



*psmailers.com*

## **CUSTOMER PRIVACY CASE STUDY**

### *PSMailers Provides Compliance, Increases Efficiency*

#### The Problem

A small Colorado utility company with 2500 customers liked doing business the good old fashioned way. Send your customers a handy little postcard that shows their gas and electricity usage. In return, payment is sent for the reliable service that allows a house to be a home. This method had worked beautifully for many years without any problems. However, rumors of enforcing the Federal Trade Commission's (FTC) "Red Flag Rules" prompted the utility company to consider privacy issues because their method wasn't compliant. [Red Flag rules state companies that extend credit to have a written program in place regarding warnings of possible fraud or identity theft. Enforceable as of November 1, 2008.] Identity theft is a possibility with many postcard billing companies because the customer's name, address and account number are visible to anyone who can read it. The utility company was concerned they'd be forced into compliance long before being able to deplete their current postcard inventory, an inconvenience and wasteful position to be in. The client also wanted to transition strategically within their own time frame while investing responsibly within the budget and business plan.

Option # 1: A cut sheet with a #10 window and #9 return envelope plus the actual mailing envelope. This option provided the needed privacy, but would actually add material, equipment, labor and time costs. Suddenly, three items were necessary to process each account. This option would require laborious, time-consuming hand folding and envelope stuffing for 2500 every billing cycle. The utility company's board of directors wasn't willing to approve such an increase in costs that was also inefficient.

Option # 2: A 14" one-piece, two-way pressure seal mailer. The mailer could be printed, folded and sealed at once and includes an attached return envelope as part of the one-piece 14" document. It also includes one piece of equipment to handle the processing. It eliminates the need to burst postcards and it provides complete customer privacy therefore eliminating the FTC's "Red Flag" rules non-compliance. The billing clerk favored this choice because it saved time and labor and increased productivity. Additionally, this option could be used for other company communications and mailings in the future.

#### The Solution

When comparing the two solutions, the economies and streamlining of the pressure seal mailer sealed the deal. Option # 2, PSMailers, was more attractive because it could be done with one inventory item and one freight-in cost in addition to meeting the FTC's "Red Flag" rules. The estimated savings in freight alone was about half when stocking inventory of one item vs. three. Customer privacy issues were resolved. The utility company became compliant with the FTC and return payments have increased. PSMailers simplified the utility company billing process saving thousands of dollars in manual labor and materials.

Of note: Creditors who fall under the FTC's Red Flag Rules include finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies. For more information, visit: <http://www.ftc.gov/bcp/edu/pubs/business/alerts/alt050.shtm>.

