

HVTO Industry News

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Obtaining a Realistic ROI on IMB

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Gartner has pointed out that even in today's economy many companies are moving forward with projects for which they see a reasonable ROI. The recent USPS announcement of the Intelligent Mail barcode Full Service discounts did sound discouraging from a project ROI perspective. At \$0.003 for First Class and \$0.001 for Standard, a mailer producing a million envelopes a month, half First Class and half Standard, only realizes annual savings of \$24,000. This is hardly enough to produce a robust ROI for an IMB implementation project.

What is typically overlooked are the much larger cost savings achievable when an organization takes advantage of the full functionality of IMB for complete mail piece tracking, and all the enterprise-level opportunities that creates. It is these overlooked opportunities for cost savings that are driving the organizations we see implementing IMB today.

There are additional opportunities in both mailing operations and in other departments to justify an IMB implementation.

Mailing Operations

Many organizations use USPS Delivery Confirmation for critical notices that they must be able to prove they sent to the customer. Delivery Confirmation costs are \$0.18 for electronic confirmation and between \$0.65-\$0.75 Retail. Even assuming electronic confirmation prices, a firm mailing 50,000 notices a month pays \$108,000 a year; the same firm pays \$390,000-\$450,000 a year if they are paying non-electronic delivery prices. By moving to IMB Full Service and OneCode Confirm, they can receive electronic confirmations at Start-of-Clock and along the USPS process. Some organizations believe this new Confirm information is sufficient legal proof to replace Delivery Confirmation at a substantial first-year's savings.

Another area of saving in the Mailing Operations is that of address change handling. When mail is returned undelivered as addressed (UAA), there is a significant cost associated with it. The USPS OneCode ACS allows mailers to achieve significant cost savings, by avoiding repeat UAA offences for the same addresses. You could reduce your cost of address changes by at least 80% by moving to both IMB and OneCode. One mailer who paid over \$80,000 in one year for address changes calculated they would have paid just \$333 under OneCode.

Knowing a Payment is Incoming Saves Money

Calling customers who are late on payments is expensive and annoys the customers, but is necessary for higher risk customers. Using remittance envelopes with IMB tied to a comprehensive mail piece tracking database, an organization knows about incoming payments as soon as they hit the USPS. Knowing about incoming remittances lowers costs in multiple areas, including reduced Customer Support costs and reduced cancellation and reinstating fees for insurance companies. The cost savings here mount rapidly; customer support calls are estimated at \$5-\$25 per call, and cancellation and reinstatement costs for insurance companies can reach several percent of their annual premiums. Additionally, knowing a payment is incoming reduces the number of reminder notices that must be printed and mailed – again, reducing costs.

Keeping Your CFO Happy

Many organizations have used PlanetCodes to track inbound payments and project lockbox cashflow. PlanetCodes were restricted to a small percentage of the entire mail shipment. When PlanetCodes are replaced with IMB, you have full knowledge of every incoming payment. When coupled with a mail piece tracking database that also keeps track of the amount due, it provides an exact amount incoming. The number of pieces and expected delivery date allow you to better staff your lockbox operation; the total amounts due provide for an estimated cash flow 1-3 days out.

Justifying IMB isn't Easy – But it can be Done

One of the ongoing challenges in the HVTO industry is partnering with other departments in your organization to achieve enterprise-wide benefits. When IMB is looked at as a silo implementation to be justified strictly on postage savings, it is difficult to justify it. When you add the additional cost savings that IMB and a comprehensive mail piece tracking system can add to an organization, the ROI quickly shifts to one everyone can approve.

Ernie Crawford, EDP is President of Crawford Technologies. Contact him at <mailto:ernie@crawfordtech.com> or visit <http://www.crawfordtech.com/> for more information. CrawfordTech's Enterprise IMB product family is designed to assist you in successfully implementing a complete IMB implementation while moving forward in smaller, more discrete stages which can more easily be planned and added to your existing document and mail production environment. For an educational presentation on the four stages on IMB implementation, please visit http://www.crawfordtech.com/EIMB_Solutions_Presentation.htm