

Move Update Standards



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Today's Webinar Agenda



- Who is Pitney Bowes Mail Services
- What is Move Update?
- About New USPS Regulations
- Important Tips & Compliance Solutions
- Q&A

What is Mail Services?

A **trusted partner to posts worldwide**, Mail Services helps mailers earn significant postage discounts through consolidation and expedited mail delivery.

We leverage our innovative technology and infrastructure to enhance customer value.



Innovative Mail Solutions



Presort Services

- Largest USPS workshare partner; national network
- Full-service presort solutions for First-Class™ Letter & Flats and Standard Mail®
- Proprietary Mail Exchange Network maximizes delivery service levels



International Services

- Operations facilities in 2 continents: North America & Europe
- International mail outbound provider
- Solutions for publications, letters, flats and packages
- Partnerships with major postal administrators worldwide
- Mail security and cargo screening expertise

Move Update Standard

- Effective November 23, 2008
- Why?
 - Quick glance at UAA
 - People and businesses on the move
 - The cost of UAA mail
 - USPS
 - Businesses and organizations
- Opportunities to improve address quality



Move Update Standard

- The Move Update Standard is a means of reducing the number of mailpieces in a mailing that require forwarding or return by periodic matching of a mailer's address records with customer-filed change-of address (COA) orders received and maintained by the Postal Service.
- **Effective November 23, 2008:** Discount First-Class Mail[®] and Standard Mail[®] mailers must demonstrate that they have updated their mailing list using an approved solution *within 95 days prior* to the date of mailing.

Undeliverable as Addressed Mail (UAA)

- Based on the last UAA study completed for the USPS by the independent company Christensen in 2004
 - 9.7 Billion UAA Volume
 - **75.8 % Move Related**
 - 5.2 % Missing/Incorrect Apartment or Suite Numbers
 - 0.1 % Missing/Incorrect Directionals
 - 0.8 % Rural/Highway Contract Box Numbers
 - 4.4 % Missing/Incorrect Street Name/Numbers
 - 0.13 % Missing/Incorrect City/ State/ZIP
 - 13.6 % Other (Missing Recipient, Illegible Handwritten Address, Deceased, Unclaimed, No Mail Receptacle)
 - Standard Mail[®] volume accounted for 62.8% of all UAA mail!

Address Deficiencies by Type

- Physical Address
 - 5.2 % Missing/Incorrect Apartment/Suite Numbers
 - 0.1 % Missing/Incorrect Directionals
 - 0.8 % Rural/Highway Contract Box Numbers
 - 4.4 % Missing/Incorrect Street Name/Numbers
 - 0.13 % Missing/Incorrect City/State/ZIP Code
- Miscellaneous
 - 13.6 % Other (Missing Recipient, Illegible Handwritten Address, Deceased, Unclaimed, No Mail Receptacle)
- Moves
 - 75.8 % Move Related



