

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

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**SERVICE PERFORMANCE MEASUREMENT  
SYSTEMS FOR MARKET-DOMINANT PRODUCTS**

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**DOCKET NO. PI2008-1**

**INITIAL COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE  
JOINED BY THE DIRECT MARKETING ASSOCIATION**

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The Association for Postal Commerce, joined by the Direct Marketing Association, Inc. (herein, collectively "PostCom") appreciate the opportunity to present our collective views on the establishment of service performance measurement systems for market dominant products, as specified in the Postal Accountability and Enhancement Act ("PAEA"). PostCom has long advocated for the creation of meaningful service standards and the need for performance measurements. We hope these comments will enable the Commission to discharge its responsibilities with respect to service performance by enhancing the Commission's understanding of how mailers and mail-service providers use service performance measurement systems and data in their interaction with the Postal Service and in managing and growing their own businesses. The establishment of a useful, cost-effective service performance measurement program is a critical element of the PAEA goal of achieving the lowest combined costs of service, and enhancing the value of mail as a medium for business communication and commerce.

## EXECUTIVE SUMMARY

In section I of the discussion below, PostCom addresses many of the Postal Service's specific requests for approval from the Commission on measurement systems for market-dominant products. In sum, PostCom comments as follows:

- PostCom opposes the Postal Service's proposal to use EXFC as a proxy to measure service performance for First-Class Mail presort flats; rather, PostCom recommends that service performance for FCM presort flats be measured using the hybrid measurement solution the Postal Service proposed for measurement of other presorted flats (Periodicals and Standard Mail).
- PostCom opposes the use of Delivery Confirmation data from Retail Package Service to measure service performance for Presort Package Services; rather, PostCom recommends measurement for each mail type (retail and presort) use only the Delivery Confirmation data for that type.
- In the short term, PostCom supports a hybrid measurement system based on IMB scans and independent, third-party stop-the-clock scans for service performance measurement of presort letters and flats, i.e., First-Class presort letters, Standard Mail letters and flats, and Periodicals letters and flats; however in the long term, the Postal Service should arrange for independent assessment of whether, with respect to each mail type, IM scans can provide a reasonable proxy as "stop-the-clock" data, eliminating the need for third-party stop-the-clock scans.
- PostCom recommends that the Postal Service establish additional service performance standards and measurement systems for certain Special Services, including Confirm, Delivery Confirmation and Caller Service.
- PostCom finds quarterly service performance reports aggregated by product class inadequate, and strongly recommends that additional aggregate service performance data be made available on a timely basis, along with the ability to disaggregate the data by key categories such as shape, class/subclass, geography, and date/date range.

In Section II, PostCom provides comments on key conceptual issues raised by the Postal Service's proposal. PostCom recommends that the Postal Service's proposal be revised to incorporate greater substantive coverage of the issues it raises. Without a clearer understanding as to how specific matters will be addressed, we cannot know how effective the Postal Service's

Service Performance Measurement proposal will be – and the ultimate performance measurement systems may not produce the results that mailers need and Congress intended.

Specifically, PostCom addresses the following matters:

- Start-and stop-the-clock issues;
- Critical Entry Times;
- Business rules for data exclusion;
- Data quality metrics and validation;
- Geographic representation of measurement;
- Intelligent Mail adoption rate projections;
- External audit of measurement systems/data;
- Measurement data security;
- Measurement data retention;
- Communication of measurement data;
- Implementation time lines for measurement systems;
- Service issue resolution.

Finally, in Section III, PostCom provides its views on engaging postal customers in the Postal Service's future development of performance measurement systems, and with respect to the Postal Service's June 2008 report to Congress. The Commission can and should address these issues in this proceeding because they are of central importance to the actual implementation of the service performance measurement program and the Commission's role, through future annual compliance audits, in evaluating how the Postal Service actually provides and measures service.

