

REALIZE GREATER VALUE from your IT investment



Project Highlights

Customer

Canada Post

Challenge

Automate and refine the mail verification process for commercial mail

Project Duration

24 months (conception to deployment)

Products & Technologies Deployed

Framework: .NET

SAP modules: ECC with QM, CRM, Event Manager

Mobility: Motorola MC70 EDA barcode scanner (802.11a), Windows Mobile 5.0, Sybase SQL Anywhere, Mobilink, Afaria 5.0 Remote Device Management

Servers: Windows, SQL

Perfecting the Commercial Customer Experience at Canada Post

Innovapost took the helm of an automation project resulting in an improved customer experience, cost savings, and revenue recognition at Canada Post.

Canada Post's Plant Receiving Re-engineering Project began when the initial requirements were captured in 2007. Since then, Innovapost has helped Canada Post leverage mobile and automation technology to facilitate order receipt and verification at the point of deposit for all of Canada Post's 24 Receipt Verification Units (RVUs).

The resulting 'Plant Receiving Verification System' (PRVS) enables depositing customers to be greeted on the dock by a receiving employee who can scan order documents and perform sampling based verification using PDT (Portable Data Terminal) technology. The information scanned by the mobile device updates various modules of Canada Post's SAP system – streamlining reception and verification processes and increasing visibility of order activity.

Plant Receiving Verification System

With approximately \$5 billion per year in revenues, Canada Post's commercial mail business makes up a large portion of the corporation's overall revenue. Two-thirds of this commercial mail is processed through 24 Receipt Verification Units (RVUs) located across Canada.

In 2007, Canada Post identified the opportunity for business gains by refining the commercial mail receipt and verification processes through automation at the RVUs. Dubbed the Plant Receiving Re-engineering Project, this nationwide initiative was designed, managed and implemented by the business owners at Canada Post and Innovapost, Canada Post's IT service provider.

INNOVAPOST CUSTOMER EXPERIENCE

About Canada Post

Canada's National Postal Service

Revenues

\$7.7B (2008)

Employees

60,000

Destinations

Serves 14 million addresses

Locations

6,600 post offices – the largest retail network in Canada

Customers

Serves 32 million Canadians and over 1 million businesses and public institutions from coast to coast to coast

www.canadapost.ca

The main solution delivered by the Plant Receiving Re-engineering Project was the Plant Receiving Verification System. PRVS is an extensive network of mobile scanners, interfaces, and back-end systems that connect the RVUs, their processes and compliance measures across Canada. PRVS is the platform for an improved and consistent induction and verification process for Canada Post's commercial customers.

It has boosted commercial mail verification compliance to more than 95%, and was more than 200% over the revenue target for year one – due to its smooth implementation, which resulted in revenue being captured sooner than anticipated.

Verification Tied to Revenue

To fully appreciate the impact of PRVS to Canada Post's business, a high-level understanding of the receipt and verification process is useful. Customers with large mail shipments (for example, magazine publishers, mail-order companies, etc.) prepare their Statement of Mailings (SOMs) or Manifests that describe the shipment/s. Quantities, piece weight, volume, dimensions and type of package are examples of the information that the SOM or manifest must provide so that the RVU can ensure that the shipment is properly handled and billed for.

The mail may be delivered to one RVU location, or a single shipment may be divided among multiple RVUs. At the RVU, staff run through a set of questions on the personal data terminal (PDT) or hand held device to verify that the order matches the SOM or Manifest so the mail can be processed correctly, and obtain a credit check. Any non-conformance issues or anomalies are flagged as "defects" and the order either passes to operations for processing or is held while a case is created to resolve the defect and assist the customer in correcting it.

The process in itself is detailed due to the number of variables that must be verified with respect to the physical characteristics of the mail, the mailing requirements and the customer's account. Circumstances also add complexity to the RVU staff's job. For example:

- Large mail shipments may include pieces of differing sizes that must be treated differently by operations while still being processed as a single order.
- Partial or bypass shipments are divided between multiple induction points and must be verified consistently and transparently between locations.
- Mail that is pre-sorted and/or metered by the customer may have postage errors.

PRVS System Highlights

Current use

24 Receipt Verification Units and 70 retail depots across Canada

Benefits

- Fully automated a previously paper-based, manual process with numerous steps
- Achieved consistent customer experience across the country and from transaction to transaction
- Boosted verification process compliance to 97.2%
- Reduced verification costs by 56%
- Achieved additional revenue benefits of \$781,000 within first year
- Supervisors have at-a-glance view of exceptions for rapid response and accurate decision-making

Prior to PRVS, this process was handled manually through a paper-based process that relied on staff members' subjective decision making and was subject to human error.

Automation Delivers Business Results

"With PRVS, we leveraged the processes that were developed for Canada Post in 2005 and really extended them," says Donna Kettles, Senior Consultant, Solution Delivery at Innovapost. "The goal was to be able to verify mail as soon as it hit the dock. The paper-based method was only after-the-fact."

"The paper-based system also required the user to have a lot of product knowledge," adds Mark Mulvey, Innovapost Solution Delivery Director. "PRVS fills in a lot of the blanks for users based on answers to just a few questions."

With PRVS, Canada Post also brought the parcel business line into the receipt and verification process – parcels were not previously verified using the manual process because of concerns that it would hold up processing but rather relied on some the checks and balances included in the electronic order creation process.

"But it's been successful and many useful things are being identified now – such as parcels that are not the correct size to be machined, or may not have the correct postage."

The new system fully automates and speeds order scanning and paperwork to credit checks and defect management. It also provides the data that other back-end systems use to create accurate and timely invoices.

Thanks to PRVS, Canada Post is achieving significant savings by reducing its verification costs. In addition, fewer errors and a tighter process are contributing new revenue. "Now, we are getting paid for everything we are doing," says Frank Chirichella, Director Order Acceptance at Canada Post.

For the first time, Canada Post is also able to measure key performance indicators (KPIs) associated with the receipt and verification process. Trudy Brown, General Manager Order Acceptance at Canada Post explains: "Previously, we had no way to measure the consistency of our performance. Now we've defined metrics to track that KPI. Not only are we making great strides in providing consistency, we are also able to measure it. That in itself is a success."

“Innovapost had the solution’s lead designer and project director at the first three go-live sites helping the users through initial ramp-up and observing first-hand any issues that arose. They understood from the front line what would and wouldn’t work for the users, and overnight they recoded some problems that cropped up.”

Frank Chirichella, Director Order Acceptance at Canada Post

And, in addition to faster, more consistent and more accurate order verification, many customers now enjoy the convenience of integration between PRVS and their proprietary or third-party shipping systems. Integration makes it faster, simpler and more accurate for customers to create and deliver electronic manifests.

Process Makes Perfect

Innovapost credits its project methodology for delivering the project on time and within budget. The methodology follows four stages: Idea Generation, Concept Initiation, Planning and Execution.

Mulvey emphasizes the importance of the Concept Initiation (CI) phase in particular. Innovapost sat down with the Canada Post team that wrote the business requirements and discussed each requirement in detail.

“In the CI phase, we begin to formulate a solution based on the business requirements,” explains Mulvey. “We were able to thoroughly understand the requirements as well as identify those that could cause technical difficulties down the line. Together, we understood which requirements could be changed and which absolutely had to be met.”

In addition to helping Canada Post’s Take-to-Company team develop a user training plan, logistics and tools,

Innovapost also helped the team conduct acceptance and performance testing and assisted during go-live.

Chirichella remembers: “Innovapost had the solution’s lead designer and project director at the first three go-live sites helping the users through initial ramp-up and observing first-hand any issues that arose. They understood from the front line what would and wouldn’t work for the users, and overnight they recoded some problems that cropped up.”

Unexpected Value

The new system has provided Canada Post with valuable business and operational information. “In the back of our minds we always felt there would be value in the information that we now collect with PRVS,” Chirichella explains. “But we didn’t anticipate just how valuable the information could be.”

For example, the Order Acceptance team was able to deliver a key report to another department at Canada Post that was working on switching customers from using canvas bags for their mail deliveries to using hard-sided containers instead. “We were proud to be able to report to that group about which specific customers are using bags to induct mail. This would have been very labour intensive if not impossible to do previously.”

INNOVAPOST CUSTOMER EXPERIENCE

Expanding Verification Automation

PRVS was rolled out and operational with greater ease and speed than anyone anticipated. Based on its success, Canada Post is now extending the system to 70 other depots that are not RVUs – allowing it to meet the needs of more customers.

“We have implemented PRVS at 10 other strategically located facilities where it is convenient for our commercial customers to bring in their mail,” Brown reports.

“We’ll be rolling out to another 60 similar locations in the Spring of 2010.”

Beyond this, Brown sees no reason that PRVS can’t be used at nearly every point of sale (POS). “In the future, we will look at extending the system to smaller retail locations where that is the only game in town for our customers, so to speak. The current solution we have at retail outlets doesn’t have the robustness of the verification process that is built into PRVS, so we will take what is applicable from PRVS and integrate that into the retail POS.”

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