Moving and Growing

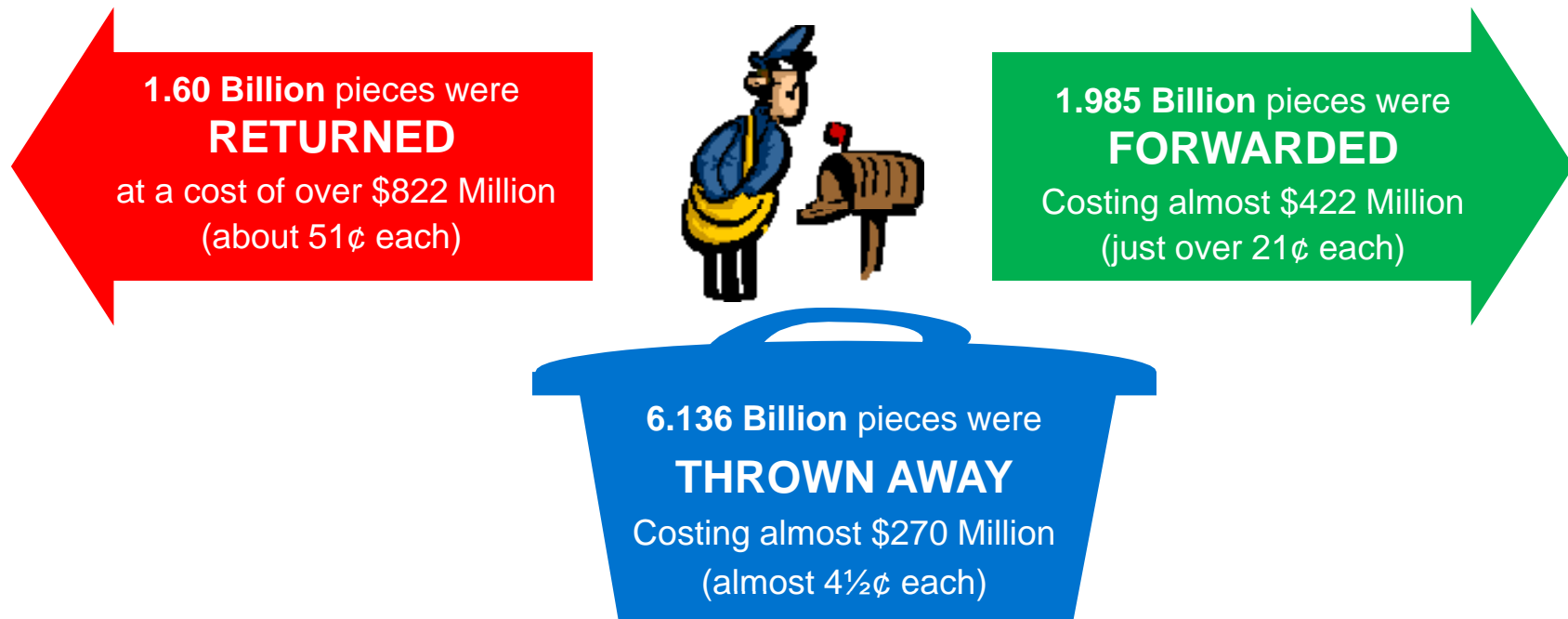


- Average American moves **11 times** in their lifetime
- **1 of 6 families** move each year
- 14.2% of Americans and 19.3% of businesses move each year
- 41.1 million individual and family, and 2.3 million businesses filed COA
- **USPS adds approx. 2 million new addresses each year**

On average, the monthly rate of deterioration of address currency, due to family and individual moves alone, is approximately 1.2%. In 6 months, about 7.2% of addresses in address files have the potential to be inaccurate.

UAA Costs to the USPS

A study of address accuracy commissioned by the USPS identified over 9.7 billion pieces of UAA mail annually...
at a cost of over \$1.8 Billion!



UAA Costs to Businesses

- Delayed delivery
- Lost opportunity
- Customer dissatisfaction
- Material and postage waste
- Labor waste



Poor quality customer data cost US businesses \$611 billion a year in postage, printing and overhead *plus* the costs associated with losing and alienating a customer

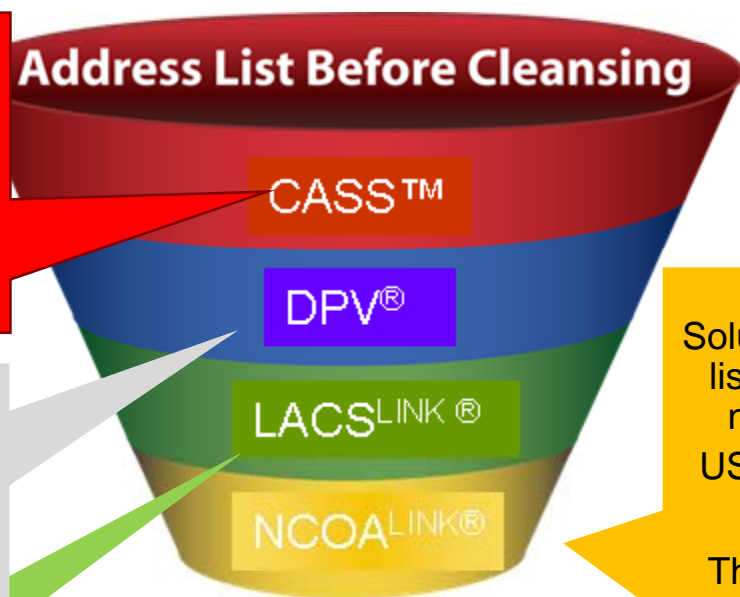
Improve Address Quality and Deliverability While Reducing Postage!