## DISCUSSION

### I. PostCom's Specific Concerns Regarding the Postal Service's Proposals

#### A. PostCom Opposes The Postal Service's Proposal To Use EXFC As A Proxy To Measure Service Performance For First-Class Mail Presort Flats; Rather, PostCom Recommends That Service Performance For FCM Presort Flats Be Measured Using The Hybrid Measurement Solution The Postal Service Proposed For Measurement Of Other Presorted Flats (Periodicals And Standard Mail).

Observing that it would be difficult to create a statistically valid measurement system for a small volume mailstream, the Postal Service proposes to use the machine-addressed flats portion of EXFC measurement of single-piece First-Class Mail flats as a proxy for First-Class Presort flats. *Proposal* at 22. PostCom opposes this.

The Postal Service argues that it would be difficult to create a statistically valid measurement system for such a small volume mailstream, 0.47% of the total mailstream, yet it proposes creating a distinct measurement system for FCM Retail parcels, which represents less than 0.2% of total mail volume. In addition, the Postal Service acknowledges that in 2006 only 4% of FCM Retail parcels used Delivery Confirmation, yet that “provides an acceptable basis for service performance measurement.” *Id.* PostCom fails to understand why a statistically valid measurement system cannot be developed for FCM flats, which represent double the percentage volume of the mailstream than FCM Retail parcels, and likely will have Intelligent Mail Barcodes on a much larger percentage of pieces. (The Postal Service plans to require Intelligent Mail Barcode use beginning in January 2009 in order to qualify for automation rates.)

Instead, PostCom recommends that service performance for FCM presort flats be measured using the hybrid measurement solution the Postal Service proposed for measurement of other presorted flats (Periodicals and Standard Mail). We can reasonably expect the Postal

Service to have adequate volumes of First-Class Mail presort flats using Intelligent Mail

Barcodes to include these pieces in the hybrid IMB measurement approach.

**B. PostCom Opposes The Use Of Delivery Confirmation Data From Retail Package Service To Measure Service Performance For Presort Package Services; Rather, PostCom Recommends Measurement For Each Mail Type (Retail And Presort) Use Only The Delivery Confirmation Data For That Type.**

The Postal Service proposes to use Delivery Confirmation data for service performance measurement of parcel-shaped components of each domestic market-dominant mail class. The Postal Service further proposes that “[t]he existing Delivery Confirmation performance reports for mail originating at postal retail units can be used in the short-term to measure the service performance of all Package Services until service measurement can be extended to Presort parcels.” The implication is that the Postal Service does not intend to measure the actual performance of Parcel-shaped presort mail in the short term. The Postal Service also states, however, that “Parcel-shaped Presort mail *will use* the documented arrival time at the postal unit as the ‘start-the-clock’” *Proposal* at 12 (emphasis added). That the Postal Service “will use” the documented arrival time suggests a long-term plan. The Postal Service’s intentions are unclear.

Regardless of intent, there is no apparent rationale for using Retail Package Services service performance data as a so-called “proxy” for Presort Package Services, either in the short- or long-term. The two mailstreams have different entry and operational characteristics. Moreover, there is adequate Delivery Confirmation data to measure Presort Package Services service performance separately. The Postal Service informs us that 16% of Package Services parcels are Retail, 84% are Presort, and that Delivery Confirmation service currently is provided

for 21% of Presort Package Services mail pieces, which represents a “significantly higher” measurement sample size than for letter and flat-shaped mail.

PostCom shares the concerns raised by MTAC Workgroup 114 that service performance for Retail Package Services needs much improvement. According to the Postal Service’s own published data on its web site (<http://www.usps.com/serviceperformance/retailpackage.htm>) current service performance for Retail Package Services ranges from 66.3% on time for two-day standard mail to 44.8% on time for three-day standard mail. Combining service performance data for this mail with Presort Package Services will fail to highlight necessary service improvements for this mailstream, and likely will negatively color the better service performance experienced by Presort Package Services.

