

# Universal Service 2.0 on a digital Postal Platform



Mohammad Adra  
David Asher  
Bruce Marsh

# Presentation Overview

- The Digital Revolution
- The Current USO 1.0
- The Role of the Postal Service in the Digital Age
- USO 2.0 on a Digital Postal Platform
- Concluding Remarks on Financing USO 2.0
- What's next

# The Digital Revolution

- The Postal Service is a two-sided communication firm
- The digital revolution is a disruptive technology
- The digital revolution is still raging and has not settled into a stable equilibrium
- Fundamental changes into how citizens and businesses communicate, transact and conduct commerce
- The Postal Service must adapt to fulfill its old mandate in modern times

# The Current USO 1.0

- The U.S Constitution empowers Congress to “establish post offices and post roads”
- The purpose is to “bind the nation together”
- The Postal Service has a role, recognized by legal precedent, to adapt as technology evolves
- The current USO is flexible – it lacks a specific definition
- It is focused on the physical infrastructure but allows for adaption as technology evolves – dynamic vs. static

# USO 1.0 – 7 General Attributes

1. Geographic scope
2. Product range
3. Access
4. Delivery
5. Pricing
6. Service quality
7. An enforcement mechanism

# The Need for USO 2.0

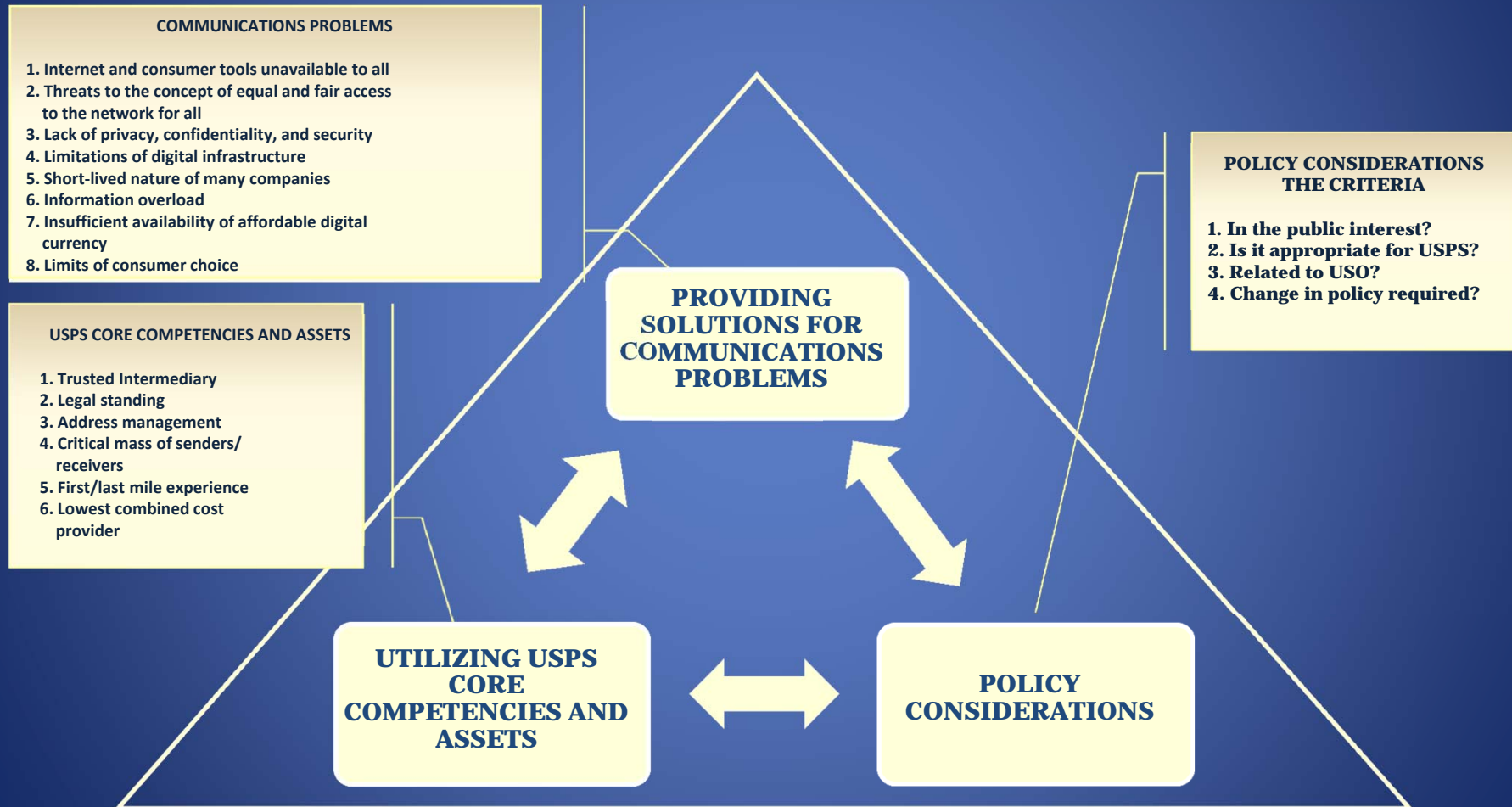
- As technologies come about fast (and disappear fast) resulting in new consumer behaviors, the USO must remain “agnostic” towards a particular technology. Jaag and Trinker “Technology Neutrality” principle.
- It must embrace the physical, digital, and any future form of communications that evolves.
- It is not a question of ensuring the survival of the Postal Service; it is about best serving the public as the old mandate stipulated - as new technologies threaten to leave people behind (the lengthening tail of digital refugees) and create a digital divide.



