

USPS Product Redesign in Progress

Work is already underway on a new Product Redesign effort within the Postal Service. Don O'Hara, USPS Manager of Classification and Product Development is heading up this important initiative. The goals are as follows: 1) Provide for flexible cost-based presort, preparation and entry standards, 2) Improve USPS value (price and services) to customers, 3) Define additional worksharing opportunities and 4) Provide incentives for mailing practices that drive costs out of the system. Initially, the workgroups will be class-based and will eventually move to areas that cross mail classes (i.e, letter, flat,

etc.). Some of the ideas being considered include: 1) Co-palletization of different classes (i.e., magazines and catalogs), 2) Different requirements that depend on the size of the mailing, 3) Preparation rules that more closely resemble mail processing, 4) Incentives for address accuracy and 5) Distinction between retail and commercial mailings.

The following timeline for Product Redesign was announced at the National Postal Forum last week:

- Develop and refine proposals - Present through May '02
- Cost and market research - March

Continued on Page 6

Highlights from the National Postal Forum Denver, CO, October 14-17, 2001

Postmaster General John E. (Jack) Potter's Opening Remarks

Due to the events of September 11th and the recent Anthrax scares, Potter thanked everyone for attending and assured everyone that the mail is safe. He advised the mailing public to be vigilant. "If you get something (in your mailbox) so out of the ordinary, so unexpected, something that makes you suspicious, like white powder or other foreign substances, here's what you should do. Don't open it. Don't shake it. Don't smell it. Instead, keep others away from it, put it in a plastic bag and seal it. Then wash your hands with soap and water and call 911. Law enforcement authorities will take it from there."

PMG Potter then announced the formation of a task force to review every plan and every approach that the Postal Service has toward mail security and the handling of hazardous materials in the mail. Chief Postal Inspector, Kenneth Weaver, will lead this task force. "We cannot sit back and allow our nation's confidence in the mail to erode." Potter noted that with 680 million pieces a day, 208 billion pieces of mail a year, the Postal Service still provides universal service for every family in the nation and this industry truly drives American commerce.

To keep the nation's confidence, Potter discussed three principles: perform, transform and reform. Regarding performance, he gave a recap of recent accomplishments:

Continued on Page 2

INSIDE THIS ISSUE

ePublications
Watch - Status
Update - Pg. 3,5

International
Postal Profiles -
Part 2: La Poste -
Pg. 2

More Highlights
from the Postal
Forum - Pg. 2,4,5

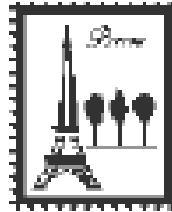
QWL presence at
the DMA Confer-
ence - Pg. 6



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International Postal Profiles- Part 2: La Poste



La Poste, the French post office, is an entity of the La Poste Group dedicated to importing and exporting international mail. It handles over a billion items a year and has customers in over 25 countries. It offers mailing middlemen and major international shippers a flexible, adaptable line of services: international mail service, direct, on-site operations in several countries, specialized products for the press and international B-to-B and B-to-C package and express delivery services. New value-added services include address processing, mail file vetting and reply coupon processing.

Postal operators have become aware of the stakes involved in international mail over the last 10 years. Nowadays, as they extend their reach worldwide, operators must not only handle the needs of local customers, but win over foreign customers as well. The United States, as the top international mail market in the world with sales of 2.8 billion Euros, has become the main proving ground for European postal services.

Since 1996, postal services have outgrown both their national borders (by gaining a foothold abroad) and their market boundaries (by diversifying into transportation, logistics and mail addressing services). Given that the remuneration of the signatories of the REIMS agreement became central to quality of service, it is the main concern of every operator. It is therefore in the immediate financial interests of postal

services to invest in fast processing of mail transiting between REIMS countries. Improving the quality of service, of course, benefits, first and foremost, the customers of these operators.

As the second largest European postal operator, the La Poste Group is becoming one of the leaders in the international postal market. International development and new e-service technologies are the two main forces driving its growth. La Poste Group hopes to consolidate its partnerships with southern European postal systems, buy out more companies and increase sales for its various business and logistics networks.

La Poste has acquired control of the DPD distribution group and entered into a business agreement with FedEx. It established alliances with both the Italian and Spanish post offices. La Poste has also recently invested in e-mail Vision, a company that creates information systems for direct marketing purposes. According to Martin Vial, President of La Poste, future profitability for the company depends on the growth of its banking services, parcel post, logistics and new services (*Postal Technology International*). ■

For further information regarding La Poste, contact Kim Greene, Business Development Manager - QWIL at 810-220-8855

Postal Forum (cont.)

- Maintained record levels of service performance and customer satisfaction
- Avoided \$4 billion in costs through productivity increases over last two years
- Eliminated 21,000 career positions over the last two years
- Achieved 9 straight quarters of positive productivity, up almost 4% in the last two years
- Added 1.7 million new delivery addresses last year

This year, the Postal Service plans to do even more:

- Cut 26 million work hours, the equivalent of 13,000 jobs
- Streamline administration while keeping operations focused on mail
- Consolidate some mail processing operations and facilities

Although the Postal Service has reduced expenses, rising energy and health care costs along with the slowing economy have impacted the bottom line. This year, the Postal Service expects to end the fiscal year with a potential deficit of \$1.65 billion and next year, with a deficit of approximately \$1.35 billion.