For reporting purposes, the Postal Service proposes that “First-Class Mail parcels will be included with the First-Class Mail aggregated performance results, Standard Mail parcels will be included with the Standard Mail aggregated performance results, and the Package Services aggregated performance results will include only parcel volume.” PostCom opposes aggregating service performance measurement by class, and recommends that service performance be reported separately by shape and class (see further comments on this issue below). Accordingly, we recommend that Standard Mail parcels be measured and reported separately from other Standard Mail, and First-Class Mail parcels be reported separately from other First-Class Mail.

**C. In The Short Term, PostCom Supports A Hybrid Measurement System Based On IMB Scans And Independent, Third-Party Stop-The-Clock Scans For Service Performance Measurement Of Presort Letters And Flats, i.e., First-Class Presort Letters, Standard Mail Letters And Flats, And Periodicals Letters And Flats; However In The Long Term, The Postal Service Should Arrange For Independent Assessment Of Whether, With Respect To Each Mail Type, IM Scans Can Provide A Reasonable Proxy As “Stop-The-Clock” Data.**

PostCom recognizes that a hybrid measurement system may be necessary in the short term. However, in the long term, PostCom recommends that the Postal Service and Commission move toward reducing or eliminating third-party stop-the-clock scans, provided that with respect to each mail type, an independent study can substantiate that an internal delivery proxy can be used with a high rate of confidence. In this manner, the cost of measurement can be reduced in the future.

For example, the Postal Service advised MTAC Workgroup 114 that it has conducted studies (using EXFC and Confirm data) that show that when letter mail is delivery point sequenced prior to 10:00 a.m., delivery is made that day for 98% of that letter mail. If this is validated, then third-party scans to obtain a stop-the-clock may be an unnecessary expense for this mail type.

**D. PostCom Urges The Commission To Recommend That The Postal Service Establish Additional Service Performance Standards And Measurement Systems For Certain Special Services.**

The Postal Service plans to put in place very few service standards and measurement systems for Special Services. In contrast, MTAC Workgroup 114’s recommendations recognized the need for service standards and measurement for a variety of Special Services used

by market-dominant products, particularly Confirm and Delivery Confirmation services.

PostCom supports the workgroup recommendations, as further detailed below.

### **1. Confirm Service and Delivery Confirmation Service**

The Postal Service proposes standards and measurement only for the *timeliness* of providing data to customers for some services where it provides customers with information electronically, including Delivery/Signature Confirmation and Confirm. (*See Proposal* at 57-58.) The Postal Service proposal is inadequate. If there are no standards or measurement to ensure the completeness, accuracy, and integrity of this data (as well as its timeliness), then the underpinnings of the Postal Service's measurement system come into question. In addition, the completeness, accuracy, integrity and timeliness of the data returned to customers that pay for these services is a fundamental and integral part of the service. Without measurement around these aspects of the service, the Postal Service is not held accountable when it does not provide what customers have paid for.

To address this issue, PostCom supports the MTAC Workgroup 114 recommendations for measurement of data quality, accuracy, consistency and accessibility for Delivery/Signature confirmation service and Confirm service. The workgroup recommended development of data quality metrics and quarterly reporting of mailpiece scan rates, entry scan rates, timeliness of Confirm data and quality of data. Where service standards are not met, the workgroup recommended that the Postal Service provide explanatory footnotes detailing contributing issues and corrective actions to be taken. The workgroup made similar recommendations for service standards and measurement for Delivery/Signature Confirmation services. These

recommendations also apply to any new service performance data or track-and-trace services the Postal Service may develop to replace or supplement the existing Confirm service.

## **2. Caller Service**

The Postal Service ignored the industry's expressed need for service standards for Caller Service, saying in its final rule on service standards that it had reviewed the comments it received on Caller Service, but came to the conclusion that "the desires expressed by customers could be better fulfilled through individually negotiated arrangements, rather than a uniform service standard." *Modern Service Standards for Market Dominant Products; Final Rule*, 72 Fed. Reg. 72216 at 72221 (December 19, 2007).

