

Your response

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<p>Question 1: Do you agree that we have identified the correct aims, supporting principles and features of the USO? Do you consider that these should continue to be respected as far as possible when assessing potential changes to the USO?</p>	<p>We agree the fundamental UPS and USO principles are still relevant and need respecting to maintaining the value of the postal service.</p> <p>Feedback received from our clients (predominately SMEs) concurs with Ofcom’s findings indicating they are concerned with RMG Signed For service not receiving a signature on delivery and poor delivery reliability QoS. SMEs confidence in letter delivery reliability is impacting their communication choices. More SMEs turning to digital communication for date dependant communications, accelerating the speed of decline of physical mail in favour of digital.</p>
<p>Question 2: Do you agree with our assessment of the direction of change in postal needs of residential (including vulnerable) users and SMEs? Are there other factors relevant to their future demand which we have not considered?</p>	<p>[§<]</p>
<p>Question 3: Do you agree with our assessment of the bulk mail market? Are there other factors relevant to its future evolution which we have not considered?</p>	<p>The reports assessment of the bulk mail market matches with our understandings. We agree bulk mailers value delivery frequency and reliability over delivery speed. However, a combination of a reduction in delivery days and increased delivery time may result in an elapsed mail delivering duration exceeding a week. Bulk mail clients with time sensitive or date dependant mailings would need to use a faster service to counter the reduction in delivery days and see increased costs as a result that would need passing on to their clients. Consequently, there would be an accelerated migration to digital communications reducing RMG revenues and potential increasing further burden to support the USO.</p> <p>Bulk mail businesses and their employees would be faced with closure and job losses. Furthermore, people in society with limited or no ability to access online services would be unfairly excluded from receiving communications resulting in a deterioration in their quality of</p>

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	<p>life as well as negative economic impacts on businesses that serve them.</p>
<p>Question 4: Are there specific events/changes that could trigger a significant change in demand for large mail users, including public services?</p>	<p>Digitisation of public services communication has been shown to reduce demand for large mail users. However, the UK government does not have an all-encompassing initiative to achieve this. Public services and the people they serve are not ready to migrate at present.</p> <p>The risk of cyber threats from criminals, bad actors and hostile nations towards large organisations and government agencies continue to grow in scale and frequency. A growing number of individuals could opt out of digital communication in favour of physical mail due to concerns over scam emails, denial of service attacks, data privacy breaches, bogus websites, and viruses. These cyber-attack events create public scepticism of the legitimacy of digital communication perceiving it to be easily manipulated by criminals and hackers.</p> <p>Physical mail protects individuals from many cyber risks. The public trust the security and legitimacy of physical mail. They realise criminals, bad actors and hostile nations are unlikely to utilise physical mail to achieve their nefarious goals. The costs, hardware, people, and regulations in place to generate and post physical letters act as a barrier to criminals due to effort required and the minimal negative impact they can achieve through physical mail. Thus, protecting the status of physical mail as a secure communication method.</p> <p>We believe more people may change their communication preference to mail in response to further high-profile cyber-attacks. Organisations and public services will need to respond to these requests from their clients and people they serve which lead to a renaissance in large mail users.</p>

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<p>Question 5: Do you agree with our proposed approach to estimating the financial burden of the USO?</p>	<p>Yes</p>
<p>Question 6: Do you agree with our considerations regarding the unfairness of the financial burden of the USO?</p>	<p>Yes</p>
<p>Question 7: Do you agree with our considerations regarding the impact of the financial burden of the USO?</p>	<p>Yes</p>
<p>Question 8: Do you agree with our analysis of the different options available to change the USO and the impact of those changes on residential (including vulnerable) users, SMEs and bulk mail users? If not, please explain why and set out any option(s) which we have not considered.</p>	<p>We agree with the Ofcom analysis of the different options available to change the USO and their impact on users. In addition, we believe there is scope for improvements to RMG’s operational efficiency with enhanced utilisation of existing barcode scanning technology, for example, in the areas of revenue leakage from under/unpaid postage detection.</p>
<p>Question 9: Which option(s) do you consider would be most appropriate to address the challenges we have identified, while also ensuring that users’ needs are adequately met?</p>	<p>We favour the option to reduce letter delivery days from 6 to 5 (Mon – Fri), to generate a saving of £100 – 200m/yr. This aligns with Parcels and adequately continue to meet the needs of business, public services, and residential users. Conserving physical mail as a viable communication method for commerce.</p> <p>We advocate for the preservation of a next-day service (First Class) at an affordable price remained within the USO. Instead, we suggest changing the 2nd Class USO specification delivery speed from within 3 days to within 5, like the D+5 access product available to bulk mailers. As the research suggests delivery reliability is considered more important than speed in meeting the needs of most users.</p> <p>The remaining related USO costs to RMG (£225 – 450m/yr) could be recovered by changing the 2nd Class USO specification delivery speed to within 5 days. All 2nd</p>

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	<p>Class and D+5 account/bulk mail volumes would be consolidated to a single network processing flow. Saving would be achieved through already proven operational simplification and efficiencies associated with the D+5 access product benefiting from deferring the mail until there is another item already being delivered to the recipient's address, subject to a maximum of four working days after it enters the network.</p>
<p>Question 10: Do you have any other views about how the USO should evolve to meet users' needs?</p>	<p>No</p>

Please complete this form in full and return to futurepostalUSO@ofcom.org.uk.