

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

REVIEW OF NONPOSTAL SERVICES

Docket No. MC2008-1

STATEMENT  
OF  
ALICE VANGORDER  
ON BEHALF OF THE  
UNITED STATES POSTAL SERVICE

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## **AUTOBIOGRAPHICAL SKETCH**

My name is Alice VanGorder. I have been the Manager, Address Management within Intelligent Mail and Address Quality, United States Postal Service, since April 28, 2007. My office has the primary responsibility for the administration of the Postal Service Address Management (AMS) and the Change-of-Address databases, as well as for the change of address programs. We make policy and develop, deploy, and offer technical support of the products and services derived from these databases. These products and services are used by the mailing industry to maximize the effectiveness of their mailings and internal postal operations to facilitate operational and delivery efficiency. This includes development and management of numerous products used by the mailing industry to improve the quality of addresses. I interface with postal operations, marketing, and the mailing industry to improve address quality and reduce the costs associated with undeliverable as addressed mail.

I joined the Postal Service in May, 1979 as a Computerized Mark-up clerk in Boston, Massachusetts. I worked in various clerk positions in mail processing operations and was promoted into the management ranks in Boston as Supervisor, Automation. I held subsequent positions in Boston as Supervisor, Computer Forwarding Systems, and Automation Readability Specialist.

In 1990, I left Boston and assumed the position of Automation Implementation Coordinator with the Northeast Region Automation Implementation Team in Windsor, Connecticut. A year later, I was promoted into the position of Automation Advisor in the Northeast Region. In both positions, I participated in the implementation and integration of the automation program within the Northeast Region.

In 1992, I accepted a position in USPS Headquarters in the office of Operational Requirements where I was responsible for developing enhancements to mail preparation requirements in support of automation implementation. I held subsequent positions in Headquarters in both Processing Operations and Marketing. In 1998, I accepted a position in Address Management, located in Memphis, Tennessee, as a Customer Service Support Analyst. I oversaw the Coding Accuracy Support System (CASS), Multiline Accuracy Support System (MASS) programs and

various other Address Management programs focused on improving address quality and reducing undeliverable as addressed mail.

In July, 2002 I was appointed to the executive position of Manager, Market Integration in USPS Headquarters. In that role I served as the “chief of staff” for the Executive Vice President and Chief Marketing Officer, Anita Bizzotto. In 2006, I was promoted to the position of Manager, Business Service Network (BSN) where I had national responsibility for establishing customer service policy and programs and development and implementation of strategies to improve customer service for the national BSN network serving national and premier account customers.

I have a Bachelor of Arts Degree in Liberal Studies and a Masters Degree in Public Administration, both from The American University in Washington DC.

## **I. PURPOSE AND SCOPE OF STATEMENT**

My statement has two purposes. The first is to explain and provide justification for the continued provision by the Postal Service of a number of long-standing Address Management Services that enable mailers to improve the quality of addresses on their mailpieces, and in some instances to qualify for postage discounts. The second purpose is to supplement information provided in the Statement of Patrick R. Donahoe on the Postal Service's efforts to provide change of address forms and other move-related information to postal customers, and our concurrent efforts to offset the costs of providing such information in conjunction with Imagitas, Inc.

## **II. AMS PRODUCTS AND SERVICES**

### **A. ADDRESS QUALITY AND SUPPORT**

The Postal Service delivers mail to more than 300 million people at 148 million homes, businesses and Post Office boxes in the United States, and in Puerto Rico, Guam, the American Virgin Islands and American Samoa. The Postal Service adds over 1.8 million new addresses each year to its delivery network — equivalent to the number of addresses in a city the size of Chicago. With such a dynamic environment, business mailers need the tools to standardize and validate delivery point and ZIP Code<sup>®</sup> information, as well as the essential information to make informed decisions for the proper preparation of their mailings.

Address Management services are offered through formalized, nationwide programs that meet the needs of postal patrons, and are closely related to, and directly supportive of, the carriage of mail. When mailers deposit mail with the Postal Service with improved address quality, they assist the Postal Service in maximizing its ability to deliver mail quickly and efficiently, and reduce the volume of mail that cannot be delivered. The Postal Service makes available Address Quality and Support products consisting of several services. The primary function of the products is to aid mailers in the reduction of Postal Service and mailer costs associated with undeliverable-as-addressed (UAA) mail due to the physical address (rather than the linkage between the addressee and the address). The Postal Service receives over 1.2 billion pieces of mail annually that are undeliverable as addressed because of bad address situations (without

reference to the addressee), and incurs an additional handling cost of \$158.3 million to return the mailpieces to the sender, or treat them as waste. The primary services are directed at providing correct and properly formatted address information, without reference to the individuals or businesses associated with the address. Other services in this product help mailers use the mail more efficiently and enhance their mailing results. Some services also are required to help mailers prepare mailings for entry into the mailstream at discounted rates.

