

Mailroom Management Solution



By **Avon Solutions & Logistics Pvt. Ltd.**



Mailroom Business
Analysis

Presentation Agenda



- **Mailroom Service providers and their emerging significance**
- **International Mailroom business – hottest growing outsourcing segment**
- **Rapid transformation in customer expectations**
- **Who are operating? Mailroom Service Providers (MSP) Pyramid**
- **Professional MSP's – Developed countries & India**
- **Some International Mailroom news**
- **Peculiarities in Indian Mailrooms**
- **India - Professional mailrooms should emerge**
- **How much will mailroom handle**

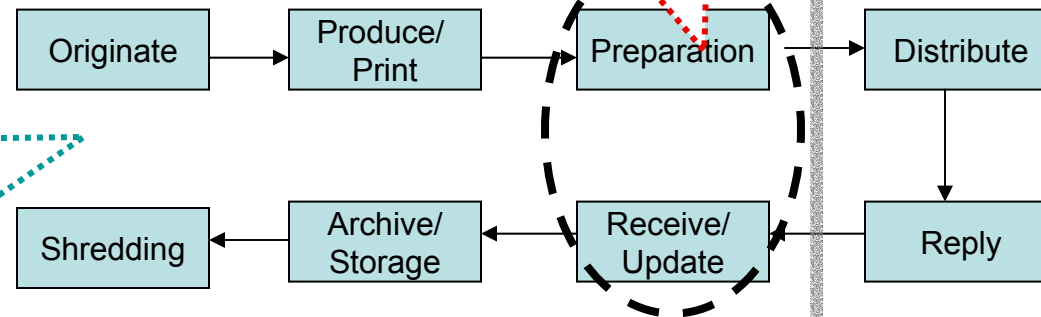
Mailroom Service Providers (MSP) - Their Emerging significance



Mailroom stage – gateway of communication

Document Cycle inside the Corporate

Outside the Corporate



Companies spend 12 to 15% of their revenues on document life cycle management (Source-[Ikon office solutions, USA](#))

Document Management & Mailroom Stage

- Traditionally managed in house
- Outsourcing trend has begun
- Very rapidly growing market
- Has better hold on the client
- Gartner classifies under HRO/ BPO

Mail Distribution Stage

- Always outsourced
- Mature market
- Many players
- Integrating mailroom & other document services

**Mailrooms are becoming powerful;
Professional mailrooms monitor, & direct
Up to 50% of the above spend**

International Mailroom Business - hottest growing outsourcing segment



Demand side (Corporates)

- Increasing mailing volumes & costs
- Mailroom speed ⇒ Business Speed
- Priority issues in Corporate Mailroom – mailing Costs, professionalism, high quality business processes, security
- Want to harness mailroom efficiency to serve their customers better

What do they do?

- Seek Professional Players with Mail Industry expertise
- Prefer vendors who are accountable for the Corporates' complete mailing needs
- Prefer vendors who endeavor to bring the mailroom up to date in technology
- Look for total relief of mailroom & mailing responsibility

Mailing Industry in Developed Countries like UK, USA, Canada, Australia, etc

Supply side - Mail Industry Players

- Customer becoming very cost conscious
- No Loyalty: Witness ↓ in loyalty to mailing vendor, ↑ in loyalty to mailroom vendor,
- More competition: Liberalization of post, more mailing players in the same market
- Market share is challenged; Uncertainty in revenues from prime clients

What do they do?

- Capitalize on industry expertise to offer mailroom solutions
- Gain Control of Corporate Mailrooms & their Mailing needs; More certainty about revenue stream.
- Benefit from more revenues from the same client

**International Mailroom Business
- hottest growing outsourcing segment**



*Professional Mailrooms are
becoming Powerful &
Direct prime clients mailing business*

Rapid Transformation even in Customer Expectations



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Mailrooms in the past, merely despatch sections



Presently, open to manpower outsourcing



In future will look at professionalism & IT enablement

- Static Mailing requirement
- Peripheral responsibilities such as Inbound & Outbound mail management, Mail rounds, Vendor interaction
- Manpower had no motivation and no rewards; Constant manning of mailroom itself was in question
- Prime staff of company undertook lot of mailroom responsibilities

- Dynamic Mailing requirement
- Corporates unable to cope up with manning uncertainties
- Outsourcing emerging for the following reasons:
 - Constant manning
 - Synchronization of work time
 - Single point accountability
- However, no drastic transformation in mailroom responsibilities
- Even Developed countries are yet to know the advantages of a professionally run mailroom

