

Glossary of Terms

Stamp Fulfillment Services (SFS) is the centralized, global order fulfillment center for the United States Postal Service (USPS), accepting orders via the Internet, phone, mail, electronic data interface, and fax.

National Customer Management System or the **NCMS** is an Oracle-based system utilized for the management of SFS inventory, general ledger, order history, and customer accounts. NCMS is specific to Stamp Fulfillment Systems operations; however, it interfaces with a variety of complex USPS systems to report financial data, customer banking, inventory information, etc.

Automated Fulfillment Equipment System or the **AFES** is the customized system which interacts with NCMS and the hardware utilized to fulfill orders. AFES is the “staging” software for orders so that SFS can manage the distribution of work to various equipment based on order or inventory profiles.

The **service standard** is defined as “a stated goal for service achievement for customer orders processed at a centralized fulfillment center.” The standards serve as the benchmark for measuring service performance as it pertains to order fulfillment.

Service performance is the number of Stamp Fulfillment Services business days from the “start-the clock” to the “stop-the-clock.”

The **critical entry time (CET)** is the latest time that an order can be received into NCMS to begin processing the same day.

The **“start-the-clock”** time is the date and time when the order enters NCMS. If NCMS accepts an order before the CET, the day of entry is designated at the “start-the-clock”

date. If the order is received after CET, the mail piece has a “start-the-clock” date of the following applicable business day.

The “**start-the-clock day zero**” is the date when the clock starts for purposes of service measurement.

The “**stop-the-clock**” is the date at which the order is logically closed within AFES. This logical closure indicates that the order has been fulfilled, packaged, labeled, and placed on the manifest for pickup by the USPS truck before entering the mailstream.

The **Annual Compliance Report (ACR)** includes the national service performance report for market-dominant products and is subject to compliance review by the Postal Regulatory Commission (PRC) on a fiscal year basis.

In **service performance and variance reports** filed with the PRC on a quarterly basis, SFS reports the cumulative percentage for orders fulfilled after the applicable service standard. SFS refers to the fulfillment of orders completed after the service standard as “Within + X” days of the standard.

Introduction

Stamp Fulfillment Services (SFS) has been requested to provide the accuracy with which service goals are met for the fulfillment of orders at the SFS facility. Measurement systems for service standards and goals will be based on the SFS internal systems of the National Customer Management System (NCMS) and the Automated Fulfillment Equipment System (AFES). SFS service standards are determined from the time an order is received into SFS systems through the preparation of the package for placement into the mailstream.

Systems

NCMS is a sophisticated, integrated Oracle-based COTS (commercial off-the-shelf) application utilized for the management of SFS inventory, general ledger, order history, and customer accounts and is the backbone of SFS operations. AFES is a state-of-the-art customized system which interacts with NCMS and the hardware utilized at SFS to fulfill orders. AFES is the “staging” system for orders so that SFS can manage the distribution of work to various equipment based on order or inventory profiles.

Both the National Customer Management System and the Automated Fulfillment Equipment System are fully compliant with requirements of the Sarbanes-Oxley Act (SOX) and are reviewed and audited regularly by the United States Postal Service (USPS) SOX team.

Business Hours

Fulfillment

The SFS business day is defined as Monday – Friday, 0730 – 1500 hours CT, excepting holidays.

Order Receipt

Orders can be received in SFS systems through a variety of methods – each with its own ability for entry time into SFS systems.

- Internet orders are accepted every calendar day of the year (except during system outages) and downloaded to NCMS every two (2) hours.
- Electronic data interface orders are received directly in NCMS as transmitted by business customers under a pre-arranged agreement with SFS. These files are transmitted once a day and undergo a four-hour automated process for banking prior to being available within NCMS. .
- Phone orders are currently received through the Call Center Monday – Friday (0800 – 2030 hours ET), Saturdays (0800 – 1800 hours ET), and Holidays (0900 – 1800 hours ET). These phone orders are keyed directly in the NCMS system.
- Mail, fax and e-mail orders are received during SFS business hours (Monday – Friday, 0730 – 1500 hours CT) and keyed directly into NCMS.

The start-the-clock day zero time has been designated as between 0730 – 1300 hours CT, Monday – Friday (excepting holidays), as time-stamped by NCMS. This is the timeframe in which SFS can control the order fulfillment process and begin filling orders. The Critical Entry Time for an order to begin processing the same day as receipt is 1300 hours CT (Monday – Friday).

Measurement Process

NCMS is the system of record for the start-of-clock time. Once an order is received into NCMS, the order is time- and date-stamped, and service performance measurement will begin. The order will then proceed through the various processing steps, including banking, before it is released to AFES for fulfillment. Once the packstation has completed the order by closing the order logically within AFES, the stop-the-clock time

is registered. All systems are automated and communicate regularly throughout the 24-hour clock cycle.

SFS will utilize NCMS and AFES systems to calculate the time for fulfillment by subtracting the start-the-clock day zero time, based on NCMS's registered start-of-clock time, from the stop-the-clock time as registered by AFES. This calculation will take into account the SFS business workday as well as the five-day business week.

Reporting

The data will be reported as follows for quarterly and annual reporting:

Stamp Fulfillment Services Service Targets for Fulfillment of Orders First Quarter, Fiscal Year XXXX December 31, XXXX			
Customer Order	Service Standard	Target	% on Time
Internet Orders: Non-Philatelic / Non-Custom	≤ 2 Business Days	90%	XX.X%
Business Level Orders	≤ 5 Business Days	90%	XX.X%
Philatelic / Custom and All Other Order Sources	≤ 10 Business Days	90%	XX.X%

Service variance data will be reported for internal review as follows:

Stamp Fulfillment Services Service Variance for Fulfillment of Orders First Quarter, Fiscal Year XXXX December 31, XXXX			
Customer Order	Days Exceeding Service Standard		
	<i>Within +1</i>	<i>Within +2</i>	<i>Within +3</i>
Internet Orders: Non-Philatelic / Non-Custom ≤ 2 Business Days	XX.X%	XX.X%	XX.X%
Business Level Orders ≤ 5 Business Days	XX.X%	XX.X%	XX.X%
Philatelic / Custom and All Other Order Sources ≤ 10 Business Days	XX.X%	XX.X%	XX.X%

Exceptions

Orders to be excluded from service standard reporting include pre-orders, backorders, orders not physically fulfilled by SFS, and orders received during system downtime.

- Pre-orders are excluded due to the fact that customers have the ability to place an order two months or more prior to stamp release; SFS typically places the order into the mailstream in a timeframe that ensures the stock does not reach its destination until the date of stamp release.
- Backorders are excluded for the reason that SFS has minimal control over when the stock will arrive or be prepared for fulfillment.
- Orders fulfilled outside of SFS are excluded, because SFS has no physical interaction with the orders once they are transmitted to its vendor counterparts for fulfillment. These orders are typically Personalized Stamped Envelopes or mailing supplies requested through the Internet sales channel.

- Orders received during planned system downtimes (maintenance, audit, system upgrades, etc.) or catastrophic system failures will be excluded from service standard reporting.