



UPU Strategy Conference 2010

Action and innovation paving the way to Doha and beyond

Nairobi, Kenya, 22–23 September 2010



UPU UNIVERSAL
POSTAL
UNION



Introduction

A first for Africa

Organized for the first time in Africa, the UPU Strategy Conference was attended by more than 600 delegates (including 45 ministers and CEOs) from 121 member countries. The conference provided the opportunity to analyze the sector's current challenges, assess the progress made in implementing the UPU's 2009–2012 Strategy, and define the issues that will shape the future of the organization, the postal world and the Doha Postal Strategy.

The debates in Nairobi confirmed that the postal sector is in the midst of a profound transformation and that there is a strong need for diversification, innovation and sustainable development. This transformation was magnified by the global economic crisis and driven by competition, new technologies and changing customer needs, and the UPU and the postal sector it represents need to anticipate these changes and integrate them into their actions.

The discussions demonstrated strong confidence in the postal sector as a critical force in the communication market and information society. However, in order to remain relevant, Posts need to adapt continuously to the changing environment. The conference further confirmed the UPU's important role as an intergovernmental organization and a United Nations agency covering the worldwide postal sector in all its diversity, and underlined the sector's contribution to the social and economic development of nations.

The Strategy Conference marked the start of a process to define the next UPU strategy to be adopted by the UPU's 191 member countries at the Universal Postal Congress in Doha, Qatar, in 2012.

Changing times: opportunities for development and growth

The first conclusion reached by the conference was that the postal sector is experiencing a period of radical change, accelerated by the economic crisis. The drop in physical mail volumes, the growth in parcel traffic and postal financial services, and changes in consumer behaviour are trends that are not likely to be reversed, and which require adjustments to the Posts' traditional business model. The UPU has shown its ability to anticipate these changes and is playing its role in analyzing the international environment and following the evolution of the industry.

These trends are being observed everywhere, and they will have a lasting impact on the postal industry. They should be approached in a positive spirit. The increase in parcel volumes thanks to e-commerce and online shopping, and the record number of postal savings accounts and rise in the share of postal financial services are just some of the reasons to be optimistic. The transformation has also led to a change in operators' business models.

“Some may believe that postal services belong to the past; of course they are totally wrong! [...] Postal services provide those kinds of public services that the global economy is lacking the most. More than that – you provide people with services that nobody else can.”

Dominique Strauss-Kahn, Managing Director, International Monetary Fund

Postal services represent a “public good” able to fill a gap in the global economy. The Post was recognized as a public service that is an appropriate provider of financial services, especially for those sectors of the population overlooked by traditional banking institutions. In times of economic uncertainty, the trust that

customers traditionally place in the postal sector has proven to be a key to gaining market shares, in particular in the financial services field. Postal financial services help to mobilize savings, which is important in terms of investing in developing countries. There is a need for inclusive financial services, including remittance services.

The economic crisis has only accelerated already existing trends, in particular with regard to the decline in volumes of traditional mail. At the same time, it has opened up a key window of opportunity for postal operators to restructure their activities, invest in booming areas of activity, and improve their efficiency.

In general, it was agreed that the UPU's current four-year roadmap has been a useful tool for the organization and its stakeholders in dealing with the economic crisis and its aftermath.



Diversification and innovation: key drivers of success

The second strong message that came out of Nairobi was that diversification and innovation are two key concepts for the future development of postal activities. In particular, integration of the global logistics chain can allow Posts to become key players in the development of e-commerce and international trade. Postal financial services represent another field where diversification is possible. Moreover, the network's electronic dimension is becoming increasingly important, and in this context the .post top-level Internet domain could serve as the ideal platform to encourage postal innovation. This does not, however, mean a shift away from physical mail, particularly direct mail, and every effort should be made to ensure high quality of service and innovative universal service.

The UPU anticipated these trends by adopting a strategy based on a three-dimensional network: physical, electronic and financial. The economic crisis has shown that Posts that are active in all three areas fare better than those that choose to focus on one area only. The UPU is helping to integrate the global supply

chain and building an interconnected global network through its POST*Net data system, working hand in hand with other partners such as Customs, airlines and standards authorities. This is essential in order to expand internationally, take advantage of the growth of electronic commerce and contribute to trade facilitation, while controlling the risks associated with the development of the Internet.

There are also excellent examples of growth in financial services. IFS, the UPU's International Financial System, is constantly expanding, with more and more countries joining the network and opening up new corridors for secure money transfers.

Many examples were given of how Posts are diversifying their services by making use of new technologies to develop innovative services and solutions for e-services. New technologies are also helping Posts improve their service quality. In this regard, the UPU's Global Monitoring System, using state-of-the-art RFID technology, is further assisting countries in measuring and improving their quality of service.

The relevance of the concept of the three-dimensional postal network as a tool for growth was underlined by several speakers, and many highlighted the revenues yielded by postal financial services and new electronic services such as e-health, mobile phone services and cybersecurity.

While the importance of new technologies cannot be denied, paper and digital communication can work together. Postal operators have great opportunities to integrate electronic services with physical ones in order to provide value-added, customer-tailored products and services.

On a cautionary note, it was pointed out that diversification could also include risks; postal operators should carefully weigh these risks against the potential opportunities before moving ahead with diversification.



The global postal network: our biggest asset



“We are living in an age of radical change, in which there are excellent opportunities to be grasped collectively by postal sector players. The biggest danger lies in doing nothing. Diversification and innovation are the necessary tools and conditions for the sustainable development of the postal sector.”

Edouard Dayan, Director General,
Universal Postal Union

The immense value of the global postal network was repeatedly stressed. The extensive coverage of the postal network is a valuable asset that could, for example, allow postal operators to facilitate financial inclusion by reaching out to even the most under-served areas.

In this regard, the need for efficient addressing systems was highlighted as a key element of postal services' role of facilitating communication and economic and social development. The address is not only a component of each individual citizen's identity; it is an essential part of a country's national infrastructure. The lack of addresses has a detrimental impact on the provision of public policies and services: health, education, administrative and economic services, as well as land planning, rural and urban policies, and of course the provision of postal services. It further affects the ability of businesses and economic players to operate efficiently. The UPU's initiative "Addressing the world – an address for all", aimed at raising the awareness of the international community and of governments, with the ultimate goal of providing every human being with an address, was commended.

In order to function smoothly, it is important that the postal network is connected to other networks. In that regard, cooperation between Posts and Customs is paramount. The potential for interconnection between physical and electronic addresses was noted by several speakers, and the UPU's Internet domain .post was mentioned as the secure, new generation postal network that could link physical and digital postal services.

Sustainable development: not just for the rich

Through the diversification of strategies and services, the overall objective should be to ensure the sustainable development of postal services. The postal sector must take account of its social and societal impact, and the impact of its activities on the environment. Moreover, in this time of change, particular attention must be paid to the human dimension of sustainable development. Posts remain one of the largest employers (5.5 million employees worldwide), and diversification creates a need for better-skilled staff. Training is important to prepare employees for the transition, as is the need to reinforce social dialogue.

Sustainability also requires Posts to seriously consider the impact of their activities on the environment and review their operating procedures. Posts need to be made aware of the importance of adopting environmentally responsible practices. This, too, should be seen as an opportunity, not as a constraint. In terms of the environment, it is important that all countries, especially those in the developing world, have access to technologies and financial resources that can help them make that transition. Thanks to new technologies, developing countries and the least developed countries could also be pioneers in the area of sustainable development, as was illustrated in some conference presentations.

The same is true of other forms of social responsibility, such as access to health services or education. New relations need to be built between governments and postal operators.

Several participants in the debate stressed the need for an effective North–South cooperation to achieve sustainability. Initiatives taken by some operators to reduce the environmental impact of their activities had shown that, when applied repeatedly and consistently, very simple actions were sometimes sufficient to make a major impact in the field of sustainable development. Examples were also given of how sustainable development can become a key business concept by combining the concept of sustainability with those of reliability and “added value” to grow business.



“It is in this transition towards a green economy that I believe you [the postal sector], as a part of the world economy, and as part of a service that governments provide to their people and communities, could play a central role. [...] Not only because of the hundreds of thousands of people you employ, the infrastructure you run, but because of your ability to reach, one day [...] every citizen on this planet with an address...”

**Achim Steiner, Executive Director,
United Nations Environment Programme**



Effective regulation: creating a level playing field

The conference stressed the need for effective governance in the sector and at the UPU level. Markets will be able to evolve successfully only if appropriate and diverse regulations are in place, for example, in areas dealing with the financial, electronic and communication aspects relevant to postal operators. For its part, the UPU must remain flexible and be results-oriented, and continue to focus on a regional approach in order to provide a real return on investment for its members while maintaining a balance of responsibilities.

Furthermore, the forces currently at play in the postal sector call for the establishment of a clear regulatory framework for competition and liberalization to bring benefits. It was noted that regulation in developed countries could sometimes have two objectives that seemingly clash: on the one hand, ensuring a sustainable universal service and, on the other, fostering the opening up of the market. It was further argued that a well regulated opening up of the market should

prevent “cream skimming” and that increasing competition should be encouraged as long as it met the universal service obligations. There was also a call for regulation to take account of the postal sector’s transformation through new information and communication technologies and the increase in the provision of innovative services.

Conclusion

With rapid action and a little imagination, the postal sector will remain relevant in the years to come. Between now and Doha, the UPU's actions must reflect the age of modern communications, development and modernity.

A series of regional round tables will be held in 2011 to gather the viewpoints of postal stakeholders throughout the world, to prepare for the drafting of the new UPU strategy to be presented in Doha, at the 2012 Universal Postal Congress.



Read, listen and see more...

Strategy Conference 2010 webpage:
www.upu.int/en/strategyconference2010

Video reports:
Days 1 and 2: www.youtube.com/universalpostalunion

Statements:
Strauss-Kahn (IMF): www.youtube.com/universalpostalunion
Achim Steiner (UNEP): www.upu.int/en/activities/sustainable-development/environment

Photo gallery: www.flickr.com/photos/universal_postal_union

Report photos: Yasuyoshi Chiba
Cover: Steffen Foerster Photography

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Conference programme

Nairobi Postal Strategy implementation: how are we doing so far?

Wednesday, 22 September 2010

Opening ceremony

Hon. Kalonzo Musyoka, Vice-President of the Republic of Kenya

Hon. Samuel Poghiso, Minister for Information and Communications of the Republic of Kenya

Moctar Yedaly, Head of Telecommunications and Post Division, African Union Commission

Edouard Dayan, Director General of the Universal Postal Union (UPU)

Conference moderators: Kathleen Openda and Luca Fasani

Addressing the reality of the changing economic landscape

The session focused on a comprehensive analysis of the economic crisis that erupted in 2008. It also enabled participants to reflect on the impact of the crisis on the postal sector and the international financial infrastructure.

Speaker: Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF)

How well has the UPU responded to the economic crisis?

The crisis accelerated trends that already existed, namely the decline of traditional mail. What were the other impacts? What new opportunities in the postal business did the crisis create, and what was the added value of the UPU's current world postal strategy in this context?

Speaker: Dr Andreas Taprantzis, Chairman of the UPU Postal Operations Council (POC)

Regional implementation of the 2009–2012 UPU Strategy

This session adopted a regional perspective and looked at the actions taken by four restricted unions to implement the UPU's strategy in the areas of interoperability and quality of service, universal service, sustainable development, and growth of markets and services.

Speakers: Rodah A. Masaviru, Secretary General of the Pan African Postal Union (PAPU)

Serrana Bassini Casco, Secretary General of the Postal Union of the Americas, Spain and Portugal (PUASP)

Dr Botond Szebeny, Secretary General of the Association of European Public Postal Operators (PostEurop)

Somchai Reopanichkul, Director of the Asian Pacific Postal Union (APPU)

Round table

Panellists: Guozhong Huang, Deputy Director General of the Universal Postal Union (UPU)

Kunio Mikuriya, Secretary General of the World Customs Organization (WCO)

Mohamed Basly, CEO, Tunisia Post

Dr Muhammad Budi Setiawan, Director General of Posts and Telecommunications, Ministry of Communication and Information Technology, Indonesia

Amb. Bishar A. Hussein, Chairman of the UPU Council of Administration (CA) and of the Strategy Conference

Moderator: Terry Dunn, Chairman of the joint CA/POC committee on strategy

On our way to Doha: the trends and the way forward

Thursday, 23 September

Technological advances and changing behaviours: how can Posts remain relevant to customers?

With customers increasingly using digital channels, written communication is no longer restricted to the physical letter. The session focused on the impact of technology on people's behaviour and social interactions, and how Posts can take advantage of the new business channels in a digital world.

Speaker: Dr Ramesh A. Lakshmi-Ratan, President, Pitney Bowes Document Messaging Technologies

Diversification: a successful model for the postal world

The economic crisis, along with increased competition, has proved that businesses can no longer focus on just one segment of their business. For Posts to succeed, they have to ensure the interconnection of all dimensions of the global postal network. The discussion looked at the opportunities and boundaries as well as the costs and gains of diversification vis-à-vis core services, interoperability of services and systems, options for developing countries, etc.

Speaker: Massimo Sarmi, CEO and Managing Director of Poste Italiane, S.p.A.

Postal financial services: added value for Posts and their customers

The UPU's objective of building a worldwide postal financial network that provides easy access to affordable and secure money transfer services strongly supports global initiatives to address the needs of a growing world migrant population and efforts to ensure greater financial inclusion. Financial services offer growth opportunities for Posts while making funds available for economic development.

Speaker: Rafael Crespo Arce, Vice-Director General, Ministry of Public Works, Spain

The relevance of the environment and sustainable development for Posts

With one of the world's largest vehicle fleets, 5.5 million workers and 660,000 outlets, the postal sector realizes that its activities have an impact on the environment and has introduced many initiatives to protect the environment, and particularly to reduce greenhouse gas emissions. The UPU's first ever worldwide survey conducted in 2009 showed that designated postal operators generated 26 million tonnes of CO₂ in 2008. Delegates took stock of accomplishments in the field of climate change, looked at the challenges of green growth for the postal business, and identified long-term measures to reduce its carbon footprint. However, sustainable development is not just about the environment but also about how the core postal business can be developed and adapted to bring it into line with ever-changing circumstances.

Speakers: Dr Steve Boorman, Director of Corporate Responsibility, Royal Mail Group, Great Britain

Arthur P. Kafando, Director General, Société nationale des postes (SONAPOST), Burkina Faso

Ulrich Hurni, Deputy CEO, Swiss Post

Achim Steiner, Executive Director of the United Nations Environment Programme (UNEP)

Addressing the world: an address for everyone

Addressing is increasingly recognized as a crucial economic and social issue, not just for postal operators, but also for customers, and indeed for governments, citizens and businesses. The session dealt with the importance of addressing, how it can improve the lives of citizens and contribute to better quality of service, and what it means for the UPU and the international community at large.

Speaker: Charles A. Prescott, Chairman, UPU Consultative Committee

Anticipating and responding to change

Round table

A panel of high-level experts discussed the future of the postal sector, including regulation and reform of the sector, and the elements to be taken into consideration in developing the next UPU strategy.

Panellists: Jean-Paul Forceville, Director of European and International Affairs, Groupe La Poste, France

Dr Mohamed Saleh ben Taher Benten, President and CEO of Saudi Post, Saudi Arabia

Ingeborg A. Saetre, Vice-President, Postkom and UNI Europa Steering Group

Junsheng Ma, Director General of the State Post Bureau, China (People's Rep.)

Conclusions: Edouard Dayan, Director General of the Universal Postal Union

Hon. Samuel Poghiso, Minister for Information and Communications of the Republic of Kenya

Conference speakers



Serrana Bassini Casco

Secretary General of the Postal Union of the Americas, Spain and Portugal



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Dr Steve Boorman

Director of Corporate Responsibility, Royal Mail Group



Dr Ramesh A. Lakshmi-Ratan

President, Pitney Bowes DMT



Massimo Sarmi

CEO and Managing Director, Poste Italiane, S.p.A.



Rafael Crespo Arce

Vice-Director General, Ministry of Public Works, Spain



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Dominique Strauss-Kahn

Managing Director, International Monetary Fund



Luca Fasani

Head of Economic News, Swiss-Italian radio television service (RSI)



Hon. Kalonzo Musyoka

Vice-President of the Republic of Kenya



Dr Botond Szebeny

Secretary General, PostEurop



Jean-Paul Forceville

Director of European and International Affairs, La Poste France



Kathleen Openda

Director of Communication, Truth, Justice and Reconciliation Commission (Kenya)



Dr Andreas Taprantzis

Chairman, UPU Postal Operations Council



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