While PostCom certainly does not oppose the concept of individually negotiated Caller Service arrangements between the Postal Service and a customer in appropriate situations, there is, nonetheless, the need for published measurement of service performance at an aggregated level (such as by District). The Postal Service proposes measuring timely availability of P. O. Box mail by the posted "uptime;" and it intends to measure this service by scanning a barcode posted in the P. O. Box section. PostCom recommends that similar measurement solutions be explored for Caller Service mail.

### **E. The Postal Service's Proposed Quarterly Reporting Aggregated By Product Class Is Inadequate; PostCom Recommends That Additional Aggregate Service Performance Data Be Made Available On A Timely Basis, With The Ability To Disaggregate The Data By Key Categories.**

PostCom's concerns regarding the reporting proposals are further described below:

**1. Quarterly Reporting Fails To Meet The Needs Of Either The Postal Service Or Its Customers.**

For the same reasons that the Postal Service needs service performance data to be available in a timely manner, to better manage its operations and improve service it provides its customers, product users also need access to timely, actionable data. Service performance data that is weeks or months old may be of value for analyzing historic performance trends and issues, but it has little – if any – value for either the Postal Service or for product users in the day-to-day management of their businesses. Product users need timely access to data that will allow them to effectively conduct pre- and post-mailing activities, react to service issues, and respond to customer complaints. The quarterly service performance measurement reports proposed by the Postal Service do not meet this need.

**2. Product Users Need Access to Additional Aggregate Service Performance Data, With Ability To Disaggregate The Data By Key Categories.**

The Postal Service largely proposes industry access to aggregate service performance data only at the District level, and only by product group or class (e.g., all First-Class Mail as one product group). PostCom supports MTAC Workgroup 114 recommendations regarding product users' needs for access to service performance measurement data to add value to the mail by providing information on, and timely businesses awareness of, service problems that impact timely delivery and consistency; increase mail usage and value by promoting cooperative problem solving and enhancing trust; and improve management by providing business management with data to facilitate more timely and precise decisions and actions concerning

marketing, strategic planning, and call center, customer service, and mail and production operations.

In its comments to the Commission's Notice on Service Standards and Performance Measurement for Market Dominant Products (PI-2007-1), PostCom outlined at length the business need that product users have for aggregate service performance data. The ability to analyze a company's service performance experience in terms of response rates, payments, mail characteristics, geography, etc. are essential to product users' ability to enhance and grow mail as a communications vehicle. A copy of these comments is attached for your convenience.

PostCom continues to be convinced that product users need access to service performance measurement data in aggregate form (from all measured pieces within a product mailstream over a measured period), but also have the ability to analyze disaggregated data by categories such as shape (letters, flats, parcels), class/subclass, geography (3-digit ZIP Code origin/destination pairs), date/date range (day, week, month, quarter, YTD). Comparisons to prior periods and originating and destinating perspectives should also be available. Ideally, a web-based system that allows the user to determine the level of data desired would be the most cost effective solution. Data should be available in as close to real-time as possible.

PostCom offers the following further comments on the need for service performance measurement data by 3-digit ZIP Origin/Destination Pairs, and by shape:

**a. PostCom Recommends Performance Measurement Reporting By 3-Digit ZIP Code Origin/Destination Pairs.**

The establishment of service standards and performance measurement reporting are inextricably intertwined. Although the Postal Service and this Commission address standards and performance measurement reporting in separate proceedings, the interconnection between the

two is clear. Meaningful standards without a full public report of actual performance are of little value to those whose businesses are closely tied to a reliable, consistent, and affordable universal mail system. At the very *minimum*, where the Postal Service has established service standards, performance to those standards should be reported. One instance of where the Postal Service's proposal falls short, is that it does not anticipate reporting service performance by 3-digit ZIP Code origin/destination pairs.

Accordingly, PostCom recommends that since the Postal Service's new service standards are established for specific 3-digit ZIP Code origin/destination pairs for each market-dominant product group, service performance measurement reports by market-dominant product group also should be available for 3-digit ZIP Code origin/destination pairs.

