

PUBLIC (REDACTED) VERSION

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

COMPLAINT OF GAMEFLY, INC.)
)
) Docket No. C2009-1

**ANSWERS OF GAMEFLY, INC., TO
USPS DISCOVERY REQUESTS
USPS/GFL-1-4, 6-7, 9-38, 40-45)
(May 18, 2010)**

GameFly, Inc., (“GameFly”) respectfully submits its answers to discovery requests USPS/GFL-1-4, 6-7, 9-38 and 40-45, which the Postal Service served on May 4, 2010. Each discovery request is quoted verbatim and then followed by GameFly’s answer. These answers were prepared under the supervision of David Hodess, CEO of GameFly.

Respectfully submitted,

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May 18, 2010

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ANSWER OF GAMEFLY, INC., TO
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USPS/GFL-1. Please describe each mail piece used by GameFly to transport its DVDs through the mail. For each mail piece design, please include the period of usage, the number of pieces mailed, the breakage rates experienced during the use of each, the theft rates experienced during the use of each, and whether GameFly sought or gained the Postal Service's approval of each.

Answer:

Appendix USPS/GFL-1 provides the requested mail piece data. GameFly sought and received approval for each version of its mailer through its BSN contacts at the Los Angeles P & DC. Approvals generally were given orally.

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USPS/GFL-2. Please explain the reasoning for GameFly's decision to stop using each mail piece design described in the response to USPS/GFL-1, including strengths and weaknesses of the outgoing design compared to its replacement.

Answer:

The switch from Type 1 to Type 2 was made to reduce theft. The switch from Type 2 to Type 3 was made to reduce postage by reducing weight below one ounce, but the design produced higher breakage rates. The remaining changes were attempts to reduce disc breakage by increasing the proportion rejected by automated letter machines. Adding a cardboard insert, while the most expensive alternative, proved to be the most effective way to increase rejection rates and thereby minimize disc breakage.

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USPS/GFL-3. Please explain the reasons for each modification to the design of a GameFly mail piece described in the response to USPS/GFL-1.

Answer:

Please see answer to question USPS/GFL-2.

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USPS/GFL-4. Please produce all documents and communications related to any of the following matters:

- (a) GameFly's decision to use a mail piece to transport its DVDs through the mail;
- (b) GameFly's decision to stop using a particular mail piece or to use some other design; and
- (c) GameFly's decision to modify the design of its mail piece.

Answer:

Please see the email thread reproduced in Appendix USPS/GFL-4 and the other documents produced in response to this set of discovery responses. GameFly does not have any other internal communications responsive to this question. The most recent modification of mailer design occurred in September 2008. The two individuals who managed these changes (Steve Brown and Jeff Kawasugi) left GameFly in December 2007 and August 2009, respectively, and GameFly did not retain the two employees' files on these matters.

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USPS/GFL-6. Please describe all mail piece design testing conducted by GameFly or on behalf of GameFly. What were the purpose and results of each test? Please provide complete results and any analysis that was developed during or subsequent to any test.

Answer:

Please see Appendix USPS/GFL-6 (September 10, 2008, presentation to the Postal Service).

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USPS/GFL-7. This question relates to each time GameFly changed the color of its mail piece, whether such change occurred at the time a new design was adopted or not. Why did GameFly decide to change the color of its mail piece? Please describe each factor that contributed to GameFly's decision to change the color of its mail piece.

Answer:

On November 1, 2006, GameFly changed the color of its mailer from bright orange to white as a theft-prevention measure after being informed by the U.S. Postal Inspection Service that bright orange mailers were being identified by airline cargo handlers as GameFly mailers even when inside sealed containers.

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USPS/GFL-9. Please describe in detail how GameFly receives delivery of return DVDs and how such mail pieces and DVDs are handled by GameFly to the point where the production process described in the response to USPS/GFL-8.