The following services within the Address Quality and Support product provide mailers with the ability to obtain detailed address information to enhance the address quality of their mailing lists: AIS (Address Information System) Viewer, AMS API (Address Management System Application Program Interface), Carrier Route File, City State File, Delivery Statistics File, Delivery Type File, Five Digit File, LACS<sup>LINK®</sup> (Locatable Address Conversion System) File, RDI<sup>TM</sup> (Residential Delivery Indicator) File, SUITE<sup>LINK™</sup>, and the ZIP + 4<sup>®</sup> File.

These services provide mailers with the means to identify and/or correct inaccurate, incomplete, or outdated addresses: AEC (Address Element Correction), AEC II<sup>®</sup>, DPV<sup>®</sup> (Delivery Point Validation) File, Z4Change File, and the ZIPMove File.

In addition, the Address Quality and Support products supply mailers with the capability to sequence their addresses for proper mail preparation and to facilitate speedier carrier delivery: CDS (Computerized Delivery Sequence), DSF<sup>2™</sup> (Delivery Sequence File), EAS (Electronic Address Sequence), and the eLOT<sup>®</sup> (Enhanced Line of Travel) File.

Finally, the following services within the Address Quality and Support product provide mailers with the capacity to explore new mailing markets by ZIP Code<sup>®</sup> and determine postal zones for use in mail preparation: TIGER/ZIP + 4 (Topological Integrated Geographic Encoding and Referencing) File, and the National Zone Charts.

The following services within the Address Quality and Support product provide mailers with the ability to assure the quality of commercial vendor products used within their mail preparation process: CASS<sup>TM</sup> (Coding Accuracy Support System) Certification Program, MASS<sup>TM</sup> (Multi-Line Optical Character Reader Accuracy Support System) Certification Program, and POSTNET<sup>TM</sup> Barcode Certification.

The FY2006 revenue from the foregoing was \$8,050,723; for FY2007 it was \$8,577,525.

## **B. MOVE UPDATE**

Over 44 million Americans change their addresses annually, creating formidable challenges for business mailers to maintain high-quality mailing lists that are up to date. In fact, the Postal Service receives over 7.5 billion pieces of mail annually that are undeliverable as addressed because of customer change-of-address (COA) situations, and incurs an additional handling cost of \$1.2 billion to either forward the mailpieces to the recipients' new addresses, return them to the sender, or treat them as waste.

Therefore, the Postal Service has developed and offers a product that includes several services designed to help mailers identify and update their mailing lists with the new addresses of their relocated customers. Unlike the Address Quality and Support product, this product is focused on providing the correct address for a particular individual, family, or business.

The Move Update product, which is similar to the ancillary Address Correction Service already listed in the MCS, provides the process by which individual address records from a mailer's electronic mailing list are matched with permanent COA orders sent to the Postal Service by individuals, families, or businesses. When a COA record is matched to a mailer's existing customer record, the new address is provided and the mailer updates the individual address record on the electronic list. The key difference from Address Correction Service is that the Move Update product is applied to individual address records on mailing lists before a mailing (and thus is not ancillary to any particular piece of mail), while the Address Correction Service provides customer COA information for a particular piece after it has been mailed.

NCOA<sup>LINK</sup>® (National Change of Address) service allows mailers to electronically process their mailing list against either the Postal Service National Change of Address 18-month or 48-month database, to obtain current addresses for their customers who have filed a change of address order with the Postal Service prior to their mailing. The FASTforward<sup>®</sup> MLOCR service allows mailers who use multi-line optical character readers within their operations to obtain new address information, and apply that information directly onto their mailpieces prior to mailing. The ANK<sup>Link</sup> (Addressee Not Known) service is an enhancement to the existing 18-month NCOA<sup>Link</sup> service. ANK<sup>Link</sup> provides an additional 30 months of COA information. The ANK<sup>Link</sup> data will not return the new address, but will inform mailers of customer moves that occurred in months 19-48, along with the move effective date. In addition to the three previously described

services, the Postal Service offers Alternative Move Update Methods, a service that certifies mailers' processes by which they obtain COA information directly from their customers.

The Move Update product provides business mailers the versatility to choose the appropriate offering that best suits their operations, to avoid mailing to the old address if the recipient has filed a change-of-address order with the Postal Service. By avoiding delays in the delivery of the mail to recipients, mailers can be confident that their mail will reach the intended recipient by the target delivery date. As a result, the Postal Service mitigates potential move-related undeliverable-as-addressed (UAA) mail handling and cost.

The FY2006 revenue from the foregoing was \$8,862,673; for FY2007 it was \$10,068,312.

