



# Worksharing the Workshare

Third-party workshare partners can now provide major savings for bulk parcel mailers

— By David Loonam —

**I**N recent years, the U.S. Postal Service has increasingly encouraged companies to participate in its Workshare program. That means growing financial incentives for mailers who insert items deeper into the postal stream. In the past, taking advantage of these larger discounts has been difficult for most mailers because they cannot meet the very high volume requirements. As a result, companies that are unable to

achieve five-digit sort or DSCF discounts have experienced significant cost increases with the last few rate cases. However, the most recent rate case has at last opened up an opportunity for the increased Workshare incentives to benefit a new group: origin- and destination-entry bulk parcel mailers. This is because changes to the rate structure have finally made it financially feasible for third-party Workshare partners to offer their money-saving services to bulk mailers. By shipping with a third-party Workshare partner, bulk parcel mailers can now reduce their postage costs far more than they ever could individually.

As you probably know, third-party Workshare partners — such as DHL Global Mail — commingle the shipments of numerous companies that send large amounts of mail and parcels. The tremendous volume levels reached allow the third-party partner to perform advanced sorting, which in turn enables them to insert items deeper into the postal stream. As a result, we qualify for much larger discounts than individual mailers who participate in the Workshare program.

Unfortunately, third-party Workshare partners were unable to help bulk mailers cut their postage costs prior to the rate case that took effect in May of this year. These mailers were already achieving substantial Workshare discounts on their own and could not save any additional money. However, the most recent rate case has widened the differences in rates for entering bulk mail into the postal stream at the various levels: Destination Delivery Unit (DDU), Destination Sectional Center Facility (DSCF), Destination Bulk Mail Center (DBMC) and locally (origin entry). For this reason, the rate case had a far greater effect than simply changing the



pricing structure — it also represented a major breakthrough for both bulk mailers and third-party Workshare partners. This is because the expanded price gaps between entry options finally created the opportunity for third-party Workshare partners to add value for bulk parcel mailers by providing significant cost savings and other advantages.

Many organizations are taking advantage of this opportunity to help bulk mailers. We at DHL Global Mail recently launched a new service specifically for bulk parcel mailers, enabling them to join the many other companies that reduce their postage costs by sharing in our larger Workshare incentives. With this new service, customers can save substantial amounts by performing some of the upfront sorting and — in most cases — transporting their materials to our mail terminals.

Because that means the customer is responsible for some of the tasks that usually fall to us under our USPS partnership, we informally describe this new delivery model as “Worksharing the Workshare.” Exactly how much work the customers share is up to them, as they can choose the amount of sorting and drop shipping they will handle based on their size and capabilities. For example, smaller bulk mailers who are unable to perform three-digit or five-digit ZIP Code sorting currently must

result, we can bypass DBMCs — and many other postal processing facilities — and insert parcels deeper into the mail stream. This maximizes Workshare discounts, increasing the savings passed along to bulk parcel mailers and other shippers. Larger bulk parcel mailers can save time and money on sorting because customers are drop shipping to about half the number of facilities.

Additionally, these companies no longer need to spend time separating different types of parcels; whether they’re sending Standard Mail, Bound Printed Matter, Not Flat-Machinables or Parcel Select shipments, the third-party partner handles the separations for the USPS. What’s more, our new service eliminates the need for bulk parcel mailers to make drop-off appointments at DBMCs. There are other advantages as well, including payment via net terms and greater shipment visibility without the extra cost of Delivery Confirmation through our Customer Web Portal.

In addition to DHL Global Mail, other third-party Workshare partners have begun offering services to help bulk parcel mailers benefit from greater USPS discounts. Going forward, the options available to bulk mailers should only increase, especially if the USPS continues to improve

## DHL Global Mail Parcel Process Map



enter parcels into the postal stream locally. That is unfortunate, because the May rate case made origin entry a much less attractive option for bulk mailers. But smaller bulk parcel mailers now have a more cost-effective alternative: drop shipping to either our Cincinnati or Los Angeles facility in order to benefit from our greater Workshare discounts.

This service provides even more cost-reduction opportunities for large and medium-sized bulk mailers who currently presort parcels and drop ship them to DBMCs and Auxiliary Service Facilities (ASFs). In this instance, companies receive value partly because our nationwide delivery network and massive volume levels allow us to perform five-digit sorting on more than 80% of our customers’ domestic parcels. As a

incentives for deeper insertion into the postal stream. If they haven’t done so already, bulk mailers should begin exploring how they can benefit from shipping with third-party Workshare partners. Thanks to the breakthrough that occurred with May’s rate case, bulk parcel mailers can now save substantial amounts of money — while enjoying many other advantages — by “Worksharing the Workshare” through new relationships with third-party Workshare partners. ■

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