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June 30, 2024 Forced USPS® Postage Meter Migration

The USPS® is having one of their largest forced postage meter migrations in the history of the mailing equipment industry. This will impact an estimated 50% of the devices in the United States with a short window to make the changes. We wrote about this in the May/June 2023 issue but felt it is more important than ever to update the facts since the end is so close. In this article, we will cover what you need to know about the change, how to gain visibility to your equipment, agreements, and terms, as well as what options you should consider for the future.

The USPS® is decertifying all Information Based Indicia (IBI) postage meters by June 30, 2024. New devices need to be Intelligent Mail Indicia (IMI) compliant. The USPS is giving a grace period until the end of 2024, but your meter vendor may have different requirements that will force you to update sooner. We are hearing issues that service, meter refills and inventory may be more difficult during the grace period, so we strongly recommend having a plan in place for this change.

Here is what you need to know:

- Current IBI devices will need to be replaced with new devices and cannot be retrofitted.
- The USPS® is doing this to provide a higher level of security and visibility.
- Devices will need to be constantly connected to the internet vs. only at the time of refill/updates.
- We estimate that 50% of the postage meters in the United States will not meet this new standard and will need to be replaced with the potential for supply chain issues.

This is one of the largest meter migrations in the history of the Postal Service due to the large number of devices impacted by the changes. There has been other USPS forced migrations in the past to get to new metering standards. Examples include requiring meters to fill by a phone call vs. taking to the USPS, needing meters to fill through a modem vs. the phone, needing to have a two-dimensional barcode in the meter imprint and others that have impacted the mailing market. The significance of this one is the high percentage of meters impacted by this change in a relatively short period of time. In past migrations, a large percentage of the nation's meters had been already moved to the new technology through normal meter renewal cycles.

The USPS states that they are making these changes for the following reason:

- Better automate their operations
- Higher security specifications due to the rise in threats and challenges
- Validate correct postage amounts
- Issue refunds automatically through the device
- Have more control over what mail is entering their network

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If you want to see the specifics of this change, you can do a search for the Federal Register "Authorization to Manufacture and Distribute Postage Evidencing Systems" Document Citation 85 FR 78234."

Impacted Devices

Below is a listing of the devices that we believe are impacted by this change. You should validate your specific device with your meter vendor to make sure our table is correct and or to check if there have been any changes.

Pitney Bowes	Quadient (Neopost/Hasler)	FP
Meters that need to be replaced by 6/30/2024		
MailStation (K7**)	IS/IM-280	Validate meters over 2 years old
DM1**, DM2** (P7**, PL**, PR**)	IS/IM-330, 350	
DM3** (3C**)	IN/IH-360	
DM4** (4C**, 6C**)	IS/IM-420, 430	
C200, C300, C400 (1H00, 2H00)	IN/IH-600 Hand Feed (HF)	
Meters that need to be replaced by 12/31/2026		
Infinity (Production Inserter Base Meter - 1M0T, 1R0T)		
Meters that need to be replaced by 12/31/2027		
Connect+ 1, 2 and 3000 (1W00, 4W00, MSF*)	IS/IM440, 460, 480, 490	
SendProP 1, 2 and 3000 (1W00, 4W00, MSF*)	IN/IH600 (Auto Feed), 700, 750, 760	
	IS/IM5000, 6000	
	IJ-15k and WJ-Pro	

What you need to do

The most important thing is to create visibility to the equipment you have throughout your locations. You need to know the following:

- Account numbers for your equipment and leases
- Equipment models (to see if they match the list above) and serial numbers so you can gain access to the vendors web portals.
- Contract expiration dates – Some of this equipment will be on leases or rentals that could expire in the future or be on evergreen agreements.
- Mail volumes – It is important to know how much postage is being processed to better plan for rightsizing the future equipment.
- Features needed – In the new solution, what is required for feeding, weighing, accounting etc.

