Why Posts are able to become leaders in innovation & new technologies
Editorial

Driving innovation in big organizations is a real challenge and studies show that many struggle or fail when they try to implement an innovation architecture. But why is that so and how can posts accomplish something where so many others fail?

The recent roundtable jointly organized by the Postal Innovation Platform (PIP) and the U.S. Postal Service Office of Inspector General (USPS OIG) tried to shed light on this question. Posts that have created an innovation architecture and other companies with a track record in innovation joined the discussion to analyze what tools and strategies can lead to a successful innovation management and thus drive growth and bring the company closer to its customers. Read some of the results in this new edition of our Postal Industry Newsletter.

In addition, learn more about the topics and discussions during the PostalVision2020 Conference which have shown that the postal sector is engaging with increasing speed in new technologies, new solutions in eCommerce and cross-border business.

It is difficult to implement groundbreaking changes in large organizations, in particular when they come with a history embedded in government structures. However, most posts are turning around their organizations successfully and some are even setting new standards in innovation and customer centricity.

Enjoy reading our newest edition of the Postal Industry Newsletter.

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Today, the posts, whether public agencies or privatized enterprises, are facing common pressures to generate new revenues and provide more cost-effective service. Yet in the midst of these pressures, there are opportunities for renewal. As the era of Big Data has emerged, there has been widespread speculation that this might offer potential opportunities to the posts. There is an irony in recognizing that some of the same digital technologies that have made transformation of the posts an imperative might also offer new opportunities for solving problems. But this conversation is more than the latest panacea.

One of the reasons that this discussion has seemed to be such a promising development is that posts are inherently Big Data organizations. Since posts are among the largest organizations in the world in terms of numbers of people, retail outlets, facilities for processing large numbers of letters and parcels, scale of their networks, numbers of assets and more, to run a post effectively requires a facility with large numbers. A new era of Big Data will open the opportunity to find new sources of value creation.

What's more, as the era of Big Data analytics has unfolded, it has become clear that the concept means more than just large numbers. Analytic capabilities have made it possible to organize and analyze unstructured data that was traditionally unmanageable. Whether the issue concerns gaining insight from complaints or assessing video of retail interactions or social media, modern advanced analytics have made it possible to translate these data streams into new sources of insight.

As technologies for drawing insight from large, historically unmanageable data sets has emerged, posts throughout the world have recognized that there are multiple data streams that can yield value for their customers and others – whether the issue is a marketing and customer facing challenge such as gaining new insight into consumer demand, identifying new potential customers, connecting back end supply chain insights with front end marketing demands, exploring customer journeys through multiple touch points – there is a wealth of opportunity for the posts to be major players in this emerging field on behalf of their customers.

In the US, the creation of the Intelligent Mail barcode (IMb) has made it possible within the last 2 years for the USPS to gain visibility into the mail stream in real time and see the location of hundreds of millions of pieces of mail – every day. Being able to manage these flows has opened many new opportunities that are only beginning to be explored. And as the USPS has recognized the opportunities that the IMb offers for coordinating marketing campaigns, gaining customer insight and improving efficiency, there has been a growing recognition that the IMb data can be combined with mail processing machine data that has been available for a number of years. We are only beginning to see the possibilities and perhaps even more importantly, to create the tools that grant both mailers and consumers an opportunity to take advantage of this data. So this has become a very promising field and the panel at the PIP conference confirmed this point.
And yet, along with the promise we can see that this area is raising many important questions as well:

- Who will own the data when it begins to yield customer insight?

- If the posts have a fiduciary responsibility to both protect the privacy of the consumers and to protect the commercial interests of their customers, will it be possible to define a third “postal zone” in which to create value? And

- Even if these questions are resolvable with answers that are acceptable to regulators, which are the best institutions to assume which responsibilities for developing services? What role should private companies play? When should the posts be involved with the new services? How should public private partnerships be structured?

Public institutions and private companies each offer advantages of their own. The public posts have both the monopolies and missions that enable the accumulation of the data and the market scale that makes this conversation about Big Data interesting commercially. Private enterprises often have the incentives, the agility, and the technical capabilities and creative insight to become engines of innovation.

This duality suggests that there might be both public and private roles here, the potential for new data partnership that could be unique to the postal community. These discussions of public and private capabilities are not new questions for the USPS and for posts all over the world. In the USPS in particular, the past 2 decades of postal history have included an evolution of the regulatory and legal framework. US stakeholders are familiar with the concept of “work sharing” in which postal rates have been structured to provide an incentive for the postal operator and private mail service providers to share the processing in a manner that allows the most efficient producer of service to assume the responsibility for the work. In addition, in the postal reform law of 2006, the USPS was encouraged to use public private partnerships in its contracting. (Section 1004 of the Postal Accountability and Enhancement Act of 2006)

But none of the questions outlined above are easy ones to resolve in the highly regulated government monopoly that is the USPS. As the Washington Post editorialized recently, “tied down like Gulliver by regulators and Congressional barons and relentlessly lobbied by everyone...the postal service’s management lacks the autonomy to run the system efficiently.” (WP April 13, 2016). This is why the final PIP panel was so encouraging to some of us who have been watching the transformation of the posts for some time. I was joined on the panel by both public sector representatives (Peter Gallagher, Director for Strategy and Business Excellence, An Post, Jihad Kosremelli, Strategic Planning and Organization Director, Liban Post and João Melo, Head of Innovation Management & Development, CTT’) and by a private sector representative (Liam Church, CEO Escher Group). What we heard in Geneva was what always seems to come from bringing small scale practitioners together – practical solutions and innovations that they have been working on the scale of Ireland, Lebanon and Portugal. These were not necessarily “solutions” and the last word for every case. But they were practical steps forward.

Then in January, the Universal Postal Union (UPU) published its report on public private partnership that was edited by Bernhard Bukovc. (Guide to Providing eServices Through Public-Private Partnerships, UPU, 2016.) Here again was a discussion of the multiple practical steps that posts could take. Yet, even with these positive signs, what should give everyone pause, is new evidence of the speed of market evolution. The speed of change raises the question of whether these promising innovative paths will offer long term solutions quickly enough.

The Marketplace Evolves

Only six months after the PIP meeting described above, in March 2016, I joined a second meeting of the Postal Innovation Platform held in Rosslyn, Virginia at the offices of the Inspector General of the USPS. Attending this second session, it would be hard not to marvel at how much has changed in a short period of time. One PIP panel that was convened at the USPS Office of Inspector General’s (OIG) offices, for example, included a representative from the financial services industry (Vijay Sondhi, Visa), a technology company (Brijesh Kanna, Hatachi) and Amazon (Paul Misener).
This was a panel that highlighted three major issues facing the postal industry globally and the US specifically. Financial Services and new technologies are proving to be valued strategies in different parts of the world. In the US both are controversial. The argument against the USPS providing new financial services and for creating new digital services as revenue producing lines of business has been that these are not traditional areas of postal competence and there are companies in the private sector who could offer competitively superior value. Naturally, this raises the question of whether new public-private partnerships might be valuable for the posts. Yet as important as finance and technology may be in the discussion of the future of the posts, some of the most interesting issues today may involve the third company, Amazon. Amazon is a self-proclaimed newcomer to the conversation; and the Amazon representative said very little. Yet some of the most interesting recent headlines have been made by Amazon’s new moves – experimenting with last mile delivery in multiple markets, leasing wide bodied jets and stating that they wanted to provide service from anywhere in one to two days, filing new patents and financing Amazon sellers.

