

# **AUSPL CONFERENCE 2015**

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**April 2015**

- **USPS – STATE OF THE UNION**
- **USPS – FACILITIES REORGANIZATION**
  - **Leasing**
  - **New - Conflict of Interest Forms**
  - **Maintenance (EMCOR)**
  - **Purchase Existing Building (PEB) considerations**
- **REAL ESTATE TAX ABATEMENT PROGRAM**
- **AUSPL/USPS COOPERATIVE OPPORTUNITIES**
- **QUESTIONS AND ANSWERS**

# USPS

# STATE of the UNION

**HELPING BUSINESSES  
CONNECT & GROW**

**CONNECTING & INFORMING  
CITIZENS & COMMUNITIES**

**CONVENIENT, AFFORDABLE  
UNIVERSAL SERVICE**

**PROMPT,  
RELIABLE SERVICES**

**TRUSTED, SECURE,  
RESPECTED BRAND**



**USPS MISSION:**

**Bind the Nation Together**







**31,000**



**POST  
OFFICES**

**300+**



**PROCESSING  
CENTERS**

**8,500**



**PROCESSING  
EQUIPMENT**

**210,000**



**VEHICLES**

**600,000**



**EMPLOYEES**

**153M**



**DELIVERY POINTS**

**Delivering 40% of the World's Mail**



## First Mile

- Retail
- Collection boxes
- Carrier pick-up
- *usps.com*
- Sales
- Business mail acceptance
- Self-serve



## Physical Network

- Mail Processing Centers
- Post Offices
- Transportation assets



## Last Mile

- Carrier delivery
- Home and business customer interaction
- Post Offices



## Digital

- Secure digital communication
- Identity authentication

## Volume

- Transactional volume declining due to e-diversion
- Advertising mail is subject to more substitution options
- Mail volume highly sensitive to economic changes
- Mail mix changes – lost profit contributions

Declining steadily

Fixed cost base

## Universal Service Obligation

Postal network driven by:

- Delivery points
- Retail locations
- Sortation facilities
- Six-day delivery

These trends will continue to put pressure on USPS ability to provide affordable universal service

