



GRAYHAIR



# How GrayHair Transforms Postal Data into Actionable Insights

A GrayHair Business-Ready Intelligence White Paper



## TRANSFORMING POSTAL DATA

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## Executive Summary

Companies often develop their own process to interpret raw data from the USPS®, spending considerable time, cost, and labor developing teams to manage it. Translating postal data is difficult if you consider the many nuances of the U.S. Postal Service® tools and services. Understanding those nuances and developing best practices for our clients sets us apart.

## How We Help Our Clients

- We help our clients achieve the highest levels of address data quality.
- We utilize comprehensive proprietary data sets that improve mail performance.
- We help leverage delivery event data from a mailpiece's journey.
- We seamlessly integrate data with the systems they already have in place.
- We develop customized business rules that enforce compliance and deliver results.
- We provide technical expertise to manage and interpret the data provided by the USPS.
- We turn the data into meaningful information that will enable you to better support your customers.

In this paper, we examine a variety of postal optimization techniques as well as provide a client case study that illustrates the benefits of our products and services.

## The Enduring Value of Mail

Mail might not be the sexy newcomer, but it is a proven and consistent communication method. Its physical attributes make it more memorable than digital communications in many respects, and it is often what mailers fall back on when other methods fail.

In an online survey conducted by Consumer Action, the vast majority of respondents noted that they prefer to receive all types of bills by mail, even when they opt to pay the bill online. Depending on the type of account, 45-74 percent of respondents said that they choose paper over electronic notifications for insurance, utilities, medical, mortgages, credit cards, and property taxes.

While mail is more expensive than digital channels, it often achieves a much higher return on investment (ROI) because it has a higher response. According to the Association of National Advertisers 2021 Response Rate Report, across direct marketing channels, direct mail takes the top spot for the highest ROI at 112% for letter-size envelopes.

## What is Postal Optimization?

Successful organizations work to decrease costs in any way that they can. While some expenses are easy to cut, others are more fixed. Many companies make the latter assumption about postal-related expenses. However, reducing postage-related costs is possible with the implementation of the right technologies and the optimization of processes. In a nutshell, postal optimization is balancing technologies, careful tactical processes, and physical formats to provide the right message to the right person, at the right time, to the correct address at the best possible cost.

Postal optimization strategies can be applied to direct mail marketing campaigns as well as transactional mailings. Transactional mailings, such as credit cards, insurance policies, and replacement checks, can play a significant role in maintaining a strong and secure customer relationship. Ensuring the timely and accurate delivery of all mail is critical.

Using postal optimization strategies can both reduce top-line execution costs and enhance the return on investment of direct mail programs and campaigns. Effective execution typically requires the integration of multiple tactical tools.

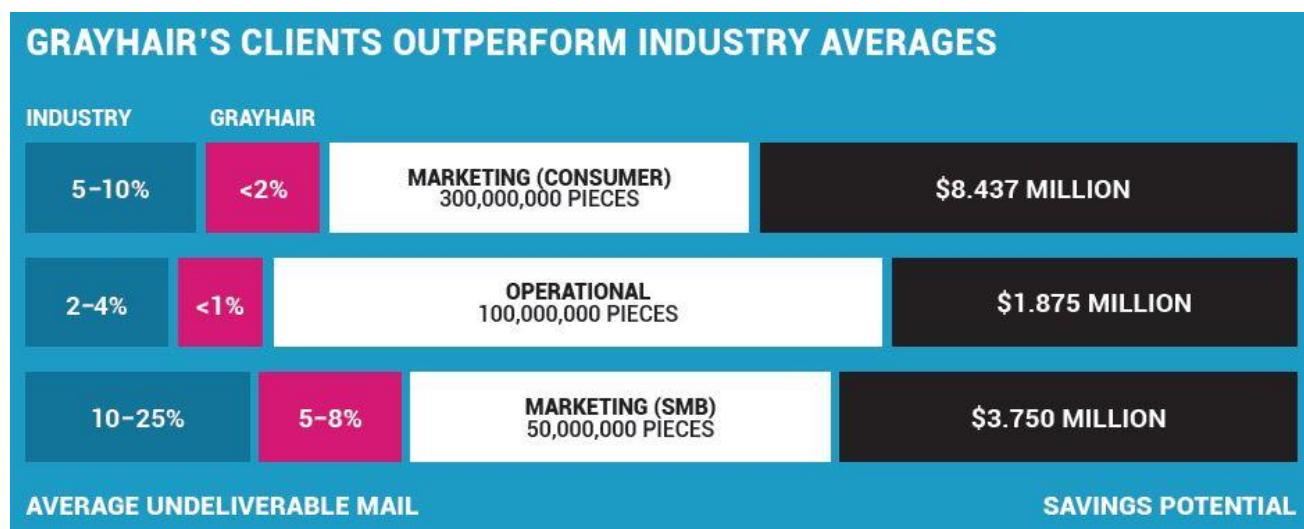
In this white paper, you will learn about GrayHair Software and how our Business-Ready Intelligence Solutions maximize operational efficiency, reduce risk, and ensure timely and accurate delivery of critical mail communications.

