

BASICS™
Address Correction System

Increase Mail Savings, Net Revenue, and ROI

Developed by:

PAC-COMM

BASICS™ May 2007

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Undeliverable Mail: Quantifying the Problem

- ❑ **Address Errors = Lost Mail**
- ❑ **Lost Mail = Lost Revenue**
- ❑ **Measuring Lost Revenue**



ADDRESS ERRORS = UNDELIVERABLE MAIL

WHY IS MAIL UNDELIVERABLE?

Over 60% of specific address problems defined as “undeliverable” by the USPS are either:

- Imported, transactional data file errors
- Manual data entry errors

These errors cannot be corrected by routine services: NCOA and USPS diagnostic services (e.g., DSF).

UNDELIVERABLE MAIL = LOST REVENUE

THE FACTS:

Revenue losses of 1-3% are often overlooked and viewed as insignificant.

Consider that address errors result in:

- ❑ 3-5% **reduction** in recurring revenue when billing customer base (1st class)
- ❑ 5-10% of postage / production costs **wasted** when mailing to prospect lists (3rd class)
- ❑ 1-3% of potential new revenue **lost** when mailing to prospect lists (3rd class)

UNDELIVERABLE MAIL = LOST REVENUE

EXAMPLES*:

- ❑ **\$7.8 Million Lost in Recurring Revenue:** A telecommunications company re-mails 3% of its monthly billing statements (1st class) to incorrect addresses over an average three months. Lost, delayed yearly revenue totals \$7.8 million dollars.
- ❑ **\$1.1 Million Wasted in Postage & Production:** An industry marketing company fails to correct 8% of prospect lists mailed 3rd class. Lost postage, production of non-delivered mail costs \$1.1 million dollars.
- ❑ **\$700,000 Lost in New Revenue:** A telecommunications company does not correct 4% of prospect lists mailed 3rd class – estimated lost revenue from prospects that would have ordered the new service is \$700,000.

Address Errors Result in Lost Revenue!

Example: Direct and Indirect Revenue Lost
Due to Address Errors

Revenue Category	Cost
Cost associated with non-delivered renewal notices (estimated annual revenue)	\$410,550
Cost associated with non-delivered invoices (production, postage, and mail house costs)	\$8,925
Cost to acquire correct address information (via telephone, fax)	\$26,775
Cost to update address records (data entry)	\$26,775
Cost to review manual updating by management	\$3,000
Total Estimated Lost Revenue	\$476,025

** Actual non-profit association example*

THE BASICS™ EQUATION

- ❑ Solving Address Error Problems
- ❑ Why BASICS™?
- ❑ How does BASICS™ Work?



THE BASICS™ EQUATION FOR INCREASING MAIL REVENUE

SOLVING ADDRESS ERRORS WITH BASICS™:

PAC-COMM created BASICS™ to correct address errors not corrected by CASS, NCOA or other routine services:

- ❑ BASICS™ is a comprehensive series of 15 specialized programs / data processing routines.
- ❑ BASICS™ detects and corrects dozens of specific types of address delivery errors.

THE BASICS™ EQUATION FOR INCREASING MAIL REVENUE

WHY BASICS™?

- ❑ The answer is simple: return on investment or ROI.
- ❑ **BASICS™ produces measurable dollar savings and increased revenue.**
- ❑ Revenue is gained from:
 - ❑ Not mailing to undeliverable addresses
 - ❑ Mailing to corrected addresses (producing additional net revenue)
 - ❑ Production, postage savings from non-mailed undeliverable addresses
- ❑ Cumulative ROI of service results in relation to cost of service (usually \$6 to \$12 for each \$1 cost of service).

THE BASICS™ EQUATION FOR INCREASING MAIL REVENUE

HOW DOES BASICS WORK?

- ❑ Customer prepares test or larger input address file – we accept all data formats, record layouts, no special preparation required
- ❑ Customer posts file or files on PAC-COMM ftp site
- ❑ Customer file(s) are processed through 15 step BASICS program
- ❑ PAC-COMM posts completed BASICS updated file(s) within 48 hours of receipt
- ❑ Customer downloads processed file, error reports, etc. from PAC-COMM ftp site

SUCCESS STORIES: A FORMULA THAT DELIVERS RESULTS

- ❑ **B2B Affinity Marketing Company Increases ROI**
- ❑ **BASICS™ Client List**



THE BASICS™ FORMULA: DELIVERING MEASURABLE RESULTS

Typical BASICS™ Success Story:

For a major B2B affinity marketing company:

- ❑ PAC-COMM processed 4.7 million records through BASICS™ from 2004 through 2007.
- ❑ The BASICS™ service returned to the client (in cost savings and added activation revenue) \$364,000 (minus the cost of BASICS™ service).
- ❑ **A total of \$3.7 million dollars was returned to five clients in 2006-2007.**
- ❑ The program generated an ROI of \$8 for every \$1 spent on BASICS™. For all clients from 2002 through 2007 the average ROI was \$6 to \$1.

