Global Postal Ecosystem Future Trends and Strategic Innovation
Innovation Key to Creating a Future Ready US Postal Service

Preston Finley
Manager, Strategic Business Planning
United States Postal Service
Our achievements of the last 4 years have built the foundation for future success.

Key USPS Accomplishments (FY11-15)

- Consolidated over 140 Mail Processing Facilities
- Adjusted hours for 9,700+ Post Offices via POSTPlan
- New agreements with Unions & suppliers
- Increased Intelligent Mail Barcode adoption
- Enhanced product visibility and scanning
- Enhanced Every Door Direct Mail (EDDM) product
- Piloted innovative products & services

USPS Financial Situation: FY2011- FY2015

PMG’s Key Strategies

- Focus on the Customer
- Engage & Empower Employees
- Invest in Future Platforms
- Innovate Faster

Fiscal Year End

*Before RHB pre-funding and non-cash adjustments to workers’ compensation liabilities
What strategies will position the USPS to thrive in future no matter the scenario?

Strategic Initiatives

CUSTOMER EMPLOYEE STAKEHOLDERS

Build out capabilities that appear in all scenarios, identify triggers for outlying scenarios, and be flexible!

USPS in 2020

- SCENARIO 1
  - Capability 1
  - Capability 2
  - Capability n
- SCENARIO 2
  - Capability 1
  - Capability 2
  - Capability n
- SCENARIO 3
  - Capability 1
  - Capability 2
  - Capability n
- SCENARIO 4
  - Capability 1
  - Capability 2
  - Capability n
- SCENARIO n
  - Capability 1
  - Capability 2
  - Capability n
PMG’s Key Strategies

Focus on the Customer
Provide excellent customer experiences across all key touch points

Engage & Empower Employees
Engage and empower employees to deliver the greatest value and experience to our customers

Innovate Faster
Rapidly pilot new services and processes with customers and employees to drive growth and meet the needs of the customers we serve

Invest in Future Platforms
Leverage infrastructure and partnerships to create opportunities for long-term, sustainable growth in all platforms, products and services
Innovation Platforms are Critical to the PMG’s Key Strategies

**Retail Capability**
- Boost the demand for mail and packages
- Expand and simplify induction points
- Integrate emerging digital, big data, and consumer trends to grow

**Network Capability**
- Leverage market-leading physical assets
- Incorporate evolving logistics solutions
- Develop a structure that fosters agility and innovation

**Delivery Capability**
- Expand delivery solutions
- Capitalize on the expansion of E-commerce and technology
- Optimize route flexibility and productivity

**Digital Capability**
- Leverage USPS’s brand, trust, and reputation to drive profit
- Provide digitally-enabled security, authentication, tools, and insights to a broad range of customers

**Enterprise**
*Cross-functional enablers that strengthen the Platforms*

- **People**
- **Technology**
- **Operations**
- **Marketing**
- **Finance**
- **Legal**
- **Communications**

**Foundation**
*Requirements for growth and innovation*

- **Brand**
- **World-Class Customer Experience**
- **Culture of Delivery**
- **World-Class Reliability and Visibility**
- **Security**
- **Simplicity**
Conclusions

• USPS has worked diligently to improve its financial situation and grow controllable income but comprehensive postal legislation is still needed.

• The PMG’s Key Strategies position the organization for long-term success.

• Faster innovation through our platforms are the key to creating a Future Ready Postal Service.
Postal Vision 2020

Swiss Post

March 15th-16th 2016 - Washington D.C.

Claudia Pletscher, VP Development and Innovation
Our clients become mobile, digital, Speed, Flexibility, Personalization, individual.
Competition has delivery as one element in their value chain

Source: adapted from Roland Berger
Swiss Post – intermediary between the physical and the digital world

Hybrid strategy of Swiss Post
We connect the physical and the digital world and as «trusted intermediary» build bridges for our clients between both worlds.
Let’s change the game…!
A formula to shape the future?

Thank You!

Claudia Pletscher – SwissPost
John McConnell
Director of Innovation and Quality

An Post
Republic of Ireland
Agenda

• Context

• An Post - our Innovation Process & Framework

• Some recent innovations

• 2016 & beyond
Ireland as a global innovation leader

3 of the world’s top infant formula manufacturers

3 of the top 5 games companies

10 top ‘Born on the Internet’ companies

More than 50% of the world’s leading financial services firms

17 of the top 25 global medical devices companies

9 of the Top 10 Global ICT Companies

9 of the top 10 global pharmaceutical companies
We are well positioned for the future with significant strategic capabilities to build on.