Answer:

The Postal Service makes the mail available to GameFly as a Firm Caller/Pickup. A GameFly employee picks up all available mail pieces at the local Firm Caller delivery point designated by the Postal Service, and transports the pieces by truck to the GameFly Distribution Center served by the Postal Service facility. At the GameFly Distribution Center, GameFly employees inspect the pieces visually for breakage, scan them, and either return them to the local inventory or cross-dock them for immediate shipment to another subscriber. All handling by GameFly is manual.

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USPS/GFL-10. Please describe the location and frequency with which GameFly picks up BRM pieces at each BRM return site. In your answer, please include days of the week and times per day, and a measure of volume per site on at least a quarterly frequency.

Answer:

GameFly has four Distribution Centers nationwide. They are located in Lakewood CA, Austin TX, Tampa FL, and Pittsburgh PA. GameFly employees at each Distribution Center pick up its inbound Business Reply Mail ("BRM") at the local designated delivery point designated by the Postal Service.

The mail pickup at each of these Postal Service facilities normally occurs once per day from Monday through Saturday. The only exceptions to the normal schedule occur when the Postal Service facility is closed for a scheduled holiday or an unforeseen circumstance. In those instances, GameFly picks up its BRM mail as soon afterwards as USPS operations allow.

Appendix USPS/GFL-10 provides volume data.

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USPS/GFL-11. By designating GameFly facility, please provide the most recent accounting year volume by 5-digit ZIP Code of all mail pieces being returned from GameFly customers.

Answer:

Please see Appendix USPS/GFL-11, column D.

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USPS/GFL-12. Please describe any measures GameFly undertakes to manage or limit theft. In your answer please include the anti-theft procedures utilized in GameFly's own plants and during transit of GameFly mail to and from postal facilities.

Answer: GameFly has objected to this question. Without waiving its objections, GameFly nevertheless provides the following answer:

[BEGIN GAMEFLY PROPRIETARY]

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[END GAMEFLY PROPRIETARY]

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USPS/GFL-13. By destinating GameFly facility, please provide the most recent accounting year volume by 5-digit ZIP Code of all mail pieces that failed to be received from GameFly customers.

Answer:

Please see Appendix USPS/GFL-11, column C.

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USPS/GFL-14. Is GameFly able to track individual DVDs to individual customers? If so, how well does that work quantitatively?

Answer:

GameFly mailers are marked with PLANET Code[®] barcodes, which can generate Confirm scan data when processed on appropriate equipment by the Postal Service. GameFly does not have other means of tracking individual DVD mailers.

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USPS/GFL-15. Please describe any actions taken by GameFly when it suspects customer theft.

Answer: GameFly has objected to this question. Without waiving its objections, GameFly nevertheless provides the following answer: **[BEGIN GAMEFLY PROPRIETARY]**

[END GAMEFLY PROPRIETARY]

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USPS/GFL-16. Separated by each 5-digit ZIP Code, please describe the frequency with which GameFly has taken the actions described in the response to USPS/GFL-15.

Answer: GameFly has objected to this question. Without waiving its objections, GameFly nevertheless states that it has not compiled the requested information.

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USPS/GFL-17. What threshold does GameFly consider to be an acceptable loss/theft rate? Please provide the research that determined this rate. At what rate does GameFly contact postal officials for assistance? How many times and when in the last three years has GameFly:

- (a) Contacted postal officials regarding theft issues?
- (b) Visited a postal facility to conduct further investigation?
- (c) Requested a visit when that request was denied? Or
- (d) Visited a postal facility without first seeking USPS management approval of the visit?

Answer: GameFly has objected to this question. Without waiving its objections, GameFly nevertheless provides the following answers:

GameFly has never determined the maximum loss and theft rate that would be acceptable. Losses cost GameFly approximately **[BEGIN GAMEFLY PROPRIETARY]** **[END GAMEFLY PROPRIETARY]** in the fiscal year ending March 31, 2010. GameFly is willing to invest resources to reduce these losses as long as the additional financial and customer service benefits outweigh the additional costs. While we recognize that we will never achieve zero losses, we have no predetermined loss rate below which we would stop seeking cost-effective ways to reduce the losses further.

