment. For companies governed by regulations that dictate how they communicate with customers, postage prices are unlikely to have a meaningful impact on the amount of transactional mail they send. That said, participants agreed that an increase in postage costs would continue to bolster executives' interest in moving everything online. Companies that send transactional mail are often those that also send

large amounts of advertising mail. Losing this postage to digital diversion would hurt the Postal Service's bottom line.

Consumers might be less sensitive than mailers to rising postage costs, since price changes that represent only a few pennies to them cost millions of dollars to companies. Additionally, transactional mail delivery costs are hidden from consumers because companies pay them. But postage prices could be a contributing factor to why many consumers pay their bills online. As digital alternatives become more accessible and less costly, mail may be seen as more difficult and expensive because it requires a purchase each time it is used. It is unknown how high rates would have to be to deter companies and consumers from using transactional mail.

Likelihood of Disruptors

Naturally, the likelihood of some of these disruptors are more certain than others, but their effect on the use of transactional mail is less predictable. For example, the introduction of game-changing technologies and regulatory changes may or may not happen, and if they do, the timeframes are unknown at this point. Regardless of how these potential disruptors unfold, the participants recommended the Postal Service begin to strengthen its service offerings for companies and consumers that send and receive transactional mail. Doing so could help the Postal Service weather the migration to digital transactional communications and ensure that it serves its customers' needs as they evolve.

The Future of the Postal Service in Transactional Mail

The Postal Service should consider taking steps now to enhance transactional mail and related services, as well as planning for potential disruptions. Participants identified four ways the Postal Service could enhance value to its customers — both companies that send bills and consumers that pay them.

Physical-Digital Integration

The Postal Service could help support companies' initiatives to integrate digital elements into physical mailpieces, as part of the billing and payment process. Integrating a digital connection into bills and statements could drive users to higher satisfaction rates and quicker payments, while still respecting the customers' preference for hard copy communication. Companies could do this by adding quick response (QR) codes, near field communication (NFC), or augmented reality to physical

bills and statements. Each of these technologies works in a similar way in that they can enable customers to connect the physical bill directly to a bill pay website or mobile pay application. One organization represented at the discussion forum is currently testing the use of QR codes to pay bills.

The Postal Service has already recognized the value of physical-digital integration for marketing and advertising purposes; it provides incentives for First Class Mail to companies that incorporate some of these innovations into their mailpieces. Specifically, the Postal Service is currently offering a promotion for mailers that use NFC or augmented reality in mailpieces sent between May 1 and October 31, 2015. Incorporating these technologies can help companies increase traffic to their websites or mobile applications, reduce bill payment exceptions,

15 OIG, *Enhancing the Value of Mail for Digital Natives*, Report No. RARC-WP-14-001, November 18, 2013, https://www.uspsog.gov/sites/default/files/document-library-files/2013/rarc-wp-14-001_enhancing_mail_for_digital_natives.pdf.

16 Monica Anderson, "6 Facts about Americans and Their Smartphones," Pew Research Center, April 1, 2015, <http://www.pewresearch.org/fact-tank/2015/04/01/6-facts-about-americans-and-their-smartphones/>.

and, if eligible for a Postal Service promotion, receive a temporary discount on their mailings. Integrating a digital element into a physical bill or statement could also help consumers by allowing them to pay a bill instantly — no matter where they are — increasing their convenience and satisfaction. The Postal Service could continue to encourage companies to use digital elements to enhance mailpieces, which can be a cost-effective way to create a positive billing experience for customers.

Increase Speed of Delivery and Innovation

Participants stressed the need for the Postal Service to “improve its speed,” both in terms of delivery and in its adoption of innovations. The Postal Service typically meets its service standards by providing timely delivery. However, to decrease overhead and consolidate physical infrastructure, the Postal Service lowered its service standards for First Class Mail in 2012, which allowed a significant portion of mail to shift from 2-day delivery to between 3- and 5-day delivery.¹⁷ Companies that send transactional mail raised concerns about this relaxed delivery standard, as increased delivery time can translate into a delay in receiving payment. One participant at the discussion forum stated that businesses like his would be willing to pay more if they could receive guaranteed, faster delivery.

The participants also cited the need for the Postal Service to work faster by becoming a more agile development company. Posts around the world have innovated and developed new revenue streams while the Postal Service continues to rely heavily on mail; a 2014 Accenture study showed that approximately three quarters of Postal Service revenue comes from mail, the third highest of the 22 posts examined around the world.¹⁸ Enhancing its ability to implement innovative approaches by quickly testing new ideas would allow the Postal Service to expand beyond its traditional revenue streams and offer new services to transactional mailers. For example, the Postal Service could offer digital archiving services, which would allow consumers to easily scan and save bills. Customers could then request a physical or digital copy of past bills.

The Postal Accountability and Enhancement Act of 2006 prohibits the Postal Service from offering new non-postal products and services.¹⁹ Some of these suggested endeavors may be considered “non-postal” and require Postal Regulatory Commission approval.

However, without adopting a more nimble innovation strategy, the Postal Service risks falling behind in updating the services it provides for mail categories like transactional mail, which could negatively affect its brand and bottom line.

Digital Mailbox and Other Tools

Companies in the transactional communications industry expressed interest in being able to offer consumers a one-stop shop for electronic bill presentment and payment. Currently, a few private companies offer such a solution, known as “digital mailboxes.” Digital mailboxes allow users to store bills and statements in a digital file cabinet, set up payments, receive reminders to pay, and safe keep other digital documents, such as wills, birth certificates, health records, and photos. All of the communications and files are secure because they are encrypted and data centers have high-level security. A recent InfoTrends business survey identified that 40 percent of surveyed businesses are engaging with digital mailbox providers.²⁰ Consumers have yet to engage these services at the same level.

