



## Portrait: Francotyp-Postalia Holding AG

Francotyp-Postalia Holding AG (FP Group) is active worldwide in the outbound mail market. With traditional roots, the Company is headquartered in Birkenwerder near Berlin and employs around 1,100 people worldwide. As mail markets have liberalised, so has the FP Group extended its own product ranges, evolving from a purely manufacturing-based operation into an all-round provider of mail management services for the outbound mail market.

The Company's core activities still focus heavily on franking and inserting machines. However, the introduction of new services such as the consolidation of outbound mail and electronic hybrid solutions has strengthened the Company's product portfolio, which now covers the entire value added chain of the outbound mail market.

Building on its traditional business of franking and inserting machines for business post, the FP Group now offers printing services for outbound mail. This is combined with mail management processing up to handover to a mail center of a delivery service. As a result, the FP Group now provides its commercial customers of all sizes with tailored mail management solutions.

### *Traditional Products and Outbound Mail Services*

The Company's traditional Mailroom segment includes the development, manufacture, distribution and rental of **franking** and **inserting machines**. The product range covers machines for small to medium-sized companies. Worldwide distribution is the responsibility of eight subsidiaries operating in the major markets, together with a tightly meshed network of dealerships spread over 44 countries. With an installed base of around 266,000 franking machines, Francotyp-Postalia is the world's third largest supplier. In Germany and Austria, the Company has a market share of 44% and 48% respectively.

**Franking machines** download postage electronically and then frank each letter automatically with the right charge. In some countries, customers can save on postage as their national mail organisations grant rebates when letters are machine-franked prior to posting.

**Inserting machines** fold the documents, insert them into the envelope and seal it. Whether the volume is 50 or 10,000 letters per day, mail processing machines save the customer time and money.

The Company's main revenue driver in this segment is its **after-sales business**. This covers recurring sales of consumables and other services. Main items are the electronic downloading of postage, consumable items, software solutions for management accounting purposes, as well as advertising and logo business, i.e., the imprinting of personalised advertising messages next to the franking.

## ***New Mail Service Products***

Increasing liberalisation of the mail markets has opened up numerous opportunities for growth. The Company is initially concentrating on the German market, which has been fully liberalised since the beginning of 2008.

**FP konsomail** is a highly effective solution for consolidating outbound mail. The FP Group collects mail directly from the customer, sorts it by post code and then hands it over in bundled form to a Deutsche Post mail center or alternative mail delivery service. Since liberalisation of the market, Deutsche Post is granting rebates of up to 26% on consolidated mail. The FP Group returns part of this rebate to the customer. That means that consolidation saves customers time and money. With nine branches spread over the country, the FP Group is the leading mail consolidator in Germany. Among its customers are such names as the German Pension Insurance Fund and the Federal Gazette, both with high mail volumes.

Alongside consolidation, the Company also provides digital mail management solutions. **FP webmail** and **FP businessmail** are Internet-based solutions for posting letters at the click of a mouse button while guaranteeing the highest security standards. The FP Group takes over the work of printing, inserting, franking and handover of the letter to an appropriate delivery service. The mixture of electronic and physical mail components is known as hybrid mail. As the letter is sent digitally directly from the workplace, the customer incurs no costs for paper, envelopes and printing, nor cost of travel to a post box or post office. Our service is even more attractive, as the FP Group offers a postage rebate of 10%. At the same time, hybrid mail protects the environments due to electronic transfer, as this shortens the transport route from sender to recipient. This service is open to both commercial customers and private individuals from a volume of one letter onwards.

According to a study commissioned by the FP Group, a single letter costs a company 1.38 euros, excluding postage charges. Using outsourcing solutions, companies can reduce these costs by 80%. That means that a company producing 5,000 letters daily could save over 1 million euros annually.