



Delivery Point Packaging (DPP) and Flat Sequencing System (FSS)

Research & Development Process



PROCESS

- **Financial Justification for Research & Development**
 - **Develop Alternatives**
 - **Evaluate Alternatives**
 - **Field Evaluation**
 - **Identify the Best Alternative(s)**
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Financial Justification for Research & Development

■ **Cost (based upon USPS Accounting System)**

- Material Handling and Delivery Offer Greatest Opportunity
- Delivery Focus – Street and Office Savings

■ **Research & Development Funding**

- Board of Governors R&D funding approval Oct 2002
- Federal Business Opportunity (FBO) Dec 2002
- Statement Of Objectives Released Jul 2003



DEVELOP AND EVALUATE ALTERNATIVES

- **Opportunity leads to two potential paths: DPP/FSS**
 - **Delivery Point Packaging (DPP)**
 - **Flat Sequencing System (FSS)**
- **Prequalification of Suppliers**
 - **Five for FSS; Six for DPP**
 - **Released Request For Proposals soliciting concepts and simulations**
- **Award of Development Contracts**



ESTABLISH EQUIPMENT SPECIFICATIONS

■ Performance Requirements:

- What Type or Types of Mail Will Be Processed
- How Much Mail Will Be Processed
- When Does The Mail Arrive
- When Does The Mail Need To Be Processed
- Safety, Health, Ergonomic Requirements

Performance Needs Drive Equipment Configuration, Speed and Cost

■ Cost:

- Affordability
 - Return on Investment
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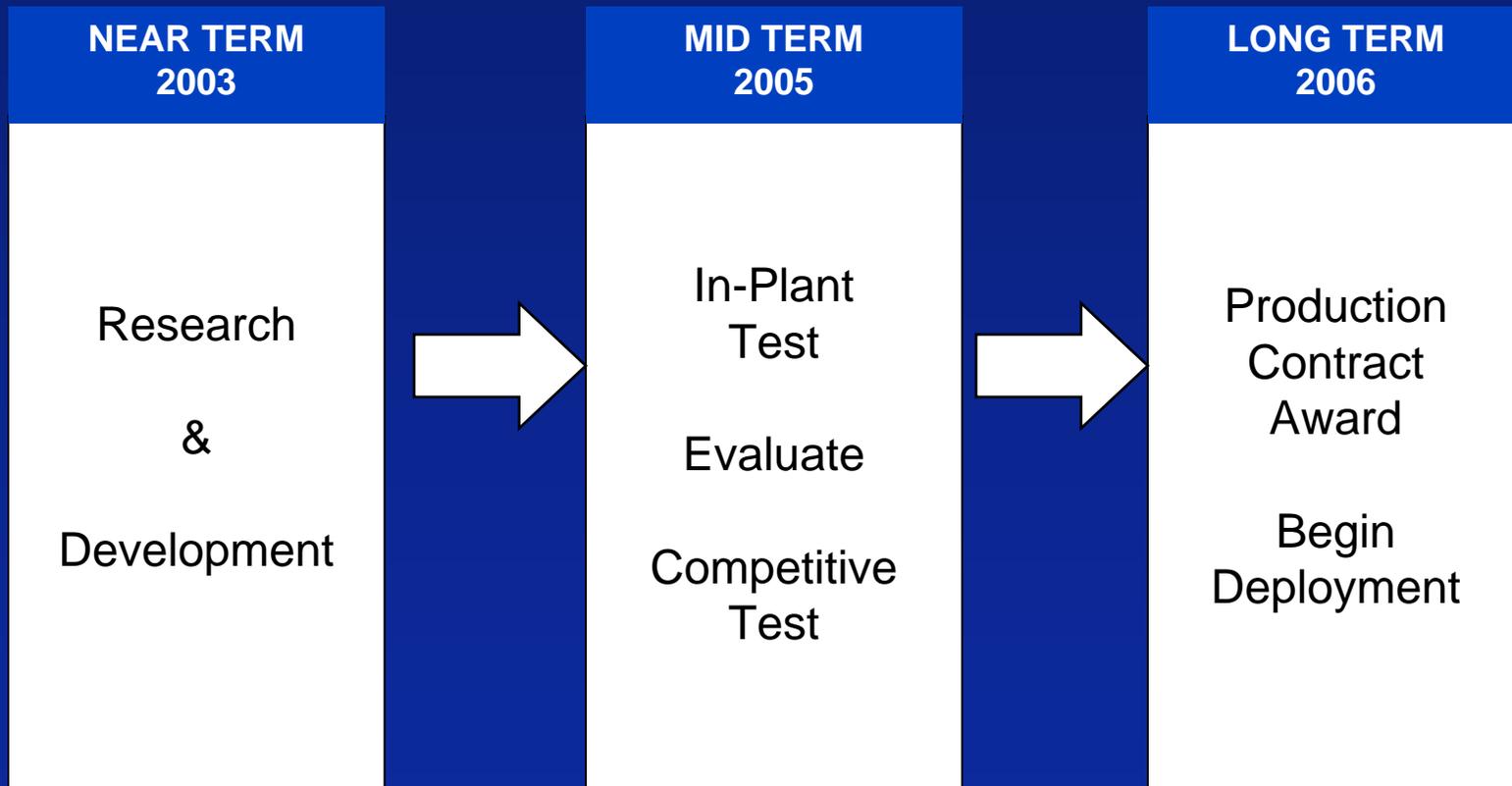


