

Natalie Powell

From: Michael Foster
Sent: Wednesday, March 21, 2012 12:20 PM
To: Adona, Jacqueline D - Washington, DC
Cc: Natalie Powell
Subject: FW: Scanned Doc (SEAM Curriculum)
Attachments: curriculum for Mr. Foster.pdf

Jackie, the attachment represents the SEAM information that we are requesting, in addition to the unredacted DAR and the unredacted Asset Management Integration- Phase 1. Thanks.

From: Rodney Radcliff
Sent: Wednesday, March 21, 2012 12:12 PM
To: Michael Foster
Subject: Scanned Doc (SEAM Curriculum)

Sir,

Per your request, please see the attached.

Thanks

R.

Rodney R. Radcliff
Motor Vehicle Service Div.
American Postal Workers Union
1300 L Street, NW
Washington, DC 20005
(Tele) 202-842-4241
(Fax) 202-842-8517



➤ Curriculum Layout

- 1) ALL employees are required to take the SEAM Navigation course as a prerequisite to any further SEAM training: *Course Number 10017580*
- 2) VMF Workorder Process course information: *eLearning Course Number – 10019976, Course Review Number - 10020502*
- 3) 6 Day Deployment Training course information: *Course Number - 10019977*

Natalie Powell

From: Michael Foster
Sent: Monday, March 19, 2012 2:08 PM
To: Natalie Powell
Subject: FW: SEAM, OBIEE

Nat, put this information in the SEAM folder.

From: Adona, Jacqueline D - Washington, DC [<mailto:jacqueline.d.adona@usps.gov>]
Sent: Wednesday, November 09, 2011 1:42 PM
To: Bob Pritchard; Michael Foster
Cc: Stembridge, Gwendolyn - Washington, DC
Subject: SEAM, OBIEE

Messrs Pritchard and Foster:

In follow-up to our SEAM meeting on November 3, you requested the following information:

- 1) What does OBIEE stand for; and
- 2) The DAR for SEAM.

Please be advised that OBIEE stands for Oracle Business Intelligence Enterprise Edition. I have requested the DAR and will send it to you as soon as I get it. In the interim, if there are any questions, please let me know.

Thank you.

Jacqueline D. Adona
Labor Relations Specialist
Contract Administration (APWU)
(202) 268-3800

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Natalie Powell

From: Michael Foster
Sent: Monday, March 19, 2012 2:08 PM
To: Natalie Powell
Subject: FW: AMI DAR - Redacted Version
Attachments: DAR - AMI Phase I Modification - REDACTED.pdf

From: Adona, Jacqueline D - Washington, DC [<mailto:jacqueline.d.adona@usps.gov>]
Sent: Monday, November 21, 2011 3:02 PM
To: Bob Pritchard; Michael Foster
Subject: FW: AMI DAR - Redacted Version

Bob & Mike: Attached is the redacted DAR for SEAM.

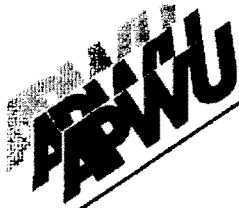
Please be advised that DARs are internal documents used by Senior Management in making large investment decisions. The data contained within DARs involve very sensitive information and procedures. Signatures, financial data, business strategy, operational, and performance data which does not appear relevant to the union's duties has been redacted from this DAR. The signatures were redacted to protect the privacy interest of those individuals signatory to this DAR. Program cost estimates, Postal Service business strategy, and operational and performance data have also been redacted from this DAR so that additional risk and compromise is not placed on the overall business or the individual program.

Please let me know if you have any questions.

Thank you both.

Jacqueline D. Adona
Labor Relations Specialist
Contract Administration (APWU)
(202) 268-3800

>This e-mail message is intended only for the use of the recipient(s) named above, and may not be forwarded or disseminated to unauthorized persons. This message may contain confidential, governmental materials, and as such, it is privileged and confidential. If you are not an intended recipient, you may not review, copy or distribute this message. If you have received this communication in error, please notify me immediately by e-mail and delete the original message.



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

Greg Bell
Executive Vice President

202-842-4250 (Office)
202-842-4297 (Fax)

December 7, 2010

National Executive Board

Carl Guffey
President

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Rob Strunk
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Director, MVS Division

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Director, Support Services Division

Sharyn M. Stone
Coordinator, Central Region


Mike Gallagher
Coordinator, Eastern Region

John H. Dirzius
Coordinator, Northeast Region

Princeton Vogel
Coordinator, Southern Region

Omar M. Gonzalez
Coordinator, Western Region

To: Steve Raymer

From: Greg Bell 

Subject: USPS Decision to Contract with a 3rd Party Provider to Install an IT/LAN Wiring Upgrade at Postal VMFs (Notification No. GCCG20100742)

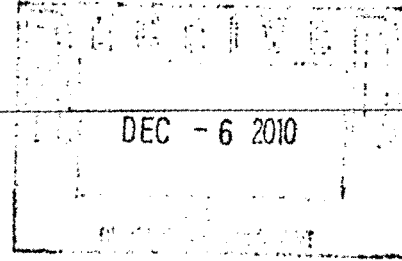
Please find attached a copy of a letter dated 12/3/2010 from John Dockins, regarding the above reference matter.

You are designated as the APWU contact person in this matter. Contact the USPS representative as soon as possible for discussion, if appropriate. Please provide notification of your review to me by 1/7/2011.

Please note: Your secretary should update the Notification Tracking Module in Step 4 CAS as necessary.

Attachment

GB/bb
opelu #2/afl-cio



December 3, 2010

Mr. Cliff Guffey
President
American Postal Workers Union
(APWU), AFL-CIO
1300 L Street, N.W.
Washington DC 20005-4304

Certified Mail Tracking Number:
7099 3400 0009 0514 4151

Dear Cliff:

Please be advised that, after carefully considering the relevant factors under Article 32 of the National Agreement, the Postal Service has made the decision to contract with a third-party provider to install an Information Technology/Local Area Network (IT/LAN) wiring upgrade at Postal Vehicle Maintenance Facilities (VMFs).

The installation will prepare the VMF shop area for multiple computer connections. These computers will be used by VMF technicians to enter vehicle work order information, parts requests, and labor operation transactions. The computers will also provide real-time information for vehicle maintenance cost reporting.

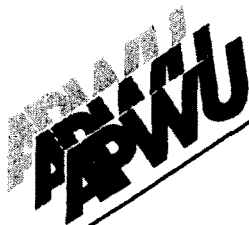
No significant impact to the bargaining unit is anticipated.

If you have any questions or concerns, please contact Patrick Devine at (202) 268-5421.

Sincerely,

A handwritten signature in black ink that reads "John W. Dockins".

John W. Dockins
Manager
Contract Administration (APWU)



MORRIS

American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

December 22, 2010

Gary Kloepfer
Assistant Director A,
Maintenance Division
202-842-4213 (Office)
202-289-3746 (Fax)

John Dockins
Manager
Contract Administration (APWU)
United States Postal Service
475 L'Enfant Plaza, S.W.
Washington DC 20260

National Executive Board

Cliff Guffey
President

Greg Bell
Executive Vice President

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Mike Morris
Director, Industrial Relations

Rob Strunk
Director, Clerk Division

Steven G. Raymer
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Robert C. "Bob" Pritchard
Director, MVS Division

Bill Manley
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Sharyn M. Stone
Coordinator, Central Region

Mike Gallagher
Coordinator, Eastern Region

John H. Dirzius
Coordinator, Northeast Region

Princella Vogel
Coordinator, Southern Region

Omar M. Gonzalez
Coordinator, Western Region

Re: GCCG20100742 – Contracting with a Third-Party Provider to Install an Information Technology/Local Area Network (IT/LAN) Wiring Upgrade at Postal Vehicle Maintenance Facilities (VMFs)

Dear John,

I am the Officer assigned to the above referenced issue. As I understand from the Postal Service's letter of December 3, 2010, it has made the decision to contract with a third-party Provider to install an Information Technology/Local Area Network (IT/LAN) Wiring upgrade at Postal Vehicle Maintenance Facilities (VMFs).

