

POST INSIGHT

Pitney Bowes Cosponsors First-Ever International Meeting of Futures Groups

Pitney Bowes Strengthens Global Presence by Acquiring:

- Bell & Howell's International Mail and Messaging Technologies
- Danka Services International

Pitney Bowes Capital Services Signs Major Leasing Contract with Australia Post

Pitney Bowes' Luis Jimenez Examines "The Mail in 2010" at World Mail & Express Conference

World Mail Innovation Award Presented to United States Postal Service

CONSIGNIA & SWEDEN POST JOIN PITNEY BOWES & SIEMENS FOR INTERNATIONAL MEETING OF FUTURES GROUPS

Major Themes Emerge with Implications for Global Posts

PITNEY BOWES, the world's leading developer of mailing technologies, cosponsored with Ericsson Foresight the first-ever International Meeting of Futures Groups in New York recently. The meeting provided a forum for senior corporate officers responsible for futures and foresight organizations to examine common issues, approaches, and concerns.

According to Luis Jimenez, Vice President, Chief Strategy Officer, Pitney Bowes, "The rapid changes taking place in today's global postal world warrant a clear, insightful analysis of the future and cause all organizations to examine best practices in achieving a meaningful and successful strategy."

Pitney Bowes and Ericsson were joined by Consignia (Royal Mail) and Sweden Post as well as BT, Coca-Cola, Dow Chemical, European Aeronautics Defense and Space Company (EADS), IBM, Nokia, Siemens, Sonera, and Texaco. Thirteen different companies and three futures-related organizations participated in the discussions. The presentations focused on the design and functioning of their organizations and covered a wide variety of topics such as mission, guiding principles, organizational relationships, external resources, products and deliverables, knowledge management, communications, and links to near-term strategic planning processes.



Luis Jimenez (left), Vice President, Chief Strategy Officer, Pitney Bowes; Robert Hahn, Director, Futures Strategy, Pitney Bowes (middle) and Magnus Karlsson, Director, Ericsson Foresight

Four major themes emerged from the presentations and follow-on small groups:

- ★ **Senior leadership involvement is critical:** The successful creation and dissemination of foresight products must directly involve senior corporate and business unit representatives. Senior officers provide critical insights into the opportunities and challenges currently being faced by the company. They are also the individuals who must take ownership of any products, deliverables, or initiatives generated by the group if they are to have an impact on the company.

- ★ **Foresight links the future to the present:** High quality foresight work both presents perspectives on the future and identifies the impact of alternative futures on the company today. Successful futures groups all tend to conduct a process through which they assess the environment, build scenarios around alternative futures, and construct possible responses to the alternatives that emerge.

- ★ **Small groups serve as the catalyst for change:** Successful futures groups do not require large staffs, just creative and energetic ones. They function best when their primary objective is to create a forum or framework within which interested participants can have open conversations about the future. Futures groups enable employees to make unique strategic contributions that might not generally be possible from within their existing organizations.



- ★ **External resources bring the outside in:** Even the best futures groups cannot create an accurate picture of the future without external perspectives. Companies benefit significantly from opportunities to engage individuals with fundamentally different views on core business topics.

Futures groups help their companies manage uncertainty and enable continuous innovation. Most company foresight groups are built around the central philosophy that a successful analysis of the future requires thinking "from the future back and from the outside in."

The next International Meeting of Futures Groups will take place in Europe in 2002.

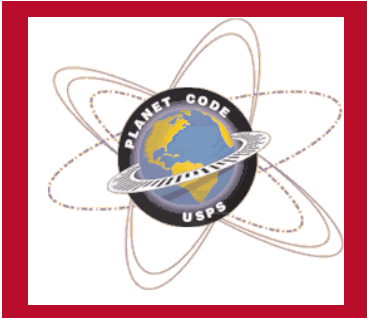


WORLD MAIL AWARDS INNOVATION



Pitney Bowes sponsored the Innovation Award at the Second World Mail Awards ceremony held recently at the 12th World Mail and Express Conference in London. The Innovation Award is for new ideas and initiatives, whether technology-related or not, that deliver value to mail users.

Patrick Keddy, President of Pitney Bowes Europe, Africa and the Middle East, presented the Innovation Award to the U.S. Postal Service for the CONFIRM® system that provides tracking on letter post items, allowing customers end-to-end information on mail flows almost in real time.



The CONFIRM® system provides business customers with electronic data concerning both outgoing and incoming reply mail pieces. It uses the "planet code" – a 12-digit code, which is easily printed by the sender and is passively read by postal automation equipment. The code information is then posted in an electronic post office on the Web where senders can access the information to determine when the mail piece was processed on the postal equipment. This easy to use performance measurement system provides the Postal Service with a tracking tool for their advertising mail.



Pitney Bowes' Patrick Keddy presents Innovation Award to USPS' Marshall "Marty" Emery and Marc Solnick as Angela Rippon, UK broadcaster and the event's MC, looks on.

TWO RECENT ACQUISITIONS STRENGTHEN PITNEY BOWES INTERNATIONAL ENTERPRISE PRESENCE

DANKA SERVICES INTERNATIONAL (DSI),
A WHOLLY OWNED DIVISION OF DANKA
BUSINESS SYSTEMS PLC.



"More than ever today's corporations see their documents as strategic assets and understand that information sharing, through efficient document imaging, distribution, management, can "unlock" this value and build distinct competitive advantage," said Michael J. Critelli, Chairman and CEO, Pitney Bowes. "Acquiring DSI is in accord with our mission to provide leading edge, global, integrated mail and document management solutions."

Pitney Bowes approach adds measurable value across the document life cycle, linking both physical and electronic forms in a flexible, easily accessible, and leverageable network. "From outgoing and incoming mail and messaging management, document creation production to distribution, archiving and retrieval, Pitney Bowes Management Services provides a variety of ways to input, access, and manage documents, giving customers tools that match their tasks, processes, and their individual work habits," said Critelli.

DSI is one of the world's largest independent suppliers of office imaging equipment and related services, parts, and supplies. DSI provides office products and services in approximately 30 countries around the world. "Joining with Pitney Bowes, a company whose values, market-based strategies, and technologies dovetail with ours, is a win for customers. Separately, we provide innovative solutions but together we become a major force to be reckoned with in the digital document and facilities management industry – accelerating the value we provide to customers and shareholders alike," said Randy Miller, President, Danka Services International.



BELL & HOWELL'S INTERNATIONAL MAIL AND MESSAGING TECHNOLOGIES (MMT),
A WHOLLY OWNED SUBSIDIARY OF BELL & HOWELL COMPANY.

"Acquiring Bell & Howell's International MMT business forwards our mission to provide innovative products and services that respond to the fast-changing needs of global customers. It also supports our strategic goal of expanding our overall presence and market share in non-U.S. markets," said Michael J. Critelli, Chairman and CEO, Pitney Bowes.

Pitney Bowes Document Messaging Technologies have three key components:

- **Document Factory Solutions:** provide integrated document management solutions for high-volume transactional and direct mail marketplaces.
- **Incoming Messaging Solutions:** offer cutting-edge technologies that process incoming mail many times faster and with greater accuracy than manual methods.
- **Pitney Bowes docSense:** serves business-to-consumer, business-to-business, and internal messaging markets, delivering advanced solutions for efficient creation, distribution, and management of a variety of documents in several formats.

Bell & Howell International MMT manufactures, markets and services turnkey solutions in Europe, Africa, the Middle East, and Asia, that transform routine mailings into highly targeted paper- and electronic-based customer communications. "By adding Pitney Bowes' cutting-edge Document Messaging Technologies functionality to our core offerings and leveraging our solid sales, service, and support expertise, we will continue to exceed customer expectations," said Mike Muller, Managing Director, Bell & Howell International MMT.

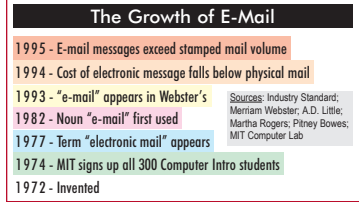
PITNEY BOWES CHIEF STRATEGY OFFICER EXAMINES "THE MAIL IN 2010"

MR. LUIS J. JIMENEZ
Vice President,
Chief Strategy Officer,
Pitney Bowes Inc.



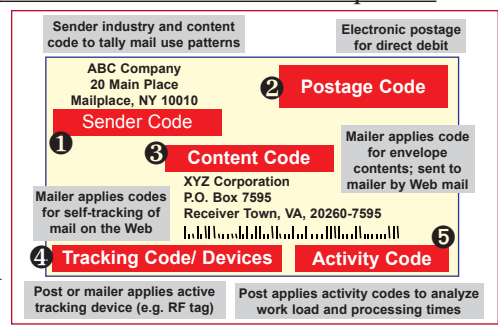
Mr. Luis Jimenez, Vice President, Chief Strategy Officer, Pitney Bowes was recently invited to London to address the 12th World Mail and Express Conference on the subject of "E-Business - Challenges and Solutions." Mr. Jimenez's presentation, "The Mail in 2010," addressed the question, "What will mail look like in 2010?" His response was divided into three key areas, excerpted below:

- PACING TRENDS:** "Office workers today are truly inundated with messages. As a result, the value of each additional message is diminished. When a 'new thing' explodes onto the scene, societies too quickly predict the death of the 'old thing.' For example, the death of paper has been grossly exaggerated. However, consumers are very comfortable with paper ... and will keep it around as one favorite medium. What about electronic mail? Michael Dertouzos of MIT's computer lab says it takes many technologies a generation to become productive. This has certainly been the case with electronic mail. (See chart alongside.) There is no stopping e-mail now. In the United States, it has already overtaken physical mail and it will fast outstrip mail volumes. Even marketing e-mail will surpass direct mail this year. By 2005, we may well have 3-4 marketing e-mails for every piece of direct mail. E-mail 'the new, new chore' will continue its fast growth."



- FUTURE TRENDS:** "Mail growth has been slow in most of the world, but moderate in high-income countries - 2.7% according to the UPU. The prospects are better for the world as a whole in years ahead, with high-income economies seeing a slight slowdown in growth to 2.3%. In the next 10 years, North Atlantic economies will average 2.3% in mail growth. However, some mail segments may decline: financial statements and bills; direct mail sent massively to all households and general purpose catalogs. But there will also be growth areas: mail that promotes a one-to-one relationship; targeted catalogs and parcels from e-commerce. The key to good foresight is to watch the right things. Bills and statements among businesses have continued to increase in the past decade. Although the share of mail to total transactions is declining, businesses are continuing to communicate with households using mail, and vice versa. At Pitney Bowes, we are prepared with strong offerings for Electronic Bill Presentment. We believe the shifts will be gradual and that organizations will need solutions that offer all the alternatives. On-line advertising is exploding, but it will be a small portion of the total in 5-10 years. Direct mail has a good chance of retaining its share, even in rapidly changing markets. Advertising will shift to more personalized forms. By 2010, targeted advertising will be 22% of the total, and it will take share away from mass and segmented advertising. Posts need to beware of this threat and also live up to the opportunity. The key in finding growth is looking at the segments that are growing. At Pitney Bowes, we look for growth segments by analyzing, in detail, the mail flows."

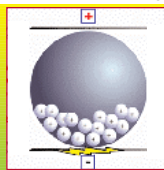
- ADDING VALUE USING TECHNOLOGY:** "Adding Technology to the envelope involves putting several codes on the envelope and reading them electronically. (See diagram alongside.) 1) The sender applies a code that is used to track mail patterns for the industry and helps design new postal products. 2) We are already seeing electronic postage in various forms. We may use it to effect direct debit from the mailer's account. 3) The mailer applies a code that contains information on the envelope's contents. The post reads it, puts it up on the Web. The sender learns the processing status related to envelope's contents ... and the receiver can choose to examine, on the Web, the contents of an envelope that is on the way. 4) Other codes permit mailers to identify pieces uniquely. The post reads the codes and puts them on the Web. Mailers can then self-track the status while the piece is in transit. 5) Activity codes applied during processing enable the post to analyze its own internal mail flows. Ultimately, the sender, address, content, and postage can be replaced by a unique piece identifier, in numerical or barcode form. When read and processed in-line, the unique I.D. can be used to perform many of the aforementioned functions. Available space on the envelope can be used for ads or for coupons ... redeemable on the Web. The ads can be placed on a few envelopes that are targeted by special criteria. The mailer receives a subsidy for the mailpiece and the advertiser pays for the space."



DIGIMARC technology bridges the interface between paper and the Internet by embedding imperceptible digital data into an image that can be picked up by a camera on a PC ... and can then link a user to a Web page securely. No more typing URLs. Since the information is secure, the link can be personalized and targeted to your bank account or the results from your recent medical test, or to a Web site for a tailored, financial offering.



E-INK's electronic ink is a liquid that can be printed onto any surface. Inside the liquid are microcapsules. Each capsule is filled with a dark dye. Inside are tiny white particles with a positive charge. Running a negative charge through the underside of the paper can cause the ink to change color. Electronic ink has many applications in printing variable books and magazines as well as mail.



ANOTO, a Swedish company, has created a new way of using paper and messaging in which a special pen and paper allow a message to be captured electronically as you write it. A tiny camera mounted on the pen picks up the pen's location and computes the coordinates on a special paper; these are transmitted via wireless connection to a computer. The result, instant and verifiable signatures, instant private letters, etc.



"These are exciting developments; several of them now a reality. Can they perhaps also make the envelope and the mail into a "new, new thing"? And give users information at their fingertips? Just as the traditional economy absorbed the best attributes offered by the Internet revolution, so it is likely that, over time, paper and mail will absorb the best of these digital technologies."

PITNEY BOWES CAPITAL SERVICES OFFERS FINANCIAL SERVICE

Since 1980, Pitney Bowes Capital Services (PBCS) has been providing a range of financial services to high quality companies and municipalities that are upgrading their messaging technologies and other mission-critical equipment. During the past two years, however, PBCS has moved into leasing postal automation equipment. "As privatization began to take place and posts around the world began to operate more like commercial firms in other sectors, PBCS made a conscientious decision to expand into the postal industry," said Michael Ryan, Vice President, Capital Markets, Pitney Bowes. "In recent years, posts have been forced to look at things they would not normally look at because in the past they have always had a government subsidy. More importantly, the mindset has changed and perception of what's coming," added Ryan.

With expertise in asset management, PBCS specializes in financing a wide variety of capital equipment, including high technology equipment, rail and trucking equipment, aircraft, telecommunications systems, health care, production and marine equipment, as well as distribution and office facilities.

A recent deal with Australia Posts saw Pitney Bowes Capital Services provide a multimillion dollar capital improvements project, which included the financing of two tray-management systems, fifty multiline optical character readers, and fifty-four bar code readers.



Ryan foresees a lot more business with global posts, "We have a unique relationship with posts. Pitney Bowes has been in the postal business for over eighty years. So, we know the postal business. We have several financing products we can offer, and hope to be able to provide whatever posts want."

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post on your intranet site

share timely information with co-workers

immediate release

POSTINSIGHT

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Toulouse, France, December 6-7, IDEI Conference on Competition & Universal Service in the Postal Sector

London, UK, November 27-29, B2C Delivery Channels

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Beijing, China, August 28-September 1, POSTAL CHINA

For your comments or information contact: Gary Battaglia
 phone: 001-203-351-6984
 e-mail: gary.battaglia@pb.com

Global Postal Events in 2001

Geneva, Switzerland, October 9-11, POST-EXPO

Miami, FL, October 2001, World Mail and Express Americas Conference

Tel Aviv, Israel, June 18-21, Technology 2001

Orlando, FL, October 28-November 2, Xplor 2001

Johannesburg, South Africa, July 30-August 3, ACT 2001 (African Computing & Telecommunications)

Denver, CO, October 14-17, National Postal Forum

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