

Postal Transformation Through Digital Solutions

World Mail and Express Americas- February 2012

Deloitte Consulting LLP

Deloitte.

Market changes and the need for transformation

Changes in Commerce & Communication

Where communication used to be by mail, it has shifted to online methods:

- Email, SMS, IM, and social media for personal and business communication
- Magazine & news circulation declining
- Online media traffic increasing

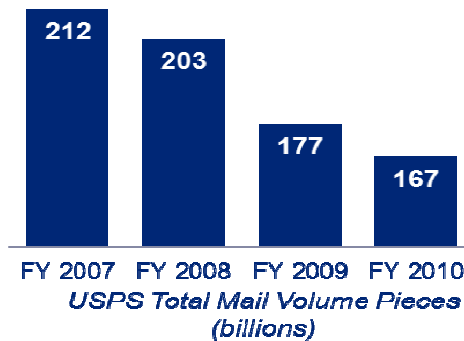
Where commerce used postal services extensively, many components are now online:

- eCommerce malls and marketplaces
- Online bill payment
- Online advertising and direct marketing

Lower Mail Volume and Postal Revenue

All these changes have resulted in significant declines in mail volume, coinciding with the recent economic downturn

- USPS Mail volume has declined from 212 billion pieces in 2007 to 167 billion in 2010



- Similar decline in other markets

New Opportunities in Parcels and Digital

Growth in Parcel industry

- In traditional retail model, customers went to store to buy items
- With growth of eCommerce, shipping is a part of most transactions

