Hearing before Subcommittee on Federal Workforce, U.S. Postal Service and the Census Committee on Oversight and Government Reform House of Representatives

Oral Statement

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Mr. Chairman and members of the subcommittee, the postal industry has a long history of working with the private sector and others to spur innovation:

- Historically, mail transport fueled the fledging railroad and airline industries;
- Postal applications also stimulated advances in handwriting recognition technologies;
- They acted as a platform for private sector innovators in the electronic postage, presorting, and the mail order industries; and
- The Postal Service imposed the overlay of the ZIP Code across the country to the benefit of businesses and researchers.

Innovation is even more important in today's age of digital globalism. The ungovernable Internet has changed the world, but great opportunities and enhanced capabilities exist alongside awkward new systems and unfamiliar risks. Lastly, the forces of creative destruction have ravaged traditional communications and logistics systems.

In this environment, the job of an infrastructure like the Postal Service is to support citizens and businesses as they try to compete and position themselves, while it also takes care to assure that efficient market forces prevail and are not undermined. To continue in this role, understanding the changing world and rapid adaptation are increasingly critical endeavors. The Postal Service faces the tricky challenge of modernizing traditional products as it provides support services for emerging technologies. Success will largely depend on its ability to innovate and embrace the innovations of others.

As a result, continual strengthening of the Postal Service's processes for innovation will be needed that include

- Seeking to understand the frustrations and supporting the emerging needs of people and commerce,
- Developing a comprehensive innovation strategy,
- Clarifying the entry point for innovators and providing staff to join innovators in navigating the huge postal structure and to remain with them until the proposal is resolved,
- Strengthening its skills in assessing the financial viability of proposals,
- Developing the ability to engage in rapid proto-typing of new products and operational innovations, and
- Protecting its intellectual property and respecting that of others.

When pursuing innovations, partnerships with the private sector and the government are important for bringing in new ideas and specialized competencies, for sharing risks, and for leveraging the costs of R&D investments.

There are several areas where innovation opportunities seem particularly rich:
- Support for e-commerce, e-health, and e-government transactions,
  - At the front end, by providing a portal for identity verification for individuals and e-businesses and providing access to digital currency exchange instruments and
  - At the back end, by assisting with packaging and the shipment of parcels;
- Using micro-warehousing, Virtual Post Office Boxes, and e-platform services to help small businesses and innovators with logistics and shipment solutions;
- Providing seamless physical and digital access to the Postal Service network for the public and commerce by linking together its website, post offices, and digitally-enabled carriers; and
- Conducting digital analysis of the vast data now generated throughout the network for operational efficiencies, new revenue ideas, and business intelligence.

Together, these opportunities can tighten the integration of data streams and their supporting matter streams.

The Internet, smart devices, search engines, and cloud storage have laid the foundations for a changing world. An aspect of what will come next, atop this foundation, will likely be an ecosphere that continues to be ungovernable and chaotic with endless challenges, learning curves, and substantial creative destruction. The ability of society to propel rather than retard progress in these areas will depend in part on the competency of the postal infrastructure to support American commerce and citizens through the coming era that will combine and deploy major new technologies that include
- Additive manufacturing, also known as 3-D printing,
- The Internet of Things, linking ubiquitous sensor nets,
- Augmented reality, using smart devices,
- Big data analytics,
- Advanced robotics that incorporates machine learning, and
- Nanotechnology.

The world posts were slow to grasp and adapt their role in the early phases of the digital age, and were partially constrained from doing so legally. The next phases of this age of technology will likely be more disruptive than we have seen to date. The Postal Service must be highly agile and develop an intuitive sense of its changing role and the new challenges facing American businesses and citizens. A key aspect of the Postal Service's ability to transform must include stronger competencies for embracing and implementing innovation. Thank you.