Research and Development Sequence of Events

- **Need Identified**
 - **Customer Needs**
 - **Operational/Business Needs**
- **Corporate Strategy Developed**
- **Technology Reviewed**
- **Scope Developed – Customer Needs Integrated**
- **Program Funding Approval**
- **Statements of Objectives (SOO)/Requirements Established**
- **Development Contracts Awarded – Phase I**
- **Evaluate Systems**

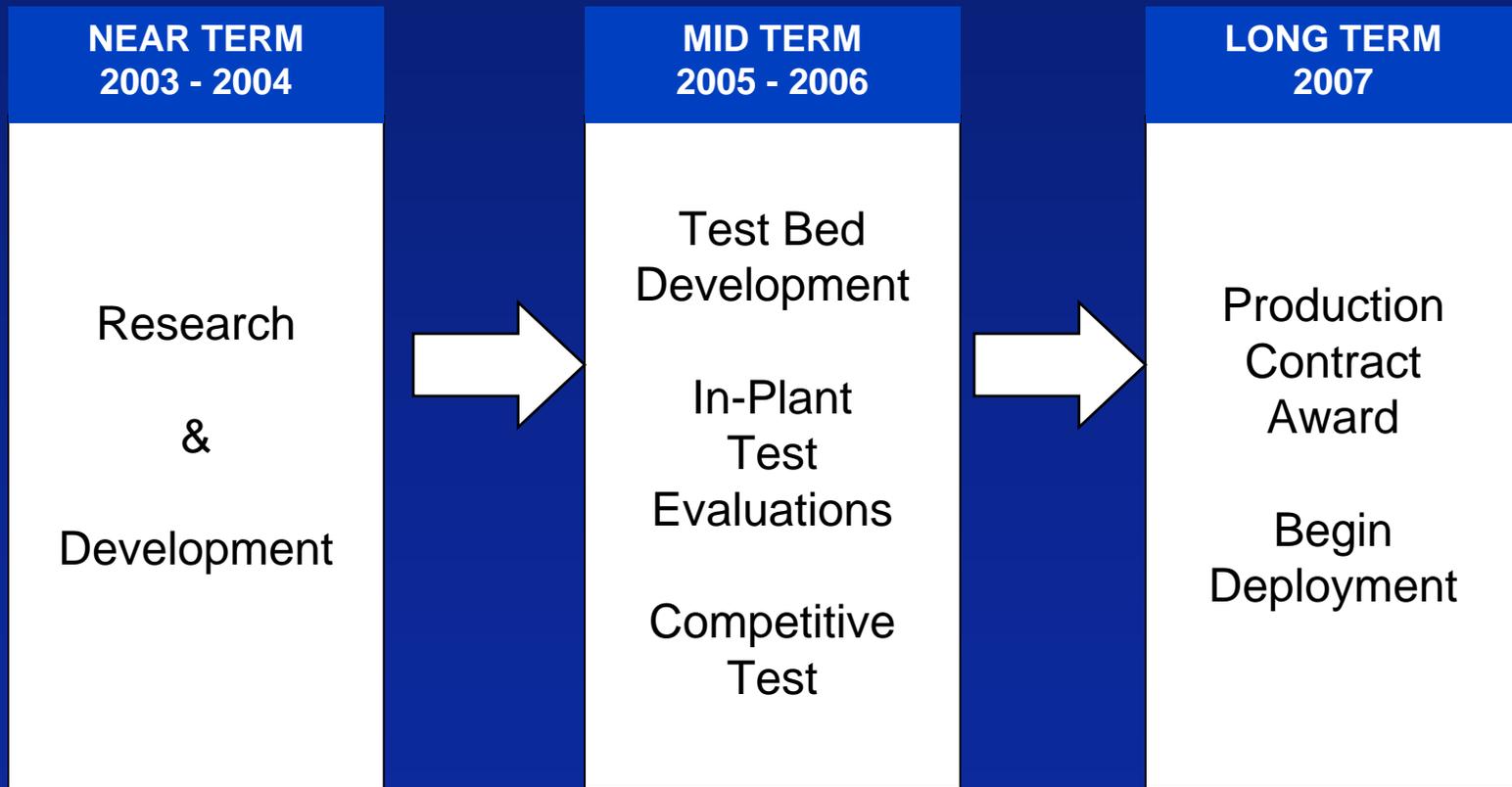


Flat Sequencing System (FSS) Timeline





Delivery Point Packaging (DPP) Timeline





Where Do We Stand?

- **FBO Released** **Completed**

- **Suppliers Qualified** **Completed**

- **Phase 1 – Concept Development**
 - **Draft Statement Of Objectives** **Completed**
 - **Request For Proposals Released** **Completed**
 - **Responses Due** **2003**
 - **Concept & Simulation Award** **2003**



What are the next steps?

- **Phase 2**
 - **FSS Prototype In plant** 2005
 - **DPP Test Bed Evaluation** 2005

- **Phase 3**
 - **FSS Competitive Field Test** 2005
 - **DPP Prototype In plant** 2006

- **Phase 4**
 - **DPP Competitive Field Test** 2006



What is the final step?

- **As the result of data from Competitive tests, a Decision Analysis Report (DAR) will be developed**
- **DAR will provide financial analysis to justify investment**
- **DAR and the approval process take into account both cost and revenue impacts**
- **Funding, via the DAR process, requires both USPS Senior Management and Board of Governors approval**