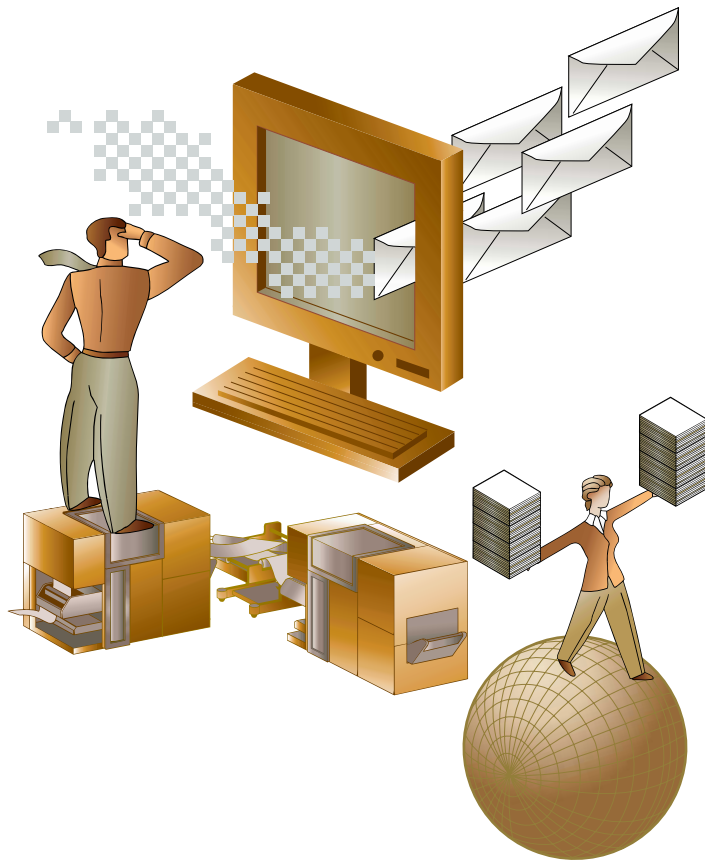


# *Direct Mail* *in the* Internet Age...

*Why Paper is Anything but Endangered*

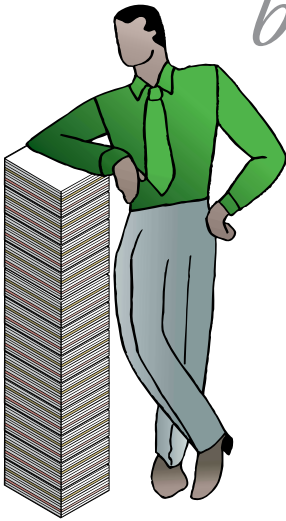




## *Direct Mail in the Internet Age...*

*Haunting the dreams of anyone whose livelihood depends on a steady flow of mail are the destabilizing changes associated with the steady encroachment of the Internet and the now seemingly distant anthrax scares that would threaten the infrastructure of traditional paper mail. But rather than having a negative impact, these influences will ultimately make virtually all mail, from direct mail marketing to statements and invoices and everything in between more efficient, secure and very likely more useful to senders and recipients. Just as the paperless office is little more than wishful thinking, paper-based mail, in all its variety and effectiveness, is not about to go away.*

# Why Paper is Anything but Endangered



## Shared Concerns

While the threat of mail contamination seems more remote as the distance from the anthrax tainting scare in Fall 2001 grows, companies sending large volumes of mail are implementing new approaches to help limit concerns should the mail again be used as a weapon. Challenged by postal customers with a healthy skepticism of unsolicited envelopes in their mailboxes, direct mailers are implementing techniques like these recommended by the Direct Marketing Association:

- Avoid using plain envelopes
- Have a clear, identifiable return address
- Consider whether personalization techniques—such as handwritten fonts—may be less likely to increase response.
- Use an e-mail or telemarketing campaign or send a postcard to alert consumers that an offer will be coming in the mail

Additionally, some firms are using postcards and pressure-sealed self-mailers which recipients may consider as less likely to be contaminated.