- (a) GameFly does not keep records of contacts of this kind.
- (b) Please see Appendices USPS/GFL-38A and 38B.

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(c) The Postal Service has turned down meeting requests—or cancelled previously scheduled meetings—on seven occasions, five of them after GameFly filed its complaint in this docket. The affected meetings would have taken place in June 2008 (Philadelphia), August 2008 (Austin), June 2009 (Chicago), October 2009 (Sacramento), November 2009 (Boston and Tampa), and March 2010 (Philadelphia).

(d) None—GameFly personnel do not visit Postal Service facilities without the prior approval of responsible management officials. (We assume that this question does not refer to routine visits to the areas of postal facilities that are open to the general public for the purpose of collecting and depositing mail.)

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USPS/GFL-18. Separated by the 5-digit ZIP Code of the customer, what is the current loss/theft rate of customer-returned GameFly mail pieces by destinating facility location.

Answer: GameFly has objected to this question. Without waiving its objections, however, GameFly nevertheless is providing responsive data in Appendix USPS/GFL-11, column E.

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ANSWER OF GAMEFLY, INC., TO
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USPS/GFL-19. What are GameFly's damage rates for the mail piece it currently uses? What were GameFly's damage rates for each mail piece design it used in the past?

Answer:

Please see Appendix USPS/GFL-1.

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USPS/GFL-20. By destinating GameFly facility, please provide the most recent accounting year volume by 5-digit ZIP Code of all damaged mail pieces:

- (a) Returned from GameFly customers;
- (b) Reported by customers as having arrived damaged; and
- (c) Damaged en masse due to one or more apparently extraordinary events that impacted many pieces.

Answer:

- (a) Please see Appendix USPS/GFL-20, tab "20a&22," column C.
- (b) Please see Appendix USPS/GFL-20, tables marked "20b (Austin)," "20b (Los Angeles)," "20b (Pittsburgh)" and "20b (Tampa)."
- (c) GameFly is unaware of any such events.

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USPS/GFL-21. What threshold does GameFly consider to be an acceptable damage rate? Please provide the research that determined this rate.

Answer:

GameFly has never determined a maximum acceptable damage rate. GameFly is spending over \$700,000 per month in extra postage to reduce disk breakage. The company is willing to invest resources to reduce breakage as long as the additional financial and customer service benefits outweigh the additional costs. While GameFly recognizes that it will never achieve zero breakage, it has not specified an arbitrary threshold damage rate below which GameFly would no longer willing to make productive investments in reducing the rate further.

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USPS/GFL-22. Separated by 5-digit ZIP Code of the customer, what is the current damage rate of customer-returned GameFly mail pieces by destinating facility location? Please also discuss the respective types of damage and your best understanding of how such damage occurred.

Answer:

For damage data broken down by 5-digit ZIP code, please see Appendix USPS/GFL-20, tab "20a&22," column D.

GameFly has not performed a rigorous study of the current types of disk damage and their causes. Based on an informal sample, roughly 55-60 percent of damaged disks have chipped edges, referred to as edge dings; approximately 20-25 percent are shattered or cracked; and approximately 15-20 percent suffer from other kinds of damage, including (1) belt burns, (2) dents in both the disk and mailer caused by impact from heavy objects, and (3) bends or creases that result from being run over by the wheel of a cart. The latter type of damaged pieces often arrive at GameFly in Postal Service body bags after having been retrieved from Postal Service mail processing equipment during periodic maintenance.

GameFly has not performed any scientific analysis of the causes of these forms of damage. The following are possible causes:

- Edge dings may result from collisions with hard edges in mail processing equipment.

