

Quality of Service Measurement for the Access
Market – a Proposal

Royal Mail Wholesale

11th November 2010

Quality of Service Measurement for the Access Market – a Proposal

Purpose

1. The purpose of this document is to provide Royal Mail Wholesale (RMW) customers, and other interested parties, with the opportunity to comment on our proposals to introduce, from April 2011, an independent measure of quality of service (QoS) prior to handover to Royal Mail. This will enable an end-to-end, independent measurement of Access mail for the first time.

Background

2. In December 2008 RMW issued a consultation document to gain the views of customers and other interested parties about the need for a measurement system that measures QoS throughout the entire mail distribution chain as opposed to just that element which is within the Royal Mail network (a diagram of the current and proposed QoS measurement is shown at Appendix 1). From the responses it was evident that our customers had no clear consensus as to how such a measurement scheme should be developed or operate.
3. In May 2009 we advised customers that we would seek volunteers to work with us to produce a proposal, which would be provided to all of Royal Mail's downstream access (DSA) customers for consideration. This work was temporarily postponed and the measurement development work re-started in April 2010. During July and August 2010 a range of customers were consulted and their views sought. On the whole and with some exceptions, customers are keen for a scheme to be introduced and are happy to share details of their handover to carrier/operator arrangements with an independent research company, together with their traffic volumes. However, in the present economic climate there is no customer desire to directly pay for, or otherwise contribute towards, a measurement scheme.
4. Because we have consulted once in detail on this subject, which can be found on the Royal Mail Wholesale website at www.royalmailwholesale.com/index.php?cID=213 - this consultation document does not follow our standard approach of asking a series of questions derived from the text of the document: rather it asks for our customers and other interested parties views on any aspect of this proposal.

Rationale

5. We believe that the lack of independent QoS information across the whole supply chain detracts from the effective operation of the market in postal services and does not help the promotion of a mail medium that competes in the wider communications sector.
6. We also believe that the industry regulator should take the lead in implementing an independent end-to-end quality of service measure that is funded by the industry. Postcomm recently told us that they have not decided whether to consult on doing so in their forthcoming Access Review: we find it both surprising and disappointing that the industry regulator is not seized with the need for all mail users to have available independent and objective QoS information for what is currently around 45% of all addressed mail in the UK (a figure that is expected to reach more than 50% in the next 8 months). Meanwhile, from April 2011 we will fund an independently designed and managed measurement scheme for our seeding customers¹ who wish to participate.

¹ Customers who seed for quality of service measurement purposes are selected and managed externally to Royal Mail by an independent research company, currently TNS-Research International

Proposal

7. The measurement scheme will be designed and managed by an independent research company. The existing Handover to Royal Mail to delivery scheme (“H2E”²) is currently run by TNS-RI and is subject to periodic re-tendering.
8. There are currently 14 of RMW’s customers participating in the existing Handover to Royal Mail H2E scheme. These comprise 8 CDAs and 6 operator customers. Participants are determined by the independent research company, who will offer all existing seeding customers the opportunity to participate in the additional scheme, giving them a full end-to-end QofS measurement capability.
9. The independent research company will use seeds currently provided for the H2E scheme. They will be recorded at the point of posting and this data will be used to set the start of the End to Handover (E2H) element. The research company will require accurate date of posting information to be supplied by the mailing site and they will need to confirm that scheduled collections have been effectively completed. During the set up phase TNS-RI will carry out their normal site visits to ascertain the handover arrangements between the mailing site and the sending customer’s carrier(s). As now, this information will not be shared with Royal Mail.
10. Operators in the DSA market offer a number of different upstream carriage service levels e.g. 2, 3 or 5 day. This new scheme will measure and report success or failure against the upstream service purchased. Because of the cost implications, there will not be separate reports provided to sending customers for each service. If customers want this level of granularity, they will be invited to self-fund it. We understand that the cost would be some £20k a year per additional service measured.
11. Customers who do not currently seed for the H2E scheme will be able to fund their own inclusion in the E2H, H2E and End to End (E2E) for an approximate cost of £20k a year.
12. In making this proposal, we believe that the scheme will fulfil the underpinning characteristics of a robust scheme, as set out in our original consultation document:
 - Transparency
 - Consistency and comparability
 - Independent design, methodology and management
 - Ease of understanding
 - Statistical validity
 - Cost effectiveness
 - Publishing of results

Reporting

13. TNS-RI will produce monthly reports which will be supplied directly to the seeding customers where they are customers of RMW. Data will be supplied to RMW which will enable performance reports to be included in the monthly Customer Performance pack. Our seeding customers will receive a report of their own performance as well as the overall consolidated performance (please see Appendix 2 for an example).