If you have multiple locations in your organization, we recommend starting with accounts payable to see where you have spend, getting copies of invoices, linking the details on the vendor websites, and have

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the vendors fill in any blanks to the spend. This is the easiest way to gain complete visibility to the equipment to see which devices will be impacted by this change. My firm, Postal Advocate Inc., will do a no cost or obligation analysis for organizations with over 25 locations, where we will do the work described above to give you the details needed to manage this change.

Rightsizing Opportunities

As a rule of thumb, if you get the same level of equipment as you have today, you will most likely increase your costs. The question is if this is really needed? Mail volumes have gone down, online technologies have gotten better, current features may not be needed, and by validating the requirements with your end users, you can dramatically reduce costs. This is our prime focus as a company, and we average 56% cost reductions. You can get these same types of savings with the proper due diligence.

Here are examples of ways to reduce costs:

- Does the internal weighing systems and automatic feeding systems justify the costs based on your mail volumes?
- Can you live with lower weight capacity scales because heavier items are typically going UPS®/FedEx ®or there are other scales that can be used onsite?
- Are all the features in the current mailing system being fully utilized? Examples: Mail Accounting, custom weighing, conveyor stackers, special services etc.
- Can online postage be an option vs. low volume meters? There are 20% postage savings for parcels and can be expanded to UPS and FedEx processing.

Enterprise Online Postage Options

When we look at a typical company, we find that they have a scattering of mailing solutions throughout their locations. Some have meters, some will use online solutions, some courier small volume mail to hub locations for processing and others send users to the USPS to buy stamps at a 5-20% premium in postage. This is all because the location needed to justify the cost of the equipment based on their mail volumes. Also, most organizations have little visibility to any of the mail spends or controls to how things are processed. You compare this to UPS or FedEx who have one online platform where all users process items in the same way, where the client has complete visibility to the spends, and detailed reports for proper chargeback. With people working from home or in small offices, in many cases it is easier to send a $15 overnight vs. a $.64 letter.

The fastest growth segment in the mailing industry are enterprise online postage platforms that can be used across the organization to support all locations and users. These platforms can be set up with one enterprise fee vs. by location, and are a fraction of the cost of other solutions. When we implement these systems, we are typically saving 70-90% of their metering equipment cost while providing a solution for all locations where many had been previously underserved.

These platforms add the following benefits that are not available with meters:

- 5-70% savings on USPS Parcels
- Certified Mail® functionality with electronic return receipts @ $1.35 savings. This includes USPS Firm Mailing Book creation and one central repository for all Return Receipt signatures.
- Single Sign-On to eliminate the need for usernames and passwords and to automatically remove users that leave the company.
- Real-time rate shopping with between USPS®, UPS® and FedEx® to make sure users are selecting the proper carrier and service at the lowest cost.

With the need to inventory all current equipment to see what is not compliant with these new USPS mandates, it is a great time to question if these platforms make sense vs. needing to replace with new postage meters, especially at the mid to low volume segment where most locations fall.

Conclusion

There are only a couple of months left before many of the postage meters inside your organization will need to be replaced. There is a lot of work required (Inventory all the current equipment, collect requirements from your end users, order the new solutions, make sure they are installed, and old equipment is removed), it is recommended to give yourself as much time as possible. Especially if there are supply chain issues with the mailing equipment vendors.

If this conversion is not managed properly, you will spend more money on the new required solutions. With the proper oversight, visibility, rightsizing, and online postage options explored, there are large savings opportunities that can make you more efficient for the future.

Adam Lewenberg, CMDSS, MDC, President/CEO of Postal Advocate Inc., runs the largest Mail Audit and Recovery firm in the United States and Canada. They manage the biggest shipping & mail equipment fleet in the world and their mission is to help organizations with multi-locations reduce mail and parcel related expenses, recover lost postage funds, and simplify visibility and oversight. Since 2011, they have helped their clients save an average of 56% and over $88 million on equipment, presort, avoidable fees, and lost postage.   He can be reached at adam.lewenberg@postaladvocate.com.