- Rapid transformation in mailroom mindset is catching up
- Transnationals who have experienced professional mailrooms lead the market
- Even Posts & Courier companies in developed countries have commenced Mailroom services
- Professional Players opine that a futuristic mailroom solution is to have

Professional approach

Use extensive IT and maximize service quality

Lay special emphasis on TAT and bring down Corporate response time

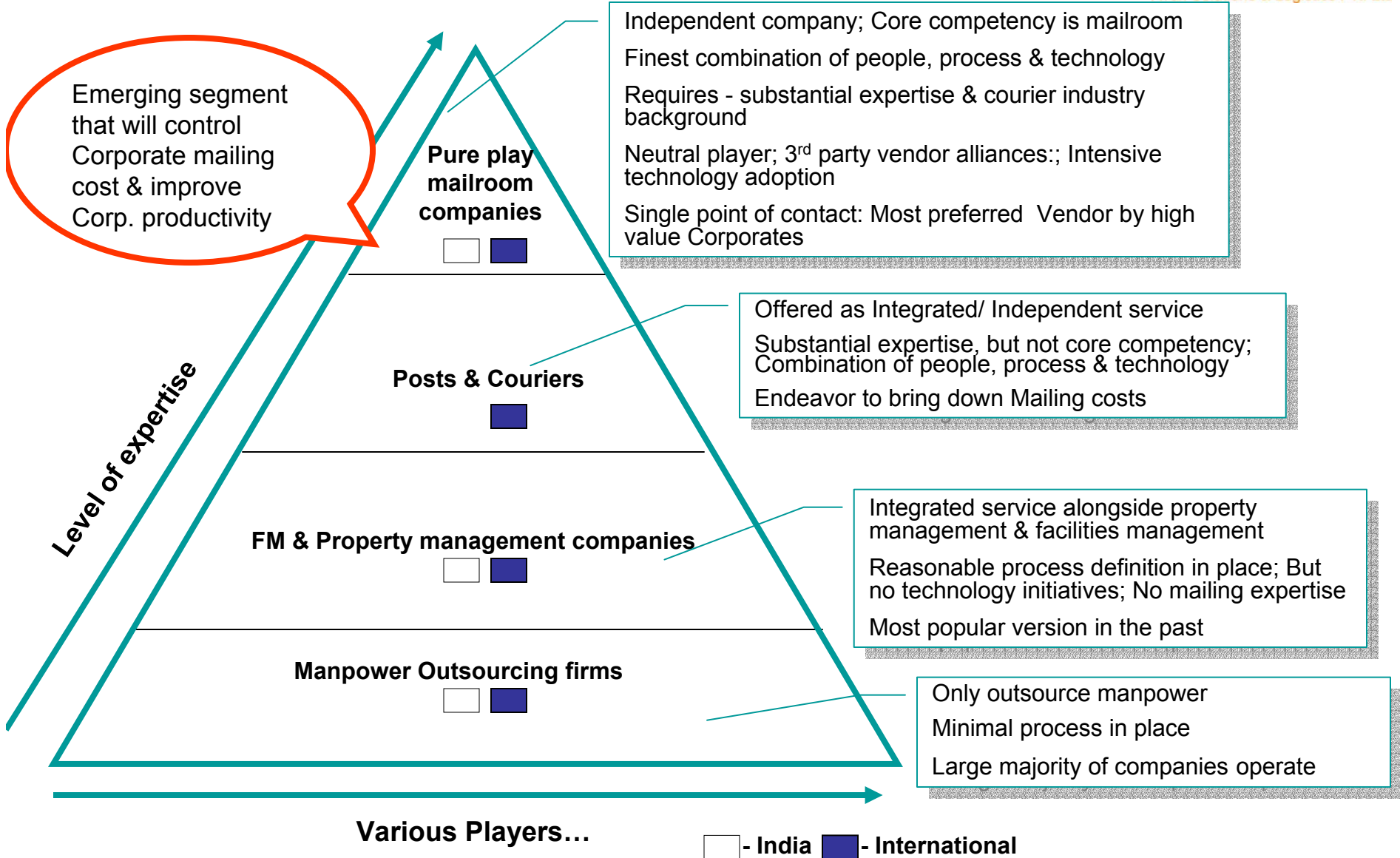
Evaluate and manage third party courier and messenger services

Introduce monitoring and control systems

Endeavor to reduce costs at every level and Maximize overall performance of mail operations.