According to the Postal Service, the upgrade will prepare the VMF shop area for multiple computer connections; the computers will be used by VMF technicians to enter vehicle work order information, parts requests and labor operation transactions. These computers will also provide real-time information for vehicle maintenance cost reporting.

Finally, it claimed that it anticipated no significant impact to the bargaining unit.


Based on the failure of the Postal Service to provide any documents and/or evidence that good faith consideration was given for all five factors contained in Article 32, the Union is requesting a meeting to discuss this issue. However, prior to the scheduling of this meeting the Union requests the following information in accordance with the Collective Bargaining Agreement¹:

¹ Article 17, Section 3 requires the Employer to provide for review all documents, files, and other records necessary in processing a grievance. Article 31, Section 3 requires that the Employer make available for inspection by the Unions all relevant information necessary for collective bargaining or the enforcement, administration or interpretation of this Agreement. Under 8a (5) of the National Labor Relations Act it is an Unfair Labor Practice for the Employer to fail to supply relevant information for the purpose of collective bargaining. Grievance processing is an extension of the collective bargaining process

1. The location of all Postal Vehicle Maintenance Facilities (VMFs) that will receive this upgrade.
2. A copy of the final contract for the above referenced work which will be performed by the third-party contract.
3. The name and title of the person that made the decision to subcontract this work.
4. All documentation the Postal Service relied upon to make its subcontracting decision.
5. All documentation the Postal Service relied upon to conclude that "no significant impact to the bargaining unit is anticipated".
6. A complete copy of the final Statement of Work for the subcontracted work.

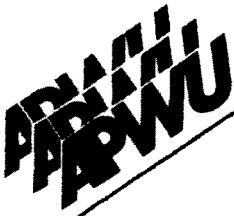
I ask that you contact me so we can reach a mutually agreed upon time and date to discuss this issue.

Sincerely,


Gary Kloepfer
Assistant Director
Maintenance Division

cc: Cliff Guffey, President
Michael Morris, Director, Industrial Relations
Steve Raymer, Director, Maintenance Division
File

GK/syi/opeiu#2/afl-cio



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

February 8, 2011

To: Cliff Guffey
President

Fr: Gary Kloepfer

A handwritten signature in black ink, appearing to read 'GK', is written over the name 'Gary Kloepfer'.

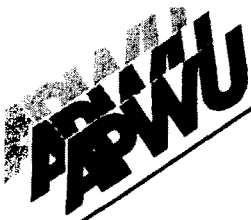
Re: Notification No. GCCG20100742, USPS Decision to Contract with a 3rd
Party Provider to Install an IT/LAN Wiring Upgrade at Postal VMFs

I have reviewed the above referenced matter. It is my recommendation
that the APWU File a National Dispute on this matter.

Please contact me if you would like to discuss this matter.

cc: Industrial Relations

GK/syi/opeiu#2/afl-cio



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

Mike Morris, Director
Industrial Relations
1300 L Street, NW
Washington, DC 20005
202-842-4273 (Office)
202-331-0992 (Fax)

Initiate National Dispute

February 8, 2011

Sent Via Facsimile First Class Mail

National Executive Board

Chf Guffey
President

Greg Bell
Executive Vice President

Elizabeth "Liz" Powell
Secretary-Treasurer

Mike Morris
Director, Industrial Relations

Rob Strunk
Director, Clerk Division

Steven G. Raymer
Director, Maintenance Division

Robert C. "Bob" Pritchard
Director, MVS Division

Bill Manley
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Sharyn M. Stone
Coordinator, Central Region

Mike Gallagher
Coordinator, Eastern Region

John H. Dirzius
Coordinator, Northeast Region

Princella Vogel
Coordinator, Southern Region

Omar M. Gonzalez
Coordinator, Western Region

Mr. Doug Tulino
Vice President, Labor Relations
U.S. Postal Service, Room 9014
475 L'Enfant Plaza
Washington, D.C. 20260

Re: **APWU No. HQTG20110058**
Third Party Provider -- IT/LAN Wiring Upgrade at Postal VMFs

Dear Mr. Tulino:

In accordance with the provisions of Article 15, Sections 2 and 4, of the Collective Bargaining Agreement, the American Postal Workers Union is initiating a Step 4 dispute.

The issues and facts involved in this dispute are as follows:

ISSUE: Whether the Postal Service violated Articles 19 and 32 Section 1 of the National Agreement and Section 535 of the Administrative Support Manual when it made its decision to contract with a third-party provider to install and maintain an Information Technology/Local Area Network (IT/LAN) wiring upgrade to Postal Equipment at Postal Vehicle Maintenance Facilities (VMFs)? If yes, what shall the remedy be?

According to the Postal Service, "The installation will prepare the VMF shop area for multiple computer connections. These computers will be used by VMF technicians to enter vehicle work order information, parts requests, and labor operation transactions. The computers will also provide real-time information for vehicle maintenance cost reporting. It also claimed "No significant impact to the bargaining unit is anticipated."

The subcontracted work was within the scope of duties performed by APWU bargaining unit employees. Under these circumstances the Postal Service was obliged to meet and discuss the matter with the Union consistent with Article 32.1.B. It did not do that.

Mr. Doug Tulino

February 8, 2011

Page 2

The Union alleges that contracting out this work violated Article 32 Section 1 which required the Postal Service to provide documentation to the Union that it gave good faith consideration to the factors listed in Article 32 prior to making its decision to subcontract. In addition, Section 535 of the Administrative Support Manual states that this type of work may only be subcontracted when it is economically advantageous.

It is the Union's position that the information supplied by the Postal Service failed to demonstrate compliance with Article 32 or that an economical advantage existed.

Please contact Gary Kloepfer, case officer, to discuss this dispute at a mutually scheduled time.

Sincerely,



Mike Morris, Director
Industrial Relations

MM/GK/syi/opeiu#2/afl-cio

APWU #: HQTG20110058

Dispute Date: 2/8/2011

Case Officer: Gary Kloepfer

Contract Article(s): ;

cc Resident Officers

:

File



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

June 29, 2011

Michael O. Foster
Assistant Director
Motor Vehicle Service
1300 L Street, N.W.
Washington, D.C.
20005
202/842-4240 (Office)
202/842-8517 (Fax)

SENT VIA FAX & FIRST CLASS MAIL

Patrick Devine, Acting Manager
Contract Administration, Labor Relations
United States Postal Service
475 L'Enfant Plaza, S.W.
Washington, DC 20260

National Executive Board

Cliff "C.J." Guffey
President

Greg Beil
Executive Vice President

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Secretary-Treasurer

Mike Morris
Industrial Relations Director

Rob Strunk
Director, Clerk Division

Steven G. "Steve" Raymer
Director, Maintenance Division

Robert C. "Bob" Pritchard
Director, MVS Division

Sharyn M. Stone
Central Region Coordinator

Mike Gallagher
Eastern Region Coordinator

John Dirzius
Northeast Region Coordinator

Princella Vogel
Southern Region Coordinator

Omar M. Gonzalez
Western Region Coordinator

Dear Patrick:

In a letter dated April 18, 2011, I had an inquiry concerning reports from the field about a pilot program being initiated in various Vehicle Maintenance Facilities.

We also requested any and all information relative to the pilot program that is currently being utilized or contemplating being utilized in the VMF.

It is the Union's belief that the program is a part of the Solution for Enterprise Asset Management (SEAM).

In the USPS' May 2, 2011 response, it stated that "...the SEAM program is still in development and the pilot program has not yet been initiated..."

The APWU is still receiving updates from the field concerning the installation of wires and equipment that we believe are consistent with the pilot program.

We are requesting a briefing concerning the SEAM program in the VMFs and/or any other pilot programs being contemplated in the VMF. We are also requesting a briefing on the anticipated impact to the bargaining unit.

Sincerely,

Michael O. Foster
Assistant Director
Motor Vehicle Service Division

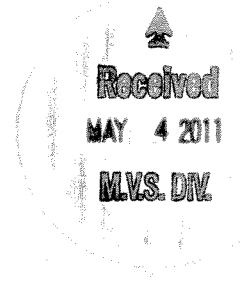
MOF:ndp/opeiu#2/afl-cio



May 2, 2011

Mr. Michael Foster
Assistant Director
Motor Vehicle Service Division
American Postal Workers Union
(APWU), AFL-CIO
1300 L Street
Washington, DC 20005-4128

**Certified Mail Tracking Number:
7099 3400 0009 0515 3269**



Dear Mike:

Re: IR11-23, Solution for Enterprise Asset Management (SEAM)

The following is in response to your April 18 letter requesting information about the SEAM pilot. In your letter, you state the following:

Please provide me with any and all information you have relative to the SEAM pilot program or any pilot program that the Postal Service is currently utilizing or contemplating using where computers are being used to input work.

I am also seeking the impact anticipated on Mechanics, Automotive and Lead Technicians, the General and Administrative Clerks and Storekeepers.

Be advised, the SEAM program is still in development and the pilot program has not yet been initiated. An overview of the current development initiatives is enclosed in the form of a PowerPoint presentation (Enclosure 1).

Furthermore, your request is broad, as the Postal Service often initiates pilot programs that utilize computers to input work totals, and other data associated with work assignments. We believe your request is associated with SEAM; therefore, this response is applicable to SEAM only. In addition, you have requested what the anticipated impact is on mechanics, automotive and lead technicians, the general and administrative clerks and storekeepers. Without regard to relevance, the Postal Service has provided the above-referenced presentation to aid you in your understanding of the program. However, because the program is still in development, the anticipated impacts are uncertain. If the Postal Service decides to implement the program after development and pilots, and if the Postal Service believes that wages, hours, or working conditions will be impacted, the Union will be notified in accordance with Article 19.

As stated above, the Union's request is broad; however, the Postal Service has provided the information we believe the Union has requested by means of this letter. If the APWU is seeking additional information or believes that the information provided is not responsive, please identify what exactly you are requesting and the relevance of that information to the APWU's responsibilities as a bargaining representative.

In accordance with Handbook AS-353, Guide to Privacy of the Freedom of Information Act and Records Management, Section 4-6.5, *How to Assess Fees*, in managing the cost for any information being provided under this information request, the cost of researching and providing information is as follows:

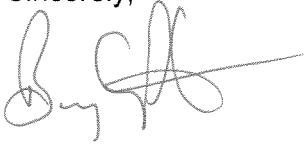
Search Time Fee: First two hours free (2.00 hours of search time have been accrued thus far)

Duplication Fee: \$.15 per page – First 100 pages free (8 pages – no duplication fee thus far)

Please note that there are no fees associated with this request thus far. However, if the enclosed information does not satisfy the Union's request and further information is required, the APWU may be subject to additional fees as outlined in Handbook AS-353.

If there are any questions or if you would like to discuss this request further, please contact me at (202) 268-6892.

Sincerely,



Barry W. Carpenter
Labor Relations Specialist
Contract Administration (APWU)

Enclosure



**UNITED STATES
POSTAL SERVICE**

United States Postal Service Solution For Enterprise Asset Management (SEAM)

Union RFI

April 2011



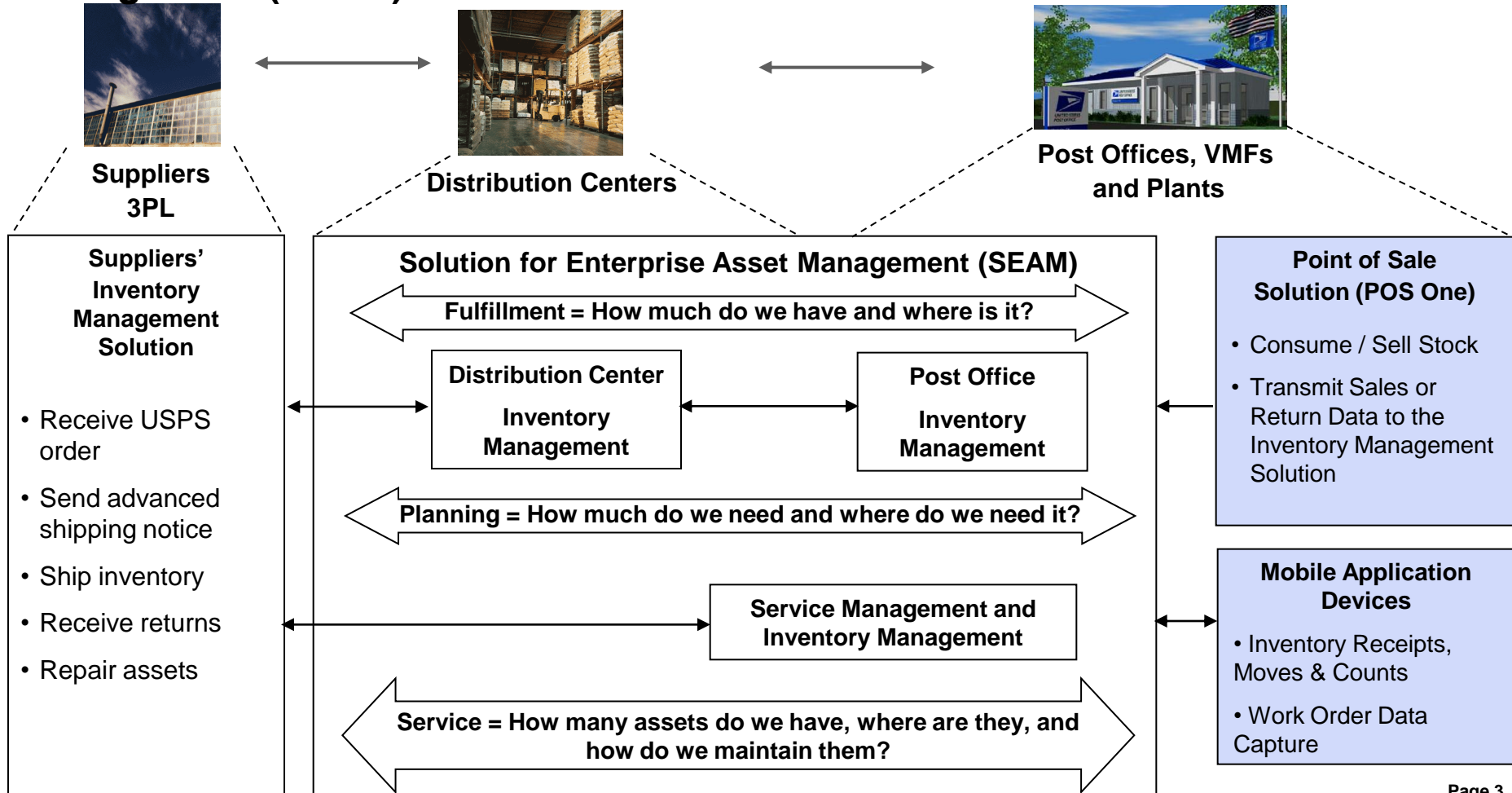
Asset Management Integration (AMI):

AMI is an effort designed to significantly improve the USPS's ability to effectively manage its sizable investment in material inventories and physical assets. Phase 1 AMI includes:

- Consolidating fulfillment networks
- Deploying processes and technology solution to:
 - Improve inventory tracking and visibility
 - Implement forecasting and automatic replenishment capabilities
 - Standardize asset tracking and maintenance/repair functions

SEAM Overview - Process and Technology Solution

The business process standardization and consolidation of legacy systems will be supported via the implementation of the Solution for Enterprise Asset Management (SEAM)





- VMAS is an aging system with data integrity issues and ongoing IT support costs
- Increasing costs associated with duplicate transactions, manual processes, and lack of transaction data visibility at the national level
- Lack of process improvement and service management capabilities to effectively manage maintenance-related activities (e.g., scheduling, repairs, etc.)
- Under-utilization of repair part and vehicle warranties



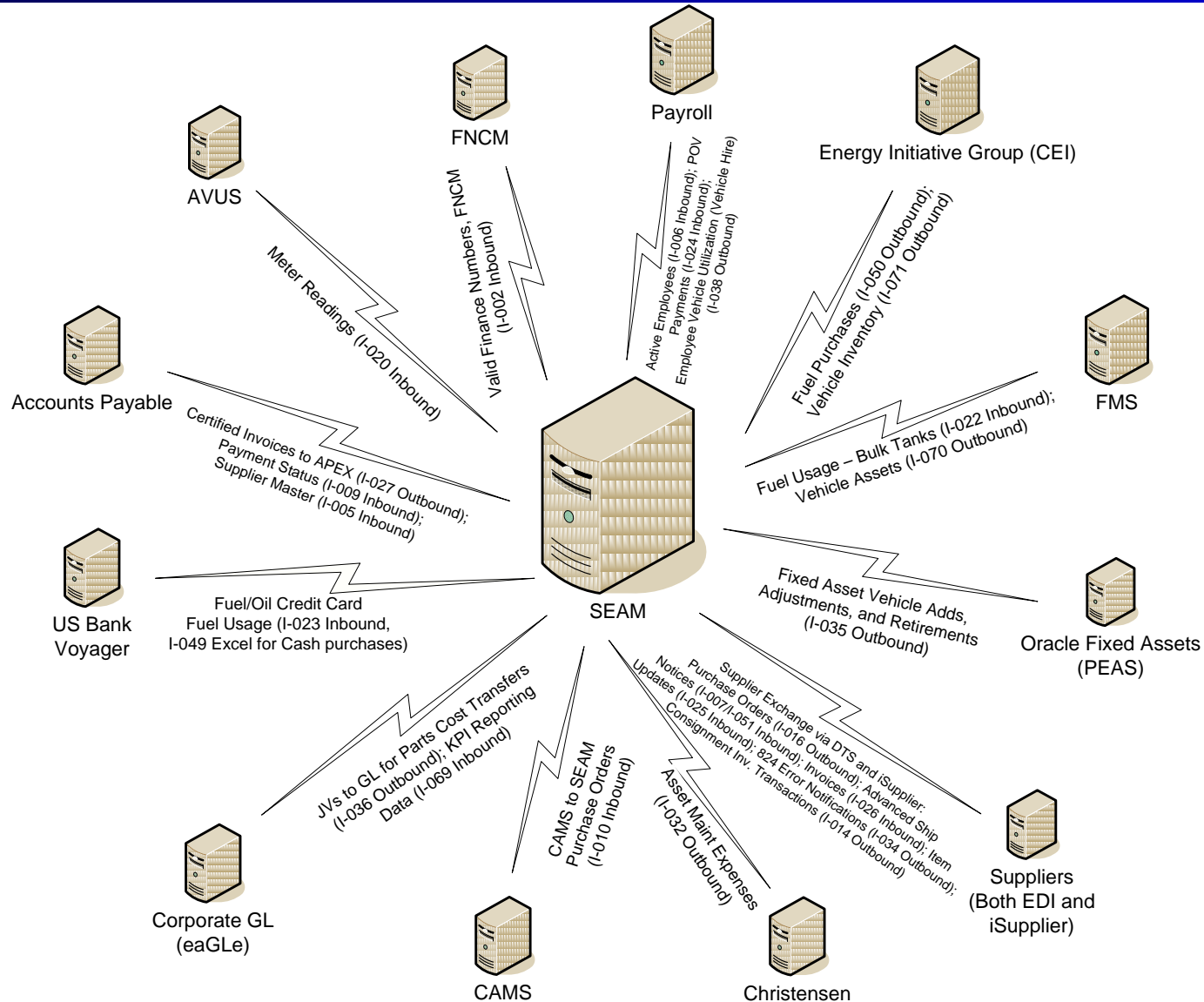
SEAM would help the USPS reduce costs, improve service and support SOX requirements by:

- Standardizing asset management processes and systems across all locations, with full inventory tracking capabilities
- Establishing national visibility and reporting capabilities for inventory, assets, and work order transactions, while capturing information real-time
- Improving data accuracy and availability
- Reducing current dual data entry and associated errors, and manual processes by utilizing kiosks to capture work order data
- Tracking and monitoring consigned parts
- Tracking and scheduling employees for maintenance tasks
- Providing process improvement and service management capabilities for the VMFs. This should include tracking location, status, maintenance history, maintenance schedule, maintenance and repair orders, and implementing predictive maintenance capabilities based on actual performance data.



SEAM vs. VMAS

Task	VMAS	SEAM
Vehicle Transfers	Entry into 2 systems	Entry into 1 system
Receipts, Invoicing, Consumption, WO completion	Entry into 2 systems	Entry into 1 system
Recording ERTs	Manual paper-based	Maintained in the system
Vehicle History	Manual paper-based	Automatically stored
Work Order Creation	After the fact data entry	System generated & user entered
Reports	Spoiled weekly/monthly	On demand
195 Databases	Eliminated	1 National database
4513 Vehicles In Shop Report	Paper-based or Excel spreadsheet	Automated report
Warranty: Vehicle & Parts	Manual paper-based	Automatic tracking & electronic notification
Cores	Manual	Automatic tracking & electronic notification
Vehicle Hire Adjustments	Entry into 2 systems	Entry into 1 system
Odometer Adjustment	Entry into 2 systems	Entry into 1 system
Commercial Fuel Upload	Manual	Automatic interface
Transmit Data to Mainframe	Weekly, Monthly	Real time & near real time





Current Status:

- System is in the design phase for key extensions and development phase for the conversions, interfaces and reports
 - Currently there is not a final application design that is ready for testing
 - Once application design is completed, there will be a System Integration Test (SIT) and Customer Acceptance Test (CAT)
- SEAM will deploy using a pilot implementation strategy
 - Deploy to a specific District(s) in early 2012
 - Planning a 3 month pilot
 - Deploy to pilot Area in month 4
 - Deploy 1-2 Areas a month beginning in month 5 until fully deployed
- All VMFs and their Auxiliaries are planned for conversion to SEAM
- Kiosks are being configured for use by mechanics for work order entry
 - Shared kiosks will be located between work bays
- All training material and training deployment plan under development
- Communication and implementation strategy plans under development



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[FAQs](#)

Track & Confirm

Search Results

Label/Receipt Number: **7099 3400 0009 0515 3269**
Service(s): **Certified Mail™**
Status: **Delivered**

Your item was delivered at 3:01 pm on May 04, 2011 in WASHINGTON, DC 20005.

Detailed Results:

- **Delivered, May 04, 2011, 3:01 pm, WASHINGTON, DC 20005**
- **Arrival at Unit, May 04, 2011, 9:59 am, WASHINGTON, DC 20004**
- **Processed through Sort Facility, May 03, 2011, 4:02 am, WASHINGTON, DC 20066**
- **Processed through Sort Facility, May 02, 2011, 10:32 pm, CAPITOL HEIGHTS, MD 20790**

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No FEAR Act EEO Data

FOIA



Public Information Act, 5 U.S.C. 552



Privacy Policy, 5 U.S.C. 552



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

April 18, 2011

Michael O. Foster
Assistant Director
MVS Division
1300 L Street, NW
Washington, DC 20005
(202) 842-4240 (Office)
(202) 842-8517 (Fax)

SENT CERTIFIED MAIL – RETURNED RECEIPT & VIA FAX (7007 2560 0003 2185 9564)

John Dockins, Manager
Contract Administration, Labor Relations
United States Postal Service
475 L'Enfant Plaza, S.W.
Washington, DC 20260

National Executive Board

Cliff Guffey
President

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Executive Vice President

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Coordinator, Eastern Region

John H. Dirzius
Coordinator, Northeast Region

Princella Vogel
Coordinator, Southern Region

Omar M. Gonzalez
Coordinator, Western Region

RE: Solution for Enterprise Asset Management

Dear John:

I am writing to inquire about a pilot program that is currently being utilized in the field where computers are being used by the Mechanics and Automotive Technicians in the VMF.

I believe this pilot program is called Solution for Enterprise Asset Management (SEAMS).

Please provide me with any and all information you have relative to the SEAMS pilot program or any pilot program that the Postal Service is currently utilizing or contemplating using where computers are being used to input work.

I am also seeking the impact anticipated on the Mechanics, Automotive and Lead Technicians, the General and Administrative Clerks and Storekeepers.

Your immediate attention in this matter is appreciated.

Sincerely,

Michael O. Foster
Assistant Director
Motor Vehicle Service Division

MOF:ndp/opeiu#2/afl-cio

Michael Foster

From: Dave Cook [dcook@stpaulapwu.org]
Sent: Friday, April 15, 2011 5:16 PM
To: Michael Foster
Subject: SEAM

Mike- I found out what the acronym SEAM stands for. Solution for Enterprise Asset Management.

Thanks,
Dave Cook
MVS Director
Saint Paul Area Local, APWU
651-224-2639

Natalie Powell

From: Dave Cook [dcook@stpaulapwu.org]
Sent: Thursday, April 14, 2011 3:33 PM
To: Michael Foster
Subject: VMF computer system

Mike- As we spoke about earlier, I have been informed by my local management that the St Paul VMF is going to be a pilot site for a new computer system involving vehicle maintenance. Allegedly they are going to be dropping computer stations in every other stall on the workroom floor. This new system is called "SEAMS". The Automotive Technicians will follow a computer generated work order and will no longer use paper PS Form 4541's. Is this going to have an impact on our general clerks? The general clerks currently pull all kinds of data off the PS Form 4541 and enter it into VMAS. This input will no longer be needed as it will be all computerized.

Thanks,
Dave Cook
MVS Director
Saint Paul Area Local, APWU
651-224-2639



DECISION ANALYSIS REPORT MODIFICATION
REQUEST

Asset Management Integration – Phase 1

SUPPLY MANAGEMENT

RESTRICTED INFORMATION – REDACTED VERSION

January 14, 2011

Revised: March 3, 2011

POSTMASTER GENERAL FUNDING APPROVAL SHEET

**Asset Management Integration – Phase 1
Decision Analysis Report Modification Request**

Overview

On April 20, 2009, the Postmaster General and Chief Executive Officer approved [REDACTED] in capital investment funding to implement the Asset Management Integration (AMI) Phase 1 program. This program is designed to provide complete asset visibility, improve inventory management and supply planning, and consolidate stamp fulfillment operations. A Decision Analysis Report (DAR) Modification Request with a revised date of March 3, 2011, recommends approval of changes in the AMI implementation plan that will require an [REDACTED] in IT-related operating expenses. Capital funding would not change from the original approved amount.

The DAR Modification request was validated by the Vice President, Finance and Planning on March 17, 2011, and was recommended for approval by the Capital Investment Committee on March 29, 2011.

Program Description and Background

AMI is designed to significantly improve the Postal Service's ability to effectively manage [REDACTED] in material inventories and physical assets. Prior to this program, management of postal assets was decentralized across many organizations, with approximately 85,000 people involved in ordering, tracking, and maintaining supply inventories and assets. AMI Phase 1 includes the implementation of the following two major components:

1. Consolidation of the Stamp Fulfillment Distribution Network – Seventy-one facilities were successfully consolidated into six Stamp Distribution Centers. Projected cost savings have now exceeded original expectations with a net position reduction of 139 positions versus the original DAR projection of 102 positions. Resulting savings are now projected at [REDACTED] projection.
2. Implementation of the Solution for Enterprise Asset Management (SEAM) system – SEAM includes software and information technology (IT) hardware. It is designed to provide centralized asset and warehouse capacity tracking and visibility. It is being implemented in three sub-phases as part of AMI Phase 1. The first sub-phase, SEAM Phase 1A, has been successfully implemented. There have been significant delays and unplanned cost escalations in implementing the remaining SEAM Phases 1B and 1C. Details concerning the complex issues to be resolved are provided in the DAR Modification Request.

The recommended solution involves migrating away from the current SEAM integration supplier to an IT Enterprise Technology Service (ETS) supplier. In accordance with current corporate accounting procedures, the costs for migrating to the selected ETS supplier are reflected in the DAR as increases in IT operating expense variances.

Implementation Plans

AMI Phase 1 implementation is being extended from a three-year period to the four-year period from FY 2009 through FY 2012. Consolidation of the Stamp Fulfillment Distribution Network was successfully completed June 30, 2010. Full implementation of SEAM is scheduled to be completed September 30, 2012.

Revised Financial Summary

In FY 2013, the first full year of labor impacts, the DAR Modification Request projects updated net annual cost [REDACTED]. The 8-year analysis period includes 4 years for implementation and 4 full operating years. Operating [REDACTED]. The net present value, discounted at [REDACTED] is [REDACTED] and the return on investment is [REDACTED]. Capital investment remains at [REDACTED].

Requested Action

Approve the recommended changes in the AMI implementation plan that will require an increase of [REDACTED] in IT-related operating expenses.

Approval:

[REDACTED]

Patrick R. Donahoe
Postmaster General and Chief Executive Officer

4/8/11
Date

DECISION ANALYSIS REPORT MODIFICATION REQUEST

ASSET MANAGEMENT INTEGRATION - PHASE 1

PREPARED BY:

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March 3, 2011

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Table of Contents

1.0	INTRODUCTION.....	1
2.0	BACKGROUND.....	1
2.1	BACKGROUND AND STATUS OF THE STAMP FULFILLMENT DISTRIBUTION NETWORK CONSOLIDATION EFFORT.....	2
2.2	BACKGROUND AND STATUS OF SEAM IMPLEMENTATION.....	2
3.0	ALTERNATIVES AND RISKS.....	4
4.0	IMPLEMENTATION PLAN.....	6
5.0	PERFORMANCE METRICS.....	7
6.0	UPDATED ECONOMICS.....	8
7.0	REVISED FINANCIAL SUMMARY.....	8
8.0	RECOMMENDATION.....	8
	EXHIBIT I: CASH FLOW ANALYSIS (ORIGINAL DAR).....	9
	Exhibit II: Modified Cash Flow Analysis.....	9
	Exhibit III: Itemization of Cash Flow Differences.....	10
	Exhibit IV: Description of Revised Cash Flow Line Items.....	11
	Exhibit V: Changed Major Assumptions.....	15
	Exhibit VI: Revised Program Schedule.....	16

2. Implementation of a commercial-off-the-shelf (COTS) asset management system – The SEAM system includes software and information technology (IT) hardware. It is designed to provide centralized asset and warehouse capacity tracking and visibility. SEAM software is web-based and contains functional modules that support fulfillment, planning, and service management of inventory and assets. Section 2.2 of this report discusses the status of SEAM implementation.

AMI objectives are being achieved by greatly improving asset information visibility, standardizing processes and technology, improving plans for demand and supply, and consolidating fulfillment networks. The first phase of the AMI program will enable the Postal Service to execute store-level inventory management that provides demand, supply, and replenishment planning. The SEAM fulfillment and service management functionality will result in the retirement of the current Vehicle Management Accounting System (VMAS), Vehicle Information Center (VIC), and the supplier consignment systems used by the Vehicle Maintenance Facilities (VMF) group. These systems are outdated and have numerous well-documented operational and technical issues that will be resolved by implementing SEAM. In addition, SEAM will provide real-time national visibility for reporting and analysis purposes that is not available today.

2.1 Background and Status of the Stamp Fulfillment Distribution Network Consolidation Effort

Prior to AMI implementation, the fulfillment distribution network consisted of 71 facilities:

- 65 Stamp Distribution Offices (SDOs)
- 4 Accountable Paper Depositories
- 2 Stamp Services Centers

This network was inefficient and costly to operate. Phase 1 of the AMI program successfully consolidated this network into six Stamp Distribution Centers (SDCs) that report directly to the Supply Management organization. The new SDC structure ensures that the new network receives greater management attention and the support of a professional logistics staff. Processes were streamlined and improved using Lean Six Sigma tools and other methodologies.

Although the start of network consolidations was initially delayed for six months due to concurrent District organizational changes, the consolidation was successfully completed on June 30, 2010. Cost savings have now exceeded the expectations of the original DAR, with a net position reduction of 139 positions and additional fulfillment savings of ██████████ versus the original DAR projection of a 102 position reduction.

2.2 Background and Status of SEAM Implementation

Phase I of the AMI program includes the implementation of SEAM for the following: ReadyPost, greeting cards, philatelic publications, mail-related merchandise, branded and promotional merchandise, vehicles, vehicle spare parts, accountable paper¹, and expedited packaging supplies. The system will be used to streamline and automate work order task management and for receipt, shipment, and cycle counting functions. In addition to capturing transaction data from the Point of Service (POS) system, SEAM will incorporate information from purchase orders, shipment notifications, inventory levels, and returns. This will improve inventory management and tracking at distribution centers and fulfillment sites.

¹ Accountable Paper – Postage stamps, semi-postage stamps, non-postal stamps, philatelic products, stamped envelopes, postal cards, international reply coupons, and blank money order stock.

SEAM implementation during the AMI Phase 1 program will consist of three major subdivisions:

1. SEAM Phase 1A – This phase automated the planning and replenishment of retail products, including ReadyPost, greeting cards, philatelic publications, mail-related merchandise, and branded and promotional merchandise. Originally scheduled to occur on April 5, 2010, implementation was completed on October 25, 2010.
 - a. There were initial delays in starting up the required Postal Service hardware environments, Postal Service system interface development, and supplier software performance issues for SEAM Phase 1A. A request for [REDACTED] for [REDACTED] was paid to the SEAM integration supplier in recognition of [REDACTED] attributable to the Postal Service.
 - b. Subsequently, multiple software testing problems and delays occurred within the Postal Service's test environments. These delays were due to software application and performance deficiencies attributable to the SEAM supplier, and to instability and configuration issues in the Postal IT infrastructure. As a result, the Postal Service paid an additional [REDACTED] for [REDACTED] supplier costs due to the [REDACTED].
2. SEAM Phases 1B and 1C
 - a. SEAM Phase 1B includes improvements to the management of vehicle-related operating assets, including vehicles and vehicle spare parts. Phase 1B business requirements have been finalized, 75 percent of the technical design work has been completed, and 50 percent of the development work has been completed.

SEAM Phase 1C includes asset management improvements for accountable paper, expedited packaging supplies, and remaining philatelic products not covered by SEAM Phase 1A. The project team is working on finalizing the detailed Phase 1C requirements and technical design documentation in preparation for development activities.
 - b. Implementation has been delayed for SEAM Phases 1B and 1C due to the Phase 1A delays. Plans have been adjusted to delay Phase 1B and combine its implementation with Phase 1C during 2012 to optimize the use of resources. The current SEAM integration supplier submitted a change request totaling [REDACTED] to finish the overall development work, including additional RICE (i.e. reports, interfaces, conversions, and extensions) components identified after a Lean Six Sigma review of the VMF operations.

In the [REDACTED] change request, the supplier included assumptions that eliminate necessary functionality required to fully implement the SEAM solution. The supplier proposed to eliminate functionality to reduce their own costs and project scope. The Postal Service rejected the eliminations to ensure the achievement of program requirements and planned program cost savings. Postal Service subject matter experts estimate costs for the omitted necessary functionality to be [REDACTED].

In addition, the supplier requested two additional hardware environments for implementation purposes at a total cost of [REDACTED]. The supplier requested separate dedicated hardware environments for each SEAM subdivision regardless of excessive costs and the associated underutilization of acquired resources. The supplier did not identify these additional environment requirements during original DAR development efforts. This approach also contradicts USPS IT project implementation environment standards.

The [REDACTED] change request, the [REDACTED] for necessary increased functionality, and the [REDACTED] for two additional hardware environments total to [REDACTED].

- c. After approval of the original DAR, based upon the findings from subsequent studies and analyses, postal-owned scanners planned for implementation in VMFs were found to be outdated and incapable of meeting system requirements. This resulted in a strategy change from the scanners to kiosks to mitigate the overall cost to the Postal Service. Cost impacts are discussed in Exhibit IV in the discussion of the cashflow line items entitled “VMF Facility Modification Costs” and “Expense Hardware and IT Costs.”

Based upon the evaluation of [REDACTED] submitted by the current SEAM integration supplier for the remaining implementation activities, Supply Management and IT evaluated alternative implementation options to successfully complete AMI Phase 1.

3.0 Alternatives and Risks

3.1 Alternative A (Recommended) – Complete AMI Implementation Using an Enterprise Technology Service (ETS) Supplier

The recommended alternative involves migrating to an ETS supplier to complete the AMI Phase 1 implementation of SEAM Phases 1B and 1C. This ETS supplier has project knowledge as a result of development work performed for SEAM Phase 1A. The current SEAM integration supplier will continue post-implementation support of SEAM Phase 1A as currently contracted. This alternative requires an increase of [REDACTED] in operating expense funding (IT Line 3V funding). In the Exhibit II modified cashflow, please see the line item entitled “Additional 3V Costs for ETS Supplier Implementation”. The overall impact of all changes in this report results in a [REDACTED] reduction in the projected total operating variances.

This alternative alleviates [REDACTED]. As discussed later in this report, this recommended alternative is projected to attain a Net Present Value (NPV) of [REDACTED] and an ROI of [REDACTED].

Some advantages to this recommended alternative are as follows:

- By changing to an ETS supplier for SEAM, the Postal Service will be able to exercise improved integration and control over program resources and work prioritization.
- The ETS supplier has demonstrated greater ability to acquire and supply skilled resources than the current major SEAM integration supplier.
- The ETS supplier strategy will not require the expense of adding two additional hardware environments as planned by the current SEAM integration supplier.

3.2 Risk Assessment – Alternative A

The overall risk assessment for this alternative is [REDACTED]:

- a. Technology Risk is [REDACTED]. SEAM Phase 1A has been implemented and it was during this phase that most of the interface and SEAM infrastructure was created. As a result, phases 1B and 1C will build from that effort. However, while the ETS supplier has exhibited a markedly better understanding of SEAM requirements and better adherence to postal IT standards than the current SEAM integration supplier, there are some concerns in terms of cost management, volume, and functional scalability (e.g., increased volume and transactions,

adding functionality with minimal effort, etc.). If these volume and scalability problems arise during SEAM Phases 1B and 1C implementation, the Postal Service will acquire the necessary skilled resources for quick resolutions.

- b. Operational Risk is [REDACTED]. The majority of technical and design requirements are complete. However, operational performance, management experience, and transaction projections are of concern. These issues are being continuously mitigated through a variety of change management efforts including ongoing inclusion of the business owners in the Conference Room Pilots and Scenario Integration Tests, regular status updates with stakeholders and supplier representatives, and a comprehensive training approach. Operational performance will be monitored and addressed daily by the program office and Postal Service IT per agreed upon escalation procedures. If transaction projections problems arise during SEAM Phases 1B and 1C implementation, the Postal Service will acquire the necessary skilled resources for quick resolutions.
- c. Integration Risk is [REDACTED] due to the complexity of the project in terms of the number of assets, systems, and personnel impacted (e.g., estimation of transactions projections, training delivery, external variables, management and user experience, USPS acceptance, and communications). The mitigation strategy developed to address this risk includes a full-time dedicated project management team, a formal change management process, and a detailed project plan. SEAM, though technologically mature as a COTS solution, will be new to the Postal Service organization and requires significant change management efforts to mitigate potential organizational resistance to process standardization and change.

3.3 Alternative B (Eliminated) – Continue Final AMI Implementation of SEAM with the Current SEAM Integration Supplier

The eliminated alternative of continuing program implementation with the current SEAM integration supplier would require approval of an additional [REDACTED] in capital funding to complete AMI implementation. This amount includes [REDACTED] in capital funding discussed in section 2.2 as well as [REDACTED] for additional Postal Service costs. Alternative B would not alleviate identified problems with the current supplier including their lack of depth in skilled resources and their practice of charging the Postal Service for additional costs.

This eliminated alternative is projected to attain a Net Present Value (NPV) of [REDACTED] and ROI of [REDACTED].

3.4 Risk Assessment – Alternative B

The overall risk assessment for this alternative is [REDACTED]:

- a. Technology Risk is [REDACTED] despite the fact that this is a COTS solution. Over the course of Phase 1A implementation, the current supplier's personnel resources have continually demonstrated a lack of critical product expertise and underestimation of project scope, pricing levels, and contract expectations. There is also the ongoing threat of managing costs associated with continuously submitted REAs and change requests, which weakens the overall business relationship. Also of concern has been the supplier's inability to handle and address both volume and functional scalability (e.g., increased volume and transactions, adding functionality with minimal effort, etc.).
- b. Operational Risk is [REDACTED] due to the same reasons stated for Alternative A

- c. Integration Risk is [REDACTED] due to the same reasons stated for Alternative A.

3.5 Alternative C (Eliminated) – End AMI Phase 1 Implementation with SEAM Phase 1A

This eliminated alternative includes the implementation of SEAM Phase 1A and the cancellation of SEAM Phases 1B and 1C. Projections for this alternative include a NPV of [REDACTED] and an ROI of [REDACTED]. This option presents the [REDACTED] of all considered options. Other major reasons for eliminating this alternative are as follows:

- Operational benefits, increased efficiencies, and cost savings to be provided by implementing SEAM Phases 1B and 1C [REDACTED].
- Sunk costs have already been incurred for implementation of the remaining SEAM phases. This is funding that [REDACTED].
- The VMAS system will still need to be replaced due to obsolete technology and deficiencies in data integrity. Not deploying SEAM Phase 1B would delay VMAS replacement for at least 2 years and increase the risk of system failures and needed functionality to support the vehicle fleet. Additionally, there are requirements to reduce duplicate transactions, automate or eliminate manual processes, and develop national reporting visibility using real and near real time transaction data.

3.6 Risk Assessment – Alternative C

The overall risk assessment for this alternative is [REDACTED].

- a. Technology Risk is [REDACTED] due to the fact that Phase 1A [REDACTED].
- b. Operational Risk is [REDACTED] due to the fact that Phase 1A [REDACTED].
- c. Integration Risk is [REDACTED] due to the fact that Phase 1A [REDACTED].

4.0 Implementation Plan

AMI Phase 1 was originally scheduled to begin actual implementation on June 1, 2009, starting with the beginning of the consolidation of the Stamp Fulfillment Distribution Network, and then ending with a program completion date of September 30, 2011. With a considerable amount of focus and effort, Asset Management achieved early completion of the SDC consolidation plan even though the start of the consolidation effort was delayed as discussed in section 2.1.

Due to ongoing delays, all SEAM phase implementation strategies have been reworked. SEAM Phase 1A was successfully implemented on October 25, 2010. A new strategy has been developed to implement SEAM Phases 1B and 1C to meet the revised completion date of September 30, 2012. The updated program schedule is provided in Exhibit VI.

5.0 Performance Metrics

Performance metrics will not change from the original DAR. They support a range of stakeholder, customer, and user needs. The performance metrics are as follows:

Metric	Tracking System	Method	Indicator	DAR Goal
Stamp Destruction	Stamp Services System (SSS), SEAM	Compare cost of total stamps destroyed versus cost of total stamps purchased (2008 baseline). Compare actual costs to DAR projections	Percent of reduction in stamp destruction	Percentage of stamps destroyed to stamps purchased: DAR Goal= [REDACTED]
System Performance	Remedy	Compare actual system availability performance to DAR assumptions	System Availability	24/7 System availability [REDACTED]
Stamp Distribution Complement Reduction	WebCoins	Compare actual complement to DAR assumptions	Number of Positions reduced	Total Stamp Distribution Positions Reduced DAR Goal = [REDACTED]
Vehicle Component Warranty Claims Capture	SEAM	Compare Warranty Credits to DAR assumptions	% Warranty Credits to total Inventory Purchases	% Warranty Credits = [REDACTED]

6.0 Updated Economics

Updated economic impacts to capital costs, operating expenses, program savings, and risk assessments have been discussed earlier in this report. With the recommend alternative, the first full-up year after implementation will be FY 2013. The proposed strategy is expected to produce annual net program savings of [REDACTED] during FY 2013. See the Modified Cashflow in Exhibit II.