² In this document , the following definitions apply:

“H2E” QofS is Royal Mail performance from hand over to delivery

“E2H” QofS is upstream performance from origination site to handover to Royal Mail

“E2E” QofS is combined performance of E2H and H2E (based on total transit time compared with total target time in working days (i.e. carrier QofS target plus one working day)

14. Consolidated E2H and E2E performance will be published quarterly on the RMW website in addition to the existing H2E performance. This will report performance for Access mail from participating Royal Mail customers and will not identify individual carriers/operators in any way.
15. It will be a condition of participating in this scheme that CDA customers will share their individual performance result with their carrier.

Timescales

- Feedback from customers and other interested parties by 16th December 2010
- Confirmation of proposals by 23th December (subject to the feedback received)
- Detailed design work completed by TNS-RI by end January 2011
- Deployment with seeding customers by TNS-RI February/March 2011
- Aim for reporting to start April 2011

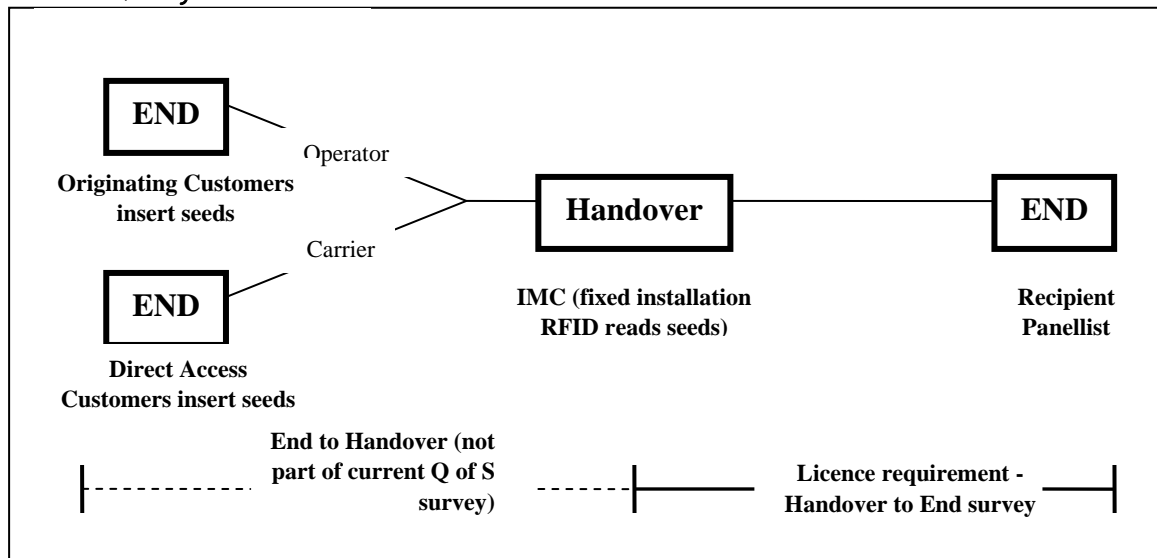
Feedback

16. Customers and other interested parties are invited to comment on any aspect of this proposal document by 16th December 2010. Please send your response to Paul Bates, Managing Director, Royal Mail Wholesale, 148 Old Street, London EC1V 9HQ (paul.bs.bates@royalmail.com)

Paul Bates
11th November 2010

APPENDIX 1

Current Quality of Service Measurement



APPENDIX 2 Performance Reporting – an Example

Quality of service (QoS) would be reported for Handover to End (H2E), E2H and also E2E, where:

“H2E” QoS is Royal Mail performance from hand over to delivery

“E2H” QoS is upstream performance from origination site to handover to Royal Mail

“E2E” QoS is combined performance of E2H and H2E (based on total transit time compared with total target time in working days (i.e. carrier QoS target plus one working day)

Some items would be reported for E2H only or H2E only if they fail validation for their respective journey segments.

	CUSTOMER 'A' PASS	CUSTOMER 'A' FAIL	
RM PASS	370 items	14 items	A total of 384 QoS success items for RM (H2E QoS)
RM FAIL	9 items	7 items	A total of 16 items fail H2E QoS for RM
	A total of 379 QoS success items for Customer 'A' (E2H QoS)	A total of 21 items fail E2H QoS for Customer 'A'	<i>Base = 400 items</i>

In this particular scenario:

E2H QoS is 95% - i.e. 379 items out of 400.

H2E QoS is 96% - i.e. 384 items out of 400

E2E QoS is 92.5% - i.e. 370 items out of 400 (all 3 groups of failures)

Individual customer performance will be shown alongside the consolidated national performance in monthly customer performance packs:

