

Responses to the August 2006 consultation

Non confidential responses to Postcomm's consultation "**Sharing redirection data, Postcomm's proposals to facilitate a multi operator redirection service**" were received from the following respondents:

Communication Workers Union
iammoving.com
Border Business Systems Limited

Any confidential elements have been excised as requested by the respondent.



POSTCOMM'S PROPOSALS FOR THE REDIRECTION SERVICE CWU SUBMISSION

1. The Communication Workers Union represents around 250,000 employees in the postal, telecoms and related industries. It is the recognised union in Royal Mail Group for all non-management grades, including those responsible for the collection, sortation and delivery of letters and parcels.

Background

2. In August 2006 Postcomm published proposals relating to Royal Mail's redirection service. Specifically Postcomm is proposing that Royal Mail share redirection data with other operators and in a manner that is consistent with the Data Protection Act 1998, to enable end-to-end operators to redirect mail. Postcomm requested responses to its consultation paper by 31 October 2006.

CWU Response

3. The CWU have argued in response to earlier consultations that the manner in which postal operators' operational procedures interact is a key element of ensuring the effective functioning of the industry.
4. The CWU recognise that there is a clear framework which sets the minimum duty of care that a given postal licensee must provide on behalf of other licensees. However, we are concerned with Postcomm's proposal that this should take the form of a license requirement for every licensed postal operator. We believe that this requirement may not be in the best interests of the wider postal industry and would not be in keeping

with Postcomm's own aim to ensure a 'light touch' regulatory regime.

5. The CWU would therefore favour a voluntary arrangement between Royal Mail and other postal operators that could provide the necessary clarity and greater flexibility to respond to operator and customer needs. The successful conclusion of access agreements between Royal Mail and other private postal operators demonstrates the ability of all those concerned to arrive at mutually agreed settlements without the Regulator's involvement.

6. The CWU believe that issues relating to redirected mail are a matter best left to commercial discussions between the relevant parties. The access agreements have demonstrated that voluntary arrangements can be struck and operate effectively and simultaneously service the interests of the various parties involved. We simply do not believe it should be the regulator's responsibility to intervene and prescribe the arrangements that should apply in this area.

For further information please contact:

Billy Hayes
General Secretary
Communication Workers Union
150 The Broadway
London
SW19 1RX
Tel: 020 8971 7251
Fax: 020 8971 7430
E-mail: bhayes@cwu.org

October 2006

PostComm – Sharing Redirection Data

Comments and Observations from iammoving.com

Executive Summary	5
A ground-breaking innovation ?	6
Comments on the Sharing Redirection Data Paper.....	7
General	7
Market size, Redirections & the efficiency of the UK mail market	7
The Redirections forms and citizen expectations	8
Redirections – the Retail interface, going online and the back-office	9
The Retail Interface.....	9
Going online.....	9
The Back-Office.....	10
The Profitability of Redirections.....	10
Mail Efficiency and Wastage.....	10
Summary of Key Points	12



Executive Summary

iammoving.com as the UK's only online change of address service for residential home-movers has the potential to dramatically improve the efficiency and effectiveness of the mail experience for home-movers.

For this innovative service to achieve its full potential it requires an effective commercial relationship with the Royal Mail and its Redirections service. This commercial relationship is currently under review by the two parties and is covered in the confidential section of this submission - appendix-1.

Therefore, whilst not a licensed operator, iammoving.com is commenting on the Sharing Redirection Data paper to both identify issues of oversight and concern and to highlight that not all ground-breaking innovations that benefit the UK mail user will come from licensed operators.

Innovation by its very nature cannot be predicted in its source or type. Yet where Postcomm judges that such innovations have the potential to significantly improve the mail experience and choices of the UK citizen its duties should ensure that there is a level playing field between such parties and that the Royal Mail does not abuse its monopoly power to the detriment of the consumer, such that innovations are extinguished before they take hold.

As the iammoving.com becomes increasingly adopted across the UK it should also be a direct data feed to the Royal Mail and other licensed mail operators for the details of people who have moved but not utilized the Royal Mail Redirections service, (with appropriate permissions from the Users.)

The iammoving.com service and Redirections are complementary rather than competitive, and the broad adoption of the iammoving.com service furthers the interests of postal users and improves the efficiency of the UK mail market – yet it requires active partnership of the Royal Mail, under a fair commercial relationship, to achieve the goal of widespread adoption.

A ground-breaking innovation?

iammoving.com is the application of internet technologies to a traditionally inefficient and ineffective business process; that of home-movers, whether tenants or home-owners, notifying their personal and household service providers of their change of address.

Traditionally home-movers take several months to complete their change of address notifications and in many cases they are never comprehensively completed. The consequences are:

- huge inefficiency with large mail volumes being redirected for long periods of time
- huge inefficiency with the wasted mail of the c50%+ of the home-moving market who do not take-out Redirections.
- vital documentation not reaching the 'negligent' home-mover
- the increasing identity fraud risk of personal and financial mail being delivered to the 'old address'
- the environmental waste of large volumes of mail continually being sent to a recipient and not being received.

Redirections in the residential market is primarily used to ensure that people when they move continue to receive their mail and the Redirections service effectively 'buys' the home-mover time to ensure they have made all their change of address notifications and that the various service providers have implemented those changes.

In short, Redirections provides the home-mover with a temporary insurance policy whilst iammoving.com solves the home-movers problem. iammoving.com does this by providing them with a comprehensive mechanism online for identifying and notifying all of their personal and household service providers. iammoving.com saves the home-mover time by enabling them to compile a comprehensive list of those they need to notify and then dispatching them electronically or through a simple pre-formatted letter. The home-mover need only enter their old address, new address and moving date *once* whether they are notifying 5 or 50 organisations. Since 2003 many reputable organisations have adapted their processes to receive change of address notifications from iammoving.com to update their databases as they recognize this is an efficient and economical way to maintain accurate and timely records.

A visit to the iammoving.com site is the best way to illustrate the simplicity and comprehensiveness of the service.

The service is free to the User and revenue is generated in a variety of ways; organizations who pay for the prompt and accurate change of address notifications eg TVLA, or via opt-in special offer opportunities eg broadband, TV, gas, electricity, home insurance etc. At no stage are the home-movers contact details released to any 3rd party without their authorisation. iammoving does not provide home-mover data into the direct marketing 'list' industry and will not do so. It is vital that iammoving.com is not associated with intrusive, unrequested junk mail.

The iammoving service represents a substantial innovation in the home-moving mail market. The online software solution has been a challenge to achieve yet the service is now widely respected by the Users – 80% of our Users rate the service as Good-Very Good or Excellent and have or would

recommend it to a friend. The User experience will continue to improve further as planned functionality improvements are released over the next 24 months.

The sole remaining challenge is to ensure the UK home-moving market is aware of the service. In this context the Royal Mail as the monopoly controller of the retail interface of the Redirections service has a vital part to play. For more detailed comments on the current iammoving.com – Royal Mail relationship see confidential Appendix-1

Comments on the Sharing Redirection Data Paper

General

iammoving.com is not a PostComm licensed mail operator and therefore does not have detailed comments to make on the operational viability of most of the proposals being made to ensure a seamless experience for the Redirections subscriber.

The Sharing Redirection Data consultation is focused on the operational and economic measures required to maintain integrity of a Redirections service in a multiple mail operator environment.

The focus of iammoving.com is to ensure that successful implementation of a valuable innovation for the UK mail market is not impeded by the monopoly control Royal Mail has over Redirections.

Furthermore, the home-moving data generated by iammoving.com should be a direct feed to the Royal Mail and other licensed mail operators for the details of people who have moved but not utilized the Royal Mail Redirections service, (with appropriate permissions from the Users.)

Market size, Redirections & the efficiency of the UK mail market

iammoving.com estimates the monthly total market of home-movers at 180,000-240,000 with clear seasonality in this market.

UK no of residences	22,500,000
Max moving popn/yr	2,475,000
% households moving	11.00%
Average monthly movers; excl. seasonality	206,250
Home owner moves per month	110,000
Lettings movers per month	103,125

The PostComm consultation paper suggests 98,000 Redirections requests per month in the residential sector (a small percentage will be people who are not permanently moving and therefore do not wish to have their service providers register a new address for them ie the iammoving.com service would not be applicable) which is c 40-50% of the market ie more than half the home-movers in the UK do not pay for a Redirections service and therefore are an unresolved inefficiency within the UK mail market. Earlier this year the government announced that c £14 billion remains unclaimed in UK bank and building society accounts, primarily because change of address notifications have never been made by the account holders/inheritors.