# Positioning for the Digital Age

- Postal Service must modernize its role to accommodate for the challenges of the digital age.
- Postal Service should use three guiding principles in formulating a strategy:
  - Providing solutions for communication problems of the digital age
  - Utilizing the core competencies and assets of the Postal Service
  - Pursuing applications that are considered proper for the Postal Service

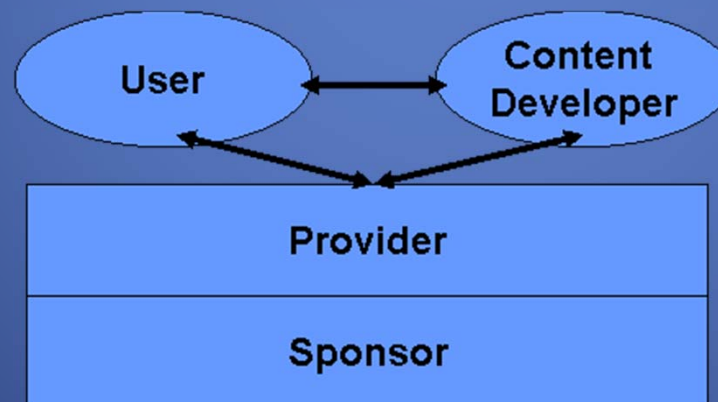
# Guiding Principles





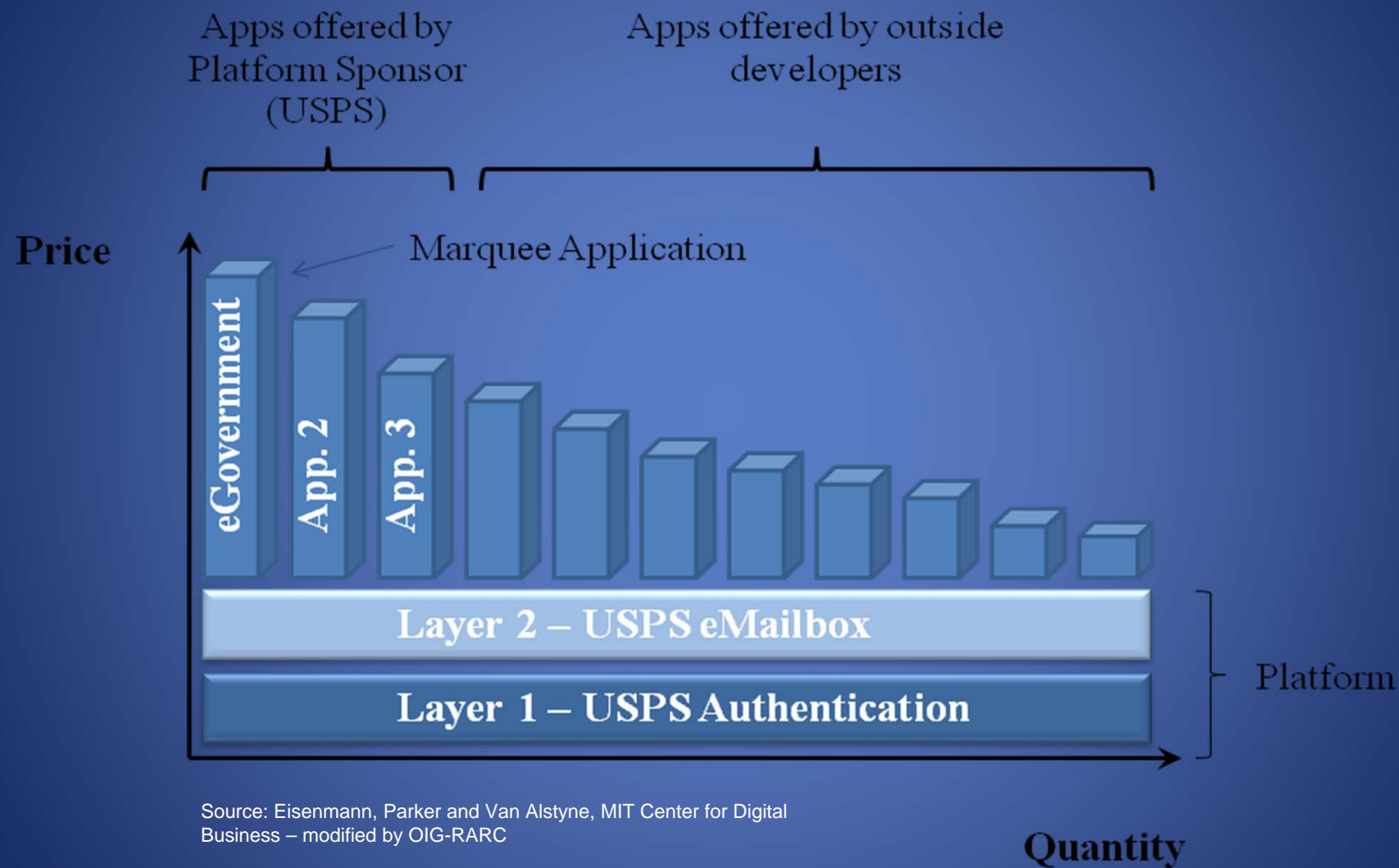
# The New postal Service Digital Platform

