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**Hearing before Subcommittee on Federal Workforce,  
U.S. Postal Service and the Census  
Committee on Oversight and Government Reform  
House of Representatives**



**Oral Statement**

**May 22, 2014**

**David C. Williams  
Inspector General  
United States Postal Service**

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Mr. Chairman and members of the subcommittee, the postal industry has a long history of working with the private sector and others to spur innovation:

- Historically, mail transport fueled the fledging railroad and airline industries;
- Postal applications also stimulated advances in handwriting recognition technologies;
- They acted as a platform for private sector innovators in the electronic postage, presorting, and the mail order industries; and
- The Postal Service imposed the overlay of the ZIP Code across the country to the benefit of businesses and researchers.

Innovation is even more important in today's age of digital globalism. The ungovernable Internet has changed the world, but great opportunities and enhanced capabilities exist alongside awkward new systems and unfamiliar risks. Lastly, the forces of creative destruction have ravaged traditional communications and logistics systems.

In this environment, the job of an infrastructure like the Postal Service is to support citizens and businesses as they try to compete and position themselves, while it also takes care to assure that efficient market forces prevail and are not undermined. To continue in this role, understanding the changing world and rapid adaptation are increasingly critical endeavors. The Postal Service faces the tricky challenge of modernizing traditional products as it provides support services for emerging technologies. Success will largely depend on its ability to innovate and embrace the innovations of others.

As a result, continual strengthening of the Postal Service's processes for innovation will be needed that include

- Seeking to understand the frustrations and supporting the emerging needs of people and commerce,
- Developing a comprehensive innovation strategy,
- Clarifying the entry point for innovators and providing staff to join innovators in navigating the huge postal structure and to remain with them until the proposal is resolved,
- Strengthening its skills in assessing the financial viability of proposals,
- Developing the ability to engage in rapid proto-typing of new products and operational innovations, and
- Protecting its intellectual property and respecting that of others.

When pursuing innovations, partnerships with the private sector and the government are important for bringing in new ideas and specialized competencies, for sharing risks, and for leveraging the costs of R&D investments.

There are several areas where innovation opportunities seem particularly rich:

- Support for e-commerce, e-health, and e-government transactions,
  - At the front end, by providing a portal for identity verification for individuals and e-businesses and providing access to digital currency exchange instruments and
  - At the back end, by assisting with packaging and the shipment of parcels;
- Using micro-warehousing, Virtual Post Office Boxes, and e-platform services to help small businesses and innovators with logistics and shipment solutions;
- Providing seamless physical and digital access to the Postal Service network for the public and commerce by linking together its website, post offices, and digitally-enabled carriers; and
- Conducting digital analysis of the vast data now generated throughout the network for operational efficiencies, new revenue ideas, and business intelligence.

Together, these opportunities can tighten the integration of data streams and their supporting matter streams.

The Internet, smart devices, search engines, and cloud storage have laid the foundations for a changing world. An aspect of what will come next, atop this foundation, will likely be an ecosphere that continues to be ungovernable and chaotic with endless challenges, learning curves, and substantial creative destruction. The ability of society to propel rather than retard progress in these areas will depend on the competency of the postal infrastructure to support American commerce and citizens through the coming era that will combine and deploy major new technologies that include

- Additive manufacturing, also known as 3-D printing,
- The Internet of Things, linking ubiquitous sensor nets,
- Augmented reality, using smart devices,
- Big data analytics,
- Advanced robotics that incorporates machine learning, and
- Nanotechnology.

The world posts were slow to grasp and adapt their role in the early phases of the digital age, and were partially constrained from doing so legally. The next phases of this age of technology will likely be more disruptive than we have seen to date. The Postal Service must be highly agile and develop an intuitive sense of its changing role and the new challenges facing American businesses and citizens. A key aspect of the Postal Service's ability to transform must include stronger competencies for embracing and implementing innovation. Thank you.



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## **Officer Biography**

### **DAVID C. WILLIAMS** **INSPECTOR GENERAL U.S. POSTAL SERVICE**

David C. Williams was sworn in as the second independent Inspector General (IG) for the U.S. Postal Service on August 20, 2003. Williams is responsible for a staff of more than 1,100 employees — located in cities nationwide — that conducts independent audits and investigations for the largest civilian federal agency that has over \$67 billion in annual revenues, a workforce of 489,727 career employees and 31,135 Postal Service managed retail facilities.

The office is under the general supervision of the nine Postal Service governors and is not subject to any other Postal Service supervision.

In July 2011, Williams was appointed by the Obama administration to serve as Vice Chair on the Government Accountability and Transparency Board. The Board will develop plans to enhance transparency for federal spending and to improve methods for detecting and acting upon fraud and waste in federal programs.

In his last position, Williams served as the Deputy Assistant Administrator for Aviation Operations at the Transportation Security Administration (TSA) from August 2002 until August 2003, where he managed the Aviation Inspection Program at federalized airports.

Williams has served as IG for five federal agencies. He was first appointed by President George Bush to serve as IG for the U.S. Nuclear Regulatory Commission from 1989 to 1996. President William Clinton next appointed him IG for the Social Security Administration from 1996 to 1998, and then as IG for of the Department of the Treasury in 1998. In 1999, President Clinton named him as the first IG for Tax Administration of the Department of Treasury, where he directed a staff of 1,050 to detect fraud, waste and abuse. In 2001 President George W. Bush named Williams the Acting IG for HUD, while he was also serving at the Department of the Treasury.

Williams served in the U.S. Army Military Intelligence and began his civilian federal career as a special agent with the U.S. Secret Service. Moving up the career ladder, he served as Director of Operations in the Office of Labor Racketeering at the Department of Labor; the President's Commission on Organized Crime; and as Director of the Office of Special Investigations at the U.S. General Accounting Office. Williams is the recipient of the U.S. Bronze Star and the Vietnamese Medal of Honor for service in Vietnam.

A native of Illinois, Williams graduated from Southern Illinois University, Edwardsville, Ill., and received his Advanced Degree in Education and a Masters in Education from the University of Illinois in Champaign, Ill. He also attended the U.S. Military Intelligence Academy, the Federal Law Enforcement Training Center and the U.S. Secret Service Training Academy.

**BACKGROUND:** *The Office of Inspector General was created by Public Law 104-208 and passed by Congress in the fall of 1996. The Inspector General reports to the Postal Service's nine Presidentially appointed Governors and serves for a maximum term of seven years. To ensure accountability, the Inspector General keeps Congress, the Governors and Postal Service management informed of his office's work and alerted to potential areas where the Postal Service could be more economical and efficient.*