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## **ECONOMIC COMMISSION FOR AFRICA**

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Addis Ababa, Ethiopia  
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### **REPORT OF THE PAN AFRICAN POSTAL UNION**

**The Information and Communication Technologies – Postal Growth and  
Development Opportunities**

**PAN AFRICAN POSTAL UNION  
GENERAL SECRETARIAT  
2<sup>ND</sup> MEETING OF THE COMMITTEE  
ON DEVELOPMENT INFORMATION  
ORGANIZED BY THE ECA**

**THE INFORMATION AND  
COMMUNICATION TECHNOLOGIES –  
POSTAL GROWTH AND DEVELOPMENT  
OPPORTUNITIES**

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## **INTRODUCTION**

The right to communication and information has always been viewed as a fundamental right for all citizens, and as a universal service that all actors in this sector are under a duty to provide and to guarantee to the public.

As communicators par excellence, in charge of the collection, conveyance and distribution of mail, and of providing basic financial services (giros, savings banks) to the public, postal services have to guarantee a basic public service, and a universal postal service with a strong social dimension, particularly in Africa, where they are considered as instruments of socio-economic cohesion and development.

In the current context, posts, like all the other enterprises are evolving in a world marked by a whole range of ever-changing realities that are shaping their growth and development. Such realities include political, economic, social and cultural events, competition, technological progress, the new information and communication technologies, new information and communication processing systems (internet, electronic telematics, computer science, etc.), the phenomenon of globalisation or globalisation of international trade, liberalisation of markets, market exigencies, changes in attitudes, mentalities and needs of customers. These realities are, in several respects, handicaps, given the numerous challenges and threats posed to postal services and to their survival.

Posts, therefore, must develop initiatives and strategies in view of adapting and modernizing their services, influencing these factors or realities, harnessing them, braving competition, developing their market shares, repositioning themselves on the market, securing the confidence of their clients and projecting their image.

## **I Key components of postal development strategies**

### **1. Major orientations for the 1999-2004 period**

The last International Postal Congress held in Beijing, China, in 1999 and the last Conference of Plenipotentiaries of the Pan African Postal Union held in Abidjan, Côte d'Ivoire, in June 2000, respectively adopted the Beijing Postal Strategy and Abidjan Plan of Action to serve as a framework for the orientation of postal development activities required to meet the challenges of the new world environment and to give growth and survival opportunities to postal enterprises.

In these basic documents, the new vision of the post is spelt out; this vision consists in providing universal service, developing new products and services with the help of the new information and communication technologies, responding to customer needs and focusing all management and production policy on the customer, reforming postal structures, revamping postal networks, and initiating cooperation ties.

On the basis of such a vision, the following priority areas of action were earmarked:

- Universal postal service;
- Quality of the international postal network;
- Economic viability of the international postal network;
- Development of markets and products;
- Introduction of the New Information and Communication Technologies in postal services;
- Postal reform;
- Cooperation and interaction between all stakeholders in postal development.

## **2. Postal Development strategies**

A series of objectives and strategies are called for in the above priority areas :

1. Guarantee the provision of universal service to enable customers to send and receive goods and messages everywhere in the world;
2. Step up the quality and security of the international postal network to give clients access to safer, reliable and efficient postal services;
3. Improve the cost-effectiveness of the international postal network to give clients access to postal services on acceptable terms;
4. Effectively adapt to market trends and create products that meet customers' needs and expectations;
5. Enable clients to derive maximum benefit from the technological, economic and regulatory changes in the postal environment, thanks to postal reform and development;

6. Ensure personnel training at all levels and in all areas of postal activity, and promote human resource development;
7. Develop strategic alliances and partnerships with other enterprises;
8. Develop postal financial services;
9. Strengthen and broaden cooperation and interaction between all parties interested in the postal sector;
10. Introduce the new technologies (internet, electronics) to improve the quality and security of services; create new products and services that are competitive and adapted to customer needs, project the image of the post, modernize it and help it to regain its rightful place on the market, and increase its market shares.

To meet the above objectives a series of implementation strategies were adopted.

The PAPU General Secretariat, in collaboration with the UPU, organised a strategic conference in Dakar, in May 2001. At the end of the conference, a strategy board composed of directors-general of posts of 5 countries was set up. The board's mandate is to make proposals for efficient management of posts, to imbue posts with dynamic leadership and assist in the implementation of the above strategies and objectives.

## **II The New Information and Communication Technologies – Postal Growth and Development Opportunities**

### **1. Technology – an absolute imperative for posts**

Among the major drivers of change in the postal industry, technology is a must.

As a matter of fact, technological advancements, particularly in the area of electronic communication, are threatening the traditional preserve of posts. For these enterprises specializing in the physical conveyance of mail, electronic messages, the internet, trade and electronic monetary transfers can substitute traditional products and completely elbow them out of the market if no measures are taken to remedy the situation.

Thanks to technology, private courier companies are rewriting the rules of the game in the area of exchange of messages (communication), money and goods.

How can technology guarantee the survival of posts? In this day and age, traditional mail is increasingly perceived and considered as a cumbersome product requiring, therefore, different types of alternative mail. Besides, technology offers considerable opportunities in the area of business. Since posts are known to be big employers of manpower, the new technologies can help scale down personnel costs and salaries.

## **2. Types of technological innovations**

The choice of new technologies that can be introduced in postal services is very wide. The list of possible innovations includes the internet, cell phones, digital TV, electronic and digital meters, electronic screening machines, electronic weighing machines, electronic franking machines, etc.

### **2.1 The internet revolution**

The internet has a vast potential in all areas and sectors of the industry that postal services can tap into.

### **2.2 Provision of internet services in post offices**

Cybercafés and other internet services for the public ought to be provided in post offices. Electronic mail, for several reasons, has become the substitute mail par excellence to ordinary mail. Not only is its transmission instantaneous, but it is by far less costly than the ordinary letter. In developed countries like the United States of America, internet services are practically free of charge.

Postal administrations can start by providing such services in their head offices and in post offices in the big towns, before extending them to the smaller towns. The availability of the internet in post offices automatically facilitates the introduction of track-and-trace systems.

The internet company Africaonline is currently operating in Tanzania, Kenya, Côte d'Ivoire and Ghana. In these countries it has an agreement with post offices, the agreement provides for the sending and receiving of messages by members of the public for as little as 25 cents a message, or free of charge.

### **3. Advantages of introducing the internet in postal services**

Once the bane of postal services, as it was responsible for close to 50% drop in the volume of transactions, in the 1990s, technology is today the key to postal progress in an economy that no longer has any frontiers.

The advantages of technology in postal services by far exceed the disadvantages.

#### **3.1 Clear improvement in quality of postal service and security**

Technology, particularly the internet, has had a very positive impact on core postal services : collection, conveyance, handling and distribution of mail, particularly in terms of speed. For example, thanks to the AFSM system, flat mail can be sorted at the rate of 17,000 items an hour; this considerably reduces delivery delays.

Already, the confirmation system (track-and-trace) used in some sorting centres and offices of exchange enables transporters and postal services to monitor the progress of mail in the mail circuit.

Technological progress also facilitates rapid tracking of international mail to ensure greater reliability in postal communication.

- Track-and-trace;
- Codification of mail between administrations;
- Video marking and codification to ensure greater postal quality and security;
- Transponders for tracking (small electrical radio identifiers inserted in envelopes);
- Transponders for sampling and collecting statistical data;
- Close-circuit TV monitoring in sorting centers and offices of exchange;
- Systematic back-to-back tracking (2003/UPU);
- Fight against crime, mailing of drugs, substances and other prohibited objects, letter bombs and explosives, through electronic detectors;
- Issue of electronically produced numeric stamps as a measure for combating fraudulent or counterfeit postage stamps;
- IPS track-and-trace system for postal parcels;
- SITA system for track-and-trace of EMS items
- Maria 2000 System

### **3.2 Offer of value added services to clients, Electronic Data Interchange (EDI)**

Electronic Data Interchange is a technique devised by the UPU for rapid exchange of information in several domains, using computer software.

### **3.3 Better accounting and financial planning and management**

The advantages of technology are extended to other areas such as production planning, management of warehouses, and accounting. For example, thanks to the automation of postal services, administrative and financial services can use special software for carrying out numerous operations in an expedient manner : accounting operations, invoicing, management of stocks at warehouses, etc. In certain postal services, mailmen pass on useful information on mail deliveries to track-and-trace services by means of cell phones. This enhances management and planning of stocks and resources, and also helps in combatting crime and fraud.

### **3.4 More reliable and effective postal statistics and creation of websites and data banks**

### **3.5 Reduction of processing and handling costs**

In the US alone, automation has led to a sharp drop in postal spending by about US\$20 billion over the last few years.