The headlines point to underlying changes in the basic business models in the delivery industry. Today there is growing discussion of platform industries as Amazon, Uber and Airbnb, and many others that can be anticipated with the Internet of Things, the connected car, the connected house and other features of the future landscape are emerging. The technologies to make a shared economy possible are themselves encouraging the creation of platforms. In the postal and delivery sector, there is innovation and competition in all of the major urban markets. New players are offering rapid delivery of e-commerce parcels and they point the way to a future in which online commerce and technology driven delivery become increasingly seamless and swift.

What this increasingly digital future means for postal innovation is still uncertain. In the US, monopolies over mail delivery and over the mailbox and the sheer size of the incumbent infrastructure give the USPS certain advantages and point to a hybrid future. The question in the near future is not going to be whether there is a postal infrastructure but more likely, what kind of post will emerge. In the near-term the question is more likely going to be whether the USPS should partner or compete. But as choices are made, the market itself will be changing.

Enter Amazon. Shortly before the PIP meeting, Amazon announced that it was leasing 20 wide-bodied cargo jets (Amazon to Start Air Delivery Network with Leasing Deal, Reuters, Sai Sachin R and Mari Saito, March 9, 2016). At Amazon headquarters they would point out that with the entry of rival Alibaba, the marketplace will be far more dynamic than it is today. When asked, what does this all mean for the delivery channel, Amazon has a good answer – they will only do what they’ve always done which is to focus on the consumer.

What if Amazon is going to redefine the platforms and the delivery channel in the future? With such developments on the possible horizon, it’s important to ask what the future infrastructure will look like. Will the channel become an interested party in the selection of goods and services? How will it do strategic sourcing in the selection of competitors as delivery vehicles?

In six months, the concept of public private partnership has made dramatic strides. In the September 2015 PIP meeting there was a clear direction that suggested the value of the posts as facilitators of institutional innovation in an era of Big Data. Only a few months later it’s possible to see that the competitors who have special facility with such data and defining customer interests will be competitively more successful. Will the power to define winners and losers in the future shift to the network? To the platform? Or to the consumers themselves in a world in which Amazon is a bigger player and Alibaba has made the market both more global and more dynamic? The questions will only grow more significant with time.

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Postal Regulation or Postal Innovation?  
A Critical Look at European Postal Regulation

Prof. Matthias Finger *

At least in Europe, the regulation of the postal sector has played a significant role in its evolution over the past 20 years, notably in the sector’s way of adapting (or not) to the profound changes in the market and, more recently, in its reaction towards digitalization. In this paper I therefore want to ask the question whether European postal regulation has favored, or not, innovation, and which exact role it has played in helping posts adapt to competition and technological change. The paper is structured into two sections: in a first section I will recall what postal regulation in Europe was and, regrettably still is. In a second section, I will then discuss what the implications of this traditional postal regulation are on the evolution of the postal industry.

Postal regulation in Europe

To recall, postal regulation in Europe over the past 20 years was about creating competition while safeguarding the Universal Service. Competition was conceptualized as a gradual reduction of postal monopolies, which eventually were abolished in 2011 and, for some countries, in 2013. I will not comment, here, the fact that, in letter mail, this approach never really worked, resulting, today, in open letter markets without much competition.

What is more relevant for my argument is the Universal Postal Service, also called Universal Service Obligation (USO). While the European Commission was able to gradually reduce the postal monopoly, it was not really able to innovate in matters of the USO. As a matter of fact, the USO was more or less a copy of the various public service obligations that had been imposed upon the historical postal operators (incumbents) by the respective national governments prior to the liberalization of the market.

Not astonishingly, this equation could not be solved: it was not possible to offer a pre-liberalization USO without the financing mechanism that went along with, namely the monopoly. Not astonishingly either, competitors were not interested in providing this past-oriented USO. Subsequently, all kind of tricks appeared in the various European countries, and were tolerated by the Commission, so that the incumbent could survive while providing the USO. In parallel, the USO was gradually redefined, i.e., lowered, at least in these countries where this appeared to be politically acceptable.

Let me also mention that the definition of the USO was (and still is) of course solely focusing on the physical part of the postal services, namely physical letters and physical parcels. This is not surprising, as the historical public service of the postal operators and its subsequent translation into USO terminology all took place prior to the spreading of the Information and Communication Technologies (ICTs) and their effects on the postal sector, approximately as of the turn of the century.

Furthermore, all this was institutionalized in the form of so-called Independent Postal Regulatory Authorities, whose role it was, and still is, to make sure that this, past-oriented USO is cemented and enforced. Needless to say that postal regulators and their regulatory activities have developed dynamics of their own, which are increasingly disconnected from postal market dynamics.

Implications on postal innovation

Now, what were and still are the implications of this approach to regulating the postal sector on the evolution of the industry and the operators, especially the incumbents?

It is questionable whether this approach to regulation directly influenced the evolution of the postal sector; this influence was rather indirect (see below). As a matter of fact, postal liberalization unfolded regardless of the gradual monopoly reduction (e.g., de-facto liberalization). Indeed, remailing and market entry of parcel competitors happened independently of existing regulations.

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Furthermore, the dynamics of the industry substantially accelerated as a result of the ICTs at the turn of the century, both in matters of letter substitution and e-commerce. There may be an indirect effect, as the incumbents had market power, thus probably somewhat slowing down the dynamics of the postal industry. Yet, overall, the dynamics due to competition and especially due to the ICTs was—and continues to be—too powerful for the above postal regulation to have a significant influence on industry evolution.

The problem with traditional postal regulation is thus not so much with the industry and its dynamics than with the effect it has on the incumbents (and therefore indirectly also on the industry): in particular, I see three direct effects of traditional postal regulation on incumbents:

- First, incumbents were forced, by the traditional postal regulation, to focus on the past, on physical mail and on the financial challenges resulting from being forced to provide the USO. Both the money and the energy was thus missing to look towards the future as well as to innovate. This past-oriented regulation certainly deviated the incumbents’ attention from the challenges resulting from the ICTs.

- Secondly, and more insidiously, postal regulation cemented the increasingly artificial separation between the physical and the digital. Yet, the real innovation which incumbents should have come up with would have precisely been at the interface between the digital and the physical. In other words, the postal regulation’s focus on physical mail forced incumbents to create an artificial separation between the physical and the digital, thus leading them to pursue two separate strategies—one physical (defensive) and one digital (offensive)—rather than developing one single integrated digital-physical strategy. Such a strategy would have positioned them uniquely in today’s global competition.

- Thirdly, focusing on traditional past-oriented public services and their protection (thanks to the attention by the regulators on this), incumbents were—and still are—associated, in the eyes of both the citizens and politicians, with the defense of the past, rather than with the opportunities of the future. This has put the incumbents into a losing position, whereby they constantly have to defend themselves against a public opinion which accuses them of reducing public services, rather than being able to position themselves as future-oriented innovators at the interface of the physical and the digital world.
An option offered by several panelists at the OIG conference to introduce new innovation would be for posts to offer banking and other financial services to the marketplace. I would add a word of caution, recalling Merriam Webster’s definition of innovation: “to do something in a new way.” As such, I would posit that simply moving into banking and financial service offerings in an attempt to offset the declines in traditional mail products is a diversification strategy, a signal of strategic intent, more closely resembling imitation than real innovation. It is important to grasp this nuance, for as Hamel and Prahalad (1989) noted, “imitation might be the most sincere form of flattery, but will not lead to competitive revitalization.” As such, the key question will remain whether any new service offering would be innovative, presenting new elements and efficiencies, or merely demonstrating the desire to diversify and follow the lead of other postal operators into adjacent areas of business.

True innovation at times is quite elusive and difficult to define; let us explore a theoretical example where posts could engage in innovative practices in an Internet of Things (IoT) scenario. USPS OIG RARC authored a compelling white paper in 2015, exploring the applicability of IoT to the rich physical networks of posts and found concrete use cases where value existed for citizens, businesses, and posts themselves, namely in last mile delivery. Indeed, it is likely the future will be defined by greater degrees of partnering and sharing within postal value chains and ecosystems. A 2014 IBM report suggests “innovation has become more open and increasingly occurs within economic ecosystems...it is about building organizational and ecosystem-wide capabilities to execute and deliver.” Evidence of this brand of innovation in the postal sector can be seen in the recent experimentation by bpost’s collaborative City Logistics Project in Antwerp, which “cuts the number of individual deliveries made to the city centre by consolidating items within a facility on the outskirts of the city first,” according to Post and Parcel (2014).

The sharing economy, marked by greater degrees of collaboration among ecosystem players, represents significant potential and also threat to posts. Collaborative logistics is in its infancy and will only continue to drive disruption, transformation, and innovation in both the first and last miles. Leveraging scale and first mover advantage, posts can seek to become the hubs rather than the spokes of these collaborative ecosystems and create the platforms, security, and tools such as open APIs that smaller fringe players might lack due to scope and scale. As a result, posts could place themselves in a position to establish these sharing ecosystems, contribute, and enjoy the resulting network effects. While there is no guarantee we can imagine what the resulting innovations might resemble, evidence suggests some of the most successful innovations throughout history occurred as a result of taking the time to establish optimal conditions, then inviting bright minds to collaborate and exercise creativity.

Myriad forces drive the need for innovation, perhaps none more so than an industry in the midst of profound disruption and transformation such as the postal industry. E-substitution effects, re-urbanization, new entry, splintering supply chains, and liberalization have driven the need for posts to pursue cultures of innovation within all areas of their business. Posts must look for ways to become more essential to citizens, businesses, and their respective ecosystems and seek new ways to improve customer experience and the value they can deliver. While indeed transformative agendas may include diversification actions such as banking and financial services, we must acknowledge that unless posts are finding new efficiencies within these new product offerings, this is mostly an agenda driven by imitation rather than real innovation.
The concept of innovation has become synonymous with that of the startup. Picture the lonely prodigy in his parents’ garage, tinkering with a million-dollar idea that eventually becomes a billion-dollar company. Before Elon Musk there was Bill Gates; before Gates there was Nikola Tesla; before Tesla there were the Wright brothers. Brilliant men who, armed with room to breathe, introduced technology that changed the world. The assumption is that only the unencumbered inventor can turn a motorized buggy into the Ford Motor Company.

If that assumption is true, where does it leave businesses that already exist? Their function is to execute on proven commodities, not new ones. They have processes and rules in place designed to optimize the production of one set of goods, not come up with a whole new set. Common sense says that every ounce of effort that goes into maintaining the status quo is an ounce that doesn’t go into doing something new. And the bigger the company, the more mechanisms are in place to maintain that status quo. Each layer of bureaucracy, each irritated shareholder, each piece of regulation, is a potential obstacle to new initiatives. While 84 percent of executives say innovation is important to their growth strategy, an alarming 94 percent are unhappy with their current innovation processes. Are these large companies incapable of innovating the right way?

Postal services around the world sure hope not. Whether privatized or not, they have much in common with bulky corporations when it comes to the difficulty of changing direction. The U.S. Postal Service is a top-five largest employer in the nation, with an enormous physical network and a history that stretches back 240 years. It is a similar story in many other countries, where the post is among their largest and oldest organizations. Not only do they share the corporate problems tied to huge size and entrenched legacy, but many have additional burdens like universal service obligations, restrictions on the types of services they can offer, and rent-seekers in government and organized labor. If corporations turn like aircraft carriers, then posts turn like aircraft carriers powered by oarsmen.

The startup model is of no use to organizations like these. They are not nimble. They do not have license to try and fail forever. They are answerable to many, many stakeholders. If startups are the sole wizards of innovation, then non-startups are doomed to eventual irrelevance.

Luckily, the common wisdom is at least partially wrong. Many big companies are innovating. Many posts are innovating. But they must do it in ways very different than startups. There are more obstacles to navigate and more resistance to overcome. But there are also more resources available to effect change.

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For the first time, some posts are systematizing the way they approach innovation, either organization-wide or through the creation of dedicated units that are more unfettered than traditional R&D. AnPost uses Six Sigma methods, while SingPost set up an internal startup focused exclusively on e-commerce. Here are the best pieces of advice handed out by the posts and private corporations invited to speak at the joint OIG-PIP conference.

**Do it. Seriously, you don’t have a choice.** If this was the year 1316, a thatcher could go on thatching roofs the same way his father and his grandfather and his great great great grandfather did. But it’s not 1316, it’s 2016, and the pace of technological change means companies can either keep up or get left behind in a hurry. It’s not enough to do something really well anymore. New technology soon enables a competitor to do the same thing better or cheaper. Sometimes new technology replaces what you do entirely, in the way that pens eliminated the need for quill feathers. The average lifespan of companies in the S&P 500 has plummeted from 61 years in 1958 to just 15 years today. Companies need to be prepared for, even expect, today’s business model to not be applicable down the road. Even an old reliable like Coca-Cola has diversified into coffee, tea, juice, energy drinks, and sports drinks. With soda sales flatlining, that looks like a very smart decision. As former U.S. Army General Eric Shinseki once said, “If you dislike change, you’re going to dislike irrelevance even more.”

**Insulate the innovation lab from the rest of the business.** Visa takes two controversial positions on what should happen inside its innovation lab. This is one of them. Innovators are allowed to pitch ideas that violate the company’s internal and external regulations, and if the idea is interesting, they can pursue it anyway. On its face, this seems like a waste of time. Why bother with a project that can’t be released because it violates Section 37, Rule 98b of the handbook? Visa’s rationale is that rules can be revoked, or modified, or reinterpreted, and when they are it is better to have a pilot ready than not. Sondhi refers to the risk, compliance, and IT security departments as Los Tres Amigos; part of his job is to keep their six-shooters as far away from his lab as possible.

**Agree organizationally on how to measure new innovations.** Cochrane is adamant that all new ideas must be critically assessed by measuring their likelihood of generating revenue or cutting costs. USPS has review committees with defined tools to do just that. Without giving innovators defined parameters that they must meet, Cochrane said, they may end up creating cool products that customers aren’t actually going to use. SingPost and Amazon are less structured but still insist on evaluating early based on customer satisfaction. Visa takes a very different stance — this is its second controversial opinion. During the first year of development of any approved innovation, it refuses to use any metrics to define the innovation at all. It does not want innovations being held up against established products and being crushed under the weight of high expectations. They need time to develop. Similarly, Hitachi incubates new products within the R&D department until they are fully formed. The scientists used to hand them over to the business units much earlier in the development cycle but found that those units were constantly rejecting nascent technologies because they could not immediately prove profitability. Whether you believe in applying early metrics or not, it is critical that everyone in your organization be on the same page. The worst possible outcome is to have an innovation department that believes it has plenty of time to prove product viability while the business side is demanding proof now.