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- Shattering and cracks are generally believed to result from bending of the disks.
- Belt burns appear to result from friction with transport belts.
- Dents may result from the impact of a hard object dropped on DVD mailers.
- Bends and creases may result from being run over by a cart wheel.

GameFly emphasizes that this pattern of damage involves pieces that were mailed at two-ounce flats rates in mailers with cardboard inserts. The rate of disc breakage would be higher if the DVD's were mailed at one-ounce letter rates, and the pattern of disk damage would likely differ as well.

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USPS/GFL-23. What are the average volumes per entry site by month for the last year? Please provide volume in pieces and handling units.

Answer:

Please see Appendix USPS/GFL-23.

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USPS/GFL-24. To what destination(s) does each GameFly distribution center mail? Does each GameFly distribution center mail its pieces nationally? Please provide a specific list of destinations for each distribution center. Please separate out “open and distribute” mailings (Express Mail or Priority Mail) and describe approximately how many pieces are sent from which distribution center designating for opening in what locations and ultimate delivery in which three- or five-digit ZIP Codes.

Answer:

Each GameFly distribution center has a certain number of ZIP codes for which it is the primary facility. Approximately **[BEGIN GAMEFLY PROPRIETARY]** **[END GAMEFLY PROPRIETARY]** of shipments to customers are sent from their primary distribution centers.

For answers to the last two sentences of the question, please see Appendix USPS/GFL-24.

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USPS/GFL-25. What is the average distance from each GameFly distribution center to the postal facility or facilities in which the GameFly distribution center enters its mail? What are the weight averaged decile distances from each distribution center to GameFly customers served by each distribution center?

Answer: GameFly has objected to this question. Nevertheless, without waiving its objections, GameFly states that Appendix USPS/GFL-24 identifies the primary warehouse for each 3-digit ZIP code and the Open and Distribute destination for each 5-digit ZIP code; and Appendix USPS/GFL-25 shows the number of GFL subscribers by 5-digit ZIP code.

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USPS/GFL-26. What is the transportation cost incurred by GameFly to transport its mail from each GameFly distribution center to the postal facility used by that distribution center? What is the transportation cost incurred by GameFly to transport its mail from the postal facility to each GameFly distribution center?

Answer: GameFly has objected to this question. Nevertheless, without waiving its objections, GameFly states that it has not determined the requested values.

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USPS/GFL-27. Has GameFly performed any studies of or qualitatively evaluated expanding its number of USPS entry and destination locations? If so, please provide the results of these studies and all related analysis.

Answer:

No.

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USPS/GFL-28. Please describe the total cost that GameFly would incur if it expanded its distribution network to sixty or one hundred twenty locations. In your answer, please itemize costs separately.

Answer: GameFly has objected to this question. Nevertheless, without waiving its objections, GameFly states that it has not determined the requested cost values.

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ANSWER OF GAMEFLY, INC., TO
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USPS/GFL-29. Please produce all documents related to GameFly's research or analysis concerning the material used in the DVDs it distributes.

Answer:

GameFly buys its DVDs from commercial DVD game vendors, and does not engage in the manufacture of DVDs or the materials from which DVDs are manufactured. For this reason, GFL has not performed any research or analyses of the material used in the manufacture of DVDs.

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USPS/GFL-30. Has GameFly conducted any testing related to materials used in the DVDs it distributes or that it is aware respective manufacturers have undertaken? In your answer please describe the tests and any results from the tests, including breakage rates for the materials tested.

Answer:

No.

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USPS/GFL-31. Is there an industry standard for the material used in DVDs? Please describe the industry standard.

Answer:

GameFly buys its DVDs from commercial DVD game vendors, and does not engage in the manufacture of DVDs or the materials from which DVDs are manufactured. For this reason, GFL has not performed any analyses of the industry standards for such materials. GameFly understands, however, that such standards exist. Some are publicly available; others are proprietary. For a Wikipedia article on the subject, please see <http://en.wikipedia.org/wiki/DVD>.