The potential demand for a digital mailbox exists, as it is projected that U.S. consumers will receive more than 2 billion paperless transactional documents in 2015, equating to \$323 million in document delivery savings for companies.²¹ Private companies have tried to create a widely accepted digital mailbox, but they have not been successful, largely because of an inability to establish a wide customer base. Despite these hurdles, new companies continue to enter this market. These private companies might have a difficult time achieving widespread success with a digital mailbox because they do not have as large of a customer base or the same trusted reputation the Postal Service enjoys.

The Postal Service could consider translating its role as a trusted entity in delivering hard copy mail into a similar delivery role in the digital space. The Postal Service has a natural advantage over startups looking to provide digital mailbox services in that it offers something they cannot: permanence. The Postal Service is one of the most trusted government entities and already has a relationship with a critical mass of its existing customers. As a result, consumers would be more likely to trust the Postal Service than a private entity for bill delivery and other transactional communications through a digital mailbox.

17 Eric Katz, “House Panel Backs Faster Mail, More USPS Facilities,” *Government Executive*, June 18, 2015, <http://cdn.govexec.com/interstitial.html?v=2.1.1&f=http%3A%2F%2Fwww.govexec.com%2Foversight%2F2015%2F06%2Fhouse-panel-backs-faster-mail-more-usps-facilities%2F115738%2F>.

18 Accenture, *Achieving High Performance in the Postal Industry*, March 19, 2014, <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Achieving-High-Performance-Postal-Industry-2014.pdf>.

19 U.S. Postal Service, *H.R. 6407*, December 8, 2006, <https://about.usps.com/postal-act-2006/postal-accountability-and-enhancement-act.htm>.

20 Crawford Technologies, *The Future of Mail: Exploring the Digital Mailbox Revolution*.

21 Ibid.

Some posts around the world offer digital mailboxes that include the functionality to complete bill consolidation and payments. These posts recognize that in the future, it is possible consumers and companies will not use hard copy statements and bills. Rather than waiting for another company to take over the digital delivery market, they have decided to do it themselves. For example,

- Australia Post offers a digital mailbox called MyPost Digital Mailbox, which includes bill collection and payment capabilities, as well as a notification system.²²
- Singapore Post offers a mobile app for its digital mailbox and payment solutions system, known as SAM Mobile. It enables consumers to manage their digital mail and make online bill payments from a mobile application.²³
- Launched in 2000, Canada Post's e-post service is an intermediary for bill presentment and payment, even for secure payroll delivery. The system currently has 100 member companies that send 250 different types of bills and statements to 7.5 million recipients.²⁴ Canada Post partners with nine national banks as well as a number of credit card and utility companies.

To offer this type of digital service, the Postal Service could partner with an existing technology firm with expertise in this area. This would allow the Postal Service to share the tasks of keeping up with technological developments and changing consumer needs. A 2011 OIG report found that the Postal Service not only had assets available to develop a digital mailbox and secure digital storage, but also noted that it was a natural extension of its role in the physical world.²⁵

Conclusion

Companies that send transactional mail are preparing and pushing for a paperless future. While it seems the Postal Service is not in imminent danger of transactional mail disappearing, at any given time a number of potential disruptors could drive a vast migration to digital. Rather than waiting to react to a potential decrease in mail volume, the Postal Service can take steps now to make the products and services it offers more valuable to both the bill sender and recipient. This paper summarized the OIG-hosted event exploring transactional mail, but only begins to scratch the surface of this important topic. Further research is necessary to understand the imminence of the potential disruptors and the future services a changed communication landscape could warrant.

Provide Data Analytics

Companies at the event indicated they would like to take advantage of big data in every way possible, down to understanding the logistics and other metrics of bill delivery and customer payment. While there are a number of software and data analytic companies aimed at improving mailer efficiencies, the Postal Service — as the primary handler of the mail and the owner of the physical infrastructure — is in a position to gather and analyze more data directly for its customers.

The Postal Service could use transactional mail data in a number of ways to provide value-added services to companies. On a broad level, companies are looking to gather mailing data and could leverage information collected from certain data tools, such as the Intelligent Mail Barcode. The Postal Service could analyze the vast amounts of data to provide insights — such as the average time it takes for mail to travel between any two points — that would improve its own internal operations. The Postal Service recently invested heavily in package tracking technology and analytics that allowed it to double the amount of postal data collected in an initial 2 year period.²⁶ Today the Postal Service collects over a billion tracking events — points in the delivery of a mailpiece or package that can tell customers where the mail is in the route to its destination — from the nearly half million computing devices its employees use.²⁷

By offering more concrete logistical information, the Postal Service could improve its customers' communications and transactions. On a more micro level, the Postal Service could alert companies about when a bill is received by the consumer and when the return payment enters the mail stream. This could help companies more accurately anticipate when they will receive payments.

22 Australia Post, "Welcome to your MyPost Digital Mailbox," <https://digitalmailbox.auspost.com.au/content/marketing/en/overview.html>.

23 Singapore Post, "SAM," 2015, <http://www.singpost.com/our-network/sam.html>.

24 Canada Post, "epost overview," <https://www.epost.ca/service/tour.a>.

25 OIG, *eMailbox and eLockbox: Opportunities for the Postal Service*, Report No. RARC-WP-12-003, November 14, 2011, <https://www.uspsaig.gov/sites/default/files/document-library-files/2013/rarc-wp-12-003.pdf>.

26 Matt Swain, "USPS CIO on 'Delivering Customer Value in the Digital Age' at PostalVision 2020," *Info Blog*, March 23, 2015, <http://blog.infotrends.com/?p=18549>.

27 Ibid.



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