



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

Virtual Post Office Box Roundtable Discussion Summary

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Introduction

The U.S. Postal Service Office of Inspector General (OIG) hosted a roundtable on May 14, 2013, to obtain participants' views regarding our white paper – *Virtual Post Office Boxes*, [MS-WP-13-002](#), issued April 17, 2013. Participants included Postal Service officials and stakeholders, representatives from the Postal Regulatory Commission, labor unions and management associations, as well as digital experts with business and academic expertise. This paper summarizes the input we received during the roundtable discussion.

Communication is rapidly changing and people can carry on conversations, make decisions, direct activities, and transact business using many types of communication media. In this rapidly changing environment, an opportunity exists for the U.S. Postal Service to serve these needs by bringing more portability and flexibility to the physical address. The Postal Service already offers post office (PO) box service for customers who want to receive mail in a different location than their home address. Making the Post Office™ Box (PO box) virtual would create new opportunities for customers and businesses to manage the physical delivery of mail and parcels the way they already manage digital communications. This flexibility and portability does not yet exist in the physical world, but people are searching for it.

At its most basic level, the virtual PO box would provide users with an address that could be redirected anywhere they choose. After appropriate identity checks, users could sign up for a virtual PO box address (for example, VPOB #1234) and log into their USPS.COM accounts online or use smart devices to link this address with that of any physical address they choose: a residence, a business, a nearby Post Office, or even a physical PO box. Users could select to have packages automatically sent to a nearby gopost® parcel locker. The Postal Service's sorting equipment would automatically read the virtual PO box address and route mail and packages to the physical address the user has chosen to link to the virtual PO box. This would allow the virtual PO box to accommodate the flow of mailpieces and parcels just in time. Customers could also be notified immediately via email or by text message when new mailpieces arrive.

Features would include:

- A link from addresses to the virtual PO box.
- Identity verification and address protection.
- The ability to program various options and features online.
- Vanity addressing.
- International shipment and returns.
- Microwarehousing and logistics support.
- Personal message integration and data storage.
- The option to retain a physical PO box.

Summary of Roundtable Discussion

Participants were generally receptive to the ideas, features, and concepts of the virtual PO box. Discussion then mainly concerned the role of the Postal Service and implementation challenges of the virtual PO box. Notably, participants discussed the implementation challenges of a virtual PO box service including operations and privacy. Participants believed that timing is critical, and the Postal Service needs to take a step into this arena or else miss an opportunity, given the trends in digital communications, expanding globalization and growth in packages. As a result of the comments we received during the virtual PO box roundtable discussion, we will consider and evaluate areas for future work.

Role of the Postal Service

Numerous participants raised a broader question regarding the role of the Postal Service moving forward: Will the Postal Service's traditional role as a physical deliverer of the mail change? Specific questions and points raised included:

- Should the Postal Service be considered a facilitator and a platform for communications, as opposed to simply a provider of physical mail delivery?
- Should the Postal Service remain a government entity using its mandate to promote competition and growth in the private sector or become a private company that takes advantage of new technologies to increase its competitiveness and profitability?

A Postal Service official stated that pursuing the virtual PO box service would require the Postal Service to determine the proper timing (for example, when is the right time for the consumer), as well as require a change in customer behavior. The Postal Service official also said that the Postal Service would need to use its existing physical PO box, to link enhanced services and additional offerings with a familiar product line. Further, the Postal Service would need to capitalize on its brand and the long-standing trust in its services, by linking that traditional trust to the new services in the digital arena.

Participants also discussed the range of additional advantages the Postal Service has that are not traditionally possessed by other organizations offering one or several of the virtual PO box features discussed in our white paper. For example:

- Scope, reach, and number of assets. The Postal Service could leverage existing retail and processing network infrastructure, using its nationwide network of locations to facilitate services.
- Fraud, compliance, and investigation. The Postal Service OIG and the Postal Inspection Service are law enforcement organizations that currently investigate crimes including identity theft and fraud. The reach and experience of these two organizations are a valuable tool for protecting customers' privacy and security — a tool that could readily be adapted to meet the privacy needs of virtual PO box

customers. However, according to one roundtable participant, the Postal Service has been reluctant to foster Inspection Service participation in this area.

Another participant summed up the Postal Service's positive attributes, stating that investigating fraud, compliance, privacy, security, and international logistics generally extends beyond the resources of private business. The Postal Service could act in its customers' best interest as a government entity, and private mailing sector businesses could also benefit from (and assist with funding) these services.

Implementation Considerations and Challenges

Overall, roundtable participants were complimentary of the virtual PO box and its potential suite of services. They saw a range of opportunities inherent in the features mentioned and believed that the Postal Service does need to be in this increasingly digital environment.

Although response and reaction from roundtable participants about the virtual PO box concept and suite of services were positive, the participants raised a number of considerations and potential challenges related to the implementation of this service, including timing, cooperation with the private sector, operational considerations, privacy, data protection, funding, and the universal service obligation.

Timing

Innovation and change take time and do not occur in a vacuum. According to several roundtable participants, offering a service with as large and ambitious a vision as the virtual PO box service would involve a long adoption cycle and could take years to implement. Further, it will take time to get customers on board and make sure the service appeals to them enough to encourage customer participation. While several participants noted that this service would take a significant amount of time to develop, others commented that the Postal Service does not have this amount of time.

Cooperation with Private Sector

One consideration that generated the most comments was the potential for the Postal Service to partner with private sector entities to offer the virtual PO box features proposed in the white paper. Multiple participants suggested that, to leverage its expertise and experience, the Postal Service should partner with other companies or organizations already engaged in some virtual PO box services.

