

BANTA Mailbox

Banta Publications Group ■ 12 Salt Creek Lane, Suite 350, Hinsdale, IL 60521 ■ July 2003

MERLIN Q & A

Equipment will automate the mail verification process

Since MERLIN equipment has been installed in some of the Banta plants, we thought it appropriate to discuss what MERLIN is and how it can possibly affect our clients.

MERLIN is a USPS acronym, which stands for Mailing Evaluation Readability Lookup Instrument. MERLIN is a piece of equipment, installed in bulk mail acceptance post offices (including those in printing plants), designed to improve the accuracy and automate the mail verification process. The purpose of mail verification is to assure that the mail has been properly prepared and the correct postage paid. This not only protects the revenue of the USPS, but also helps to insure that processing delays caused by improperly prepared mail are minimized.

All mailings must be accepted and verified by USPS personnel before the postage can be paid and the mail entered into the mailstream. At Banta, this verification process occurs on-site at the printing plant. There is an on-site USPS acceptance office (called a Detached Mail Unit-DMU) at each Banta printing plant, due to the large volume of mail that we produce. In the past, this verification was a manual process. MERLIN was designed to automate this process.

MERLIN is a piece of equipment, installed in bulk mail acceptance offices (including those in printing plants), designed to automate and improve the accuracy of the mail verification process. Most offices already have MERLIN equipment installed, in others it is in the installation and test period and in still others, the installation date is yet to come. These installation schedules are determined by the USPS. For Banta Publications Group, as of June 2003 both the Greenfield OH and the Kansas City MO plants have MERLIN equipment fully operational, with the Long Prairie MN plant scheduled for MERLIN installation in October 2003.

Once the equipment has been installed and tested, there is a 60-day "grace period" during which no postage penalties are assessed to the publishers. This allows both the USPS acceptance staff and the printers and publishers to become familiar with how MERLIN works and to allow a number of mailings to be tested. Once the 60-day grace period has passed, the USPS may assess additional postage for errors that are detected during verification.

Some of the items that MERLIN checks for are:

- Presort/Mail make-up
- Weight/Piece count
- Barcode readability
- Sack tag accuracy
- Address and barcode accuracy
- Carrier routes
- Walk sequence accuracy
- Line-of-travel accuracy
- Endorsements and rate markings
- Mailpiece dimensions

Once the mail has been tested through MERLIN, a report is generated detailing any problems with the mail. The presort verification has a 5% error tolerance, the barcode readability verification has a 10% error tolerance, and the weight/piece count verification has a 1% error tolerance. What this means is that in these areas, the mailing may have errors up to the tolerance percentage without postage penalty. Any errors over the tolerance percentages make the mailing subject to additional postage. The MERLIN reports are to be attached to the postage statements, regardless of whether any postage penalties are assessed. This should allow publishers to review the MERLIN information to determine if any areas need improvement.

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Banta Publications Group Distribution Contacts

As a customer, you are encouraged to direct all of your communications to your plant Customer Service Representative. However, there may be occasions when you may need to contact someone in the distribution areas directly. To facilitate this, the following is a list of contacts:

Entire Publications Group

Director, Mailing & Distribution Services

Monica Lundquist
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mlundquist@banta.com

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jbuck@banta.com

Long Prairie, MN plant

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Liberty, MO plant

Distribution Manager
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jvolkmann@banta.com

Mailing Coordinator
Bobbie Hill
816-792-5300 ext 6376 Phone
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Shipping Manager
Steve Bieri
816-792-6363 Phone
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sbieri@banta.com

Greenfield, OH plant

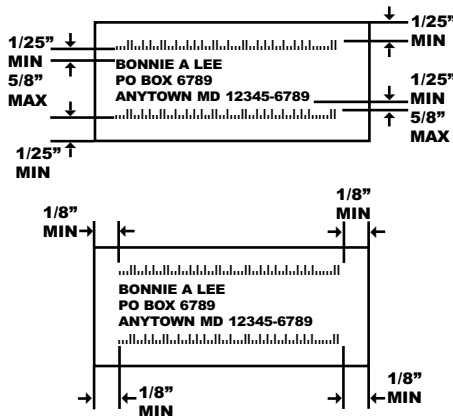
Postal Specialist
Bobby Rivers
937-981-6320 Phone
937-981-5032 Fax
brivers@banta.com

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Q: What types of errors are most prevalent?

A: By far the largest number of detected errors that we have experienced are barcode readability and accuracy. The USPS has very specific regulations regarding the specifications of the postnet barcode. Things such as the height of the bars, the space between the bars, the clearance space above, below, and to the sides of the barcode are covered in these specifications. These specifications have been in existence for many years and mailers are expected to be in compliance with these regulations. MERLIN has not changed any of the requirements or rules, it is just a new tool to more accurately verify compliance with the regulations.

Typical errors might be that the bars in the barcode are too tall or too short, or that there is too much or too little space between the bars. Another typical error is that the barcode clearance (space around the barcode-see diagram below) is not sufficient. Barcode skew (the barcode is not straight up and down but rather slants to the left or right) is another potential error. Barcodes that do not match the information in the printed address are another potential error.



Q: What happens if my mailing fails the MERLIN test?

A: Mailings failing the MERLIN test are subject to additional postage if the errors are outside the established tolerance levels. The additional postage is calculated based on the type of error and the percentage of error detected. Depending on the type and extent of the errors, the additional postage could be a few dollars up to thousands of dollars. The mail

will not be released until the additional postage is paid.

An alternative to paying the additional postage is to re-work the mail to correct the errors. This may or may not be feasible depending on the type of error and the amount of mail involved.

If you disagree with the MERLIN results, you do have the option to appeal. However, this requires that the actual mail in error be sent to the USPS testing facility in Chicago for review. The costs for shipping the mail to Chicago for testing must be paid by the publisher. This would also obviously cause this portion of the mail to be delayed.

Q: Have any mailings at Banta plants failed MERLIN testing?

A: Yes. Most of the failures have been during the 60-day grace periods, and the number of failures has been minimal. When a failure occurs, the publisher is notified by Banta of the error, the amount (if any) of penalty postage, and whether the error was caused by a Banta process or by processes/materials provided by an outside source. Most of the errors have been barcode readability or accuracy.

Q: Will I receive advance notice of MERLIN testing?

A: The USPS controls which mailings are selected for MERLIN testing, and this is not usually done in advance of the mailing. As a result, there is not currently any way to notify publishers in advance as to when MERLIN testing will occur on their specific magazines.

Q: How will I know if my mailings are tested on MERLIN?

A: You will receive a MERLIN report attached to your mailing statement (3541 form, 3602 form, or 3605 form). The report will contain a page called Summary Verification Report, which gives information regarding the various elements that are tested (address accuracy, POSTNET barcode accuracy, presort verification, etc.). The report shows the acceptable USPS rate (a percentage), the MERLIN test results (a percentage), whether the mail is ac-

ceptable or not, and the amount, if any, of additional postage assessed. There may also be additional pages with more detailed information regarding any errors. You will receive this report any time your mailing is tested on MERLIN, regardless of whether additional postage is assessed or not. If additional postage is assessed, you will be notified immediately by your plant client services rep.

Q: May I refuse to have my mailings tested on MERLIN?

A: No. MERLIN is now part of the normal USPS mail verification procedure in those offices in which the equipment is fully operational. As such, the USPS has the right to test any mailing using MERLIN.

Q: May I have my mailings tested in advance of the actual mail date?

A: There is not a way to do a full-blown MERLIN test in advance of an actual mailing, but it is possible to arrange for a diagnostics test through your local Mailpiece Design Analyst with the USPS. We can also arrange for this to occur with the local Mailpiece Design Analyst at the printing plant post office (contact your plant CSR or plant distribution manager to arrange this). You should allow at least a week for this test. Test pieces should be submitted that are as close to the actual mailpieces as possible, including all components, all wrapping materials (i.e. polywrap, envelopes, etc.) and addressing as it will appear on the mailpiece. Pieces from past mailings that are similar to what you will be mailing in the future are ideal for this purpose.

Q: Will all my mailings be tested on MERLIN?

A: Not every mailing is tested on MERLIN and for those mailings that are tested, only a sample of the total mailing is tested. Since MERLIN testing is far more intensive and involves more pieces of mail (average sample size is 1,000 pieces) than the previous manual verification process, it can be fairly time consuming. For flat size mail, which most magazines are defined as, a MERLIN test can take from 2-5 hours to perform for one single mailing. In

addition, MERLIN testing does not occur for mailings less than 10,000 in total quantity.

Q: Will MERLIN testing delay my mail?

A: No. The USPS has made the commitment that even though MERLIN testing can take a longer period of time than the traditional manual mail verification, no mailings are to be delayed as a result of testing on MERLIN.

Q: Will MERLIN testing affect the appearance of my mail?

A: Possibly. There is a slight chance for some damage to the tested mailpieces to occur, but this is rare. Also, during the testing the MERLIN equipment will print a small sequential code on each piece tested. This code allows for USPS, Banta, or publisher staff to review the actual mailpiece associated with any errors. The MERLIN report will identify the error pieces using this code. Keep in mind that the sample size for MERLIN tests averages 1,000 pieces.

Q: Who is responsible for paying the penalty postage for errors detected on MERLIN?

A: The publisher is responsible for paying the penalty postage. The only exception to this would be instances where a Banta process caused the errors. Examples of this would be items such as inconsistently printed ink jet barcodes or addresses, physical errors in the packaging or containerizing of mail (unless caused by an incorrectly presorted mailing list provided by the publisher or an outside source), or incorrect counts caused by a Banta process.

Q: Should I do anything to prepare for MERLIN?

A: Yes. You should check with all your vendors who provide products or services that affect your mail to insure that their products or processes meet postal requirements. For example, if your mailing list is processed by a source other than Banta Dis-

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Online Information

More information on Banta Corporation is available through the company's World Wide Web site at www.banta.com

BANTA Mailbox is a monthly publication produced by the BANTA Publications Group. Any comments or questions are welcome. Please contact Monica Lundquist of the BANTA Publications Group by phone at 816-792-6370, by e-mail at mlundquist@banta.com, or write to BANTA Publications Group, Mailing & Distribution Services, 3401 Heartland Drive, Liberty, MO 64068-3378.

No Labor Strike . . . Yet

Canadian Union of Postal Workers continues negotiations

As of press time, the Canadian Union of Postal Workers has agreed to continue negotiations with Canada Post. The strike vote has been taking place in recent weeks, with a June 14 deadline for notification to strike. Had the decision been made to strike, the strike could have begun as early as June 17. Primarily at dispute are employee benefits.

Despite the fact that no strike is currently in the offing, it is not unusual to see work slowdowns in labor situations where strike votes are occurring or negotiations are strained. As a result, you may encounter some delivery delays with mail going in to Canada. We will keep you posted on any updates.

Presidential Postal Commission Hearings Complete

The presidential commission studying postal reform has completed the public hearings portion of its project. Now the commission will be concentrating on developing its recommendations and writ-

ing the final report on its findings. The final report is due in July. We will keep you posted as to the conclusions reported by the commission in its final report.

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tribution Services, you should ask them to insure that the mailing lists they provide meet all USPS requirements that are tested by MERLIN. If you have pre-printed polyfilm or supplied envelopes, you should obtain similar assurances. If you have pre-addressed items, such as cover wraps or invoices that are used to mail your magazines, you should obtain assurances from those vendors as well. It is a good idea to get responses from all your vendors

who supply these and other products and services that affect your mail.

The best protection is to have as many sample mailpieces reviewed by the USPS Mailpiece Design Analysts as possible. Make sure you advise them that you are interested in MERLIN diagnostic testing. You can locate your local Mailpiece Design Analyst by logging on to the USPS web site at www.usps.com.

Correction to June Mailbox

On page 3 of the June 2003 issue of Banta Mailbox, the application fee for additional entry point for Periodicals mail is incorrectly identified as \$50.00. The correct application fee for additional entry is \$60. We apologize for any confusion.

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