

**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**

**REPLY COMMENTS OF PITNEY BOWES INC.  
IN RESPONSE TO NOTICE OF REQUEST FOR COMMENTS ON  
SERVICE MEASUREMENT SYSTEMS FOR MARKET DOMINANT PRODUCTS**

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## **I. INTRODUCTION**

In its January 18, 2008 comments in response to the Postal Regulatory Commission's (Commission) Notice of Request for Comments on Service Performance Measurement Systems for Market Dominant Products (Docket No. PI2008-1), Pitney Bowes Inc. (Pitney Bowes) advocated that the Postal Service, working in consultation with the Commission and the mailing industry, develop service performance measurement systems that leverage technological advances to improve the value and security of the mailstream for all mailers, and promote transparency and accessibility as a means of improving service and reducing costs. Service performance measurement systems that reflect those broad objectives will help promote and sustain a vibrant, growing mailing industry.

The comments of numerous other parties in this docket confirm that there is a broad consensus within the mailing community in support of these key objectives. As with our initial comments, these comments focus primarily on issues related to the Postal Service's proposed hybrid service performance measurement system based on Intelligent Mail Barcode (IMB) scans and independent, third-party stop-the-clock scans for presort letters and flats, *i.e.*, First-Class Mail presort letters, Standard Mail letters and flats, and Periodicals letters and flats.

## **II. DISCUSSION**

### **A. The Value of a Data-Rich Mailstream**

There is broad consensus in support of fully leveraging the benefits of the IMB in developing service performance measurement systems. *See* AMEE Comments at 2; MMA Comments at 3; Pitney Bowes Comments at 3; Postcom/DMA Comments at 19;

Publishers Clearing House Comments at 1. A data-rich mailstream will enhance the value and security of the mailstream and, thus, further the statutory goal of establishing a service performance measurement system that “enhance[s] the value of postal services to both senders and recipients.” 39 U.S.C. § 3691(b)(1)(A).

B. Provisional Approval of the Proposed Hybrid Performance Measurement System for Presort Letters and Flats

The Commission should approve, on a provisional basis, the proposed hybrid performance measurement system for presort letters and flats. As noted in the Postcom / DMA comments, although a hybrid measurement system may be necessary in the short term, the Postal Service and the Commission should work to embrace the recommendation of MTAC Workgroup 114 by developing over time a system that relies exclusively on IMB scans, thus eliminating the need for third-party scans as a means of reducing the cost of service performance measurement.

*See* PostCom/DMA Comments at 2, 7; Pitney Bowes Comments at 3.

C. Application of the Hybrid Performance Measurement System to First-Class Mail Presort Flats

Numerous comments recommended that the proposed hybrid system be used to measure service performance for First-Class Mail presort flats, rather than using the EXFC measurement system as a proxy. *See* AMEE Comments at 2; BAC Comments at 4; MMA Comments at 2; Pitney Bowes Comments at 3, 4; PostCom/DMA Comments at 2, 4. Pitney Bows agrees. Because all First-Class Mail presort flats will be required to adopt the IMB by January 2009 to qualify for automation discounts, there ought to be a sufficient number of IMB-coded flats to obviate the need for an EXFC proxy.

D. IMB Adoption Rates

Notwithstanding the Postal Service's efforts to promote the widespread adoption of the IMB, several commenters raised concerns with the projected IMB adoption rates. *See* AMEE Comments at 2; APWU Comments at 2; MMA Comments at 3; Pitney Bowes Comments at 4; Postcom / DMA Comments at 18-19. Pitney Bowes encourages the Postal Service to work closely with the mailing community to resolve potential obstacles to widespread adoption and to ensure a smooth transition in January 2009. The Postal Service should also establish a process to monitor IMB adoption rates in order to assess the validity of the proposed hybrid system. *See* Postcom / DMA Comments at 19.

