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Postage Meter vs. Online Postage – The Battle Continues

We have just gone through the largest USPS® required meter migration in the history of the Postal Service because over the last 2 years, over 60% of the meters in the US had to be replaced. Most of these meters were in the lower and mid volume segment where clients had to decide if they wanted a postage meter or online postage. Today there are over twice as many online postage users as postage meters, with huge growth in the enterprise space, with organizations with multiple locations needing to control expenses across their enterprises. On the other hand, there is a place where offices need the production capabilities of postage meters. In this article, we will explore advances in technology, where each solution shines, and what is the right fit for your organization.

Here are some other highlights that will be explored.

- There are new postage savings available using both types of mailing solutions.
- There is an increase in USPS® Parcels and Priority Mail® that is forcing clients to look for automation and cost reductions.
- Large volume mail is being centrally produced where possible vs. scattered at multiple locations creating the need for production mailing solutions.
- People need to generate convenience mail while working from home, while travelling and in low volume offices that do not always justify having postage meters. Many may be using higher priced stamps or overnight services and could benefit from online solutions.
- Web access to information has dominated new developments in the mailing solution market, being able to control the postage expenses across an enterprise.

Postage Savings

Mail Type	Stamps	Postage Meter	Online Postage	Savings	% Savings
1 Ounce Letter	$0.73	$0.69	$0.69	$0.04	5%
1 Ounce Certified Mail with Return Receipt	$9.64	$8.16-9.64	$8.16	$1.48	15%
Ground Advantage 4 OZ (Formerly 1st CL Parcel)	$5.25-5.85	$5.25-5.85	$3.91-4.51	$1.34	23-26%
Ground Advantage 8 OZ (Formerly 1st CL Parcel)	$6-6.55	$6-6.55	$4.33-4.84	$1.67-1.71	26-28%
Ground Advantage 15.99 OZ (Formerly 1st CL Parcel)	$8.35-9.35	$8.35-9.35	$6.33-7.36	$1.99-2.02	22-24%
Ground Advantage 5LB	$11.35-22.75	$11.35-22.75	$8.29-14.66	$3.06-8.09	27-36%
Ground Advantage 10LB	$13.95-34.50	$13.95-34.50	$10.17-20.28	$3.78-14.22	27-41%
Priority Mail 1LB	$9.9-28.80	$9.9-28.80	$7.99-23.48	$1.91-5.32	19-19%
Priority Mail 5LB	$15.40-66.25	$15.40-66.25	$9.35-58.73	$6.05-7.52	11-39%
Priority Mail 10LB	$19.10-110.50	$19.10-110.50	$11.58-89.21	$7.52-21.29	19-39%
Priority Mail Express 1LB	$31.95-75.30	$31.95-75.30	$27.60-66.05	$4.35-9.25	12-14%

Prices lower than available through postage meters.

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There is a $0.04 savings per letter for using a postage meter or online postage vs. going to the Post Office and buying a stamp. The significance is it is a 5% savings and mailing systems can pay for themselves if you are doing as little as 100 letters per month.

The big difference in rates comes when you want to do any electronic services for Certified, Parcel or Priority Mail® that can reduce costs by up to 41%. As you can see from the chart above, online postage gives you Commercial/Electronic rates that are lower than those you can get through a postage meter or at the retail counter at the USPS®. To combat this, all the mail equipment manufacturers have add-on optional subscription services that will give you the online postage tools to qualify for these rates. Some vendors will be able to offer you additional discounted USPS parcel rates that are lower than shown above with savings up to 70%, but it is all done through online platforms.

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	Online Postage	Hand Feed Mailing Systems	Automatic Feed Mailing Systems
Vendors	Pitney Bowes, Endicia, Stamps.com (Packages Only - Quadient, Hasler, FP)	Pitney Bowes, Quadient, Hasler, FP, Datapac	Pitney Bowes, Quadient, Hasler, FP, Datapac
Average Monthly Postage Use	<$300 (Higher Shipping Volumes)	<$500	>$500
Equipment Speed (Pieces per Minute)	N/A	20-65	70-310
Envelope Sealing	**N/A**	•*	•
Postage Tapes	Labels sheets or label printer rolls	Tape Sheets	Tape sheets or rolls
Weighing	5-100 LB Scales*	2-149 LB Scales*	2-149 LB Scales*
Postal Accounting	•	•	•
Number of Accounts that can be tracked	Unlimited	10-50	50+
Transaction Level Detail	•		•*
Additional Printing Capability			
Destination Address Printing	•		
Return Address Printing	•		•*
QR Code or Custom Graphic	•		•*
Space Requirements	Minimal	Small	Medium to High
Postage Discounts			
Priority Mail®, Priority Mail® Express, Ground Advantage	20-70%	20-70% With Online Subscription	20-70% With Online Subscription
Certifed Mail with Electronic Return Receipt	$1.48	$1.48 With Online Subscription	$1.48 With Online Subscription
First-Class Letters®	$0.04	$0.04	$0.04
Monthly Investment	**$5-30 (Est)**	**$30-150 (Est)**	**>$180 (Est)**
Postage Refill Charge	N/A	**	**
Postage Advance Charge	N/A	**	**
Maintenance Charge	N/A	**	**
Rate Change Fees	N/A	**	**
Supplies			
Ink - Manufacturer (Per Impression)	N/A	$.01-.07**	$.003-.012**
Tape - Manufacturer (Per tape)	$.03-$.05 per label**	$.05-.15**	$.01-.09**

* - Optional

** - Varies by vendor

Cost Savings vs. Production

Online postage solutions are very reasonable and typically cost between $5-30 per month vs. postage meters that range from $45 - $1500 per month based on the size and speed. The decision on which system is right for you has a lot to do with your mail volumes and production needs.