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USPS/GFL-32. Please describe the material that makes up your DVDs. Is the material uniform in composition? How, if at all, have source materials changed over time?

Answer:

GameFly buys its DVDs from commercial DVD game vendors, and does not engage in the manufacture of DVDs or the materials from which DVDs are manufactured. For this reason, GFL has not performed any analyses of the nature of such materials, or whether they have changed over time. For a general Wikipedia article on the subject, please see <http://en.wikipedia.org/wiki/DVD>.

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USPS/GFL-33. What is the average life cycle of a gaming DVD?

Answer:

In answering this question, GameFly assumes that the question seeks information on the average life cycle of video game DVDs generally.

GameFly has not studied the average life cycle of video game DVDs. In our experience, however, GameFly is unaware of any meaningful limit on the life of a DVD that is handled appropriately. GameFly retires a DVD from service only when it is broken beyond repair. Some of the DVDs in GameFly's rental inventory have been in continual service since the company began operations over seven years ago.

GameFly also believes that the life expectancy of DVDs is shortened by subjecting return DVD mail to automated letter processing. This belief is shared by other firms in the DVD rental industry as well as many responsible Postal Service personnel who have studied the issue. See, e.g., GFL773 (the Round-Trip Disc Mail ("RDM") Work Group Minutes: 26 September 2005) ("Disc damage is now becoming the number one issue with RDM [round-trip DVD mail] mailers as more mail is processed on equipment."); GFL1335 (slide from USPS PowerPoint Presentation titled "LSS Project Re-Measure: Return DVD Handling & Damage Reduction" and dated February 24, 2009) ("Automated USPS handling procedures cause a perceived amount of damage to mailers' DVD products causing a large return volume to be processed manually at the mailers' request."); GFL126 (document titled "Netflix and the Round-Trip Disk Mail (RDM)

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Project”) (“these tests suggest that if RDM disks are processed completely within letter automation in both directions, they would suffer losses due to cracking in excess of 5 percent per round trip.”); GFL216 (reporting a disk breakage rate of 4.5% within “a small sample set of other mailers”); GFL768 (“[T]he overriding issue for Netflix concerned disc damage on the AFCS”); GFL10 (internal USPS memorandum noting that “damaged (broken) disks during processing and/or delivery” were “common problems” reported by Netflix); GFL 771 (“[Blockbuster] expressed concern about damage to the discs in the current Blockbuster design. [Blockbuster] reported an overall damage rate of 3% with the newer envelope designs.”); GFL374 (stating, in response to testing of a DVD mailer’s proposed envelope design, that “engineering’s ongoing experience with the poor machineability of this design indicates that the [DVD mailer’s] mailer will sustain damage . . . during processing.”); GFL7293 (same); GFL7295 (same); Joint Statement at ¶ 102 (noting that Blockbuster formally asked the Postal Service to “immediately implement manual culling and processing of inbound mail pieces for Blockbuster Online” to mitigate the “persistent damage to mailer contents and longer mail duration rates as judged against comparable mailings.”).

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USPS/GFL-34. Does the age of a gaming DVD or the number of times played have more effect on the average life cycle of a gaming DVD? What other factors can affect life cycles?

Answer:

In answering this question, GameFly assumes that the question concerns video game DVDs generally.

In GameFly's experience, neither the age of a video game DVD, nor the number of times it is played, appears to have a significant effect on its useful life. Neither the passage of time, nor appropriate DVD handling, appear to shorten the remaining useful life of a DVD to any significant extent. One environmental factor that is recognized to have a major effect on the average life of a video game DVD is the number of times it receives automated letter processing when mailed by a customer back to a DVD rental company. This fact has been recognized by other firms in the DVD rental industry as well as responsible Postal Service personnel who have studied the issue. See GameFly response to USPS/GFL-33.

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USPS/GFL-35. Does every GameFly DVD contain branding that identifies GameFly ownership? Please describe the branding.

