

Public/Private Relationships - Creating a Successful Postal Alliance

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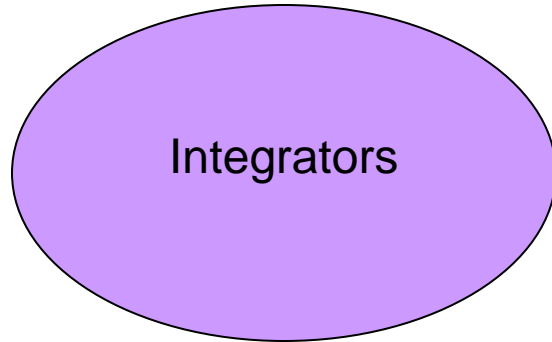
The Business & Economic Models of Posts are Changing:

- Manage decline in letter volume
- Need to increase network efficiency
- Need to enhance parcel services
- Need access to new revenue streams
- Need to grow customer base

The Business & Economic Models of Integrators are also Changing:

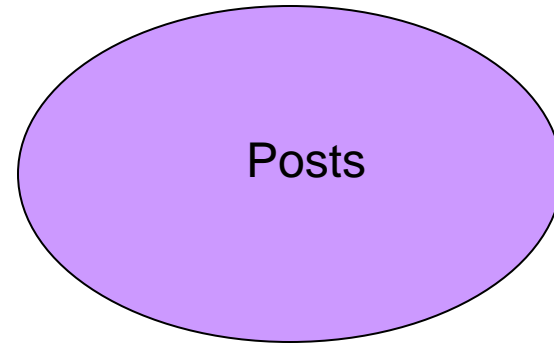
- Need to leverage their networks
- Provide global retail access
- Share in the growing business to consumer market

There is Strength in Alliances:



- Transportation efficiency
- Strong international product portfolio
- Strong global brand
- Highly evolved IT systems

There is Strength in Alliances:



- Extensive domestic residential pick-up and delivery network
- Strong national brand
- Unparalleled retail presence

There is Strength in Alliances:



- Network optimization
- Unmatched access
- Extremely strong international and domestic brand recognition
- Full service offering

Potential Benefits:

Integrators Offer:

- Expansive networks
- Extensive International product portfolio
- Strong global brand
- Highly evolved IT systems

Potential Benefits:

Post Offers:

- Vast retail infrastructure
- Market for global services
- Last Mile delivery
- Access to First Mile
- Trusted brands

Options for Growing Postal Services:

Acquire, Grow or Align

- Acquire:
 - Expensive
 - Limited Opportunity
- Grow:
 - Slow
 - Expensive

Options for Growing Postal Services:

Acquire, Grow or Align

- Align:
 - Can build faster & more efficiently
 - Cost synergies
 - New product opportunities
 - Stimulate growth

Challenges in Creating an Alliance:

- Different cultures
- Different management styles
- Government agency contracting environment
- Alignment of complex networks

Alliances that Work:

- Post leveraging FedEx air network
- Post leveraging FedEx ground network
- FedEx leveraging Post retail locations
- FedEx leveraging last mile delivery by the Post
- Co-branded international express service

Alliances Benefits:

- Reduced transportation costs, improved reliability and efficiency
- Highly efficient last mile distribution system
- State of the art IT systems
- New revenue streams
- Expanded portfolio
- Improved retail access
- New customer segments

How to Create a Successful Alliance:

- Get a partner that "fits"
- Create a conflict resolution mechanism
- Build trust throughout organizations
- Keep communication open
- Agree on common measurement
- Ensure agreements create value for all alliance partners
- Create "champions" for cause