Move Update
Compliance & Methods
Today and Tomorrow

Moderator: Chris Lien, BCC Software
Panelists: Kathleen Siviter, Postal Consulting Services
          Wallace Vingelis, Anchor Software
          Dennis Kaylor, Our Sunday Visitor
Move Update Requirements – Effective 11/23/2008

- First-Class and Standard mail requirement
- Move Update method must be applied 95 days prior to the mailing in order to claim discounts
- Postage statement reflects the method applied
- MERLIN will be used as to evaluate compliance
  - Penalties will not go into effect for Standard mailings until January 4, 2010
  - First-Class Mail is subject to penalties today
- Mail payer (as indicated on the postage statement) will be held accountable for any penalties
  - PS6014 statement no longer exists
Move Update Methodologies

- NCOA\textsuperscript{Link\textregistered} - pre mailing Move Update option
- FAST\textit{forward\textregistered} Multi-line Optical Character Reader
- ACS\textsuperscript{TM} - post mailing Move Update option
- OneCode ACS\textsuperscript{TM} - Intelligent Mail Barcode
- Ancillary service endorsements
  - Address Service Requested
  - Return Service Requested
  - Change Service Requested
- Alternative Move Update (First Class only)
Methods Exempt from Move Update

- Alternative Addressing
  - “or Current Resident”
  - Refer to DMM 602.3
- Newly Acquired Addresses
  - Applies when a customer’s newly acquired address is added to a mailing list as “a result of purchasing goods or services or requesting information”
  - The newly acquired address is valid for 95 days from the date of acquisition
  - After 95 days, the address must be verified during the next Move Update cycle
MERLIN and Move Update Compliance

- As of March 23, there are 366 MERLIN devices across all 50 states are now activated
- MERLIN communicates with the National Customer Support Center in Memphis, TN
  - Sample addresses lifted from the mailpiece via optical scanning are transmitted to the NCSC
- NCSC performs an NCOA^Link lookup on the sampled addresses using 48 months of data
- The results are returned to MERLIN and reported
- Data is used to adjudicate compliance during acceptance
Concerns Related to MERLIN and NCOA<sup>Link</sup> Lookups

- MERLIN performs the ZIP+4 and DPV assignments
  - Data timing, parsing, matching issues
- NCOA<sup>Link</sup> has Incomplete Data
  - 80.92% Forwardable moves containing delivery point confirmed **New** addresses
- Individual, Family, and Business matching logic
  - Can vary considerably on what is returned
- Data sets vary widely (Weekly versus monthly)
- NCSC is doing a reverse lookup using NCOA<sup>Link</sup>
  - This is not permissible by industry
Additional Concerns

- Average match rate for NCOA<sup>Link</sup> is 75%
  - For those actual changes on file for a given list. These are typically 5 to 7 percent.
- Some mailers suppress address corrections
  - Can appear as not having attempted Move Update
- Comingled mailings – how to determine who failed?
- PARS may soon be used to adjudicate
  - The mail has already been accepted – how will the USPS assess the penalty and to whom?
  - Similar issues as MERLIN – data timing, parsing, matching
Move Update Compliance & Methods
Tolerances, Penalties, and Documentation

Kathleen Siviter, Postal Consulting Services
Formal Actions on Move Update Penalty Rate

- **USPS** proposed the 7-cent move update penalty rate as part of its 2009 pricing change.
- **PostCom** challenged the 7-cent rate, arguing that it is not based on actual USPS cost avoidance.
- The **Postal Regulatory Commission (PRC)** in its March 16, 2009, opinion, said there was not enough evidence on the record or time to pursue in the current proceeding, and approved the rate.
- It is possible that a complaint proceeding could be filed…
The World has Changed…Again

- **USPS announced last week:** Postponement of using PBV results to assess additional postage for move update non-compliance until January 2010

- **USPS said yesterday:** It will re-evaluate the pricing for non-compliant mailings (e.g., 7-cents per piece for the entire mailing for Standard Mail, FCM single piece prices for FCM)

- What does it all mean?
What Does it all Mean? Here’s What we Think…

- **First-Class Mail**
  - In cases of clear non-compliance, Single Piece FCM postage assessed for all pieces in the mailing
  - PBV reports provided to mailers, but results not used to assess additional postage

- **Standard Mail**
  - In cases of clear non-compliance…USPS will notify mailer of requirements and work with them
  - No additional postage penalty assessed until after Jan 2010
  - PBV reports provided to mailers, but results not used to assess additional postage
USPS Move Update Compliance Verification – PBV

- **Error Calculation:** COA detected vs. COA detected and new address used on mailpiece.
  - FASTForward: 95 days to 13 months date range
  - All other methods: 95 days to 18 months date range

- Reports/results provided to mailer by USPS

- Instructions to access reports in PostalOne are on USPS’ web site (RIBBS, move update section)
USPS Policy that would have taken effect May 2009:

- **Up to 5 errors, no penalty.** Mailings with 5 or fewer COAs detected but new address not used = no assessment.

- **30% Error Threshold before penalty.** Mailings with 30% or less errors = no assessment (for now…)
  - USPS plans to review and adjust threshold “every four months” with an eye to raising the bar

- For **combined mailings** (multiple clients within a single mailing), the mail preparer can limit the additional postage assessment to the total number of pieces for each client whose pieces have errors
  - Additional documentation by client may be required
  - Some issues still to be resolved
Postage Penalty for Non-Compliance

If USPS finds the mailing non-compliant with move update requirements (beyond the error tolerance):

- The mailer/agent can withdraw and re-work the mailing
  Or
- Pay additional postage on the entire mailing
  - First-Class Mail *(effective May 11, 2009)*: Single Piece First-Class Mail rates
  - Standard Mail *(effective Jan. 4, 2010)*: 7-cents per piece additional postage
- Additional postage can be paid from same permit account as the mailing, or a different permit account at the mailer’s discretion
Move Update Reports

For USPS acceptance sites with Performance-Based Verification (PBV) activated on MERLIN equipment, the USPS will provide customers with Move Update Reports.

### Move Update Address Validation Summary Information

<table>
<thead>
<tr>
<th>Ranges</th>
<th>Total COA on File</th>
<th>Total COA updated by mailer</th>
<th>Total COA not updated by mailer</th>
<th>Total COA updated by mailer divided by Total COA on File</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 95 days</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>0.00 %</td>
</tr>
<tr>
<td>Between 95 days to 13 months</td>
<td>11</td>
<td>10</td>
<td>1</td>
<td>90.91 %</td>
</tr>
<tr>
<td>Between 95 days to 18 months</td>
<td>18</td>
<td>17</td>
<td>1</td>
<td>94.44 %</td>
</tr>
<tr>
<td>Between 95 days to 48 months</td>
<td>107</td>
<td>106</td>
<td>1</td>
<td>99.07 %</td>
</tr>
</tbody>
</table>

*COA = change of address*

### Move Update Error Identification

*Table displays mailpieces with Move Update address matches between 95 days and 48 months*

<table>
<thead>
<tr>
<th>MERLIN MPID</th>
<th>Name</th>
<th>Address Block</th>
<th>Barcode</th>
<th>Range</th>
<th>COA Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>310</td>
<td>ANN R PARSONS</td>
<td>1 WALNUT LN AVON CT 060014539</td>
<td>06001453901</td>
<td>Between 95 days to 13 months</td>
<td>10/09/08</td>
</tr>
</tbody>
</table>
Move Update Reports

- Move update method determines COA range:
  - FastForward/Multiple Move Update Method: 95 days to 13 months
  - All other Move Update Methods: 95 days to 18 months
  - Other ranges shown (95 days to 48 months): as information only
- Make sure you/USPS use the correct information line in looking at your results
Mailers should retain appropriate documentation to support move update compliance

When errors are found at acceptance:

- Mailer should request photocopies of pieces with errors sampled by MERLIN
- USPS exploring option of mailer paying non-compliance penalty post-mailing
- Re-Working the mailing: “or current resident” addressing, removing the error pieces, etc.

Resources:

- USPS “Move Update Advisement Policy” and FAQs posted on RIBBS (Move Update, Latest News)
Move Update Error Tolerance ??? (Effective January 2010)

- Will the USPS retain this error tolerance policy? Depends on what USPS does about postage assessment pricing...

- What could the USPS do?
  - Assess the penalty only on a portion of the mailing (e.g., if sample shows error rate of 20%, assess additional postage on 20% of the mailing)
  - Additional postage assessment price: 7-cents for Standard Mail, or something different?

- If PBV reports continue to show significant issues through 2009...does that lead to the USPS taking a harder line?
What Should Mailers/Agents Do?

- Retain appropriate move update documentation, set up necessary systems to support documentation
- Review and maintain USPS move update reports
- Make necessary changes to achieve address quality and meet move update requirements
- Work with industry representatives to develop a non-compliance solution to propose to USPS
- Don’t lose sight of the REAL benefits of maintaining up-to-date addresses
Move Update Compliance & Methods
Parsing, Matching, and Assignment Rules

Wallace Vingelis, Anchor Software
# NCOA Link® Matching

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>Provides only new address information for Business moves.</td>
<td>B</td>
</tr>
<tr>
<td>Individual</td>
<td>Provides only new address information for Individual moves.</td>
<td>I</td>
</tr>
<tr>
<td>Indiv/Business</td>
<td>Provides only new address information for Individual and Business moves.</td>
<td>C</td>
</tr>
<tr>
<td>Indiv/Family</td>
<td>Provides only new address information for Individual and Family moves. (Residential)</td>
<td>R</td>
</tr>
<tr>
<td>Standard</td>
<td>System will not restrict any matches or prohibit the return of information based on move types (Family, Individual or Business).</td>
<td>S</td>
</tr>
</tbody>
</table>

*Pure Family-only matching is prohibited*
NCOA Link® “Standard” Matching

Required order of inquiry

- **Business:** Match on business name

- **Individual:** Match on first name, middle name, surname and title required. Gender is checked and nickname possibilities are considered.

- **Family:** Match on surname only
Definitions

- SHA – Secure Hash Algorithm
- EMDP – Enhanced Modified Delivery Point
  - ZIP Code
  - ZIP add-on
    - Add-on associated with the underlying street record assigned by the USPS for the address being matched *(only for High-rise or Firm records)*
  - Address mish-mash
    - Uses the primary number, unit designator and secondary number
- SMDP – Snapp Modified Delivery Point (see EMDP)
Business Matching

- Create SHA using EMDP only
- Match is made against USPS database
  - Are there any business moves?
    - No – Go to Individual Matching
    - Yes – Next Step
- Match input business name against all possibilities for this address in the USPS text-based business name table
  - Developer decides:
    - Is it exact, close or close enough?
    - More matches vs. accurate matches?
Name Matching

- Applicable to Individual and Family
- “Rules Table” must be applied

<table>
<thead>
<tr>
<th>Example</th>
<th>Pass</th>
<th>Name In</th>
<th>Rule Applied</th>
<th>Name Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example 1</td>
<td>1</td>
<td>MacConville</td>
<td>Ex 1</td>
<td>McConville</td>
</tr>
<tr>
<td>Example 2</td>
<td>1</td>
<td>McConville</td>
<td>Ex 3</td>
<td>McConville</td>
</tr>
<tr>
<td>Example 3</td>
<td>2</td>
<td>McConvile</td>
<td>None</td>
<td>McConvile</td>
</tr>
</tbody>
</table>

Example 1: Y N N 3 2 MAC MC
Example 2: Y Y Y 2 2 UO OU
Example 3: Y Y Y 2 1 LL L
Example 4: Y Y Y 2 1 NN N
Individual Matching

- Create SHA using
  - EMDP
  - First Name
  - Last Name
  - Suffix (II, III, IV, JR, SR)*

- Match input SHA against USPS SHA
  - No Match: Attempt Family Matching
  - Match:
    - USPS returns 11-digit DPBC
    - Look up DPBC in CASS database
    - Write new address and associated USPS info to output record
Family Matching

- Create SHA using
  - EMDP
  - Last Name
- Match input SHA against USPS SHA
  - No Match: Get next record
  - Match:
    - USPS returns 11-digit DPBC
    - Look up DPBC in CASS database
    - Write new address and associated USPS info to output record
Potential Problems

- Users are allowed to select a time frame as limited as 6 months
- Users can exclude selected records from their process
- Rules Tables may be out of sync
- Developer philosophy may differ in text-based Business Matching
- Including suffix in Individual SHA could cause missed matches (II vs JR, XX vs blanks)
Potential Problems

- Reverse lookup against CASS database may produce un-resolvable multiple matches
- USPS to use Standard setting – some verticals only use Individual
- Several portions of the USPS documentation are open to developer interpretation
- Other portions are confusing, at best, and have never been clarified
- Currently, there is not a clear understanding of how the USPS plans to do their “reverse lookup” of the name & address on the mailpiece
Move Update Compliance & Methods
Value of Move Update and Best Practices