Whilst it remains in the early phase of adoption, iammoving.com has c 11,000 Users per month of which only 40% have also paid for Redirections (joint analysis by iammoving.com and Royal Mail). It

is evident therefore that as the iammoving.com service grows it can not only complement the Redirections service yet also further improve the efficiency and effectiveness of the UK mail market for the majority of the home-moving market who traditionally do not use Redirections. iammoving.com's marketing strategy is designed to achieve this outcome.

Therefore reference S.3 & S.9 whilst Redirections is universally available it is not universally utilised. The successful uptake of the iammoving.com service will improve the efficiency of UK mail management beyond that achieved by Redirections for two reasons. Firstly it helps the home-mover solve the tedious problem of change of address notifications, whereas Redirections simply provides a time-bound insurance policy and secondly it can access a part of the home-moving market which does not use Redirections - further minimising waste and the risk of identity theft in this untapped sector of the market.

The Redirections forms and citizen expectations

In the opinion of iammoving.com the Redirections form does not conform to best practice for the implementation of the Data Protection Act and creates confusion for the citizen, reference Sharing Redirection Data 2.13-2.16.

In section 7 of the form the two permissions regarding Data Protection are opt-out boxes ie Royal Mail will do these things unless you tick the box. Good practice suggests that the citizen should have to specifically 'tick' the box to opt-in.

The first opt-out box to seek the citizen's permission for the Royal Mail and selected 3rd parties should be two separate boxes; one for authorisation for further contact for Royal Mail services and a second for authorisation for generic 3rd party offers. The PostComm consultation paper indicates that 36% of Redirections subscribers do not opt-out yet are probably unaware that this is giving Royal Mail the right to sell their home-moving data to 3rd parties to then contact them at their new address – it is in practical terms a 'junk mail' opt-out disguised by being integrated into the 'opt-out' for further contact regarding Royal Mail goods and services – the latter more clearly being a legitimate request. Furthermore the Royal Mail does not indicate for what duration the opt-in is valid for, ie if a customer does not opt-out does this mean that the Royal Mail has a right to sell that data to 3rd parties for marketing purposes indefinitely, if not to what standards is the Royal Mail currently operating? Our understanding from the Information Commissioner is that this should be "for no longer than reasonably necessary".

Secondly the opt-out described as:

'As a further service at no extra cost, we can provide your new address to organisations that already have your old address so they can update their lists. If you do not want this service, please mark 'x' in the box'.

Of course, this relates to the use of Redirections data for purposes such as the National Change of Address database yet to the citizen it is misleading. It could imply that the Royal Mail is going to undertake their change of address notifications for them yet this is evidently wrong since firstly the Royal Mail is never disclosing to the citizen which organizations have received the data and secondly the Royal Mail has not got the detailed information from the citizen required for a change of address

notification eg account details. The wording on the Redirections form implies some extra added-value service to the citizen yet in practice this is not the case and is misleading to the citizen.

As per the Sharing Redirection Data paper 2.16, Postcomm should require the Royal Mail to meet best practice in this area and ensure that clear expectations are given to the subscriber.

Redirections – the Retail interface, going online and the back-office

The Retail Interface

The Sharing Redirection Data paper clause 3.13 rightly explains that the Royal Mail will retain a monopoly control, for the foreseeable future, over the retailing of the Redirections service to the citizen.

Under its current commercial arrangements iammoving.com provides the Royal Mail with a Royal Mail branded version of the iammoving.com service (See <http://www.royalmail.com/portal/rm/jump2?catId=400126&mediaId=11200120> and go to **Changing address**) and the Royal Mail promotes its version of the service in the information brochure outlining Redirections and available at the Post Offices in the envelope with the Redirections sign-up form.

The introduction to the home-mover of the existence of an online change of address service at this Retail interface is vital. This currently accounts for c 17% of the Registrations for the service. Yet the promotion is currently low-key and there are various other initiatives which could be undertaken, at negligible cost, with Royal Mail's agreement, which would dramatically increase the uptake of the service.