Online postage will print to sheets of stamps (most common), dedicated label printers or directly onto the envelope. In most cases the labels will need to be peeled off and applied to your envelopes manually. This is compared to postage meters where they are fed through the system at speeds of 18-

310 per minute (Based on system type). Many postage meters will also seal the envelope as they are being processed, and larger systems have automatic feeding and internal weighing to streamline production.

What we are finding with our clients is that those that are spending less than around $300 per month on letter mail must decide on which is best for them. Larger volumes will typically defer to postage meters with automatic feeding and sealing systems. If users are heavier on packages and Priority Mail®, they will lean to online postage or add it as a secondary service connected to their mailing system.

Ease of Use

Both types of systems are very easy to use. The bigger item we find is change management. If a location has multiple people that share a current postage meter and everyone walks up to run their own mail, they might find a meter easier than needing to login to an online postage tool and send stamp sheets to their shared printer. If one or a few people are responsible for the mail, this is less of an issue. Of the tens of thousands of users, we have helped to convert to online postage, very few have had issues or complaints once they are used to the system. However, there are a few more steps than just walking up to the meter and running it through the feeder.

Accounting and Visibility

This is where online postage shines because it tracks every piece of mail to the department, mail class and user, and all information can be accessed in real time. Low-end postage meters will typically not be able to provide this level of detail and higher end systems require additional accounting packages to come close to the same level of visibility.

Flexibility and Scalability

Because online postage is web-based, it is easy to expand to all the users in your office or at locations throughout the United States. Work from home or travelling users can share the same system. We work with clients that can have thousands of locations and users on one platform where everything can be controlled through a central dashboard. This is an easier way to distribute postage funds and control expenses. Postage meters do not have this level of flexibility and require management and infrastructure to maintain larger fleets.

New Technology Developments

Since we have highlighted the differences in systems, it is important to inform you about the latest technologies that will change the industry in the future. All the major developments drive the solutions to the web as you will see below.

- Postage Meter
  - Constant Connection – The newest postal regulations require network connections to the meter vendors that continually update in real-time. This allows for better accounting and visibility for your mailing spends.

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- o Online Postage Integration – Many newer meter models will have options for online postage functionality that can be accessed through the user interface on the meter, from a computer connected to your mailing system, or through the web on your local device.
  - o Additional Web Connected Applications – There is a large expansion in meter tools (Apps) that can order supplies, place service calls, track packages and enhance the client experience directly from the mailing system.
- Online Postage
  - o Multi-Carrier – Many of the providers have tools to view, compare and process packages from UPS®, FedEx® and DHL® along with your current USPS® rates. This allows your users to make the best decision on a package-by-package basis. It is key to note that they have an API (Application Program Interface) direct to the carriers and can display your discounted rates.
  - o Web-Based vs. Installed – The newest online postage tools are accessed through the cloud vs. needing to download and install on your local computer.
  - o Enterprise Functionality – The biggest growth area has been expanding the platform across a network. Connecting users at offices throughout the US on one consolidated platform makes it easy to control expenses. Inside this enterprise function, these are the newest trends:
    - Single Sign-On (SSO): Instead of needing to manage the user login rights to the platform, this connects directly to your employee directory/AD Group for automatic rights control. It is now easy to make sure only active staff have access to the tools and there is no longer a need to manage passwords.
    - Improved Reporting: There have been huge strides in the visibility tools available in the enterprise space of the market that will make it easy to manage spends.

We estimate there are over twice as many locations using online postage vs. postage meters and expect this trend to increase as mail volumes continue to drop and there is the need to better control expenses across multiple locations. At the same time, postage meters will continue to be needed in higher volume/centralized locations. Consumers have never had better options and tools to process and control their mailing expenses and it can all be done at lower costs and with significant postage discounts. Most organizations will need a blended approach to which solution makes sense, and it will be determined by the specific location's mail volume, class of mail processed, number of users, reporting and visibility requirements.

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 mail equipment, postage and mail related services portfolio in the world. Their mission is to help organizations with multi-locations

and mail streams reduce expenses, recover lost postage funds, and simplify visibility and oversight. Since 2011, they have helped their clients save an average of 74% and over $91 million on equipment, postage, shipping and outsourced mail service fees. He can be reached at (617) 372-6853 or adam.lewenberg@postaladvocate.com.