**b. PostCom Recommends Performance Measurement Reporting By Shape.**

Although the Postal Service plans to measure to measure each of the different segments of a product group (e.g., single-piece/presort, letters/flats/parcels, etc.), it only plans to report a weighted average measurement. *See, e.g., Proposal* at 17. A weighted average measurement of such mail segments is plainly inadequate.

Both the Postal Service and industry need access to service performance measurement data by shape in order to better manage their businesses and assess the impact of network and operational changes on service performance. For the Postal Service, combining all mailpiece shapes into a product class-level service performance report will fail to highlight both service improvements and downgrades caused by changes in the postal network or by operational changes that impact a particular mail shape, such as the implementation of the Flats Sequencing

System (FSS). For mailers, information by shape is critical to forming confident service expectations, and managing relationships with the mailers' customers.

**c. The Requirements for Service Performance Measurement Reporting Should be Re-examined Once More Information Is Available Concerning Anticipated Mailer-Specific, Piece-Level Intelligent Mail Products**

The Postal Service evidently plans to restructure its existing mailer-specific piece-level service performance measurement data or track-and-trace systems, such as Confirm. With the introduction of the Intelligent Mail Barcode, the Postal Service intends to develop new product options. *See Strategic Transformation Plan Update 2006-2010* at 4 ("[new] products are being developed around the Intelligent Mail infrastructure and the value it adds to the mail"; "[m]ultiple information services may be provided consistent with the range of customer needs."); *see also* Advanced Notice of Proposed Rulemaking, Implementation of Intelligent Mail Barcodes, 73 Fed. Reg. 1158 at 1160 (where the Postal Service proposes that mailers using the Full Service Intelligent Mail Barcode option "will receive address correction services, if requested, and mail induction (start-the clock) information at no additional charge"). Mailers need access to both their own mailing data as well as aggregate data in order to effectively manage their businesses and increase the value and utility of mail. Without knowing the specific changes the Postal Service contemplates for these services in terms of price and data to be provided, it is difficult for mailers (including PostCom's members) to evaluate the Postal Service's proposed aggregate public service performance measurement reports. If the Postal Service were to price its Confirm service or change the type of data received through that service, in a manner that lessened the service's value to customers, then mailers likely would respond differently to the question of what aggregate service performance data is required.

Therefore, PostCom strongly recommends that once the Postal Service has disclosed how it intends to restructure existing services and develop new piece-level performance data services (such as Confirm), the issue of aggregate reporting of service performance measurement data be revisited with additional opportunity for comment.

**d. The Need for Reporting Performance Consistency Is Clear**

PostCom commends the Postal Service for proposing measurement reports that not only illustrate performance in terms of achieving standards, but also illustrate the consistency of service. The Postal Service's proposed "Mail Variance" reports generally meet MTAC Workgroup 114's recommendations for measurement of consistency and will help highlight and reduce the "tail of the mail" phenomenon that hurts product users' businesses. However, PostCom recommends that the mail variance percentage for each day beyond the standard should be reported until the percentages reported account for 99% of the mail; PostCom recognizes that this may require the Postal Service to reconsider the proposed report formats.

**II. PostCom Has Specific Concerns Regarding the Proposal's Conceptual Framework**

**A. Start-the-Clock and Stop-the-Clock Issues**

The Postal Service notes in its proposal that "[t]he two critical elements for service performance measurement of a mail piece are the date/time when the mail piece enters the mailstream, otherwise known as the 'start-the-clock,' and the date/time when delivery occurs or is attempted, otherwise known as the 'stop-the-clock.'" *Proposal* at 8. It explains that "mail piece service performance can be viewed as the difference between the 'start-the-clock' and 'stop-the-clock' dates compared to the established service standard for the mail category."