An Post can take advantage of our current infrastructure:
- Property
- Retail network
- Our People
- Our Fleet
- Warehouses / Storage
- Automation equipment
- Hand Held Scanners
- IT infrastructure
- Security

We can use the expertise from the services that we currently offer:
- Mails – letters and parcels
- Financial Services
- Payment services
- GOVT services
- Marketing services

We can leverage our intangible assets:
- Well-known Brand
- Trusted provider
- Customer footfall
- Customer data

Ref: Deloitte 2015
OUR INNOVATION PROCESS
Our Innovation Framework:
Key Business Areas

- Communications & Document Mgt
- Direct Mail & Marketing
- Retail
- Financial Services
- Government Services
- Logistics
- eCommerce
- New Business
Our Innovation Process

Generate Insights & Ideas

- Innovation Challenges
- Consumers
- Focused ideation
- External networks
- Customers
- Competition
- Other Posts & Industries
- Desk research

Classify & Evaluate concepts

- PROJECTS
- INITIATIVES
- DISCOVERIES

LOW

HIGH

Innovation Team Involvement
## Our Innovation Framework – Project Types

<table>
<thead>
<tr>
<th>PROJECTS</th>
<th>GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMERCIAL INNOVATION</td>
<td>To protect or grow market share</td>
</tr>
<tr>
<td>NECESSARY INNOVATION</td>
<td>A must-have product feature to maintain/grow competitiveness</td>
</tr>
<tr>
<td>INITIATIVES</td>
<td></td>
</tr>
<tr>
<td>NEW SERVICES LEVERAGING OUR ASSETS</td>
<td>These services should create a new and sustainable revenue stream going forward</td>
</tr>
<tr>
<td>DISCOVERIES</td>
<td></td>
</tr>
<tr>
<td>NEW BUSINESS</td>
<td>Enable new revenue streams and change the strategic position of An Post</td>
</tr>
</tbody>
</table>
Some recent innovations
How it Works

1. Register Online
2. Order Online
3. Get Notified
4. Collect & Pay
5. Oversized items

Sign me up!
“Your parcels are in even when you’re out”

- No more missed deliveries
- Weather-resistant locked box
- Mail collections as well as deliveries
- Email alerts when we deliver an item
- Our smart barcode scanning system acts as a proof of delivery, so there’s no need for a signature
Tourism initiative: “Wild Atlantic Way passport”
2016 – a special year for the GPO
Thank You
Creating a Customer Centric, eCommerce-ready Ecosystem

Ms Lily Loo
Head
Group Customer Service
Singapore Post Limited

Washington DC, U.S.A.
The Vanishing Core – Need for action

Annual decline of mail volume

- Posts to innovate for its very survival
- Greatest asset: dense network reaching every person around the globe

1 2011-12 decline as per IPC global postal industry report December 2013
2 Post NL Q2 results press release 08/2015
3 New Zealand Post annual report 2014
eCommerce Logistics – Singapore at the centre of booming Asia Pacific market

Annual growth of parcel volumes

+ 2.3%

Global eCommerce Growth

Global ecommerce revenue, USD trillions²

2013 2018

1.2 2.4

x 2

Asia Pacific’s share of global ecommerce sales³

2013 2018

28% 37%

Posts with their network advantage well positioned to ride the e-commerce wave;

1 Average annual growth 2010-2012 as per IPC Global Postal industry report December 2013
eCommerce Logistics is the main growth motor for SingPost

**Defend core** - Increase touchpoints & improve experience

- S$ 100 million to upgrade **postal infrastructure**
- **Densest 24/7 parcel locker** network in the world *[≥60% within 1 km, 97% within 2 km distance]*
- 24/7 **call center** coverage
- Increased delivery hours

**eCommerce Logistics core growth** area for SingPost

- Vision to become **regional leader** in ecommerce logistics in **Asia Pacific**
- **Full value chain offering** of eCommerce Logistics services to enhance experience of both buyers and sellers
- **Integrated solutions** and **modular services** allow ecommerce players flexibility
Transformation – Developing the eCommerce Logistics Network

1. eCommerce Services
   - Providing a global eCommerce platform
     - Latest acquisitions (US): Jagged Peak and TradeGlobal

2. Warehousing & Fulfilment
   - Expanding our warehousing network
     - Developing Regional eCommerce Logistics Hub in Singapore
     - S$ 182 mn investment into SingPost’s future

3. Last Mile Delivery & Returns
   - Building regional end-delivery network in Asia Pacific
     - 33% of Morning Express & Logistics in Aug 2015
     - Close to 120 PopStations in Singapore
     - Nationwide network in Australia via Couriers Please & Hubbed

4. Freight, Customs & Regulations Management
   - Broadening freight forwarding network with acquisitions
     - 80% stake in FPS Rotterdam in Jul 2015
Creating a Customer-Centric, eCommerce-ready B2B4C Ecosystem - Turning vision into reality

Web Store Development
Regional Customer Care
Performance Marketing
Store Operations
Warehousing
Delivery & Returns
Creating a Customer-Centric, eCommerce-ready B2B4C Ecosystem – for the Small Medium Businesses that needs flexibility
SP Commerce now offers global eCommerce logistics solutions with the integration of TradeGlobal and Jagged Peak.
Focusing transformation efforts on people, culture, and mindset

**PREPARE**

**ENGAGE**

**REWARD**

**SERVE**

**KNOW**

**TRANSFORM**
Transform with sustainable success – key takeaways

- Global postal industry needs to **transform**
- **E-commerce** growth offers wealth of **opportunities** for logistics companies and Posts
- Defend core business and offer full value chain in **e-commerce logistics**
- Focus transformation efforts on **people, culture, and mindset** of organization
- Embrace **transformation**, innovation, and tradition, must be a company affair

Create e-commerce logistics eco-system on back of postal DNA and networks
Contact details:
Lily Loo
Head, Group Customer Service
Singapore Post Ltd
M: +65 98180099
E: llyloo@singpost.com
Net Promoter® Certified Associate;
Certificate of CEM (Global CEM)