## The Cost of Undeliverable Mail

Undeliverable as addressed (UAA) mail is an awkward name for a serious business problem. It refers to the mail that does not reach its intended recipient due to the address being incorrect, incomplete, or illegible. UAA mail is costly to the Postal Service™ and its customers. This adds up to about \$1.5 billion a year for the Postal Service and \$20 billion for the mailing industry, according to the USPS®.

But the costs of UAA go beyond just returning, destroying, or forwarding undeliverable mail. For mailers, there are direct costs, such as printing and postage, and indirect costs, such as lost revenue opportunities. For example, a direct mailer has no chance for a sale if the piece never reaches the intended prospect. Additionally, undeliverable invoices can slow down cash flow or, if the mailpieces never reach their recipients, result in no payment. Furthermore, a company's customer service costs can increase if irate customers call after receiving late fees for bills delayed by incorrect or incomplete addresses.

The negative impact of UAA mail does not end there. Incorrect addresses increase the potential for incidents of fraud. As a result, the theft of high-value mail is on the rise. The problem is incredibly daunting for financial institutions and insurance companies that regularly send out millions of letters containing new and replacement credit cards, reimbursement checks, and policies.



## Benefits of Clean and Accurate Data

Database management is one of the first places to start regarding postal optimization. Clean data saves money on postage as well as reduces the waste involved with bad addresses and duplicates. In addition, having clean data offers the greatest opportunity for a successful mailing campaign.

Customers are a precious asset in business; they fuel an organization's success on many levels. Therefore, capturing and maintaining accurate customer and prospect contact data is vital to companies of all sizes.

## **Address Data Quality**

As discussed above, poor data quality can be costly. According to Gartner research, "the average financial impact of poor data quality on organizations is \$9.7 million per year." Moreover, data quality is such a pervasive problem that Forrester reports that nearly a third of analysts spend more than 40 percent of their time vetting and validating their analytics data before it can be used for strategic decision-making.

Achieving the highest levels of address data quality requires more than just using the current standard of available tools, such as CASS™ and NCOALink®, to reduce undeliverable mail. So, at GrayHair, we dig deeper. We believe superior address data quality is a critical component to identifying actionable insights that deliver benefits not only to mailing operations but across the enterprise.

## **Understanding Address Hygiene**

One essential method of achieving quality address data is through address hygiene. By eliminating incorrect addresses and duplicate information, postage costs are decreased, waste is reduced, and sustainability is attained.

Millions of Americans move yearly, and many do not file a Change of Address (COA) with the USPS. In 2021, the Postal Service processed 36 million COA requests. Having outdated addresses can significantly increase paper and postage costs. In addition, it can prevent an organization from staying Move Update compliant and receiving USPS discounts.

## **What is NCOALink?**

The NCOALink service (NCOA) is a secure dataset of approximately 160 million permanent change-of-address (COA) records consisting of names and addresses of individuals, families, and businesses who have filed a change-of-address with the Postal Service. Developed with secure data storage technology to increase the security of postal customer data and protect the privacy of this information, NCOA enables mailers to process mailing lists with new addresses before mailing. Cross-referencing against this database can be a significant cost-savings opportunity.

## **What is CASS™?**

CASS or Coding Accuracy Support System was built to improve the accuracy of postal codes, i.e., Five-Digit ZIP Code®, ZIP + 4®, delivery point (DPCs), and carrier route codes that appear on mail. It is a certified address matching software overseen by the USPS and provides a measure to test the quality of software used to correct and standardize addresses. This further step helps with the correctness of addresses and adds missing information like zip codes, cities, and states to ensure each address is complete.

GrayHair's Standard USPS Address Hygiene service uses CASS and NCOALink across business units to help ensure the latest information updates the address data, improves the quality of addresses, and reduces Undeliverable-As-Addressed (UAA) mail.

## **What is ACS™?**

The USPS ACS or address change service is an address correction service that helps to identify if the addressee has moved. It is used in conjunction with the Intelligent Mail® barcode (IMb) and ancillary service endorsements, so mail can reach the proper destination. In addition, ACS mailers configure mailing address labels, envelopes, and address blocks to comply with ACS participation requirements.

ACS is integrated with GrayHair's mail tracking software. GrayHair collects and stores address-change and undeliverable-mail data and forwards it, providing accurate and timely address updates to their clients.

This data can be used to identify records to be redirected or suppressed. In addition, GrayHair's proprietary business rules, which can be defined on a job-by-job basis, let clients generate detailed reports that enable them to use best practices for address quality.

## **Secure Destruction**

Secure Destruction was created in response to mailers asking to reduce handling costs for "Return to Sender" mail with Privacy Protected Information (PPI). This option is significant to mailers who face the risk of liabilities if they don't adequately and securely destroy PPI.

Used to keep confidential mail safe, USPS' Secure Destruction service integrates with GrayHair's mail tracking solution. So instead of having First Class™ UAA mail returned and incurring the costs of destroying it, the UAA mail can be securely destroyed by the USPS. Postal employees at secured facilities use industrial cross-cut shredders to make the mail unreadable. The shredded material is then recycled.

## **A Repeatable Process that Increases Deliverability and Savings**

Exceeding industry standards, we customize our BEST PRACTICES for each of our clients to decrease undeliverable mail, increase customer response rates, and reduce waste. Our business rules-driven process provides results leveraging standard tools like CASS, NCOA, ACS, and Secure Destruction, as well as our proprietary address change data set, Universal Address Database.

Our experts review addresses as they relate to the company's needs. Our clients have substantially reduced their undeliverable mail by combining GrayHair's expertise in using standard address hygiene tools with our proprietary business process and data.

## Mail Savings Using IMb Assignment Software

Another method for significant savings is gained when the post office does not have to do the work to sort the mailpieces. This can be achieved using presorting or grouping mail by zip code. All mailpieces must include an Intelligent Mail® barcode (IMb), or 65-bar USPS code used to sort and track mail. Utilizing the IMb enables mailers to get the lowest automation rates (if all other automation requirements are met) and qualify for participation in other USPS programs.

The barcode is used on letters, flats, trays, sacks, and pallets to enable the Postal Service and mailers to monitor the movement of mail from induction to when it goes out for delivery. As of 2013, the USPS requires using the IMb as a prerequisite for receiving Full-Service discounts and participating in specific programs. Because the IMb allows mailers to monitor the movement of their mail throughout the postal system, it has made it much easier to anticipate when the item will arrive, allowing organizations to adjust activities triggered by mail delivery, such as staffing call centers or budgeting for in-store traffic. In addition, with the introduction of Logical Delivery Events, there is now even more data, providing a higher probability that the mailpiece was delivered.

The IMb provides a wealth of information about the mailing and the recipient. Applying data analytics to this information, one can identify trends in the timing, frequency, and other aspects of customer responses and fine-tune campaigns to achieve greater returns. Fast, flexible, and secure, our IMb Assignment and Management service ensures our team of postal industry experts to handles your IMbs. Over 250 mail service providers use our Intelligent Mail barcode software daily as it seamlessly integrates with vendors and works for any type of mail. Most importantly, the Intelligent Mail barcode provides greater visibility into mailings.

