



Consultation on changes to the Access Service Request Process

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Closing Date for Responses: Friday 15th February 2019

A. Purpose

1. Royal Mail is consulting on making changes to the process we follow when responding to Access new service requests. Under the Universal Service Provider Access Condition 4 (USPA 4), **Royal Mail is required to have a process that we must apply in responding to requests for new D+2 and later than D+2 Letter and Large Letter services**. We are required to keep our process under review and consult before making any amendments.¹ We are also required to respond to reasonable information requests from customers considering making a new service request.
2. Ensuring the New Service Request (NSR) framework remains fit-for-purpose in meeting the needs of customers and Royal Mail forms part of our wider **Access strategy**. We want to continue to develop customer-focused products that respond to specific end customer needs in a timely way. We also want to reduce supply chain costs through collaborating on initiatives that reduce processing, logistics and administration costs throughout the supply chain.
3. This document outlines our proposed new framework and explains the rationale behind the changes. We invite comments from our customers and other interested parties on the proposals. The deadline for responses is 15th February 2019. We will consider all responses to the consultation and then issue a decision document. **We intend the new process to come into effect in the first quarter of the 2019-20 financial year.**
4. The remainder of this document is split into three sections. Section B provides background to our proposals. It covers the feedback from our initial consultation proposals published in November 2017 alongside subsequent engagement. Section C outlines our updated proposals and consultation questions. The Annex includes the meeting notes from the two workshops, worked examples of how the cost recovery principles have been applied in practice, the updated Application Form and a response cover sheet.

¹ We follow a separate process for managing variations to access contracts. It is outside the scope of this review and will remain in place.

B. Background

5. It is important that the NSR process remains fit-for-purpose in **meeting the needs of customers and Royal Mail**. Customers have indicated that the process could be improved in terms of timing, engagement and transparency. Ofcom also supports a review of the process as indicated in its March 2017 Decision on the Review of Regulation of Royal Mail.²
6. Royal Mail consulted on a number of changes to update the framework in November 2017. Following customer feedback, we placed the proposals on hold. Over the spring and summer 2018, we held a series of bilateral meetings with customers, as well as two workshops. This engagement provided an opportunity to better understand the points raised.

November 2017 Consultation proposals

7. We consulted on a number of changes to update the framework in November 2017. The key proposals included:³
 - **Information** – We proposed changes to the Application Form and provided accompanying guidance notes. These changes were designed to help customers and Royal Mail think about end customers’ needs at the outset. They also provided a greater focus on the product and operational specification, to help design the solution accordingly.
 - **Process** – We proposed to provide greater structure by segmenting the existing 13-week timeline into three distinct phases: **(a)** a pre-application phase; **(b)** followed by an initial scoping phase; and **(c)** detailed scoping phase. The timeline would commence once the Application Form is completed. Royal Mail would continue to provide the customer the Heads of Terms by the end of 13 weeks at the latest. We also proposed to introduce a “pause the clock” mechanism. This would allow the 13-week timeline to pause if – after a given period to respond – the customer wanted more time to respond.
 - **Engagement** – We proposed to formalise set-piece engagement with the customer during each stage of the process. This was to enable effective scrutiny of the details. It would also provide the customer an opportunity to exchange views to ensure the service met their needs.
 - **Cost recovery** – We set out what costs we would and would not seek to recover. This included recovering reasonable external scoping costs during the detailed scoping phase. We also proposed to recover external costs and some internal costs should the customer proceed to full product development. Finally, we set out principles we would follow when determining a fair and reasonable recovery mechanism to use.

Consultation responses

8. Customers expressed a number of concerns with our 2017 proposals. The key themes emerging included:

² Ofcom, Review of the Regulation of Royal Mail, March 2017, Para 5.64 – “We consider that there is now an opportunity, based on the experience of recent access product requests, for Royal Mail to carry out such a review in order to ensure the process functions effectively for both Royal Mail and access operators.”

³ Full details can be found in the first consultation. Royal Mail, “Consultation on changes to the Access Service Request Process”, November 2017.

- **Insufficient prior engagement** – There was limited engagement with customers by Royal Mail whilst developing the proposals.
 - **Process** – The new process only made minor changes to the existing process. It would increase visibility but may lead to delays. Customers also wanted more details on the approach for the period after the Heads of Terms have been provided, outlining the process the whole way through to product deployment. There was also a concern that not including the pre-application phase within the 13-weeks could be gamed by Royal Mail to delay the request.
 - **Engagement** – Customers wanted a more iterative process with more frequent engagement points. A group of industry representatives could be formed to consider Access applications.
 - **Cost recovery** – The approach to cost recovery would create financial barriers to new requests. Royal Mail is mandated to provide these services. As such, system integration costs should be borne by Royal Mail. The costs should not be targeted at the customers requesting the new service.
 - **Other** – The process should also cover new service requests outside the mandated area. There were concerns of a conflict of interest within the Consumer and Network Access team, given they manage the new service request process and have revenue responsibility in areas where Access customers could compete.
9. Following this feedback from customers, we did not progress with the initial proposals. We held a number of **bilateral engagement** meetings with customers who responded to the consultation. These meetings provided an opportunity to better understand the points raised. At the end of the bilateral engagement, Royal Mail attended the Mail Competition Forum (MCF) to discuss customer feedback in the round and summarise the key themes. During this session, we agreed to hold a half-day workshop during the summer. This was subsequently followed by a second workshop during the autumn, to follow-up on the points and suggestions arising from the first workshop. At the workshop, we agreed to publish our updated proposals by **December**.

Workshops

10. **Customers who responded to the consultation were invited to the workshops. The meeting notes of the workshops are in Annex A.** The first workshop focused on developing the suggestions put forward by customers in their consultation responses. It was an open, wide-ranging discussion and provided a number of helpful suggestions. The second workshop focused on refining these ideas.
11. The key topics from both the workshops are summarised below.
- **Process** – The new service request framework should outline **milestones** beyond the Heads of Terms, covering the period up to product deployment.

Customers and Royal Mail considered whether a **two-stream approach** would be beneficial. This would allow the requesting customer to decide whether they retain confidentiality and develop their request individually, or whether they waive confidentiality and develop the request jointly with other interested customers.

During the first workshop, there was a recognition that requests can come in different shapes and sizes. This means a generic 13-week approach would not suit all new service requests. Customers suggested that a **Gateway** approach – whereby the process sets out some high-level principles, stages and milestones – may be a more flexible solution. Customers and Royal

Mail would agree timelines for responding on a case-by-case basis. Customers suggested the 13-week timeline should remain as a **backstop** in case a bespoke timeline cannot be agreed.

- **Engagement** – At the first workshop, customers suggested introducing two potential groups: **(a) standing Advisory Group** with a proactive and strategic role to consider gaps in current services and discuss joint requests and; **(b) pop-up Technical Group** to support on specific technical aspects.

At the second workshop, Royal Mail put the remit of a potential Advisory Group in the context of existing industry groups, such as the Wholesale Access Group (WAG), Wholesale Incentives Group (WIG) and Mail Competition Forum (MCF). Customers and Royal Mail agreed that the groups already in place provided sufficient opportunities for customers to identify and discuss gaps in the service. There was therefore no need for a standing advisory group. However, it was felt that a pop-up Advisory Group could be mobilised during a request to consider the strategic direction.

- **Cost recovery** – Royal Mail provided worked examples of how the five proposed cost recovery principles applied in four previous investments. These can be seen in Annex B. Customers set out that – on a point of principle – if the request is in the mandated area, then Royal Mail should bear the majority of the cost. Royal Mail noted that it would retain the right to act in its Group commercial interests for requests outside the mandated area. Customers also set out their view that Royal Mail should develop wholesale variants of products alongside Retail product development.