Answer:

The mailers, sleeves and protective cardboard each contain printed GameFly branding. The disks do not.

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USPS/GFL-36. Please provide all research and analysis conducted by GameFly to assess any environmental factors that may physically damage a DVD. Your answer should include, but not be limited to, impacts of temperature, temperature change and speed of temperature change.

Answer:

One environmental factor that is recognized to have a major effect on the average life of a video game DVD is automated letter processing during return trips to a DVD rental company. See GameFly response to USPS/GFL-6 for GameFly research on the subject. The damage caused by this environmental factor has been recognized by other firms in the DVD rental industry, as well as responsible Postal Service personnel who have studied the subject. See GameFly response to USPS/GFL-33.

GameFly has not performed any research or analyses of the effects of temperature, temperature change, or the speed of temperature change on DVD life. Although we have customers in all parts of the United States, we are unaware of any evidence that the temperature variations encountered by our DVDs in normal use and shipping have a discernable effect on DVD life.

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USPS/GFL-37. Please describe the statistical categories tracked by GameFly related to how long its customers keep its DVDs. In your answer include statistical categories related to the number of times customers play the games and the effect this activity has on deterioration of DVD material.

Answer:

For rental returns during the fiscal year ending on March 31, 2010, the average rental period was **[BEGIN GAMEFLY PROPRIETARY]** **[END GAMEFLY PROPRIETARY]**. GameFly has no data on how many times its customers plays a game during a given rental period. We are unaware of any evidence, however, that playing the game causes any deterioration of the DVD material. A DVD player “reads” the information on the DVD with a beam of light. Playing a DVD, unlike playing an old-fashioned phonograph record or a magnetic tape recording, does not require any physical contact between the DVD reader and the information layer of the DVD.

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USPS/GFL-38. Please produce all records of all meetings between GameFly and postal employees. Please include the topics discussed and the meeting minutes prepared by GameFly employees.

Answer:

GameFly has objected to this question. Nevertheless, without waiving its objections, GameFly provides the following information:

- The main meetings between the Postal Service and GameFly concerning disk breakage are summarized in paragraphs 26-34 and 44-47 of GameFly's Complaint and Paragraphs 113-131 of the parties' Joint Statement Of Undisputed And Disputed Facts (July 20, 2009).
- Appendices USPS/GFL-38A through 38D to these answers provide information about other meetings between GameFly and Postal Service personnel, mostly about subjects other than the matters for which GameFly seeks relief from the Commission.

These lists do not cover routine interactions between GameFly and Postal Service employees in the ordinary course of depositing or picking up mail or coordinating operation arrangements in the ordinary course of business. Nor do these lists include all of the collaborative efforts of GameFly with postal inspectors and other responsible Postal Service officials to minimize the theft of GameFly DVDs in transit.

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USPS/GFL-40. At any time did you consider preparing your mail pieces in the same manner that Netflix prepares its mail pieces? Please describe each factor that contributed to your decision related to preparing your mail pieces in the same manner as Netflix.

Answer:

As stated previously, GameFly would rather use letter mailers and pay one-ounce letter rates, as Netflix does, than continue to incur the added postage and other costs of two-ounce flats. However, all tests of letter sized mailers resulted in unacceptably high disc breakage rates. Without the elaborate manual processing and other special treatment that the Postal Service offers Netflix at one-ounce letter rates, the use of letter-rated DVD mailers is not a viable option for GameFly.

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USPS/GFL-41. Please produce all communications related to GameFly's consideration concerning whether or not it should prepare its mail pieces in the same manner as Netflix.

Answer:

GameFly has no responsive documents other than GameFly's response to USPS/GFL-1, USPS/GFL-4 and USPS/GFL-6, GameFly's pleadings in this case, and the documents produced by the Postal Service on this subject in discovery. Any other written or electronic communications relating to this issue were created long enough ago to have been deleted in the ordinary course of business pursuant to GameFly's document retention policies.