BASICS™ Clients

Businesses, associations, and non-profit organizations that have realized cost and overhead savings from BASICS™:



THE FACTS ABOUT MAIL DELIVERY

- Four reasons why mail does not reach its destination**
- Address error classifications**
- Correcting address errors using BASICS™**



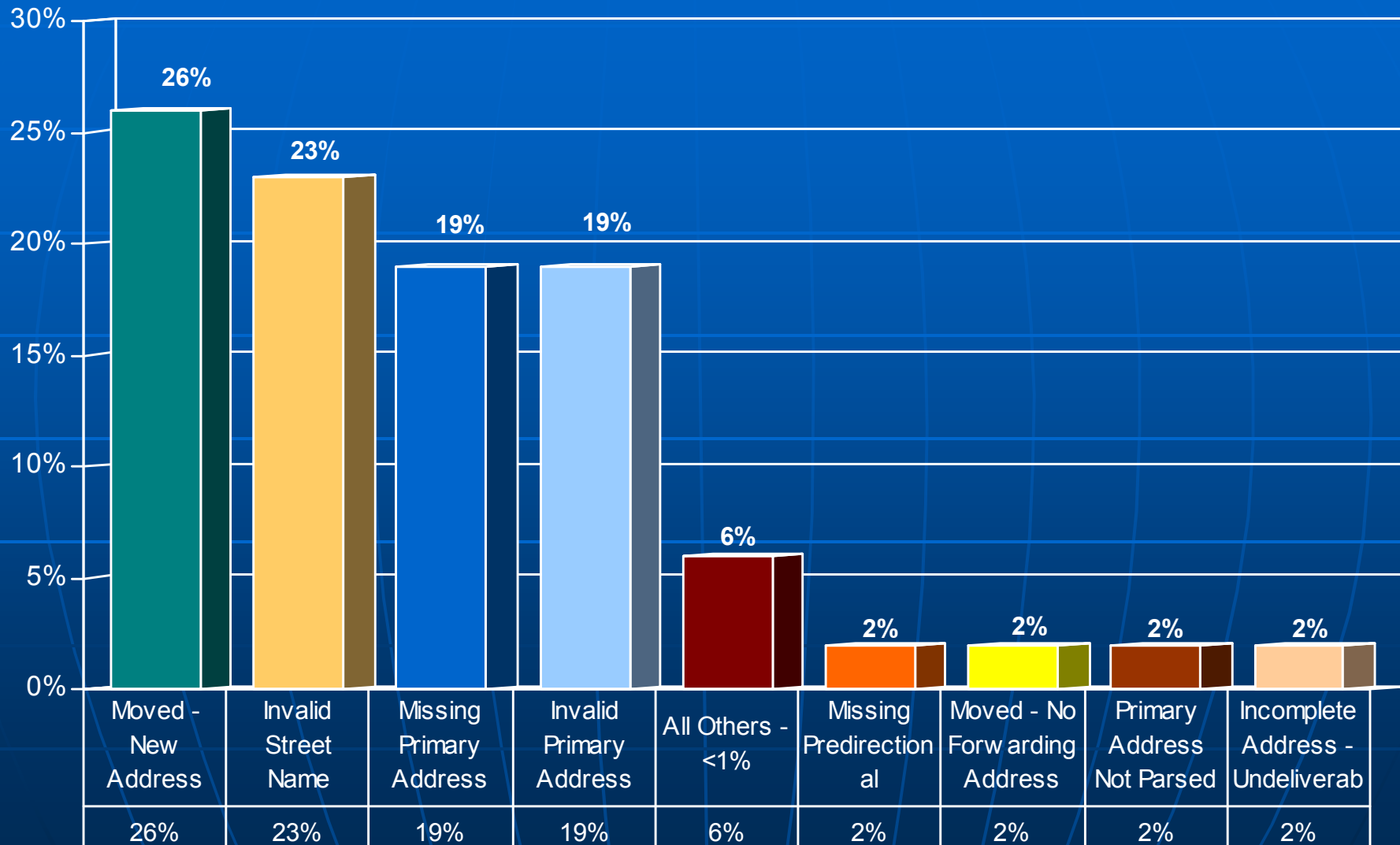
THE FACTS ABOUT MAIL DELIVERY

Why Does Mail Not Reach its Destination?

<u>REASON #1:</u> DATA ENTRY ERRORS	Accounts that are manually and incorrectly set-up are continually re-mailed to the same incorrect addresses; errors typically remain incorrect for months, even years.
<u>REASON #2:</u> MAIL HOUSES ONLY CORRECT OBVIOUS ADDRESS PROBLEMS	Mail houses use CASS Certification* which only corrects obvious address problems (e.g., zip codes).
<u>REASON #3:</u> MAIL IS RETURNED TO SENDER	Undelivered <u>1st Class Mail</u> is returned to the sender where correction requires sender to obtain correct address information.
<u>REASON #4:</u> MAIL IS "LOST"	Undelivered <u>3rd Class Mail</u> is "lost" without the mailer knowing the amount of undelivered mail resulting from each mailing.