Dennis Kaylor, Our Sunday Visitor
Address Quality

Our Sunday Visitor, Inc

Our Mission: To Serve the Church

- Published weekly Newspaper since 1913
- Began distributing Pew Envelopes in 1919
- Serve over 6,100 Churches & Schools
- Publish 6 Periodical Publications
- Publish Religious Books and Pamphlets
- Manufacture, Print, and Mail Offertory Envelopes
- Collection Fulfillment for Non-Profit organizations
Address Quality

Process 4 Million Address Records Monthly
- Prior to DPV & LACS qualified 98%
- Post DPV & LACS qualified 97.5%

Mail 3 Million Addressed Pieces Monthly
- Between 60 & 75 Thousand Pieces Failing
- Delivery issues
- Customer Service
- Production Cost
- Customer Satisfaction
Address Quality

Quality Initiatives

- Bad Address Reports
- Provide Support for Address Returns
- Work with Customer Improve addresses
- Reactive approach to Address issues
- Treading Water
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Records CASS Processed</td>
<td>49,080,214</td>
</tr>
<tr>
<td>(Annually)</td>
<td></td>
</tr>
<tr>
<td>ACS Cost to OSV</td>
<td>$.0000183</td>
</tr>
<tr>
<td>AEC &amp; AECII Cost to OSV</td>
<td>$.00166</td>
</tr>
<tr>
<td>NCOA Cost to OSV</td>
<td>$.00031</td>
</tr>
<tr>
<td>OSV Cost Per Piece</td>
<td>$.00198</td>
</tr>
</tbody>
</table>
Address Quality

Road to Improvement

- One Code ACS
- NCOA
- Other Addressing Tools
- File Maintenance
# Address Quality

<table>
<thead>
<tr>
<th></th>
<th>MM1108</th>
<th>MM1208</th>
<th>MM0109</th>
<th>MM0209</th>
<th>MM0309</th>
<th>MM0409</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5 Dg Failed</strong></td>
<td>47,310</td>
<td>47,310</td>
<td>46,952</td>
<td>49,249</td>
<td>27,795</td>
<td>93</td>
</tr>
<tr>
<td><strong>DPV Failed</strong></td>
<td>77,198</td>
<td>77,198</td>
<td>76,501</td>
<td>79,489</td>
<td>68,659</td>
<td>58,969</td>
</tr>
<tr>
<td><strong>LACS %</strong></td>
<td>0.14%</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.06%</td>
</tr>
<tr>
<td><strong>5 Dg %</strong></td>
<td>1.14%</td>
<td>1.14%</td>
<td>1.14%</td>
<td>1.17%</td>
<td>0.66%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>DPV %</strong></td>
<td>1.87%</td>
<td>1.87%</td>
<td>1.85%</td>
<td>1.89%</td>
<td>1.62%</td>
<td>1.37%</td>
</tr>
</tbody>
</table>
Address Quality Benchmark

Potential Savings for Improved Address Quality

<table>
<thead>
<tr>
<th>% Non DPV</th>
<th>Monthly Cost</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.89%</td>
<td>$3,087</td>
<td></td>
</tr>
<tr>
<td>1.38%</td>
<td>$2,247</td>
<td>$828</td>
</tr>
<tr>
<td>.88%</td>
<td>$1,433</td>
<td>$814</td>
</tr>
<tr>
<td>.38%</td>
<td>$618</td>
<td>$814</td>
</tr>
<tr>
<td>.04%</td>
<td>$65</td>
<td>$553</td>
</tr>
</tbody>
</table>

Potential Revenue Gain

Every 0.5% improvement returns $810 per month.
Direct Mail Costs to the Industry

- Creative: 11.25¢
- Postage: 24¢
- Art & Preparation: 9.75¢
- Printing Production: 23.44¢
- Allocated Fees: 13.55¢
- Lettershop Production: 4.02¢
- Mailing Lists: 12.35¢
- Computer Processing: 2.32¢
Address Quality

Return on Investment

- Improved Overall Address Quality
- Increase in DPV Coded Records
- Reduction in Postage Cost
- Reduced Delivery Complaints
- Proactive approach to delivery issues
- Increased Up-Sell time for Customer Service
- Happy Customers!!!
Questions?