On many occasions mail arrives on trucks at postal facilities well in advance of the applicable Critical Entry Time (CET) for that mail, but the truck may wait for hours before it is unloaded by the Postal Service. Start-the-clock data determined by scanning containers as they are unloaded from trucks does not reflect the actual arrival time at the postal facility and availability of the mail for induction. Similarly, the start-the-clock for mail that sits in postal acceptance units for an excessive wait time may not reflect its actual arrival time and availability for induction.

Stop-the-clock data accuracy and processes are equally critical. Where stop-the-clock data are obtained by third-party reporters, quality measurement processes should be implemented to ensure that stop-the-clock scans are accurate and timely.

Therefore, PostCom urges the Commission to recommend to the Postal Service that cost-effective solutions be explored to ensure that start-the-clock processes accurately reflect when mail is available for induction to the Postal Service, and that stop-the-clock scans are accurate and timely.

#### **B. Critical Entry Times (CETs)**

Although the Postal Service in its proposal notes the importance and connection between Critical Entry Times (CETs) and service performance measurement, it does not include any information on plans to make CET data available to mailers. The Postal Service states that, “[t]he CET is the latest time mail can be received at designated induction points in the postal network in order for it to be processed and dispatched in time to meet service standards,” and explains that mail accepted after the CET will have a start-the-clock date of the “following applicable processing day.” *Proposal* at 8.

It is PostCom's general understanding that the Postal Service plans to make CET data available to mailers, and is forming a new MTAC workgroup to pursue this issue. The Commission can and must ask the Postal Service to clarify its intention to provide mailers with timely, accurate and user-friendly access to CET data through a web-based and flat file system, as recommended by MTAC Workgroup 114.

**C. Business Rules for Data Exclusion**

The Postal Service notes in its proposal that “business rules will be defined to ensure that only mailings that do not meet mail preparation standards are excluded from service performance” but does not say how these rules will be developed. PostCom believes that the business rules for mailing exclusion from service performance measurement must be developed with input from product users, be published for comment prior to finalization, and that Postal Service compliance with the final business rules for data exclusion be subject to oversight by the Office of the Inspector General as part of its external audit of service performance measurement.

Furthermore, PostCom supports the recommendations of MTAC Workgroup 114 that data excluded from service performance measurement should be available to the Postal Service and customers for service-issue resolution and mail quality improvement. Access by the Postal Service and product users to excluded data that illustrates the impact on service performance from mail quality issues such as presort errors, barcode quality errors, or address quality errors, can be a valuable tool for Postal Service and mailers to improve mail preparation, quality and service.

**D. Data Quality Metrics and Validation**

The Postal Service does not specifically address quality metrics in its proposal, except for noting that it plans to put “internal control processes” in place. *Proposal* at 62. PostCom recommends that the Postal Service further articulate its plans with respect to data quality metrics and validation.

Accurate and meaningful assessment of service performance is particularly dependent on accurate start-the-clock and stop-the-clock data and processes. Quality metrics for Start-the-Clock processes should include standards and measurement for the scanning of container/mail entry form barcodes, and acceptance/verification processes such as acceptance wait times or dock wait times. For example, the Postal Service should hold its facilities responsible for achieving and maintaining the highest reasonably possible percentage of container scans per facility on a daily basis, without seasonality variances. Issues with container scanning performance should be highlighted and targeted for improvement since this process is the basis for the start-the-clock data in many of the proposed measurement systems.

Similarly, quality metrics for Stop-the-Clock processes should include standards and measurement for third-party or Postal Service performing of stop-the-clock operation scans. These scans, in most cases under the Postal Service’s measurement proposal, will be “active” scans that require postal employees or third-party reporters to use a handheld scanner. Periodic validation tests of how well these stop-the-clock processes accurately measure delivery should be performed.

Therefore, PostCom strongly recommends that quality metrics and measurement of these processes be established, as was recommended by MTAC Workgroup 114. PostCom supports

the workgroup recommendation for the development of both baseline performance goals and measurement of these metrics, as well as a plan for improvement over time.

