

# UNION POSTALE

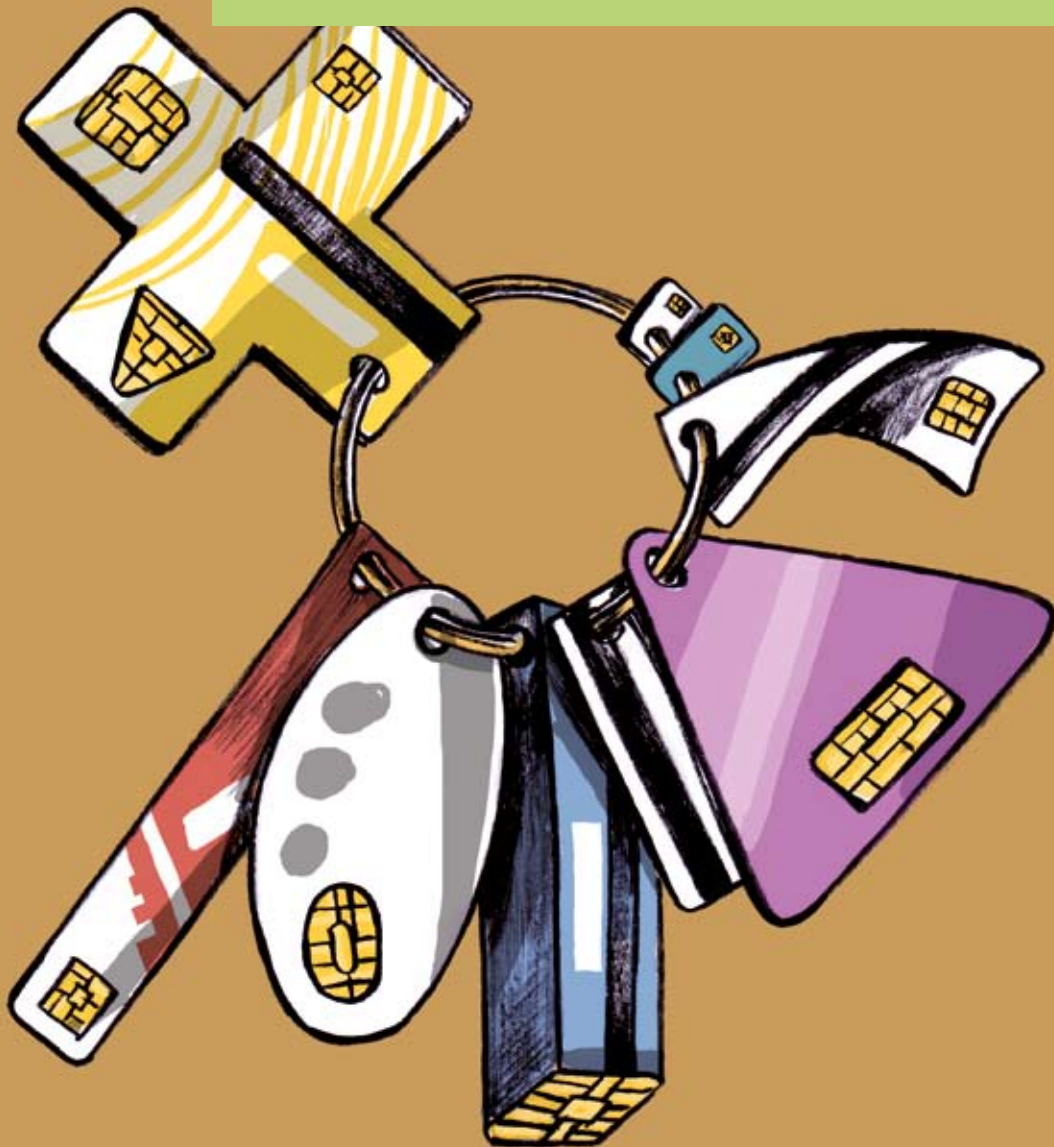
March 2009

.....  
Moving the postal sector forward

# 1



UPU, a specialized agency  
of the United Nations



## Setting the standard

# The key to correct addressing and accurate delivery

Universal DataBase



Worldwide postcodes

- ✓ Ready-to-use data
- ✓ A unique, permanent format
  - ✓ Quarterly updates
- ✓ For address validation software

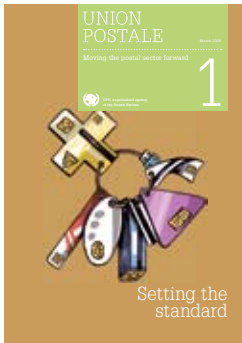
---

Universal Postal Union – POST\*CODE  
P.O. Box – 3000 BERNE 15 – SWITZERLAND  
[www.upu.int](http://www.upu.int)

**Contact us!**

**[postcode@upu.int](mailto:postcode@upu.int)**

# Contents



Establishing global norms for Posts is a core activity of the UPU and it is now helping other organizations to develop standards for their own sectors.

## Cover story

### Setting the standard

How the postal sector could contribute to international standards that have little to do with the post

8

### The competitive edge

Over the past decade, competition has helped the UPU's International Postal System (IPS) become a global standard

14

## Features

### Coming of age

EMS, the express mail service of Posts worldwide, gives competitors a run for their money

16

### Stamping out fakes

Sophisticated security features and better controls are helping Posts deal more effectively with fake stamps

20

## Perspective

### A postal response to the crisis

The postal sector can use trust, inclusion and partnerships to mitigate the threats associated with the financial crisis, writes Edouard Dayan, UPU director general

23

## The interview

### Part and parcel of the UPU

Celia Galbraith, chair of the new parcels committee, says designated operators need to better understand the market

24

## Departments

### In brief

4

### Editor's note

5

### Market focus

29

134<sup>th</sup> year  
March

2009

Union Postale  
International Bureau  
Universal Postal Union  
P. O. Box  
3000 BERNE 15, SWITZERLAND

Phone: +41 31 350 33 10  
Fax: +41 31 350 31 77  
E-mail: rheal.leblanc@upu.int

www.upu.int

Published since 1875, *Union Postale* is also available in Arabic, Chinese, French, German, Russian and Spanish.

Director, Executive office and communication: Juliana Nel  
Editor-in-chief: Rhéal LeBlanc (RL)  
Assistant editor: Jérôme Deutschmann (JD)  
Editorial assistant: Gisèle Coron  
Contributors: Sarra Daldoul (SD), Faryal Mirza (FM)  
Translation: Andrew Benson, Lynsey Poole  
Revision and proofreading: Andrew Benson, Mark Prosser  
Design: Die Gestalter, St. Gallen (Switzerland)  
Photos: Alexandre Plattet, Keystone/Mark Coote  
Illustrations: Simon Schnellmann  
Printer: Weber Bentelli AG, Biel (Switzerland)  
Subscriptions: publications@upu.int

The opinions expressed in the articles are not necessarily those of the UPU. Material may be reproduced with an acknowledgement: © *Union Postale* (UPU)

# in brief

---

## A new look for the UPU

The UPU has unveiled its new visual identity. Lighter and more contemporary, the logo bears the organization's official emblem, abbreviation and name. This new logo will be implemented gradually, and from now on will be found on all UPU vehicles of communication, including letterhead, envelopes, business cards, presentations, the website, etc.

This fine-tuning of the organization's visual identity is very timely as 4 October 2009 marks the 100<sup>th</sup> anniversary of the UPU monument, created by the French sculptor René de Saint-Marceaux and located in a Berne city centre park. The UPU's emblem, the first element of its logo, takes its inspiration from the monu-

ment depicting five messengers representing the five continents as they pass letters around the globe, a symbol of the universal postal service at the heart of the organization's mission.