## Price

- Limited pricing flexibility

Rising but capped

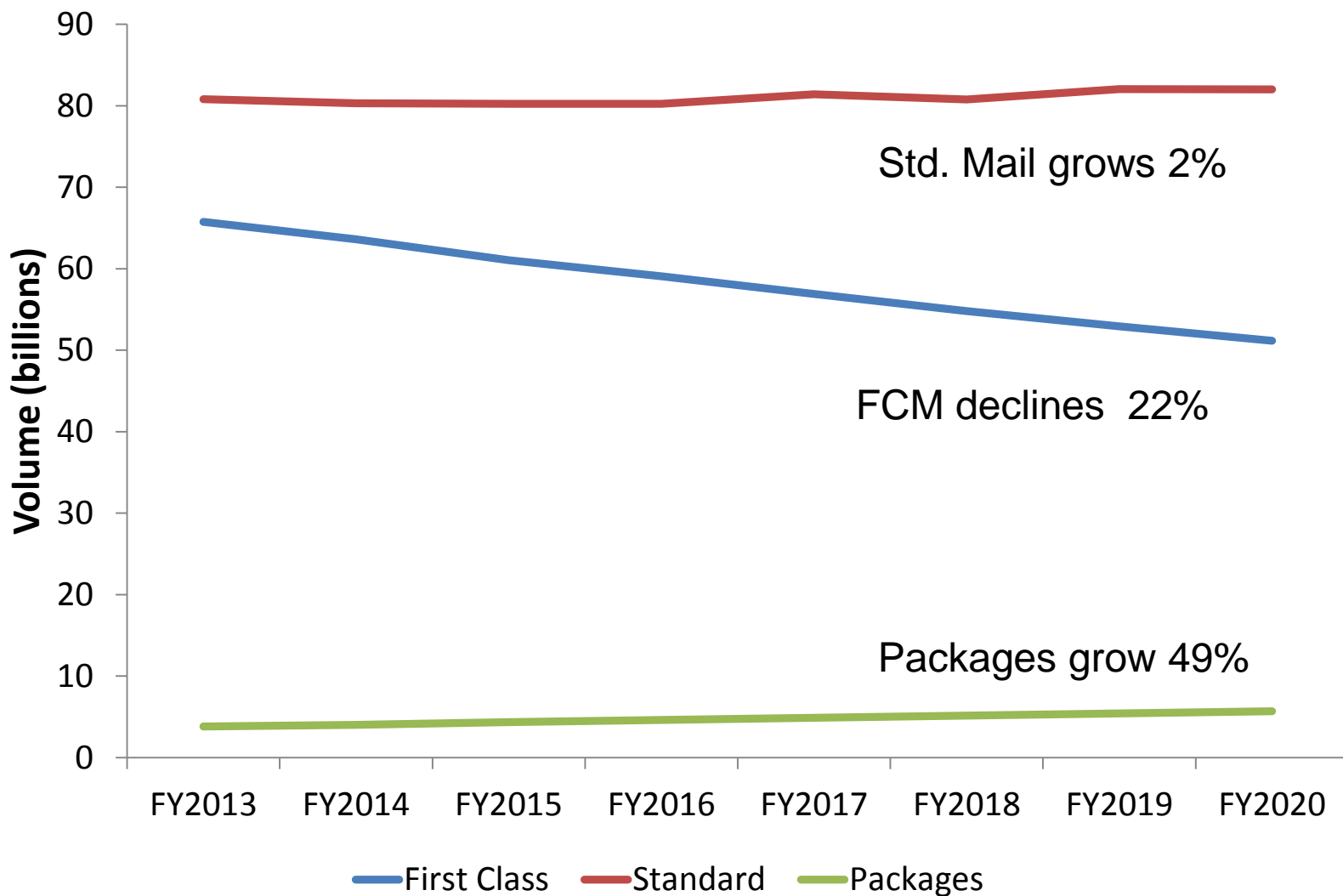
Rising cost per hour

## Labor Costs

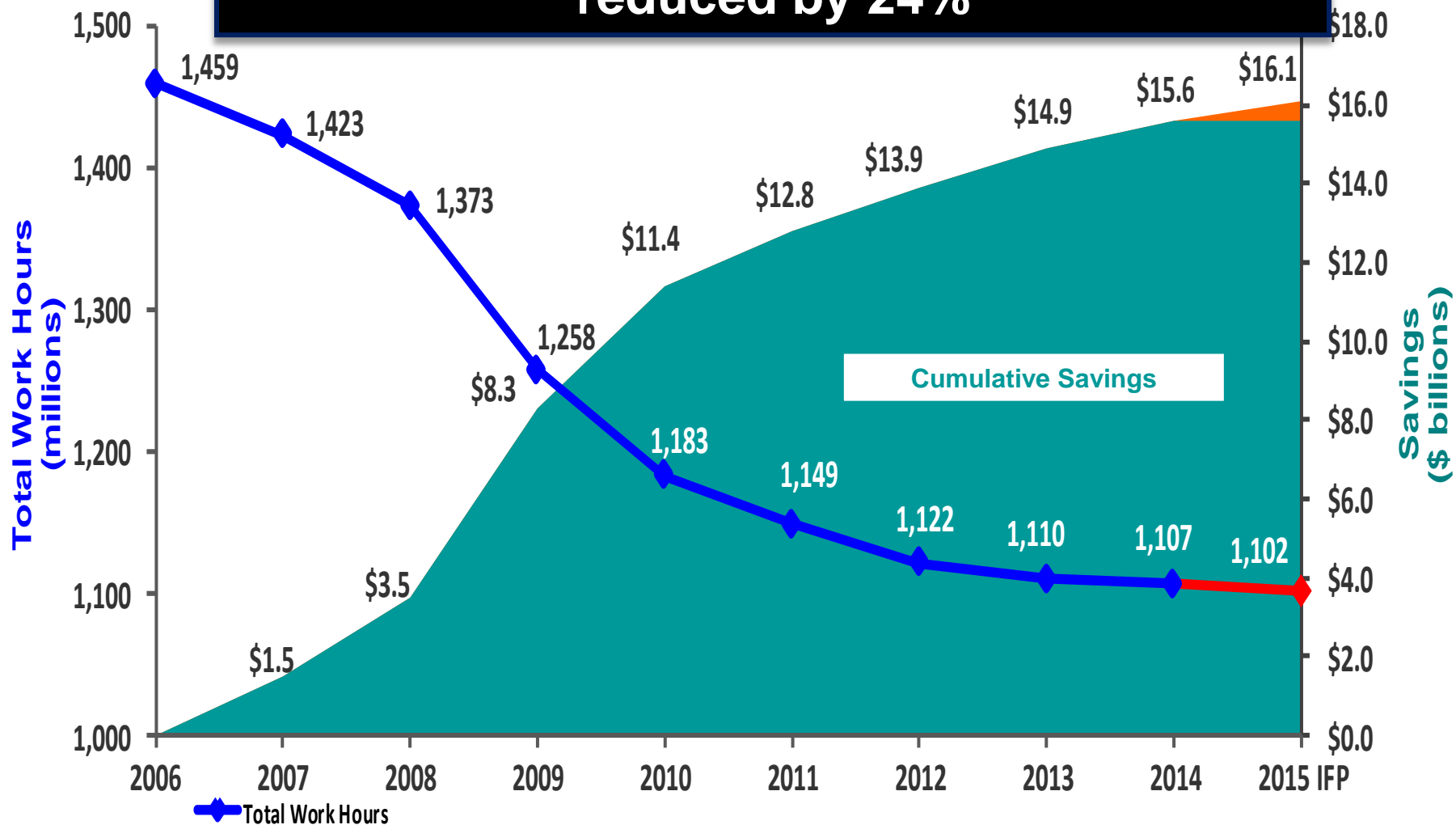
- ~80% of total costs
- COLA increases
- Benefits: pensions, retiree health, health insurance
- Limited flexibility
- Retiree prefunding obligation, rising workers' compensation costs



# Projected Mail Volume By Major Classes of Mail



**\$16 Billion of Annualized Savings in the past eight fiscal years with workhours reduced by 24%**



- Financial losses of \$26 Billion over last 3 years
- Continued decline of First-Class Mail volume
- Increasing wage inflation and operating costs
- Debt pressures
- Uncertainty regarding legislative reform
- Review of postal prices in courts
- Needed capital investments to acquire package sorting equipment and replace aging delivery vehicle fleet

- Closing the Gap
  - Legislative Initiatives
  - Operational Initiatives
    - Transforming Infrastructure
    - Continuous Improvement
  - Workforce
    - Increased Flexibility

- Network
  - 350 Processing Facilities Eliminated
  - 320 Processing Facilities Remain
- Retail
  - POST Pan – 50% of Post Offices Moved to Part-Time
  - Consolidated 2,413 Delivery Units
- Delivery Streamline Governance Model
  - Eliminated 24,000 Delivery Routes since 2006
  - 60% of New Delivery is Centralized



“Leveraging **TECHNOLOGY**  
and **INNOVATION**  
to drive  
**CUSTOMER AND  
BUSINESS VALUE**”



## 100% Product Visibility:

Provides the ability to

**track mail pieces and containers**

through the postal network

and provide **business intelligence** to enhance

**operational performance** and **provide customer value**



## BARCODES



Apply an intelligent and trackable barcode to every mail product

## STRATEGY

- IMb for letters and flats
- IMPb for packages
- IMtb for trays and sacks
- IMcb for pallets and containers

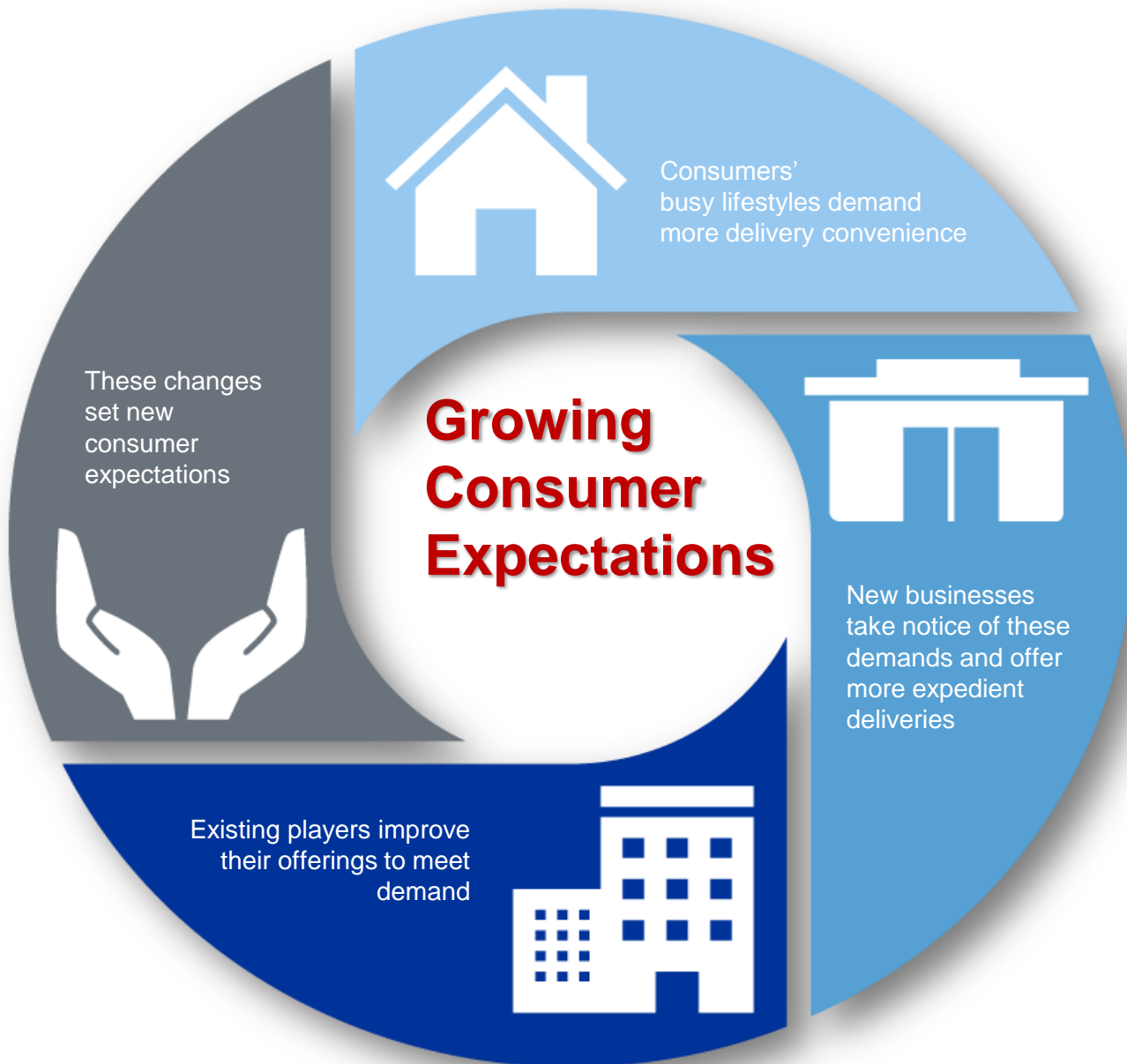
## SCANNING



Scan all mail products for all events across the USPS network

## STRATEGY

- Expand the number of events provided
- Ensure all postal sites have scanning capability for all events
- Move to real-time delivery information



# QUESTIONS