PHYSICAL ADDRESS

Coding Accuracy Support System:
 "Postal Coding" verifies the address falls within a **deliverable range**, corrects misspellings, adds directionals, and adds required USPS® Zip Code information.

Delivery Point Validation:
 Enhances the integrity of Postal Coding by verifying that the address is an actual Delivery Point according to the USPS

Locatable Address Conversion System:
 Service that provides mailers with an automated method of obtaining new addresses when a 911 emergency system has been implemented.



Solutions that check the listed addresses and names against the USPS® **NCOALink®** system.
 These solutions meet the USPS® Move Update Standard

MOVES

USPS Approved Move Update Solutions

- Ancillary Endorsements
- Address Change Service (ACS™ and OneCode ACS® services)
- FASTforward® system (UMOVE) – MultiLine Optical Character Reader (MLOCR)
- Alternative Methods
- National Change of Address Linkage System (NCOALink® product)

Ancillary Service Endorsements (ASE)

- **USPS instructed on how to handle UAA mail**
 - Address Service Requested (forwarded* / new address provided)
 - Return Service Requested (returned with new address)
 - Change Service Requested (discarded / new address provided)
 - Used with Address Change Service for First-Class Mail[®] service and can be used as a “stand-alone” option for Standard Mail[®] service
 - Temp-Return Service Requested (returned with new address or forwarded)

To meet Move Update standard, mailer must send at least one letter or card to the address with approved ASE within 185 days (95 days Nov. 23, 2008) before reuse of the address. To complete the Move Update process, mailer must make necessary address changes. It is recommended that mailers retain address correction records for up to 2 years.

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Potential drawback: *Reactive* option as mailpiece is addressed and entered into the mailstream with inaccurate address.

- Re-mailing and/or recreation of mailpiece may be necessary.
- Delivery may be delayed, negatively impacting response time, cash flow, etc.
- Potential return of mailpieces can be costly!

Address Change Service (ACS™)

Potential drawback: *Reactive* option as mailpiece is addressed and entered into the mailstream with inaccurate address.

- Re-mailing and/or recreation of mailpiece may be necessary.
- Delivery may be delayed, negatively impacting response time, cash flow, etc.
- Potential return of mailpieces can be costly!

Benefits: ACS™ participants can use electronically generated address correction information to update their mailing lists more cost-effectively, more easily and in a more timely manner than via the manual process.

Address Correction Fees – May 11, 2009

- Per manual notice issued—\$0.50
- Per electronic notice (or manual notice for electronic option customers) issued:
 - First-Class Mail[®] mailpieces — \$0.10
 - Other than First-Class Mail[®]—\$0.26
- Per automated notice issued (using OneCode ACS[®] service, unless using Full Service IM[™] BC option):
 - First-Class Mail[®] letters (first two notices)—\$0.02
 - First-Class Mail[®] letters (per additional notice)— \$0.08
 - Standard Mail[®] letters (first two notices)— \$0.05
 - Standard Mail[®] letters (per additional notice)—\$0.20

FASTforward[®] System (UMOVE)

- Postal Service-owned and user-licensed computer system, developed in 1995, containing FASTforward name and address matching software and a change-of-address (COA) database
 - Contains 13 months permanent COA history
 - Updated weekly
 - Resides on MLOCR's (PDP/Presort Services Sorting Machines)
 - For letter-size mailpieces, and flat-size mailpieces
- FASTforward[®] (UMOVE) Continuation Strategy – Effective July 1, 2009
 - COA history extended to 18 months
 - Required usage of FFMUN (FASTforward Move Update Notification) as prerequisite for licensing of FASTforward[®] system

FASTforward[®] System (UMOVE)

Potential drawback: *Reactive* option as mailpiece is addressed and entered into the mailstream with inaccurate address.

Alone, does not enhance the overall quality of your main database.

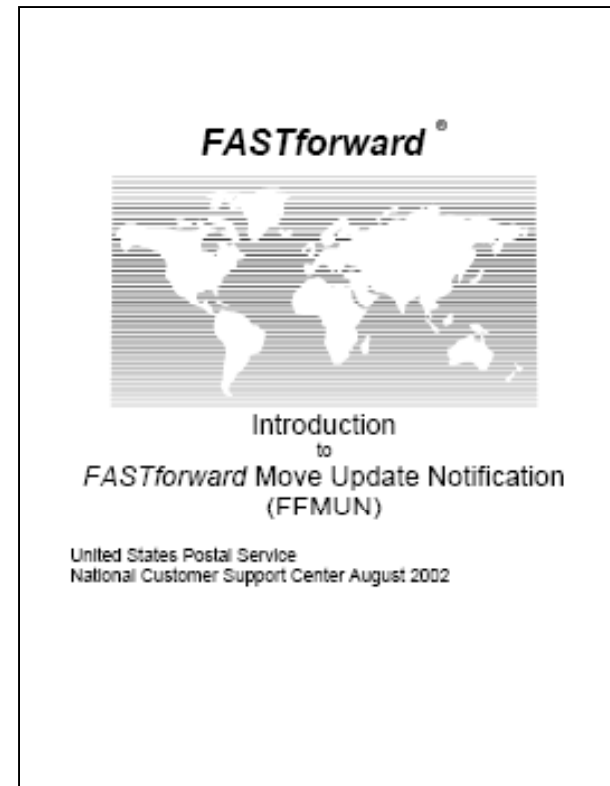
Benefits: Reduces delays associated with traditional mail forwarding. Partnerships with Pitney Bowes Presort Services enable mailers to reduce postage expenditures!

FAST*forward* UMOVE facts

- UMOVE is the next generation FAST*forward* system.
- UMOVE will replace FAST*forward* after June 2012.
- UMOVE is an NCOA Link Product using MLOCR's.
- UMOVE and FAST*forward* meet the move update requirement.
- Customers using FF and UMOVE are not required to update addresses as long as each address is exposed to FF and UMOVE every time the address is mailed.

FASTforward[®] Move Update Notification

- Provides COA information electronically on RIBBS
 1. List owner submits application to USPS
 2. USPS assigns participant code and password
 3. List owner provides code to FF licensee (presort house)
 4. PB Presort Services working on Website for customers ran on UMOVE



Alternative Methods

For First-Class Mail® mailings only:

- 99% - Mailers who consider their address list accurate and/or too sensitive to provide to 3rd parties for processing may submit list to USPS. If 1% or less have a COA on file, list considered compliant.
- Legal Restriction – Some mailers claim legal restrictions prevent them from using USPS® COA information without direct notification of addressee.

Both of these methods must be approved by the NCSC. If you are uncertain about qualifying for the alternative methods, call the NCSC at 800-238-3150.

NCOALink® Product

- A *pre-mailing* method leveraging USPS®-provided data of permanent USPS® COA records – individuals, families, businesses
- Data delivery from USPS to certified licensees
 - Full Service Providers receive 48 months of COA data weekly
 - Limited Service Providers receive 18 months of data weekly
 - End Users receive 48 months of change-of-address data monthly

Verification Threshold and Additional Postage Calculations - Effective January 2010

- A mailing with 5 or fewer pieces with COA on file that were not updated by mailer will pass verification regardless of passing percentage
- A mailing with passing score of 70% (tolerance 30%) or higher will pass verification
- A mailing with score below 70% will fail verification if there are also more than 5 pieces with COAs that were not updated by mailer
- Passing score calculated using the total number of pieces with a Move Update on file divided into the number of pieces that the mailer updated with the change (within the date range, 95 days – 18 months).

Source: Move_Update_Advisement_Policy_AUG 2009

Verification Examples:

- **15 pieces with COAs are found in a sample.**
 - Mailer used new address on 10 of the pieces.
 - Score is 66.7%
 - Since only 5 pieces were not updated by the mailer, **mailing passes**
- **20 pieces with COA are found in sample.**
 - Mailer used the new addresses on 13 of the pieces.
 - 13 is divided by 20 = 65%
 - Since more than 5 pieces were not updated and the score is under 70%, **mailing fails**

Source: Move_Update_Advisement_Policy_AUG 2009

Combined Mailing Verification

- **Combined Multi-Client Mailings**
 - 3 or fewer are detected with MU error: Mailer may request additional postage assessment be attributed to each of the clients.
 - Mailer allowed the opportunity to examine the sample and extract any piece found to be in error to identify client(s) to which piece(s) belong.
 - Mailer must provide detailed documentation to support the volume by client.
 - **If more than 3 clients are found with MU errors that cause the mailing to fail verification, then **entire** mailing will be subject to an additional postage calculation.**

Assessment

- For a mailing that fails, both First-Class Mail[®] and Standard Mail[®] will be assessed as follows:
 - Assessment calculated based on only the percentage of failed pieces in excess of the tolerance (30%) multiplied by the total number of pieces in the mailing
 - The fee will be **\$0.07 per assessed piece**
 - **Example:**
 - A mailing with a score of 60% and more than 5 pieces that were not updated will be assessed additional postage of \$.07 per piece for 10% of the pieces in the mailing.
 - The 10% is the difference between the not-updated percentage (40%) and the tolerance (30%).
 - If the mailing consisted of 100,000 pieces, 10,000 of the pieces would be charged \$0.07 per piece = \$700.00.

Source: Move_Update_Advisement_Policy_AUG 2009

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PBV Assessment Protection Page 1 of 2

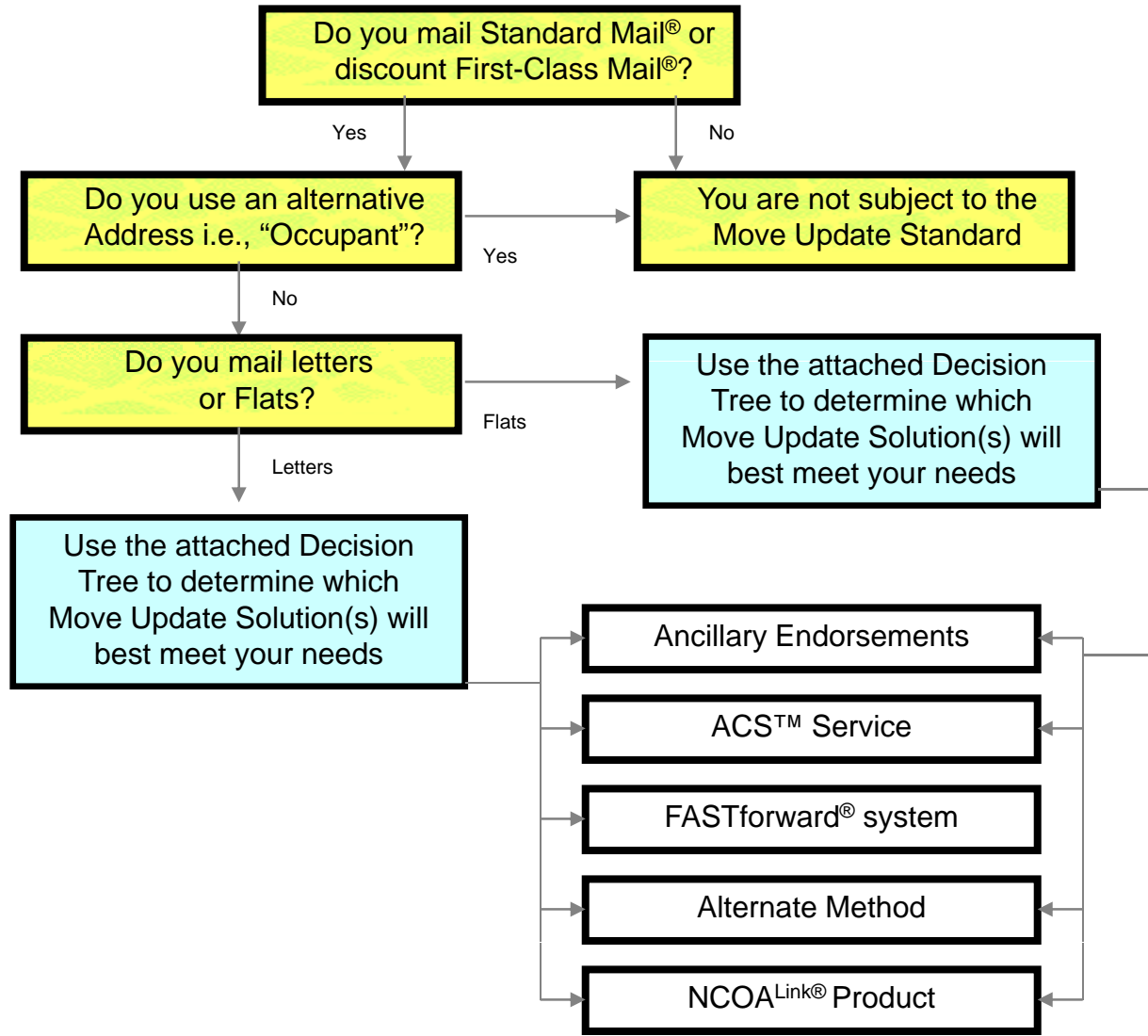
- **Pitney Bowes Presort Services** has been offering the USPS FASTforward® product to our customers since July 1, 1997. Advances in technology and new software products now allow PB Presort Services to provide a new offering that we call **“PB PRESORT SERVICES MOVE UPDATE SOLUTION”**.
- “PB PRESORT SERVICES MOVE UPDATE SOLUTION” is an MLOCR based solution utilizing such products as FASTforward®, FASTforward® MUN and UMove™. These products meet the USPS requirements for Move Update compliance.
- The PB PRESORT SERVICES MOVE UPDATE SOLUTION can be applied to all First-Class® letter sized mail processed and presented to the USPS by PB Presort Services operating centers. USPS Move Update requirements apply to other mail types for which the customer will need to have another method of meeting the Move Update requirement, such as NCOALINK®.
- A customer who has enrolled in the PB PRESORT SERVICES MOVE UPDATE SOLUTION for all PB Presort Services processed First-Class® letter mail will be exempt from paying for its pro-rata share of any penalties incurred by PB Presort Services due to the failure to meet the Move Update Requirement. In the event of a USPS MERLIN®-based move update assessment against PB Presort Services for additional postage due, as a result of change of address errors in customer’s mail, PB Presort Services will waive such reimbursement from those customers on enrolled mailstreams.