In 2007 the UPU Council of Administration accepted the proposal to incorporate the UN olive branches into the organization's emblem, in order to highlight the UPU's place in the United Nations family. All the member countries will soon be receiving information on the new visual identity, together with instructions for use. For further information, please contact the Communications Programme (+41 31 350 32 51 or [rheal.leblanc@upu.int](mailto:rheal.leblanc@upu.int)). **RL**



**UPU** | **UNIVERSAL  
POSTAL  
UNION**

## The figure

6

That's the number of African countries that will benefit from a project to extend electronic money transfers to rural areas. Funded by the International Fund for Agricultural Development, with assistance from the UPU, the French Post and participating countries, the project, worth 379,000 euros and officially launched in Bamako

in early March, targets Benin, Burkina Faso, Mali, Mauritania, Niger and Senegal. From now until 2010, the partners will help these countries to connect 119 post offices in rural areas to the UPU's international financial network, which relies on the UN agency's International Financial System (IFS) application. **RL**

## Editor's note

### Why reinvent the wheel?

Learning to better harness existing knowledge and best practices can help avoid reinventing the wheel. People the world over perform many of the same activities, but often use different tools and methods to do them. Take the plugs for electrical outlets for example. Unless you are carrying a universal adapter in your luggage, you can often find yourself in a hotel room trying to fit square pegs into round holes. What could be more frustrating?

Standards organizations are trying to work together more effectively to bring order and simplicity in a world that is otherwise quite complex. That's why the UPU, which develops standards for the postal sector, and the International Organization for Standardization (ISO), which develops industry-specific

norms, are seeking ways to ensure that each other's work better contributes to standards that apply to broader sectors of the economy, such as financial services or urban planning.

As postal operators provide more financial services, common standards can ensure that cross-border money transfers are performed as smoothly as possible. Addressing, a core postal activity, can also be used for purposes other than sending and delivering mail; in emergency situations, for example, addresses can serve to locate disaster victims, if geographical spaces have been standardized.

This issue's cover story explores the nature of a new collaboration between the UPU and ISO, as well as other standards bodies. As a side

article, we also look at how competing interests can work together to develop international standards during a process called cooptation, as has been the case with the UPU's International Postal System.

In a sense, cooptation is also at the heart of the parcels business. Our interview with Celia Galbraith, the chair of the UPU's parcels committee, sheds some light on how designated postal operators, who often compete against each other for market share, are expected to come together under the UPU umbrella to better understand customers' needs and seize existing opportunities to grow the business.

**Rhéal LeBlanc, editor-in-chief**



## New website prepares for launch

The new UPU website, set to be launched in June, will be dynamic and modern, and users will notice a big difference from their very first click on the homepage. The pages and sections will be user-friendly, leading on to each other intuitively and logically in a light, elegant envi-

ronment. An online survey carried out last November showed that most UPU employees and postal sector specialists found it difficult to find the information they were looking for in the current website.

Content editing and dynamic site updating will be made possible

thanks to the content management system TYPO 3, considered by specialists to be the most powerful, easily configured and progressive tool on the market.

The content of the website will be tailored to the various visitors. Once they have logged in to the site, experts, members of working groups, project teams and postal staff will be able to access a series of functions, such as questionnaires, forms and forums. They will thus be able to exchange opinions, suggest changes, respond to surveys or register for conferences and workshops, all in a homogenous, intuitive environment. ■

## New logistics director for International Bureau



**Daniel Le Goff**

Photo: Alexandre Plattet

Frenchman Daniel Le Goff is the new logistics director at the UPU's International Bureau, stepping into the shoes of Heikki Karvonen, whose 26-year tenure ended in December 2008. Le Goff came to the International Bureau in 2005 to coordinate relations with industrialized countries and sustainable development. He is now responsible for all the services connected with the smooth running of the International Bureau and the organization of meetings and conferences, from the Council of Administration and Postal Operations Council sessions to high-level meetings and strategic conferences, including the Universal Postal Congress. These services comprise the translation services, editing units and typing pools, document produc-

tion workshops, print shop and IT services, as well as the library, reception and building maintenance. At the heart of our information society, Le Goff intends to explore ways of harnessing the latest in hi-tech, while making full use of every square centimetre of space at Union headquarters. He also wants to make the International Bureau more environmentally friendly. Among his top priorities is the introduction of videoconferencing to enable postal sector players to take part in UPU meetings and conferences without travelling long distances, and the longer-term goal of reducing, and eventually eliminating, by means of new technologies the huge amounts of paper now used for meeting documents.

RL

---

## Write to us!

Do you have an opinion about an article you've read in *Union Postale*? A particular viewpoint or a best practice to share with other readers? If so, we want to hear from you! We welcome letters to the editor in an effort to make *Union Postale* a conduit for two-way dialogue. Send your letter by mail, or e-mail (rheal.leblanc@upu.int), with your name, address, telephone number and e-mail address. Where necessary, letters chosen for publication may be condensed. So please keep them short and to the point!

---

## Qatar and Spain testing Global Monitoring System

The Global Monitoring System (GMS) is currently being tested in Qatar and Spain. Their offices of exchange are equipped with radio frequency identification (RFID) technology, enabling measurement of letter-post transmission times as well as the time taken by the destination country to forward incoming mail to the final delivery point.

External experts specially trained for this project will exchange test letters and analyze the resulting performance indicators. The system is also undergoing user acceptance testing.

Each test letter bearing an RFID chip is automatically registered at the point of transmission from the destination country.

With the introduction of the GMS, the UPU aims to measure the quality of international postal delivery among its member countries and to establish a link between the quality of service and remuneration rates of mail destination countries. As well as being a tool for calculating terminal dues, the GMS enables operators to improve internal mail flows, using the data it provides.

Around 20 countries should join the system in 2009, followed by a further 30 in 2010. JB





## Three partners for one project

The UPU, the International Organization for Migration (IOM) and the Pan African Postal Union are collaborating on a pilot project in Tanzania and Uganda to gain a better understanding of the conditions in which migrants send money back to their families in their countries of origin. The aim is to identify the strengths and weaknesses of the existing transfers in order to speed them up, make them more secure and offer them at an affordable price.

During the first phase of the project, the three organizations will carry out a survey of migrants and their families, their practices and the market potential. The IOM has earmarked 100,000 US dollars for this research on the ground. The medium-term objective is to extend the project to other neighbouring countries.

Tanzania and Uganda were chosen due to the significant migratory flows between these two countries and towards countries in the Northern Hemisphere and elsewhere in Africa, as well as in the Middle East and Asia. Furthermore, the Posts in Tanzania and Uganda are already equipped with the UPU International Financial System (IFS), an application used for electronic money transfers.

In 2007 migrants sent funds totalling 856 million dollars to Uganda and 14 million dollars to Tanzania, according to figures published by the World Bank. **sp**

---

## International quality down

According to 2008 results of the UPU's continuous testing programme, participating postal operators are falling short on achieving the target of processing 65 % of international mail within five business days or less (J+5) from posting to delivery.

According to aggregated results for mail measured without interruption on 208 international links over the past three years, 54.7 % of items were delivered within J+5, with an average transit time of 6.8 days per item.

Results have consistently gone down since 2006, when 57.8 % of items were delivered in J+5.

Various factors may contribute to the deterioration of service. As some countries' performance is very low and often fluctuates, they tend to bring down overall results,

explains Seydou Konaté, letter post programme manager at the International Bureau. And it's clear from close analysis that some countries do not treat other countries' incoming mail with priority.

"The system is certainly not perfect, but it gives us an idea of how we're doing in terms of quality of service internationally. The new Global Monitoring System (GMS), scheduled for implementation in 2010, should give us more information about specific problem areas. This year, the UPU's quality of service group will reflect on how a combination of continuous testing and GMS results could be used to assess the international quality of service more reliably."

Except in English-speaking African and Latin American countries, regional mail delivery results are

pretty good. Mail transiting within Eastern Europe and the Commonwealth of Independent States, for example, is delivered 72.8 % of the time within 4.7 days. Significant improvements were also observed on links between industrialized countries and Arab and Latin American countries.

Continuous testing was launched in 2004 as a low-cost measurement system for city-to-city links between countries not measured otherwise. About 120 operators participate in continuous testing. **RL**

# Setting the standard



.....  
By  
Faryal Mirza

.....  
Illustration:  
Simon  
Schnellmann





.....

