

## Mail: The Largest Non-Audited Spend Category

I am going to start with a blanket statement based on years of customer research: 99% of medium to large organizations are overspending on mail. You may doubt this statement or even be self-righteous about how you are managing this today; but ***ask yourself the following three questions.***

1. Do you have complete visibility of all the categories in the chart below for all areas throughout your organization?
2. Is there a process to review these areas with a team with the proper expertise to create change?
3. Is there a way to maintain the mailing data to make sure best practices are occurring?

Mail is typically the largest category where there are not the specific controls in place to reduce costs. Organizations are spending an estimated \$176 billion annually, and postage alone increased a staggering 35-74% over the last 4 years. This is larger than UPS® and FedEx® combined (See chart below), which has teams of internal transportation experts and hundreds of outsourced organizations supporting clients to better manage the spend.

Because there has been so little review of mail, the savings can be much greater than other categories. In this article, we will discuss how to put these controls in place and the benefits of having professional auditing services like those used for most other similar value categories.

United States Mail Spend by Segment	Spend in Billions (Estimate)
USPS Postage (Non Personal)	\$74
Outsourced Print, Mail and Presort	\$89
Internal Mail Equipment	\$4
Internal Mail Staffing, Real Estate, Etc	\$6
Internal Stock - Paper, Envelopes	\$3
<b>Total Expense</b>	<b>\$176</b>

Category	Total Domestic Mail Spend	UPS® and FedEx® Domestic Spend
Total US Spend 2024 (Estimate)	\$176B	\$135B
Visibility	Limited and Fragmented	Consolidated invoices that can be downloaded into Excel
Internal Experts	Limited to internal production areas only	Transportation departments and procurement to assist with contract negotiations
External Auditors	Few	Hundreds of firms assisting with auditing, analytics and contract negotiations
<b>Savings Potential</b>	<b>High</b>	<b>Low to Medium</b>

## Lack of Expertise

As more mail has moved to outsourced Print and Mail services, people with expertise inside organizations have dwindled. Even if there are staff who understand parts of mail, they are typically only managing a single location or workstream. This means that you must rely on the vendor providing the services who may not always have your best savings interests.

The biggest issue is with outsourced print, mail and presort services. This is due to the client negotiating the agreements being at a disadvantage to the provider who has a higher level of expertise and industry exposure. There is seldom the ongoing review required to audit invoices against agreement terms or changes in business or postal rules. This is dangerous because it is the largest segment of mail expenses.

There are over 100 ways to reduce mailing costs. Without the proper level of expertise, it is impossible to identify and then manage through the changes needed to optimize this category. If you do not have this skill internally, consider third party organizations that can manage this for you.

## Lack of Visibility

The main reason for overspending is that there is this lack of visibility inside any organization. Mail is fragmented around different groups, locations, accounts, projects and vendors, making it difficult to centralize the information. These are the main areas of mail spend:

**USPS® Postage (Non-Personal)** - This is broken out into multiple categories and mail classes. The bulk of the spend will be in one of the following:

- **USPS® Permit Accounts** – Larger mailings are funded with direct USPS® accounts. These are fragmented because there are different groups controlling their own USPS relationships, infrequently linked to a master postage funding model. For Example: Statements are processed by



one account; business reply accounts are at the office level and marketing mailings are managed by third-party vendors that are preparing the mailings.

- **Postage Produced in Office Locations** – This will be done through postage meters, online postage tools, or direct purchases from the USPS. Most organizations have not put in any controls to manage this spend area with any central visibility and expertise.

**Outsourced Print, Mail and Presort Services** – This can be one of the worst categories because there could be 1 to 50 different service providers used. There is no standardized data format, and most information is received from PDF invoices that are difficult to transpose. There is also huge variability in the fees and level of detail provided by each vendor.

**Mail Equipment** – Offices may make their own decisions on equipment and are responsible for funding their own postage. There may not be a central owner who is managing this category, and even those that do, may not have decent reporting or any centralized invoicing.

**Internal Processing Costs** – There is a cost to having internal teams process mail that is typically not measured. This has to do with the staff, real estate, and material expenses (Envelopes and paper).

## Lack of Systems

Most organizations have no way to control the data above and at best they are managing it on spreadsheets. To be most effective, the data needs to be stored in a central repository, in a standardized format, so changes can be measured over time.

## Methodology for Enterprise Visibility

My firm manages the enterprise mailing and shipping spends for the largest organizations in North America and we have set up a specific methodology to pull this data together which we will share below. We have found this process to be the easiest and fastest way to collect data, with the highest level of accuracy, while involving the fewest people.

1. **Identify your current vendors** - The main vendors that should be searched are:
  - a. Mail Equipment – Pitney Bowes, Purchase Power, Reserve Account, Quadient, Hasler, Neopost, Neofunds, Total Funds, Mail Finance, QPF, FP, Francotyp-Postalia, Postalia, Stamps.com, Endecia.com.
  - b. USPS® – USPS, United States Postal Service, Post Office, Postmaster, US Postal Service
  - c. Outsourced Mail Services – You should survey your main mail center, marketing department as well as the accounts receivable department to see what third party mail services are being used.
  - d. Expedited Document and Parcel Shipping – UPS®, United Parcel Service, FedEx®, Federal Express, and DHL® are the primary vendors used by most organizations.



2. **Work with Accounts Payable** – In most organizations, most of the mail spends will be paid by an invoice that flows through a central accounts payable department. Pull a report of the last 12 months of spend from the vendors above. We recommend using a wildcard \* or % before or after the names of these vendors in case it is listed differently inside your system. This spend should be sorted by vendor and then cost center to find the unique relationships. You will see many duplicates as you are paying for similar services throughout this period. Find one or two invoices from each vendor and cost center combination and request PDF copies of the bills. This is needed because you will not have enough information in the excel export to understand the relationship. From the specific invoice, you will be able to pull the following: Location address, account number, service description, and agreement terms.
3. **Go to your largest vendors and see what support they can provide.** This is the type of support that we typically find:
  - a. USPS – You can link the identified spends to a centralized visibility account on the USPS Business Customer Gateway. This can provide you with the details of the specific transactions processed, balances and accounts serviced.
  - b. Outsourced Print, Mail and Presort Services – Request copies of agreements and invoice, as well as access to their client portals.
  - c. Mail Equipment – They can either provide you a report of their identified spends or you can take the information that you gathered and create a profile on the vendor’s website. This will provide visibility to the equipment and postage spends throughout your locations. You can also request copies of agreements and end of lease dates where required.
  - d. Expedited Document and Parcel Shipping – The carriers should be able to provide you consolidated billing details, as well as annual reviews of the total corporate spends.
4. **Build a central repository for the information** – With the way that postage, equipment, and services link, it is best to have a web-based platform that can view these spends together in one place. If this is not possible, you can build a spreadsheet model that would suffice.
5. **Update the data** – The information is only valuable when it can be updated easily so you can monitor the changes over time.

## Savings Gained Through Auditing

These are the main savings areas we typically find once the data can be viewed in a centralized format:

- **Postage Discounts** – There are dozens of savings options based on your specific type of mail.
- **USPS Promotions, Incentives and Rebates** – At any one time there are 5-10 programs offered by the USPS to help mailers reduce costs.
- **Mail Class Optimization** – Making slight changes in the way mail is processed can lead to dramatic savings.



- **USPS Negotiated Service Agreements** – If your volume is high enough, you may qualify to have your own direct agreement with the USPS offering preferred rates. If it is not, you can piggyback on contracts that are already in place by other partners that can be made available.
- **Outsource Print, Mail and Presort Service Savings** – One of the highest areas of savings based on the variability in rates and this being one of the largest spend areas of mail.
- **Mail Equipment Savings** – We average 74% savings, and you can get the same on your side by being proactive.
- **Dormant Postage Recovery** – Postage prefunding is often forgotten and with the right oversight can be recovered and better managed for the future.
- **Carrier Optimization** – UPS, FedEx and USPS are typically not a single source solution. Having tools to compare these at the moment of shipment can drastically reduce costs.

Postage costs have surged by 35–72%, representing a multimillion-dollar expense category for many organizations. Yet in many cases, visibility and oversight remain so limited that leaders may be unaware of the true impact—or feel powerless to address it. Mail doesn't have to be the least managed category. With the right strategies, tools and resources organizations can regain control, simplify oversight, and uncover meaningful savings.

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