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**- News Alert -**

**Capgemini study: Postal operators must improve innovation management to remain competitive**

Paris, October 20, 2010 – Capgemini, one of the world’s foremost providers of consulting, technology and outsourcing services, has launched the findings of a new study titled “Innovation Management in the Postal Industry – the Key for Business Transformation.” The twin challenges of the effects of the economic downturn and the rise in the popularity of e-mail as a preferred mode of communication have had a significant negative impact on postal operators worldwide, with industry figures<sup>1</sup> revealing that many are dealing with as much as 4 percent to 6 percent negative growth. Compounding these issues is a perceived lack of real innovation by postal operators. In fact, these operators have launched more than 3,000 innovations over the past ten years. However, this is little recognized by consumers given that, as the report highlights, only 25 percent of innovations in the postal industry are focused on new products or business modes whereas the remaining 75 percent are targeted at internal functions, mainly service and process optimization. The report identifies two types of operators in the postal market:

- **Market Shapers:** Postal operators with well-organized innovation management but who lack confidence for implementing impactful innovations and ultimately, have low profits
- **Market Optimizers:** Postal operators with a less organized, more spontaneous approach to innovation management who bring high-impact innovations to market and often achieve high profits

The report’s findings are based on a survey of 45 postal operators from 28 countries worldwide, along with in-depth research into postal portfolio diversification and an analysis of the applications for the Innovation Award category of the World Mail Awards since 2001. It reveals that 61 percent of innovations in the postal industry fall into the Core Supply Chain category, with sorting, transport and delivery the most common areas targeted. However, only 27 percent of the innovations reported were in the Product category, with direct mail and hybrid mail making up almost two thirds of those offerings. Nonetheless, there has been more of a push towards innovative products and customer orientation over the last three years and among the biggest postal operators there is a general tendency

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<sup>1</sup> Universal Postal Union (2009): The global economic and financial crisis – Initial insights into its impact on the postal sector

towards diversification outside of core areas of business such as mail and parcels to areas including logistics and financial services.

The report highlights a number of reasons why implementing new services and diversifying into new modes of business continues to be a key challenge for postal operators everywhere. Almost two thirds of postal operators have no, or only a partially-implemented, innovation process in place. In addition, organizationally, representation at the board level for innovation management is generally quite low. To take innovations from their infancy to something that will well serve both operators and their customers requires a real shift in corporate culture within the postal industry.

A promising statistic is that 38 percent of the postal operators surveyed have innovation management teams allocated to innovation departments. However, expenditure on postal innovations is still far behind those in other industries, such as the automotive and electrical industries.<sup>2</sup> In addition, the teams involved in idea creation are not usually linked to the ones involved in launching new products and services. The underrepresentation of marketing, sales and production input on innovation management teams decreases the overall success potential of projects. In addition, successful postal operators set primarily long-term and “soft” goals, such as brand recognition or customer satisfaction as measures for success and fail to emphasize generating profits as a key performance indicator.

*“Many postal operators have made a good start in innovation management, particularly compared to their perceived image in the market,”* said Dirk Palder, Vice President, Global Postal Leadership Team at Capgemini. *“However, postal innovations need to be managed more tightly and with an end-to-end perspective if they are to be successful. Innovations are not a matter of delegation, but rather of organization, from thought to finish and should be delivered by a single unified team. Postal operators need to plan the innovation process carefully through clear end-to-end innovation management, starting at the board level, to encourage an entrepreneurial culture that allows innovation to grow and flourish and promotes company-wide enthusiasm for change.”*

A management summary of the research can be downloaded from:

<http://www.capgemini.com/insights-and-resources/by-publication/innovation-management-in-the-postal-industry--the-key-for-business-transformation/>

#### **About the study:**

Capgemini’s first Postal Innovation Study, gathered information from three distinct sources:

- Award Analysis: Capgemini reviewed 233 applications for the Innovation Award category of the World Mail Awards, covering the period from 2001 to 2009.

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<sup>2</sup> Zentrum fuer Europaeische Wirtschaftsforschung GmbH/ZEW, ZEW Branchenreport Innovationen, 2010

- Empirical Analysis: Capgemini conducted interviews with 45 interview partners from 28 countries worldwide (from February to May 2010), using a 33-question survey.
- Diversification Analysis: Capgemini researched 16 postal operators in Europe and 12 in other parts of the world regarding how/if their portfolio development has diversified over the last ten years

### **About Capgemini**

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 35 countries, Capgemini reported 2009 global revenues of EUR 8.4 billion and employs over 100,000 people worldwide.

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