Bank-cards that can only be slotted into cash machines in Kenya? Laptops that can only be charged in Canada? Without international standards, these scenarios would be an unpleasant reality. Establishing global norms for Posts is one of the core activities of the UPU and it is now helping other organizations to develop standards for their sectors.

“We now need to focus on standards for electronic and financial services.”

With over 100 postal standards already under its belt and more to come, the UPU is well versed in developing global norms for its industry.

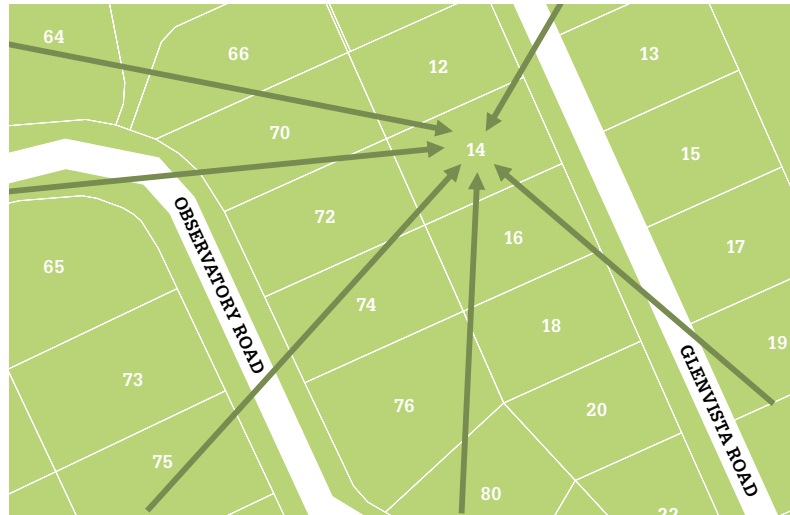
However, a new era has dawned, in which the Union is working closely with other international standard-setting organizations, employing its expertise to help set norms for other industry sectors. The most recent of these collaborations is with the International Organization for Standardization (ISO), the world's largest developer and publisher of global norms.

**Great minds think alike**

The UPU and ISO signed a cooperation agreement in 2008 to formalize their alliance. They pledged to strengthen cooperation when deciding on standards of mutual interest. Both parties acknowledged that they should work together on norms that were globally applicable across sectors. According to UPU Director General Edouard Dayan, the UPU had already developed many standards for processing physical mail. “We now need to focus on standards for electronic and financial services,” he adds.

As to why, the reasons are clear. Many Posts have extended their traditional service palette to include financial services. This, however, brings its own set of challenges. “In order to remain competitive, Posts must ensure that the financial services offered conform to accepted standards,” explains Akhilesh Mathur, programme manager for standards and certification at the International Bureau.

These norms are usually developed at international forums like ISO by and for the financial industry. “Thus, it is important that Posts too have the opportunity to participate in and contribute to the development of these standards,” Mathur adds.



.....  
**Addresses are used for mail delivery, but they can also be used to identify a geographical location, such as this one in South Africa, for municipal taxes or emergency services, for example. Standards organizations are seeking ways to develop an international standard that would ensure interoperability among the varieties of address types.**

For his part, Alan Bryden, former ISO secretary-general and now a senior adviser, asserted that the cooperation agreement would ensure that the best use was made of the UPU's specific expertise and the multi-stakeholders' platform offered by ISO. This would ensure that "postal services increasingly benefit from globally relevant standards", according to Bryden.

#### **In the beginning...**

The cooperation between the two organizations may still be in its early days, but work has already begun. The UPU currently has liaison status on 11 of ISO's technical committees and sub-committees. The Union enjoys so-called liaison 'category A' status on five of these, which are concerned with developing standards relevant to postal delivery. These are in the following areas: automatic identification and data-capture techniques; paper, board and pulps; test methods and quality specifications for paper and board; packaging; and processes, data elements and documents in commerce, industry and administration. Category A status allows the UPU to contribute to the committees' work. Its representatives are invited to meetings, receive all relevant documentation, and can comment on the various drafts. The Union, however, has no voting rights. The UPU also has 'category B' liaison status on six other committees, which keep the organization informed about their work. ISO calls its cooperation with the UPU a win-win situation.

"By participating in the development of ISO standards, the UPU can contribute to and influence standards

important to the international postal industry and ensure that the specific interests of this industry are taken into account. ISO, in turn, benefits from the expert input of the UPU representatives," Roger Frost, ISO's communications manager, explains.

Given that ISO standards are voluntary and based on consensus, it is important that they reflect as broad a base as possible of the stakeholders, who will either be affected by them or use them, he adds.

#### **Geographic norms**

Since the beginning of the year, the UPU has been in discussions with ISO's TC 211, a technical committee on geographic information or geomatics. The talks are on a possible collaboration in addressing within the field of standardizing digital geographic information. The goal would be to establish a set of standards for information concerning objects or phenomena that are directly or indirectly associated with a location relative to the earth, says the committee. The ISO committee's understanding of addresses is different from the Union's. While the postal sector develops addressing standards that feature names of addressees and provide formatting rules, ISO considers addresses for geographic purposes. For example, an address can be used to identify a business for tax purposes, or to provide a range of public services, including in emergency situations. These different approaches, however, have not proved to be a hindrance to the negotiations.

"Discussions have been taking place as to whether elements of the UPU norm S42 on addressing for the postal sector could be recognized by ISO by including it in their suite of address standards," reveals Luc Hauss, head of the UPU's addressing unit.

S42 covers international postal address components and templates. It stipulates how an address should be written, including the order in which postal address elements are to appear.

#### **Keep on moving**

The wheels of cooperation with other international standard-making bodies only started turning relatively recently.

"The key thing that happened at the UPU within the last couple of years was the move beyond just setting standards among postal administrations... and to have standards that apply not just in a postal setting but also in a commercial setting," explains Thomas Day, chairman of the UPU's standards board. The main advantages of working with groups like ISO are that the Union ensures that certain formats and procedural methods – complying with what international standards bodies want – are used while establishing standards. To illustrate the point further, Day mentions the cooperation between the UPU and the International Air Transport Association (IATA). This is standardizing the exchange of information for postal items transiting through commercial airlines between the latter and the Posts.

"We could have just used the standard that applies to postal administrations. However, by working with IATA, you can set up standards that are applicable across all commercial airlines," Day says.

And this simplifies matters considerably. M39 is a key standard that enables electronic data interchange (EDI)

between Posts and airlines. This standard has streamlined processes dramatically, saving both parties time and money. "Thanks to EDI, Posts can tell airlines electronically exactly when mail items will arrive, including time and weight, enabling the airlines to conduct proper capacity planning," says Mathur.

This exchange of operational information is fully automated, having replaced the older, slower method of paper communication. In the future, accounting will also be automated to further facilitate operational processes. In addition, IATA has discovered an interesting side effect of this cooperation.

"By working with us, IATA found that this data structure not only works for postal items but is also an effective way of dealing with data for cargo and even passenger baggage," reveals Day.

#### **RFID talks**

The UPU is also participating in discussions on radio frequency identification (RFID) with ISO. On home ground, the Union is currently working on the Global Monitoring System project, which will use RFID to measure mail quality. Rather than developing its own norms on this cutting-edge technology, the Union will be relying on outside help, with this part of the project going out to tender.

"The Global Monitoring System will be based on the latest international standards for RFID, which is quite unusual," says UPU RFID consultant Richard Wishart. One reason why this decision was made was financial. Wishart points out that creating one's own standard from scratch or having it created can involve high costs. However, other factors are also at play.

"The UPU is becoming more and more involved in global activity on international standards, while at the same

time not wanting to reinvent the wheel when it comes to the same," says Henri Barthel, technical director at GS1. This non-profit organization has been designing and implementing standards for over 30 years and started by providing companies with numbers for use in item identification for barcode purposes. It has since expanded into further types of barcodes, RFID and other areas, and works very closely with ISO. "There are a number of Posts already using our standards for item identification and logistics," Barthel adds.

The technical director says that the UPU is also utilizing some of GS1's RFID standards. "In the 1990s, the UPU developed some RFID standards. My understanding from recent discussions with the Union is that developing technology standards is not really its core business but rather establishing application standards." And Barthel clearly understands the Union's strategy. "I think it's the right way to approach the situation," he says.

#### **Multiple stakeholders**

The UPU's standards board is already familiar with the multi-stakeholder approach, akin to that offered by ISO.

"We try to keep our membership as open as possible," says Day. "We encourage as much participation as we possibly can, not only from member countries but also from technical suppliers, like Siemens."

By having a much broader representation on the standards board, says Day, the way is paved for having "a very open approach to how you develop standards, while making sure that all the technical expertise is there". This avoids the situation where a standard is set without being technically possible. The chairman underlines that there is an open-door policy towards any member country that wishes to join discussions. He adds that there is no use in developing a standard that only one member

country benefits from. Also, a new standard is virtually useless if members do not put it into use.

#### **Looking ahead**

As for the future, the UPU remains very much committed to its mandate of developing global standards for the postal sector. Its standards pipeline is currently well stocked. One future standard will cover postal item identifiers, which will provide an improved method of identifying 'trackable' items. More messaging standards are also on the cards.

"These will enable automated accounting between Posts and between Posts and airlines, as well as facilitating the exchange of operational information between Posts and customs," reveals Mathur.

Also coming up is a postal registered e-mail specification. This concerns an electronic version of the traditional physical registered mail service, which operates in a digital environment with message confidentiality, security and integrity between authenticated partners. The UPU will also continue to look beyond its own industry, employing its long years of standard-setting experience to ensure that the Posts' voice is heard when new international norms that apply across sectors are set.

# The coopetitive edge

.....

How does an application like the UPU's International Postal System (IPS) become an international standard in a matter of years? When coopetition gets involved, the transformation can be quick.

.....

**By Farah Abdallah, research associate, and Matthias Finger, full professor, at the Ecole polytechnique fédérale de Lausanne**

Traditional standardization organizations are often criticized for lagging behind technological evolution. Thus, over the past decade, a new type of standard-setters has appeared: so-called industry consortia or standard-setting organizations (SSOs). Rival firms voluntarily form and join SSOs, creating a cluster or network of entities capable of developing new technological products that achieve a widespread acceptance in the market and become the de facto industry standards.

Competitors find substantial strategic benefits when collaborating in SSOs. On the one hand, competing firms jointly coordinate their resources and capabilities to develop new products and create new common markets. On the other, firms defend their private interests within the SSOs by lobbying for the technological options that better support their business model. The goal is to maximize the value appropriated from the jointly created market. This hybrid behaviour consisting of concurrent cooperation and competition is known as coopetition\*, the assumption being that firms perform better when they simultaneously engage in collaborative and competitive relationships.

The UPU's International Postal System (IPS) is a case in point. Over the years, rival postal operators have collaborated through the Postal Technology Centre (PTC), or the SSO, to develop the IPS standard. Furthermore, such collaboration in SSOs has proven significant for postal operators and for the industry in general.

IPS is an IT application to manage international mail from the place of origin to the destination country. It was developed in 1995 by the international mail service (IMS) user group of the PTC. Initially, IPS was a "gentlemen's agreement" between the postal operators of Australia, France, the United States and Japan. In 1997, the first adopter of the technology was Argentina Post, followed by Australia Post. Today, 123 postal operators use IPS.

## **Different strategies**

How do postal operators cooperate to develop standards? They adopt one of three types of strategies. First, some operators become passive users. They voluntarily acquire IPS to make their technological platform interoperable with those of other postal operators (who use the same software), thus forming an international postal technological platform. However, passive users do not contribute to standard specification or development. There is no regulation obliging postal operators to use the IPS software, but they pay a yearly fee to cover the costs of development, maintenance, and support.

Then there are the active users, members of the IMS user group, which is the standard organization committee. They define the software development strategy and new functionalities the software should incorporate. They pay an annual membership fee to the PTC and elect five voting members for a four-year term to the IMS management committee, responsible for the coordination between the different operators using the standard and for gathering their diverse requirements.



Finally, there are leader active users. These operators, such as Australia Post, are members of the IMS user group and invest resources and capabilities to develop and improve the standard. When a postal operator or a group of postal operators want to develop a new function not part of the standard version, the PTC and the IMS management committee must give their agreement. These bodies check whether the request follows the software's strategy and design perspective. The requesting operators then sign a contract with the PTC to cover the development costs. Afterward, the new software version becomes available for all the other users. These postal operators find substantial benefits from investing in the development of the standard.

#### **Why postal operators cooperate in SSOs**

Postal operators voluntarily collaborated in the development of the IPS software, which soon became the de facto standard for the industry. The benefits derived from collaboration between traditional competitors with the aim of developing common standards quickly became evident. Here are the four main ones:

**Creating public value:** Standards developed through SSO have many characteristics of public goods. The SSO ensures equal access to the same technologies for all the organizations participating in the network. This status encourages postal operators of developing countries to join the SSO and adopt the standard. In some cases they are early adopters, such as Argentina in 1997. In a 2005 report for PTC, it was pointed out that "all of the least developed countries using mail management software were equipped with PTC applications".

**Facing collective technical uncertainty:** Firms are more likely to join SSOs when the technology is being developed in order to reduce technological uncertainty and ensure the quick development of a product that guarantees interconnection between the different network nodes and links and therefore the network technical functioning. However, when the software becomes the industry standard, software managers and developers face the challenge of maintaining unique interface software for all the network operators. Indeed, postal operators have diverse expectations and needs, thus IPS has to be integrated into these diverse environments, and hence IPS technical complexity is increasing.

**Increase their competitiveness:** In 1994, postal operators faced growing competition from private international postal operators, such as TNT and DHL. Customers' needed to be better informed about the status of their international mails. Private international operators already had a global infrastructure, enabling them to respond to their customers' need and track mail from origin to destination. As a response, national postal operators decided to collaborate to develop an international interface standard, enabling them to communicate, thus creating a global competitive technological infrastructure.

**Enhance their innovativeness:** Firms are fundamentally heterogeneous in terms of their resources and internal capabilities. Product innovation requires a certain set of resources and capabilities that are costly to develop. Therefore, it can be less expensive for a postal operator, willing to develop a new product, to bundle its internal resources with the existing ones of other postal operators in the SSO network, than to develop internally all the required resources for innovation. Also, the bundling of resources at a network level allows postal operators to create and exploit new common opportunities.

To conclude, postal operators perceive SSOs as a tool to further their own economic interest as well as to enhance the competitiveness of the overall postal network. How can postal operators improve their performance when cooperating in SSOs? Only the future will tell, but the Ecole polytechnique fédérale de Lausanne is eager to study the issue further.

**\* Brandenburger, A. and B. Nalebuff (1995).  
"The right Game: Use Game Theory to Shape Strategy"  
Harvard Business Review.  
Brandenburger, A. M. and B. J. Nalebuff (1996). Co-Opetition**

# EMS comes of age

.....

While many designated postal operators the world over are facing declining mail volumes, one service seems less affected by this global trend: the express mail service, or EMS.

.....

**By**  
**Faryal Mirza**



.....

**EMS delivery employees from the Bahamas Postal Service get ready to hit the streets.**



EMS remains one of the fastest growing physical services offered by postal operators around the globe. Just over a decade ago, the product received a boost with the creation of the EMS Cooperative and its operational arm, the EMS unit, run from the UPU's International Bureau. And today the figures speak for themselves: nearly 44 million items were sent worldwide through EMS in 2007, representing an increase of 7.77 % on the previous year. Postal operators – responding to the traffic questionnaire sent out by the UPU EMS unit – reported growth in every region. Africa registered the largest growth overall at 16.44 %, the lion's share of which was clocked in English-speaking countries. Other impressive increases in EMS traffic were seen in the Asia-Pacific region (8.75 %) and the Arab countries (7.6 %).