One participant stated that, rather than compete with the private sector, the Postal Service should move in the same direction and in cooperation with the private sector. In this way, the Postal Service could learn from the experiences of others, which would be invaluable to it as it charts its own course. Other participants suggested that partnerships with organizations offering similar services to those of the virtual PO box might also help the Postal Service address the challenge of needing capital for upfront

costs associated with starting up this service. One participant voiced concern that the Postal Service experienced challenges when it attempted partnering previously to provide additional services.

Operational Considerations

Our white paper, *Virtual Post Office Boxes*, discussed operational challenges and considerations in implementing the virtual PO box features. Roundtable participants echoed those concerns:

- How will the redirecting of mail to specified addresses occur?
- How will Postal Service coordinate with vendors, parcel consolidators, and package sorting services to effectively move mailpieces? Currently, the Postal Service may not know when a package is arriving until it views the shipping manifest, so how would the Postal Service accommodate moving various mailpieces between addresses?
- How will the Postal Service handle the additional labor costs that would come from adding certain features (such as microwarehousing and staging mail to accommodate requests to redirect mail from one address to another)?
- How will Postal Service prepare its networks to accommodate last mile delivery?

Privacy

Numerous participants discussed privacy concerns also mentioned in our white paper. For example, while the Postal Service is not prohibited from maintaining a list of customers' names and addresses, the Postal Service is prohibited from sharing or disseminating such lists to the public. The virtual PO box service, which proposes to link a customer's personal address to a virtual account, may raise some concern regarding public access to a customer's personal information. One participant suggested the Postal Service would need to have U.S. Congress think differently about privacy as an obstacle if it wished to pursue these features. Another participant stated that the Inspection Service, a Postal Service asset, should be included in efforts to ensure ongoing privacy protections for Postal Service customers in the digital environment.

Data Protection

The virtual PO box service proposes to link a person's physical address or addresses with a virtual account; because of this, according to one participant, not only are privacy protection issues raised, but so are data protection issues and ownership questions. For example, if a person holds a virtual PO box account linked to a traditional physical PO box, who actually owns the data within the virtual, digital account? This question becomes particularly challenging when the original holder of the virtual PO box is no longer around (for example, he or she dies or becomes incapacitated). The questions then raised included: Who owns the virtual account then? Would anyone have access to the personal data in the virtual account (if the original holder had requested and paid for data storage and integration)? The participant also questioned whether the virtual account would become another way of identifying an individual who is no longer around, because of the connection between the individual and the virtual account.

Because of these concerns, the roundtable participant suggested that we or others determine what rules do apply with regard to data protection and personal storage, before implementing a virtual PO box service. A Postal Service official echoed these thoughts, in saying that implementation of a virtual PO box service would have to "start with identity management and making sure [who] has the ownership of that mail box" and reiterated the longstanding customer trust in the Postal Service.

Funding for Services

One participant mentioned that the funding model for the virtual PO box service – who would pay for the features – was not clear in the white paper or during the roundtable discussion. He noted that the presentation implied that the sender would pay for some features. He noted that if this were true, enrollment and opting in for the service would probably occur slowly, and revenue growth would be slow. He also suggested that the Postal Service partner with a sponsor company to potentially bridge the gap with start-up costs and providing initial capital investment. Other participants suggested that maintaining access to the virtual PO box and determining which mail should be received at customers' selected addresses should depend on which pay model was used. (The pay model would include fees paid by the recipient or fees paid by the sender.) For example, if a mailer pays to have catalogs delivered to a recipient's address, delivery should not be considered complete at receipt in the virtual PO box, rather at the physical address itself.

Universal Service

Participants raised questions about universal service and the Postal Service's role. One participant noted that universal service is not clearly defined as to whether it addresses customers' needs or wants. Another observed that the Postal Service may need to rethink its role if it is going to venture into a virtual PO box service, considering that 30 percent of America has no Internet network access. Work is needed to determine what

customers need from a postal administration in this nation. Others agreed that a plan would be needed to move forward.

Potential Future Work

As a result of the comments we received during the virtual PO box roundtable discussion, we will consider and evaluate the potential for additional work in the following areas:

- Opportunities for the Postal Service related to logistics solutions, including storage, shipping, and returns.
- Postal Service partnership opportunities.
- Data protection and privacy protection considerations in the digital age.

Conclusion

Our conversation on exploring virtual PO box services and enhancing the physical PO box with additional features represent a shift for the Postal Service to a much greater capacity in logistics.

The Postal Service has several unique advantages, as pointed out by numerous roundtable participants:

- Vast retail, processing and delivery networks and infrastructure to bolster virtual PO box features like storage and shipping.
- Brand trust and loyalty that can be applied to provide secure means of digital communication.
- Enforcement and oversight capabilities to ensure the security and confidentiality of its services.

Given these strengths, the Postal Service is uniquely positioned to meet its customers' growing needs and to participate in the rapidly changing digital arena. It can use its existing physical, traditional PO box product line to enhance communications for its customers as well as provide additional sources of revenue generation and growth for the Postal Service.

As mentioned by numerous roundtable participants, the Postal Service could reach out to potential partners and collaborate with other companies and organizations that have traveled these digital roads. By doing so, the Postal Service could receive insight and guidance regarding potential ways to innovate, come up with investment capital, and operationally prepare to offer more advanced digital services. The Postal Service could

use its strengths and legacy of serving the nation as a communications platform to enhance existing services to bring both its customers and itself into a digital postal era.

U.S. Postal Service Office of Inspector General
1735 N. Lynn Street
Arlington, VA 22209
Telephone: 703-248-2100
www.uspsoig.gov

For media inquiries, contact Agapi Doulaveris Telephone: 703-248-2286
adoulaveris@uspsoig.gov