### **3.6 Better processing and follow-up of customer inquiries and claims; greater satisfaction of customer needs.**

### **3.7 Improvement in mail routeing delays, postal security and overall quality of service**

#### **4. E-Business**

Technology has brought down the boundaries and barriers between business and geography and blurred the distinctions between horizontal and vertical markets, bringing sellers and consumers closer than ever. This offers enormous advantages to both parties. By horizontal markets, we mean markets that offer of the same goods and services to all the industries, whereas vertical markets offer a complete package of goods and services to a single industry. Thanks to e-business, we are increasingly witnessing mergers of the two types of markets.

Postal services, too, ought to either acquire both the skills and equipment needed for e-business and the running of internet networks, or form alliances and partnerships with cyberlogistics service providers of proven worth. Such alliances and partnerships are mutually beneficial. In certain industrialized countries, postal services have concluded partnership agreements with private-sector operators, particularly logistics service providers, with a view to cutting costs. For example, some postal services are using private firms for certain operations such as mail processing and sorting.

The use of the internet as a business tool and the growth of e-business over the past few years have increased the pressures on postal services and commercial and financial enterprises such as banks.

Banks are increasingly using the internet for certain transactions. Although financial institutions are ideal for the supply of financial services such as financial settlements, very few of them are also logistics enterprises. But postal services are both.

##### **4.1 Advantages of E-Business**

The benefits of e-business for both buyers and suppliers are enormous. Posts are very experienced in operating networks, and e-business networks can be a veritable gold mine. The 20<sup>th</sup> Ordinary session of the PAPU Administrative Council held in Cape Town, South Africa, in June 2001, adopted a resolution setting up a committee in charge of assisting African posts to introduce e-business in their services.

#### **4.1.1 Advantages for buyers**

- Reduced purchasing price especially when organisations or enterprises place group orders, thereby benefiting from discounted rates;
- Greater cost-effectiveness : drop in transactions costs thanks to automation of supply activities;
- Access to a wider range of suppliers, leading to reduced costs;
- Greater collaboration between buyers and sellers, leading to better respect of delivery deadlines;
- Access to a rich sources of information on quality standards; which facilitates evaluation of the quality of goods and services supplied.

#### **4.1.2 Advantages for suppliers**

- New marketing outlets providing access to new buyers, both local and international;
- Increased access to information on potential buyers, leading to better satisfaction of customer needs and the production of goods and services adapted to such needs;
- Drop in production costs through rationalisation of the commercial service and other factors such as availability of electronic catalogues, which cuts printing costs;
- Possibility of reducing the number of non-value-adding intermediaries in the value chain;
- Reduced process/transaction costs through automation - which facilitates the integration of dispatching, delivery and billing services.

- 5. Setting up of New Technology Centres (Case of Tanzania)**
- 6. Creation of website at the UPU and at the PAPU General Secretariat in the near future**
- 7. Electronic money orders and electronic transfer of funds are already being provided.**
- 8. Risks of introducing the new technologies in postal services**

Like every good thing, technology has its side effects. The internet exposes users to a certain number of risks.

## **8.1 Problem of confidentiality and security**

The problem of confidentiality and security of information transmitted electronically could well be the Achille's heel of this indispensable tool that the internet is. As PCs and digital printers become a common tool like any other appliance in households and in offices, the risks of fraud are multiplied, particularly the risk of forging postage stamps and indicias. Further, messages between the security device, the electronic printer and the central command computer can be intercepted and modified. Designers of future systems will have to eliminate or, at least, reduce such risks, as any error in the system could be rapidly replicated and disseminated over the internet.

Given the extreme vulnerability of electronic mail and all other transactions carried out over the internet, and in view of the numerous cases of violations of confidential information already reported (e.g. infiltration of FBI high security network), there is need to take all necessary precautions to counter cyber crime. La Poste (France) has instituted a system for systematic verification of electronic signatures by third party, as a measure to combat fraudulent signatures in e-business.

## **8.2 Risk of job losses**

The risk of loosing between 30 and 40% of jobs, particularly in the administrative sector, with all the attendant disputes with labour unions and legislators, is very real. To remedy such situations, some postal services have adopted solutions such as early retirement and reduction of working hours. These sorts of solutions have been accepted by all stakeholders for the public good.

## **Conclusion**

Technology and e-business will become predominant in the postal industry in the next decade, further reducing the volume of the letter post, blurring the frontiers between geographical and commercial environments, and bringing posts and their customers closer than ever. Further, they will give an impetus to liberalisation and postal reform, endowing postal services with the tools and arms that are indispensable to their development and even survival, in a context of fierce competition where only the fittest can survive. Of course, those who will resist or

remain passive to the winds of change, modernisation, liberalisation and technology, which is already viewed as the key to progress, will risk loosing a good proportion of their market share.