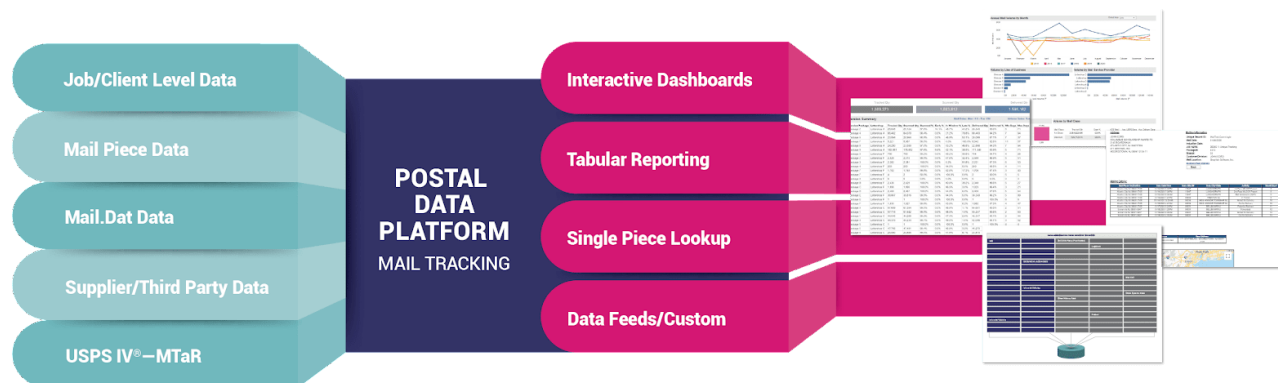
## Mail Delivery Performance

To thrive in the current economic climate, organizations must analyze their business processes in every department to find ways to work as efficiently as possible. Regularly reviewing shipping and mailing processes can help reveal new opportunities for increased operational efficiency and cost savings.

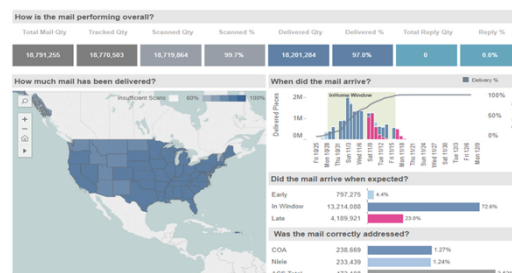
Following the progress of mail through the USPS system (outbound and inbound) allows for the accurate prediction of in-home delivery dates and the analysis of delivery data. This response data is essential for a strong mail program in today's environment of competing messages and information overload.

## Gain Visibility into Mail Processing and Delivery

With robust reporting tools, one can watch their mail move through the postal system from the comfort of their desk. Helpful data insights can be quickly retrieved through easy-to-read dashboards, and customizable data feeds. Providing an organization with the ability to proactively monitor trends, set priorities, solve problems and improve efficiency.



GrayHair's solutions can help to streamline and automate workflows, which can help increase your organization's productivity while reducing expenses. Savings generated through improved efficiency can grow exponentially over time.



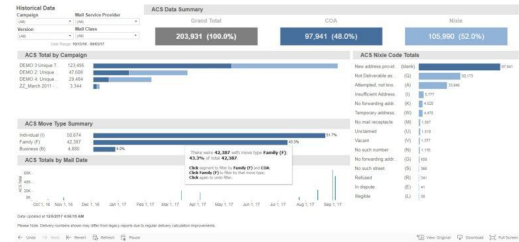
## Benefits of Mail Analytics

Measuring the success of your direct mail programs and marketing campaigns is key to making the next one even more effective. Here are some of the benefits of having GrayHair's Analytics:

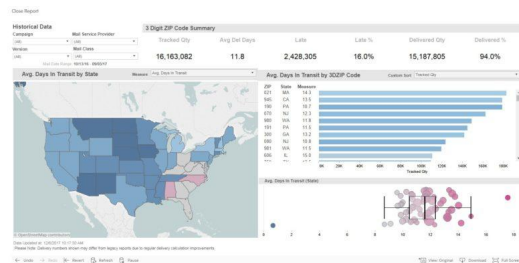
- Real-time status of a single mailpiece's location
- Projected in-home delivery dates
- Percentage of a campaign successfully delivered
- Overall job status – Early, In Window, or Late
- Percentage correctly addressed
- Client delivery compared to industry performance
- Address quality insight
- Vendor agnostic, gain unbiased visibility into supplier performance

Our data visualizations allow for fast decision-making based on visual cues and a graphic presentation of your data. Quickly spot patterns and trends with just a glance.

The campaign visibility option provides fast and powerful insights into the data. Allowing for informed choices without needing to know the specific details.



We make it is easy to explore interactive postal data without having to run multiple reports. Questions about your data are answered with just a few clicks.



Access to delivery analyses, not easily spotted in traditional reports. Dive deeper to solve problems, identify opportunities, and make data-driven decisions.



## Advantages of Informed Delivery

Informed Delivery lets eligible residential consumers digitally preview mailpieces before they arrive and manage scheduled packages. The U.S. Postal Service® created the Informed Delivery program to stay relevant in the digital age and improve the value of mail. Mailers can place targeted offers and ads inside Informed Delivery emails, creating new opportunities for mailers to engage with potential customers and generating multiple touchpoints.

We have developed software that imports Informed Delivery data so it can be viewed through our user-friendly dashboards. This helps in understanding the scope and reach of mailing campaigns and discovering behavior patterns such as email opens, click-throughs, and the timing of those behaviors.

## Enterprise-Wide Benefits

Gaining access to mailpiece data provides increased visibility and valuable insights, which can be leveraged by different parts of an organization.

**Fraud Prevention** Monitor delivery anomalies and delays

**Call Center** Integrate data to reduce, eliminate, or enhance client calls

**Client Experience** Provide delivery info to clients

**Marketing** Utilize delivery data for coordinated campaigns

**Client Databases** Identifying the most up-to-date addresses for clients

**Remittance Processing** Insight into inbound payments

## Security and Compliance with GrayHair

In a digital world where data moves from network to network, falling behind on security and compliance best practices can be a calamity for an organization. Having **compliance** processes in place to ensure data is correct, complete, current, and compliant to specific industry rules and USPS standards is key to successful mailings. It is also important to have the right **security controls**, i.e., regulatory requirements and certification in place, including compliance in accordance with SOC 2 Type II with HITRUST controls mapping, PCI, HIPAA, and CCPA.

## Governance

Address data quality, managing move updates, and return mail management are but a few of the basic tasks associated with facilitating an enterprise postal governance process. Annual vendor assessment/audits, quarterly risk assessment and prioritization events should all be scheduled and performed for successful governance to be achieved.

## Vulnerability Management

Vulnerability management is the process of identifying, evaluating, treating, and reporting on security vulnerabilities in systems and the software that runs on them. It is recommended to perform annual penetration and web application vulnerability testing as well as disaster recovery / business continuity simulation testing. Quarterly application scans as well as scans on operating systems, databases, laptops, workstations, switches should also be performed.

## Actual Client Benefits

We are proud of the many long-standing business relationships with our customers. Our clients benefit from our extensive industry knowledge, as well as an unwavering commitment to data security and compliance. We have a personalized customer engagement approach, centered on our client's objectives and achieving results. This section will review a client case study that illustrates how our clients attained enterprise-wide benefits with GrayHair's Business-Ready Intelligence solutions.

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### Case Study: Aflac Improves Address Quality, Lowers Costs, and Gains Visibility into its Mailstream

The leading provider of supplemental insurance in the U.S. continues its commitment to getting its customers information when they need it the most. GrayHair helps Aflac to meet that commitment.

To improve its address quality, lower mail costs, and identify as many postage discounts as possible from the Postal Service™, it turned to GrayHair.

Aflac initiated an address standardization project to find a new address validation software system to streamline existing processes. Its mission was to continue the company's record of being USPS compliant, to retain current postage discounts, and to mitigate any potential fines due to poor address quality. GrayHair Software, as a trusted partner, developed a comprehensive customized system to serve Aflac's needs.