**Take advantage of the global intellectual ecosystem.** Even huge organizations with hundreds of thousands of employees cannot fulfill all of their innovation needs internally. Groupthink sets in, people get discouraged by all the things they’re not allowed to do, and they can grow blinders when it comes to anything outside the core business. It is imperative that companies take advantage of all the potential product developers that exist outside their four walls. There are contractors and consultants, of course, but also startups and competitors. Potential disruptors can become valuable partners if they are reached out to soon enough. Swiss Post has standing relationships with intermediaries that follow the startup scene in Silicon Valley and central Europe; when a technology comes along that Swiss Post wants, the two sides come together and sign a framework agreement. This is often a headache-inducing process for posts, property rules. In many cases these rules end up scuttling the deal.
But it is important to continue to reach out nonetheless. Providing open-source code or APIs is another way to access outsiders. Hundreds of thousands of people not employed by Apple are nonetheless developing iOS apps, enhancing the value of the Apple platform. And posts are beginning to create APIs for their largest ecommerce partners. This kind of openness allows outsiders to work with you without ever setting foot in your office.

Solve tomorrow’s problems today. A company feeling the squeeze on one of its product lines should try to innovate around that product line, certainly. But what about the product line that is not yet in danger but will be in five years? By the time it has a problem it may already be too late. Understanding where the market and the relevant technology is going is critical to staying afloat. A big company that disrupts itself will always beat out a startup because of its resource advantage. Amazon writes press releases, dated years in the future, congratulating itself for an imaginary achievement, then works backwards to outline a pathway for how it will actually achieve the goal by that date.

Swiss Post is cannibalizing its physical mail business with initiatives that offer e-health and e-voting services. More cannibalization of mail will probably be necessary by all posts in the near future. So will an expansion of parcel delivery services. Ecommerce makes up less than 10 percent of all commerce in most countries, yet their parcel services are already strained. Alternative delivery services are already sprouting up, including from Amazon itself. Posts could be getting cut out of the loop very soon unless they make major changes.

Listening to these thought leaders speak at the PIP/OIG conference, one feels optimistic. Blueprints to an innovative corporate culture do exist. Irrelevance is not a fait accompli. But the basic principles outlined in this article only lay the groundwork. Next comes the hard slog of beating out competitors and winning over recalcitrant members of one’s own organization. Sometimes that job feels harder than Sisyphus’. But remember, you don’t have a choice.
From Innovation to Policy – PIP and PostalVision 2020 Enable Dialogue

Kathy Siviter *

PIP in March partnered with U.S.-based PostalVision 2020 to present an insightful panel of posts talking about the challenges they are facing and how they are attempting to foster innovation in their organizations. The PostalVision event featured over 40 speakers with panels focused on different aspects of the postal ecosystem supply chain and how it is responding to the “B2Me” changing consumer empowerment model.

From new technology start-ups and entrepreneurs, to challenges in the cross-border supply chain, to postal policy within the U.S., the PostalVision event brought together thought leaders, posts, visionaries, suppliers, technologists and more to engage in critical discussions about the future of our collective industry. PIP organized and moderated a special session on the global postal ecosystem with a focus on strategic direction and innovation.

New technology and start-up solutions featured in sessions included the Starship Technologies ground delivery robot, which roamed the halls of the event; a live demo of SMS/MMS mobile engagement from OpenMarket; the Workhorse HorseFly electric vehicle/aerial drone solution; special apps/delivery services from ShipBob, Doorman and others designed to give consumers more control over their delivery; apps and delivery designed to combat difficult address/geographic environments from Fetchr and SwapBox; mail receptacle sensor/notification services from Snaile; SmartBox letterbox solutions from Parcelhome; visibility/logistics data tools from GrandCanal; and the latest packaging and parcel processing innovations from Bell and Howell.

Attendees agreed that there is no “one size fits all solution” when it comes to new delivery and consumer control technologies, and that the future certainly will include a mixture of solutions designed for different types of delivery and different consumer needs.

The event also included an exciting feature presentation by Cooper Smith, Business Insider Intelligence, about Amazon’s “Dragon Boat” initiative; and presentation by Brody Buhler on recent global research from Accenture on what small to medium eTailers are demanding from their logistics providers, and a benchmark of existing market capabilities to understand what retailers are currently providing to consumers.

Cross-border ecommerce challenges were also discussed in several key sessions of the event, including a lively discussion between USPS Global Business lead Giselle Valera, MetaPack’s Tom Forbes, Joe Murphy from the U.S. Dept. of State, and recently appointed head of International Bridge Shoshana Grove.

The PostalVision 2020 event was not all about innovation, technology and ecommerce – it also featured frank policy discussions among those charged with oversight of the U.S. Postal Service and key stakeholders. A panel of leaders from the U.S. postal oversight, regulatory, and labor groups engaged in a lively discussion around what the U.S. Postal Service needs in the way of policy changes to compete and thrive in the B2Me environment.

Posts Face Similar Challenges but Tackle Innovation Differently

Bernard Bukovc, Managing Director of PIP, moderated a key panel at the PostalVision 2020 event, Global Postal Ecosystem Future Trends and Strategic Innovation, which included Preston Finley from the U.S. Postal Service Strategic Planning group; Claudia Plotscher, Vice President, Development and Innovation at Swiss Post; John McConnell, Director of Innovation and Quality at An Post; and Lily Loo, head of the Customer Service Group for Singapore Post. [The presentations and videos of the PostalVision 2020 session can be found on its web site (http://www.postalvision2020.com/global-postal-ecosystem-future-trends/).]

* PostalVision2020, Director, Community and Brand Development
Changing Business Models

All four posts agreed that changes in the mail mix and volume declines in traditional products have forced them to look at new opportunities for growth and more non-traditional markets. Finley said all the posts to some extent are facing similar challenges worldwide with financial shortfalls, trying to adjust to new models, mail mixes and profit margins are changing, and posts are looking to other spaces. The USPS, which Finley noted delivers 40% of the world’s mail, has had a less steep slope of mail decline than some other posts, he said.

Swiss Post, though not as big as many other posts, is the third largest employer in Switzerland, Pletscher said, and is the biggest online banking community, biggest transport provider, and has a very diverse portfolio including many ecommerce and communication markets. The B2B business is a focus area, Pletscher said, but customers have changed in that they are becoming more mobile, more individual, which means that speed, flexibility and personalization are key to innovation.

Loo said Singapore Post is also seeing a “vanishing core” in terms of mail declines, and is looking for ways to remain relevant and identify growth strategies. Singapore is small, so SingPost is more agile, she said, and its right in the center of a booming ecommerce market in Asia.

McConnell noted that An Post is a smaller post, with only about 10,000 employees, and it set up its Innovation group about 2 years ago. It has significant strategic capabilities, he said, with the largest retail network in the country, and a lot of expertise developed over the years, particularly in financial services, as well as assets such as its trusted brand. Like all postal operators, focusing on 8 key business areas ranging from communications and document management to new businesses in new areas, with a big part of its income and revenue coming from government services.