Why is EMS so popular? Wendy Eitan of Israel Post, who chairs the EMS Cooperative Board, offers some hints. "EMS has a reputation as a good product with an affordable price. It is also the only express product delivered on a universal basis," she explains.

That feature is seen as one of the main strengths of EMS: network coverage, thanks to a presence in over 180 countries and territories, linked to post offices and full national delivery networks.

#### **Into Africa**

The express service is well regarded in African countries. In Senegal, for example, this is due in no small part to the national postal operator's direct marketing activities, according to Awa Cissé, the EMS unit's Africa coordinator based at the International Bureau. Cissé was previously director general of EMS Senegal and worked with the product for nearly a decade in her home country before joining the Bureau in 2004. "Most customers are contacted by direct mail or one-to-one communication," she explains.

Local and foreign companies generate most EMS revenues in the country. From her time with EMS Senegal, Cissé recalls that two major customers were Sonatel, the country's leading telecommunications provider, and

Total, the French petroleum company. Contracts with these firms revolved around the delivery of their invoices. Other clients included NGOs and international agencies, such as UNICEF.

The local company Sokamousse, a manufacturer of foam mattresses, is one of Senegal's happiest EMS customers. "EMS is very reliable and secure," says the company's spokesperson, Daba Sylla.

Based in Dakar, Groupe Raceco, a media company, has been using EMS for more than five years. "We send cassettes containing national television footage to the regions," says employee Fatou Gueye. "The service is very fast and very reliable."

As for the recent growth of EMS in Africa in general, Cissé believes this is due to a number of factors, not least the EMS unit's face-to-face dealings with national operators. "Thanks to our regional approach, we can meet decision-makers and operational staff directly to explain to them in detail what they are missing as service-providers and what they need to do to address this. We then do a follow-up exercise," Cissé says. She adds that operators at a 2008 workshop in Nairobi called it "an eye-opener", giving them a better idea of how they could improve.

#### **Tried and tested in Asia-Pacific**

On the opposite side of the globe, Amy Ng of Hongkong Post describes EMS as "a very profitable product" for her organization. Ng, director of external affairs and a member of the EMS Cooperative board, adds: "EMS is an important service required by both commercial and private customers, and it is reliable and affordable."

The service is especially prized by small and medium-sized enterprises (SMEs). "They are not normally able to negotiate with large private couriers and so they have to pay a lot to use the latter's express services. EMS, on the other hand, provides SMEs with an affordable solution and is open to all," explains Ng.

Competition is keen in the Asia-Pacific region, she says, and the world is in the grips of an economic crisis. Hongkong Post, however, has a strategy. "We want to add more value to what we offer the customer. We try to understand their needs and stay profitable at the same time," says Ng. This means offering clients incentives, discounts and promotions to use EMS. On an operational level, the EMS department is looking at possible ways of re-engineering processes to make them simpler and cheaper. "Staff costs are the most important element here. We often deploy EMS staff for the universal service too, such as mail delivery. This works as all the staff involved in EMS are generalists and usually letter carriers," says Ng.

One of the driving forces behind the recent EMS renaissance worldwide was the UPU's decision to set up the EMS Cooperative in 1998, in an initiative approved by the Postal Operations Council (POC). "The EMS Cooperative was set up in a market where EMS was clearly losing. The POC decided on the cooperative framework, complete with a board that had a commercial outlook to save the product and it did," says the board's chair, Wendy Eitan.

Cooperative membership is voluntary and, to date, 153 Posts have joined. As the Cooperative board reports to the POC, it is firmly under the UPU umbrella. Indeed, as part of the UPU, the EMS Cooperative benefits from all the Union's achievements in the fields of quality of service, customs procedures, relationships with the airlines and security, to name but a few. "Without the UPU's achievements in these fields, it would have been difficult for the EMS Cooperative to have accomplished the work on its own," says Alistair MacRae, head of the UPU's EMS unit.

#### **A clear vision**

As for the product's future, the EMS Cooperative board's current business plan sets out the roadmap for the period 2009–2012. The plan clearly defines the market in which the product is operating: "EMS customers are looking for four key product features: reliability, speed, price and information. EMS will only grow if these requirements are met to customer satisfaction, which begins with fulfilling service commitments at least 95 % of the time and includes meeting customer service expectations."

The strategy for EMS Cooperative members over the next few years is entitled "Constant Improvement". The emphasis is on reliability, with the business plan setting out global targets in key areas such as delivery, tracking and responsiveness. These include ensuring that the rate of on-time deliveries hits 95 % or more and delivery tracking scores 98 %. Eitan says that the business plan is not even that ambitious. "The plan is rather realistic. We are looking for constant incremental improvements, using key performance indicators to ensure that no member is stagnant or going backwards," Eitan says. Whether members will achieve the business plan milestones within the next few years remains to be seen. "In the end, it is up to the member states. You can provide the tools, but whether they are used is up to the members," says Eitan.

#### **Happy birthday...**

According to the board, some changes to the way the Cooperative works may be on the cards, now that the latter has just celebrated its 10th birthday. "When the EMS Cooperative was created, getting UPU members to join was at the forefront of our minds. About 80 % of





# Kahala Group tackles the competition

the world's postal operators are now members, so maybe we should look at how we operate. After all, the conditions that applied when we were created are different to the ones that apply now," says MacRae. He adds that even so there are still many constants as far as the customer is concerned, such as the basic requirements of a quality service at an affordable price.

What is clear is that EMS faces and will continue to face competition from private operators. Yet, the EMS Cooperative believes its members have two advantages: "The Posts can provide a truly global network. The market in which they work may vary from country to country, but it is only by working together and not individually that EMS will progress," says MacRae.

And the Board is fully aware of the challenges that lie ahead, especially in the light of the cooperative's youth. "The EMS Cooperative is just 10 years old and like a child. We still have teething problems to sort out. The Cooperative is now entering its teenage years, and you know how good parenting has to be for teenagers!" smiles MacRae.

.....

Some Posts have come up with their own way of dealing with the tough competition from private express-mail providers. The Kahala Posts Group (KPG) was set up in 2003 to improve EMS performance, capability, technology connectivity and competitive understanding between member Posts. Current members are the Posts of Australia, China, France, Hong Kong, Japan, Republic of Korea, Singapore, Spain, United Kingdom and the United States. All of these countries are members of the EMS Cooperative, which views them as "leaders in providing a high standard EMS service", in the words of Wendy Eitan, chair of the EMS Cooperative board.

"The fact that the KPG has undertaken specific tasks is a necessity to meet customer expectations and the need to take market share from competitor integrators," explains Peter Morrison, group manager of international at Australia Post. According to the United States Postal Service, the alliance delivers to more than 261 million addresses and eight billion postcode combinations and offers services at more than 142,000 retail locations across its members' territories.

# Stamping out fakes

Stamps have long been a favourite target of counterfeiters. But postal operators are not about to throw in the towel. With support from the UPU and the increasingly sophisticated security techniques now available, they are on the offensive.



Counterfeiting consists of imitating an existing stamp and selling it, explains Jean-François Logette, manager of the philatelic programme at the International Bureau. The problem affects industrialized countries in particular, and current stamps, used on everyday mail, are prime targets of counterfeit artists.

"This is a growing problem, and it is set to escalate as increasingly sophisticated reproduction methods facilitate the counterfeiters' task. Counterfeit stamps eat into the revenue of the issuing Posts and cheat collectors," says Logette.

Sweden is one country that is very familiar with the problem. Between 2005 and 2007, the Swedish Post saw 31 stamp issues counterfeited. At the end of 2005 and the beginning of 2006, Swedish and Danish police and customs officers seized more than one million fake Swedish stamps in transit or hidden in furniture imported from the Far East. All the stamps were destined for use on domestic first-class letters.

Fake stamps are "very well made" and sold in small retail outlets: grocers' shops and kiosks, says Claudia Hager of the Austrian State Printing House, another country struggling with counterfeit stamps. "Although the value of a single stamp is small, the damage is enormous when it is reproduced in large quantities. The stamp is a brand image, the authentic and original registered trademark that distinguishes the Posts. It is the country's messenger."

## Points of sale and technology

Various factors have facilitated the growth of counterfeiting, especially in industrialized countries. First, there is the proliferation of prepaid correspondence as well as the growth in points of sale of stamps in convenience stores, at kiosks and on the Internet. Then, the market for selling postage stamps is also open to competition. All these elements combined make it increasingly difficult to monitor the distribution network, and serve to encourage forgers to produce and sell fake stamps. Forgery is a greater problem in countries where the latest printing technologies are readily available. These systems are within the forgers' reach, given their affordable price and ease of use.

Given the extent of the problem, the UPU, with help from various countries, has put measures and systems in place to counteract this phenomenon and to identify counterfeit stamps before they are sold. Furthermore, the UPU plays a unifying role in terms of awareness-raising and regularly organizes philatelic workshops on new technologies and security printing. Printers and professionals can thereby raise awareness among philatelic experts and give them advice so as to guarantee secure printing.

A conference organized by the UPU in 2007 enabled affected countries to assess the situation in their respective markets and to propose solutions. Professionals discussed their experiences and laid out the different measures they have undertaken to tackle this thorny problem.

By  
Sarrah Daldoul



# Security printers say bring it on

Security printers today use perforations, scents, embossing, holograms and many other sophisticated production techniques to better protect philatelic products and discourage counterfeits. Here are a few of them.



Before and after – The original Austrian stamp “The Holy Family” (above) has a gold-colour metallic frame, while the frame of its counterfeit equivalent (marked COPY) has lost its metallic glossy effect. Line structure also clearly indicates low-end laser printing.

Solutions were adopted at every stage, from printing techniques through to visual checking of stamps already in circulation. However, none of this comes cheap.

## Security printers

The UPU encourages stamp issuing countries that are part of the WNS, a worldwide numbering system for postage stamps (see side article), to use security printers. A list of reliable printers that have signed up to the code of ethics of the International Confederation for Printing and Allied Industries, INTERGRAF, which sets the standards and conditions necessary for printers to become security printers, is available on the WNS site. Many member countries also use the simple measure of indicating the name of the printer on the postage stamp.

Article 7.7 of the UPU’s recently updated philatelic code of ethics advises Posts to confer printing solely upon printers that have accepted the INTERGRAF code of ethics and guarantee the security of postage stamps.

## Progress

The fight against counterfeit stamps has enabled some countries, such as Sweden, to make headway in resolving the problem. Kristina Olofsdotter, marketing and design manager at Sweden Post, says that the situation today is under control and that, thanks to measures adopted since 2007, the organization has reduced traffic in forged stamps to a minimum. “Our security measures have proved to be very successful, as only eight new cases have been recorded.”



This Indian stamp featuring jasmine also carries the flower’s scent.



A French stamp honouring Louis Braille features Braille script.



Iceland used thermochromatic ink to print this stamp on the preservation of polar regions and glaciers. The red areas show the state of the Arctic ice today. When the sheet is heated, the red lines slowly disappear, showing the shrinkage of glaciers and the sea ice covering the Arctic Ocean in 2100 based on scientific predictions.

All the stamps are submitted to a technical analysis and an authenticity testing system. Postal staff have been trained, with the aim of improving vigilance and raising awareness of the severity of the problem.

Sweden Post also mobilized the media in order to distribute information to customers, which has often resulted in the detection of forgers and traders. Police officers have received specialized training in identifying counterfeiters and dealers.

“We have also been obliged to modify the stamp design techniques by adding authenticity markers and security features that can be recognized by both the public and postal employees. Sweden Post is now working in a network with identified and recognized partners,” explains Olofsdotter, who urges Posts dealing with a problem of counterfeit stamps to identify a network of reliable partners and entrust them with sales. Other useful measures include cooperating with the police and gathering infor-



.....  
**Portugal and Canada use security perforations on their stamps – national symbols such as a cross or a maple leaf – to make them more difficult to counterfeit.**



.....  
**These stamps issued by Hongkong Post to mark the Lunar New Year feature a rat and an ox in gold relief.**

mation to be included on a database that is made available to sorting centres.

From 13 to 15 May, the world's security printers will gather in Stockholm for INTERGRAF's international exhibition of secure printing technologies. The issue of counterfeiting will also be discussed during philatelic exhibitions in London (April 2010) and in Portugal (May 2010).

While the total elimination of counterfeiting is a mere pipe dream, Jean-François Logette says the UPU and its member countries will continue to work together and exchange information about strategies and new security measures that can be adopted to alleviate the problem and at least give the criminals a run for their money.

# WNS: Stamps by number

.....  
 The WNS is a worldwide numbering system for postage stamps. It was launched by the UPU and the World Association for the Development of Philately on 1 January 2002. All stamps officially issued by WNS member countries are registered on a website ([www.wnsstamps.ch](http://www.wnsstamps.ch)) and given a unique WNS number. The UPU strongly recommends that countries join this system, but it cannot force anyone to do so as it is not a free service. The UPU has proposed to add an alert beside stamps known to have been counterfeited, but some member countries fear this measure would unintentionally contribute to promoting this trade, as there is a market for forged stamps. As of today, 191 of the 237 issuing postal authorities in the world are members of the WNS. Over 37,000 stamps are listed on [www.wnsstamps.ch](http://www.wnsstamps.ch).

# The postage stamp in a nutshell

.....  
 The postage stamp shall be issued solely by a competent issuing authority, in conformity with the Acts of the UPU. The issue of stamps shall also include their circulation. It is a manifestation of sovereignty and constitutes proof of prepayment of the postage corresponding to its intrinsic value when affixed to a postal item, in conformity with the Acts of the Union.

The postage stamp represents a source of supplementary revenue for postal administrations, in its capacity as a philatelic item. It must be in circulation, for postal prepayment or for philatelic purposes, in the territory of origin of the issuing authority.

.....  
 Source: Philatelic code of ethics for the use of UPU member countries – recommendation C 26/2008 of the 24th Universal Postal Congress.  
 .....

# A postal response to the crisis

As the financial crisis continues to make the headlines, organizations from the G7 to the United Nations are focusing on what can be done to deal with this financial debacle. The UPU is keen to enter the debate.

The postal sector has a lot to contribute to the issue. I will make that case at both the Postal Operations Council high-level debate and the next Chief Executives Board of the United Nations due to take place one after the other in early April.

Today's crisis has led to mistrust of financial market players, changes in the habits of consumers and businesses alike, and an increased need for governance and government intervention in the financial arena. But I am convinced that, owing to its image of trust and stability, the worldwide postal network can and must play its part in a time of crisis.



.....  
**By Edouard Dayan, director general of the UPU**

A major impact of the crisis is that it has created aversion to risk, leading to a credit crunch for individuals and firms, the freezing of interbank lending and reduced access to capital markets, and large capital outflows from emerging and less developed economies. This is leading to a global recession, which could slow down international trade and migration flows.

As I see it, the postal sector can help to mitigate these threats through trust, inclusion and partnership.

Since the crisis began, postal financial institutions have been reporting a strong increase in the number of new deposits and savings accounts. Such trust can feed the maintenance and development of efficient and reliable postal payment systems, helping to stabilize financial conditions through the world's more than 660,000 post offices. Postal networks also enable low and middle-income households excluded by traditional banks to gain access to basic financial services.

According to projections, fund transfers – a vital source of financing for developing or transitional countries – will go down sharply as migration slows. The UPU's electronic fund transfer system, currently linking 60 countries, is based on an intergovernmental treaty that fully integrates the electronic dimension of financial transactions. Allowing safe, affordable and accessible transfers through postal networks responds to the needs of

migrants, of their countries of origin and of the world community at large. Posts could even provide special emigrant postal accounts to better channel remittances to savings and investment.

Trust in the postal sector could also ease the development of distance trade, since Posts act as trusted third parties, particularly in the area of e-commerce, where buyers and sellers often do not know each other. This is important at a time when more consumers are buying online.