The search for a new system was driven by Aflac's desire to improve address quality. However, Aflac did not have an address quality problem. In fact, the company's Undeliverable-as-Addressed rate was a mere 2%. "We

were among the industry leaders,” Thomas stated. However, he added, “Two percent wasn’t good enough for Aflac.”

## The Business Solution

GrayHair Software responded to Aflac’s needs with a consultative approach and products and solutions that would help Aflac reach its goals while cutting costs.

To start, Aflac decided to implement GrayHair’s addressing services that provide a single-source solution tailored to fit Aflac’s mailing operations. GrayHair’s solutions provide address quality services, industry-leading mail tracking, reports, data visualizations, and more.

Aflac took advantage of GrayHair’s address verification service (VerifyAQ™), which provides its reps with a detailed description of potential issues with a bad address. This information helps Aflac determine what steps to take next. For example, if VerifyAQ indicates that a business address has an incorrect suite number, the user can easily obtain the suite number and update the address. This means that bad addresses didn’t go to print, saving on printing and mail costs.

For mail tracking, Aflac used GrayHair’s Intelligent Mail® barcode (IMb™) assignment tool (MT Select) and mail tracking services to monitor its campaigns. MTSelect generates and encodes the IMb for mailpieces. These IMbs comply with the mandated 45-day uniqueness rule. Assignment of the IMb on mailpieces is one of the key requirements needed to qualify for USPS Full-Service automation pricing.

Another benefit Aflac received from choosing GrayHair is insight into USPS reports such as the USPS Mailer Scorecard. “I like the Scorecard and knowing that the mail we send out every day is reaching our customers,” said Seguin.

## The GrayHair Software Advantage

Before GrayHair, Aflac had a 97.5% delivery rate. Since the partnership, Aflac has seen a “significant” drop in the amount of returned mail, according to Frank Butler, Senior Manager for Support Services.

Instead of pulling addresses on a monthly basis and running them through the old address quality system, Aflac sends all of its addresses to GrayHair every 60 days. In fact, the first time Aflac sent addresses to GrayHair, it received over 700,000 address standardization updates. As a result of choosing GrayHair, Aflac’s delivery rate has increased to 98.5%, according to Butler.

Through the help of GrayHair’s proprietary rules engine, Aflac can now keep known bad addresses from going into print. “We are able to verify addresses before printing and the product goes out the door,” said Jim Jackson, Senior Project Manager, PMO-IT Internal Operations of Aflac. “This is a functionality we didn’t have.” With GrayHair, incorrect address information is identified in real-time, with the opportunity to be fixed and the

piece mailed out the same day. In the past, this process would have taken up to 10 business days to be returned. This creates significant savings in both time and money for Aflac.

### About Aflac

Aflac is the number one provider of guaranteed-renewable insurance in the United States. The Print and Mail Services group, a part of Aflac's Support Services, handles all the transactional printing for Aflac U.S. Aflac mails 2.6 million pieces per month throughout the United States, Puerto Rico, and other locations. Types of mail range from Group communications (typically businesses with 50 employees or less); Claims communications such as checks; Individual Policy communications such as letters, privacy notices, and policy-related information; and communications to any of the company's agents.

GrayHair continues to improve Aflac's address quality, which helps the company reduce mailing costs by enabling it to protect postage discounts. Aflac didn't just gain a new address quality system, but ultimately a new business partner. "GrayHair has been a great partner," said Thomas. "The relationship is very strong."



### Transforming Data into Actionable Insights About GrayHair Software

Since 2000, GrayHair has become the leading consumer and provider of postal data, processing over 55 billion data points annually. We work with many of the largest companies in the US, turning data into Business-Ready Intelligence that enables decision-makers to prevent fraud by reducing mail theft, enhancing client experience, improving marketing effectiveness, and optimizing mail operations. Our clients benefit from our extensive industry knowledge, as well as an unwavering commitment to data security and compliance. For more information on how you can improve your customers' experience, visit our [website](#).

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