Different Approaches to Managing Innovation

The four post representatives talked about the way they are managing and encouraging innovation within their organizations. The USPS, being the largest by far, has put in place a very structured innovation model. Finley said the USPS utilizes large project management efforts at the portfolio level to be able to coordinate big innovations into its organization. The USPS uses a rigorous program management model it calls Delivering Results, Innovation, Value and Efficiency (DRIVE) for changing the organization.

McConnell said that Ireland, having just come through difficult financial times, has launched an Innovation 2020 initiative to position Ireland as a global innovation leader, fostering a start-up and entrepreneurial environment. An Post generates ideas from consumers, other posts, competition, and through an innovation challenge it launched where 7 cross-functional teams have to submit ideas and business case presentations to an executive innovation board. The ideas are broken down into projects, initiatives and discoveries with the last two being areas the innovation team focuses on. The projects are divided into commercial innovation (to protect/grow market share) and necessary innovation (to retain competitiveness), and initiatives and discoveries (new business lines).

For SingPost, Loo said the transformation efforts have focused on employees, culture and mindset. It runs its customer-centric program so that every innovation is translated to a message understood by the employee. “We run an end-to-end program to keep everyone informed on what is happening within the organization,” she said.

Speed to Market is Essential

Finley said that the USPS, because of its financial pressures, has had to look at becoming much more nimble and able to take decisive action toward innovation that it ever has. “The USPS has always been innovative,” he said, “but it has taken time, and now we don’t have time – we need to be able to respond and act more quickly.”

In addition to its broad innovation strategic initiatives, Finley said the USPS also has innovation platforms established in 2014, “for initiatives that need to be fast tracked to take advantage of opportunities.” He gave the example of the USPS grocery delivery project working with Amazon Fresh, which he said was put through this more streamlined innovation project process. MetroPost, the USPS’ same day delivery project, is another example.
“We’ve done a lot in a very short period of time, Finley said of the USPS’ strategic initiatives. He said these initiatives are supported by over 100 roadmaps and projects, but faster innovation is a key to future success.

Collaboration and Partnerships

Pletscher said SwissPost strongly collaborates with other companies, including those in Silicon Valley, start-ups, and others. “That network is an important part of how we foster innovation,” she said, also noting that internally it has an innovation platform to enable employees and users of SwissPost to bring forward ideas.

“We can choose if the competitor is friend or enemy,” Pletscher said, “and in Switzerland, we love Amazon – they are one of our biggest clients, one element of the value chain.” She said part of the game change is that competition and client lines are becoming more blurred. “We are too small to fight, so we are coupling with others, enhancing our capabilities, sitting at the table with competition to enable projects and find smarter ways,” she said. “We can react in different ways, but if we are game changing, the idea is not to stay in the middle and wait to be squashed, it is to expand the value chain.”

Loo said Alibaba is one of SingPost’s key shareholders, with over 14% ownership. Over the past 2 years, SingPost’s vision was to become a regional leader providing a full end-to-end chain for ecommerce and logistics, but also offering modular solutions within the network. It acquired two companies in the U.S., Loo said, which are active in the ecommerce space. SingPost is developing a regional ecommerce and logistics hub in Singapore to provide warehousing/fulfillment solutions. So its strategy is not just to focus in Singapore, but to provide a wider choice for customers.

Some customers, like Calvin Klein, opt for the end-to-end Singapore Post ezyCommerce solution including customer care centers, so Singapore Post is handling their customer calls, and Loo noted the entire solution was live within 10 weeks allowing them to sell to their Asia-Pacific customers.

Start with the Core and Innovate Around It

Swiss Post sees itself as intermediary between the physical and digital world, building bridges for its clients as trusted third party intermediary. Pletscher noted that its e-voting project is an example where the post transports almost all the physical voting and election materials, but as a choice for clients, it also offers e-Voting. Going digital also means going mobile, she said, and SwissPost launched its mobile payment solution last year and now is #1 in payment in Switzerland with the biggest retailers on board using its solution.

Swiss Post is also in eHealth and eJustice markets, which Pletscher said means being the preferred provider of physical transport of confidential information, but giving clients the choice in their transformation to choose digital or physical. It is building secured digital platforms with authentication, and identification layers integrated, to be the trusted third party. “It’s not that far from our core business,” she said, “it is just independent in terms of the channel.”

Focus on the customer is one of the USPS’ key strategies, Finley said, which is to build a world class customer care process in all the places the USPS touches customers, including gaining insights on the retail experience, the experience of large customers entering mail, all the way to the last mile customer experience at delivery. “If we can’t provide the service at a price point and with consistency,” he said, “businesses will just turn off whole ZIP Codes and shift their business to someone else.”

Looking at the future, Finley said, means looking through all the various lenses needed to evaluate the competitive landscape – customers, technology, industry partners, legislative/regulatory aspects, global market changes – to help define the USPS’ key strategies.

“We protect the core, but grow the wings,” Loo said, noting that for SingPost the core is mail but the “wings” are ecommerce and logistics, which are the key growth areas for SingPost. “Coming from a customer-centric focus,” Loo said, “it’s about your brand and your promise, and our brand is collaboration of the network. We need to think about what we promise the customer and make sure we deliver on that, not try to deliver on everything else,” she said.
Compared to other businesses postal operators have a certain advantage. Most other businesses were born as businesses, have operated in market conditions and have always competed with other companies in the same market. For posts it was different. They did not know real market conditions and had to learn how to behave in such an environment. At the same time they experienced a steep decline in their core product, mainly driven by changing consumer behavior and ICT developments. In the change process they were already going through they had to even further adapt to develop new business areas, include ICT in their existing product and service portfolio and, not more and not less, reinvent themselves. Therefore, posts have learned over the past one to two decades to manage change and master the reinvention processes. Other businesses were also affected by the behavioral change processes and technical developments. However, many realized too late what was going on, they were focusing too much on their traditional product portfolio and were not envisaging to change or reinvent themselves. In other words, posts were pushed into changing again and again over the last two decades and have so far successfully mastered the challenges. In the end, they come out of these processes stronger and more successful than they have been before.

As I said above, the journey is not over. Most companies in the world struggle with basic business requirements. Two areas stand out which often define which company will succeed and which one will struggle. One is intrapreneurship, the other is customer centricity.

It is obvious that companies have to put their customers first, that they have to define their actions by what their customers need or will need in the future, in other words, what they will buy. They have to be close to their customers and understand them. This is more difficult than it seems. Many companies, not only postal companies, prefer to look first at their products and services. They find it difficult to change their products or services, try new ones or maybe even replace the existing ones with new ones. The process of reinvention is loaded with too much risk and hardly any manager wants to take the risk and be responsible for a reinvention process which might eventually fail. Therefore, customer centricity has become one of the cornerstones of every business.