12. We received a rich volume of feedback through this engagement. We have listened carefully to the views and suggestions put forwards. These have informed our revised proposals set out in the next section.

C. Proposals

13. Below we set out our proposals to address the challenges described above. They build on the feedback provided by our customers to date. Our proposals are split into two sub-sections. The first subsection – covering proposals one to six – focuses on process, information, engagement and timelines for responding. The second sub-section – covering proposals seven and eight – focuses on recovery of scoping and development costs.

Gateway approach – Process, information, engagement and timelines

Process

Proposal 1: Process – Introduce an eight stage Gateway approach to manage new service requests.

14. **We propose to introduce an eight-stage gateway approach** to manage new service requests in Access. Each gateway is designed to conclude with an agreement between the customer and Royal Mail on whether to pass through to the next stage in the process. Adopting a gateway approach should allow for requests to be developed in a more collaborative, structured and dynamic manner than under the existing approach. The customer and Royal Mail would agree timescales for responding to the application on a case-by-case basis, at the beginning of each request. The timescales would vary depending on the level of complexity of the new service request. Allowing sufficient time for engagement, discussion, review and feedback on potential design options during each stage should reduce the risk of significant modifications being required that may lead to unnecessary delays. This should lead to the service being designed to better meet customer needs more quickly. Customers are able to exit the process at any stage.
15. **Customers and Royal Mail will agree a milestone plan early in the process.** This will set out key deliverables, engagement points, owners and timelines across all stages up until rollout. Progress will be managed against this plan. The table below outlines the key aspects and deliverables of the proposed Gateway approach. Each stage is discussed in more detail below.

Indicative timelines⁴

Stage 1		Initiation of request
Deliverables	<ul style="list-style-type: none"> Completed Application Form. Customer confirms whether individual or joint request. Mobilise pop-up advisory and technical groups (if necessary). Governance structure including key stakeholders (project leads, advisory group, technical experts). 	1 to 2 weeks
Gateway 1	Agree Application Form. Customer confirms whether to proceed to next stage.	
Stage 2		Concept design
Deliverables	<ul style="list-style-type: none"> Service specification options – operational handling and system requirements. Milestone plan to rollout – Key decision points for customer and Royal Mail, deliverables, engagement points etc. ~This will be updated throughout. Indicative range for development cost and timeline. Delivery strategy – outline of prospective suppliers or delivery partners (if needed). Risks and issues log. This will be updated throughout. 	1 to 2 weeks

⁴ We have included indicative timelines for stages 1 to 4. It is not possible to provide meaningful indicative timescales for stages 5 onwards, as they would vary depending on the complexity of the request.

Gateway 2	Royal Mail shares deliverables with customer. Customer confirms preference for service specification and whether to proceed to next stage.
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Stage 3 Initial scoping	
Deliverables	<ul style="list-style-type: none"> Outline Service Specification covering operational and systems requirements to deliver the customer's preferred approach. External scoping cost for Stage 4 (Detailed scoping) that Royal Mail may pass through to the customer. Proposed method of cost recovery for product development cost.
Gateway 3	Royal Mail shares deliverables with customer. Customer financial go/no go decision point: Customer agreement on funding any external scoping costs during Stage 4 (Detailed scoping) needed before moving on.

1 to 2 weeks

Stage 4 Detailed scoping	
Deliverables	<ul style="list-style-type: none"> Detailed service specification covering operational and systems requirements. Heads of Terms including product development costs, indicative prices and timeline.
Gateway 4	Royal Mail provides customer heads of terms for review. No action from the customer needed to move onto the next stage.

10 to 12 weeks

Stage 5 Review Heads of Terms and prices	
Deliverables	<ul style="list-style-type: none"> Discussion between customer and Royal Mail on commercial, operational and systems aspects of the proposal.
Gateway 5	Customer financial go/no go decision point: Before moving onto Stage 6, customer agreement to contract is needed. If necessary, this would include any proposed funding arrangements for product development cost in Stage 6 onwards (Product Development). NB: The customer can exit NSR process as not contractually committed.

Stage 6 Product development	
Deliverables	<ul style="list-style-type: none"> Set-up for product development phase, including updated milestone plan, deliverables, engagement points, governance structure and risk and issues log. Royal Mail commences product development.
Gateway 6	Confirmation of system design and build.

Stage 7 Product testing	
Deliverables	<ul style="list-style-type: none"> User acceptance testing.
Gateway 7	Confirmation the product has been developed in line with customer expectations.

Stage 8 Product announced	
Deliverables	<ul style="list-style-type: none"> 190 day notification period.

- Stage 1 - Initiation of request** – The primary objective of this stage is for the customer and Royal Mail to build a **mutual understanding of the key aspects of the new service the customer is requesting**. This includes identifying the needs of the end posting customer and the commercial aims of the service. We also need a clear understanding of operational requirements such as sortation levels, machine reading capabilities and handling requirements. We also need to understand system requirements such as IT integration, data transfers and billing arrangements.
- The key deliverable during this stage is the **completed Application Form**, included in Annex C. The updated Application Form has been designed to capture a range of vital information. The Application Form is discussed in more detail in paragraph 41. Customers and Royal Mail will hold regular engagements during this stage to discuss the request to ensure the requirements from the service are understood and accurately captured in the form. We recognise that there may be circumstances where relevant information supporting a potential new service may not neatly fit into the existing

Application Form. In such circumstances, the Application Form can be tailored to the specifics of each request. Customers can include additional sections within the form or provide supplementary information alongside the application. As such, the form can be tailored to the specifics of each request.

18. The Application Form includes a section for customers to make information requests, in line with USPA 4.3. Customers are able to submit information requests at any point during the process. Information requests are discussed in more detail in paragraph 42.
 19. During this stage, customers and Royal Mail will **agree ways of working** through the product development process. This includes:
 - The customer deciding whether they would like the request to be **individual or joint** with other interested parties. This is a decision for the customer alone. Royal Mail will not share requests with other Access customers unless asked. Individual and joint requests are discussed in more detail in paragraph 37.
 - The customer and Royal Mail will also need to agree whether to **mobilise pop-up groups** – an Advisory Group or Technical Group – to assist with the request. Pop-up groups are discussed in more detail in paragraph 39.
 - Customers and Royal Mail will agree **governance structures** at the outset. This includes identifying individual workstreams, project leads and engagement.
 20. Customers and Royal Mail will pass through Gateway 1 into Stage 2 once they have an agreed Application Form and completed the other deliverables.
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21. **Stage 2 - Concept design** – The aim of this stage is to develop a **Service Specification Option** that meets the customer’s needs. Royal Mail will assess – at a high level – the options for operational handling and systems configuration. Royal Mail will also **provide an initial range on the cost and timelines to develop the product**. It is important that the customer gets an early sense of the level of complexity associated with developing each option. We will therefore provide an initial indication of the development costs and timeline that the customer is likely to face to develop each option. We would also outline prospective suppliers and delivery partners.
 22. During this stage, the customer and Royal Mail will also agree **project planning** aspects of the new service request. This includes the expected time to complete each stage through to rollout,⁵ alongside documenting any risks and issues. These documents will be maintained throughout the product development period.
 23. Customers and Royal Mail will agree to pass through Gateway 2 into Stage 3 once the deliverables have been shared with the customer and the customer has selected its preferred service specification option.

⁵ The customer and Royal Mail will agree a full milestone plan once the customer has identified their preferred service specification option.

24. **Stage 3 - Initial scoping** – The aim of this stage is for **Royal Mail to develop the customer's preferred Service Specification Option into an Outline Service Specification**. This will include further detail on the customer's preferred service specification, an indicative scoping cost for Stage 4 and an indicative range for development cost for Stage 6 onwards. It will also set out more detail on: the service description; documentation and billing; handover; revenue protection and Downstream Access Control Centre (DSACC) process; operations; and customer reporting.
25. In some cases, requests may need expertise from external suppliers in Stage 4 to help scope the service. For example, this could include activity with external providers such as external IT consultants. It could also include activity with internal teams outside of Network Access, such as our Operations or IT teams. **Should expertise from external suppliers be required, Royal Mail may pass this cost through to customers**. Customers would be made aware of any cost that may be passed through to them before the cost is incurred. **In many cases, there will be no need for expertise from external suppliers**. No external scoping cost would therefore be incurred and the customer would not be expected to bear any cost in Stage 4.
26. Where expertise from external suppliers is required, Royal Mail would provide the customer an **indicative scoping cost** during Stage 3. In these circumstances, **Gateway 3 would be a financial go/no go decision point for the customer**. To move to Stage 4, the customer would need to agree to fund any external scoping cost. The customer will be able to scrutinise the cost. The indicative scoping cost will act as a ceiling. If costs are lower, the customer would only be charged for the reasonable external costs incurred. We will absorb any additional costs above and beyond the ceiling we set out. The customer can decide not to proceed at this stage and avoid any cost. Recovery of external scoping cost is discussed in more detail in paragraph 48 onwards.
27. It is important that the customer gets an early sense of the complexity associated with developing the new service in practice. For example, IT build or operational change timelines. We will therefore also provide an **indicative range for development cost and timeline** that the customer is likely to face if they authorise us to proceed to the Detailed Scoping.⁶

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28. **Stage 4 - Detailed scoping** – The aim of the stage is for **Royal Mail to provide the customer the Heads of Terms**. This document will set out the commercial, operational and system specification for the product, as well as indicative prices. It will include the cost and timeline to develop and deploy the product and the proposed mechanism for recovery of development cost.
29. To achieve this, we will undertake a **more detailed operational and product specification exercise**. This will include assessing detailed aspects of the operational processes to handle the product. We will also need to consider the setup of data flows and determine billing arrangements. Depending on the complexity of the request, we may need to analyse IT systems requirements. To support this, we may need additional expertise from external suppliers. This cost may be passed through to the customer, in line with the agreement in Stage 3.
30. At the end of the stage, **Royal Mail will provide the customer the Heads of Terms**. There is no action for the customer to pass through the Gateway. They will pass automatically into the next stage.

⁶ The range of development costs for example could be: £0-1m; £1-5m; £5-10m; >£10m. The range of development timelines could be: 0-6 months; 6 months- 1 year; 1-2 years; >2 years.

31. **Stage 5 - Review Heads of Terms and prices** – The aim of this stage is for the **customer to review commercial, operational and system specifications set out in the Heads of Terms**. The customer can request changes to the Heads of Terms.
32. To pass through Gateway 5, we need customer agreement to the Heads of Terms. This will include any proposed funding arrangements should there be product development cost during Stage 6. If a customer contribution is required, **Gateway 5 would be a financial go/no go decision point for the customer**. Cost recovery is discussed in more detail in paragraph 48 onwards.
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33. **Stage 6 - Product development phase** – During this stage, Royal Mail – with input and continued engagement from the customer – will develop the product. Detailed business requirements would be gathered and these will be shared with the customer to ensure that interfaces and expectations are aligned to requirements. Once agreed, the IT systems would be developed. **There would be regular touch points between the customer and Royal Mail**. We would also plan any operational changes, ensuring coordination with other activities and changes. We will prepare customer on-boarding activities – including label design and system interfaces – and prepare all service reporting requirements.
34. The customer and Royal Mail will pass through Gateway 6 into Stage 7 once both parties have confirmed the system design and build. This will include confirming any operational, commercial and system elements are in line with expectations and reflect the Heads of Terms.
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35. **Stage 7 - Product testing** – The aim of this stage is to test the product before full rollout to customers. A test pack will be provided detailing the customer account details with username, passwords and details to access the customer user acceptance testing environment. This is the opportunity to test the new services prior to going live in production. Additional support will be provided by Network Access IT. The customer will confirm they would like to launch the product to pass through Gateway 7.
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36. **Stage 8 - Product deployed** – The new service including user guide changes, service codes and contract change notices will be published. We will provide the 190 days notice with the prices published at least 70 days in advance of the launch.

Q1 (Process) - Do you agree with the proposed Gateway approach? We welcome any comments on the overarching structure the stages, and the deliverables in each stage.

Individual or joint request

Proposal 2: Individual or joint request – Formal mechanism to allow the requesting customer to decide whether a request is developed individually or jointly with the industry.

37. Customers have previously submitted new service requests both individually and jointly. We propose to formalise these two options. During Stage 1, the requesting customer will be able to decide whether the request is developed on an **individual or joint basis**. It is a decision for the customer alone. Royal Mail will not share requests with other Access customers unless asked. The two streams are described below:
- **Stream 1 – Individual** – The customer retains confidentiality around the application. The request would be developed between the requesting customer and Royal Mail only. Other customers would not be notified of the request during the development phase. Other customers would only become aware of the request once Royal Mail is required to publicly notify the launch of a new service.
 - **Stream 2 – Joint** – The requesting customer would waive confidentiality and invite other interested customers to be involved in developing the request. This would allow other customers to input into the product design during the development phase. This would incorporate a wider range of customer views upfront.

Q2 (Individual or joint request) – Do you agree with our proposal to allow customers to decide whether requests are developed on an individual or joint basis?

Engagement

Proposal 3: Engagement – Hold frequent engagement throughout the Gateways – using regular face-to-face engagement and mobilising pop-up groups as needed – to ensure we are meeting customer expectations in relation to timing and service development.

38. Regular, effective engagement is a key aspect of the Gateway approach. It is important the customer and Royal Mail **agree how to engage effectively through the scoping and product development process**. This will enable scrutiny of the details and provide an opportunity to exchange views to ensure the service meets the needs of the customer. It will allow the customer and Royal Mail to stay on top of the status of each individual workstrand and overall progress. The level of engagement will vary depending on the complexity and status of the request. It is crucial that the service being developed is what the customer wants in practice.
39. We propose to hold **regular face-to-face engagement** with the customer throughout the process. This would include scheduling regular catch-up meetings to update on overall progress. The **milestone plan** would be used to support these discussions and keep track of progress. In addition, **we propose to mobilise two types of pop-up group to assist in developing new service requests**, if deemed necessary or requested by the customer.
- An **Advisory Group** would consider the development of the service at a more strategic level. It may, for example, focus on service design and the journey for the end posting customer.
 - A **Technical Group** would consider more detailed aspects of the request. For example, considering how different companies IT systems may interface with each other. Multiple

technical groups could be mobilised in a single request, covering different aspects of the service development.

40. It is possible that pop-up groups would be mobilised during both individual and joint requests. Parties involved in the request would be invited to join the groups. For example, representatives from the requesting customer, Royal Mail and – if necessary – third party suppliers supporting the request.

Q3 (Engagement) - Do you agree that holding regular face-to-face engagement and mobilising pop-up groups will effectively support development of new service requests?

Information

Proposal 4: Information – Improve the Access Application Form and guidance to support speedier completion of the request and better service specification

41. The Application Form is designed to gather a range of information on the new product's operational specification and other requirements. For example, product description, sortation levels, machine reading, IT and billing requirements. We have looked to make improvements to the form and update the guidance notes. The proposed changes have been designed to help customers and Royal Mail think about end customers' needs at the outset. There is also a greater focus on the commercial objectives, so we can better input with recommendations for the product and operational specification. The changes will help ensure we understand all aspects of the request and help us design the solution accordingly.
42. We recognise that customers may need information from us while making a request for a new service. **USPA 4.3 requires Royal Mail to respond to reasonable information requests** from customers considering making a new service request and to do so in a reasonable period. The revised Application Form (Annex C) includes a section for customers to make information requests. Royal Mail would encourage a discussion with the customer on information requests alongside other discussions in Stage 1. Customers remain able to make requests at any stage during the request process. This is not restricted to the start of the process.

Q4 (Information) – Do you agree with our proposed changes to the Application Form? Do you have any suggestions for further changes?

Timelines

Proposal 5: Bespoke timeline – We propose that the customer and Royal Mail would agree bespoke timelines for responding to each request.

43. It is our intention that the customer and Royal Mail would agree timelines for responding to new service requests on a case-by-case basis. The timelines for responding would vary depending on the level of complexity of the request. **Customers and Royal Mail will use a milestone plan to agree timelines early in the process.** This will set out key deliverables, engagement points, owners and timelines across all stages up until rollout. Progress will be managed against this plan. It will be a dynamic document, updated regularly to reflect the latest expected timescales.

44. Details and options may arise which had not been anticipated in the milestone plan timelines. These may take additional time to resolve and could impact or delay other workstrands. Should this happen, the customer and Royal Mail will update the Milestone Plan to reflect the latest timelines.

Q5 (Bespoke timeline) – Do you agree with the customer and Royal Mail agreeing bespoke timelines for responding to each new service request on a case-by-case basis?

Proposal 6: Backstop timeline – We propose to maintain a backstop 13-week timeline for responding. This would only be used if the customer and Royal Mail cannot reach agreement on a bespoke timeline.

45. It is our intention that the customer and Royal Mail would agree bespoke timelines for responding to each new service request. However, we recognise that the customer and Royal Mail may not always be able to agree on a bespoke timeline. We therefore propose to maintain a backstop timeline of 13-weeks – in line with the existing process timelines – to use in such circumstances.
46. The 13-week backstop timeline would **cover the period from the beginning of Stage 2 up until Royal Mail providing Heads of Terms at the end of Stage 4**. At the beginning of the process, Royal Mail is dependent on the customer setting out its requirements for the service. This period would therefore fall outside the 13-week backstop timeline. The clock would start once the customer and Royal Mail have an agreed Application Form and pass through Gateway 1.
47. Royal Mail may need to send the customer information for comment. **We propose to be able to pause the clock while Royal Mail is awaiting information from customers**. We will provide the customer a given period of time to respond while the clock keeps running on the 13-week backstop timeline. We propose a response time of a minimum of two days up to a maximum of one week, depending on the volume of detail. Providing the customer some time to respond while the clock keeps running means they have time to consider options without impinging on the overall timeline for developing the service. If the customer cannot respond by the end of the allowed time, the clock would pause until the relevant information is received. Introducing this mechanism will allow time for a response and discussions if necessary. It will also allow the customer to propose potential alternative solutions without putting the 13-week timeline at risk.

Q6 (Backstop timeline) – Do you agree with our proposed 13-week backstop timeline? This includes our proposal to pause the clock if Royal Mail is awaiting information from the customer.

Cost recovery

48. In this sub-section, we focus on recovery of scoping and development cost. Royal Mail's Network Access team is set up to run and manage Access services on a day-to-day basis. Part of the team's responsibilities is managing new service development requests. Customers contribute towards the costs of the team through Access prices. For some requests, Royal Mail may have sufficient expertise to fully develop the new service in house. However, other requests may be more complex. They might require **additional activity to develop the service** – such as changes to our systems or processes – which is a direct result of the service being requested and would not otherwise be needed. This could include activity with external providers – such as external IT consultants – or activity with internal teams outside of Network Access – such as our Operations or IT teams. The

cost associated with this external or internal activity could be material. It may arise even where a similar Retail product already exists. For example, activity required to integrate IT systems.

49. Below we set out features of our proposed mechanism for cost recovery and principles we will follow when determining a fair and reasonable mechanism to use. We then set out what costs we would - and would not - seek to recover when developing an Access New Service Request.

Features of cost recovery mechanism

50. Royal Mail has a limited budget for investment expenditure. In line with other companies, we must prioritise the projects we select for investment based on their overall payback and level of risk. The level of risk associated with the investment required to provide a Access New Service Request - which we may not have been expecting and so may not be budgeted for - may be higher than projects in our portfolio. At the same time, we are obliged to meet our regulatory obligations. **Where a new service request requires material investment, the mechanism and length of time to recover the costs would need to reflect the level of risk.** For us to prioritise our scarce investment resources, we may require a firm commitment from the customer to ensure that we do not have stranded investment. This is particularly pertinent in cases where there is uncertainty around the volumes or customer take-up.
51. We will act in a fair and reasonable manner when considering how to recover scoping and development costs. When responding with Heads of Terms, we will clearly set out to customers our proposals on cost recovery, prior to costs being incurred. **We expect our cost recovery approach would cover the following key features:**
- **Mechanism** - The mechanism used for recovery could include any or all of the following: per item price; an indemnity should the volumes projected by the applicant not materialise; a lump-sum upfront payment; a series of standalone payments during the scoping or development phase or once the service has been deployed.
 - **Contributors** - The costs may be charged to the applicant or all customers, depending on who is causing the cost and who is benefitting from the services. Should other customers request use of the new service, a new payment arrangement may be organised in order to seek appropriate compensation from the new customer.
 - **Payback period** - The payback period will be fair and reasonable. For example, it may take into account a variety of factors, including the level of risk, the life of the product or asset, the size of the outlay and expected demand for the product.

Principles we would follow to determine approach to cost recovery

Proposal 7: Principles - Apply a principles-based approach when determining a fair and reasonable cost recovery mechanism.

52. There are a number of factors that could influence our approach to cost recovery. In determining the right approach, we will have regard to the six principles below. These are informed by principles used in a number of Ofcom decisions when assessing cost recovery for investments undertaken by BT.^{7, 8}

- **Cost causation** - Costs will be recovered from those whose actions cause the costs to be incurred. For example, if the request requires significant IT changes to Royal Mail systems, it is likely that this will be charged back to the applicant.
- **Distribution of benefits** - Costs should be recovered from the beneficiaries of the new service. For example, if a range of customers - including possibly Royal Mail itself - benefit from the new service, the costs may be spread among all the relevant customers, not just the specific applicant.
- **Cost minimisation** - The mechanism for cost recovery should ensure that there are strong incentives to minimise costs. For example, we will use consultants from our Procurement Framework Agreements. These agreements include rates Royal Mail has agreed with a panel of consultants following a rigorous competitive procurement process. This will therefore allow customers to benefit from the rates we use for internal projects. We are unlikely to be able to provide customers full disclosure or full cost breakdown, as it will likely include commercially confidential information. However, we will operate an “open book”, whereby customers can commission independent third parties to scrutinise the costs if they wish to do so.⁹ Any such audit would be undertaken at the customer’s expense.¹⁰
- **Practicability** - The mechanism for cost recovery needs to be practicable and relatively easy to implement.
- **Level of risk** - In determining the payback mechanism and period, we will take account of the size and risk profile of the investment outlay. This is likely to depend on, amongst other things, certainty around the associated mail volumes.
- **Competition** - We will take into account factors to ensure the mechanism for cost recovery does not unfairly hinder effective competition.

53. Our assessment would look at the principles in the round. The level of weight we would place on each principle would vary depending on the specific circumstances of each request. We have provided **four worked examples** of how the cost recovery principles applied in Annex B.

Q7 (Principles) - Do you agree with the principles we propose to follow to determine the mechanism for cost recovery? Are there any other principles we could follow?

⁷ For example, Ofcom, Porting charges under General Condition 18, September 2014. Para 4.16.

⁸ Please note that we have not included Ofcom’s principal of reciprocity - where services are provided reciprocally, charges should also be reciprocal - in the principles we would follow. The characteristics of the postal sector mean it is unlikely the principal would be needed. We have also introduced level of risk, which is not one of the principles relied on by Ofcom.

⁹ The third party must agree to sign an appropriate non-disclosure agreement (NDA).

¹⁰ We note that Ofcom’s cost minimisation principal looks at whether the cost recovery mechanism itself is likely to lead to cost minimisation. We will also bear this in mind when considering cost minimisation.

Proposal 8: Scope - Recover reasonable external scoping cost incurred from Stage 4 (Detailed scoping). We also propose to recover reasonable external costs and some internal costs from Stage 6 (Product development) onwards.

54. In most cases, we would expect costs to be borne as follows:

	RM Internal Cost (Wholesale and Group)	RM Internal Cost (Additional activity) ¹¹	External cost
1- Initiation of request			
2 - Concept design	Royal Mail	Royal Mail	Royal Mail
3 - Initial scoping			
4 - Detailed scoping			
5 - Review Heads of Terms and prices	Royal Mail	Royal Mail	Customer
6 - Product development phase	Royal Mail	Customer	Customer
7 - Product testing			

55. **Stage 1, 2 and 3** - Royal Mail will **absorb any costs incurred prior to providing the customer with the Outline Service Specification**, during the initiation of request, concept design and initial scoping. In effect, the customer would not pay for the work undertaken in Stages 1, 2 or 3.

56. These proposals ensure **customers can explore potential new services with no upfront cost or investment**. Royal Mail would absorb costs incurred up to the end of Stage 3 to ensure customers are not hindered from exploring new product requests. Providing the Outline Service Specification during Stage 3 allows the customer to make an informed decision whether to pass through Gateway 3 and proceed to the Detailed Scoping (Stage 4), in advance of investment being undertaken. The same is true for the Heads of Terms in Stage 5 and Gateway 5. This **reduces the risk of stranded investment costs**, and cost unnecessarily being incurred should the customer not wish to proceed with the proposal.

57. **Stage 4 and 5** - We expect that responding to standard requests – which do not require fundamental changes to our systems or processes – would not require external cost during Stages 4 and 5. This would therefore be covered by customers’ existing contributions. Where requests are more complex, we may require additional expertise from external suppliers. In these circumstances, we may pass through these costs to the customer. In effect, the customer would pay for the **external costs of any work undertaken in Stage 4**. Reasonable costs incurred may be recovered, irrespective of whether the customer decided to proceed to full product development. The customer will be able to scrutinise these costs. We will operate an “open book”, whereby customers can commission independent third parties to scrutinise the costs if they wish to do so.¹²

58. **The customer would be made fully aware of any external scoping costs before the cost is incurred**. Royal Mail would provide the customer the maximum external scoping cost. In these circumstances, Gateway 3 would become a financial go/no go decision point for the customer. If the

¹¹ This could include activity with internal teams outside of Consumer and Network Access, such as our Operations or IT teams.

¹² The third party must agree to sign an appropriate non-disclosure agreement (NDA).

actual cost was higher than expected, customers would only be charged the maximum level Royal Mail quoted in Stage 3. Royal Mail would absorb any additional cost above the maximum.

- 59. **Full product development** – We would be likely to look to **recover both reasonable external and internal development costs** incurred if the customer wished to progress to full product development. The customer will be able to scrutinise these costs, using a third-party auditor.
- 60. We note that in the customers’ consultation responses and subsequent engagement, they expressed a view that where a new service request is in the Access mandate, Royal Mail should pay for any scoping and development costs. We maintain it is appropriate that these costs can be recovered from the customers who lead to the costs being incurred, instead of absorbing them into Access prices. This ensures that customers who will not use the service do not incur higher prices.

Q8 (Scope) – Do you agree with the types of scoping and development costs Royal Mail would and would not seek to recover during a new service request?

Summary of how proposals address customer feedback

- 61. The table below summarises how views expressed by customers have been addressed in the new proposals.

Customer view	Proposal to address view
Information	
- Provide clearer guidance on information required to complete the Application Form.	✓ Improvements to the Application Form and added additional guidance notes.
Process	
- The November 2017 process only makes minor changes to the existing process.	✓ Proposed an eight-stage Gateway approach with bespoke timelines, varying depending on the level of complexity of the request.
- A one-size-fits-all 13-week approach would not suit all new service requests.	
- Should include details on the approach after the Heads of Terms have been provided.	✓ The Gateway approach sets out a process the whole way through testing and developing a product.
- The current 13-week timeline should remain as a backstop in case a bespoke timeline cannot be agreed.	✓ Maintain the 13-week timeline as a backstop in case the customer and Royal Mail cannot agree a milestone plan.
- Introduce a two-stream approach , allowing the customer to choose whether a request is developed individually or jointly with other interested customers.	✓ The Gateway approach allows for the requesting customer to choose whether a request is developed individually or jointly.

Customer view

Proposal to address view

Engagement

- | | |
|---|---|
| <ul style="list-style-type: none"> - The process should be more iterative with more frequent engagement points. | <ul style="list-style-type: none"> ✓ The Gateway approach allows more time for engagement between the customer and Royal Mail. The milestone plan will set out regular engagement points. |
| <ul style="list-style-type: none"> - A group of industry representatives could be formed to consider Access applications. | <ul style="list-style-type: none"> ✓ We considered the potential remit of a standing Access new service request industry group at the second workshop (see Annex A). However, customers and Royal Mail agreed there is sufficient scope within existing industry groups to consider gaps in the service. |

Cost recovery

- | | |
|---|---|
| <ul style="list-style-type: none"> - The cost recovery approach creates financial barriers to new requests. | <ul style="list-style-type: none"> ✓ Royal Mail would absorb any cost in Stages 1 to 3. This allows customers to explore potential new services with no upfront cost or investment. Only external scoping cost – if necessary – may be passed through to customers in Stages 4 and 5. |
| <ul style="list-style-type: none"> - Royal Mail is mandated to provide these services and should bear the majority of system integration costs. | <ul style="list-style-type: none"> ✗ We do not agree that Royal Mail being mandated to provide these services means we should be required to bear system integration costs. ✓ We will apply a principles-based approach when determining a fair and reasonable cost recovery mechanism on a case-by-case basis. |
| <ul style="list-style-type: none"> - IT systems should have been designed to be compatible at the outset. | <ul style="list-style-type: none"> ✓ IT systems supporting D+2 Letters and Large Letters infrastructure are designed with Access customers in mind. For example, development of Mailmark. |

Other

- | | |
|---|---|
| <ul style="list-style-type: none"> - The process should cover all Access New Service Requests, not just those covered in the mandated area. | <ul style="list-style-type: none"> ✗ The approach would apply to the requests in the mandated area. Requests outside the mandated area would be commercially negotiated. |
| <ul style="list-style-type: none"> - There is a conflict of interest within the Consumer and Network Access team | <ul style="list-style-type: none"> ✗ No changes to the organisational structure of the Consumer and Network Access teams as part of this consultation. |

Annex A: Workshop meeting notes

Access New Service Request Workshop – 2nd July 2018 - Summary

Attendees

Citipost, Onepost, Secured Mail, Whistl, UK Mail and Royal Mail were in attendance.

The wide-ranging discussion during the workshop was helpful to gather views on potential improvements to the Access New Service Request process. No decisions were reached. Customers and Royal Mail agreed to hold a further workshop, which has been arranged for Tuesday 25th September.

Process

1. Move away from one-size-fits-all 13 week process to a “gateway” approach

Customers recognised that requests can come in different shapes and sizes. As such, a one-size-fits-all 13-week approach would not be effective in all cases. Customers may consider moving to a more flexible “gateway” approach, whereby the NSR process could set out some high level principles, stages and milestones. Royal Mail would then follow these when responding to the request. The timescales would be bespoke for each new service request and vary depending on the level of complexity. Customers and Royal Mail would agree a high-level milestone roadmap upfront to track progress. For example, key dates to share information, meetings or catch-up calls.

Customers generally felt comfortable with this flexible approach, as long as the application was progressing and there was a good level of engagement. Customers would welcome the more frequent touch points, even if these were simply confirming we are on track. The gateway approach would also provide more flexibility should customers wish to make changes to their request during the application process. The process could outline a fall-back position in case customers and Royal Mail cannot agree gateway timelines at the start.

2. Two-stream approach: Individual or collaborative

It may be beneficial to have a two-stream approach. When a customer submits an application, they would be able to decide whether to use an “Individual (confidential)” or a “Collaborative” approach.

- **Stream 1 - Individual** – The customer would retain confidentiality around the application until Royal Mail is required to publicly notify the launch of a new service.
- **Stream 2 – Collaborative** – The customer submitting an application would waive confidentiality and it would be discussed by other interested Access customers during the development stage. Other customers would be able to input into the product design during the development phase. The product would benefit from a wider range of customer ideas and be developed to reflect the interests of the industry.

Engagement

3. Advisory Group and “Pop-up” Technical Group

There was a discussion around the potential benefits of forming two industry groups: **(a)** an Advisory Group, and **(b)** a Pop-up Technical Group:

- **Advisory Group** – A standing advisory group whose remit could include discussing collaborative requests, a proactive and strategic role to consider gaps in current services and take on the incentives work currently being done by the Wholesale Incentives Group (WIG). It could hold regular meetings with representatives from across the supply chain. This could include Royal Mail (Wholesale and Retail), Access customers, intermediaries, mailing houses, posting customers and trade associations.

- **“Pop-up” Technical Support Group** – Would only be mobilised to provide technical support from the industry on collaborative requests as and when needed. This could involve IT and Operational experts.

4. Balancing one customer wanting “ABC” vs. the rest of the industry wanting “CDE”

There was a discussion around how to balance customers wanting products to be designed differently. For example, the requesting customer asking for “ABC”, and once the rest of the industry is engaged, they would prefer “CDE”. The requesting customer has the right to stick with its original request and the industry could submit a separate “CDE” application. Parties would need to determine how the two requests are prioritised.

5. Phase 4

The process should include a fourth phase, covering activities after the initial heads of terms have been provided. Currently, the process does not set out any process after the 13 weeks ends. Phase 4 could include a closure milestone, namely either the product being delivered or the customers deciding not to progress. Customers agreed to consider what Phase 4 might look like and provide suggestions to Royal Mail in advance of the September Workshop.

Cost Recovery

6. Customers believe that Royal Mail should bear system integration cost.

Customers believe – on a point of principle – that Royal Mail should bear any system integration costs when the request is for a product inside the mandated area. Customers said that there is a need for Royal Mail to recognise that during a product development process, there are costs incurred by other members of the supply chain and not just Royal Mail.

Royal Mail provided three worked examples of how the five proposed cost recovery principles - distribution of benefits, cost causation, cost minimisation, level of risk and practicability – applied in three previous investments - Mailmark, Access Premium and Tracked and Delivery Confirmation.

Other Comments

7. Royal Mail should develop Wholesale variant alongside Retail product development.

Customers expressed the view that when Royal Mail is developing any new products inside the mandated area, then it should develop a Wholesale variant if the product is wanted by customers. Royal Mail should also bear the costs of developing the product. Customers also noted that if products are developed in either retail or wholesale that the downstream element should be equivalent and available through both channels.

8. Customer opportunity to make the case for requests outside the mandated area.

Customers noted that the process is focused on requests inside the mandated area. It is likely the process would form the basis for any requests that sit outside the mandated area. Royal Mail noted that it would retain the right to act in its Group commercial interests for requests outside the mandated area. In this case, customers would be able to present a business case to demonstrate why the new product would be beneficial to Royal Mail Group.

Access New Service Request Workshop – 25th September 2018 - Summary

Attendees

Onepost, Secured Mail, Whistl, UK Mail and Royal Mail were in attendance.

This was the second workshop to gather views on potential improvements to the Access New Service Request process. The first was held on 2nd July 2018. The wide-ranging discussion during the workshop was helpful.

Summary of discussion

1. Gateway approach

At the first workshop, customers suggested following a “gateway” process rather than a one-size-fits-all 13-week process for responding to requests.

Royal Mail outlined the key aspects and deliverables of a proposed “gateway” approach. The proposal aims to have frequent engagement points. Each gateway is designed to conclude with an agreement between the customer and Royal Mail on whether to progress to the next stage. As such, they are “go/no go” decision points. Customers can exit the process at any stage. However, Gateways 3 and 5 are key “go/no go” decisions for customers, as they are required to agree to fund cost in stages 4 and 6 respectively before progressing.

Customers were supportive of this new approach and provided a number of helpful comments. This included adding illustrative timelines for each stage which would act as an indicative benchmark for how long each stage could take. Customers also suggested additional deliverables and providing greater clarity on “go/no go” decision points. Royal Mail agreed to share an updated version of the approach reflecting the discussion and to seek further input from customer attendees.

Action: Customers to review revised Gateway approach and provide feedback by 31st October. Customers also agreed to consider whether there are any of their own internal processes they would like reflected in the proposed approach.

Whilst discussing stage 1 (Initiation of the request), we touched on the draft application form. We noted that it tries to encompass all requests. Customers felt there could be some improvements.

Action: Customers to review the application form and provide feedback by 31st October.

2. Advisory Group

At the first workshop, there was a discussion around the potential benefits of forming a standing Advisory Group. The remit of the group could include discussing collaborative requests and a proactive, strategic role to consider gaps in current services.

Royal Mail and customers discussed the roles and remits of existing Wholesale groups (see attached). It was agreed that the existing Wholesale groups provided sufficient opportunities for customers to identify and discuss gaps in the service. As such, it was felt that there was no need for an additional standing Advisory Group.

We also discussed how a group of interested customers may be mobilised during a specific new service request. There was general agreement that it is in the NSR applicant’s hands to decide whether they discuss the application with other customers. Requests would not be shared by RM with other access customers by default.

3. Individual and collaborative requests

At the first workshop, we agreed that customers could submit New Service Requests either as an individual company or as a collaborative request.

Customers set out that they would rather requests were individual or “joint” (ie remaining between the applicants) rather than “collaborative” (ie engaging all other interested access customers).

4. Cost recovery

Royal Mail shared an updated version of the cost recovery principle worked examples, including the new Magazine Subscriptions service. Customers set out that they believe that if the request is in the mandated area then Royal Mail should bear the majority of the cost. Royal Mail advised that our cost recovery principles are based of principles Ofcom used when judging cost recovery for BT. Royal Mail agreed to share the Ofcom consultation with customers.

5. Next steps

We said we would aim to issue a new consultation paper by mid-December. Given the consultation will run over Christmas and tariff, it will last for eight weeks.

Annex B: Cost recovery worked examples

	Mailmark Very large investment to create Mailmark infrastructure	Access Magazine Subscription Modest investment in 2018 to create Mag Sub service	Access Premium Modest investment in 2007 to create Access Premium.	Tracked and Delivery Confirmation for Large Letters Large investment needed to provide Tracked and Delivery Confirmation in Access
Distribution of benefits <i>Costs should be recovered from the beneficiaries of the new service.</i>	<ul style="list-style-type: none"> - Royal Mail, the industry and customers benefit from state-of-the-art barcode technology. - This includes: efficient processing, improved tracking, better more detailed reporting, revenue protection, and opportunities for new product and service developments. 	<ul style="list-style-type: none"> - The development of the Magazine Subscription service would benefit Access customers. 	<ul style="list-style-type: none"> - The development of the Premium product benefited Access customers. 	<ul style="list-style-type: none"> - The development of the new tracked and DC services in Access would benefit Access customers.
Cost causation <i>Costs will be recovered from those whose actions cause the costs to be incurred.</i>	<ul style="list-style-type: none"> - Both Royal Mail and Access Customers supported the development of Mailmark. - Royal Mail obtained significant benefits from its rollout and therefore funded the investment. - We also introduced an 'Investment in Change' scheme with £500k funding to assist the industry's transition. 	<ul style="list-style-type: none"> - Both Royal Mail and Access Customers supported the development of Magazine Subscription service. 	<ul style="list-style-type: none"> - A number of Access customers requested the new service. 	<ul style="list-style-type: none"> - A number of Access customers requested the new service. - This required significant investment to link the Access Letters infrastructure to our parcels IT infrastructure.
Cost minimisation <i>The cost recovery mechanism and development approach should ensure there are strong incentives to minimise costs.</i>	<ul style="list-style-type: none"> - Royal Mail has a limited budget for investment expenditure and a range of investment opportunities that compete for capital. We therefore face natural incentives (not least from shareholders) to minimise costs in any given project. 	<ul style="list-style-type: none"> - We used consultants from our Framework Agreement and therefore allowed Access customers to benefit from the better rates we use for internal projects. - The required development built on the existing Access Letters IT infrastructure. 	<ul style="list-style-type: none"> - We used consultants from our Framework Agreement and therefore allowed Access customers to benefit from the better rates we use for internal projects. - The required development built on the existing Access Letters IT infrastructure. 	<ul style="list-style-type: none"> - Developing a new system from scratch would incur significant costs. We therefore proposed to leverage our existing Retail Parcels IT infrastructure. - We proposed to use consultants from our Framework Agreement and therefore allowed Access customers to benefit from the better rates we use for internal projects. - We operated an 'open book' whereby customers could commission independent 3rd parties to scrutinise the costs.
Level of risk <i>The payback mechanism and period, we will take account of the size and risk profile of the investment outlay.</i>	<ul style="list-style-type: none"> - Royal Mail bore the risk of the investment. If customers did not move onto Mailmark, we would have had a stranded investment. - The critical mass of letter volumes and level of existing barcoded (CBC) letters we expected to migrate to Mailmark meant there was a relatively low risk. 	<ul style="list-style-type: none"> - Built on the existing Access Letters IT infrastructure. - No significant new IT build was needed. As such, this was relatively low risk given the limited capital required. 	<ul style="list-style-type: none"> - As mentioned, built on the existing Access Letters IT infrastructure. - No significant new IT build was needed. Impact on operations from later acceptance widows was small. - As such, this was relatively low risk given the limited capital required. 	<ul style="list-style-type: none"> - The request would lead to significant financial outlay by Royal Mail to develop the IT infrastructure. - There was also uncertainty around the likely volumes. - As such, this was a relatively high risk request.
Practicability <i>The mechanism for cost recovery needs to be practicable and relatively easy to implement.</i>	<ul style="list-style-type: none"> - Cost was recovered through underlying prices. 	<ul style="list-style-type: none"> - Cost was recovered through underlying prices. 	<ul style="list-style-type: none"> - Given the relatively limited investment outlay, no upfront lump sum was required. - Instead we recovered the cost through per unit charges. - An indemnity was put in place in case the volumes did not materialise. 	<ul style="list-style-type: none"> - To de-risk the investment, we proposed a schedule of payments, recovering cost during the development phase from the customers requesting the service.
Competition <i>The cost recovery mechanism should does not unfairly hinder effective competition</i>	<ul style="list-style-type: none"> - The product was offered to all Access customers on equal terms. 	<ul style="list-style-type: none"> - The product was offered to all Access customers on equal terms. 	<ul style="list-style-type: none"> - The product was offered to all Access customers on equal terms. 	<ul style="list-style-type: none"> - If the product was developed and launched, it would have been offered to all Access customers on equal terms. Customers also wishing to use the service who were not part of the initial request may need to discuss terms with the original requestors before being able to do so.

Annex C: Draft USP Access Request form

USP Access Request Form and Guidelines

Sections 1 to 6 of the form must be completed. Additional information can be requested and provided in sections 7 and 8. Please fill in a separate request form for each new service. We strongly recommend that you contact us prior to the submission of your form to discuss the service requirements using the following address: enquiries@royalmailwholesale.com

1. Customer Details

Please provide contact details for one or more employees who will be dealing with the request.

Name		
Job Title		
Company		
Contact Details	Telephone No	
	Mobile	
	e-mail	

2. Service Description

In this section, we are seeking to understand the end-to-end customer journey and operational features of the product. This is to help us design the solution accordingly. It is important you provide sufficient detail on your requirements to enable Royal Mail to fully understand the request and carry out the scoping exercise.

Background	Please provide some context for the service being requested eg. an explanation of the opportunity you have identified.
Objective of the product	Please provide a description of the key service features. For example, Mailmark management information.
Description of operational features from the service	<p>Please provide a description of:</p> <ol style="list-style-type: none"> 1. The full end-to-end journey for the posting customer 2. How the mail will be handed over to Royal Mail 3. Requirement of Royal Mail when <ol style="list-style-type: none"> I. Handling the service II. Delivery requirements (if applicable) 4. Please identify similarities and/ or differences from existing Royal Mail products.

Service level standards	Please provide any operational and non-operational service level requirements you expect from the product. For example, delivery obligations, data provision, reporting, complaints management or revenue protection.
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3. Points of Access and Access Times

In this section, we are seeking to understand where, when and how the customer intends to access Royal Mail’s network. In particular, we are seeking to understand where the required service differs from existing arrangements.

Access point	<p>Please tick the box below to indicate the point where you wish to access Royal Mail sites:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding: 2px;">Inward Mail Centre</td> <td style="width: 40px; height: 15px;"></td> </tr> <tr> <td style="padding: 2px;">Other</td> <td style="width: 40px; height: 15px;"></td> </tr> </table> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>If you ticked other and your requirement is for Access at somewhere other than an Inward Mail Centre, please provide details of your requirements:</p> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>If you are requesting Inward Mail Centre access but do not require access at all sites, please provide details of your requirements:</p> </div>	Inward Mail Centre		Other	
Inward Mail Centre					
Other					
Day(s) of week	Please indicate which days of the week you anticipate accessing each Royal Mail site.				
Time(s) of day	Please indicate the time of day you anticipate accessing each Royal Mail site.				