Going online

The Royal Mail is keen to place the sign-up for Redirections online yet has been held back by the stringent security requirements on identity which have to be met before the Redirections process is implemented. When the Royal Mail commenced its commercial relationship with iammoving.com in 2003 it was anticipated that Redirections online would be sooner rather than later. Even without Redirections online, 21.7% of iammoving.com Users discover the service directly from the www.royalmail.com website

The number of Redirections customers who use iammoving.com will dramatically increase as and when Redirections subscription goes online and if there is a close weblink between the two online services as they are highly complementary.

In addition at this stage the iammoving.com site will also be able to drive traffic to the Redirections online sign-up, since the majority of people who sign up directly to the iammoving.com site are not users of Redirections. The iammoving.com and Redirections partnership can grow the overall number of Redirections subscribers.

Furthermore PostComm should recognize that the iammoving.com service can also be a direct data feed to both the Royal Mail and other licensed mail operators for the details of people who have moved but not utilized the Royal Mail Redirections service (with appropriate permissions from the Users.)

The US Post which provides mail forwarding free of charge has had an online sign-up for several years yet maybe does not operate to the same security obligations as the Royal Mail – go to <https://moversguide.usps.com/>

Sweden which is used in the Sharing Redirection Data paper as a reference point, is one of the earlier European countries to have established an online change of address service which is integrated with Redirections and has become an accepted part of what you do when you move home in Sweden. Go to <http://www.adressandring.se/?page=1>

iammoving has also sought discussions with the Royal Mail to explain that it can be another Retail interface for the home-mover to subscribe to Redirections ie the iammoving.com site could in practice 'pilot' the 1st version of online sign-up to the Redirections service.

The Back-Office

The Sharing Redirection Data paper 2.17-2.19 describes the back-office operations of the Redirections service and the entry of data into the CREDO7 database. For the implementation of these proposals it is necessary to identify the time-sequence involved from the citizen completing the form in the Post Office, it's receipt centrally and security vetting, entry into the CREDO7 database and subsequent availability to 3rd parties. The timeliness and integrity of this process is vital and requires more transparency.

To date, when iammoving.com has requested access to this database to, for example, undertake a post-card mail drop to Redirections users (who have not opted out of receiving information from the Royal Mail on other services) the Royal Mail has always indicated that by the time they could make the data available to us it would be 4-12 weeks after the start date of the Redirections service. Self evidently this is not timely for a service such as iammoving.com but equally it will not be sufficiently timely for PostComms proposals to ensure a seamless Redirections service in a multi-operator environment.

Specifically, a service such as iammoving.com should be entitled under the regulatory rules to have access to this Redirections data file on fair whole-sale terms and in a timely manner.

The Profitability of Redirections

The Sharing Redirection Data paper 5.6 and 5.43 provides a summary of the revenue, costs and profits from Redirections suggesting that Royal Mail makes a profit based on customer revenue of c £30 million. This suggests a weighted average revenue value per subscriber of c £30 ie c10 months of mail Redirection. This seems a high figure yet the Sharing Redirection Data paper does provide more detail on the break-down of the revenue figures.

In the opinion of iammoving.com, £44 million is a substantial under-estimate of revenues and therefore profits since it does not encompass the revenues that the Royal Mail makes from it's unique monopoly position in the home-moving market. These revenues come not only from the National Change of Address and suppression services but also from the direct-marketing lists the Royal Mail provides to 3rd parties covering the 36% of the Redirections subscribers who typically do not opt-out of these provisions. If it were not for Royal Mail's position as a monopoly provider of the Redirections service it would not be in a position to generate these profits from the direct-marketing industry (putting aside profits made from subsequently delivering such direct mail).

Mail Efficiency and Wastage

In the opinion of iammoving.com, Redirections and an online change of address service are complementary. Many home-movers will never be satisfied that all organizations will promptly implement their change of address notification and also they will not be certain that they have notified

everybody and therefore will continue to see Redirections as essential even if they are in the iammoving.com habit.

As iammoving.com gains more acceptance then more people will be notifying more organisations pre-move, and over time, the volume of mail being moved through Redirections should decrease, yet the 'peace of mind' gained from subscribing to Redirections will remain.

A key challenge for iammoving.com is to ensure that the > 50% of the home-moving market who do not use Redirections get into the iammoving.com habit and this will contribute towards reducing the huge mail wastage in the UK ie unopened or not opened by intended recipient.

Research from iammoving.com indicates most households receive c 3 items of mail per month not addressed to them, excluding unsolicited, unspecified, occupier direct mail. At 22.5 million households in the UK this would suggest mis-directed mail (ie that not presently covered by Redirections) could comprise over 800 million mail items per annum. This not only has an environmental impact, but also aids the growing problem of identity theft which is estimated at costing the UK economy over £4bn currently.

Summary of Key Points

1. **PostComm has a duty to support innovation:** iammoving.com is an innovation which can bring substantial efficiency and effectiveness benefits to the UK mail market as well as to the home-mover. The Royal Mail should be encouraged by PostComm to build a full commercial partnership with iammoving.com.
2. **Redirections is only a partial solution:** Redirections is used by less than 50% of the UK home-moving market therefore all mail operators, including Royal Mail should take change of address data from iammoving.com to further the efficiency and effectiveness of the UK mail market.
3. **PostComm should monitor Royal Mail's control of the Retail interface:** iammoving.com requires the ability to promote it's service at the Redirections retail interface as well as having timely access to the Redirections file as per the suggested terms outlined by PostComm for other licensed operators (OLO's).
4. **Fuller financial disclosure and analysis:** PostComm should assess the total revenues and profits Royal Mail generates from it's monopoly control of Redirections, not just subscriber revenue, in determining any price control/reduction of the Redirections service and the economics of sharing redirection data with OLO's.
5. **The Redirections business process needs fuller disclosure:** PostComm needs to ensure the time-gap from when somebody subscribes to when OLO's have access to the shared Redirection data is timely
6. **Redirections should meet Data Protection best-practise:** PostComm should require Royal Mail to conform to best practice in the application of Data Protection regulations and the Redirection application forms.

BBS

Intelligent Use of Data

Belinda Thomas
Market Infrastructure Directorate
PostComm
Hercules House
6 Hercules Road
LONDON
SE1 7DB

24th October 2006
Our Ref: BBS\MWPS\CRJC5.JK

Dear Belinda,

Border Business Systems Limited is both a Mailing House and a Software House. Our software product is in use by many users of Mailsort, Downstream Access and Door-to-door delivery operators.

We have tried for a long time to persuade Royal Mail to allow us to use the Redirections Database within our software. The benefits of this to both Royal Mail and its redirection customers are obvious: Royal Mail would save money by not having to handle many items twice, and their customers would receive items in a more timely and reliable manner.

Royal Mail's response to our request has been to want to charge us a lot of money for the privilege of doing this. I can understand that the data, which we pass on to third parties, should be encrypted, and that Redirection Customers might need to be given the choice to opt out of allowing the data to be used for this purpose, but I cannot understand why Royal Mail should want to charge us to help them to save money.

Now that the Redirection Database is to be made available to other delivery operators, the need to do this is even greater. For example, in the case of a customer who is moving from within the scope of a city centre delivery operator to a more rural address, this would ensure that the item was passed initially to Royal Mail instead of going through the current convoluted process, or worse, just becoming lost.

The effect of this would be to improve the general public image of the direct mail industry.

On another point, your document does not address at all what a delivery operator has to do to items that need redirection. For each such item, the operator presumably has to inject the items back into the Royal Mail network and pay the price of a second class stamp. Royal Mail do not have such costs: their cost of redirection only involves duplicated sorting costs, but not duplicated collection and delivery costs. Since redirected items will nearly always find their way back into the Royal Mail network, it would seem reasonable to either:-

- (a) Allow a discounted rate for redirected items re-entering the Royal Mail network, or
- (b) Give Redirection Operators a proportionately higher share of the revenue.

BBS would welcome the opportunity to discuss these issues face to face with you and your colleagues, because we feel firstly, that Postcomm hasn't addressed these issues in the document, and secondly that our suggestions would make an important contribution to the user perception of the efficiency of the postal service.

Yours sincerely

P.P. *Bob Carter*

Bob Carter, Technical Director, BBS Ltd

Border Business Systems Ltd
Border House, High Street
Farndon, Chester CH3 6PT
Telephone: 01829 270714
Fax: 01829 271063
www.bbsltd.co.uk
email: info@bbsltd.co.uk