It is not a simple part of the company’s mission statement. It’s a culture that must penetrate every business line and needs to go down to every employee. Identification with the company, its goals, its products and services and closeness to the customer are integral elements of this customer centricity architecture. Only this way the customer can get the answers he is looking for and at the same time the customer is heard by the company and its staff. Only this way the company will understand what its customers think of the products and services and understand changes in the market as well as in consumer behavior. Several postal operators have thus started to implement companywide staff training programs that have the objective to tune the entire company’s culture into a customer centric mode. At recent Postal Innovation Platform (PIP) events DHL and Singapore Post explained their approaches and underlined the importance customer centricity has within their organizations, how important it is to roll out these programs to the entire staff and thus establish a new culture where the customer is in the center of everything.
Intrapreneurship is another pillar which will become increasingly essential in the coming years. Intrapreneurship means entrepreneurship within an established organization and it follows the same principles described above. It is not a simple part of the strategy or mission statement. It is a culture and thus needs to penetrate every unit of the entire organization. There is no half-hearted approach or compromise for its implementation.

However, even in established companies with a reputation of innovation and entrepreneurship this is not an easy task and when listening to top executives of these companies the satisfaction level with their innovation and intrapreneurship architecture is low. Dr. Altriger of Harvard published in 2013 her research on innovation models in global companies indicating that 70 - 90 % of all projects trying to stimulate intrapreneurship within an organization fail (1). This figure only underlines that tuning an organization for intrapreneurship is far from easy and that even global big players struggle when it comes to its implementation.

McKinsey conducted a survey (2) among executives asking them about innovation in their companies and how they would rate it. To start with, 84% of the executives agreed that innovation is important to growth strategy. 80% of the executives also said that the current business models are at risk, thus underlining the need to innovate. However, only 6% of these executives were satisfied with the innovation performance within their organizations.

Also Accenture worked on the question of intrapreneurship and innovation in large organizations (3). They interviewed 600 corporate employees, 200 corporate decision makers and 200 self-employed individuals. 52% stated that they had pursued an entrepreneurial idea at work. However, apparently employees are of the opinion that they need more support to generate new ideas. Half the employees agree that management support is very important, but only 20% were of the opinion that their employer would offer enough support to develop ideas. Also more than half of the employees thought that their company would not support ideas from all levels, but rather limit the expectations to business decision makers. In sum, while more or less everyone agreed that intrapreneurship is important and will lead to new ideas and innovation, most didn’t believe that their company was good at it or was ready to deliver the required support.

All these figures give one clear message. Intrapreneurship is considered as an essential tool to drive new ideas and innovation within an organization, but it is difficult to get it right. As said above, posts might have the advantage of being for many years already in a profound tuning process. Changing the organizational culture is already part of the game and has slowly but steadily invaded the mindset of postal operators. But in order to do it right posts, like all businesses, need to follow some basic principles.

**First**, it is not enough to dip the toes. Posts need to fully dive into these processes, whether it is a customer centricity architecture or the implementation of an intrapreneurial culture stimulating innovation.

**Second**, these processes are not limited to executives. Cultural change needs to happen on all levels. Every employee needs to embrace a culture of putting the customer into the center and of thinking like an entrepreneur.

**Third**, it is important to define what innovation means within the context of the organization. This will depend on what products or services the company provides and what business it is in.

**Fourth**, it will be important to measure the processes and results. This is not always easy, but parameters that help to measure the efforts, actions and outcome are relevant and can show shortcomings or successful strategies.

**Fifth**, the organization must be capable of living the new culture. The environment must be capable of supporting intrapreneurship and customer centricity and clear accountabilities must be in place. This requires the respective architecture, e.g. with a customer centricity architect and an innovation architect in place. These people or units should be in charge of implementing the culture, monitoring the developments and having top level support.

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(1) A New Model for Innovation in Big Companies, Dr. Beth Altringer, Harvard Business Review, 2013
(3) Corporate innovation: Nurturing and Enabling an Entrepreneurial Culture, Accenture 2013
Prime Competence has developed a Reference Framework for posts new to the rapidly emerging Internet of Postal Things (IoPT). The IoPT is a network of physical objects — machines, equipment, vehicles and other items — embedded with electronics, software, sensors and connectivity that enables these objects to collect and exchange data to the advantage of the user.

The new Reference Framework sets out to provide guidance on the practical application of IoPT, with particular focus on the logistics function. Every post experiences common logistics problems such as undelivered mail, seasonal demand fluctuations, the availability of sufficient roll containers in the right places at the right times, and a lack of current location-specific inventory information with regard to moveable objects.

Knowing the location, route, load factor (by volume and weight) and other data about shipments and assets can be extremely valuable. Importantly, such capability can also facilitate additional revenue streams or business models. For instance, there is potential to offer deeper level track and trace capability, along with services such as live re-direct, and live collection/returns based on current and predicted location of mail delivery personnel and vehicles, potentially even using autonomous robots and drones in the mail and parcel handling process. The possibilities are almost endless.

A common enquiry from posts concerns the best technology to locate among other things, roll cages, a request which is part of the greater need to locate shipments and packaging resources, and develop tracking in real-time. With this in mind, the principles of the IoPT Reference Framework address many issues, including target identification and localisation, as well as data collection and exchange.

Of course, there is no off-the-shelf IoPT solution that meets all requirements; each application will determine its own set of hardware and software specifics.

The correct choices of technology will be determined by factors such as speed, cost and effectiveness for the specific post, leading to a ‘best of breed’ solution for each individual application. One of the basic principles is that everything should be able to communicate with everything else in order to maximise the value of identification, localisation and data on individual transport flows and equipment. Importantly, the solution will be based on open industry standards without any vendor or technology lock-in.

Additional solution fundamentals include the use of interchangeable modular systems, as this allows future proofing against constantly emerging technologies. Of course, the rapid development of new technologies presents a familiar dilemma; whether to press ahead knowing that certain technologies might soon be superseded, or to wait. The Prime Competence IoPT Reference Framework provides the tools to break this deadlock, helping to create a cloud-based platform in which the added value of the whole is greater than the sum of its component parts.

Take the case of a post which is keen to apply an IoPT solution to all of its shipments and vehicles. Here, information can be shared about location, status or behaviour with the cloud-based platform via the trolley where the consignment is transported, which in turn can share information back through the device, driver or delivery person.

In terms of the hardware, a typical application of this nature might comprise printable electronics for identification purposes on items such as parcels, mail and packaging of relatively low value like trays and bags, with connectivity provided by an smartphones or trolleys equipped with the relevant readers. Similarly, readers with internet capability might be deployed on sorting machines.

* Prime Vision B.V., Innovation and Concept Development in postal, logistics and airports
For location and tracking (indoor and outdoor) communication with packages or letters in order to determine their whereabouts, proximity or long range communications technology is utilized. In addition, beacons are used commonly for communications in fixed locations such as sorting centres, while further sensors might be deployed for functions such as fill level measurement and weight on roll cages, mailboxes and transport.

To explain in greater detail, assets such as roll containers are provided with a sensor that can emit a signal which is detected by the software on different devices, such as the smartphones of mail deliverers and scanners of package deliverers. On that basis, the location of the device can be determined via GPS and mobile signal. The stored signals and data collected can then be translated into crucial information for a variety of stakeholders.

This solution is an alternative to an infrastructure such as that of current machine-to-machine (M2M) solutions in which individual objects must be equipped with a SIM card, thus necessitating the need for costly mobile subscriptions. Ultimately, the IoPT solution has the potential to offer functionality similar to or even better than existing solution options, however at a lower cost.

Aside from cost, there are multiple benefits that arise from implementing an IoPT strategy, such as optimising the total number of assets, correct asset numbers in correct locations, optimised traffic flows, the opportunity to implement condition monitoring or predictive maintenance, reduced loss/theft of valuable shipments, saving on vehicle fuel, improved fleet productivity, volume per stream known in advance, and even learning of weather conditions on route. There is, in fact, almost no limit to the impact that the new IoPT Reference Framework could have across a postal organisation, from doorstep to doorstep, through operations, to new service development.

With the IoPT Reference Framework as guidance, a post can start implementing the Internet of Postal Things tomorrow and gain valuable insights in how to use these new and exciting capabilities to further improve its current business and develop new business!

Prime Competence is working with a number of posts to develop smart, future proof and cost effective solutions based on its IoPT Reference Framework and extensive experience in the postal world. Please contact Freek Smoes of Prime Competence if you would like to learn more about the benefits of IoPT for your company.
Innovation in An Post

John McConnell *

The Irish Government recently launched a strategy called “Innovation 2020” which aims to position Ireland as a global innovation leader driving a strong sustainable high employment economy. This combined with the fact that many of the world’s most innovative companies operate in Ireland has resulted in a highly developed start-up and entrepreneurial environment. Most recently Ireland has climbed to 8th place in the EU Innovation Union Scoreboard.

An Post, Ireland’s postal service provider, is one of the country’s largest companies directly employing over 9,600 people through its national network of retail, processing and delivery points. It provides agency services for Government Departments, the National Treasury Management Agency, the National Lottery Company and many other commercial bodies. With over 1,100 post offices it has the largest retail network in Ireland. The company has a strong history of introducing innovative products and services.

An Post & Innovation

To further develop this innovative culture, a Director of Innovation and Quality for the An Post Group was appointed in 2014. The departments innovation efforts have to date focused on eight key business areas:

- Communications & Document Management
- Direct Mail & Marketing
- E-Commerce services
- Retail
- Financial Services
- Government Services
- Logistics
- New Business Development

Ideas and insights for these key focus areas are gathered from many different sources such as brainstorming events with staff and stakeholders, market research and reaching out to colleagues in other posts around the world. An Innovation Challenge for Senior Managers was launched earlier this year to further encourage the culture of innovation in the company as well as helping to fill the innovation pipeline. Cross functional teams of 5-6 people were established and each team then selected an idea to develop into a full business case. These ideas will be further assessed and if viable, will then be developed into live projects.

A governance structure for innovation, headed by the INNOVATION BOARD was established which is sponsored by the CEO of An Post. Ideas are brought to the Innovation Board for assessment and if successful, a project sponsor and manager are appointed for each one. Two areas of key strategic importance were identified: how An Post can leverage its wide range of assets and diversifying into alternative business areas to create new revenue streams.

Below are some recent Innovations from An Post:

AddressPal

The recent launch of AddressPal enabled Irish shoppers to purchase from UK websites that may not normally deliver to Ireland or to avail of attractive offers such as “Free Shipping within the UK”. The buyer registers for free on the website and receives a unique UK address. They then select their nearest post office as their preferred point of delivery. When using the service they receive a notification once each parcel has arrived and can collect it at their local post office where they pay a small fee.

Delivery Box™

Another recent innovation to satisfy the appetite for online shopping in Ireland has been the Delivery Box™. It is a convenient and secure new way to receive letters, packets and parcels from An Post. With DeliveryBox™, your letters, packets and parcels from An Post are secure in a weather-resistant box at your home or business until you retrieve them. It is ideal for heavy users of online shopping or for ensuring confidentiality of your mail.

* Director of Innovation and Quality, An Post
In first mile applications postal service operators and couriers use a network of street letter mailboxes and drop-off boxes in their work. Sometimes known as “street furniture,” these boxes accept letters, small parcels and courier envelopes. However, their downside is the need to for the entire network to be checked manually and up to seven times a week by the operator. Even if the box is used rarely, staff still need to check regularly to see if customer “deliveries” have occurred and most of the time this is based solely on trusting that box clearing gets done systemically. The result can be a waste of time, fuel, money and nothing but anecdotal data to make important business decisions.

Should boxes not be checked regularly though, outgoing mail may stay in the box for an extended period of time, lowering the level of service delivery, even to the extent of questioning the relevancy of postal mail.

However, what if check and notify technology were installed that could alert operators both of the arrival of mail and when staff had picked it up or even provide operators time stamp data showing the rate at which mail was introduced to said first mile box? The data generated would allow operators to plan pickup routes in advance in a Route Planning App for instance, skipping those where customer “deliveries” have occurred and most of the time this is based solely on trusting that box clearing gets done systemically. The result can be a waste of time, fuel, money and nothing but anecdotal data to make important business decisions.

So how can check and notify technology help in last mile applications? The answer may be to give the P.O. Boxes a rejuvenating facelift, making them more interesting, useful and convenient to the customer. Consider how much more handy a P.O. Box would be if the owner was notified electronically when something had arrived in their box? If a check and notify device could message a group of people by text message (SMS), by email or by an App (all controlled in the Cloud) when the mail has been delivered and when someone in their message group picked it up. The fact that they wouldn’t have to constantly check for post arrivals would be more convenient for customers in general but doubly so for those with mobility issues. The notification technology would ease mail pickup management for the customer’s support group.

The concept need not be limited to P.O. Boxes, it could work equally as well with passive central / community delivery mailboxes or passive parcel lockers. For example, in Canada customers receive a parcel notice in their community mailbox with a key to a passive parcel locker. However, the customer is not notified when there is a parcel notice and so there is no urgency or reason to get to their mailbox. This may mean the delivered parcel sits in the passive parcel locker, slowing delivery time.

Patrick Armstrong *

Embedded (IoT) compartment check & notify technology, such as that provided by snaile.com, can deliver a range of benefits for postal and courier services, from alerting customers of deliveries in passive mailbox applications, to improving postal / courier service efficiency and relevancy.

If we take the same check and notify technology concept and apply it to the last mile, we see other opportunities arise. For instance, most postal service operators offer a P.O. Box service, however, many are not used at their optimum level. Encouraging more use then should be a priority of operators. The infrastructure to operate the P.O. Box service has already been installed and paid for, so any new revenue from this priority can yield ongoing high margin profits. Most of all an increase in usage may see an increase in foot traffic in post offices in turn generating higher Point of Sale (POS) revenues on in-store items.
However, should a notification device prompt customers to visit their mailbox more regularly, postal operators may see an increase in parcel throughput as well as general mail throughput which is great for direct marketers.

From a network planning perspective, having a device that knows when consumers pick up their mail can influence the management of location of boxes and provide usage rates that would be useful to sell direct marketing by neighborhood.

The question then becomes what do consumers think of a P.O. Box / Community mailbox ‘mail has arrived’ notification system? In a recent (March 2015) survey of 400 Canadian customers by a third party accredited market research company on behalf of Snaile Inc., (a compartment check and notify technology company, www.snaile.com) found that 42 percent of those questioned said ‘yes’ they wanted a notification device while 10 percent said they may be interested, which clearly shows there is a valid market opportunity to pursue. (Survey confidence level is 95% within an interval of +/- 5%)

In addition to creating a ‘mail has arrived’ notification service wanted by consumers, a great deal can be learned about customer behavior in how often they check these boxes (Big Data & Analytics). Being able measure how to influence this frequency using a snaile.com device may then translate to being able to monetize this in direct mail applications. A premium may then be charged for neighborhoods that tend to check their boxes more frequently and/or integrating into campaigns what influences consumers to check boxes more frequently may increase direct mail response rates. This information may be a useful factor in targeting direct mail campaigns and can be taken a step further – once base Internet of Things technology is the box what about implementing RFID & direct marketing?