- This is about new platform strategy vs. old product strategy
- This is about a postal ecosystem vs. traditional markets
- This is a sponsorship role in a two-sided platform

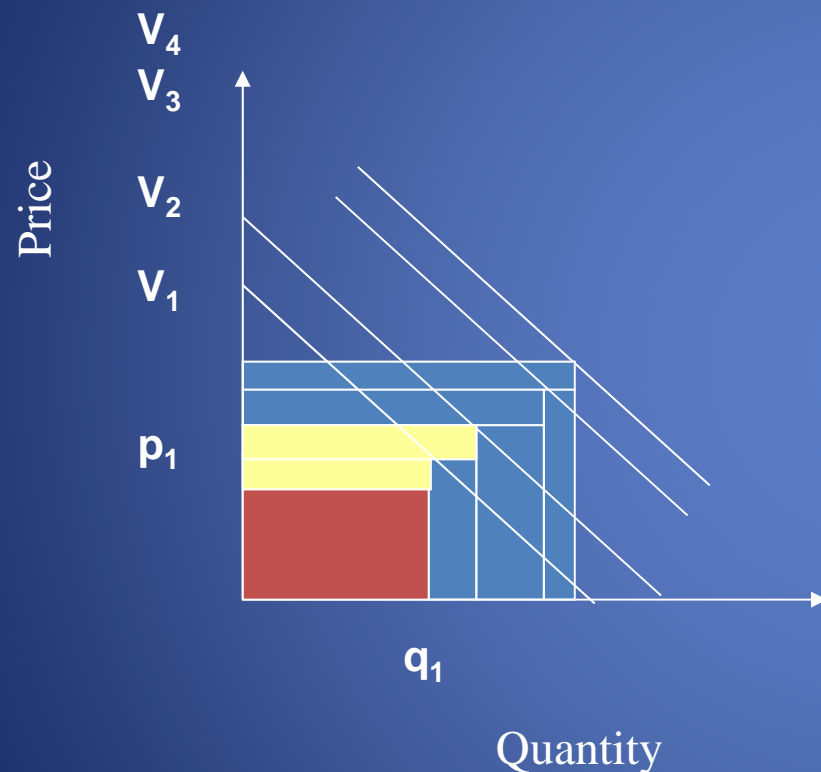


Source: Eisenmann, Parker and VanAlstyne, 2006.

# The Digital Platform and Applications



# Why does openness work?

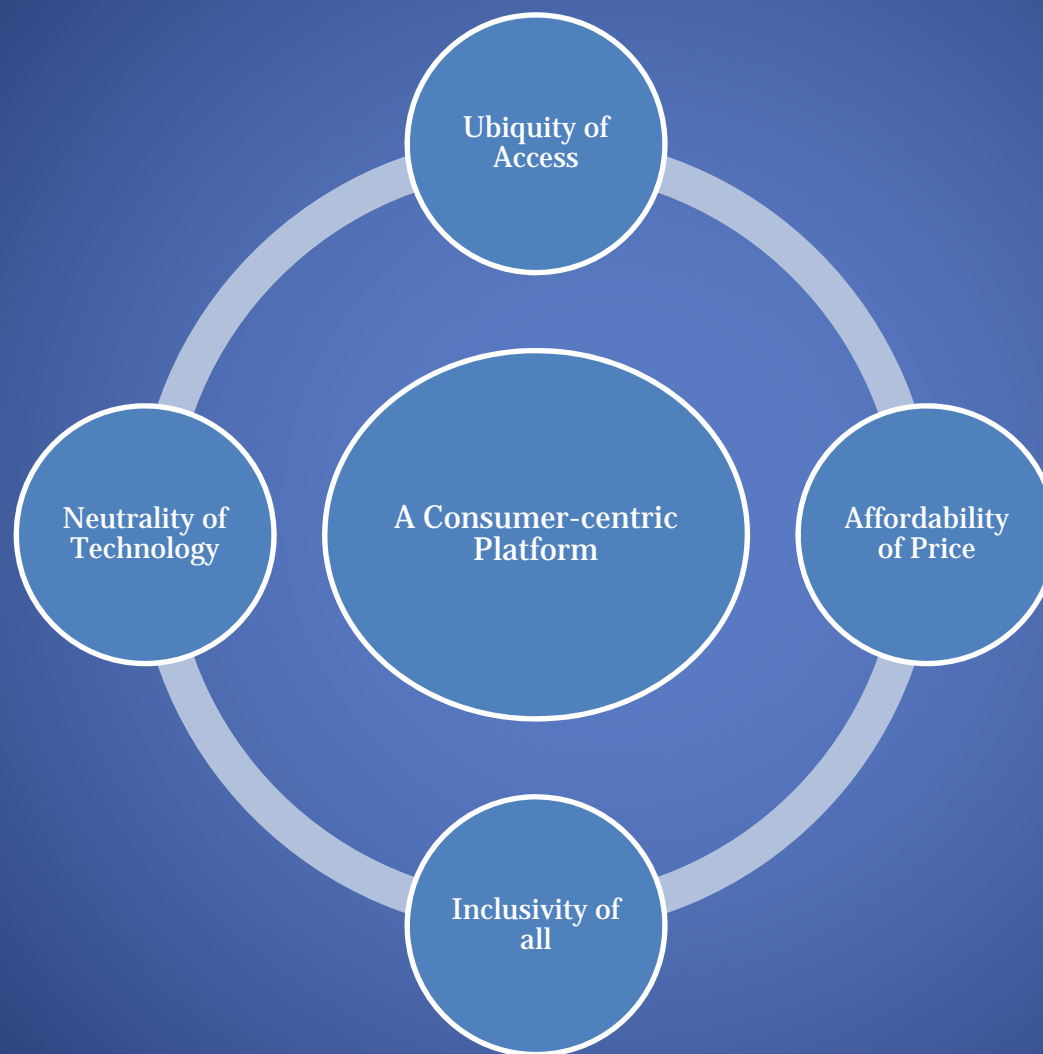


- ❖ Platform sponsor gives away platform value
- ❖ Developers build apps for installed base, adding new layers of value.
- ❖ Benefits:
  - ❖ Sponsor from increased sales, and downstream royalties.
  - ❖ Developer from cost savings and installed base.
- ❖ Repeat

# Characteristics of the Platform

- Open Space With Strong Network Effects
- Minimal boundaries between public and private services and between hard copy and digital communication systems
- Multiple players, with different roles, providing many postal, governmental and commercial applications
- Marquee applications to build critical mass
- Ecosystem vs. traditional market

# Principles of USO 2.0



## Characteristics of USO 2.0

1. Geographic scope
2. Product range:
3. Access
4. Delivery
5. Pricing
6. Service quality
7. An enforcement mechanism
8. Security
9. Legal parity
10. Right to dual addresses



# Financing USO 2.0

- Outside the scope of this paper but few thoughts
- The seed money will be less than what was needed for the USO 1.0
  - Role limited to sponsorship
  - Public/private partnerships
  - Infrastructure cost for bits cost less than one for atoms
- Income Statement is currently weak but balance sheet is strong
- Self-supporting model – revenue from operations will finance it – no subsidy

**Merci Beaucoup**  
**THANK YOU!**