International exchanges are at significant risk as flows contract and protectionist measures are being considered. Optimal conditions must enable all economic forces to participate in international trade. For that reason, the UPU is working with the International Air Transport Association and the World Customs Organization to better coordinate activities and integrate the worldwide logistics chain. This work is leading to the implementation of programmes to help small businesses in the developing countries export their goods, and successful experiments carried out in Latin America through the postal network will be rolled out to other regions.

The postal sector is one of the world's biggest employers, with more than five million workers around the globe. The crisis is bound to have a social impact on the sector. Training and social dialogue will be more important than ever. We will look at ways of strengthening the UPU's TRAINPOST distance-learning programmes, and the UPU and UNI (a global trade union to which postal labour unions are affiliated) will work on projects promoting sustainable development, social dialogue in developing countries, health, and so forth.

The UPU will continue its efforts to strengthen the postal sector, as a driver of, and infrastructure for, development. But the crisis requires a multilateral response. Partnerships such as the World Trade Organization's Aid for Trade initiative are needed, especially among United Nations agencies and organizations. In areas such as financial inclusion, development of exchanges, and social issues in particular, the UPU can only act with the support of others. We also need to work with citizens, businesses, governments and other networks and infrastructures to develop addressing systems, which are a vital part of people's identity, and develop common standards that enhance the postal network's interconnectivity.

I remain convinced that a strong postal network worldwide remains a key infrastructure for alleviating the consequences of the economic crisis we face today.

# Part and parcel of the UPU

.....

According to UPU data, domestic parcel volumes reached 6.5 billion items in 2007, up 7.9 % on 2002. Over the same five-year period, international volumes rose 1.4 % to reach 44 million items in 2007.

.....  
**By**  
**Rhéal LeBlanc**

.....  
**Photos**  
**Mark Coote**

The growth of e-commerce and a more customer-focused approach are turning designated postal operators into more aggressive service providers in a market where competition is fierce and using the latest technologies is essential to gaining greater market share.

It is difficult to tell exactly what the global parcels market is worth. Postal operators worldwide, public and private, guard their numbers all too jealously. But some published reports estimate the global express and parcels market was already worth more than 162 billion US dollars in 2005. In European Union countries, where Posts are major parcel operators, experts say the market is growing by more than 6 % every year and that it was worth some 39 billion euros in 2005.

In recent years, UPU member countries have made themselves more accountable for the quality of their parcels service. Barcodes and acceptance of liability are now mandatory, and bonus payments are tied to service features. In 2010, some bonus payments will also depend on countries' performance against data transmission targets.

The Postal Operations Council's (POC) new parcels committee will continue to focus on improving quality, but its chair, New Zealand Post's Celia Galbraith, says that designated operators, collectively, must also better understand the market and customers' needs. She talked with *Union Postale* about how member countries can better grasp market opportunities and gain customers' confidence.





.....

“We need to provide solutions, not just products, and maintain affordability for all customers.”

What are some of the key trends in the international parcels business today?

**Celia Galbraith** The parcels business is in the fortunate position of being a growth business, and that means we should be putting our full support behind it. Consumers are transacting in different ways. There may be challenging signs of electronic substitution for traditional letter volumes, but the growth of Internet-based transactions has led to growth in the parcels market, with consumers buying more merchandise online and across borders. Posts reach more addresses than anyone else and trust is placed in us as our countries' designated operators. This offers us huge opportunities to support such trends by delivering excellent solutions. We are also starting to understand the need to provide commercial solutions, for those who are sending substantial international parcel volumes. Hence, we will place a greater focus on product development and marketing in this cycle.

A Congress report recommended that the UPU gain “a better understanding of the market”.

What does that mean exactly?  
Collectively, we have to better understand our customers' needs. At the POC we need to hear the customer's voice. We need to pro-

vide solutions, not just products, and maintain affordability for all customers. Our customers should be able to pick and choose what they want in terms of service and pricing. We will look at ways of introducing services such as direct entry and an improved process for returning parcels. The parcels business is a growth market, and owing to changes in the marketplace, postal operators face very strong competition. Focusing on the right areas and placing customers at the centre will be very important goals.

How will you ensure the customer's voice is heard?

Individually designated operators have a wealth of information to share with others about customers' perceptions, attitudes and needs. In the end, we are each other's customers. We need to act collectively and share information better, so as to learn from each other's success. In the parcels committee, one of our standing agenda items is a regional update on new initiatives that tackle old problems using a new approach. For example, in West Africa the Posts have worked together to develop a transport route that allows them to give customers greater certainty of when their products will be dispatched and delivered. We will also work more closely with other UPU stake-

holder groups, such as the EMS Cooperative, our committee's product development and marketing group, the Direct Mail Advisory Board and the Consultative Committee. They also represent the customers we aim to serve.

Will the financial crisis seriously affect the parcels business?

We are only now starting to understand the impact and it is still too early to tell. But customers will probably pay more attention to their discretionary spending and look at alternatives for moving products. We should be responsive to our customers' needs and concerns, and focus on critical issues. With the POC, we have the opportunity to better understand how our business works and how it is affected. After all, my outbound parcels are someone else's inbound. We are a global network. The crisis may be an opportunity for us to attract customers who previously used premium services outside the Posts, but we must also ensure that our pricing is right.

What do you feel has been the single most important quality development in the past few years?

The use of barcodes, without a doubt. They have been the basis for many improvements in recent years. In 2005, we made it mandatory for member countries to use



barcodes. At the time, 82 countries were using them consistently on outbound parcels. In 2007, we went further and made barcodes mandatory for countries to participate in the bonus system for inward land rates (Ed: inward land rates are what countries pay each other for delivering incoming international parcels). Today, more than 150 countries use barcodes. Barcodes enable us to track and trace parcels and promptly respond to customer inquiries in conjunction with our Internet-based inquiry system, which countries use to communicate with each other.

Using barcodes and track and trace systems for parcels has been an important development. But are they as effective as they could be? Certainly we now have the basis for improving the service and work on inward land rates has done a lot to provide the right incentives to member countries. That said, more training and support must be provided once technologies are adopted. About 100 countries currently use our inquiry system and the International Post System, or IPS, is a top-of-class operating system for developing countries. But everyone must fully understand its functionalities and features to ensure that data exchanges are as useful as possible for member countries. For example, one country was using the wrong screen on IPS to input data, which meant the information was never being transmitted. Some countries were unaware that the capability to exchange electronic data interchange (EDI) messages for dispatches was a built-in function of IPS. The UPU must raise awareness

through training and follow up on how technologies are being used to ensure optimal performance. Equally, until we have 100 % of countries exchanging quality and on-time track and trace and customer inquiry data, we cannot provide our customers with consistent service standards across a global network.

Improving service quality is one thing. How can the UPU help member countries develop their parcel market?

The UPU must continue to facilitate information sharing among its members. We must leverage this knowledge for everyone's benefit. Looking at volume trends and regional initiatives such as the transportation network being developed in West Africa is certainly useful, but we also must use this information to better deliver the type of service customers want and need. If you look at the market, there is a comprehensive range of solutions on offer. There is no reason why we cannot match or exceed these. We just need to be more receptive to exploring new ideas for service options, such as direct entry parcels, customs pre-clearance, and receiver pays.

How can UPU member countries better work together to implement decisions more quickly and be more competitive?

For one thing, we can prioritize our work programme. It is important for members to know the direction that we are taking and we cannot afford to work in isolation. Using an outcomes-based approach should make it easier for us to deliver results. Many expect the

new parcels committee to follow in the previous group's footsteps and deliver excellent work, so it is important that we focus on critical issues. More participation in the committee would be welcome. That would expose us to a range of thinking. We might look at the possibility of using videoconferencing to increase that participation, for example. At the same time, we are working on bringing in new service features, such as direct entry, by the end of 2009. If we can deliver market-focused results, more people will want to be involved. We also have to work more with the restricted unions for a regional perspective on issues and to ensure that the UPU can deliver customer-focused solutions.

You have mentioned direct entry a couple of times. What does it involve exactly?