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ANSWER OF GAMEFLY, INC., TO
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USPS/GFL-42. Currently, at how many plants does GameFly pick up its mail?

Answer:

Four: Los Angeles CA, Pittsburgh PA, Tampa FL, and Austin TX.

DOCKET NO. C2009-1
ANSWER OF GAMEFLY, INC., TO
DISCOVERY REQUEST OF USPS
MAY 18, 2010

USPS/GFL-43. Please produce all documents and communications related to GameFly's decision to use a flat-shaped mail piece.

Answer:

GameFly has retained no responsive documents other than GameFly's response to USPS/GFL-1, USPS/GFL-4 and USPS/GFL-6, GameFly's pleadings in this case, and the documents produced by the Postal Service in discovery in this case concerning the damage suffered by DVDs in automated letter processing. Any other written or electronic communications created by GameFly on this issue would have been created long enough ago to have been deleted in the ordinary course of business pursuant to GameFly's document retention policies.

DOCKET NO. C2009-1
ANSWER OF GAMEFLY, INC., TO
DISCOVERY REQUEST OF USPS
MAY 18, 2010

USPS/GFL-44. Please produce all documents and communications related to GameFly's research, analysis or other consideration of price and cost differences between flat-shaped mail and letter-shaped mail for its round-trip DVDs.

Answer:

GameFly has retained no responsive documents other than GameFly's response to USPS/GFL-1, USPS/GFL-4 and USPS/GFL-6, GameFly's pleadings in this case, the documents produced by the Postal Service in discovery in this case concerning the damage suffered by DVDs in automated letter processing, and the applicable rate schedules published in the Domestic Mail Manual. Any other written or electronic communications created by GameFly on this issue would have been created long enough ago to have been deleted in the ordinary course of business pursuant to GameFly's document retention policies.

DOCKET NO. C2009-1
ANSWER OF GAMEFLY, INC., TO
DISCOVERY REQUEST OF USPS
MAY 18, 2010

USPS/GFL-45. Please produce all documents and communications related to GameFly's research, analysis or other consideration of breakage differences between flat-shaped mail and letter-shaped mail.

Answer:

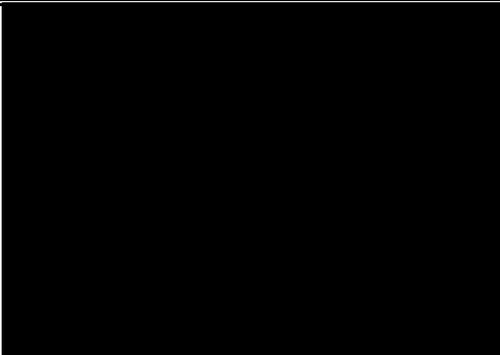
GameFly has retained no responsive documents other than Appendices USPS/GFL-1 and USPS/GFL-6, GameFly's pleadings in this case, and the documents produced by the Postal Service in discovery in this case concerning the damage suffered by DVDs in automated letter processing. Any other written or electronic communications created by GameFly on this issue would have been created long enough ago to have been deleted pursuant to GameFly's document retention policies in the ordinary course of business.

PUBLIC (REDACTED) VERSI

STATISTICS BY MAILER TYPE (no data available before Jan. 1, 2005)

Type	Start Date	Stop Date	Height	Width	Loading
1	January 1, 2005	October 31, 2006	7.38	7.50	Side
2	November 1, 2006	June 28, 2007	7.38	7.50	Side
3	June 29, 2007	October 12, 2007	6.50	7.00	Top
4	October 13, 2007	November 29, 2007	6.62	7.00	Top
5	November 30, 2007	January 28, 2008	6.75	7.00	Top
6	January 29, 2008	April 30, 2008	6.75	7.00	Top
7a	May 1, 2008	May 13, 2008	7.38	7.63	Side
7b	May 20, 2008	September 15, 2008	7.38	7.63	Side
8	May 14, 2008	May 19, 2008	8.38	8.00	Top
9	September 16, 2008	Current	7.63	7.38	Top