#### **IV. MOVERS SOURCE**

The processing of change-of-address orders in the ordinary course of postal operations is a vital and necessary part of maintaining service to the public. Approximately 46 million change-of-address orders are submitted to the Postal Service each year by postal patrons requesting mail forwarding. In order to provide a high quality, effective, and secure address change process, the Postal Service provides PS Form 3575 – Change of Address Order with a variety of move-related information, including postcards that the customer can use to notify magazines, catalogs, utilities and other of the new address, as well as helpful checklists for movers. The Postal Service also provides a Move Validation Letter (MVL) and a Customer Notification Letter (CNL). These three products allow a postal patron to request a forwarding order, and then the Postal Service follows up, with the MVL and CNL as an “out of band” communication to confirm the validity of and the accuracy of the information in the forwarding order at both the old and the new address. Both the MVL and CNL were created for additional security after the start of the Movers Source program with Imagitas.

The costs associated with managing the change-of-address program are significant. In particular, the costs associated with printing, paper, distribution of the PS Form 3575 – Change of Address Order, Move Validation Letter (MVL) and Customer Notification Letter (CNL), postage, and overhead continue to rise year over year. It was estimated that in 1997 the annual costs of managing and implementing the program were approximately fifteen million dollars, exclusive of postage. Today the program costs, exclusive of postage would be higher. Postage costs for the last year was approximately twelve million dollars a year.

In 1992, the Postal Service was presented with an innovative idea targeted at defraying Postal Service costs, improving the change of address process, and ultimately allowing a more cost effective means of managing the costs associated with the change-of-address system. The purpose of the program was to develop a Mover's Guide booklet and additional Mover's Guide type programs to meet the Postal Service's mission of moving mail efficiently and effectively while striving to improve customer satisfaction, decrease operating costs, and generate incremental revenue. The approach presented involved the services of a third party who would provide limited move-related advertising into the distribution of change-of-address forms and validation letters to defray the costs of the change-of-address system. The first tests showed that this approach presented opportunities to the Postal Service in supporting its mission of decreasing operating costs while at the same time generating revenue.

Accordingly, in 1995, the Postal Service and Imagitas formed a strategic alliance designed to add value to the change of address process, and help defray the Postal Service's costs of annually processing 46 million change of address orders. The MoverSource Strategic Alliance currently includes the following programs:

- Mover's Guide - Includes PS Form 3575, Change of Address Order, Catalog Request Card (CRC), Magazine Request Card, and move-related tips and advertising. Also produced in the Mover's Guide program are the La Mudanza (PS Form 3575S), which is the Spanish language version of PS Form 3575, PS Form 3576, which is a postcard for the change of address filer to use in notifying their correspondents, publishers, and businesses of their new address, and PS Form 3575Z, which is Employee Generated Change of Address Form completed and submitted by a postal employee who identifies that a customer has moved without providing a forwarding address. This form is also used to identify Post Office Box closings when a customer has not provided a forwarding address.
- Welcome Kit - Contains the official USPS Customer Notification Letter (CNL) sent to the new address of change of address filers along with information about the mover's new community and move-related advertising. Move Validation Letter (MVL) and Customer Notification Notification Letter (CNL) have been added to the Welcome Kit family of products.

- MoversGuide Online (MGO) - This website, located on usps.com, allows a mover to file an electronic change of address order online. Similar to the hardcopy Mover's Guide, the online version provides move-related coupon savings, tips, and information as well as the Internet Catalog Request Card (iCRC) that allows movers to keep or order new catalogs during their move. The product also includes "Weblinks", the official confirmation of your change of address email.

A Hammer award, given by the National Partnership for Reinventing Government under the direction of Vice President Al Gore, was awarded jointly to USPS and Imagitas in 1997 for their work creating the MoverSource Alliance. The Alliance was saluted for being the first entrepreneurial partnership so recognized. The Vice President's Hammer Award is reserved for teams of pioneers who create an innovative and unique process or program to make government work better and achieve results Americans care about. Hammer Awards go to teams who have shown large impacts on customer service, bottom-line results, streamlining government, saving money and exemplary achievements in government problem-solving.

Imagitas received a second Hammer Award in 2001 as part of the FirstGov team. Imagitas participated on the team with critical market research to make the product more customer-focused and user friendly.

Over 1 Billion Mover's Guides have been produced and distributed at no cost to the Postal Service. Over 250 Million Welcome Kits™ have been printed and mailed at no cost to the USPS.

The Movers Source program has received consistently high ratings in the 3 basic measures of customer satisfaction:

- "Customer Service Satisfaction" rates with online change of address;
- "Likelihood to Recommend" the online address service to others ;and,
- "Likelihood for repeat use" of the online change of address service.

The Movers Source program has returned over \$250 Million to the USPS over the life of the Alliance

The Imagitas alliance provides an innovative and extremely cost-effective approach to handling the needs of Americans who change their address each year.

**DECLARATION**

I, Alice VanGorder, declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge, information and belief.

Alice VanGorder

Alice VanGorder

6/23/2008

Date