**E. Geographic Representation of Measurement**

The Postal Service does not address the issue of measurement by geographic area representation in its proposal, including any breakout of its projected Intelligent Mail Barcode adoption rates by geographic coverage. While the total volume of projected IMB usage for a particular mail type may seem adequate to provide statistical validity for performance measurement, it is unknown whether the geographic representation of that usage will adequately measure performance between specific 3-digit ZIP Code origin/destination pairs.

Therefore, PostCom recommends that the Postal Service assess whether the proposed measurement systems are statistically valid by geographic area to ensure that service performance measurement data reflects the service experienced by geographic location and by demographic areas – rural and city locations – and all product users. The Postal Service should issue periodic reports on this subject.

**F. Intelligent Mail Adoption Rate Projections**

In its proposed hybrid Intelligent Mail measurement system, the Postal Service includes extensive data on projected adoption rates and volumes of Intelligent Mail Barcode usage over the next few years. The Postal Service acknowledges that barriers to Intelligent Mail Barcode adoption exist and says it is “evaluating strategies to encourage mailer adoption and has been collaborating with the industry to mitigate potential adoption obstacles.” *Proposal* at 49. To ensure that the Postal Service succeeds in achieving its projections, PostCom recommends that aggressive efforts be employed to work with mailers to resolve potential Intelligent Mail

Barcode barriers over the next year. Broader adoption of the Intelligent Mail Barcode will only be achieved if the Postal Service focuses on providing as many options and as much flexibility in customer requirements as possible. Therefore, PostCom recommends that the Postal Service be encouraged to implement a data collection process to monitor Intelligent Mail Barcode adoption rates over the next few years, so that if the projections are significantly different from actual adoption rates, alternate measurement systems or changes in requirements can be explored.

Furthermore, the Postal Service must clarify whether the projected adoption rates for Intelligent Mail Barcodes provided by the Postal Service in its proposals includes the volume of IMB mailpieces originating from the Postal Service itself, the extent to which these pieces will be included in the various measurement systems, and what percentage of the projected volume they represent.

**G. External Audit of Measurement Systems/Data**

The Postal Service in its proposal notes that “service performance data will be made available to the Office of the Inspector General (OIG) for auditing purposes,” but does not discuss the issue of external audit further. *Proposal* at 62.

PostCom recommends that the Postal Service be subjected to regular audit of its service performance measurement systems by an external third party or regulator to ensure that data used for service performance measurement are accurate and representative of the product mailstream being measured.

PostCom supports the recommendations of MTAC Workgroup 114 that an audit process should evaluate the procedures for individually identifying mail pieces, capturing start-the-clock and stop-the-clock data, and Postal Service compliance with those procedures. The auditing

process should also review and appraise the business rules for excluding measurement data from service measurement and the Postal Service's compliance with those rules.

#### **H. Measurement Data Security**

The Postal Service's proposal does not address the issue of maintaining measurement data security and privacy. PostCom recommends that the Postal Service be urged to publish for comment its plans to ensure data protection.

On a related matter, PostCom recommends that appropriate actions be taken to ensure the anonymity of measured mail, such as that produced through EXFC. Mailers recall the situation where, some years ago, Postal Service employees were able to identify measured mail and provide it with superior service performance in order to improve measurement scores.

#### **I. Measurement Data Retention**

PostCom recommends that the Postal Service be strongly encouraged to develop necessary and cost-effective service performance measurement data retention policies and practices with input from product users.

#### **J. Communication of Measurement Data/Reports**

In its proposal, the Postal Service does not address how service performance measurement reports will be communicated or accessible to product users. Currently, the Postal Service offers a Service Performance area on its web site (<http://www.usps.com/serviceperformance/>), however the site offers little information on service performance for market-dominant products. In fact, the Postal Service recently changed this area to include only the previous quarter's EXFC scores on a national basis. EXFC reports for previous years can be found on the Postal Service's web site, but in an obscure file area and only national data now are available.