The last mile applications can also include the passive parcel lockers themselves, many postal operators, such as Canada Post, have elected to install mechanical parcel lockers as part of their delivery network in a bid to resolve “last mile” delivery problems or costs. These are a much lower cost option to the automated parcel locker solution, don’t require power at the operator’s delivery point and when weather takes its toll are much less expensive to replace. These passive lockers allow the postal operator to place the parcel in the locker following the first delivery attempt, giving the customer access via a key placed in the customer’s mailbox. These parcel lockers are installed so one parcel locker can serve many customers.

However, there are three questions that arise from use of this procedure:
1. Which passive parcel lockers are full and which are vacant to accept new parcels?
2. How long have the parcels been in the locker?
3. Which parcels should be returned to the retail location today?

The answers to these questions can be provided by installing snaile.com content detection technology into the mechanical parcel lockers at much less cost than an automated parcel locker setup would be; effectively digifying the passive parcel locker. This gives the postal operator the ability to detect available passive lockers to accept new parcels, and aging inventory of lockers which specifically means the ability to know which boxes have sat long enough in the locker that they now should be returned to the operator’s retail location.

Clearly the Internet of Things can present many opportunities for improved operator efficiencies, customer convenience, post office revenue generation and direct mail applications. Certainly there are many other applications which could be explored once IoT technology is in the box.
The Mike Tyson Effect

Francois Eijgelshoven*

Does this sound familiar: you spend days, weeks, and maybe months perfecting an elaborate plan. Every variation is covered, every contingency accounted for. Or so you think. Reality manages to exploit a weakness in your tactics, leaving you confused and scrambling to catch up. As a CEP service provider, you know well that just one mistake can cost you dearly in terms of customer relations and profits.

Former United States Secretary of State, Colin Powell, sums up this problem when he said: “No battle plan survives contact with the enemy.” But we know of a similar, somewhat more visceral quote from “Iron” Mike Tyson: “Everybody has a plan until they get punched in the face.”

For years, Tyson was the most feared fighter in the world. His ferocity was legendary, as was his power, with 44 of his wins coming by way of knockout. In his prime, he was as intimidating, as ruthless and as destructive as a force of nature. Few men even dared to enter the ring against a fighter like Iron Mike. They all went in with a plan to win, but every punch Tyson threw was with deadly intent. And as we’ve learned, punches tend to have a negative effect on strategy.

Mike Tyson and your CEP business

Today’s CEP industry faces not only growing potential but also growing challenges. Conventional mail is decreasing, but parcel volumes are on the rise. E-commerce is growing at massive rates; in Switzerland alone, more than 50% of people shop online.

In 2015, Swiss Post saw 115 million parcel deliveries, up 3 million from the previous year. And in Germany, parcel shipments are at 2.7 billion per annum, a 92% growth over the last 20 years. The result of this is that not only are CEP service providers required to react by increasing the number of their vehicles and staff, the demands of customers are also increasing.

That’s already a lot to handle without unforeseen problems popping up at the most inconvenient times: a last-minute change to a customer’s order here, a sick driver there. Throw in a few problems with your vehicles, and to top it all off, a good, old-fashioned traffic jam. Iron Mike is standing across the ring from you, and he’s smiling.

Whatever the problems, the results are the same, and they can be devastating. Delivery times can’t be met, and customer dissatisfaction rises. More overtime is needed, and your employees lose motivation. Your vehicles aren’t running at full capacity, with suboptimal route planning, and your profits wobble under the strain of some very hard punches.

Stand your ground, or float like a butterfly?

One thing you will need to decide on is how you will structure your route planning. Will you stick to static routes or dynamic routes? Each has benefits: dynamic route planning can allow for an easier and more cost-effective integration of daily variations.

Static route planning allows drivers to know their routes better, possibly even developing personal customer relations; and changed addresses or volume fluctuations don’t affect the B2C aspect of CEP services.

But which one is the right choice for you?

Defeating Tyson: Today’s training for tomorrow’s battles

There’s no such thing as a realistic way to overcome problems like these without a lot of hard work and preparation. Unfortunately, in the case of the CEP industry, bigger fleets and wider areas can soon push human planners to the limit. The good news is that an answer does exist: an optimization and planning software that can provide efficient solutions even with last-minute variations. It takes into account four different planning dimensions, with lower costs and improved customer satisfaction as the goal:

- Strategic planning — Where do you want to specialize: B2B, B2C, or both? What should your network look like based on what the market needs in the coming year?

* Quintiq, General Manager Europe, Middle-East, Africa, Russia (EMEAR)
• Tactical planning — What will demand be in the next month, and do you need to change the way you manage your staff and your capacities?

• Operational planning — Which driver goes with which vehicle, and what routes do they use? Have all your daily variations been fully thought out?

• Day-of-operations — You are going to get punched. Just accept it. How are you going to respond to being hit?

Getting hit and staying in the fight

Integrated planning is needed for optimized processes in the CEP business. It’s the only way to take all the relevant variables into consideration and implement flexible, efficient strategies that adapt to market fluctuations. It is precisely this adaptability that is the cornerstone of a CEP service provider capable of rolling with the punches.

The ability to manage your entire operation in real time is profoundly important. With it, you can master daily challenges, optimize your processes, and increase your efficiency and profitability — and Quintiq has you covered. Our integrated planning and optimization platform can calculate the best possible route plans and employee schedules, manage your delivery time frames, and ensure your vehicles are working to capacity. It supercharges your efficiency and even keeps track of your KPIs, as well as how much money you save.

When the bell rings and the fight is on, you want to have had the very best preparation, with the very best team behind you. We are that team. Working together, when all is said and done it will be your arm that is raised in victory, and not even Mike Tyson will be able to stop you.

Ready to get started? Watch this video to find out more about our CEP solutions: link.quintiq.com/tyson
MARK THE DATES

**PIP - Conference**
Postal Innovation Platform

**September 19 - 20, 2016  |  Istanbul, Turkey**

From September 19 to 20, 2016 senior executives and opinion leaders of the postal industry will meet in Istanbul, Turkey in order to present innovative ideas and business solutions and discuss some of the most pressing issues the postal world is dealing with today.

The PIP Conference 2016 will be organized at the Hilton Istanbul Bomonti Hotel & Conference Center, right before the opening of the 2016 Universal Postal Union (UPU) Congress.

http://postal-innovation.epfl.ch/

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**POST-EXPO 2016**
THE PARCEL SHOW

**24 / 25 / 26 MAY 2016  |  Hong Kong**

http://postexpo.com/

A new feature at this year's POST-EXPO in Hong Kong will be the LIVE Innovation Showcase, a series of interactive sessions where brand-new technology, ideas and concepts will be presented and demonstrated. The sessions will be hosted by Bernhard Bukovc, chairman, Postal Innovation Platform, Switzerland, and John Callan, co-founder, PostalVision2020, USA.

During the showcase you will be able to see live technology demonstrations, get hands-on with new products and discuss how innovation will shape and change the future of the industry.