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A Very Uncertain Time for USPS

ProList, Inc. is an Industry Innovator in data management and direct mail services solutions.



We're always telling you to "stay tuned" to see what's going to happen next at the Postal Service because it's often hard to predict. But there are all kinds of winds blowing on USPS headquarters these days. There are a lot of things you'll need to stay tuned to:

- President Donald Trump, Jeff Bezos, and the Task Force. Well, look at that – the USPS is in the news. That can't be good. The President has decided that they are losing money on every package they deliver for Amazon. Probably not, although the accounting is tricky – so now you have a task force. Bush's task force created the Postal Reform bill of 2006, which kind of put USPS in the position it is in. Lyndon Johnson had a task force that turned the Department of the Post Office into the US Postal Service. So...maybe a big deal?
- Postal Reform had life in Congress. Both houses had bills that were pretty inoffensive, but nothing can happen on those now until the President's task force reports in August...which is election season. So it seems unlikely this year.
- The Postal Regulatory Commission has suggested a rate process that could increase postage about 40% over the next five years. They asked for comments, which they are currently reviewing. The most typical comment was "NONONONONO!!!" They are expected to return their decision by late this year – which could be upended by Congress or the President. Maybe by Jeff Bezos. Who knows?
- The USPS Board of Governors said that...oh, wait – there aren't any Governors, so they can't say anything. It appears

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likely that as many as three Governors will be approved in the coming months, although that has appeared likely for seven years...

- The status quo, which is still in force, would have postage rates go up by CPI cap in January. 2-3%.

So our educated (I guess) opinion of what will happen:

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- Rates will likely go up 2-3% in January, in line with inflation.
- Rates will go up again in the spring, another 2-3% based on either Postal Reform passing congress, or the PRC imposing new rate rules.
- There will be law suits. That one we're pretty solid on.
- At least one Governor will be appointed, so there will be promotions again. The hottest promotion will be Informed Delivery, for which you will be able to get a 2% postage discount.
- Everything beyond 2019 will remain unsettled, and you will be advised to "stay tuned."
- Jeff Bezos will be just fine.

This is highly subject to change. We suggest that you print this issue out and pin it to your bulletin board and check off each event as it occurs.

Oh, and stay tuned.

The Changing Face of the Direct Mail Supply Chain

Remember when printers wanted to get into the mailing business? Menus and books just weren't selling so well, and they were already printing a mail piece – they'd just put an inkjet head on the press, print an address, and hand it to the Post Office to deliver. Voila! A new service to sell! How hard could it be?

Have you *met* the Postal Service?

Still, many printers did get into the mailing business, with varying levels of success. The key to success in mailing was (and is) being able to manage data efficiently and accurately. And to understand the Postal Service. Many printers have struggled with this required competency.

And now, mailers are starting to get into the printing business.

New technologies are changing the supply chain, pushing more of the direct mail manufacturing to companies that can effectively manage the data and mailing side of the business, and provide top grade printing. Full color inkjet in particular – the digital press – is a game changer. It combines the quality and cost benefits of offset printing with the personalization of digital printing. Now, for about the price of a piece of

letterhead, you can print that same letterhead - along with a fully personalized letter.

Digital color printing is not new – color laser, or toner-based, printing has been available for years, but suffered from a limited available paper stock, and a fixed per-piece cost that made it too expensive in larger quantities. The first color inkjets were huge expensive roll-to-roll presses built for extremely high volume and moderate quality. They certainly had some applications, but for a relatively narrow market.

Today, a new generation of sheet-fed presses are coming on the market, with quality comparable to offset printing in many cases, great flexibility in paper stocks, and a level of scalability compatible with the mid-level market. While these presses are still substantial investments, their speed, flexibility, and controllable costs make them an excellent value.

ProList's new Konica Minolta KM-1 is an excellent example. It brings a new level of affordability to personalized mail. That, combined with ProList's expertise in data management and postal regulations changes the playing field producing direct mail. There certainly remains a critical role for printers doing what they do best – producing high end pieces such as catalogs and annual reports, and huge runs of simpler pieces, along with specialty products such as envelopes that don't work well on digital presses – yet.

Let ProList take a look at your upcoming projects. We can give you the best of both worlds – offset printing where it makes sense from our trusted network of print suppliers, and digital color where that is the best choice. You may be pleasantly surprised how this change in the supply chain can affect your bottom line.

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