[BEGIN GAMEFLY PROPRIETARY]

Type	Start Date	Stop Date	Shipped	Lost	Loss Rate
1	January 1, 2005	October 31, 2006			
2	November 1, 2006	June 28, 2007			
3	June 29, 2007	October 12, 2007			
4	October 13, 2007	November 29, 2007			
5	November 30, 2007	January 28, 2008			
6	January 29, 2008	April 30, 2008			
7a	May 1, 2008	May 13, 2008			
7b	May 20, 2008	September 15, 2008			
8	May 14, 2008	May 19, 2008			
9	September 16, 2008	May 8, 2010			

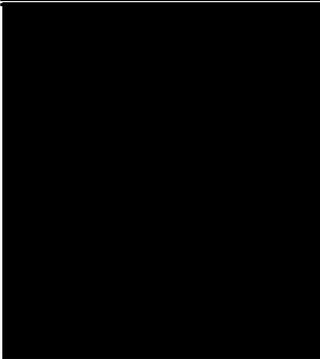
[END GAMEFLY PROPRIETARY]

ON

Appendix USPS-GFL-1

Color	BRM/PRM	Cardboard insert?
Orange	BRM	Yes
White	PRM	Yes
White	PRM	No
White	PRM	No
White	PRM	No
White	PRM	Yes
White	BRM	Yes
White	BRM	Yes
White	BRM	No
White	BRM	Yes

Broken Breakage Rate



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Rental Returns by Warehouse

Appendix USPS-GFL-10

-Includes all mailers returned (PRM & BRM)

Quarter Start	Quarter End	Los Angeles	Pittsburgh	Tampa	Austin	Total
7/1/2002	9/30/2002					
10/1/2002	12/31/2002					
1/1/2003	3/31/2003					
4/1/2003	6/30/2003					
7/1/2003	9/30/2003					
10/1/2003	12/31/2003					
1/1/2004	3/31/2004					
4/1/2004	6/30/2004					
7/1/2004	9/30/2004					
10/1/2004	12/31/2004					
1/1/2005	3/31/2005					
4/1/2005	6/30/2005					
7/1/2005	9/30/2005					
10/1/2005	12/31/2005					
1/1/2006	3/31/2006					
4/1/2006	6/30/2006					
7/1/2006	9/30/2006					
10/1/2006	12/31/2006					
1/1/2007	3/31/2007					
4/1/2007	6/30/2007					
7/1/2007	9/30/2007					
10/1/2007	12/31/2007					
1/1/2008	3/31/2008					
4/1/2008	6/30/2008					
7/1/2008	9/30/2008					
10/1/2008	12/31/2008					
1/1/2009	3/31/2009					
4/1/2009	6/30/2009					
7/1/2009	9/30/2009					
10/1/2009	12/31/2009					
1/1/2010	3/31/2010					

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INBOUND LOST VOLUME AND LOSS RATES

Appendix USPS-GFL-11

Column D answers question USPS-GFL-11.

Column C answers question USPS-GFL-13.

Column E answers question USPS-GFL-18.

Inbound lost rate and volume for inbound rental units in fiscal year
ending March 31, 2010

<u>Destination</u>	<u>Zip5</u>	<u>Lost</u>	<u>Returned</u>	<u>Loss Rate</u>
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Appendix USPS-GFL-20

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Appendix USPS/GFL-23

Outbound Rental Shipments By Warehouse in FY10

Month	Lakewood	Pittsburgh	Tampa	Austin	Total
Apr-09					
May-09					
Jun-09					
Jul-09					
Aug-09					
Sep-09					
Oct-09					
Nov-09					
Dec-09					
Jan-10					
Feb-10					
Mar-10					

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Appendix USPS/GFL-24

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Appendix USPS/GFL-25

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