

Statement of
Todd Haycock
Director, Postal Services, 3i Infotech North America
At Hearing

“Where Have All the Letters Gone? – The Mailing Industry and Its Future.”

Before the
The House Committee on Oversight and Government Reform Subcommittee on
Federal Workforce, U.S. Postal Service and Labor Policy

May 12, 2011

Good Morning Mr. Chairman and members of the Committee. My name is Todd Haycock and I am the Director of Postal Services for 3i Infotech North America. Thank you for the opportunity to speak to you today about the changes that I have seen over the past few years in this industry and what I expect to see in the future.

As the nation’s largest outsourced Remittance processing provider and one of the largest First-Class mailers in the industry, mailing approximately half a billion mail pieces annually, the U.S. Postal Service is one of our largest partners.

It wasn’t that long ago that the U.S. Postal Service was the only choice for sending and receiving bills, invoices, statements and other transactional documents. However, the shift away from physical mail delivery to other forms

of bill presentment and payment has increased pace in recent years as the number of alternative consumer billing and payment options has grown. You may be familiar with online bill presentment and payment, but other channels are emerging such as secure email billing and payments, electronic mailboxes tied to physical street address, mobile presentment and payment, text-based billing and payments, and more.

The shift to alternative channels is coming at the detriment of U.S. Postal Service-handled remittance mail, and the decline of postal remittance mail has caused 3i Infotech to close processing facilities in Tampa, Florida; Baltimore, Maryland; and Des Moines, Iowa. At the same time, other paper remittance processors have decided to exit the business entirely, to focus on their core financial services. We have acquired and consolidated both JP Morgan Chase's and First Tennessee Bank's remittance processing operations. I anticipate that other consolidations will continue to occur in the industry as providers find they can't maintain the scale and efficiency necessary to remain profitable. When paired with trend directions and analyst predictions, this continuing shift indicates that postal mail is changing from being the dominant channel for bill and payment delivery, to being one of many channels available. Print bills and paper remittances exist alongside all of the other electronic channels, with all measuring relatively equal levels of importance to the biller.

At 3i Infotech, we follow these trends very closely and are therefore focused on providing new and expanded products and services to serve the changing billing and payments market. There are two sides to the equation: the bill and

the payment. I see this change in how payments are made as being driven by the consumer. The ease of making payments with a computer or on a mobile device, where a few clicks can complete the transaction, is a very appealing option to time-pressed consumers.

On the other hand, the presentment of these documents has not been subject to as fast of a shift away from the U. S. Postal Service to electronic bill delivery. I believe this is mainly because this shift is not being driven by the consumer but by businesses. I personally prefer to receive the paper statement and then go online to make my payment, as do many individuals that I know. For businesses, however, there is good reason for trying to drive consumers to electronic presentment. The biggest concern is the cost. With postage rates increasing and the demands on large mailers to make expensive changes to the mailing process in order to meet changing postal requirements, businesses have to make hard choices as to where to assign their resources and capital. I am seeing more of my business customers pushing hard to drive consumers away from paper. As an example; one of my customers is currently planning on charging consumers \$1.50 per month if they wish to continue to receive paper statements, and they are in the process of informing consumers of the pending change. But this organization is not alone in pushing for electronic adoption. As an example, between 2008 and 2009 one of our customers saw a 5.5% increase in the number of monthly statement being presented electronically; in 2010 it grew to an 8.3% increase. That means electronic presentment represents 11.3% of their total volume and will probably grow even more in

2011. Another one of my customers introduced Electronic Presentment and Payment in July 2008 and now, in March 2011, they have 147,328 consumers receiving electronic statements every month. That represents 16% of their total monthly volume.

Every study and analyst group predicts that the volume of paper bills and payments mailed through the U.S. Postal Service will continue to decline in coming years in favor of electronic alternatives, but the rate at which that decline occurs is dependent on what actions the U.S. Postal Service takes over the next couple of years. The ball is already rolling and reversing the current trend will be difficult. However, I think if the U.S. Postal Service focuses on what the mailers in the industry need, the value the mail can provide, and decreasing the complexity and costs of the mailing process, businesses will divert their capital and resources to more pressing projects instead of trying to move away from physical mail in an effort to cut costs.

The U.S Postal Service faces substantial challenges, both financially and structurally, that need to be addressed directly. However, I have observed that the new U.S. Postal Service management team is willing to address these issues and increase their focus on mailers. This is very encouraging and I feel will be key to keeping the U.S Postal Service as an indispensable medium of commerce and communication.

Thank you. I look forward to your questions.

Todd Haycock, Director, Postal Services – Mr. Haycock joined 3i Infotech, North America in January 1998. Mr. Haycock has over 20 years experience in the mailing industry. Mr. Haycock is responsible for the relationship with the U.S. Postal Service and ensures 3i Infotech customers receive the full benefits, discounts and options available. By being actively involved in the Postmaster General's Technical Advisory Council (MTAC) and as board member of the Major Mailers Association (MMA) Mr. Haycock is an advocate for our customers and the mailing industry. Mr. Haycock is actively engaged with new products and supporting the Sales and Relationship Management teams which keeps him on the front line with the customers to ensure customer's needs are met with new products and services.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name: TODD L. HAYCOCK

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

NONE

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

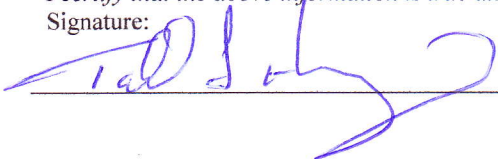
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3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

NONE

I certify that the above information is true and correct.

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