



WHITEPAPER

INNOVATION ■ EXPERTISE ■ TECHNOLOGY

THE LAST MILE ISN'T A PROBLEM, IT'S A FANTASTIC OPPORTUNITY

THE LAST MILE - THE FINAL LEG OF THE POSTAL DELIVERY CHAIN - OFFERS MODERN POSTS PHENOMENAL POTENTIAL FOR EFFICIENCY GAINS, COST SAVINGS AND, ABOVE ALL, THE INTRODUCTION OF EXCITING NEW BUSINESS OPPORTUNITIES. DIGITAL TECHNOLOGY IS THE CATALYST FOR THIS TRANSFORMATION. ALL THAT'S NEEDED IS AN ESTABLISHED COMMITMENT TO AUTOMATED SORTING TO SEQUENCING LEVEL, AN OPEN MIND AND EXPERT GUIDANCE.

INTRODUCTION

Modern posts have already invested in automated sorting and are reaping the financial and efficiency benefits. But there is lots more to be done. The postal industry is in a state of unprecedented change. Letter volumes are declining rapidly, largely fueled by digitization in the banking and wider financial markets, while e-commerce is sky-rocketing.

Posts are having to navigate through these massive changes against a backdrop of weakening economic conditions, liberalization of the market and increasingly strong competition. It's a tough call but technology has a good solution. The continuous development of IT provides the market with the tools, not just to survive but to thrive in these dynamic circumstances.

PROBLEM DEFINITION

Having invested in automated sorting, the last mile is now the most expensive part of the delivery process for most posts; more than 25% of the cost of delivery is typical. Its very nature also makes it hard to define. The last mile in the city is very different to that in rural areas so the IT response has to be sufficiently flexible to provide a solution whatever the criteria.



These problems have resulted in a huge variety of providers serving the last mile, companies and individuals with a profound knowledge of their patch, both logistically and at delivery point level. What technology now offers is the means to capture this knowledge centrally, to benefit the wider operation. It also enables the post to take full advantage of the public face of the delivery service. It is one of the few points in the process where the supplier interfaces with the customer and this presents a wealth of opportunity.

HIGH LEVEL SOLUTION

Smart last mile solutions aren't new. Many operators have adopted hand-held devices using cellular wireless technology to manage this stage of the delivery operation more efficiently. These developments have increased the sophistication of 'track and trace' services in particular, providing posts with digital feedback from the field. Importantly they also give the public up-to-the-minute information, via SMS or email, on the status of their delivery.

While these solutions continue to enhance the last mile provision, their scope is limited. Indeed what they offer is but a tip of the iceberg of what can be achieved. Developing last mile IT has the potential to make a huge impact on overall operational efficiency and service, giving posts an even sharper competitive edge and the means to add value to the business.

Last mile IT isn't a solution in itself, however. It needs the foundation of sorting to sequence level and the ability of the operator to integrate different mail volumes automatically; for example, specialist mail such as recorded delivery. Posts are actively seeking ways of automating this



process via smart sorting systems and investment in mixed mail sorters.

In summary, the key to utmost flexibility in the last mile, is providing the post man or woman with a sequence sorted bundle of mixed mail.

SOLUTION DETAILS

Technology provides a number of ways of achieving this goal and open-architecture systems are now readily available that put posts firmly in the driving seat in terms development. But whilst deep-level and specialist mail sorting is fundamental to last mile efficiency there are other developments that are starting to whet the appetite of many posts.

One of the most interesting new introductions is an app for the delivery person's smart phone. It was in tandem with PostNL who wanted a local area network that captured the mailman's know-how and proficiency, creating a central resource whose capability would grow in line with need and opportunity.



The flexibility of the App., however, makes it possible to tailor the product to meet the needs of any post and the specific requirements of the locality or region. It is suitable for iOS and Android devices and provides the means for all manner of issues to be reported in the field, anytime and anywhere.

The scope of this technology is huge. At its basic level, it gives the mailman a digital voice, allowing him or her to log onto a predefined route and report important information to improve overall quality and efficiency. This can range from an unusual sequencing of delivery point numbers to houses with aggressive dogs or smaller-than-normal letterboxes.

It can also be used for reporting misrouted mail. The mailman can take an image of the mail piece, put it back in the street mail box, so that when it arrives at the sorting office, it's instantly recognized. A road accident that puts the delivery behind schedule can be quickly reported and

circumventing measures can be taken to minimize operational effects. Photographs can also be taken of a damaged mail bag or mail piece enabling returns to be processed in the field.

Address anomalies can be advised by the app to refine the database at the heart of the automated sorting process. It also provides the means to report sickness, absenteeism, or process an application for leave or for an extra shift. The app feeds live information to management and the mailman's colleagues which leads to the transparent monitoring of mail deliveries. This allows areas that are performing well to act as an example of best practice to others.

Functionality is easy to amend allowing new services to be swiftly deployed. New procedures can be introduced with step-by-step instructions, minimizing training requirements. The revenue generating opportunities are also considerable with this technology.

FEEDBACK

The first post to adopt this technology was PostNL. It knew the 'last mile' part of its organization was its most costly so even a small percentage improvement would have a large impact on its earnings before interest and tax (EBIT). Another driving force for PostNL was to bring the 'end-of-line' delivery staff into greater contact with the overall organization and these factors made this part of the supply chain the perfect place to start building and introducing IT tools.

As a result of implementing this app PostNL is effectively creating self-managed teams of postmen and women with little or no overheads. It has also introduced a platform which allows the post to launch new products on the mail network infrastructure, easily and quickly. Letters, flats and parcels are all potential candidates for these new services.

The app was initially subject to a small scale trial, across five depots and also on a hub served by 700 delivery personnel. The next phase will be nationwide implementation but PostNL already has the assurance that the pilot phases have demonstrated a reduction in overheads of up to 30%. It confidently anticipates this saving to reach 70% by 2020.

So how does the technology change organizational functionality? PostNL asserts this is a different way of managing its company. Mailmen and teams are more autonomous and the level of transparency in the organization is also expected to increase exponentially as the app is rolled out nationwide. This, in turn and in combination with real-time tracking of products, will fuel quality improvements. For PostNL it is certainly proving a win-win investment.



Other posts with very different requirements are also considering this last mile technology including those with extensive rural communities. The development makes it possible for sequenced mail and logistical information to be made available to any suitable contractor for outsourcing.



BUSINESS BENEFITS

COST SAVINGS

As PostNL has proven, return on investment has been swift, even at trial stage. The greatest benefits it brings to posts are cost savings and increased opportunity. Posts, such as PostNL, that are already sequence sorting at the sorting hub are saving overheads as this task is no longer undertaken by delivery personnel. The extension of digitization to the last mile enhances this potential significantly.

It gives the operator far greater flexibility in the use of delivery staff as local knowledge is no longer just held in the mailman's head, but centrally, as an operational resource that is transferable to any suitable person. This means the operator can confidently employ casual lab or without fear of compromising delivery quality.

By the same token different staff can be deployed to cover if a colleague becomes ill, or if traffic congestion and bad weather introduces delays.

Naturally it also makes it much easier for posts to ramp up operations at peak times. The concept represents a new way of thinking but this makes the last mile an important cost saving center. It paves the way for a high quality delivery service based on a large body of cost-effective casual staff.

Changes in working practices often unsettle established staff but PostNL found that by taking small steps, the perceived benefits outweighed the doubt. Management was able to demonstrate clear, practical examples of the value added to the business by this new IT which, in turn, will enhance employment potential.



NEW SERVICES

For most posts the initial focus, following the introduction of last mile IT, will be to enhance existing products such as track and trace and proof of delivery. But beyond that the opportunities are wide ranging. The beauty of the technology is that it can evolve to meet the specific needs of the post and new services can be introduced easily and quickly. The app essentially provides a hand-held training tool.

One of the many possibilities could be the imaging of local weather conditions to build up a composite picture for meteorologist services and analysis. Many posts will also see that the geolocation information the last mile IT provides could feed into the dynamic, online re-routing systems, for which the industry is calling loudly.

SUMMARY

Changing market conditions make it imperative for posts to innovate, adopt smart technology and digitise as many processes as possible. While many posts are already on this path, others have a way to go. But the good news is that technology provides a flexible, affordable and cost-effective solution, whatever the specific needs of the market. Impartial advice on its suitability and implementation is also readily available.

The 'last mile' is a prime candidate for this treatment. It offers the potential for posts to reduce overheads, ensure quality and introduce new services to underpin the business and safeguard its future.

CALL TO ACTION

PostNL is recognised as a forward-thinking and innovative postal operator and it asserts that with a high level of senior management commitment; last mile IT can benefit every post. So what advice does it offer other posts considering such an investment?

Having identified its principal strategic business goals for the next five years, the post should link those goals to concrete short term improvements. These can include measures to reduce costs, improve quality or introduce new products. From here a roadmap can be built to the longer term aims but PostNL emphasises: go slowly, take small steps.

The next step is the creation of a small, but representative 'laboratory' in which the post can trial newly developed functionality on a small and easy-to-regulate scale.

PostNL has found that its business development is best served by the involvement, at every stage of the process, by a trusted consultancy practice. Its partner for this 'last mile' initiative and indeed for many of its other smart projects is Prime Vision.

Prime Vision was instrumental in proving that this concept would benefit PostNL and in identifying the necessary operational changes and ensuring compatibility with existing back office systems. It was responsible for overseeing the development of the solution and all levels of its implementation. The company will also be actively involved in its 'last mile' evolution.

To find out how Prime Vision can help you ensure a bright future contact us via email: