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CROSS-BORDER E-COMMERCE: AN INTERNATIONAL ROUNDTABLE RECAP

Executive Summary

Global business-to-consumer e-commerce — valued at more than \$1.2 trillion in 2013 — is expected to grow in the coming years at a faster pace than the U.S. domestic e-commerce market.¹ However, American small businesses cannot always take full advantage of the surging market. Less than 1 percent of the 30 million American firms participate in cross-border sales, lower than many other industrialized countries.² Cross-border sales can be expensive, convoluted, and time-consuming, and small firms also have fewer resources to handle this complexity. Small businesses are underserved by existing solutions providers.

The U.S. Postal Service Office of Inspector General (OIG) convened a roundtable to discuss challenges small businesses face selling abroad and how the U.S. Postal Service can improve its services for them and in turn capture opportunities in this promising space. Roundtable speakers identified major challenges in global e-commerce centered on logistics, customs clearance, regulations, market visibility, security, and technology. Participants also observed that there is room for the Postal Service to expand its role. Currently, its international business accounts for just 1 percent of the Postal Service's total mail volume and its products are limited to traditional shipping services.³

Growth opportunities in global e-commerce are attracting new entrants with new solutions, making the market increasingly competitive. The landscape includes online marketplace platforms, specialized firms that bring together components of the e-commerce value chain through technology, and global logistics firms that integrate shipping, fulfillment, and freight-forwarding. However, these services tend to cater more to larger retailers rather than smaller merchants.

Given the tremendous growth in e-commerce, changing market landscape, and increasing economic connectedness, how can the Postal Service capitalize on this opportunity?

With a vast domestic and international reach and affordable prices, OIG roundtable participants suggested that the Postal Service could add value to its international shipping products to help meet the needs of small businesses. To do so, the Postal Service should first enhance existing services to address shortfalls in its international line: namely, by improving tracking and delivery time while giving senders the option to see and settle their customs duties and taxes upfront.

Beyond improving existing services, the Postal Service could leverage its extensive delivery and retail network, as well as its first mile strength, to expand into up-stream e-commerce logistics within the boundaries of regulatory constraints. Services such as merchandise pick-up, collection, and transportation to the export point, could help existing e-commerce service providers increase the efficiency of the domestic component of international shipping.

Roundtable participants asserted that a market demand exists for an affordable, end-to-end international e-commerce shipping experience for small merchants. In the future, partnerships could facilitate a more comprehensive e-commerce product to meet this need.



Promoting Integrity and Accountability
in America's Postal System

1 United Nations Conference on Trade and Development, *Information Economy Report 2015: Unlocking the Potential of E-Commerce for Developing Countries*, http://unctad.org/en/PublicationsLibrary/ier2015_en.pdf, xi.

2 International Trade Administration, "Exporting Is Good for Your Bottom Line," July 24, 2015, <http://www.trade.gov/cs/factsheet.asp>.

3 Randy S. Miskanic, "Statement of Randy S. Miskanic Acting Chief Information Officer and Executive Vice President United States Postal Service," Washington, June 16, 2015, http://about.usps.com/news/speeches/2015/pr15_testimony0616.htm.

Introduction

Global business-to-consumer (B2C) e-commerce, a market valued at more than \$1.2 trillion in 2013, allows businesses to sell goods and services abroad by providing a convenient channel to reach new customers beyond national borders.⁴ In fact, digital channels make exporting up to 83 percent less expensive compared to traditional exporting channels.⁵ Yet, less than 1 percent of the 30 million American companies sell cross-border — less than many other industrialized countries.⁶

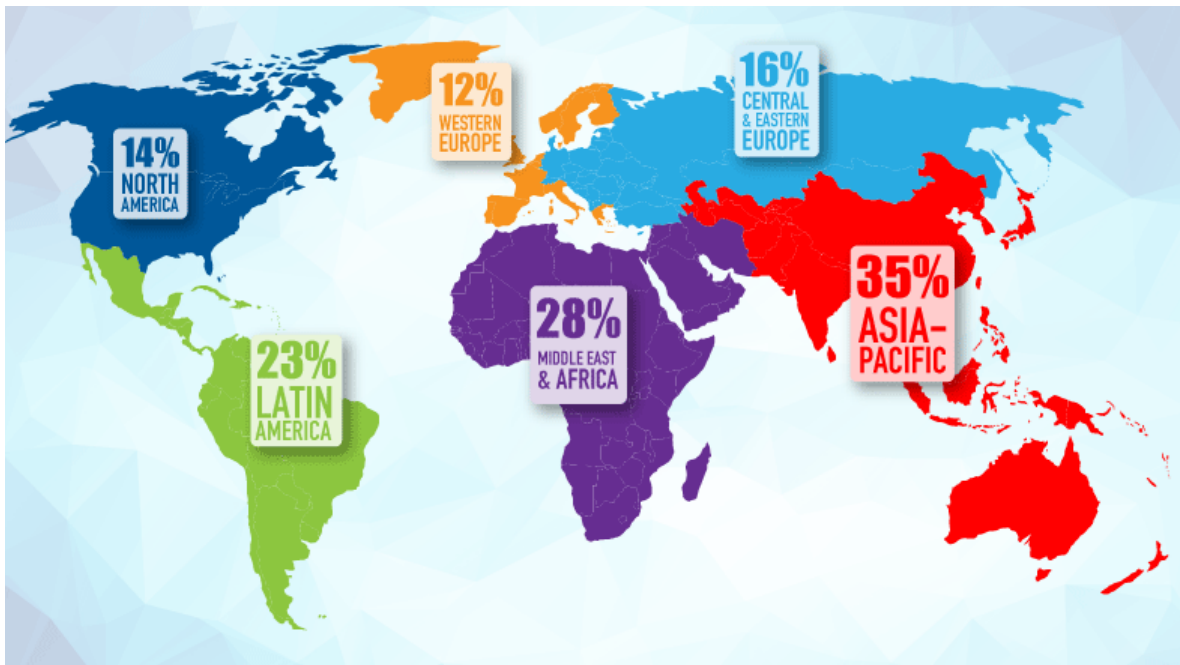
Although U.S. e-commerce retailers may still have ample room to scale up their businesses in the large domestic market, more than half of the world's buying power is *outside* of the United States, and e-commerce growth rates abroad are outpacing U.S. domestic demand (see Figure 1 below for

current projections).⁷ In 2013, e-commerce in Asia-Pacific jumped 30 percent while it grew by just a little less than half that (13 percent) in the already-mature U.S. market.⁸ Highly populated countries such as China, India, and Brazil, are experiencing an emerging middle class willing to buy products from abroad and are seen as the new consumers of the world.⁹

Given the diverging economic backdrop between developed and developing markets, e-commerce is a bright area for American businesses to expand through cross-border sales.¹⁰ According to a recent Small Business Administration survey, 63 percent of small businesses are interested in selling their products to foreign consumers.¹¹ The problem, however, is there are still many barriers preventing

Less than 1 percent of the 30 million American companies sell cross-border.

Figure 1: Growth Rates in E-Commerce by Region



Source: OIG analysis and eMarketer, July 2015.

4 United Nations Conference on Trade and Development, *Information Economy Report 2015: Unlocking the Potential of E-Commerce for Developing Countries*, xi.

5 Jacques Bughin, Susan Lund, and James Manyika, *Harnessing the Power of Shifting Global Flows*, February 2015, http://www.mckinsey.com/insights/business_technology/harnessing_the_power_of_shifting_global_flows.

6 International Trade Administration, "Exporting Is Good for Your Bottom Line."

7 Christopher Bendtsen, Alison McCarthy, and Monica Peart, *Worldwide Retail Ecommerce: The eMarketer Forecast for 2015*, eMarketer, July 2015.

8 Asendia, *Pocket Guide to Cross-Border E-Commerce*, December 12, 2014, <http://www.asendia.com/en/know-how-blog/pocket-guide-to-cross-border-e-commerce/>, 1, 18.

9 Eugène Klerk et al., "Many E-Commerce Opportunities Ahead in Emerging Markets," Credit Suisse, July 24, 2015, <https://www.credit-suisse.com/us/en/news-and-expertise/news/economy/sectors-and-companies/article.html/article/pwp/news-and-expertise/2015/01/en/many-e-commerce-opportunities-ahead-in-emerging-markets.html>.

10 The Economist Intelligence Unit, *The G20 E-Trade Readiness Index*, July 2014, <https://www.ebaymainstreet.com/sites/default/files/G20-etradereadiness-index.pdf>, 6.

11 2013 *Small Business Exporting Survey*, 2013, <http://www.nsba.biz/wp-content/uploads/2013/06/Exporting-Survey-2013.pdf>, 5.

businesses from taking advantage of opportunities in global e-commerce.

To discuss challenges and opportunities small businesses face in international e-commerce, the solutions currently available in the market, and how postal operators are positioning themselves to capture opportunities in this space, the U.S. Postal Service Office of Inspector General (OIG) convened a discussion roundtable in the spring of 2015. The event brought together representatives from the U.S. Postal Service, international postal operators, international supply chain consultants, e-commerce software solution

providers, startups, academia, the private sector, the U.S. International Trade Administration, U.S. Customs and Border Protection, and the Universal Postal Union (UPU).

The event placed special emphasis on small businesses as unlike large companies, they have fewer human and financial resources, need more guidance, and are underserved by many existing solutions firms. Small businesses also represent more than 99 percent of all American firms and create two out of three net new jobs, employing half of the private sector's workforce.¹² This report recaps the main findings that emerged from the roundtable discussion.

Challenges for Small Businesses in Global E-Commerce

The opportunity to profit from growth in global e-commerce is promising, but also tempered because challenges to entry are complicated. Selling goods overseas can be expensive and time consuming.¹³ Firms have many pieces to put together to

Selling goods overseas can be expensive and time consuming. A number of operational, regulatory, cultural, and technological hurdles can deter firms from expanding abroad.

participate in e-commerce — and they face a host of major operational, regulatory, cultural, and technological hurdles that can deter them from expanding abroad. Major pain points that emerged from the OIG roundtable include

Technology. Limited technological expertise is the main bottleneck.¹⁴ This involves a website that is visually appealing, displayed in the local language, user-friendly, mobile-capable, informative, and with a payment gateway.¹⁵ Integrating multiple features into one seamless customer experience can be challenging.

Logistics and supply chain. International e-commerce logistics are more expensive, complex, and time consuming than domestic logistics.¹⁶ Firms must determine which delivery solutions are the most cost efficient, how to integrate shipping information on the website, how to warehouse, define international commercial (INCO) terms, format international addresses, and handle delays, merchandise damages, and returns. Some of consumers' worst experiences in cross-border e-commerce involve logistics.¹⁷

Regulatory and legal. Merchandise labeling requirements, permissible materials, intellectual property, and other standards may vary from country-to-country.¹⁸ If retailers are not careful to abide by domestic and foreign trade laws, local authorities could revoke export licenses or privileges, issue hefty fines, or take court action.¹⁹ Further, varying data protection requirements increasingly restrict the flow of certain data across borders, making it more challenging for e-commerce providers to determine how to handle customer information.²⁰

12 *Small Business Fact Sheet*, Washington: U.S. House of Representatives, 2014, http://smallbusiness.house.gov/uploadedfiles/3.14.14_small_biz_fact_sheet.pdf.

13 Newgistics, "Newgistics Launches Cross-Border E-Commerce Delivery Service," news release, September 29, 2014, https://www.newgistics.com/corp_news/news/newgistics-launches-cross-border-e-commerce-delivery-service.

14 Encyclopedia of Information Science and Technology, "The Impact of Risks and Challenges in E-Commerce Adoption among SMEs," Pauline Ratnasingam, <http://www.irma-international.org/viewtitle/13827/>, 1839.

15 International Post Corporation, *Strategic Insights: Best Practice in E-Commerce Websites*, <http://www.ipc.be/~media/documents/public/strategic-perspectives/strategic%20insights%20-%20e-commerce%20-%20may%202012.pdf>, 7-11.

16 *Cross-Border E-Commerce Trade: Engine for Growth*, November 2014, http://www.global-express.org/assets/files/Whats%20new%20section/GEA-Position-Paper-on-e-commerce_final-November-2014.pdf, 2.

17 Forrester Consulting, *Seizing the Cross-Border Opportunity*, Forrester Research, December 2014, <http://images.fedex.com/us/ecommerce/pdf/whitepaper.pdf>, 4.

18 Ajeet Khurana, "Understanding the Challenges in Cross-Border Ecommerce," *Global ecommerce solutions* (blog), Pitney Bowes, February 4, 2014, <http://blogs.pb.com/ecommerce/2014/02/04/understanding-challenges-cross-border-ecommerce/>.

19 Kati Suominen, "Aid for eTrade: Accelerating the Global Ecommerce Revolution," Center for Strategic and International Studies, November 2014, http://csis.org/files/publication/141107_eBay_CSIS_aid_eTrade.pdf, 19; Lee Lusardi Connor, "How Borderfree's Retail Technology Platform Is Breaking Ecommerce Barriers," news release, May 5, 2015, <http://www.borderfree.com/press-events/borderfree-retail-technology-platform-breaking-ecommerce-barriers>.

20 Suominen, "Aid for eTrade: Accelerating the Global Ecommerce Revolution," 10-11.

Customs clearance. Determining clearance requirements and the paperwork required to ship abroad translates into a major obstacle and potentially additional costs for small businesses.²¹ They must understand U.S. export restrictions and the import restrictions of the destination country, in addition to calculating duties and taxes, estimating the time for clearance, and properly completing customs documents. Understanding these details is essential to estimating costs and communicating the final price to the customer.²²

Security. Security issues encompass the conventional information technology (IT) concerns to protect Web and mobile sites from malicious attacks, viruses, or hackers, as well as safeguarding customer, payment, and transaction data.²³

Payments. Online payment acceptance capability adds additional IT costs as it involves knowing the preferred and available payment options in the particular foreign market, and finding ways to overcome consumers' reluctance to turn over their payment information to unknown merchants. Although credit cards are the only truly global payment option for e-commerce transactions, it can vary by region.²⁴ For example, in Latin America where cards are available to just 20 percent of the population, consumers

favor cash or bank transfer; Indian consumers, on the other hand, favor cash-on-delivery.²⁵

Market visibility. Cross-border e-commerce involves creating a new market strategy that addresses how an international audience will find a merchant's products or website. International shoppers generally find foreign goods and services through Internet searches, followed by online advertisements and word-of-mouth.²⁶ Nonetheless, cultural differences likely mean that marketing and outreach approaches must be adapted to the foreign market's preferences and norms. Chinese consumers, for instance, rely heavily on social media, and peer reviews of products play a key role in purchase decisions.

Localization. Firms must ensure that a product conforms to the foreign cultural and marketplace norms, adapting goods and services to the international market. Failing to effectively localize products costs U.S. firms \$50 billion in lost sales each year.²⁷ It also means ensuring that outreach, including websites, are welcoming to consumers in different countries. Local currency, foreign language capability, and even using the country's preferred time-date format, can be critical.²⁸

E-Commerce Solutions Landscape

New entrants and existing players are emerging to offset some of these challenges and meet the needs of companies that do want to expand their sales internationally. Today, U.S. e-commerce businesses willing to export can rely on different types of market players. These include well-known marketplaces like Amazon, eBay, or Alibaba; specialized e-commerce software solutions that use technology to integrate various components of the e-commerce value chain to offer an end-to-end experience; global logistics integrators providing shipping, fulfillment, and freight forwarding services; or shipping services providers like the Postal Service. Many existing e-commerce solutions do not target small businesses, or are not cost-effective

for smaller-volume exporters with limited resources. The following section describes the market players in more detail, and highlights some of the advantages and disadvantages of these providers.

Marketplace Platforms

Originally the online equivalent of brick-and-mortar shopping malls, large marketplace platforms such as Amazon, eBay, and Alibaba continue to expand e-commerce services for merchants (see Figure 2).²⁹ Today, their platforms offer sellers everything from online stores to warehousing and fulfillment, to delivery, payment solutions, and customer service.

21 *Enabling Trade: Valuing Growth Opportunities*, 2013, http://www3.weforum.org/docs/WEF_SCT_EnablingTrade_Report_2013.pdf, 19; Forrester Consulting, *Seizing the Cross-Border Opportunity*, 6.

22 *Enabling Trade: Valuing Growth Opportunities*, 4-5; International Post Corporation, *Strategic Insights: Best Practice in E-Commerce Websites*, 23-27; The Economist Intelligence Unit, *The G20 E-Trade Readiness Index*, 5.

23 Ratnasingam, "The Impact of Risks and Challenges in E-Commerce Adoption among SMEs," 1839; Nicole Fallon, "3 Big Challenges for Small E-Commerce Retailers (and How to Overcome Them)," *Business News Daily*, March 6, 2014, <http://www.businessnewsdaily.com/6028-small-e-commerce-challenges.html>.

24 Khurana, "Understanding the Challenges in Cross-Border Ecommerce."

25 *Ibid.*; Suominen, "Aid for eTrade: Accelerating the Global Ecommerce Revolution," 11.

26 Forrester Consulting, *Seizing the Cross-Border Opportunity*, 3.

27 Julie Layden, "Localization: Essential for Competing in the Global Marketplace," International Communications, Inc., July 24, 2015, <http://fita.org/aotm/0698.html>.

28 Keira McDermott, *Key Business Drivers and Opportunities in Cross-Border Ecommerce: International Expansion into Emerging Markets 2014*, Payvision, <http://www.payvision.com/cross-border-e-commerce-report-survey-2014>, 15.

29 Spencer Soper, "Amazon Woos Ebay's Once-Loyal Merchants with Sales Growth," *BloombergBusiness* (blog), Bloomberg, April 6, 2015, <http://www.bloomberg.com/news/articles/2015-04-06/amazon-woos-ebay-s-once-loyal-merchants-with-faster-sales-growth>; Paul Mozur, "Alibaba Profit Surges, but a Revenue Gain of 40% Still Misses Forecasts," *The New York Times*, January 29, 2015, <http://nyti.ms/1JMzkUL>; Craig Smith, "By the Numbers: 60 Amazing Alibaba Statistics," *DMR*, May 13, 2015, <http://expandedramblings.com/index.php/alibaba-statistics/>.

Marketplaces offer perhaps the simplest way for small businesses to enter the global market with their quick and easy on-boarding, and they take on a lot of the risks associated with international sales.³⁰ As they are often the first sites to appear in online search results and advertise heavily on search engines, they can help unknown merchants gain visibility.³¹ Foreign shoppers also prefer to buy their products from large marketplaces than lesser-known sites since they perceive the platforms as long-established and trusted, offer the largest selection of goods, and provide some form of buyer protection.³²

Finally, marketplaces supply their merchants with valuable data on sales and consumer buying patterns; through sites' user-generated consumer reviews, merchants can glean valuable insight on customer opinions of the products.³³ At the OIG roundtable, participants highlighted several prominent marketplaces that are explored in more detail in Appendix A.

Specialized E-Commerce Solutions

If small businesses do not want to sell through the large online marketplaces, specialized companies can supply them with software and technology to in-source the management of the various components of the e-commerce value chain. These services come with many applications that companies can use to handle every aspect of the business including marketing, payments, logistics, and returns.³⁴ These solutions providers have developed end-to-end products specifically to address e-commerce needs.

Marketplaces offer a simple way for small businesses to enter global markets without taking a lot of risk. Foreign shoppers also prefer these large marketplaces since they perceive them as long-established and trusted.

Larger hosted software solutions like Shopify and Bigcommerce have a diverse range of applications for merchants when setting up their own digital store. Their services do not require customers to use every available app; rather, the tools are available as à la carte add-ons as businesses grow and need to automate more aspects of their operations.³⁵ Depending on

Figure 2: Major E-Commerce Marketplaces



Source: OIG analysis.

the applications selected, which may include adding shipping or fulfillment features, they can quickly become expensive.³⁶

Borderfree, now part of Pitney Bowes, provides a full-service solution for sellers in 100 countries with localized websites, foreign currency checkout, complete logistics coordination, customs clearance, returns, dedicated customer service, insurance against loss, fraud management, consumer data management, and marketing services.³⁷ Currently Borderfree caters to large retailers such as Macy's and J.Crew, but the firm may also target smaller businesses in the future.³⁸ Newgistics is another example of a company trying to meet the demand for a full-service e-commerce solution. In 34 markets, Newgistics provides end-to-end tracking, pre-paid in-country returns, expedited customs clearance, and Delivery Duties Paid (DDP).³⁹ DDP means that duties and taxes are already incorporated in the cost of the international shipping product. Businesses have no shortage of options when it comes to new and innovative software available to facilitate e-commerce; however, they need the resources and the volume to make them cost-effective.

Global Integrators

Global integrators like FedEx, UPS, and DHL possess long-established expertise in global shipping and fulfillment, especially in the business-to-business (B2B) segment.⁴⁰ B2B,

30 Forrester Consulting, *Seizing the Cross-Border Opportunity*, 8.

31 Armando Roggio, "Ecommerce Marketplace Opportunities for 2015," *Practical Ecommerce*, January 3, 2014, <http://www.practicalecommerce.com/articles/62717-Ecommerce-Marketplace-Opportunities-for-2014>.

32 Consulting, *Seizing the Cross-Border Opportunity*, 5.

33 *Ibid.*, 8.

34 Jeremy Wong, "Best Ecommerce Platform: Leverage Apps to Grow Your Business," August 7, 2015, <http://www.websitebuilderexpert.com/best-ecommerce-platform/>.

35 *Ibid.*

36 *Ibid.*

37 Connor, "How Borderfree's Retail Technology Platform Is Breaking Ecommerce Barriers,"; Adrian Campos, "What's Ahead for Borderfree?," *The Motley Fool*, August 20, 2015, <http://www.fool.com/investing/general/2014/03/24/what-is-ahead-of-borderfree-ipo.aspx>.

38 Campos, "What's Ahead for Borderfree?"

39 Newgistics, "Newgistics Launches Cross-Border E-Commerce Delivery Service."

40 *Express Delivery and Trade Facilitation: Impacts on the Global Economy*, Frontier Economics, January 2015, http://global-express.org/assets/files/Whats%20new%20section/GEA_FinalReport_STC_13012015.pdf, 1, 13, 44.

in fact, remains the largest portion of global e-commerce; to take advantage of the growth in the business-to-consumer segment, the logistics integrators are acquiring firms focused on the e-commerce value chain.⁴¹

FedEx, for instance, is increasing its offerings for e-retailers through the acquisition of Bongo International, which offers its end-to-end e-commerce services in more than 200 countries.⁴² UPS, for its part, bought the e-commerce software firm i-Parcel, which provides U.S.- and U.K.-based merchants with international websites and shipping solutions to more than 100 countries.⁴³ Unlike its U.S. counterparts, Deutsche Post DHL prefers organic growth over buy-outs.⁴⁴ It recently rebranded DHL Global Mail, the largest network for mail and parcel distribution, to DHL eCommerce. The company is investing heavily in its global e-commerce supply chain services to enhance efficiency, speed, and automation as part of its "Strategy 2020."⁴⁵

Although business-to-business remains the largest portion of global e-commerce, logistics integrators are increasingly focused on the business-to-consumer value chain.

Through acquisitions of specialized e-commerce solution firms, global integrators can take advantage of e-commerce growth and improve the affordability for smaller volume retailers. Combining their delivery services with turnkey solutions software,

the global firms can leverage their enormous operations and large networks to make cross-border e-commerce increasingly streamlined and seamless. Looking ahead at the huge growth of e-commerce, global integrators intend to continue to meet the growing demand internationally.⁴⁶

Postal Operators

Given their global reach and delivery network covering more than 200 countries and territories, posts are also part of the e-commerce landscape. Many foreign posts are expanding to offer additional services, while the portfolio of some postal operators (such as the U.S. Postal Service) generally remains limited to international shipping products.⁴⁷ In the case of the Postal Service, the limited services in international products could be due to the regulatory and legal constraints of the provision of new products and services.

Royal Mail in the United Kingdom and La Poste in France, have increased the value of their shipping products with an array of services and tools like duty calculators and information to accurately assess customs regulations, and upstream logistics services such as parcel picking, consolidating, warehousing, and freight forwarding.⁴⁸ Making e-commerce their strategic focus are posts such as Swiss Post of Switzerland and SingPost of Singapore that are increasingly investing to offer small- and medium- sized businesses (SMEs) a comprehensive range of solutions.⁴⁹ In addition to international delivery, they provide consultancy services, Web development, marketing, payments, logistics, fulfillment, customer assistance, and data services. SingPost is building high-tech warehouses in more than 12 countries while creating a new, SME-focused solution called ezyCommerce.⁵⁰

Placing e-commerce at the core of their strategy is paying off for posts that have expanded their services. According to the International Post Corporation (IPC), revenue increased for posts worldwide in 2013, largely because of growth in

41 Marcia Kaplan, "B2B Ecommerce Growing; Becoming More Like B2C," *Practical Ecommerce*, April 9, 2015, <http://www.practicalecommerce.com/articles/85970-B2B-Ecommerce-Growing-Becoming-More-Like-B2C>.

42 FedEx, "FedEx Expanding Cross Border Enablement Solutions with Acquisition of Bongo International," news release, December 16, 2014, <http://investors.fedex.com/news-and-events/investor-news/news-release-details/2014/FedEx-Expanding-Cross-Border-Enablement-Solutions-with-Acquisition-of-Bongo-International/default.aspx>.

43 "UPS Buys Cross-Border E-Commerce Shipping Specialist i-parcel," *Post & Parcel*, October 8, 2014, <http://postandparcel.info/62973/news/companies/ups-buys-cross-border-e-commerce-shipping-specialist-i-parcel/>.

44 "Deutsche Post DHL Targets Growth in Emerging Markets and E-Commerce," *Post & Parcel*, July 24, 2015, <http://postandparcel.info/60745/news/companies/deutsche-post-dhl-targets-growth-in-emerging-markets-and-e-commerce/>.

45 "DHL Global Mail Is Now DHL eCommerce," *Ecommerce News*, November 14, 2014, <http://ecommercenews.eu/dhl-global-mail-is-now-dhl-ecommerce/>.

46 "UPS Buys Cross-Border E-Commerce Shipping Specialist i-parcel."

47 International Post Corporation, "Levers and Strategies for Driving E-Commerce in the Postal Industry," August 20, 2015, <http://www.ipc.be/en/newsroom/in-the-spotlight/e-commerce/levers>.

48 "UK: Royal Mail Acquires Storefeeder," *The Paypers*, February 24, 2015, <http://www.thepappers.com/ecommerce/uk-royal-mail-acquires-storefeeder/758784-25>; "La Poste Drives E-Commerce Business with Fulfillment Unit," *Post & Parcel*, April 26, 2012, <http://postandparcel.info/47309/news/companies/la-poste-drives-e-commerce-business-with-fulfillment-unit/>.

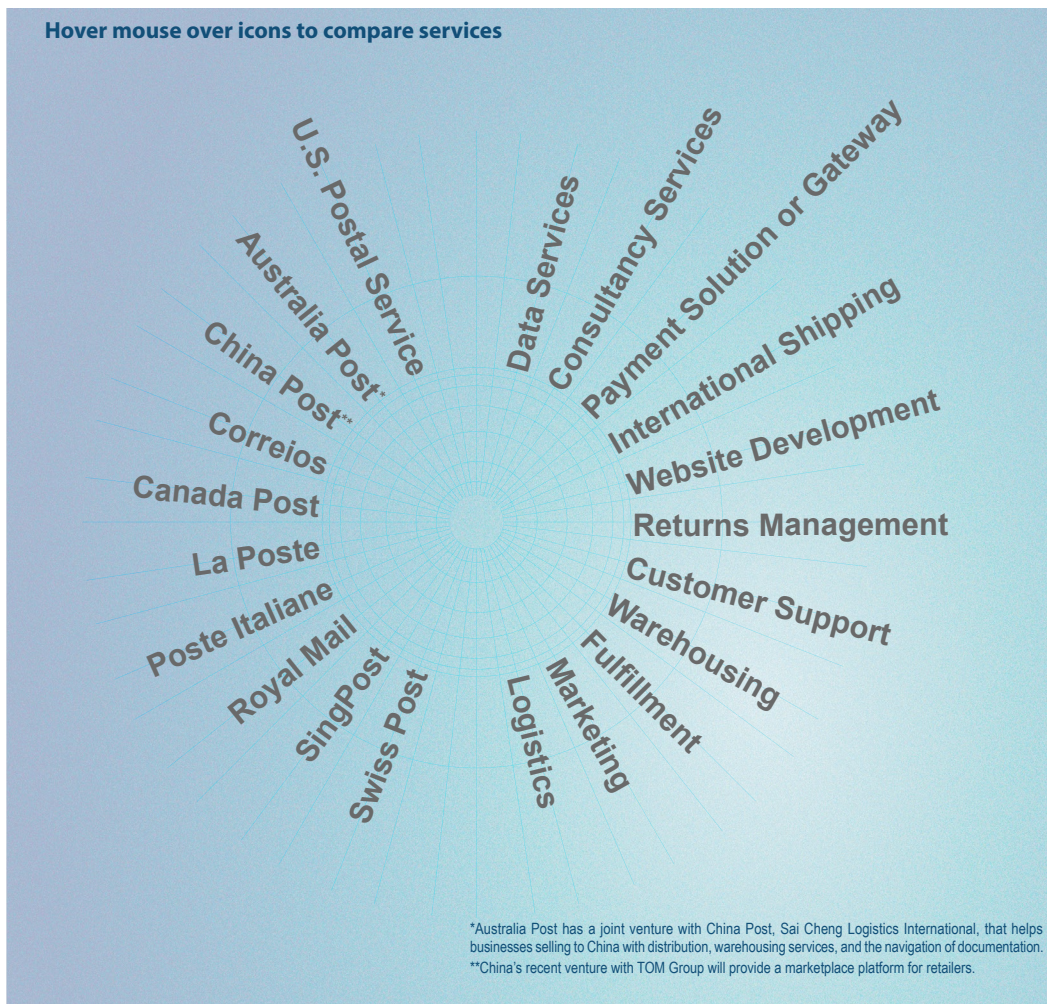
49 This year, for example, SingPost rolled out ezyCommerce, an end-to-end solution targeted at small businesses that have a limited ability to scale up. See "SingPost to Launch End-to-End E-Commerce Solution to Help SMEs," *Post & Parcel*, March 20, 2015, <http://postandparcel.info/64257/news/it/singpost-to-launch-end-to-end-e-commerce-solution-to-help-smes/>; Swiss Post, "Full Range of Services for Online Retailers with YellowCube," news release, May 28, 2014, <https://www.post.ch/en/about-us/company/media/press-releases/2014/full-range-of-services-for-online-retailers-with-yellowcube>.

50 Alexandra Stevenson, "Singapore's Postal Service Reinvents Itself for the Digital Age," *The New York Times*, May 18, 2015, http://www.nytimes.com/2015/05/19/business/international/singpost-reinvents-for-digital-age-of-ecommerce.html?smid=pl-share&_r=0; "SingPost to Launch End-to-End E-Commerce Solution to Help SMEs."

domestic and international e-commerce.⁵¹ Nonetheless, creating competitive e-commerce solutions has taken time to develop through partnerships, acquisitions, and major capital investments.⁵² Often, the process has been gradual. SingPost, for example, started by improving their delivery network and then began investing in new technology to further enhance the customer experience with value-added services. Recently, the firm invested in infrastructure to position itself as a hub for e-commerce in the Asia-Pacific.⁵³ Figure 3 provides some examples of postal operators and their e-commerce offerings.⁵⁴

Additional services such as duty calculators, customs information, and upstream logistics services have increased the value of global posts' shipping products.

Figure 3: Foreign Postal Operators' E-Commerce Offerings



Source: OIG analysis of the Postal Service's and foreign postal operators' websites.

51 International Post Corporation, "IPC Global Postal Industry Report Shows Overall Revenue Growth," news release, December 18, 2014, http://www.ipc.be/en/newsroom/press_releases/ipc-gpir-key-findings2014.

52 For instance, Swiss Post's end-to-end logistics service known as YellowCube required a two-year development phase. See "Swiss Post Launch YellowCube Logistics Solution," *Post & Parcel*, May 28, 2014, <http://postandparcel.info/61298/news/swiss-post-launch-yellowcube-logistics-solution/>; International Post Corporation, "Levers and Strategies for Driving E-Commerce in the Postal Industry."

53 Postal Technology International, "Winner: SingPost," *Postal Technology International*, 2015, <http://viewer.zmags.com/publication/f995d66b#/f995d66b/1, 12>.

54 Postal operators' websites usps.com, auspost.com, chinapost.com.cn, correios.com, candadapost.ca, laposte.fr, posteitaliane.post, royalmail.com, singpost.com, and swisspost.ch.

Opportunities for the Postal Service

The Postal Service delivers to more than 180 countries and has the most affordable rates for small packages.⁵⁵ Its simple pricing structure provides flat rate pricing on some products and unlike other providers, does not add surcharges, fees, or dimensional weight costs. With 33,000 locations and 180,000 drop boxes, it is the most accessible of any provider.⁵⁶ While it does provide a variety of affordable options for shipping internationally, OIG roundtable participants identified some gaps where it does not adequately serve the needs of small businesses shipping internationally. Indeed, the Postal Service is not among the top U.S. players in the international e-commerce market.⁵⁷ Its international mail business accounts for just 4 percent of its revenue and 1 percent of total mail volume.⁵⁸ For small businesses willing to sell abroad, the Postal Service's offerings have been limited to traditional shipping services.

In a market characterized by tremendous growth, as well as significant challenges and increasing competition from traditional players and new entrants, what can the Postal Service do to maximize this opportunity?

The main gaps for the Postal Service mentioned during the discussion include unreliable tracking and delivery times, and an inability for merchants to calculate or pay customs duties and taxes upfront. Despite its price advantage, these gaps can offset the advantage of choosing the Postal Service as an affordable provider for international shipments. Ultimately, addressing these gaps would be the first step for the Postal Service in strengthening its competitiveness in the cross-border e-commerce market. The Postal Service is currently working to expand the number of countries where end-to-end tracking is available, and to provide a product for its commercial customers that includes duties in its advertised price. Enhanced international shipping services, combined with its extensive domestic network and international reach, would also create a solid foundation for the Postal Service to gradually introduce new value-added e-commerce services and position itself as a valuable partner among an ecosystem of existing e-commerce providers.

55 U.S. Postal Service, "First-Class Mail International," August 19, 2015, <https://www.usps.com/international/first-class-mail-international.htm>.

56 Amine Khechfé and Nacho Hernandez, "The Shipping Mix: Why the USPS Is an Appealing Alternative to Private Carriers" (paper presented at the National Postal Forum Anaheim, CA, 2015), 5, 7, 9.

57 Adrenale Corporation, *Market Research on International Letters and Lightweight Parcels and Express Mail Service Items*, 2010, http://www.jcampbell.com/ref_upu_dohal/upu/20100325_UPU_Adrenale.pdf, 11, 19.

58 Miskanic, "Statement of Randy S. Miskanic Acting Chief Information Officer and Executive Vice President United States Postal Service."

59 "E-Commerce Facts and Figures for 2013 and 2012," International Post Corporation, July 24, 2015, <http://www.ipc.be/en/newsroom/in-the-spotlight/e-commerce/facts-figures-ecommerce>.

60 International Post Corporation, *IPC Cross-Border E-Commerce Report*, International Post Corporation, 2010, <http://www.ipc.be/~media/documents/public/markets/ipc%20cross-border%20e-commerce%20report.ashx>, 11; "E-Commerce Facts and Figures for 2013 and 2012."

61 International Post Corporation, *IPC Cross-Border E-Commerce Report*, 33; Ina Steiner, "eBay Sellers at the Mercy of USPS Tracking," *eCommerceBytes* (blog), March 16, 2014, <http://www.ecommercebytes.com/C/blog/blog.pl?pl/2014/3/1395017035.html>; "E-Commerce Facts and Figures for 2013 and 2012."

62 See <https://www.usps.com/international/first-class-mail-international.htm> and disclaimer 4 on <https://www.usps.com/international/priority-mail-international.htm#legal-disclaimers--definition--4>.

63 See disclaimers on <https://www.usps.com/international/gxg.htm> and <https://www.usps.com/international/priority-mail-express-international.htm>.

64 "E-Commerce Facts and Figures for 2013 and 2012."

Enhancing International Shipping Products

Improving Tracking and Reliability of Delivery Times

The International Post Corporation found that consumers have high expectations on the whereabouts of their packages and the delivery times.⁵⁹ As a result, their confidence in the delivery process when shopping cross-border is crucial for customer retention.⁶⁰ Unfortunately, many postal operators (including the Postal Service) lack real-time or reliable tracking for cross-border packages for many destinations.⁶¹

The OIG roundtable discussion highlighted that the Postal Service's track and trace capabilities and delivery times can vary from country to country. This, participants said, often depends on the tracking infrastructure, capability, and quality of service of the destination's postal operator. The Postal Service's most affordable shipping product, First-Class Package International, only offers track and trace to select destinations. Another affordable product, Priority Mail International, does not provide tracking for small boxes or envelopes purchased at post offices nor for all destination countries. These are the most widely used formats for small e-commerce items.⁶² In addition, with more expensive services such as Priority Mail Express International or Global Express Guaranteed, the reliability of delivery times depends on the destination country.⁶³ Finally, even though each of these products guarantees a delivery time frame, it could vary depending on the pace of customs processing for inbound shipments in the country of destination.

As the lack of reliable delivery times and real-time tracking for some countries presents a true barrier for Postal Service customers, the Postal Service might consider partnering with customs brokering services to speed up the clearance process.⁶⁴ Providing information on USPS.com about where or how often delays may occur, or in which countries tracking may be unreliable, could help merchants warn their customers about possible disruptions. It could also consider increasing collaboration with postal operators in major destinations to

enhance track and trace and customs processing interoperability and data exchange.

The distinguishing feature of private sector delivery solutions is the option for buyers and merchants to calculate and pay taxes and duties upfront. This puts the Postal Service at a considerable disadvantage.

Calculating Fully Landed Shipping Costs

The distinguishing feature of private sector delivery solutions is the option for buyers and merchants to calculate and pay taxes and duties upfront. This puts the Postal Service at a considerable disadvantage, as it does not provide the option for duties and taxes to be calculated in advance (only for its Global Shipping Software or GSS users) nor is it included in the shipping price.⁶⁵ This is an important issue for merchants as they risk having their shipments rejected or returned at destination if duties are due upon delivery. For instance, if a customer refuses to pay the duties because they were not included in the price displayed at the time of purchase, it could lead to customer frustration and increased cost for the merchant.

One option for the Postal Service would be by supplementing USPS.com with duty calculators for customers who do not use its GSS system. This would help small businesses calculate duties, assess import-export restrictions, and navigate regulatory issues on their own. Indeed, many other foreign postal operators do this through software provided by DutyCalculator and other firms (Bpost, Deutsche Post DHL, and PostNL are among them). DutyCalculator's founder and CEO explained at the OIG roundtable how his company's software can calculate import and export duties in more than 117 countries, in addition to tariff classification.

Besides offering assistance in calculating duties, the Postal Service could also consider offering what is referred to as Delivery Duty Paid. In this way, merchants could charge customers the complete cost of the product at checkout without them incurring additional cost or customs complications later. The Postal Service is moving towards offering DDP to its commercial customers for certain countries, although the product is still being tested.

65 Consulting, *Seizing the Cross-Border Opportunity*, 8.

66 U.S. Postal Service Office of Inspector General, *Opportunities for the Postal Service — Micro-Warehousing and Other Logistics Support Services*, March 13, 2014, https://www.uspsoidg.gov/sites/default/files/document-library-files/2014/ms-wp-14-003_0.pdf, ii-1.

67 *Peer-to-Peer Commerce and the Role of the Postal Service*, January 14, 2013, <https://www.uspsoidg.gov/sites/default/files/document-library/2013/rarc-wp-13-005.pdf>, 12.

68 Ibid.

69 Scott Ferguson, "Managing Customer Ratings and Reviews," July 24, 2015, <http://www.thehartford.com/business-playbook/in-depth/managing-customer-ratings-and-reviews>; "A.G. Schneiderman Announces Agreement with 19 Companies to Stop Writing Fake Online Reviews and Pay More Than \$350,000 in Fines," news release, September 23, 2013, <http://www.ag.ny.gov/press-release/ag-schneiderman-announces-agreement-19-companies-stop-writing-fake-online-reviews-and>.

Leverage Partnerships to Expand Services

With improved offerings in its international shipping products, as well as effectively leveraging its domestic network and first mile strength, the Postal Service could position itself as a valuable partner for existing global e-commerce service providers serving small businesses. During the roundtable, opportunities in upstream logistics emerged as a possible business development area for the Postal Service. Given its extensive delivery and retail network, the Postal Service could help private sector providers handle the "domestic mile," the internal components of a cross-border shipment, more efficiently.

For example, the Postal Service could provide pick-up and transportation services for e-retailers or e-commerce fulfillment companies that need to move merchandise sold from their warehouses in preparation for transportation to the foreign destination. In addition, post offices could serve as a convenient drop-off location for small businesses. With approximately 280 million square feet of extra space, the Postal Service may have the capability to handle a large influx of items to either be shipped directly through the Postal Service or consolidated on behalf of partners and transported to the export point.⁶⁶

The Postal Service could leverage its extensive delivery and retail network to help private sector providers handle the "domestic mile" more efficiently.

Another area of opportunity that was not mentioned during the OIG roundtable, but was discussed in previous OIG research, is identity verification for online businesses in the form of a "postal trustmark."⁶⁷ Post offices could serve to verify the credentials of a business through a process that would verify business addresses, tax identification numbers, credit records, or in-person identification of the business owner. Upon successful verification, the postal operator could issue a postal trustmark — a logo the seller could display on its website or storefront. Alternatively, the business could be listed on the postal website as verified. A trustmark would not only build customer trust, but it would further enhance the merchant's online reputation.⁶⁸ This could be especially helpful to those who haven't yet established an online reputation, without relying solely on marketplace user ratings — an easily-manipulated system that often works better for mature online sellers.⁶⁹

Concluding Remarks

OIG roundtable participants expressed clearly that the ideal product for small businesses would be an affordable and easy one-stop e-commerce solution. In the future, as the Postal Service strengthens its role and expertise in cross-border e-commerce, it may want to thus consider its own end-to-end solution. Developing such a solution would require significant investment, organization, and coordination, as well as possible Postal Regulatory Commission approval. Nevertheless, the positive experience of many foreign postal operators demonstrates how a gradual approach to collaboration and partnerships can work. In the interim, the Postal Service ought to address the critical needs of small merchants in its existing international product line to strengthen its position as an efficient, affordable shipping provider for small businesses. At the same time, it should continue to explore potential partnership opportunities with e-commerce service providers to examine how its first-mile strengths and its role as a trusted intermediary could compliment the more robust e-commerce solutions on the market.

Appendix A: Specialized E-Commerce Solutions

Alibaba is the world's fastest growing e-commerce company — present in 221 countries and reaching more than 300 million consumers.⁷⁰ In 2014, it had sales of \$425 billion and a profit margin of 45 percent in 2013.⁷¹ Alibaba's Tmall Global marketplace is the most widely used marketplace by Chinese consumers who wish to buy from foreign retailers.⁷² Tmall Global supplies foreign retailers with sales analytics while also helping to legitimize sellers in the eyes of Chinese consumers.⁷³ Alibaba does not charge international sellers commission, but derives revenue from charging advertising fees to e-retailers that want to increase their visibility through paid ads. Foreign sellers can use Tmall's warehouses in designated areas, including in free trade zones, which eliminate trade barriers or ease tariffs, in addition to benefiting from guaranteed delivery within 14 days. On the other hand, the start-up fee to set up a store on Tmall is relatively high, and the site favors larger players with at least \$10 million in sales. Finally, to prevent the sale of counterfeit goods the site has a cumbersome and stringent brand authentication process.⁷⁴

Amazon's large marketplace platform provides competitive prices, international brands, exclusive products, quick delivery, IT infrastructure, IT support, tax rate assessment, payments, fulfillment, and shipping in 10 countries.⁷⁵ Besides the sheer number of shoppers that visit Amazon's site, sellers also benefit from the website's "recommended for you" listings that appear to shoppers while browsing increases visibility.⁷⁶ Amazon is working to become more competitive with Alibaba in China, recently signing an agreement with the Shanghai Free Trade Zone to facilitate overseas imports into its planned logistics and warehouse center there.⁷⁷ Nevertheless, Amazon's marketplace model results in relentless competition among its sellers to offer the lowest price and commission fees are relatively steep. Moreover, smaller businesses that lack the volume to justify using Amazon's fulfillment services cannot benefit from Prime customers who search for items that can be shipped for free.⁷⁸ Moreover, sellers lack the ability to customize their storefront (to build brand identity) and cannot easily contact previous buyers about future offers.⁷⁹

eBay offers consumer-to-consumer auctions and fixed priced selling in 22 countries. When its sellers export (about 90 percent of them), eBay calculates international shipping and duties, thus simplifying the process.⁸⁰ Merchants are usually charged 10 percent of the sales price, and the site assesses fees for increasing a listing's visibility and insuring it against non-payment. Despite the ease of use, eBay caters more to buyers over sellers with its 6-month returns window and the ability for buyers to post negative reviews, even if fault is not necessarily due to the seller.⁸¹

