

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

**SERVICE STANDARDS AND
PERFORMANCE MEASUREMENT
FOR MARKET DOMINANT PRODUCTS**

DOCKET NO. PI2007-1

**GRAYHAIR SOFTWARE, INC. COMMENTS
ON MODERN SERVICE STANDARDS AND PERFORMANCE
MEASUREMENT FOR MARKET DOMINANT PRODUCTS**

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GrayHair Software, Inc. welcomes this opportunity to submit its comments on the need for modern service standards and measurement, along with practical considerations applicable to these areas.

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What is GrayHair Software?

GHS was formed in early 2000. It was the height of the “dot com” era and the period in which the usefulness and permanence of Internet technology became widely apparent. Though the “dot com” boom came to an end, it still remained clear that the mailing industry would never be completely the same again. Mail, and the traditional business mailing model, would from now on have to change to reflect the rise of the Internet and electronic communications.

My name is Cameron Bellamy, and I am the founding partner of GHS. I spent my entire adult life in the mail business, and prior to forming GHS, representing postage payers and mail owners. I produced direct mail campaigns for Grolier Incorporated, a large direct mail book club, for nearly 30 years. Following Grolier I joined Columbia House, an even larger direct mailer producing hundreds of millions of mail pieces per year. In both cases there was always one underlying fact, that is, the company had to be in the mail to survive.

GHS is a leading provider of Confirm services, and as such, tracks the mail of many of the largest mail owners in the country. We are active in as many postal venues (MTAC, PostCom, IDEAlliance and others) as we can effectively work in, and always strive to leverage our combined knowledge, experience and data analysis position in every situation. GHS has also intervened in the most recent rate case, R2006-1, and the Bank of America NSA MC2007-1. Most recently, GHS has two individuals participating in the MTAC #114 workgroup specifically speaking to delivery standards and measurement.

Our Point of View

Having the livelihood of your company tied to the successes or failures of the direct mail programs of its clients provides one with a special source for motivation to improve. GHS amasses tons of data and continually analyzes the new and historical data looking for opportunities to improve or stabilize results. This has to be done within the constraints of an ROI based world.

GHS believes in mail. We count on the success of direct mail campaigns and the effectiveness of communications that use mail. But one must use the mail wisely, and always be ready to react to a changing environment. We support in-home ranges which allow a client to manage any size mailing to achieve a targeted delivery window and maximize responses. I often think of it as managing delivery for results.

Our Position on Service Standards

In my past experience in planning a direct mail campaign, the issue of which class to mail under always came up. You could mail First Class, pay the

postage, get forwarded mail and get timely delivery. Or you could save money, use 3rd Class mail and your mail would likely get there “later”. The term “later” was never defined but often referred to as “perhaps a few weeks” as a common response.

Service standards are an absolute must in today’s world. Modern business has more options available. Cost effective options do exist and expectations have been raised. You will no doubt hear from each entity providing a response in this docket, the same, almost universal plea, that mail delivery must above all else be consistent and reliable. But mail volumes vary seasonally. There is elasticity of demand in response to rate increases. Work sharing incentives change, and may change mail from non-automated to automated, or the reverse. New postal equipment comes on line, and some previous workarounds become impractical. New rules are introduced on short notice, and training is not always thorough enough. One facility may be temporarily overloaded, while another has excess capacity. Weather and other unpredictable factors can alter the equation.

GHS believes that modern service standards with updated targets are needed, but there is insufficient time available in the short term to form modern service standards properly. The best course of action is to assume the USPS existing service standards, in most cases, as the initial basis for new service standards.

Our Position on Performance Measurement

The saying, “You can’t improve what you can’t measure” says it all. There is no other argument that can be made. Fortunately we live in a time in which almost all mail can be have its service performance measured inexpensively and accurately through bar codes and other automated technology without active intervention.

GHS believes the best approach to service performance measurement is to utilize technology to it best advantage. The USPS has systems such as Confirm and is building capabilities such as Seamless Acceptance and Surface Visibility that will capture data passively and serve as a model for all classes of mail.

The two most important points are, of course, when did the USPS receive the mail and when did it deliver it. Certainly other intermediate data points are highly desirable for other purposes such as problem identification and resolution, but those two suffice for performance measurement

As quickly as possible, using existing data, and calculating the confidence levels that can currently be attained, a baseline should be established against which the existing service standards can be compared. From there, a plan can be formulated to effect whatever changes are in order to consistently meet standards and improve results and the measurement process itself.

Is That All That is Needed?

A critical element to the development of any standards and measurements is a committed management team striving to achieve its goals. The measurement system must be open and transparent. If necessary, an independent entity can audit measurement and reporting.

A periodic review of both Service Standards and Performance Measurement should be performed by a panel representing all relevant parties, and its recommendations should be implemented to the extent possible.

These measures will benefit not only the mailers, but also the Postal Service and the public interest.