Direct entry is a service feature some Posts already provide for international letter post, where volumes deposited by one Post in a foreign country have the look and feel of domestic mail. This mail then benefits from domestic postage rates, making it more interesting for businesses to deal with the Post than with a competitor. We are looking at providing the same type of service for international parcels. For parcels, we expect direct entry will be particularly interesting for e-tailers, who are trying to appear closer to their end customers and gain access to competitive, commercial rates. Many Posts already provide excellent e-commerce platforms. Direct entry is the delivery solution that helps us to provide a complete package of services: direct mail marketing,



an e-commerce platform for sales, and delivery through direct entry. Providing a package of this kind is consistent with customers' expectations of a solutions-based approach and partnering with our customers to help them gain access to new markets and achieve growth.

As the quality of the parcels service improves, the line between parcels and EMS (the Posts' express mail service) grows finer. Member countries believe that the POC parcels committee and the EMS Cooperative should work more closely together. How can these bodies work on better defining their individual products?

Parcels and EMS should be complementary services, not competing ones. Today there is a real desire for EMS and the parcels committee to work together to better understand each other's customer bases and why they choose competing solutions instead of the postal ones. We have already begun working more closely together: I am invited to the EMS board meetings and we invite EMS board members to ours, for example. In the Asia-Pacific region, we are holding joint symposiums and I hope that we can do this in other regions. There is lots of dialogue and information sharing, which will help us to better understand our distinct businesses.

Some argue that image is a weakness of designated operators because there is no brand commonality among markets. Do you agree?

I think that what is more important is actually having confidence in our network. We have more touch points than any other business, and we must be confident that we can deliver service as competently as any other provider. We have to talk about our network advantages. When is a global brand made strong? When customers know that the high level of service experimented in one country will be the same in another. We – the Posts – must also focus on accessibility and affordability. We must market ourselves better by consistently delivering on our customer promise.

In many countries the customs legislation is being amended. How are these changes affecting customs clearance for international parcels?

There is a big new world out there. Changes such as the legislated exchange of electronic customs data could have considerable consequences on our operations, since so much of our parcels traffic is still over the counter and not standardized commercial mailings with electronic lodgement and capture of customs information. We have excellent groups at the UPU working on this issue and it is important

that they have the time and knowledge necessary to work closely with the World Customs Organization to ensure parcels are processed at customs as efficiently as possible.

Do you believe the UPU can really make a difference in an area as competitive as the parcels business?

It absolutely can. We offer a service that is accessible and affordable. Groups work well together and, when we want to make changes, we have shown that we can. Take inward land rates, for example. We went from a situation where countries set their own rates to a Bucharest Congress decision that gave the POC the authority to decide the rates and offer bonuses to countries that made a commitment to specific service features. Today, we face a certain urgency because of changing market trends and the financial crisis, but we have certainly proven that, when we need to, we can redefine our capabilities.

## Market focus

### Historic postal merger

The Swedish minister of enterprise, energy and communications and the Danish minister of transport have signed a partnership agreement for the merger between Posten AB and Post Danmark.

The merger will be examined by the regulatory authorities of the two countries. The merged company will have an annual turnover of around 45 billion Swedish krona (5 billion US dollars) and over

50,000 employees. The Swedish state will own 60 % of the capital and the Danish state 40 %.

The two states will share equally in decision-making, and the new company will have its headquarters in Solna, near Stockholm. This historic merger will increase the competitiveness of the two national enterprises and strengthen their position in the Nordic postal market.

Source: Posten AB press release

### ePostal one-stop shop

From April 2009, all of the South African Post Office's e-services will be consolidated in a single portal under the name ePostal. The new portal has already attracted over 121,000 registered users. The new site is aimed at government, large enterprises, small to medium-size businesses and private individuals. ePostal offers services including hybrid mail and an electronic payment facility for renewing post office box rentals, paying road traffic fines, etc. These bills can be paid online by e-mail, fax or SMS. Electronic services have grown at an annual rate of 60 % over the last three years.

Source: Itweb

### Stamping out illiteracy

The Christmas stamp sales of Belgium's De Post were a resounding success: the 20 million stamps sold raised a total of 840,000 euros. For each stamp sold, 2 cents were donated to De Post's fund to promote literacy.

According to the latest data, illiteracy is still a major problem in Belgium, where around a million citizens experience reading and writing difficulties. The money donated to this fund will be used to boost the efforts of organizations and bodies involved in helping women from families of foreign origin to overcome illiteracy problems, and encouraging them to start their children's schooling as early as possible.

Source: King Baudouin Foundation press release

### GeoPost enters the Indian market

The Indian government has authorized GeoPost SA, the French parcels service operator, to acquire a 60 % holding in the express parcels company Continental Air Express. This stake is, however, subject to certain conditions: The sector for letters and small parcels weighing up to 2 kg is still reserved for Indian operators, in accordance with international regulations. GeoPost's operations will be restricted to the B2B express

parcel delivery segment, with the additional condition that each parcel must weigh more than 2 kg. Giving GeoPost the green light could set a precedent. The Indian postal regulations are currently being amended, and one of the changes seeks to limit foreign investment in courier services to 49 %.

Source: Economic Times India

## Market focus

### Brazilian contracts go online

Last year, the Brazilian Post handled almost all of its invitations to tender and contracts for the procurement of goods and services via the Internet. The 3,000 transactions totalled 900 million US dollars. These electronic transactions benefit both the Post and the national economy. Calls for tenders issued in this format attract a bigger response from

businesses, competition is greater, the processes are simplified, and transparency is guaranteed. A further advantage is the 18.7 % reduction in costs, resulting in a saving of almost 218 million US dollars. The Brazilian Post has even created a website specifically for this purpose.

Source: press release, Empresa de Correios e Telégrafos

### New look postcodes

Morocco Post has introduced new postcodes to help automate sorting and optimize delivery. Complying with new international standards, these geographically structured postcodes identify each sector, district, agency and mail centre for mail deliveries to post office counters and boxes. This means that Morocco Post can now offer the country's biggest mailers a single-point delivery service along with the coding of their databases and hard-copy or digital directories.

Source: Press release Morocco Post

### Banking on education

Deutsche Post World Net (DPWN) is participating in the education project "Teach First Germany", which it is also part-financing. The project aims to provide support for Germany's school students with the help of Deutsche Post staff volunteers, who will be invited by participating classes to talk about their jobs and the skills these jobs require. DPWN will also finance and organize summer schools, at which the children of Deutsche Post and DHL staff will be guided to discover their job market potential. University students selected by the programme will be trained to assist teaching staff in motivating young people to improve their grades and skills.

Source: DPWN press release

### Newspapers à la carte

In Zurich, Swiss Post is testing "Personal News", a daily newspaper whose contents can be chosen by the reader from some twenty Swiss and foreign publications. With traditional mail volumes falling, Swiss Post has found a new gap in the market: an à la carte newspaper produced in conjunction with newspaper editors keen to increase their readership. On a special website, readers can select particular sections from around twenty foreign

and Swiss German publications, and receive the newspaper the next day, either as A3 format hard copy in black and white, or by e-mail in colour. Swiss Post has designed software for automating the entire production chain, from the placing of the order to the production of the newspaper by a Zurich printer. The project is undergoing a three-month trial.

Source: Le Temps





Respect the planet by choosing materials that comply with the rules of an Environment Management System (ISO 14001 certified).

# Optimize your performance.



Photo Graphic Obsession

**SOLYSTIC, A 60 YEAR PARTNER OF THE POSTAL SERVICES.**

To create customers' loyalty, parties involved in the postal business are to be twice as attentive to reach their performance goals.

By allocating 10 % of its turnover to R&D, SOLYSTIC is able to understand the needs of postal operators and to offer future solutions.

Selecting the SOLYSTIC products is to bet on innovation in order to optimize your performance.

[www.solystic.com](http://www.solystic.com)



**SOLYSTIC**  
a NORTHROP GRUMMAN company

Future postal solutions

bb&b



# *The postal network*

*Facilitating affordable  
money transfers  
worldwide*

