iAddress™ Updater

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LFTs for S/L Mail Becoming Mandatory in 2015

Canada Post intends to make the use of the Letterflatainer (LFT) mandatory for all S/L mail (Lettermail, Addressed Admail and Publications) in June 2015. To this end, the option of selecting the Lettertainer (LT) will have to be removed from all SERP Presort software effective June 1, 2015. Please let me know if you foresee any issues with modifying your software to accommodate this change.

USPS Full Service

As US mailers are aware, the USPS has been promoting their Intelligent Mail options for automation discounts. The Basic Service and Full-Service options have been available since 2009. As of June, 2014, 77% of mail that would qualify for Full-Service has been prepared in that way. Although mailers are not required to submit electronic postage statements or prepare their mailings this way <u>at this time</u>, the USPS is actively promoting Full-Service to mailers.

There are several benefits to using Full-Service Intelligent Mail. They are as follows:

1. Additional price per piece discount on automation mailings

2. Track and monitor

Mailers can monitor the flow of their mail with an IMb. This begins with "Start-the-Clock" data when the mailing has been inducted and continues through to pieces going out for delivery. This visibility and tracking is available on the Data Distribution/Informed Visibility dashboard.

3. Elimination of Permit Fees

When 90% of a mailer's cumulative annual mailings are Full-Service, they become eligible for a waiver of their annual presort mailing or destination entry fees.

4. Mail Anywhere

This benefit allows mailers to use the same permit at any location they induct into. Eligibility for this benefit requires USPS approval based on meeting quality thresholds for Full-Service electronic verification.

5. Address Change Service

Free address change records are provided to participating mailers on Full-Service mailpieces associated to electronic documentation. The free data is available through *PostalOne!* Or SingleSource ACS. Enhancements to this benefit are anticipated in the future.

There are requirements for preparing Full-Service Intelligent Mail. A unique Intelligent Mail barcode (IMb) must be applied to:

- Each mailpiece (postcard, letter or flat);
- Each tray or sack;
- Placards for pallets when required

As well, postage statements and mailing documentation must be submitted electronically.

Although Full-Service is not yet mandatory for US mailings, it is anticipated that this will happen in the very near future. All mailers are encouraged to explore Full-Service Intelligent Mail to ensure they are prepared and that they can access the benefits available.

The Price of Paper Bills

National media has been covering the emerging story of the pay-to-pay rule that many companies, primarily in the telecom and internet industries, have been levying for many years on their customers. According to a study by the Public Interest Advocacy Centre (PIAC), Canadians are now paying over $734 million annually, with approximately $600 million of this to the telecom industry, for paper bills they received free before 2010. This figure includes only companies currently charging for paper bills and could be significantly higher if other industries opt for pay-to-pay. PIAC indicates that most of these fees are paid by seniors and low-income consumers without as much access to the internet. As companies continue to push their

customers to electronic bills, consumers are becoming more and more dissatisfied with fees to receive paper bills.

Lack of access to the internet is only one reason that consumers prefer paper bills although it has been well documented that those without access or regular access to the internet are predominantly low-income and elderly consumers. Many people receiving electronic bills print them anyway to provide a record and feel that companies should be providing this to them as a cost of doing business. This also negates the message of "saving trees" or "helping the environment" being promoted by companies asking their customers to move to electronic methods of delivery.

Paper bills are a reminder to pay whereas electronic notification is not as noticeable and can be easily overlooked in an inbox crowded with other messages. The procedure for receiving electronic bills varies as well; from PDFs attached to an e-mail, to a notification that the customer can now log into a password-protected system to retrieve the invoice or statement. If a customer has bills from several companies all with different retrieval procedures, it can become time consuming and frustrating to ensure everything is properly received.

So from the company's perspective, is paper billing more expensive? A case study by a Danish company found that bills were generally paid much later when received electronically versus physical mail. Approximately 30% of customers receiving paper bills required a reminder to pay however, almost 60% of customers receiving e-mailed invoice had to be sent reminders. This will significantly impact the cash flow of a company and increases the administrative costs to collect accounts receivable.

Data security is always a concern as well. While mail fraud is occasionally raised as an issue, it is becoming commonplace to hear about customer data being stolen from companies. IT experts remind consumers frequently about protecting personal information when online and warn that no site is fully secure. Receiving and paying bills online can be seen by consumers as providing exposure to theft of their information and identity fraud. Lack of paper back-up can also make proof of payment more difficult if there is a dispute over charges.

Although no company is directly saying as much, pay-to-pay is believed by many to have turned a cost of doing business into a profit center. NDP critic, Andrew Cash, is quoted as saying "It's a cash cow that just keeps on giving, until the government comes in and puts in some strong legislation that bans the practice altogether". Others complain that the addition of a

paper bill fee amounts to a fee increase in their services that they did not agree to in their contracts. Either way, pay-to-pay is not seen by consumers as a way for companies to cover their escalating postage costs while greening their accounting processes. It is seen as a way to force customers to electronic invoicing and payment while boosting their bottom line.

In response to increasing criticism, the CRTC met with a number of communications companies in August, 2014 to discuss ending the pay-to-pay billing practice. The companies involved in these discussions agreed to voluntarily extend some fee exemptions starting in January, 2015. Exemptions would be granted to seniors, individuals with disabilities, military veterans and customers without internet. The CRTC did not feel this was enough movement and recommended public consultation. However, at the end of August, the federal government announced that they will be introducing legislation to stop the pay-to-pay practice for all companies. This was promised originally in the October 2013 throne speech and again in the 2014 budget. The timing of the legislation and when it would go into effect has not yet been determined.

Although it does appear the government will follow through with this legislation and that it will apply to all consumers, companies currently using the pay-to-pay method or considering it, should look at whether it is best practice for their business. The increasingly poor perception of companies using such methods combined with the possible impact on cash flow are two very strong arguments against pay-to-pay. Consumers have long memories and negative exposure can do long-term damage to a brand.

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iAddress™ Web Training

Flagship Software continues to offer **Web Training**!
If you are a new customer, would like a refresher course on *iAddress™* or if you have new hires, please contact Carolyn at 1-866-672-0007 ext. 3 or carolyn@flagshipsoftware.com to schedule a web session.

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