



Are you ready for SendRight™? What is the real cost of non compliance for your organisation?

Background

NZ Post have traditionally offered bulk mail discounts, as long as the mail complied with certain addressing standards. These standards specified position on the envelope, format of address, font size and OCR readability. These requirements still apply.

However, NZ Post have now introduced more stringent compliance measures with an address validation programme called SendRight™.

From 1st July, to qualify for bulk mail discounts, your lodgements must be pre-certified with a Certificate of Accuracy from a SendRight™ certified address validation software application. The minimum standard is that at least 85% of the addresses are NZ Post compliant.

What is a NZ Post compliant address?

Valid addresses are those as held on a database of all addresses that New Zealand Post deliver to. This database is called the PAF (Postal Address File). The PAF also holds the valid postcode for that address.

How SendRight™ works

Bulk mail is generally produced by mailhouses. Data containing names and addresses is sent to the mailhouse where it is formatted into a letter, invoice or statement, etc. To obtain a Certificate of Accuracy the address data needs to be run through address validation software. This will measure the accuracy of the addresses compared to those in the PAF. To obtain a bulk mail discount, the certificate of accuracy must show that 85% or more of the addresses match those in the PAF (85% accuracy is the starting point for NZ Post; this will be progressively increased to 95% over time).

There are two ways to “cleanse” the addresses. The data can be changed when it is sent to the mailhouses just for that mailing. This is known as cleansing “on the fly”. In this case the certificate of accuracy relates to that mailing only. The other approach is to “cleanse” the addresses at source, in the ERP system or database from which they are extracted. In this case the database gets the Certificate of Accuracy which is valid for one year.

Clearly cleansing the address data at source is the best option, however, this may not always be easy depending on the flexibility of the system in which it is held and the availability of internal IT resource to do it.

What happens to non compliant bulk mail?

If bulk mailing does not meet the required standard of accuracy then full rates are charged on the portion that falls below the standard. For example, if the standard of accuracy required is 85% but the Certificate of Accuracy states that the database is only 60% accurate then full rates are charged on 25% of the mailing.

If you lodge without a Statement of Accuracy, even if your data is accurate, your mail will not be processed at the bulk mail rate.

Cost of non compliance

Over the past nine years Management Toolbox clients have achieved significant savings in the mail house/bulk mail category.

Many organisations have negotiated attractive bulk mail rates with NZ Post. However, unless Sendright™ compliance is achieved, this work is now redundant.

Non compliance can add significant cost to this category.

Example: based on a current bulk rate of 37c (incl. GST) per item, with a monthly lodgement of 20,000 pieces the additional cost would be as follows:

Bulk Rate (incl. GST)	Non bulk rate (retail)	Monthly Lodgement	Current Cost	Sendright Compliant	New Cost per month	% Increase	Additional Annual Cost
0.37	.50	20,000	\$7,400	0%	\$10,000	35%	\$31,200
0.37	.50	20,000	\$7,400	60%	\$8,050	8%	\$7,800

The need for action

Because the impending change in this category is so significant (and costly), it is essential that organisations immediately take action to review their entire bulk mail category strategy. The strategy will need to include compliance as a key element rather than unit cost.

Consideration clearly needs to be given to how databases are maintained, whether they are updated in-house or whether this work is outsourced.

Management Toolbox has specialist expertise in this category to assist organisations with this category and database strategy review.

Contact us

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