* National Change of Address (NCOA) is also used by some mail houses

WHY MAIL IS NOT DELIVERED



Non-Delivery Classifications As Identified by BASICS™ and USPS

Address Error Classification	USPS Response 1st Class	USPS Response 3rd Class
Not Deliverable as Addressed	Return to Sender	Not Returned
Billed Party not at Address	Return to Sender	Not Returned
Billed Party Moved – No forwarding Address	Return to Sender	Not Returned
Not Deliverable by temporary, replacement, new carriers	Return to Sender	Not Returned
Billed Party Moved – New Forwarding Address	New Address Returned to Sender	Not Returned
Billed Party Moved – Forwarding Time Expired	Return to Sender	Not Returned
Insufficient Address	Return to Sender	Not Returned
Attempted not Known	Return to Sender	Not Returned
No such number or street	Return to Sender	Not Returned
Not Deliverable as addressed – unable to forward	Return to Sender	Not Returned
Moved – Left no address, unable to forward	Return to Sender	Not Returned
USPS Return to Sender (No Description)	Return to Sender	Not Delivered

BASICS™ Address Error Corrections

Type of Address Error	Incorrect Address	BASICS™ Corrected Address
Invalid Street Name	124 Frnaklin St Pmb 129	124 W Franklin St
Invalid Suffix	234 W 6th St	234 W 6 th Ave
Not Deliverable as Addressed	214 ½ Carolina Ave	214 ½ E Carolina Ave
Attempted Not Known	124 Lower Bedford Rd	124 Bedford St
Invalid Post-directional	14806 Central Ave Sw	14806 Central Ave Ste # 25955
No Such Number / Street	403 1st H	403H 1st Ave
Invalid Primary Range	Hornet & Ranger Roads	900 Ranger Rd
Incorrect Street Range	1801 North Mariam	1801 Lake Mariam Dr
Invalid Pre-directional	212 W. 35th St.	212 N 35th St
Invalid Suffix	2403 SW 90 th	2403 SW 90th St
No Such Number / Street	323 Sandy Lande # E	323 Sandy Ln Apt E
Insufficient Address	1000 Crain Hwy	1000 Crain Hwy N
Attempted Not Known	456 South Van Noren	456 South Van Buren
Not Deliverable as Addressed	4007 61st Street	4007 W 61st Ave
Insufficient Address	605 Bonn Rd.	605 West Bonn Rd

INCREASING REVENUE AND ROI

- ❑ **Realizing measurable results:**
How can your business benefit from BASICS™?
- ❑ **BASICS™ Free Trial**



BENEFITS OF BASICS™

INCREASE REVENUE

- ❑ **BASICS™ users can expect revenue increases in the range of 3 – 8% per year** (totals for BASICS™ clients ranges from \$273,700 to \$2,547,400 per year.)

INCREASE ROI

- ❑ Average ROI is \$6 gained to each \$1 spent on service.

ELIMINATE & REDUCE LABOR AND OVERHEAD COSTS*

- ❑ Monthly labor and costs were estimated to total over \$60,000 per year on average.
- ❑ No client programming is required. BASICS™ programming includes conversion from and to any client-provided record layout and formatting.
- ❑ Client responsibilities are confined to only delinquent or non-responding accounts requiring direct communication, pre-collection and collection activity.

ASSESS YOUR MAILING LISTS WITH BASICS™ -- FREE OF CHARGE!

FREE TRIAL OFFER:

- ❑ **Submit your Test Files:** PAC-COMM strongly encourages test files to assess the value of BASICS™ prior to submitting larger mail files:
 - 5,000 randomly-selected record files are suggested
 - Complete address information required
 - Simply post your files to PAC-COMM's FTP site
 - PAC-COMM will process your input records through the 15 step BASICS™ program

- ❑ **Download the following results in 48 to 72 hours:**
 - Diagnosis of types of address errors
 - Error corrections
 - Projected savings
 - Projected revenue
 - ROI projections

FREE TRIAL TEST RESULTS

You will receive the following detailed information:

BASICS™ Report Categories	
• Provided Input Quantity	• Error Correction Status
• Diagnosis of Types of Address Errors	• Primary address errors corrected
• Address marked as seasonal	• Secondary address errors corrected
• Primary address matched, secondary address flawed	• Primary address errors not-corrected (do not mail)
• Address did not match DSF file, but received a zip4 – undeliverable	• Secondary address errors not-corrected
• No match to DSF or zip4 files – likely undeliverable	• Moved, forwarding address provided
• Address is accurate but vacant for 90+ days	• LACS New 911 converted addresses provided
• Serious address problems preventing DSF or zip4 match - undeliverable	• Projected Savings
• Foreign Move	• Projected savings of corrected addresses (Specify 1st or 3rd class)
• PO Box Closed	• Projected savings of un-corrected addresses (Specify 1st or 3rd class)
• Moved – left no forwarding address	• Total savings
• No Longer Deliverable - 911 Updated Address Required	• Projected Revenue
• Moved, not at address	• Projected revenue from corrected delivered addresses (account value)
• Moved, no new address could be verified	• ROI Projections
• Total Address Errors	• ROI projections combining savings, revenue minus BASICS cost

REALIZING MEASURABLE RESULTS

A WINNING FORMULA:

BASICS™ was created to correct more types of address errors, thus:

**More mail is delivered =
More revenue to**

BASICS™ customers