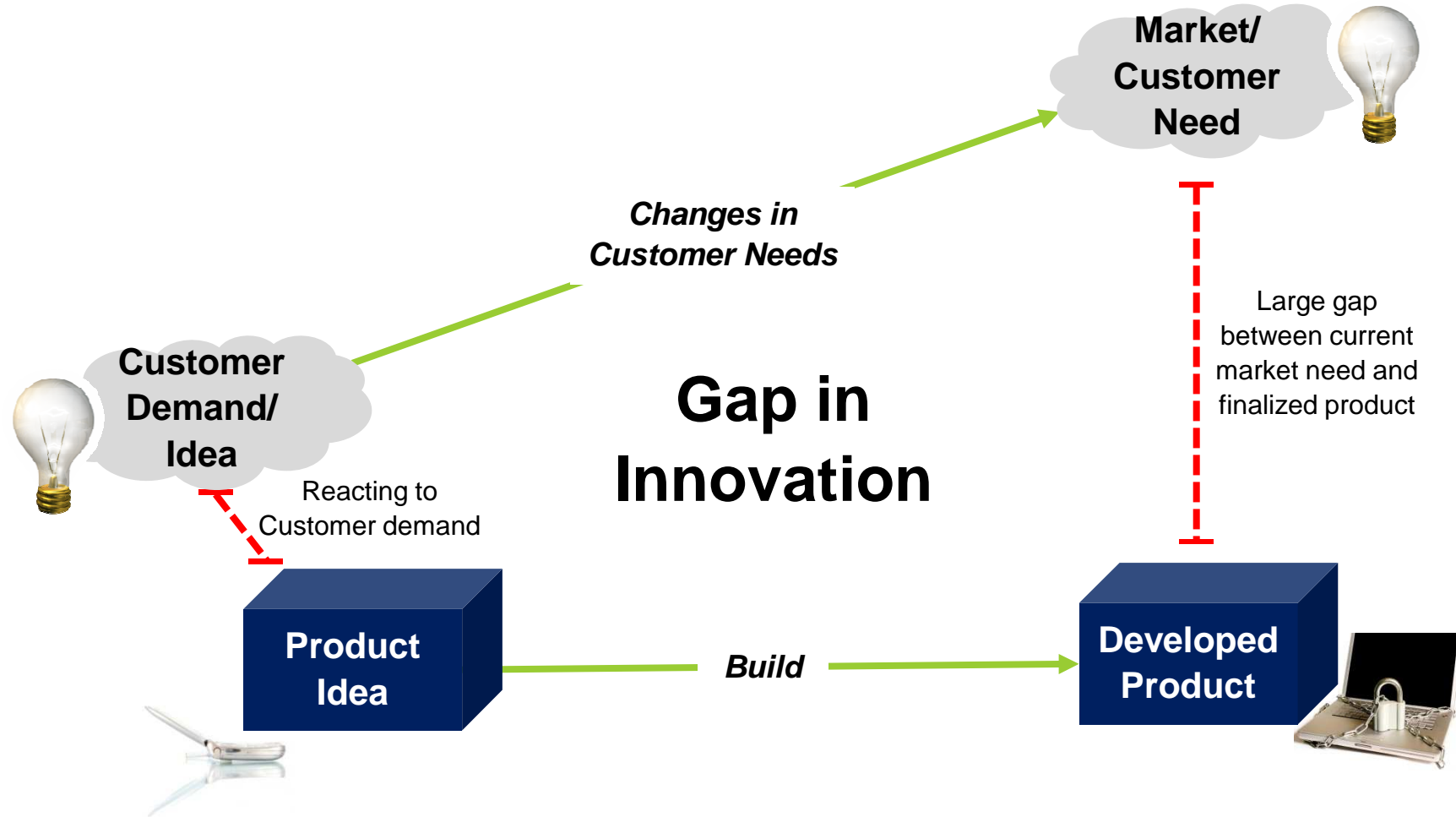
Growth in Digital solutions

- Posts are adjusting corporate strategies and inserting themselves into the digital market.

A effective digital products strategy:

- Leverages physical and digital assets to improve the consumer experience.
- Is driven by consumer trends toward a variety of digital communication mediums

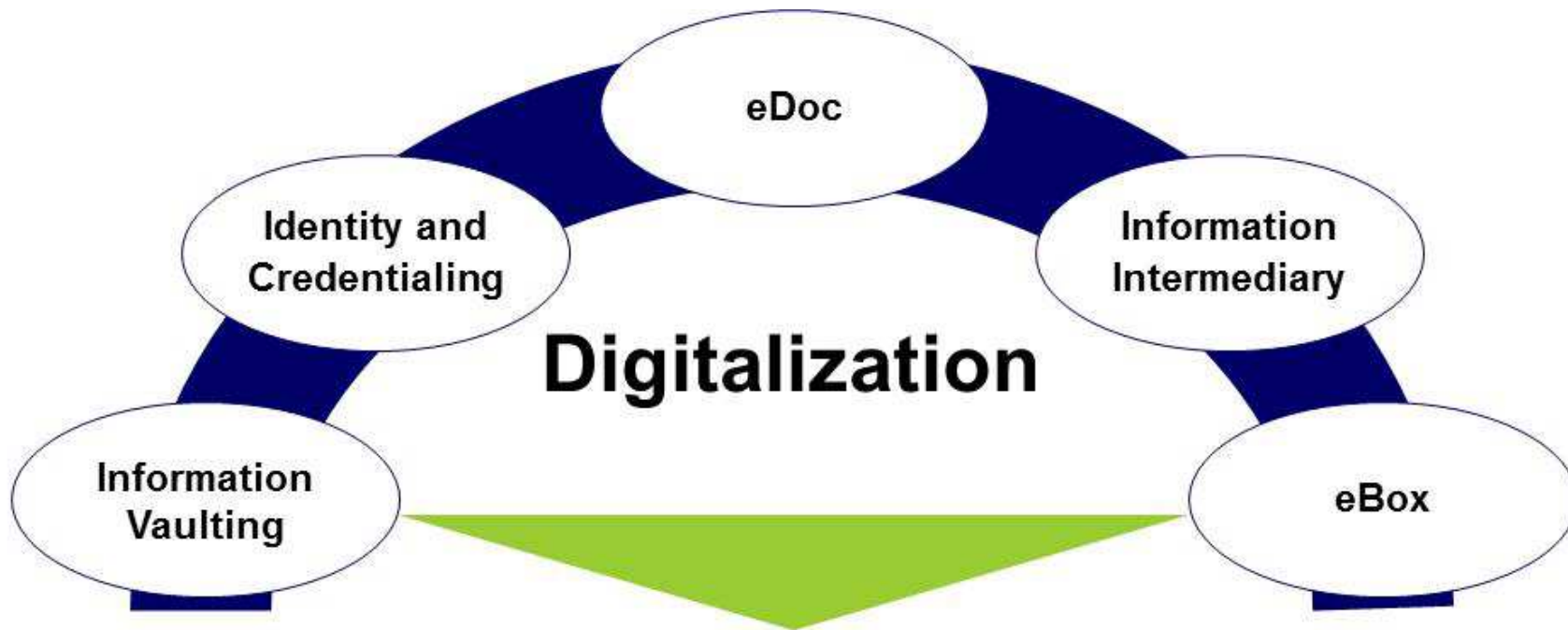
Proactive Market Response Needed



The digital marketplace does not stand still; slower development to market deployment cycles can yield out of date solutions

Opportunities to create innovative digital solutions

Posts have many opportunities to innovate within the new digital market. These services can be combined within a larger corporate digital strategy



Revenue Generation, Value & Brand Enhancement

Global postal responses to digitalization

Posts have developed solutions that respond to changing customer needs

	Post	Customer Need	Digital Solutions
Information Vaulting	Israel Post	Customers needed a central location to pay specific bills	Launched a virtual safe for mail, giving customers the ability to pay bills/utilities online.
Identity and Credentialing	Royal Mail	Identity Verification	Launched identification document certification service in retail facilities for people applying for mortgages, jobs, etc.
eDocs	Danish Post	Government needed documents digitized and electronically submitted	Launched a data scanning hybrid solution that digitizes paper invoices for electronic submission to the government
Information Intermediary	Poste Italiane	Customers needed security on electronic messages	Created Postecert to provide digital signature services, digital time stamps, and registered email
eBox	Deutsche Post	Single portal for digital and physical communication	Created an eBox kiosk which has one interface for all services of Deutsche Post

Supporting functional strategies

Posts looking to enter the digital arena should develop key functional strategies before going to market

Financial Strategy

- Determine the upfront costs on the solution (market research, development, customer service, etc.)
- Price product to increase the profit and account for divergence from physical mail streams

Partner Strategy

- Determine if it can develop solutions independently or need to leverage external partnerships to diversify their portfolio and market penetration
- Establish partnering agreements with third-party vendors while preserving intellectual property

Product Strategy

- Develop a solution for a specific target demographic, such as small and medium sized businesses based on market needs

Security Strategy

- Conduct an assessment of their current security strategy in order to understand vulnerabilities and opportunities
- Embed security strategies to protect customer information

Technology Strategy


- Examine existing technology infrastructure and develop a strategy to address any gaps
- Use this gap analysis to determine if there are additional opportunities in the digital arena based on the current technology in place

Expansion Strategy

- Determine how to use the digital product to expand into other physical or digital services
- Collect customer feedback and conduct market analysis to determine the potential

Aligning corporate goals with functional strategies

- Conduct a market assessment to determine:
 - where opportunities exist
 - what are the competitor offerings
- Innovate in digital activities related to information vaulting, credentialing, eDocument services, information storage, and eBox products
- Determine what customers need
- Align digital strategies and solutions with current physical assets
- Identify any capability gaps
- Develop partnerships to address gaps, increase revenue, and expand customer reach



Digital solutions can help posts to engage with their customers, gain market share, and reinvent themselves as innovators in the digital age.

Contact

Daryl W. Jackson

Postal Industry Segment Leader
Deloitte LLP

djackson@deloitte.com

1919 North Lynn Street
Arlington, VA, 22209

Tel: +1 202 879 4950
Mobile: +1 703 220 3083