Additionally, the Postal Service has begun the most extensive organizational changes in ten years:

- Reduced 20 percent of officer positions
- Eliminated more than 800 headquarters and headquarters-related position
- Reduced administrative staffing at Area and field offices involving over 2,000 positions

Continued on Page 4



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e-Publication Watch - Status Update

What is ePublication Watch?

It's an electronic method of communication with the U.S. Postal Service regarding delivery issues reported by our magazine customers' subscribers. e-Publication Watch can be accessed on the web at www.epubwatch.usps.gov and isolated complaints can be filed thus creating a database to be used by the USPS for analysis and as a service indicator. Ongoing complaints that may be indicative of recurring systemic problems can be filed with delivery units by the e-Publication Watch System. By doing so, the carrier supervisor will monitor the arrival of the publication at the subscriber's address for a specified period of time and provide a report indicating the dates on which the carrier receives and delivers the piece.

The e-Publication Watch system has three major components. The first of which is the Publishers Complaint Tracking System (PCTS) that can be used by publishers to record subscriber complaints. PCTS builds a database of complaints data that is valuable to service measurement, reporting trends and identifying problem areas. Address quality is

automatically verified through Memphis.

The second component is e-Publication Watch for reporting repetitive complaints. This component involves direct electronic communication with Delivery Units. At the Delivery Unit, supervisors see a rotating icon on the Advance Delivery Unit Computer (DUC) home page that indicates when a Publication Watch is pending. Publishers, who access the system, see a date when the Pub Watch is opened by the DUC site – this starts the clock for measurement. Delivery Units have the capability to provide address information that may be missing or incorrect and they record/enter dates when the publication is located and cased for delivery by the carrier. At the completion of the watch a report is completed and closed for review by the Publisher. Pub Watch data is then merged into complaint tracking for service measurement, reporting and identification of problem areas

Lastly, the system involves contact with USPS Periodical Service Improvement Coordinators. A listing of Area and District Coordinators will be maintained electronically for access. These coordinators

will assist publishers in determining causes of erratic/late arrival at post offices and delivery units, particularly for systemic problems.

Please note that e-Publication Watch is NOT a system that identifies why a delay or non-delivery occurred, nor does it resolve a problem with delivery to a specific delivery address.

How does e-Publication Watch Work?

Publishers have the responsibility to verify that resolution to the complaints are not within the direct control of the mail owner or preparer. If it is, resolution may be attained swiftly. Before filing a pub watch, the publisher must verify the accuracy of the subscriber name and delivery address, the subscription must be live, and the on-time arrival at the post office must be verified by the publisher. The Delivery Units log in daily and carriers are to "watch" each publication, recording the date of arrival and date of delivery for 5 issues for daily publications, 3 times for weeklies, twice for bi-weeklies and once for monthlies. Periodical Service Improvement Coordinators can be contacted by publishers to review mailings

Continued on Page 5



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Postal Forum (cont.)

PMG Potter concluded his remarks with a discussion on the importance of the development of a Transformation Plan and the need for Reform. He encouraged mailers to review the transformation plan draft paper and submit remarks. He also stated that the Postal Service needs reform in order to get the tools needed to manage more effectively. "Reform is not about us, it's about maintaining affordable, universal service." Additionally, Potter pointed to the five key areas of focus going forward: developing people, managing costs, improving service, growing revenue and pursuing reform.

Mailing Made Easy through Technology

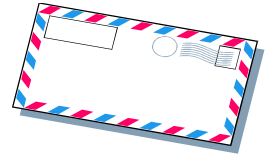
This session highlighted PostalOne! and the benefits that program participation delivers to customers. USPS' Michelle Denny presented an overview of PostalOne and Debbie Cooper of QWL Postal Affairs presented a customer's story of PostalOne participation.

QW began 2001 with once active plant site participating in PostalOne. With the promise of e-certification, or the elimination of hardcopy USPS qualification reports, QWL mapped out a deployment plan with the help

of the PostalOne! Program Management Office. After HP and MLT programming modifications, QW was ready to proceed with training and deployment of PostalOne! by February of this year. Each site had to fill out an agreement and application for web access, and then they received an overview of the system and specific training for the DMU clerks and plant employees. After 30 days of successful mail.dat transfer into PostalOne as well as DMU viewing of the electronic reports, then each site is ready for e-certification.

Future rewards for participation in the PostalOne program include electronic postage payment, establishment of QW mailing database and information sharing that would allow the USPS to schedule and plan for QW mailings. Lastly, PostalOne will bring our customers rich, real time reporting of their mailings, tracking mail from acceptance to induction, to processing to in home. Quebecor World has come a long way with the PostalOne program, progressing from 1 to 23 active sites in just 7 months. QW has the most active sites and the most e-certified sites and eagerly anticipates moving forward to

greater rewards.



USPS Flats Strategy

The AFSM100 (new high speed flat sorters) guidelines will be made available in the next few months. These guidelines will cover address placement and size requirements. If mailers are continuing to experience cover damage from AFSM100 processing, then information, comments, questions and concerns can be sent to: 100flts@email.usps.gov.

MERLIN

Michelle Denny announced that MERLIN's barcode reader software has been changed so that the readability standards are set below that of the DMM barcode standards. QW plans to test the new software in the coming weeks. The USPS is confident in MERLIN and is strong in the belief that it will protect revenue and improve mail processing and delivery efficiency. 200 MERLINS have been purchased with approximately 90 deployed, with 1,003 to follow in Phase 2. Upon implementation, specifications allow for a 60-day grace period on barcode readability and Line-Of-Travel. All mailings over 10,000 pieces will be verified

Continued on Page 5



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e-Publication Watch (cont.)

as a result of information from e-Publication Watch, seeds, customer complaints, etc. and assist with apparent systemic problems.

How to get started?

Each user needs to have a Publishers I.D. and password to receive access to the system. You can go to www.epubwatch.usps.gov and obtain a Web Access Application Form (PW001) under the icon, "New User". The completed form must be mailed or faxed to the National Customer Support Center in Memphis. Please note that the user's social security number is no longer required. Publisher I.D.'s and passwords are unique by company, publications and users. You can only access data on your own publications and only the users you specify can access the system. Our customers can delegate Quebecor World divisional personnel as users of the system on their behalf.

Work Group Update & Testing:

Testing of the Publisher's Complaint Page on the web began on March 11, 2001. From this initial testing the USPS has modified the system to extend the time-out setting to 30 minutes; a new Address Verification report compares

the subscriber address entered by the user to the one returned by AMS; an epubwatch can be submitted now after 2 complaints; an option for company name and account number has been added to the original screen; and the USPS will add issue number and date to the reports form.

Testing of ePublication Watch was first commenced at two selected delivery units in the Great Lakes and New York Metro Area Offices (zips 60188 and 11720) in late June/early July, and then was expanded to 18 more sites from July 23rd through August 11th. By the end of August the USPS was to complete all the suggested changes to date. Customers reviewed the Help and User's Guide in August, and Area Service Coordinators were to review test worksheets in August and September. All system changes based on user inputs were to be submitted to I.S. in September for completion by the end of the month. USPS hopes to test the final system with "live" complaints and pub watches in Great Lakes Area in October and November. National Implementation is slated for January, 2002 so as not to interfere with the heavy volume Holiday Season in the 4th Quarter.

Jo Ann Miller, of the USPS, and Joyce McGarvy, from Crain, will present an update at the upcoming MTAC meeting in November. ■

Postal Forum (cont.)

with a sample size of 500 to 1,800 pieces. The Idealliance (formerly known as GCA) Printer's group, co-chaired by Anita Pursley, continues to work with the Postal Service to ensure a smooth successful transition to MERLIN implementation and mail verification.

CONFIRM

USPS' Marty Emery stated that the Postal Services' commitment to the CONFIRM process (mail tracking via Planet Codes) is strong and is supported by PMG Jack Potter. CONFIRM will roll out the "start the clock" program that will measure processing time beginning with the USPS facility unload. The mailer will submit an Advance Shipping Notice file to the USPS for all CONFIRM mailings. Additionally, mailers will add a barcode to the 8125 that, upon scanning at the USPS facility, will start the clock for CONFIRM measurement. For more information, contact Rich Rousseau at 770-234-6378. ■



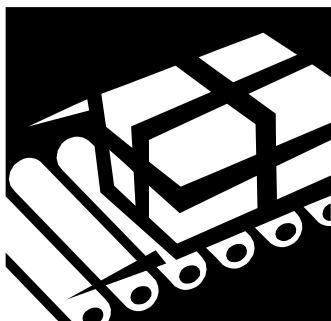
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USPS Product Redesign (cont.)

'02 through September '02
- Prepare filing - October '02 through February '03
- PRC Hearings - March '03 through December '03
- Implementation - January '04

The economic and political environment is significantly different now than when the Postal Service underwent the last Product Redesign effort (known as reclassification) in 1995. Many are optimistic that this effort will result in some meaningful change. Anita Pursley, VP Postal Affairs for QWL, is on the Product Redesign steering committee. Anyone with ideas or input should contact her directly. In the near future, QWL management intends to solicit input from customers and QW manufacturing to ensure that their efforts reflect their mutual interests. As developments occur, additional information will be available in future issues of *LogisticSolutions*. ■



✓ COMING SOON:

Quebecor World Logistics will soon be on the Web.

On November 19, 2001...

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at the
84th Annual DMA Conference & Exhibition
for a

"Postal Update"

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TUESDAY, OCTOBER 30, 2001

8:00 - 9:30 AM – *Continental Breakfast*

Agenda:

Understanding the implications of the R-01-1
Rate Case Proposal

Postal Reform Update

Quebecor World Logistics Update

**Please fax or e-Mail your RSVP to Elaine
Pizzicaro by Wednesday, October 24.**

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Questions/Comments?

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