Rakuten represents 25 percent of Japan's e-commerce market at present, but it's expanding its global presence with acquisitions like Buy.com in the United States.⁸² Rakuten allows consumers to consolidate multiple seller orders into one to save on shipping; encourages sellers to build a brand identity, offer personalized service, and allows sellers to customize their

70 Wall Street Journal, "What Is Alibaba? It Is a Marketplace, a Search Engine and a Bank, All in One," August 28, 2015, <http://projects.wsj.com/alibaba/>.

71 Global supply chain consultant Jim Tompkins predicts that by the end of 2015, Alibaba will be the largest retail platform in the world, eclipsing Wal-Mart. See also Mozur, "Alibaba Profit Surges, but a Revenue Gain of 40% Still Misses Forecast"; Smith, "By the Numbers: 60 Amazing Alibaba Statistics."

72 Asendia, *Pocket Guide to Cross-Border E-Commerce*, 26.

73 Misha Maruma, "Everything You Need to Know About Tmall Global," October 24, 2014, <http://www.nanjingmarketinggroup.com/blog/tmall/everything-about-tmall-global/#ixzz3YWbg10X4>.

74 Ibid.

75 Fulfillment is an optional feature that allows merchants to ship their products to Amazon warehouses where it will handle the seller's packaging, preparation for shipping, shipping, returns, and customer service for the seller. See Jennifer Lonoff Schiff, "Pros and Cons of Selling on Amazon, eBay, and Etsy," *CIO*, October 20, 2014, <http://www.cio.com/article/2836077/e-commerce/pros-and-cons-of-selling-on-amazon-ebay-and-etsy.html>.

76 These recommendations cull potentially-relevant products based on consumers' past purchases or search history even if they were not originally searching for them. See *ibid.*

77 Same-day delivery will be available in 146 cities, and will include customer support, mobile payment options in select areas, and self-pick-up spots. See Vanessa Zeng, "Amazon China Powers up with Cross-Border E-Commerce," (blog), September 30, 2014, http://blogs.forrester.com/vanessa_zeng/14-09-30-amazon_china_powers_up_with_cross_border_ecommerce.

78 Fees vary depending on the type and price of product and whether fulfillment is selected. Determining just how much Amazon will charge the merchant is not easily decipherable. See the Amazon fee schedule at https://sellercentral.amazon.com/gp/seller/registration/participationAgreement.html?itemID=200336920&language=en_US&Id=NSGoogleAS_mmve. T1. Also see Schiff, "Pros and Cons of Selling on Amazon, eBay, and Etsy," <http://www.cio.com/article/2836077/e-commerce/pros-and-cons-of-selling-on-amazon-ebay-and-etsy.html>.

79 Ibid.

80 Tim Parry, "Using E-Commerce Marketplaces to Grow Cross-Border Sales," *Multichannel Merchant*, April 8, 2015, <http://multichannelmerchant.com/global-2/using-ecommerce-marketplaces-to-grow-cross-border-sales-08042015/>; *Cross-Border E-Commerce Trade: Engine for Growth*, 2.

81 Bruce Einhorn, "Why Japan's Top E-Commerce Company Is Backing Lyft," *BloombergBusiness*, August 28, 2015, <http://www.bloomberg.com/news/articles/2015-03-12/why-japan-s-top-e-commerce-company-is-backing-lyft>; Schiff, "Pros and Cons of Selling on Amazon, eBay, and Etsy," <http://www.cio.com/article/2836077/e-commerce/pros-and-cons-of-selling-on-amazon-ebay-and-etsy.html>.

82 Dale Traxler, "7 Online Marketplaces: Pros and Cons," *Practical Ecommerce*, November 7, 2013, <http://www.practicalecommerce.com/articles/60575-Differentiating-Marketplaces>; Martin, "Rakuten: Japanese E-Commerce Platform," August 20, 2015, <http://www.entrepreneurial-insights.com/rakuten-japanese-ecommerce-platform/>.

storefronts; doesn't compete with merchants by offering its own products; has multiple payment options; and enables sellers to easily communicate with customers.⁸³ With these strengths, the site helps generate repeat business by discouraging sole reliance on pricing.⁸⁴ However, it charges a hefty 8-15 percent commission fee plus \$0.99 cent per item, while leaving logistics to sellers.⁸⁵

Smaller, niche websites like *Newegg* (for the tech-savvy) and *Etsy* (for those seeking craft and handmade products) are also growing, but they also charge sellers commissions.⁸⁶

83 International Post Corporation, *Strategic Insights: Best Practice in E-Commerce Websites*, 31; Traxler, "7 Online Marketplaces: Pros and Cons"; Martin, "Rakuten: Japanese E-Commerce Platform."

84 "Rakuten: Japanese E-Commerce Platform."

85 Ibid.

86 Schiff, "Pros and Cons of Selling on Amazon, eBay, and Etsy," <http://www.cio.com/article/2836077/e-commerce/pros-and-cons-of-selling-on-amazon-ebay-and-etsy.html>; Traxler, "7 Online Marketplaces: Pros and Cons"; Etsy, "Fees & Payments Policy," August 19, 2015, <https://www.etsy.com/legal/fees/>.

Appendix B: Participant Biographies

David W. Danjczek

David W. Danjczek is the chief ethics and compliance officer at Crane Co., which he joined in 2007 following his work at Titan Corporation as an executive officer and vice president for compliance and ethics. Prior to Titan, Danjczek joined MAPI in 2002 as an administration vice president and corporate secretary. He began his business career in 1974 as a contract administrator for Litton Industries, where he worked in various managerial positions (including international business corporate vice president and ethics and compliance director) in the company's commercial spinoffs. A graduate of Georgetown University's School of Foreign Service, Danjczek also undertook graduate studies at Waseda University and undergraduate studies at Loyola Marymount University.

Jamin Dick

Jamin Dick joined Borderfree in 2013 and is the senior vice president for global supply chain where he leads logistics, trade compliance, and customer care. Before joining Borderfree, Dick led the build-out warehouse and drop-ship fulfillment capabilities at OpenSky as chief operating officer. Previously, he spearheaded the transition of Target's e-commerce site from a third-party to in-house fulfillment network. Finally, at Hong Kong-based SML Group, Dick held various leadership positions (including CIO) prior to joining Target. Dick earned a BA, *summa cum laude*, from the College of St. Scholastica in Duluth, MN.

Wendy Eitan

At the UPU, Wendy Eitan is product strategy, integration, and economics coordinator. In this role, Eitan is responsible for developing UPU basic services (letter post, small packets, and parcel post) under the Congress Strategy. Eitan also supervises advanced postal economic studies covering topics of interest for UPU members and the broader postal sector. Having joined UPU in late 2012, Eitan was previously Israel Post's director of international relations where she focused on the development and operations of international mail products.