- Deploy the right mix of resources – such as trained manpower, automation, hardware, third party mailing companies

...Who are operating? The MSP Pyramid...



Professional MSP's – Developed countries & India



US, UK, Australia, etc

What is happening?

- Matured markets
- Comparatively low population base, but density of mail volume & document generation very high
- Mailroom speed ⇒ Business Speed
- Want to harness mailroom efficiency to serve their customers better
- Post is the major carrier, market is opening up for couriers; so many mail players in future
- **So outsourcing mailroom is rapidly emerging**
 - **for cost saves**
 - **For handling more mail players**
 - **Professional approach**

What are they doing?

- **Seek Professional Players with Mail Industry expertise**
- **Prefer vendors with track record, who are accountable & reliable**
- **Look for total relief of mailroom & mailing responsibility**

How will they benefit?

- **Tangible cost savings**
- **Systems driven people & processes**
- **Single point of accountability & efficient contingency measures**

India

What is happening?

- India – emerging as the new outsourcing hub to the entire globe
- Rapid growth in multiple business sectors
- Large population base; Rapid increase in Corporate mailing
- Largest number of vendors (post & couriers) - cause of chaos & challenge to Corporates & Increasing mailroom responsibility
- No mailroom management expertise with any player as on date (within the corporate or outside)
- Corporate Mailrooms clueless on growth challenges such as manpower, process, cost management, etc

What are they doing?

- **Seek Single point professional mailrooms**
- **Prefer vendors who are accountable for the Corporates' complete mailing needs**
- **Foreign banks/ Transnationals setting the trend**
- **Realise Indian mailrooms could require more expertise than elsewhere in the world**

How will they benefit?

- **Tangible cost savings**
- **Look for Intangible benefits such as higher efficiency of manpower & 24 x 7 operations**
- **Total reduction of mailroom responsibility from prime resources of company**

Some International Mailroom News



UK mailroom market itself Euro 500 million; World market size is very high; But industry in very nascent stage

Posts are into it; [Canada Post](#), Australia Post, [Deutsche Post](#), Royal mail

VC funded company in UK, now taken over by [Swiss Post](#)

MAILROOM MANAGEMENT SERVICES - Mailroom Management Services (MMS) are the UK's leading specialist in postroom facility management for companies such as Goldman Sachs, Glaxo Wellcome, Visa, BUPA, Anderson Consulting, KPMG, Shell and British Airways. Their tailored postroom solutions typically save their clients 30% - 50% in overall costs. MMS have experienced significant growth over recent years. Currently employing c. 500 staff, servicing over 100 client UK locations, MMS is on track for it's seventh year of 50% growth.

[Royal Mail](#) has tied up with Pitney Bowes for UK market

[Fedex kinko](#), the outsourcing division of Fedex, has alliance with Quintek, Inc for inbound mail management

[Pitney Bowes' Mailroom business](#) - one of the hottest growing SBU

[TNT Managed services](#), mailroom division of TNT express world wide, is the leader in UK for outsourced mailroom services. Says that less than 15% of market penetrated

Spring - US \$ 450 million company engaged in International bulk mail & small parcels business offer mailroom solutions

[DHL](#), has tailor-made end to end document solutions, which includes mailroom management

Aus Post has a captive smaller company called Decipha engaged in mailroom solutions

Major mail players have begun to offer Mailroom solutions

- Based on net research

Peculiarities faced by Indian Mailrooms

There are about 2000 courier players, who together control 50% of the mail market alongside Post; So no standardisation of rates/ or services

On an average, industries with high outbound mail like banking pay about 5% to 50% higher in mailing costs due to lack of proper vendor management practices

Nearly 90% of the Corporates suffer from improper inbound mail management;

Query resolution time varies from 20 minutes to even 2 days due to minimal systems & procedures, thus affecting Corporate productivity

Unlike developed countries no professional courses for mailroom manpower, so Corporates have to train them

Mailroom outsourcing is still sought for manpower purposes only, Professional mailrooms are yet to gain awareness

Rapid Growth challenges, uncertainties about manpower, giving way to Frauds, misuse, Security threats & Corporate Sabotage

India → Professional Mailrooms should emerge



Supply Side

Mailing Industry

What is happening?

- Mailing Industry**
- Posts & Couriers are equally strong
 - Nil entry barriers; Highest number of mailing vendors (very Peculiar)
 - Growth spread across multitude of players
 - Decreasing Loyalty
 - Industry growth rate 30 to 40%
 - AGR, highest growth rate by any established player 25%

What could they do?

