Hybrid Mail, Status, possibilities and scenarios

Jacob Johnsen
Hybrid Mail
Status, possibilities and scenarios
Introduction

Jacob Johnsen

- Communication engineer, Master in Organisation
- 20+ years experience within mail and telecom
- Vice-president for International Data Post for 7+ years
  - Responsible for technical deliveries, product management and development departments internationally
- Heading European standardisation (CEN)
  - For hybrid mail for more than 10 years
  - For postal electronic services since the start
- International Consultant in Hybrid Mail matters
Agenda

- Historic introduction
- Hybrid Mail globally
- Market evolution and the role of Posts
- The 3 typical versions of Hybrid Mail
- Technology improvements
- Lessons learned from around the globe
- Conclusions
International Data Post

Impressive shareholders

Strong Alliances

Globale Presence
Customer Portfolio

Customers:
- Deutsche Post
- USPS
- Australia Post
- La Poste
- Post Denmark
- Sweden Post Ltd.
- Finland Post Ltd.
- Norway Post
- Poste Italiane
- Epóstur Iceland
- PTT Post Netherland
- POS Malaysia
- CTT Correro Portugal
- Singapore Post
- Thailand Com. Auth.
- South Africa Post Off.
- Jersey Post
- Magyar Posta
- Hungary
- CTT Post Spain
- Poste Maroc
- Tunisia Post
- Algeria Post
- Senegal Post
According to a UPU survey some 81 posts have Hybrid Mail in some form or another.
Position in the value chain

- Hybrid mail covers most of the value chain
  - From interfacing with the sender
  - To delivering to the distribution network
Hybrid Mail – the drivers

1. Hybrid Mail is the logical answer to many of the challenges on companies

   - Reduction of costs
   - Automatisation of the flow of letters
   - Manageable Archiving of all sent document
   - The option for electronic delivery
   - Flexibility and choices for all clients
   - New fonctionnalities within messaging
   - The exploitation of marketing in all communication channels
Value proposition

Postal Integration

Customer Integration & Value Adding

As-Was

As-Is

To-Be

Physical Mail

Hybrid Mail

Full Electronic messaging

Integrated Message Management
The versions of Hybrid Mail

- Three basic versions
  - Print-and-Mail
  - Formatting and Printing for Mail
  - Postal Hybrid Mail
The simplest is Print-and-mail

- Post receives prepared data, prints and envelopes letters, and then delivers them
- Like any other large mailer
- The post is competing with existing print shops
  - Many have experience and sales networks
  - substantial volumes based on offset printing
- Margins are quite small, high volumes are a must
- The post is competing directly with its customers.
Types of Hybrid Mail 2/3

- formatting-print-and-mail
  - posts go further up the value chain
  - offer to take the sender's raw data and to design, create, print, envelope and deliver the letter
  - Some of the added value is in handling all parts of the sender's mailing process
  - May additionally include handling of returned letters, address correction and more
  - The post is competing directly with its customers
Postal-hybrid-mail

- The post integrates its hybrid mail system with its postal delivery system, thereby extending the value chain to include the physical delivery
- Will normally include routing capabilities, where letter data is transmitted between multiple production and sorting centres
- Approach unique to the post, which may offer additional services to obtain reasonable margins
- Services may include design and page creation, similar to formatting-print-and-mail.
Postal Integration

- Genuine integration w/ postal delivery network
  - Letters optimised for transport, sorting, delivery
  - Requires management of *where*, *when* and *how*
- *Where* requires multiple production centres
- *When* may be managed by rules + thresholds
- *How* has many forms:
  - sequencing by postal code or delivery information,
    sorting by size or weight, incl. various markings,
    barcodes or other data
  - quality suited to fit automated handling processes
Lesson to remember:

EXPLOIT THE POSTAL POSITION WHEN OFFERING HYBRID MAIL
Technology solutions

Hybrid Mail solutions:
- Multi-site hybrid mail solutions are available
- Some do offer capabilities to provide Postal Hybrid Mail
Technology solutions

Postal Hybrid Mail solutions:

- Delivery of all messages to the Post electronically
- Postal handling: sorting, transport, co-mingling
- Exchange of mailbags nationally and internationally
- Delivery by physical letter, e-mail or secured e-mail

- UPU defined Hybrid Mail as a postal service
  - includes electronic delivery
  - Project for Global Hybrid Mail hub
Technology solutions

Postal Hybrid Mail solutions:

- Additional services
  - co-mingle letters
  - integration of letters to same receiver into one
  - prestored letters or marketing messages
  - management of registered letters
  - delivery of flight / train / theatre tickets, credit cards, booklets, etc.
Technology solutions

**Printing improvements**

- Black/white printers have increasing speed and increasing quality with less maintenance
- Colour printing improvements
  - Inkjet technology is on the move
  - Impressive speeds up to 3,200 pages per minute
  - Cost down to 1-3 ¢ per page (total cost)*
  - The printing industry is foreseeing massive market changes within 1-2 years

*: Source Infotrends report august 2008
Technology solutions

**Inserter improvements**

- Envelopers and inserters integrate in the workflow chain with improved data capabilities
  - OCR is replacing barcodes and other marking
  - Integrity check and prevention of doubles
  - Closed loop including automatic reprint and acknowledgements
Technology solutions

New inserters exploit colour printers

- Create envelope using the first page of print
- Insert subsequent pages into the envelope
Technology solutions

Delivery must include electronic means

- Consumers are increasingly accepting e-mails
- Electronic delivery is a mandatory option
Lesson to remember:

TECHNOLOGY ADVANCES CAN IMPROVE YOUR HYBRID MAIL OFFERING
Lessons learned

- Numerous posts have created hybrid mail businesses for decades
- Some have done very well indeed, others have done less well
- None mentioned – here are their lessons...
FIRST LESSON

- Hybrid mail is an outsourcing service.
- It should be offered as such and the entire marketing and sales activity should focus on this fact.
- Successful posts have totally separated the sale of hybrid mail services from other postal sales.
- For customers, the use of hybrid mail for the delivery of their letters is a highly strategic choice and involves many aspects of their business.
SECOND LESSON

- It is important to make use of the benefits of the integrated postal hybrid mail model.
- Posts who have just set up a printing office have created a business similar to many existing private print shops.
- They will never grow to full potential.
- Only when integrating fully with the postal logistics system: ability to sort and move mail dynamically, and to apply this sorting and transportation process to all the letters received.
THIRD LESSON

- Services offered must add value over and above any possible competitor offerings
- Achieved by true postal hybrid mail systems
- Having the printing centre inside the sorting centre offers speed advantages, and also optimises the use of the logistics system, since the hybrid mail system can be requested to deliver specific types of letters at specific times
- Remember to exploit the postal advantage
Lesson to remember:

DEDICATE SALES FORCE TO OFFER AN OUTSOURCING SERVICE, AND EXPLOIT YOUR POSTAL POSITION.
Finally: the future!

- Hybrid mail is still a very liable business
- Colour printing will be important
- Improved document flexibility and very high print quality
- More personalised inserts and envelopes
- An increasing number of customers will agree to receive their letters electronically
THANK YOU FOR YOUR ATTENTION