



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

# Role of the Postal Service in the Digital Age

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# Sooooooooooooo...

- <http://www.youtube.com/watch?v=4YyA2HDpOj4>
- <http://www.youtube.com/watch?v=Hox-ni8geIw>

# Postal Service Facts

- **67 billion** — revenue in 2010, in dollars
- 171 billion** — total number of mail pieces processed in 2010
- 563 million** — average number of mail pieces processed each day
- 23 million** — average number of mail pieces processed each hour
- 391,000** — average number of mail pieces processed each minute
- 6,516** — average number of mail pieces processed each second
- 40** — percentage of the world's card and letter mail volume handled by USPS
- 1.9 billion** — dollar amount paid every 2 weeks in salaries and benefits
- 574,000** — number of career employees
- 75 million** — number of workhours reduced in 2010 – equal to 42,800 full-time employees
- 215,625** — number of vehicles in the Postal Service fleet — the largest civilian fleet in the world
- 1.25 billion** — number of miles driven each year by our letter carriers and truck drivers
- 399 million** — number of gallons of fuel used in 2010
- 31,871** — number of postal-managed retail locations nationwide
- 41.5 million** — number of address changes processed in 2010
- 1.3 million** — number of people who visit usps.com each day
- 223 million** — dollar amount of online stamp and retail sales online at usps.com in 2010
- 423 million** — total revenue, in dollars, from Click-N-Ship label purchases in 2010
- 6.7 million** — number of passport applications accepted in 2010
- 123.6 million** — number of money orders issued in 2010
- 577 million** — dollar amount generated from Automated Postal Centers in 2010
- 63,000** — number of stores, banks and ATMs that sell postage stamps
- 735,779** — number of new delivery points added to the network in
- 700,000 – Parcel (does not include competitive products)

**0** — tax dollars received for operating the Postal Service

# Financial State of the U.S. Postal Service

- Financial state:
  - Fiscal Year 2010: Loss of **\$8.5 Billion**
  - Fiscal Year 2011 Anticipated Loss : **\$10 Billion**
  - Quarter 3 of Fiscal Year 2011: **\$3.1 Billion**
- Significant costs:
  - 80% of costs are labor-related
  - Shed 200,000 employees over last decade
  - Proposes eliminating another 215,000 jobs by 2015
  - Pre/over-funding of retiree health benefits/ retirement

# Traditional Role of the Postal Service

- The Postal Service has long provided universal service by:
  - Delivering mail to “every door, every day.”
  - Delivering mail reliably, securely, and at a reasonable cost to customers.
  - Making national communications accessible to all, including in rural areas.

# Redefining Role in the Digital Age

- Mechanisms of communicating and conducting business have become more reliant on technology.
- The Postal Service has opportunities to redefine its role, such as:
  - Filling the ‘Digital Divide’ gap, generational, geographic, and socio-economic
  - Providing confidentiality and security of e-communication
  - Providing universal service for e-communication, e-commerce

# Expanding the Postal Platform

- Expanded platforms may include:
  - Linking physical addresses to electronic addresses
    - eMailbox for registered citizens and businesses
    - “Digital lockbox” – Secure e-storage for wills, medical records
- Secured financial platforms
  - SureMoney (Dinero Seguro<sup>®</sup>)

# Role of Innovation

- To remain relevant and evolve to meet changing customer needs, the Postal Service must update its mission and reinvent itself.
- Innovation takes flexibility, creativity, and a willingness to take risks.

# Innovation Best Practices

- View innovation as a key business strategy
- Create a corporate culture that encourages employee initiative and innovation
- Create a Vice President of Innovation and Knowledge
- Use 'open source' innovation - accepting ideas from consumers, partners, competitors
- create a research center that engages in collaboration with world leading institutions

# Postal Service Innovation Efforts

- The Postal Service could benefit from a more formal innovation process and comprehensive strategy.
- Focused primarily on enhancing existing products and addressing operations needs.
- Innovative initiatives include:
  - Priority Mail Flat Rate Boxes
  - Intelligent Mail Barcode
  - Simplified Addressing
  - Flats Sequencing System
  - Address Information System
  - Delivery Operations Information System
  - Surface Visibility

# Regulatory Constraints to Innovation

- The Postal Service is particularly bound by regulatory constraints, including:
  - Prohibitions from offering non-postal products and services,
  - Requirements to prove that the innovation will cover its costs,
  - Limitations on rate setting, and
  - Bans from creating “unfair competition.”
  - There is proposed legislation that would lift some of these barriers.

# Market Challenges to Innovation

- Market challenges to innovation also affect the Postal Service, such as their:
  - Development times,
  - Coordination across organizations,
  - Culture,
  - Ability to quickly tap into networks for new products that can be developed in-house.
  - Ability to manage ideas from external stakeholders

# What should the USPS be?

- The Postal Service faces fundamental questions about its role.
  - Privatization means maximizing profits. Service to remote or underserved areas may be curtailed.
  - If the objective remains being the trusted custodian of an infrastructure enabling commerce, communication, innovation, how does the Postal Service structure for the digital world?

# Postal Service Outlook

- Outlook of the Postal Service unknown at this point, as the roles and responsibilities of the Postal Service are currently being debated by Congress.
- Long-term future of the Postal Service will be dependent on how effectively it can INNOVATE and incorporate printed technologies and reinvent itself to meet the needs of the ever-evolving digital age.