Shea Felix

At Endicia, Shea Felix is the global product marketing manager. He joined the firm in 2014 to help the firm create a global presence in cross-border shipping. Prior to this, Felix had more than 14 years designing cross-border shipping solutions, including 13 years at the U.S. Postal Service. At the Postal Service, he was responsible for international product development and Asia-Pacific relations; in the international group, he developed an online shipping customs form and tracking for International First-Class and cross-border returns. Before working on the international team, Felix managed mailing and shipping applications, besides the relationship with eBay. He holds a BS in international business from San Jose State University.

Bruce Harsh

Bruce Harsh is distribution and supply chain director at the U.S. Department of Commerce. With nearly 30 years at the organization, he also leads several advisory committees (including on supply chain competitiveness), represents Commerce on the Advisory Committee on International Postal and Delivery Services, and has participated in several of the department's international trade negotiations or served as a liaison to the World Trade Organization and the Asia-Pacific Economic Cooperation Forum. Finally, Harsh led Commerce's first-ever retailing and franchising trade mission to China and direct marketing mission to Europe. The department has recognized him on numerous occasions, including with a Gold Medal award. In the private sector before joining the federal government, Harsh studied economics and political science at the University of Richmond; he earned a master in international transactions from George Mason University.

Bruce Marsh

Bruce Marsh is on detail to the U.S. Senate Committee on Homeland Security and Governmental Affairs, following his service as a deputy assistant inspector general for research at the U.S. Postal Service Office of Inspector General (OIG). At the OIG, he helped develop the Risk Analysis Research Center's research agenda to publish a range of white papers on the transformative, strategic, and economic issues affecting the U.S. Postal Service and the industry. He previously led the center's directorate on communications futures, which examined the Postal Service's role and strategy in the digital age. Before arriving at the OIG, Marsh was a program manager in the global business group at the Postal Service, where he focused on cross-border issues, quality of service, and multilateral and bilateral agreements. From 1997 to 2001 he was a congressional aide in the U.S. House of Representatives. Marsh graduated with a BA from Wake Forest University and a MA from the Johns Hopkins University School of Advanced International Studies.

John Miller

John Miller has been an international trade specialist for the supply chain team at the U.S. Department of Commerce since 2008. Miller's focus is cold chain and distribution services; he produces industry-specific analysis for trade policy development at the International Trade Administration and in the federal government. A recipient of Silver Medal awards for his work in freight policy legislation and retail licensing, and a Gold Medal for his contributions to multi-brand retail foreign direct investment, Miller completed degrees in international business and marketing at the University of Colorado.

André Schmidt

As senior vice president and general manager of DutyCalculator (recently acquired by Borderfree), André Schmidt directs data services and marketplace strategies. Schmidt founded and led United Kingdom-based BundleTech, which operated DutyCalculator and other cross-border e-commerce services. Prior to starting BundleTech, Schmidt was a director for Google in EMEA new markets in London. He also founded the EMEA Strategy Group at Google, where he developed strategic initiatives and incubated new businesses. For eBay in Milan, Schmidt headed category development. Finally, at SDA Bocconi University and Oxford University, Schmidt has served as a guest lecturer on e-commerce. He studied at the University of Twente and Wageningen University in the Netherlands, earning a MS in agricultural engineering, in addition to a MBA from New York University.

Greg Stofko

Greg Stofko joined the regulatory affairs department at FedEx Express in 2011 where he focuses on international affairs and trade policy advocacy. In addition, he works on postal regulation (domestically and internationally) and manages regulatory compliance and Federal Aviation Administration enforcement actions, especially regarding safety and hazardous materials. Before joining FedEx, Stofko focused on toxic tort litigation with an emphasis on docket management and settlement negotiations at Steptoe & Johnson in Washington, DC.

James A. Tompkins

James A. Tompkins is CEO and founder of Tompkins International, where he provides thought leadership, consulting, and advisory services globally in designing and implementing end-to-end supply chains. Tompkins has focused especially on e-commerce, omnichannel, and supply chain transformations in recent years. Recognized on more than 50 occasions through awards and accolades for his service to the profession, Tompkins received the Institute of Industrial Engineers' (IIE) Frank and Lillian Gilbreth Industrial Engineering Award this year. He has also served as president of the IIE, the Materials Management Society, and the College-Industry Council on Material Handling Education. Finally, he has written or contributed to more than 30 books, besides maintaining a robust multimedia and Web presence. At Purdue University, Tompkins earned a BS, MS, and PhD in industrial engineering; the university has recognized him as a distinguished alumnus.

Philip Warker

At the U.S. Department of Homeland Security's Office of Policy, Philip Warker is a senior policy advisor for transportation and cargo. He advises senior officials on the development and execution of the department's policy concerning cargo, transportation, and border security. Previously, he was a senior advisor in the Office of International Affairs, where he directed Latin American affairs and worked to help secure the international postal supply chain. He came to this position after serving as the deputy border coordinator for Mexico at the U.S. Customs and Border Protection; prior to this, he was the port director in Portland, ME, including serving as the manager for European Union affairs and international mail. Finally, Warker has contributed to several international affairs and operational roles at the U.S. Postal Service, including an assignment at the Universal Postal Union and on various logistics programs. He graduated with a BA in economics from Dickinson College and a MBA from Indiana University; he also holds an executive MBA from Columbia University.

Tammy Whitcomb

Tammy Whitcomb became Deputy Inspector General at the U.S. Postal Service Office of Inspector General in November 2011. This followed her service as the organization's assistant inspector general for audit, and as an audit director at the U.S. Postal Service. She began her government career at the Internal Revenue Service's Inspection Service after transitioning to the division as part of the newly-established Treasury Inspector General for Tax Administration (TIGTA). At TIGTA, she also worked as an audit manager for several years in Dallas, TX, before coming to Washington, DC, to lead the organization's Office of Management and Policy as its director. Whitcomb earned a BA in accounting and business administration from W.J. Bryan College in Dayton, TN, and is a CPA, CIA, and CISA.

Response From USPS Management

GISELLE ELISA VALERA
MANAGING DIRECTOR, GLOBAL BUSINESS
AND VICE PRESIDENT



September 10, 2015

Dear Ms. Piscioneri:

Thank you for your efforts and opportunities the Roundtable group presented. Naturally, the United States Postal Service has been aware of its unique opportunities and challenges in supporting commercial customers in the export growth market space for many years.

Looking first at the logistical reliance on destination post scanning and consistent delivery time challenges, the USPS participates in postal alliances and private partnerships to drive successful end-to-end tracking. In particular, from May 2014 to May 2015, USPS has provided tracking events, including delivery scans for over 90% of our Priority Mail Express International, Priority Mail International, and First Class Package International Service exports.

Consistency in USPS international delivery transit times has improved significantly as the postal world becomes increasingly automated. The reliability of postal services is also continuously improving due to technological advances supporting data exchange from U.S. export compliance through customs worldwide and developing countries' advancing their logistics networks.

Beyond these organic developments, eCommerce as the chief engine of global economic growth is a core Postal Service focus. The good news is the U.S. Postal Service is looking to pilot a global end-to-end eCommerce solution that will be both dynamic and adaptable, supporting small and large businesses. Implementation will be based on current business demands and projected business growth opportunities.

As customer Sales, with Global Business, has partnered with the White House's *Made in Rural America* strategy to address the small business dilemma you identify. The Postal Service is leveraging its extensive domestic network and international reach to connect customers globally through its Customer Care system. Through these and other strategies, the Postal Service is assuring U.S. business customers are able to participate in the global marketplace by accommodating effective end-to-end solutions with ease of use at a reasonable price.

Again, thank you for the expertise and suggestions in the *Cross-border E-Commerce: An International Roundtable Recap*.

Regards,

A handwritten signature in black ink that reads "Giselle Valera".

Giselle Valera

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