



Intelligent Mail Barcodes: Weighing Basic and Full Service Options

Early adopters of the Intelligent Mail® barcode program released by the Postal Service™ have experienced the growing pains of participating in a brand-new program. Now, with more than a year of operation under their belts, they are seeing the IM® Barcode program mature and a number of early operational challenges resolved. They have also been able to enjoy the benefits of early adoption, which as of November 2009, included per-piece discounts for those participants in the Full Service Intelligent Mail Barcode program.

Given the numerous uncertainties around IM Barcode implementation over the past two years, and general economic turmoil, many mailers chose to watch the IMb maturation process from the sidelines. But the deadline set by the Postal Service for phasing out the POSTNET™ Barcode is less than a year away (May 2011), and so more and more mailers are ready to move to Intelligent Mail barcodes.

It first makes sense to understand the requirements and benefits of each option, which GHS provides in this paper. We start first by explaining the Intelligent Mail program and its goals and then we take a look at each option in detail. As the Postal Service pushes mailers down the Intelligent Mail path, many are wondering if it makes sense to just hop on the Full Service option immediately. It might be that the Postal Service is pushing toward a future that is driven by Full Service Intelligent Mail, but that is some years off. In the meantime, individual mailers will have to decide what makes the most sense for them right now — whether Basic Service can provide what they need or if the more robust Full Service offering makes sense.

About GrayHair Software

GrayHair Software, Inc., is an innovator and industry leader in the delivery of services to improve and automate the management of business mail. GrayHair's solutions address critical mailing activities such as IM® barcode assignment, mail tracking, address quality and postage reconciliation, as well as a variety of mail processing activities. GrayHair offers targeted enterprise software and support solutions, tailored client care, and unparalleled technical support.

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A Brief History of Intelligent Mail

In 2002, the Postal Service launched its Intelligent Mail® initiative to provide end-to-end visibility and a seamless process for mail acceptance and delivery. The cornerstone of the initiative was a standardized barcode that could include the functions of the existing POSTNET barcode, used for delivery sortation, and PLANET® codes, which are used to track mail in the system. This barcode, unveiled in 2006, is known as the Intelligent Mail Barcode (IM Barcode), which allows for continuous mail tracking, mail quality feedback in real-time and the tools needed to build a service performance measurement system.

The Intelligent Mail Barcode combines the POSTNET and PLANET® codes and also includes a service code that allows the mailer to identify other types of services required for the mail piece, such as OneCode Confirm® and OneCode ACS® services. The extra information that a mailer can pack into an IM Barcode provides many advantages. For example, it provides the mailer with a selection of services from a single barcode and it provides a greater number of uniquely identifiable pieces in a mailing. It frees up real estate on the mailpiece with a single code, which includes delivery point information and added information needed for Confirm® and Address Change Service. Finally, it “automates” services more fully, which result in lower mailing costs.

Two Intelligent Mail Options

The Postal Service offers two Intelligent Mail services: Basic and Full Service. Full Service yields more benefits for mailers, but also requires a greater effort and investment from the mailer and/or its service provider. Basic Service is just that — basic. The benefits are fewer, but so is the investment in getting started. The chart below provides a quick overview of the benefits of each option, which we explain in greater detail in the next section as well.



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Basic Service Intelligent Mail Requirements

- IM Barcode on mail piece only.
- IM Barcode must include the same CASS Certified delivery point information as in current POSTNET barcode, a USPS®-assigned Mailer ID, and the class of mail indicated in a Service Type ID field.

Basic Service Intelligent Mail Benefits

- Makes mailer compliant with USPS requirement of POSTNET barcode retirement in May 2011.
- Allows for value-added services (Confirm, ACS™) in one barcode.
- Frees up valuable real estate on the envelope.
- Enables an easy upgrade to Full Service.

Full Service Intelligent Mail Requirements

- Must use unique IM Barcodes on mailpieces, trays and containers.
- Must maintain uniqueness of barcodes for at least 45 days.
- Electronic submission of postage statements and mailing documentation.
- FAST® appointment system must be used

Full Service Intelligent Mail Benefits

- Postage discounts ranging from 0.1¢ to 0.3¢ per piece.
- Automated address correction information at no charge.
- Start the Clock information provided to mail owner and mail preparer.
- Improved visibility into the mailstream.

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Basic Service Option

While the benefits associated with Basic Service are less significant than Full Service, the requirements are not nearly as demanding. Basic service only requires that mailers use an IM barcode on each mailpiece, which must contain routing information for the delivery address. The barcode does not need to uniquely identify the mailpiece, so there is no need for mailers to monitor or manage uniqueness. At a minimum, the IM barcode Basic Service option will include the same CASS Certified™ delivery point information that is included in the current POSTNET barcode, a Postal Service assigned Mailer ID, the class of mail indicated in a Service Type ID field, and the optional endorsement line (OEL) information in the Barcode ID field — if an OEL is printed on a flat-sized mailpiece. There is also a Serial Number field that may be populated with any numbers the mailer chooses.

Basic Service allows mailers to obtain OneCode Confirm and OneCode ACS services, optional services that a mailer pays to use. These services are embedded in the Intelligent Mail barcode, and can be turned on or off as companies want to use them. Companies consider this a useful benefit of the Basic service, because OneCode ACS costs less than traditional ACS.

Basic service users can generate internal data from the barcodes but it's not nearly as comprehensive as Postal Service-supplied "start the clock" data that comes with Full Service. Basic Service users do not get postage discounts or free address correction information. Many companies that have chosen Basic service have done so in anticipation of the phasing out of the POSTNET barcode. In May 2011, the Postal Service will retire the POSTNET barcode and require the Intelligent Mail barcode to achieve Basic automation prices on mail.



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Full Service Option

Full Service yields more benefits for users, but it also requires a much greater effort and investment from the mailer. Users of Full Service receive piece discounts for putting the IM barcode on the piece and the mail container, and for meeting all other requirements of Full Service. First-Class Mail® gets the higher of the two discounts available, 0.03¢/piece. Full Service mailers of Standard Mail® letters and flats, Periodicals Mail and Bound Printed Matter get 0.01¢/piece. The complete breakdown of the discounts follows:

- **\$0.03 per qualifying mailpiece for:**
 - First-Class Mail automation letters
 - First-Class Mail automation flats
- **\$0.01 per qualifying mailpiece for:**
 - Standard Mail automation letters
 - Standard Mail automation flats
 - Standard Mail ECR flats
 - Periodicals automation letters
 - Periodicals automation flats
 - Periodicals carrier route letters
 - Periodicals carrier route flats
 - Bound Printed Matter automation flats
 - Bound Printed Matter carrier route flats

Postage discounts are just one feature that differentiates Full Service Intelligent Mail from Basic Service. Full Service has other benefits, including free return of address correction notices for letters and flats and “start the clock” information, which shows mailers when their mail entered the postal system. Start-the-clock information is necessary for tracking delivery performance and it allows mailers to see their mail — and measure its performance — through the entire supply chain. The Free ACS service provides automated address correction notifications at no charge. This option encourages best practices around address quality. This option encourages best practices around address quality.

In addition, Full Service requires mailers to use unique IM barcodes on mailpieces, trays/sacks and pallets, and to maintain that uniqueness for 45 days. That is, a mailer cannot use each IM barcode again, for the same class of mail, before 45 days from the mailing date. Barcode uniqueness is determined by the 6-digit or 9-digit Mailer ID and 6-digit or 9-digit serial number, along with the mail class depicted in the Service Type Identifier. Mailers must monitor the uniqueness of barcodes both within their own company’s use and with their service providers, if they use more than one vendor.

Challenges of Managing Uniqueness

The uniqueness requirement is a huge challenge for many companies because they have to store and track IM Barcode data to ensure the same code is not re-used (for the same class of mail) in that 45 days. The challenge is even greater when a company mails from multiple facilities or uses multiple service providers. Gray Hair actually manages uniqueness for more than 45 days.

Full Service mailers also need to manage their Service Type Identifier (STID) codes. These are used to identify the class of mail and to identify the mail as getting full-service IM Barcode or basic service. STID codes also note any special services the mailer has requested for the mail piece, such as the type of address correction and how to treat undeliverable as addressed pieces. With the Postal Service offering a wide range of address correction services, it is critical that a mailer use the correct STID for the service it wants. This is an area where mistakes can be made. Again, GrayHair, can reduce these headaches for a mailer. The provider can manage and update software and tools with the latest USPS tables. GrayHair

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understands STID based on Full Service or Basic Service and any auxiliary services requested, so it will assign the appropriate service type code.

Full Service also requires electronic submission of postage statements and mailing documentation. This documentation describes how mailpieces are linked to trays or sacks in the mailing, and to containers (if applicable), and must match the preparation of the mail to qualify for Full Service Intelligent Mail. The online FAST® appointment system is used to create appointments for origin-entered mail transported by the mailer. The FAST system is also used to schedule appointments for drop-shipment mailings.

Electronic documentation is another big hurdle for many mailers interested in full service IM Barcode. The handbook on the technical specifications put out by the Postal Service for meeting this requirement, "A Guide to Intelligent Mail for Letters and Flats," is extremely complex.

Keep in mind that mailpiece tracking does not come "free" with either Basic or Full Service IM Barcode. A mailer must use the Confirm service to receive tracking information on mail pieces from the USPS. The Confirm service is a subscription-based service, although many mailers sign on with a third-party provider rather than secure their own subscription. The Confirm service can be used with either Basic IM Barcode or Full Service IM Barcode.

Barcode Readability Standards

Users of both Basic service and Full Service Intelligent Mail service must print the IM barcode according to Postal Service specifications, including the accepted height and width of the bars in the code and the space between lines. The barcodes also must meet Postal Service standards for readability. On November 30, 2009, the Postal Service raised the threshold to 80 percent readability verification. It intends to raise the threshold again — to 90 percent minimum tolerance — in March 2010.

The Postal Service has made it abundantly clear that it will phase out the POSTNET barcode and transition completely to Intelligent Mail in the near future. There may be no better time to consider taking the leap to Full Service IM Barcode.

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In past presentations, postal officials have outlined a series of key steps in migrating to Full Service or Basic IM options.

Migrating to Basic IM option:

- Step 1: Review Guides and Specifications
- Step 2: Acquire a Mailer ID
- Step 3: Design and Validate Barcodes with USPS Mail Design Analyst
- Step 4: Move to Production Environment using Intelligent Mail Barcodes

Migrating to Full-Service IM option:

- Step 1: Review Guides and Specifications
- Step 2: Acquire a Mailer ID
- Step 3: Design and Validate Barcodes with USPS Mail Design Analyst
- Step 4: Access Business Customer Gateway
- Step 5: Design/Test Electronic Documentation
- Step 6: Plan for Feedback
- Step 7: Move to Production Environment



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