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PBV Assessment Protection Page 2 of 2

- The USPS has indicated that the current verification threshold of 70% will be increasing over time. In other words, the tolerance for errors will continue to shrink, exposing PB Presort Services and its customers to higher risk of penalty in the future.
- The PB PRESORT SERVICES MOVE UPDATE SOLUTION provides important protection from these risks; however, enrolling in the PB PRESORT SERVICES MOVE UPDATE SOLUTION does not absolve a customer from any previous submissions of presort mail not in compliance with Move Update requirements, nor future compliance with USPS Move Update Requirements. The US Postal Inspection Service has been actively reviewing past compliance and pursuing penalties when deficiencies are identified. Further, PB PRESORT SERVICES is not recommending that enrolling in the PB PRESORT SERVICES MOVE UPDATE SOLUTION be a customer's only means of achieving an all-encompassing solution for Move Update compliance within their company. It is in the customer's own best interest to explore options for all of your enterprise-wide mail streams, including but not limited to First-Class® letter mail.

Move Update Decision Tree



Address Change Service (ACS™) or Ancillary Endorsements with or w/o ACS™ service

If you answer “No”, then...

You cannot use Ancillary Endorsements/ACS™ to meet the Standard

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You cannot use Ancillary Endorsements/ACS™ to meet the Standard

You may be able to use Ancillary Endorsements/ACS™

Do you mail to the same mailing list at least every 95 days?

Can you make address corrections to your database for repeat mailings?

Can you keep address change records on file for two years?

Do you buy mailing lists that have been validated for moves within the last 95 days?

Do you frequently add names to your mailing list NOT at the request of the recipient?

If you answer “Yes”, then...

You may be able to use Ancillary Endorsements/ACS™

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You may be able to use Ancillary Endorsements/ACS™

You cannot use Ancillary Endorsements/ACS™ to meet the Standard

FASTforward® System

If you answer “No”, then...

You may be able to use FASTforward®

You may be able to use FASTforward® for letters

FASTforward® keeps 18 months of Move Update information, so while an approved-solution, addresses may be inaccurate

You may be able to use FASTforward®

You may be able to use FASTforward®

If you answer “Yes”, then...

You will need to sign up for FASTforward® Move Update Notification FFMUN

You may be able to use FASTforward®

You may be able to use FASTforward® but it won't catch moves beyond 13 mos.

You cannot use FASTforward®

You may be able to use FASTforward®

Do you want the corrected addresses returned to you ?

Do you mail Flats?

Do you mail using older mailing lists?

Do you need to contact recipient before making address corrections?

Do you mail to lists less often than 95 day?

NCOALink® Product / VeriMove™ Solution

If you answer “No”, then...

You can use NCOALink®

You can use NCOALink®

You can use NCOALink®

You can use NCOALink®

You can use NCOALink®

You can use NCOALink®

If you answer “Yes”, then...

You can use NCOALink®

You can use NCOALink®

You can use NCOALink®

You can use NCOALink®

You can use NCOALink® as VeriMove provides 48 months of COA history

You can use COA notifications from NCOALink® to contact recipient before mailing

Do you mail to lists less often than 95 day?

Do you want to correct addresses proactively?

Do you frequently add names to your mailing list?

Do you buy mailing lists?

Do you mail using older mailing lists?

Do you need to contact recipient before making address corrections?

Pitney Bowes Has Your Solution

- ***Ancillary Endorsements***
 - Envelope printers that print the appropriate endorsement based on the unique objectives of each mailing application
- ***OneCode ACS[®] Solution***
 - TrackMyMail's UpdatePro[™] solution
- ***FASTforward[®] (UMOVE) System***
 - **Presort Services**
- ***National Change of Address Linkage System (NCOA^{Link}[®] product)***
 - VeriMove[™] and VeriMove.Net solutions
 - Data is processed in real time, 24/7, over the Internet or on mainframe
 - Full-service license providing 48 months worth of data to help ensure you've got the information you need to get your mailing done right

Questions?

Interested in more information about Move Update or Pitney Bowes presort solutions?

Contact your local Customer Service Manager!

Visit us on the web:

www.pb.com/mailservices

Today's webinar will be posted on the web. You can also get it from your Presort Services Customer Service Manager.

TO ASK A QUESTION DURING THE WEBINAR Q&A, PRESS STAR (*) THEN ZERO TO BE CONNECTED TO THE OPERATOR.

TRADEMARKS

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