

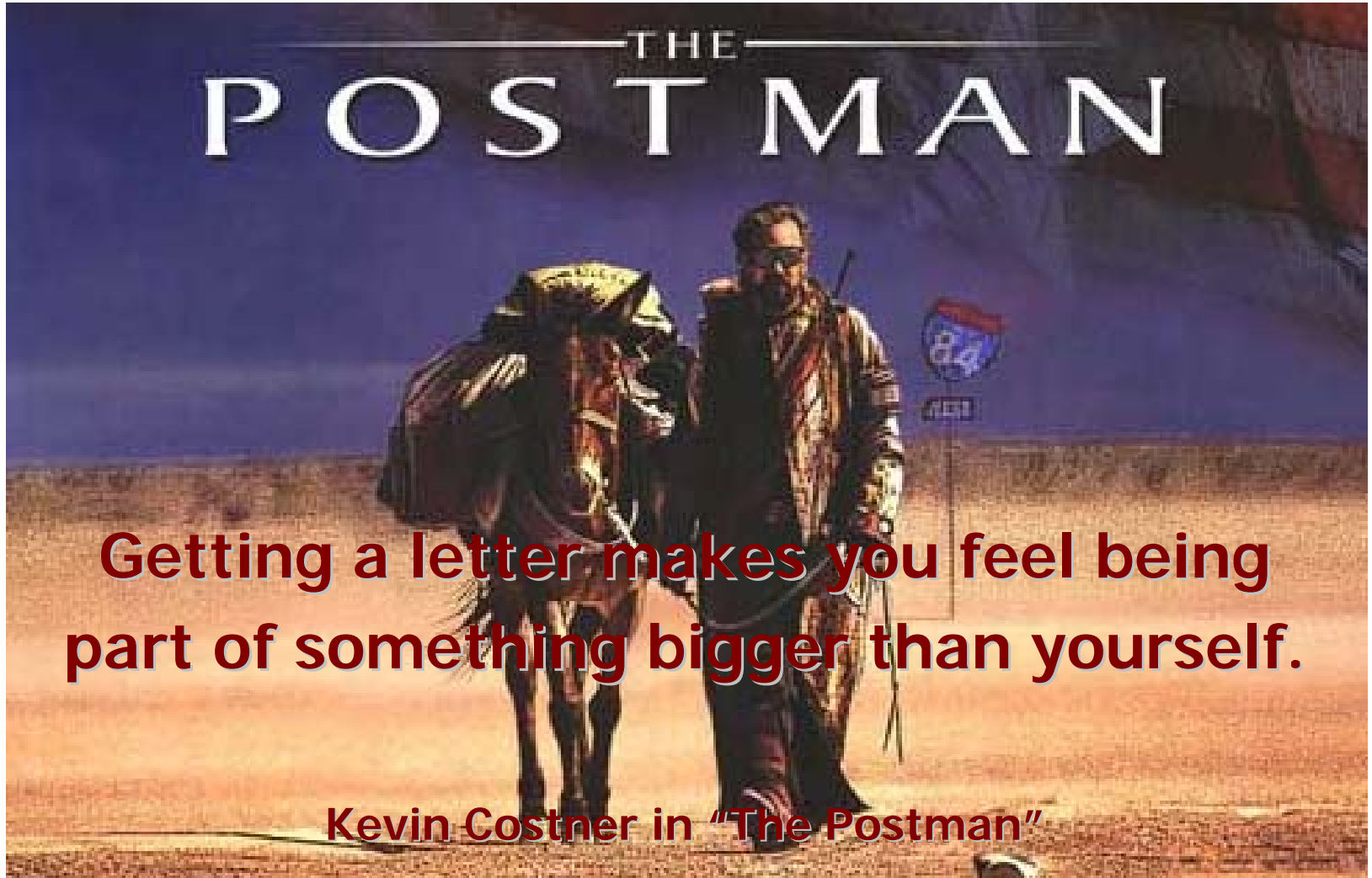


Trends and Developments in the Global Postal Industry

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The Day After...

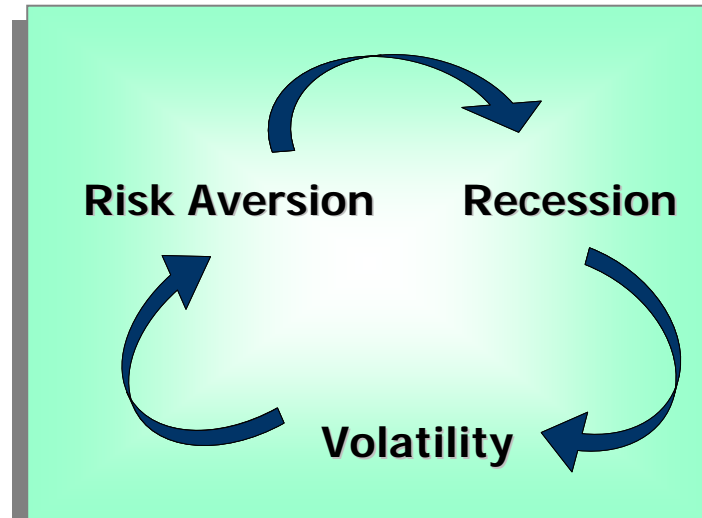


The Day After...

... just recession or paradigm shift?

How "the day after" the financial crisis will look like for the global postal industry?

- Acceleration of the electronic substitution
- Market driven supply will curb profitability
- New customer needs will push innovation
- Stronger regulation and anti-corporate sentiments
- Tougher environmental considerations
- Government debts reshape spending priorities
- Contradictory trends for USA



...but at the same time, let us not waste a good crisis!

The moderate impact of the crisis, in comparison with other industries, offers opportunities...

- ...to speed up productivity improvements and cost reductions
- ...to aggressively manage cash flows and secure liquidity
- ...to push change and reorganization plans, as well as diversification of revenues
- ...to actively review the legal and regulatory framework

Global Trends...

General trends

Mail

- Strong decrease of mail volumes
- Increasing demand for downgraded services

Direct Mail

- Reduced marketing budgets stifle volumes
- Potential remains high but with threats hovering in the background (i.e. cost/efficiency, data protection, the "Green" issue)

Parcel & Express

- Sharp volumes decline (B2B) / under utilization of networks
- Price competition and strong demand for downgraded services
- Peaking receivables and cash-flow problems

Common social, political and managerial issues

- Globalization embeds major shifts in key social and demographic trends
- In an Internet world what is the best dimension for the USO? How can we go beyond taboos?
- How can Posts contribute to sustainable / "green" development?
- How can we achieve the necessary flexibility of our organizations to adapt to the evolution of demand (in quantity and categories)?

Universal Issues...



Strategy

- What kind of diversification for the portfolio of activities?
- What kind of financing?

Marketing

- What kind of new services?
- How can we keep on promoting direct mail?

Regulation

- What kind of price and competition regulation should be set up?
- How do we redefine the USO?

Universal Issues...



New social preferences and end-customer-needs, along with the "net" Y & X generations, will push to distinction volumes of paper-based transactional mail and publications...

(what would customers be willing to pay even without USO?)

Legislation may reduce dramatically the volumes of paper-based marketing mail

(data protection and anti-corporate feelings in combination with the "green sensitivity" may drive the "Do Not Mail as Default")

Competitive markets will cover many traditional USO areas, such as parcel delivery

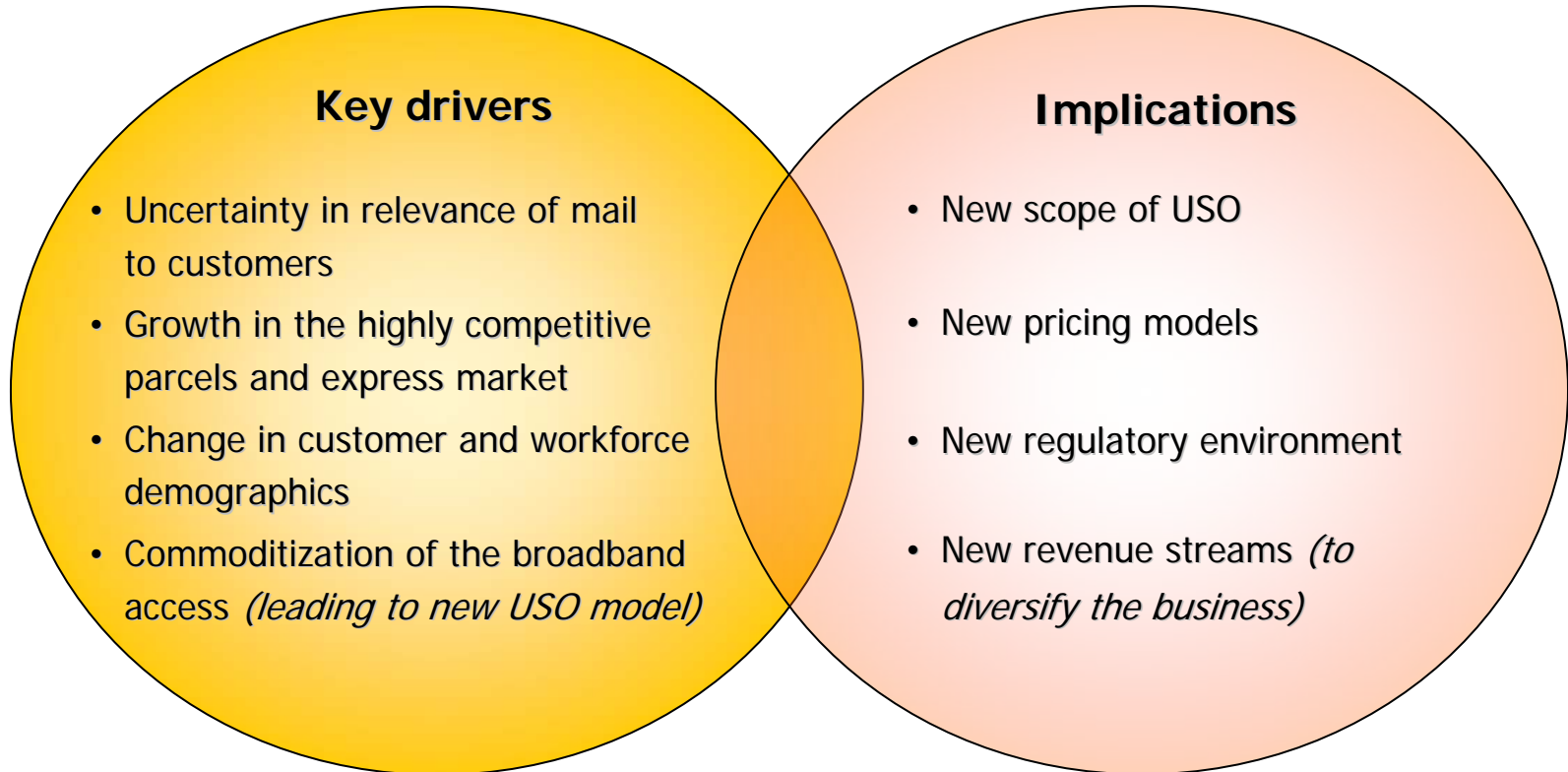
(in many countries, governments under the debt pressure have pushed the substitution of the USO with broadband services)

"traditional" USO will eventually become economically unfounded and unsustainable

The “Day After” is a new day...



**Radical change of the core business model,
led by the gradual change of the revenue and profitability mix**
(...letter mail profitability will not be sustainable)



The “Day After” is a new day...

**Opportunities exist in both dimensions of the postal infrastructure...
...the postal logistics network and the postal outlets network**

Integrated, value-added solutions

Based on lean operations, Posts need to offer integrated solutions to cater for their customer needs. Innovation will be a key driver for any new business model.

Vertical and one-stop-shop direct marketing multi-channel services will be necessary to drive growth in the future. Tailor made solutions at certain level of quality will claim more gravity in future revenues.

Trusted network services

Trust is a core asset for the Posts, but still vastly underutilized. The future business models will need to transform the postal networks from low-end to high return transactions. New solutions must be employed, while new skills will be in demand to achieve new revenue streams (banking, insurance, retail, government services etc.).

