

## THE SITUATION

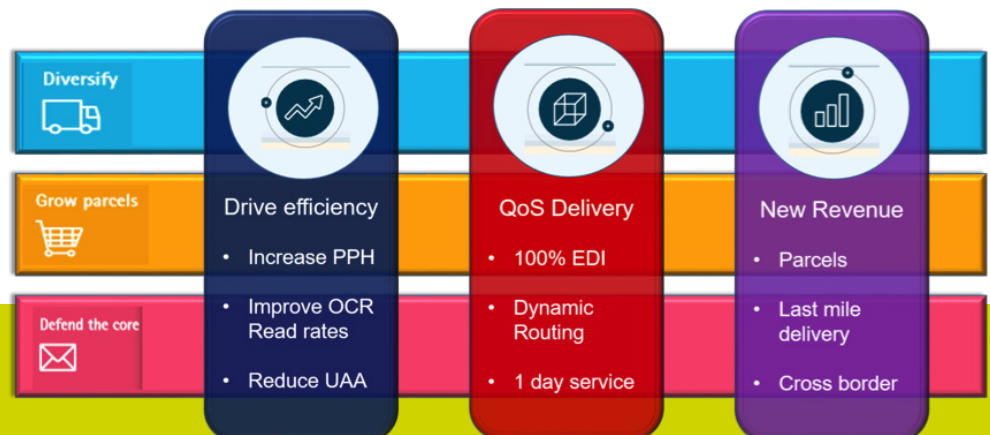
According to Accenture, letter and flat mail is still the largest revenue generator for most posts, despite volume declines, and is a critical source of cash flow. High performing operators continue to defend their core business to deliver strong mail profitably while simultaneously investing in new product innovation to add value and offset future mail volume declines. The postal automation market is estimated to grow at a CAGR of 9% to 2023 which is projected to generate approximately \$2 Billion (USD) of new investment in automation and software solutions.

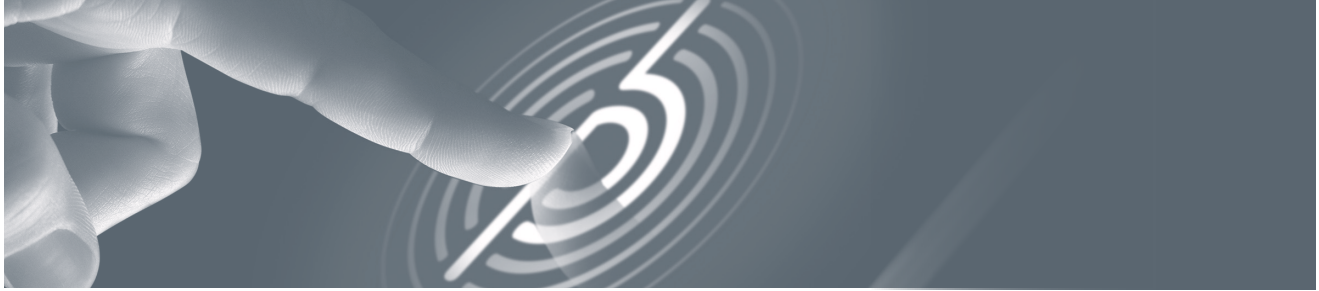
## SOLUTIONS

To meet the growing demand for leading edge solutions Pitney Bowes and RAF Technology have jointly developed an advanced product portfolio that enables innovative postal operators to both enhance their core letter mail business as well as capture a greater share of the booming parcel market. Pitney Bowes recently deployed its new Vantage sorters to modernize the postal networks for both Correios Brazil and Croatia Post. These organizations chose Pitney Bowes and RAF Technology as they needed the best turnkey solution offering highly efficient, fast hardware with the most advanced software. The rapid deployment resulted in enhanced network capacity and efficiency on the ground in short order.

These solutions included such critical attributes as full address machine print OCR, full address handwriting ICR, full name recognition on machine and handwriting addresses to provide mover's functionality, mail facing, complete directory redesign to create more precise match rates, mail type recognition for special handling requirements, and address learning systems for continuous directory improvement, among others. Pitney Bowes also deployed its VariSort transport which is specifically designed to allow operators to expand their operation and offer new competitive products to their customers in the high growth e-commerce flats and small parcel delivery business.

These advanced products were deployed with an open architecture design using a central control, CEN compliant, software system which ensures the customers can modify and enhance these at their own discretion now and in to the future. These centralized solutions also offer a scalable network platform for generating new revenue sources for postal operators in last mile delivery and cross border services.





## SIDE-BY-SIDE ECONOMIC COMPARISON

A critical consideration when reviewing options in the field of automation is the performance of both the machine and the accompanying reading technology. Below is a high level comparison of two scenarios that highlights these two critically important driving factors.

### (CUSTOMER A)

- Machine speed: 50,000 pieces per hour
- Read rate: 72%
- Daily volume: 500,000 pieces of letter mail
- Results: Takes approximately 10 hours to process mail, 360,000 are automated
- Value per piece: \$.05/piece
- Daily cost:  $10 \times \$30/\text{hr.} = \$300$
- Daily revenue:  $360,000 \times \$0.05 = \$18,000$  USD
- Daily gross profit: \$17,700 USD
- Yearly gross profit @ 302 operational days per year: \$5,345,400 USD

### (CUSTOMER B)

- Machine speed: 30,000 pieces per hour
- Read rate: 95%
- Daily volume: 500,000 pieces of mail:
- Results: Takes approximately 16.67 hours to process mail, 475,000 are automated
- Value per piece: \$.05/piece
- Daily cost:  $16.67 \times \$30/\text{hr.} = \$500.10$
- Daily revenue:  $475,000 \times \$0.05 = \$23,750$  USD
- Daily gross profit: \$23,249.90 USD
- Yearly gross profit @ 302 operational days per year: \$7,021,469.80 USD

The numbers tell the story! Although customer A's sorter operates 40% faster than customer B's, the superior 95% OCR read rate achieved by customer B's sorter generates greater annual revenue than customer A.

***Don't settle for less and insist on superior OCR & ICR performance!***



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