Direct mail advertisers have company in this new environment. Statement providers such as banks and brokerages, along with billers like utilities, credit card and mortgage companies also face the challenge of getting the mail piece to an individual in a timely manner and ensuring the recipient feels comfortable enough to open it and act as needed. While not show-stoppers, these concerns are being addressed to ensure the effectiveness and efficacy of the mail system. Other issues deal more with the processes behind the mail pieces.

"Physical mailroom security is becoming quite important for service bureaus and corporate mail facilities alike," says William Dale, General Manager of Pitney Bowes Document Messaging Technologies. "Customers want to know and limit who is handling mail and who can access it. Companies selling security systems for door entry, badge swiping and other security measures are seeing a boom in the mail industry right now. These systems are being put in places they have never been before." Many mail operations, especially those that issue checks, have long had some security measures in place. Some use locked rooms for certain types of mail and most restrict access to data processing areas. Now these measures are extending out to more general mailing operations.

"Sorting is another important concern," says Dale. "Some companies are revising the practice of using an outside pre-sort company. Companies used to do one basic sort internally, then send the work out to a pre-sorter that aggregates mail from numerous sources to get the best possible postage rate. Not going outside allows a company to be fully responsible for their mail while reducing the risk of cross-contamination when their mail is mixed with that of other companies. Of course, it still all gets mixed together anyway."

# *Delivery Options...* *having it* **Both Ways**



## **The Electronic Option**

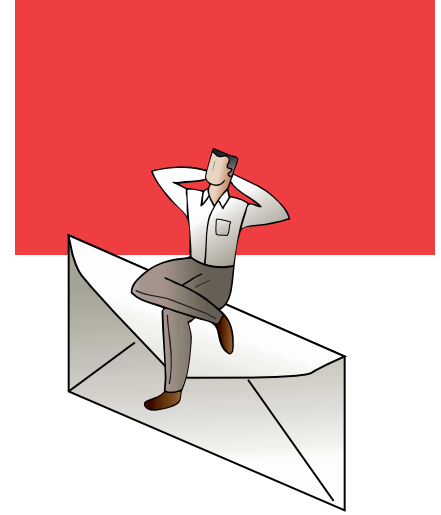
These security issues would seem to prepare the consumer and the mailing industry for using the Internet as an alternative means of delivery. Service bureau owners are not yet convinced that customers will be quick to make the collective leap to electronic bill presentment and payment, even though they're increasingly familiar and comfortable with the Internet. Based on what customers tell them, the Internet will certainly play a role, but consumers are unlikely to relinquish the comfortable look and feel of paper bills and statements for the look and click of EBP/P solutions. After all, they say, just because more than half the households in the U.S. have computers and Internet access doesn't mean they want to get bills and promotional offers that way. "Based on what I see, I don't think we'll see a really significant shift for about 5 years," says Harry Eagleton, president of Eagle DMT, a mid-western service bureau. "Some people say it will happen because of anthrax but that's propaganda. It's really more of a cultural shift. What I think we will see is mail and electronic communications working together. And companies will expect service bureaus to offer both mail and electronic delivery options."

Jon Hoff, president of Western MailTech in Delta, British Columbia, Canada agrees. "People still seem to want to receive a paper copy of bills and statements because they can file the hard copy. They respond to the electronic bill because it is faster and more convenient, but they want it both ways." This practice, adds Eagleton, will actually result in service bureaus adding charges for sending both paper and electronic versions of a document. Some of those extra "clicks," though, can actually help enhance the customer experience.

For instance, Discover Card customers who pay their bills online can opt to still receive paper bills in addition to an email notification that their bill is ready for viewing. Then if they don't make a payment they receive a reminder notice about a week before the bill is due. For the customer, this helps avoid incurring late charges and very likely accelerates Discover's cash flow. Such "supplementary communications" are an excellent use of technology that wouldn't be cost-effective or as practical with paper mail.

Pitney Bowes's Dale likens the growth of the Internet for EBP/P to an early work experience. "I once worked at a bank and they told me that in a few more years we wouldn't have checks anymore. Banks loved this idea because checks are so expensive to process. That was about 20 years ago and we still have checks. Similarly, paper mail, whether it's statements, bills, or direct marketing is not going to go away for a long time." The remaining uncertainty, though, is not whether paper mail will go away, but in what new, innovative ways it will be integrated with EBP/P solutions, each medium offering it best strengths and delivering effective solutions. Service bureaus and technology vendors alike are working to deliver effective solutions that will change the ways people interact with their bills and statements.

# *Paper Mail...* the Comfort Factor



## **Direct Mail Still Means Paper**

Eagleton believes paper is particularly well suited for the emerging practice of adding marketing messages to statements. "I think people have screen-viewing habits and paper-viewing habits. People who use the Web have learned to tune out the banner ads, flashing GIFs and other distractions on Web pages and in email notes. That means electronically delivered marketing messages using these techniques in, say, a mutual fund statement, or phone bill may be more likely to be ignored. Paper doesn't have these distractions and can reach a person more effectively with the same message."

Here though, is where a melding of print and electronic delivery can be effective. Some of Jon Hoff's statement customers have achieved excellent results by adding marketing messages that direct the customer to a special Web site for more detailed information. Such electronic fulfillment delivers results while minimizing the risk of broken links and misdirected trips through cyberspace because the customer can go directly to the information they are seeking. Still, toll-free phone numbers are included in the marketing message so customers can choose the media they prefer.

Paper mail also comes with a certain comfort factor. "You have a more secure sense of where a mail piece is coming from," notes Dale. "With an electronic messages you can't always tell who is really sending it, or where the links are going to take you." Additionally, he says, mail is still a more traditional medium for all age groups, the touch and feel process is more familiar than on the Internet, there are fewer visual distractions in reading it, and transaction documents in particular can be better targeted.

"Take a brokerage statement," offers Eagleton. "You can provide graphics showing asset allocation and earnings growth, print it in color and show projected earnings if assets are transferred to a different fund. With a paper document a customer has something to study and review at their leisure. You can deliver the same information electronically but the customer is forced to print out a document for study and review, which isn't necessarily convenient."

While these point to the changes in thinking and reading habits that must take place before electronic distribution significantly displaces paper mail, it is also far from clear whether response rates are enhanced by electronic distribution. Neither direct mailers like Eagleton and Hoff, nor mailing equipment vendors like Bell and Howell and Pitney Bowes have concrete data indicating improved response rates for electronic communications versus paper. Accumulating meaningful data will probably take several years, over which time consumer acceptance is also likely to grow as delivery technologies—and security—improve.

# Security and Integrity



## Security and Privacy Concerns

Consumers complain equally about the barrage of unsolicited paper mail they receive and the seemingly endless onslaught of junk email or spam. But go a little deeper and security and privacy issues are among the broader concerns. While the general public remains justifiably skeptical of security on the Internet, the mailing process is far more secure.

Mailing equipment and digital print engine vendors have been developing faster and more secure mailing technologies for years. "Customers are asking for more intelligence in the letter shop," relates Hoff. "Intelligence has moved from laser printers to data processing and now to the mailroom." The new technologies enable mail piece tracking throughout the entire production and delivery cycle, adding another layer of security. These tools provide an audit trail for each job and mail piece showing which operator handled each piece of mail at each production stage. As well as discouraging employee tampering, such detailed tracking can quickly establish the scope of a problem should one arise.

## Host-to-Post Integrity

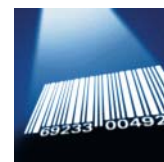
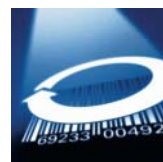
Equally as important as the issue of security is the need to ensure the integrity of documents from host to post. As the sophistication of documents and the production processes grows exponentially, there is a concurrent need for a way to get a handle on quality and accuracy by managing workflow better. Océ PRISMA™ is an architected family of workflow management software solutions designed to enable organizations to maximize the performance and cost-effectiveness of multi-vendor operations— independent of location, system, or print device.

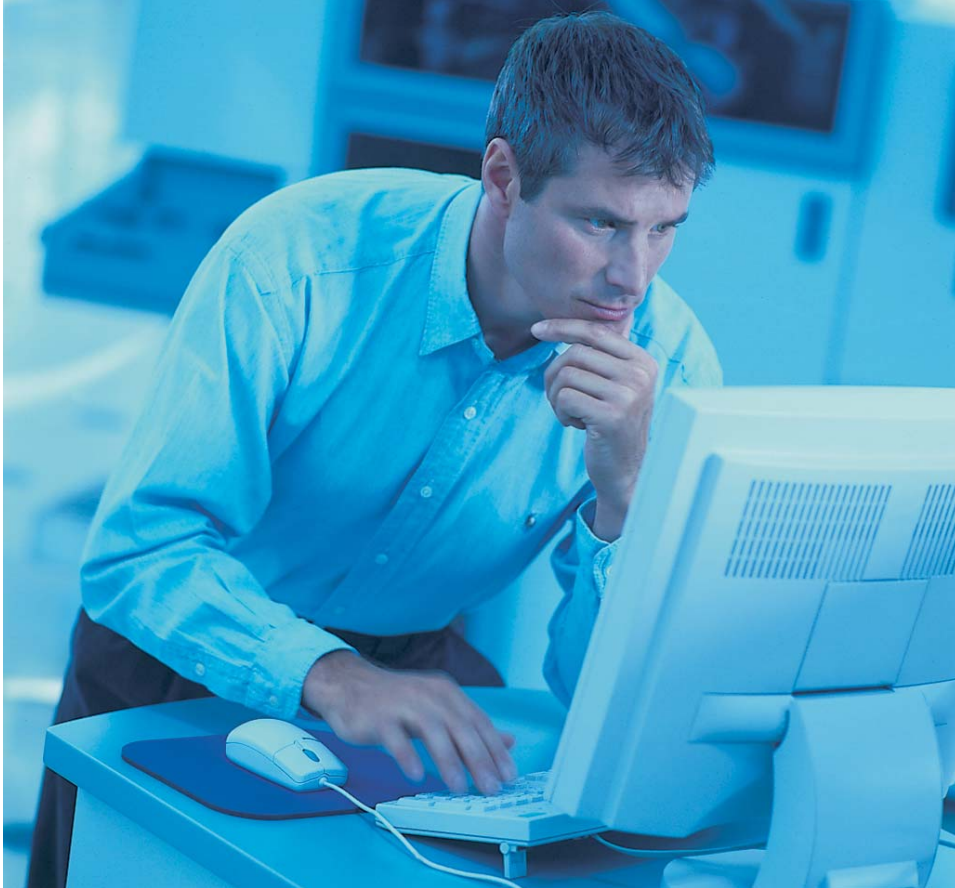
Compounding the complexities of ensuring document integrity and accuracy is the fact that many of today's companies are faced with tough challenges like the frustrating incompatibilities of multi-vendor environments, the expense and inefficiencies of idle time and downtime, face tough challenges throughout every step of the workflow process and the exorbitant costs of preparing documents.

Addressing these challenges and the ever-present need to improve accuracy, PRISMA workflow software solutions eliminate the inconsistencies, investment redundancies, and many of the thorniest issues that plague both single- and multi-vendor workflows. What's more, PRISMA workflow solutions help to keep complex print workflows accurate and on schedule even in shops with an array of print engines and inserting equipment from different manufacturers.

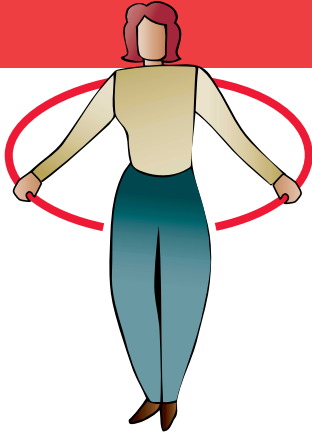
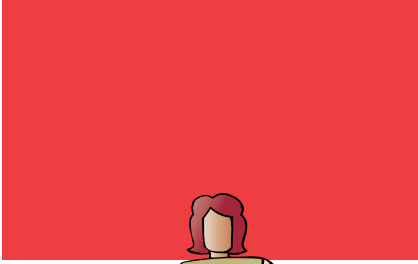
PRISMAaudit is a suite of scalable, data integrity and document tracking products. Océ Verification Manager, Device Manager, Reprint Manager, and InvisiVision modules ensure that documents are printed correctly, on the most appropriate device, and if an error does occur, can be reprinted easily.

- Ideal for applications that contain critical information, **Océ's Verification Manager** suite of integrated hardware and software solutions solves some of the biggest concerns encountered in today's production environments. It checks that print quality and legibility—such as contrast and edge sharpness— remain consistently high, critical elements when bar codes and MICR ink are parts of a print/mail job. Verification Manager can check that the correct pre-printed form is used for a given application, that sequence numbers on checks and credit cards are correct and that checks are printed for the intended amounts.





- **Verification Manager** performs a multitude of integrity checks to prevent faulty documents from being incorrectly produced or distributed. It can check for variable data, use of pre-printed forms, ensure that correct digital signatures are on checks, that the proper logos are used, that fonts are correct, that forms are in register and that the information on the front of a document is for the same customer as the information on the back.
- If a document does contain an error, such as a faulty or missing document, **Océ's Reprint Manager** can alert operators to the error and, if desired, automatically reprint just the necessary pages, helping ensure zero-defect output and that time-critical mail gets out on time.
- **Océ's Device Manager** software tracks documents on a piece-level, providing an audit trail that tells whether a piece has passed through the workflow. Easy to understand statistical charts and reports show what has been printed, trimmed, sent to an inserter, etc. Device Manager reads bar codes and reports on the status of a document anywhere in the print-to-mail stream. Even after a document has been printed and inserted, Device Manager can still be at work, perhaps reading the 2D bar codes on a statement through a window envelope.
- **Océ InvisiVision** is another important tool for fast-paced print and mail operations, and one that delivers a new level of document security. Using invisible ink and a special reading device, Océ InvisiVision enables use of information-packed barcodes without detracting from the appearance of a document. It provides an innovative way to drive intelligent pre-and post-printing processes for job-level tracking. InvisiVision can also provide superior document integrity to checks, statements by eliminating visible printing of account numbers and other personal information.
- **Océ's PRISMAenterprise FlexServer** maintains accurate printing workflows across a broad range of printing devices and can be integrated with PRISMAaudit or third party products to ensure that every page of a document is printed, inserted and mailed correctly. This assures users that checks, statements and bills will go only to the intended person and that complex documents, such as completely personalized multi-page mutual fund statements can be inserted into accurately addressed plain-faced envelopes.



# *Closing the Loop*

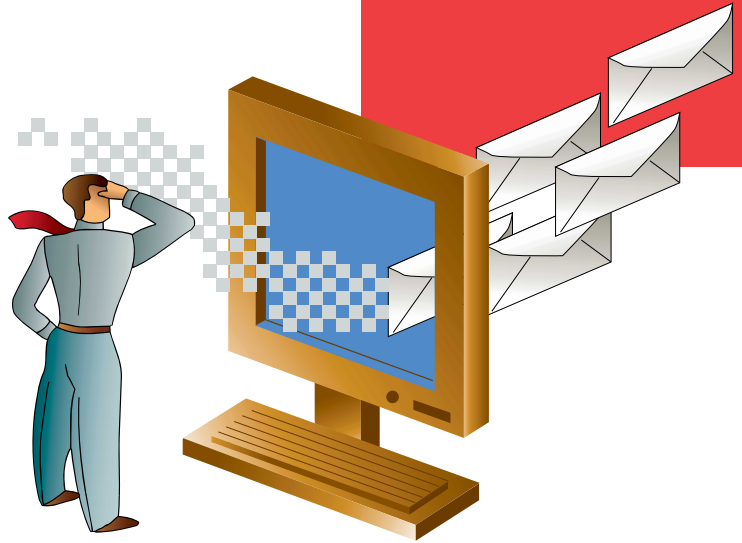
## **Closing the Loop**

Because mailers want to be sure their mail was actually sorted, sent to the post office, and reached the intended recipient, some equipment manufacturers are implementing reading technologies in their sorting units. Again, this creates a trail for each mail piece, further increasing security and integrity. When used in conjunction with the Postal Service's Confirm program and PLANET Code solutions, mailers can track every mail piece from printing to customer delivery. This same technology can also track return mail from the recipient back to the mailer's mailroom, closing the loop and providing a secure, measurable, highly targeted communications solution.

Communication via paper mail, with all its color, shapes and broad capabilities will be used for decades to come. Tightened targeting may actually decrease total volume while improving response rates, enhancing cost-effectiveness. Highlight and full-color printing will become increasingly important, especially as its cost continues to decline. "That's where 1-to-1 and print-on-demand is going to have a higher impact, because transactional documents are going to be utilized not only for the transactional detail but to pinpoint individuals from a marketing basis," says Dale. "All the print vendors are now creating color on the fly, and that's where it's at when you get the costs down. Then data is king because you can use the data to maximize penetration through the mail."



# Data-to-Mail Integrity



## Data-to-Mail Integrity The Key Part of a Host-to-Post Environment

Weather and darkness may not matter to mail delivery, but it is the accuracy of the contents of every envelope that is critical in any printing and mailing operation. In many instances, just getting documents into the mail in a narrow timeframe is vital to success, customer satisfaction, and even government regulations.

### Duplicate Checks

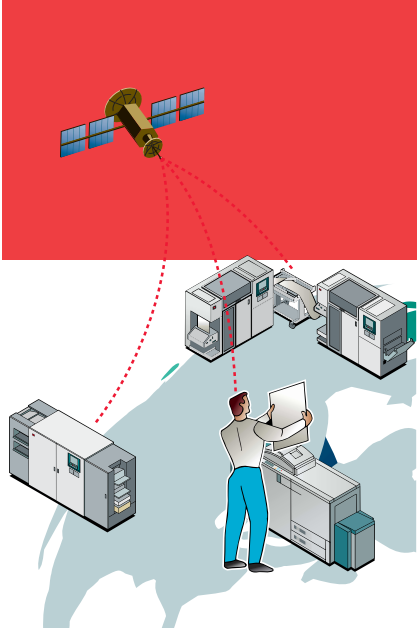
For accuracy consider the situation Blue Cross Blue Shield of Florida (BCBSF) almost faced when software problems nearly resulted in duplicate checks with differing dollar amounts being mailed to insured parties. Big problem. The company could have been faced with big bank charges for the correction and returned checks, on top of the potential loss of customer confidence.

It was Océ's Verification Manager PrintVision software that solved BCBSF's challenge by using advanced imaging devices to read and verify various fields of printed information. With Océ's industry-leading continuous forms MICR printers operating at rated speeds, Verification Manager provides closed-loop inspections and control of critical MICR-encoded output. It assures matching, sequential numbering and image quality as well as alphanumeric, bar code and MICR data. It can be programmed to stop the printer automatically, display the rejected field, and pass the information to an ODBC-compliant database for audit trails or management systems.

Within just a few months of operation at BSBSF Verification Manager caught two error conditions that would have produced checks unreadable by the banks or duplicates that would have added up to overpayments to subscribers. "One of its greatest benefits, is its ability to recognize information as it comes through the system," says John Cary, automated operations consultant at BCBSF. "Verification Manager makes it safer and easier for us to meet the needs of our customers. It is a perfect solution to our problems."

### Tight Windows

Other times tight print and mailing windows are mission critical issues. Consider Raymond James Financial's need for a more productive, cost effective, and secure way to produce customer correspondence, monthly investment statements, etc. With some 12 million pages being printed per month (about half of which are customer statements) managers at RJF recognized the shortcomings of using cut sheet printing for such important mailed documents. Cut sheet was not as secure as continuous forms, was less productive, and cost significantly more than a continuous forms process. RJF managers chose an ultra-high speed Océ continuous forms twin printing system, implemented with the Océ PRISMA family of architected workflow software solutions. Integrated with a new mailing process, RJF now enjoys a faster, more accurate and less expensive printing, and mailing system. The more automated process aids security and the new Océ systems reduced their costs and help improved productivity.



## Hybrid Mail Production and Delivery

How does a company with a very large volume of time and cash sensitive documents achieve First Class expediting, while simultaneously reducing the overall time and cost of production and delivery? Large volume mailers now have access to hybrid mail for document production and delivery.

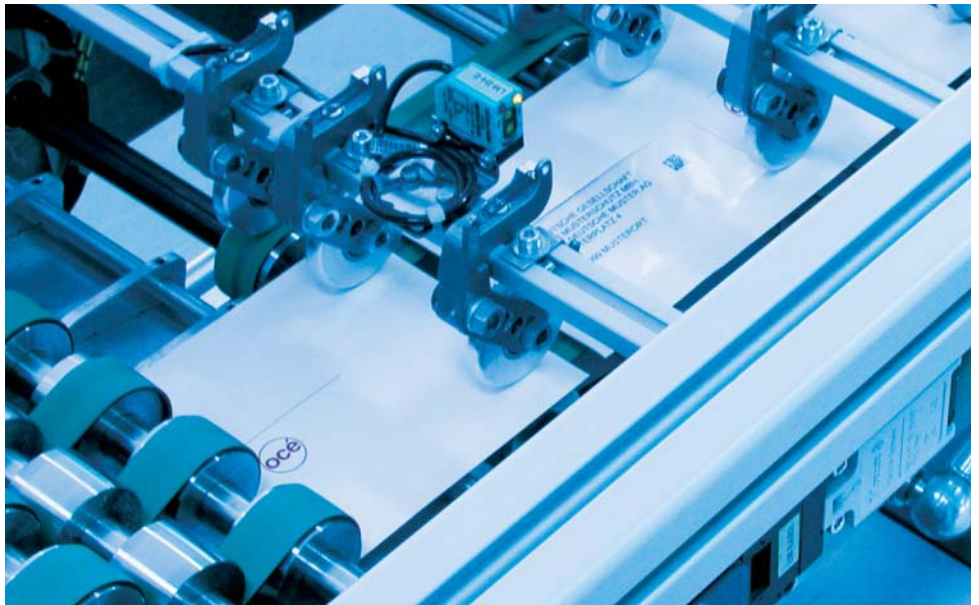
UPS Mail Innovations, a UPS company, provides an end-to-end solution that provides clients with electronic transmission, production, delivery, and national distribution of First Class mail within two days. Using a robust Distributed Hybrid Mail System (DHMS), UPS Mail Innovations is reengineering the way large business mailers produce and send First Class and Standard mail, saving time and money.

A distributed network of six Mail Production Facilities (MPF) eliminates virtually all United States Postal Service steps involving air transportation. The material to be produced and mailed is sent from the client's facility the MPF nearest to the ultimate recipient, based on the destination ZIP Code. UPS Mail Innovations then prints the letters, inserts them in envelopes and delivers them to nearest United States Postal Service (USPS) hub. For example, a credit card company that typically mails statements from California to a customer in Maine can significantly decrease the days it takes for that customer to receive the bill if it is printed near its destination, regardless of where the bill originates. Consequently, the company could receive payments sooner, improving its cash flow position by reducing float.

Having the production sites located near the USPS hubs allows documents to be placed in the mail stream on the same day, helping UPS meet service commitments to its customers. In addition, printing documents in mail stream sequence provides optimum postal discounts.

The company uses an Océ high speed, digital continuous forms printing system and Océ PRISMA software to generate documents at the production sites. The process incorporates Roll Systems roll-to-fold equipment for converting continuous-form printing to cut-sheet output, and Bell & Howell inserters for handling post finishing. PRISMA workflow software supports multiple data formats without requiring application rewrites, and the server technology moves data at production speed.

According to David Ramseur, Vice President of Operations for UPS Mail Innovations, compatibility, and flexibility of the document production and printing systems are key to the unique hybrid mail system. "The Océ printing systems advanced technologies are utilized so that UPS Mail Innovations can provide quality applications and maintain credibility with clients who are very knowledgeable about mail and data."





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