- Follow international trend of alliancing with mailroom companies
- Preference to single point mailroom companies

How will they benefit?

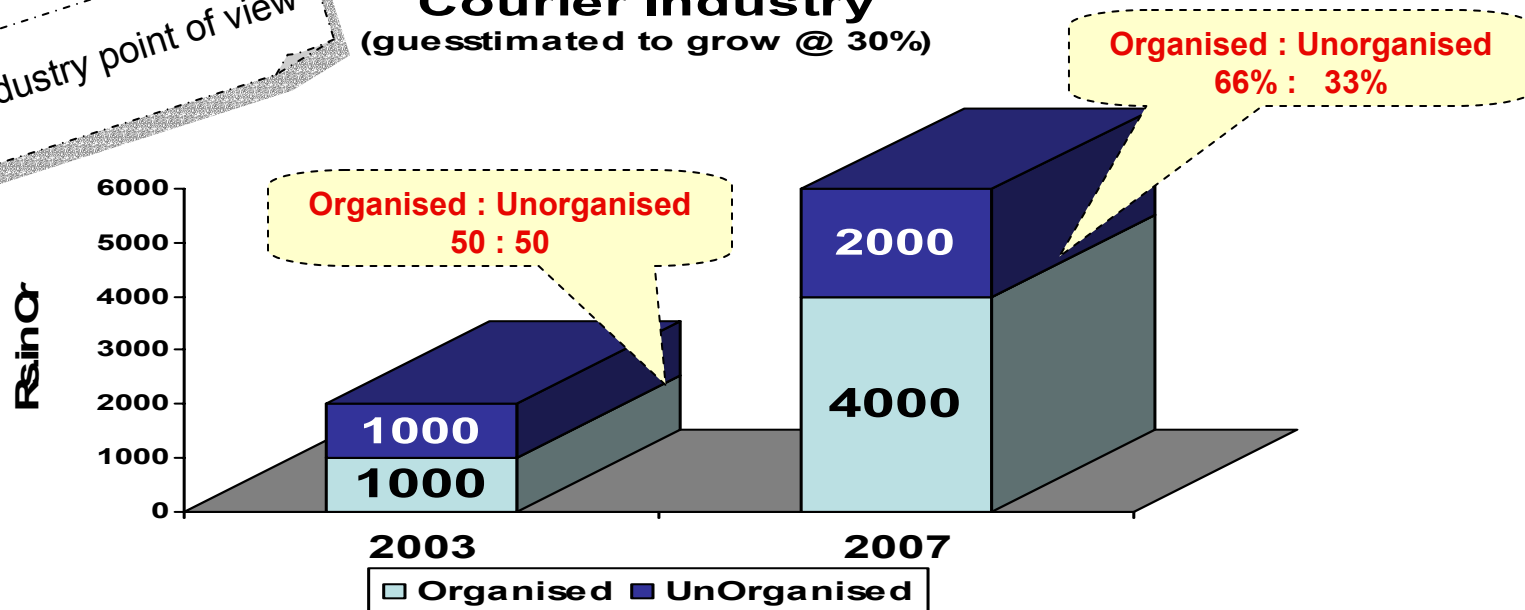
- Create customer lock ins through alliances
- Gain in market share; Certainty of revenues
- Can reap full benefits of rapid growth

India → Professional Mailrooms should emerge (Supply side pressure)



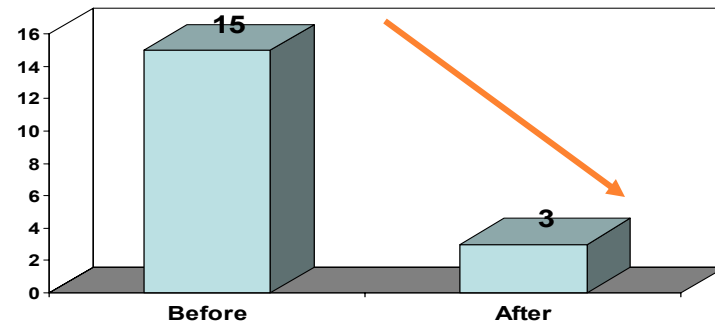
Courier Industry point of view

Courier Industry (guesstimated to grow @ 30%)

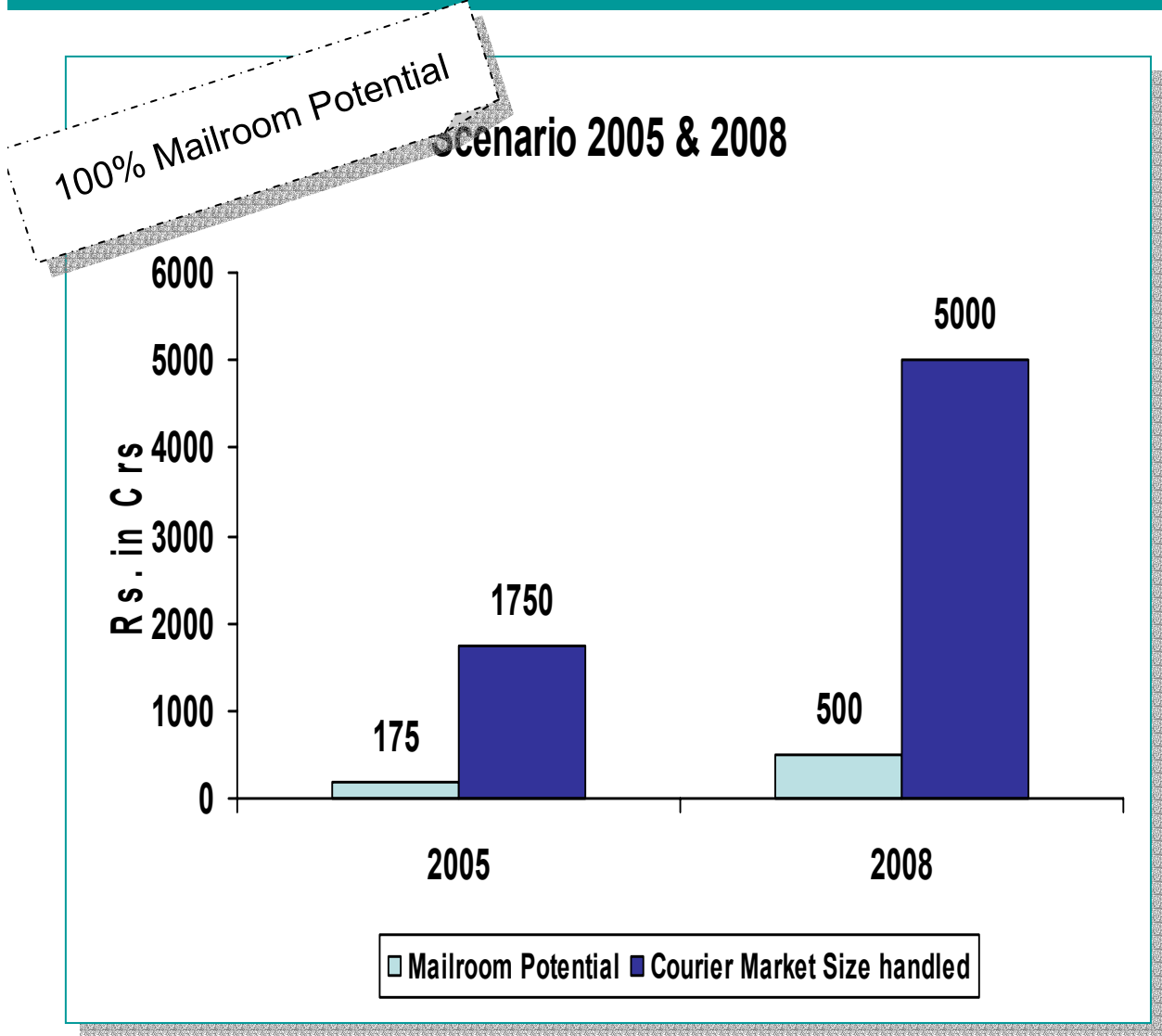


- Professional Mailrooms (international trend) can
 - Reduce the number of courier players in top Corporates to 2 to 3
 - Direct more business to top line courier companies through pre-negotiated contracts
- So, preferred courier companies benefit from
 - Certainty of business
 - Marketing effort only to mailroom operators
 - Increased market share
 - Higher growth rate than market

No. of courier players in typical Corporate (before/ after professional mailroom)



...How much will Mailroom handle (India)



Mailrooms will

- Handle at least 10 times their value of mail business
- Channel substantial business to top mailing players

A total win win situation for mailroom players, leading mailing player, & Corporates

Thank you for Your time