

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Notice of Price Adjustment Technology
Credit Promotion

Docket No. R2013-6

**DECLARATION OF MAX HEATH
IN RESPONSE TO THE POSTAL SERVICE PROPOSAL FOR TECH CREDITS
(May 24, 2013)**

My name is Max Heath. I am a postal consultant to the National Newspaper Association, Landmark Community Newspapers, Inc., and Publishing Group of America, a newspaper-insert magazine company. I provide postal training for numerous newspapers of all sizes on NNA's behalf. I am also NNA's senior representative on the Postal Service's Mailers Technical Advisory Committee and have served since 1989. I have been a witness before the Commission in numerous rate and service cases, including N2010-1, N2011-1 and the last cost-of-service case, R2006-1. To assist the Commission in its analysis of the Postal Service's proposal, I attest to the following.

1. Though the Postal Service began urging mailers to adopt the Full-Service Intelligent Mail Barcode (IMb) in 2009, to my knowledge few if any community newspapers have done so. The principal reason is that the benefit to the mailer is not apparent.
2. Newspapers do use automation barcodes in their mailings. Most of those counseled by me used the POSTNET barcode and many, but not all, have converted to Basic IMb since January 2012. These conversions have been aided by the software provided by the mailing industry to newspapers, but have not required the learning curve and costs involved in Full-Service.
3. Though the Postal Service does not usually process newspapers through automated mail processing machines, I believe this is an operational choice as a rule and not a technical requirement. I have personally provided

newspapers for test runs on all automated equipment in use today and have seen newspapers run on all automated equipment in use today.

4. I believe future improvements on automated equipment may aid newspaper-mail sorting. But until such improvements occur, the scans of IMb barcodes of newspaper mail will be scant. Therefore the data coming back to the mailer will be scant.
5. Postal Service executives have assured me that scans of bundles and containers will occur at some point in the future. At that point, visibility of newspapers being sorted manually by piece may still benefit from some barcode scanning of the bundles and containers that they travel in. I do not know when the point will be reached. Until that day arrives, newspapers have little to gain from expending additional ink and printing time in applying Full-Service IMbs.
6. There are benefits both to USPS and the mailer from newspapers' conversions to e-doc. I consider it unfortunate that the software upgrades to e-doc have coincided with the Full-Service requirements because the advantages to newspapers from the e-doc have been blurred by the disadvantages of the barcode.
7. Most community newspapers now use PAVE-certified mailing software. I am experienced in the use of the Interlink program and somewhat experienced in these other products in our industry: MSSI, Satori, BCC, Accuzip, Group One, and Postalsoft.
8. I know that very few newspapers use mail.dat programs in their printing and postal management. It has traditionally been both too costly and too complex for small businesses that typically do not have technical support in-house.
9. I have been urging a rollout of Mail.XML by the Postal Service for at least the past three years and am disappointed that the Postal Service's many changes in the software protocols have made it impossible for our suppliers to be ready to use Mail.XML until very recently. Therefore, I am concerned that postal software providers, with the exception of two in our industry, are not yet ready to provide e-doc in their upgrades. I have devoted considerable time in

the past 60 days to contacting those serving our industry to urge acceleration of whatever plans they have. Though some assure me they will be ready, I do not believe sufficient time is available for publishers to understand why they need to upgrade, nor will there be enough time for training to enable publishers to comply with Full-Service by January 26.

10. I believe as a consequence of the manner in which the requirements have been implemented, the delays in Mail.XML completion, the obscuring of the e-doc benefits and the dubious value of IMb labels for our newspapers are going to make it difficult for our industry to rapidly adopt the digital strategy that USPS is setting forth. Rather, I predict most will simply abandon the automated mailstream and leave our industry somewhat handicapped for the changes yet ahead in the Postal Service.
11. The Postal Service misunderstands the value of the tech credit to our industry. With some incentive and a long period for education, our industry will move toward e-doc. But the incentive proposed by the Postal Service will be unavailable to our 2,000-3,000 circulation community newspapers. If the tech credits are granted, a lower tier in the 62,000-125,000 piece range with a \$1,000 credit would help our industry accelerate its progress.
12. Because the software industry in our sector is so far behind, additional time should be granted for qualification. I cannot at this point say how much more time would be required, but at least six months additional time to qualify for the credits would be needed.

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

Respectfully submitted,



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