Thus, it is not clear how the Postal Service intends to make the proposed service performance reports available. The Postal Service must implement convenient, user-friendly, flexible access to service performance measurement data/reports for all market dominant products. Data should be available in simple, easy to download and print formats, as well as in flat data files for more sophisticated users. Past period measurement reports should be accessible through the Postal Service web site for at least five years, similar to how the Postal Service provides past financial reports (<http://www.usps.com/financials/>).

**K. Implementation Time Lines for Measurement Systems**

PostCom supports the recommendations of MTAC Workgroup 114 that a formal implementation plan be developed for measurement systems, including time lines and major achievement milestones. PostCom recommends that the Commission continue its dialogue with the Postal Service in order to monitor the Postal Service's progress vis-à-vis such milestones, with alternative solutions explored (with product user comment) if milestones are not reached within the established time frame.

**L. Service Issue Resolution**

One of the most frustrating and difficult processes for mailers to engage in with the Postal Service in the past has been the discussion and resolution of specific service issues or service trends. Once commonly accessible service performance measurement data become available, PostCom recommends that the Postal Service develop a better process to resolve service issues between the Postal Service and its customers. PostCom supports MTAC Workgroup 114's recommendation that a new MTAC workgroup be formed to develop a service issue resolution process that would utilize the measurement systems that will be implemented by

the Postal Service over the next few years. A new workgroup should begin discussions on a service issue resolution process at the implementation of each measurement system.

### **III. The Postal Service's Proposals are Conceptual – More Work is Needed**

In Order No. 48, the Commission notes that the Postal Service “seeks approval to move forward with the development of the proposed measurement systems ‘with the understanding that the approval is for the conceptual approach [discussed in the Proposal] and is subject to review of the implemented systems.’” The Commission also notes, however, that “[i]nterested persons are invited to comment on any or all aspects of the proposed service performance measurement and reporting systems.” The Commission was correct to enlarge the scope of the inquiry in this fashion; once the measurement plan is in place, the Commission has responsibility, through, among other things, annual compliance audits, to see to it that the measurement system is actually implemented and produces results that serve the interests of all stakeholders.

Quite often history has shown us that while a concept may be viable, the “devil is in the details.” If the details are not formulated with mailer input, they may result in the development of great theoretical systems – but ones that are impractical or costly to mailers. The Commission should, therefore, strongly urge the Postal Service to continue the work begun by MTAC through the formulation of one or more new workgroups to develop the specific requirements that will support the proposed measurement systems.

Furthermore, PostCom supports the recommendation of MTAC Workgroup 114 that an annual Measurement Review Process be implemented to provide a vehicle for customer collaboration. Such a review may be necessary more frequently in the next one to three years as

measurement technologies/systems and mailer adoption of Intelligent Mail solutions evolve. This sort of formal and regular review is plainly contemplated by Congress, which recognized that changes in technology not only would affect the service standards, but the measurement of performance, as well.

As part of the Postal Accountability and Enhancement Act, the Postal Service is required to prepare and submit to Congress and the Postal Regulatory Commission (PRC) by June 20, 2008, a plan outlining how it will achieve its modern service standards for market-dominant products. It is PostCom's understanding that, included in this plan, will be key elements that affect product users, such as development and implementation of national standardized Critical Entry Times (CETs) for some product groups, network redesign (if necessary to support the modern service standards) and establishment of service performance goals for all market-dominant products.

PostCom supports MTAC Workgroup 114's recommendation that product users be afforded the opportunity to provide feedback on the plan before its final submission. Elements of the plan likely will be closely tied to service standards and measurement systems, and could have a profound impact on product users. Accordingly, the Commission can and should provide an opportunity for comments before the plan is actually submitted.

## CONCLUSION

We hope these comments provide the Commission with useful information on the needs and expectations of our members with respect to service performance measurement. We look forward to working with both the Postal Service and the Commission as this process goes forward.

Respectfully submitted,

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