E. Support for a Transparent and Accessible Service Performance Measurement System

Numerous parties support the development of a performance system that is transparent and accessible. *See* Pitney Bowes Comments at 5; Postcom / DMA Comments at 13; Time Warner Comments at 4. A transparent and accessible service performance measurement system is consistent with the goals of the PAEA, will reduce the costs of measurement, and will allow mailers to efficiently manage their postal resources. The importance of a transparent and accessible system is encapsulated in the joint comments of Postcom / DMA: “[m]ailers 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.” Postcom / DMA Comments at 13.

F. Support for Granular Service Measurement Data

Consistent with the recommendations of MTAC Workgroup 114, there is broad support for the development of a service performance measurement system that provides access to data at a sufficiently disaggregated level, such as the 3-digit Origin /

Destination ZIP Code pair. *See* BAC Comments at 3; PSA Comments at 6; Pitney Bowes Comments at 5-6; Postcom / DMA Comments at 11-12; Publishers Clearing House Comments at 2.

Numerous parties also support the expanded use of intelligent barcodes to enable further disaggregation of the data for certain classes by shape. *See* BAC Comments at 3; NPPC Comments at 6; Pitney Bowes Comments at 6; Postcom Comments at 3; Postcom / DMA Comments at 12; Time Warner Comments at 3. The Postal Service should adopt this recommendation.

#### G. Performance Measurement of Forwarded / Returned Mail

Similarly, several parties support service performance measurement of other important dimensions of quality of service for senders and recipients, including undeliverable as addressed (UAA) mail, forwarded mail, and returned mail. *See* OCA Comments at 8; Pitney Bowes Comments at 6; Postcom Comments at 4. As noted in the comments of the Public Representative, “forwarding (and return or wasting) of undeliverable as addressed First-Class Mail remains a large and costly problem for the Postal Service.” OCA Comments at 10. The Postal Service should adopt service performance measurements for forwarded and returned mail to help ascertain service levels for this segment of the mailstream.

#### H. Support for Timely Access to Service Performance Data / Enhanced Reporting Requirements

Many commenters emphasized the importance of timely access to mailer-specific data and public aggregate data and urged the Postal Service to adopt enhanced reporting obligations. *See* AMEE Comments at 2 (advocating monthly reporting); BAC Comments at 3-4 (supporting web-based access to service data); MMA Comments at 2 (advocating

monthly reporting); NPPC Comments at 5 (advocating monthly reporting by 3-digit ZIP Code pair); PSA Comments at 6 (advocating monthly reporting); Pitney Bowes Comments at 6; Postcom / DMA Comments at 11-12 (urging a web-based system that makes data “available as close to real-time as possible”). Timely service performance data will allow the Postal Service to take prompt remedial action and is necessary for mailers to efficiently manage their postal resources.

The Postal Service should develop a system that provides timely access to mailer-specific data and public aggregate data that complements existing data sources. For example, many mailers currently take advantage of Confirm data to assess their own and system-wide average performance data. As it is currently priced, Confirm is a critical part of service performance measurement. The proposed service performance measurement system should augment, not displace existing data sources.

#### I. Enhanced Data Security

Pitney Bowes supports the comments advocating in favor of enhanced data security. *See* BAC Comments to 1; PostCom/DMA Comments at 20; Time Warner Comments at 2. Data management and privacy issues will take on increasing importance as the Postal Service and the mailing community embrace a data-rich mailstream. Pitney Bowes encourages the Postal Service to establish a separate proceeding to solicit input from the mailing community on its proposed data protection and data management plans. *See* Postcom / DMA Comments at 20. Working with the mailing community on this plan is essential to ensure that data security initiatives do not conflict with the overriding goal of developing a transparent and accessible service performance measurement system.

### III. CONCLUSION

Pitney Bowes appreciates the Commission's consideration of these reply comments. Pitney Bowes urges the Postal Service, working in consultation with the Commission, to develop a transparent and accessible service performance measurement systems that enhances the value and security of the mailstream.

Respectfully submitted,

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/s/

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