4. IT and Billing Requirements

In this section, we are seeking to understand any specific IT interface requirements the customer may have for the new service. We are also seeking to understand any information the customer intends to provide Royal Mail for billing purposes.

The type of data required and how data is shared is likely to be critical to the design of the service and the timeframe to develop the product.

Data exchange, IT interface and reporting requirements	<p>Please provide details of the IT and data interface arrangements you require. Royal Mail requires customers to share data for billing and reporting purposes. Dockethub and EHMS are the systems used as standard by Royal Mail Wholesale.</p> <p>Please provide a description of your data exchange requirements, including billing and reporting. Please highlight where you think there are differences or similarities to existing service arrangements.</p>
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5. Item Description and Presentation Standards

In this section, we are seeking to understand how mail will be presented to Royal Mail. The type of mail handed over will impact handling costs. The information provided will therefore allow Royal Mail to estimate the cost of the service.

Format	<p>Please tick the format(s) relevant to your access request:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Format</th> <th rowspan="2">Tick all that apply</th> <th colspan="3">Volumetrics</th> </tr> <tr> <th>Ave</th> <th>Min</th> <th>Max</th> </tr> </thead> <tbody> <tr> <td>Letter</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="background-color: #cccccc;"></td> <td style="background-color: #cccccc;"></td> <td style="background-color: #cccccc;"></td> </tr> <tr> <td>Large Letter</td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Parcel</td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> Letter means an item which is no larger than C5+ (165mm x 240mm) and no thicker than 5mm. Minimum size is 70mm x 100mm and minimum thickness is 0.25mm. Letters must weigh between 0 - 100g. Large Letter means an item which is no larger than 353mm X 250mm and no thicker than 25 mm. Large Letters must weigh between 0 - 750g. Parcel means an item whose maximum dimensions, if rectangular, are no larger than 610mm x 460 mm x 460mm or, if cylindrical, has a maximum length of 900mm In addition, the item’s length when added to twice the diameter must not exceed 1040mm. Parcels must weigh between 0 - 2kg. Volumetric means the size in litres of an item. For example, 250mm x 400mm x 30mm = 3.0 litres. 	Format	Tick all that apply	Volumetrics			Ave	Min	Max	Letter	<input type="checkbox"/>				Large Letter	<input type="checkbox"/>				Parcel	<input type="checkbox"/>			
Format	Tick all that apply			Volumetrics																				
		Ave	Min	Max																				
Letter	<input type="checkbox"/>																							
Large Letter	<input type="checkbox"/>																							
Parcel	<input type="checkbox"/>																							

<p>Sortation</p>	<p>Please tick the sortation level(s) you will be presenting as or give details if your required sortation levels are different:</p> <table border="1" data-bbox="486 257 1268 376"> <tr> <td>70</td> <td></td> </tr> <tr> <td>1400</td> <td></td> </tr> <tr> <td>Other (please specify)</td> <td></td> </tr> </table> <p>Access 70 - a sortation level for machineable letters and non-machineable letters, large letters and parcels. It requires customers to pre-sort their mail into 86 postcode selections prior to handover to Royal Mail.</p> <p>1400 - a service for machineable letters and non-machineable letters, large letters and parcels. It requires customers to sort their mailing (letters, large letters or parcels) into approximately 1529 selections.</p>	70		1400		Other (please specify)					
70											
1400											
Other (please specify)											
<p>Machine reading</p>	<p>Please tick the machine readability option(s) you will be presenting:</p> <table border="1" data-bbox="486 694 949 813"> <tr> <td>Mailmark</td> <td></td> </tr> <tr> <td>OCR</td> <td></td> </tr> <tr> <td>Manual</td> <td></td> </tr> </table> <p>Machine reading We have two machinable services which will offer additional price savings if your Letters or Large Letters can be machine read:</p> <ul style="list-style-type: none"> • Mailmark barcode • OCR <p>Manual We offer a manual service for items which cannot be machine read</p>	Mailmark		OCR		Manual					
Mailmark											
OCR											
Manual											
<p>Item weight</p>	<p>Please provide as much detail as possible in relation to the weight range and maximum weight.</p> <p>Please tick the weight(s) you will be presenting:</p> <table border="1" data-bbox="486 1276 949 1467"> <tr> <td>Up to 100g</td> <td></td> </tr> <tr> <td>101 – 250g</td> <td></td> </tr> <tr> <td>251 – 750g</td> <td></td> </tr> <tr> <td>751 – 1000g</td> <td></td> </tr> <tr> <td>1001 – 2000g</td> <td></td> </tr> </table> <div data-bbox="411 1534 1380 1680" style="border: 1px solid black; padding: 5px; margin-top: 20px;"> <p>Please provide as much detail as possible in relation to the weight range and maximums:</p> </div>	Up to 100g		101 – 250g		251 – 750g		751 – 1000g		1001 – 2000g	
Up to 100g											
101 – 250g											
251 – 750g											
751 – 1000g											
1001 – 2000g											
<p>Additional information</p>	<p>Please specify any additional information relevant to the description and presentation of your mail.</p>										

6. Posting Volumes by Format

In this section, we are seeking to understand the expected demand for the service. This will have an impact not only on how we scope the technical specification but also likely the costs and price of the product.

Volume by year	Please specify anticipated annual volumes by format for the first 3 years. Please provide your view on the degree of certainty around the volume forecasts. For example, a minimum and maximum range.				
		Letters	Large Letters	Parcels	Annual Totals
	Year 1				
	Year 2				
	Year 3				
	Format Totals				
	We would welcome any information you are able to share on the calculations or assumptions that underpin your volume forecasts or the degree of certainty around them.				
Volume by day	Please specify anticipated daily volumes by format. Where volumes are expected to differ by day, please indicate and include known variations.				
National or regional profile	Please indicate whether the geographic profile for delivery is likely to be national or based on a specific zone, region or city.				

7. Information Requests

Royal Mail is required to respond to reasonable information requests from customers considering making a new service request. We would look to respond to requests during the Pre-Application Phase.

Please detail any information requests below.

8. Additional Information

This section provides the customer an opportunity to any other information which might be useful to Royal Mail in constructing a specification and price. Please use a separate form if required.

For Royal Mail use

Date Application Form received	
Date Royal Mail confirm Application Form and clock starts on 13 week product scoping exercise.	

Annex D

Cover sheet for response to a Royal Mail consultation.

BASIC DETAILS

Consultation title Consultation on changes to the Access Service Request Process

To (Royal Mail contact) Mike Haskins, mike.haskins@royalmail.com

Royal Mail, 185 Farringdon Road, London, EC1A 1AA

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Name/contact details/job title

Organisation

Whole response

Part of the response

If there is no separate confidential annex, which parts?

.....

If you want part of your response, your name or your organisation not to be published, can Royal Mail still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

YES/NO (please delete as appropriate)

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Royal Mail can publish, subject to any declaration in the confidentiality section. If I have sent my response by e-mail, Royal Mail can disregard any standard e-mail text about not disclosing email contents and attachments.

Royal Mail may like to publish responses for the purposes of transparency.

If your response is non-confidential (in whole or in part) and you are happy for us to publish your response once the consultation has ended, please tick here.

Name

Signed (if hard copy)

Date: