

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

Notice of Price Adjustment

Docket No. R2009-2

**DECLARATION OF CAMERON BELLAMY
CONCERNING THE
PRICE ADJUSTMENT FOR CONFIRM SERVICE**

1. My name is Cameron Bellamy, President of GrayHair Software, Inc. ("GHS").
2. I am submitting this declaration in support of the comments of the Platinum Coalition, and in opposition to the Postal Service's decision to introduce separate Mailing Agent prices for Gold and Platinum level Confirm subscriptions. GHS opposes the roughly ten-fold increase in the Platinum level subscription price for mailing agents.
3. The statements herein are made to the best of my knowledge, information and belief.

I. GHS's Business: What We Do

4. GHS receives tens of millions of Confirm scans daily on behalf of our clients. We do so through our own Platinum subscription and a collection of additional IDs we have obtained over the years on behalf of our clients. In addition, GHS has always suggested and proposed that our clients have their own Confirm subscription with the USPS to establish and maintain a relationship, and some do just that. But most do

not, simply because the time, effort and trouble of acquiring and maintaining the subscription is not something mail owners want to manage. Confirm has been around for a number of years now, and I believe that the GHS clients who wanted to have an independent Confirm subscription with the USPS already do. Typically, our clients want a service provider to supply the comprehensive Confirm services they need to help measure, improve or grow their business.

5. GHS is a large Confirm Service Provider (CSP). We provide many services to our customers that add value to the raw Confirm data they could otherwise receive directly from the Postal Service. These services include, but are not limited to the following:

- i) Detail level record data storage for multiple years, amounting to several terabytes of data;
- ii) Collection and categorization of confidential client data for purposes of combining with scan data to create actionable information;
- iii) Implementation and coordination of client systems to create and monitor production of PLANET and Intelligent Mail barcodes;
- iv) Purchase of additional subscriber IDs to ensure unique code assignment both within and across clients;
- v) Custom software programs that assign PLANET and Intelligent Mail barcodes using statistical models to ensure valid, reliable results;
- vi) Inspection of every single scan to detect data quality problems;
- vii) Results of data quality control sent to USPS;
- viii) Custom report development for hard copy, e-mail, and Web distribution,

that includes confidential client data;

ix) Aggregated delivery reporting depicting results for a particular client versus all others; and

x) Weekly free electronic newsletter displaying composite delivery data for the prior week.

6. GHS differentiates itself in the market for Confirm service by providing exceptional levels of data storage. We have recently announced that we have exceeded 100 terabytes of storage for our clients Confirm data. On average, every single day GHS runs and e-mails over 800 reports to our clients. Every day, there are reports that span one or more years of data and incorporate specific, pertinent client data. Every day, we send reports to our clients that compare their jobs to an aggregation of other mailers data for an “us vs. them” comparison so that they may continue to improve their mailing efforts. Every day, hundreds of our clients’ staff also visit our high performance web site where we have an extensive collection of reports that runs in real time.

7. In addition every single data transmission GHS receives (hourly IMb transmissions) is inspected for data quality, and conditional business rules are applied looking for events that form patterns that may provide useful data for our clients. Our services go far beyond using Confirm data to indicate just when the mail gets there. We make a tremendous effort to turn scan data into actionable information.

8. Running a shop with a multi-terabyte database (known as a VLDB or Very Large Data Base) demands highly sophisticated data management skills, systems and procedures. All are made much more difficult to build and maintain in a VLDB

environment. This also requires deep industry knowledge and understanding to provide the expertise to supply the full range of services our clients demand.

II. The Anticipated Impact of the Postal Service's Price Adjustment on GHS's Business

9. A nearly tenfold increase in price was entirely unforeseeable when GHS entered into its various service contracts with its customers. Our clients greatly value and demand the ability to project and budget their costs in advance. Therefore, nearly all of our work is performed under multi-year contracts that failed to contemplate such a staggering increase in the Confirm subscription price. Unfortunately, given the state of the economy and the availability of cash for small businesses, we anticipate that our clients are not likely to renegotiate existing terms.

10. A price increase of this magnitude introduces uncertainty to the market. To obtain a mailing agent Platinum Confirm subscription and maintain the additional IDs we presently have, GHS estimates that our total Confirm bill under the new pricing scheme will be \$305,000. This amount was not budgeted and would push the limits of our cash flow. With the continuing decline in mail volume, we must seriously consider the impact of this increase. Our possible adjustments include rethinking our investment in developing new services that add more value to the available Confirm data.

11. Confirm data is useful for businesses, but in an economic climate where small businesses are slashing any and all non-essential costs, Confirm is non-essential. GHS anticipates that the market will respond through retraction and consolidation. Increasing subscription prices at all levels means that some current lower-level subscribers may choose to drop their Confirm subscription entirely. Such subscribers

may be willing to explore cost effective arrangements with entities holding Platinum level subscriptions. Only by expanding its current client base exponentially might GHS be in a position to support the anticipated increase in its Confirm costs. This is the only scenario in which GHS envisions it may sustain itself in the face of the deep uncertainty the Postal Service has introduced.

12. This price increase comes at a very bad time. The USPS is making changes to their existing outdated and inefficient systems and procedures. Mail owners are watching very closely to see what the effect and costs of the changes will be as they well know how mail delivery impacts their results. They rely on Confirm to monitor what is going on and how it influences their business. Confirm, in combination with service providers, is the only available method to monitor service performance and other uses of the data. Industry has no other tool available in this regard. The USPS is wrong to attempt to constrict the program in this manner.

13. As a result of Postal Service cost cutting, consolidation, and other changes to the facilities network, the Postal Service may experience variations in service performance affecting many individual mailers. Surely the Postal Service should not seek to drastically increase charges for the only service that can help individual mailers track any increase in the unreliability of delivery that may result from changes initiated by the Postal Service itself in order to cut costs. GrayHair doubts that the new postal law with its rate caps was intended to lead to a rate increase of 963.8% in any category, but for this to be applied to value added Confirm services is particularly unfortunate.

14. GHS implores the Commission to mitigate the staggering increase in the Platinum subscription price for mailing agents. GHS supports the Platinum Coalition's recommendation to establish one price for all Platinum level subscribers at \$25,000.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: _____

Cameron Bellamy
President
GrayHair Software, Inc.