7.0 Revised Financial Summary

Exhibit I contains the original AMI Phase 1 DAR cashflow. Exhibit II contains the modified cash flow that is based upon [REDACTED] in this modification request and updates to operating [REDACTED] expectations. The changes in the economics of this program are illustrated by the cashflow comparison provided in Exhibit III and are summarized in the following table:

Eight-Year Analysis Period

(\$ are In Thousands)

	<u>Original DAR (April 20, 2009)</u>	<u>Modification Request (Revised March 3, 2011)</u>	<u>Difference</u>
Capital Investment	[REDACTED]	[REDACTED]	[REDACTED]
<u>Expense Investment</u>	[REDACTED]	[REDACTED]	[REDACTED]
Total Investment	[REDACTED]	[REDACTED]	[REDACTED]
Total Operating Variance	[REDACTED]	[REDACTED]	[REDACTED]
ROI	[REDACTED]	[REDACTED]	[REDACTED]
Net Present Value @ [REDACTED] Discount Rate	[REDACTED]	[REDACTED]	[REDACTED]

8.0 Recommendation

The recommendation is to proceed with Alternative A which includes de-scoping the contract with the current SEAM integration supplier for Phases 1B and 1C, and expanding the work of the ETS supplier to complete the implementation of SEAM Phases 1B and 1C. The overall impact of all changes in this report results in a [REDACTED] in projected total operating [REDACTED]. This recommendation will not require [REDACTED] in capital investment funding.

Exhibit I: Cash Flow Analysis (original DAR)

Cash Flow Statement	
<p>Capital Investment</p> <p>1 Systems Development Costs</p> <p>2 Facility Renovation Costs</p> <p>3 Hardware Costs</p> <p>4 Software Costs</p> <p>5 Contingency (10%)</p> <p>6</p> <p style="text-align: right;">Total Capital Investment</p>	<p>Operating Variance (Costs)</p> <p>7 VMF Facility Modification Costs</p> <p>8 Recurring Transportation-Shuttle Costs</p> <p>9 Fulfillment Start-up Costs</p> <p>10 Recurring Expense Hardware Costs</p> <p>11 Recurring 3V Costs</p> <p>12 Recurring Travel Costs</p> <p>13 Recurring Program Management Costs</p> <p>14 Recurring Training Costs</p> <p>15 Recurring Relocation Costs</p> <p>16</p> <p style="text-align: right;">Total Operating Costs</p>
<p>Operating Variance (Benefits)</p> <p>17 Current Fulfillment Labor Costs</p> <p>18 To-Be Fulfillment Labor Costs</p> <p>19</p> <p style="text-align: right;">Fulfillment Labor Savings</p>	<p>Other Cost Savings</p> <p>20 Field Stamp Destruction Savings</p> <p>21 VMF Labor Savings (Clerical)</p> <p>22 VMF Labor Savings (Clerical/Other)</p> <p>23 VMF Other Labor Savings</p> <p>24 VMF Warranty Savings</p> <p>25 ReadyPost Auto-Replenishment Savings</p> <p>26 Stamp Planning Savings</p> <p>27 System Retirement Savings</p> <p>28</p> <p style="text-align: right;">Total Cost Savings</p>
<p>Total Operating Variance</p> <p>29</p>	
<p>Total Net Cash Flow</p> <p>30</p>	
<p>Net Present Value</p> <p>31</p>	
<p>Return on Investment</p> <p>32</p>	

Exhibit II: Modified Cash Flow Analysis

Cash Flow Statement	
Capital Investment	
1	Systems Development Costs
2	Facility Renovation Costs
3	Hardware Costs
4	Software Costs
5	Contingency (10%)
6	Total Capital Investment
Operating Variance (Costs)	
7	YMF Facility Modification Costs
8	Recurring Transportation-Shuttle Costs
9	Fulfillment Start-up Costs
10	Expense Hardware and IT Costs
11	Recurring 3V Costs
11	Additional 3V Costs for ETS Supplier Implementation
12	Recurring Travel Costs
13	Program Management Costs
14	Training Costs
15	Relocation Costs
16	Total Operating Costs
Operating Variance (Benefits)	
17	Current Fulfillment Labor Costs
18	To-Be Fulfillment Labor Costs
19	Fulfillment Labor Savings
Other Cost Savings	
20	Field Stamp Destruction Savings
21	YMF Work Order Savings
22	ReadyPost Auto-Replenishment Savings
23	Stamp Planning Savings
24	System Retirement Savings
25	Total Cost Savings
26	Total Operating Variance
27	Total Net Cash Flow
28	Net Present Value (██████████)
29	Return on Investment

Exhibit III: Itemization of Cash Flow Differences

(\$ are in Thousands)		
Capital Investment		
Systems Development Costs	\$	
Facility Renovation Costs	\$	
Hardware Costs	\$	
Software Costs	\$	
Contingency (10%)	\$	
Total Capital Investment	\$	
Operating Variance (Costs)		
VMF Facility Modification Costs	\$	
Recurring Transportation-Shuttle Costs	\$	
Fulfillment Start-up Costs	\$	
Expense Hardware Costs	\$	
Recurring 3V Costs	\$	
Additional 3V Costs for ETS Supplier Implementation	\$	
Travel Costs	\$	
Program Management Costs	\$	
Training Costs	\$	
Relocation Costs	\$	
Total Operating Costs	\$	
Operating Variance (Benefits)		
Current Fulfillment Labor Costs	\$	
To-Be Fulfillment Labor Costs	\$	
Fulfillment Labor Savings	\$	
Other Cost Savings		
Field Stamp Destruction Savings	\$	
VMF Labor Savings (Clerical)	\$	
VMF Labor Savings (Clerical Other)	\$	
VMF Work Order Savings	\$	
VMF Other Labor Savings	\$	
VMF Warranty Savings	\$	
ReadyPost Auto-Replenishment Savings	\$	
Stamp Planning Savings	\$	
System Retirement Savings	\$	
Total Cost Savings	\$	
Total Operating Variance	\$	
Total Net Cash Flow	\$	
Net Present Value [REDACTED]	\$	
Return on Investment		

Exhibit IV: Description of Revised Cash Flow Line Items**CAPITAL ITEMS:**

Systems Development Costs – Total funding of [REDACTED] to develop the SEAM technology solution.

Facility Renovation Costs – Total funding of [REDACTED] to cover nonrecurring facility startup fulfillment costs for five SDC sites.

Hardware Costs – Total funding of [REDACTED] to cover USPS IT costs to implement SEAM (includes telecommunications costs). This is a [REDACTED] over the original DAR amount of [REDACTED]. The change is the net result of [REDACTED] identified needs for [REDACTED] hardware storage and disaster recovery program provisions.

Software Costs – Total funding of [REDACTED] for costs associated with software licensing and documentation, as well as supplier travel and training

Contingency – Total funding of [REDACTED] to cover costs to account for unforeseen events. This is [REDACTED] designated in the original DAR to adjust for other capital cost increases while keeping the total capital required at the approved amount of [REDACTED]. See Exhibit III.

OPERATING [REDACTED] (COSTS):

VMF Facility Modification Costs – Total funding of [REDACTED] for vehicle maintenance facility electrical service installation costs (materials and non-postal labor). This is [REDACTED] the original DAR amount of [REDACTED]. The change is the result of the addition of Ethernet wiring and 35 switches needed in 262 VMFs for maintenance walk-up kiosk implementation.

Recurring Transportation-Shuttle Costs – Total funding of [REDACTED] to cover transportation costs associated with stamp distribution for five consolidated locations. This is [REDACTED] the original DAR amount of [REDACTED]. The net change is the result of [REDACTED] transportation costs for Portland and Phoenix SDCs and a cost [REDACTED] for Binghamton SDC based on the actual highway contract route-based estimates.

Fulfillment Start-up Costs – Total funding of [REDACTED] was spent through FY 2010 for expense start-up costs for five consolidated locations.

Expense Hardware and IT Costs – Total funding of [REDACTED] for IT-related expenses, including costs associated with technician walk-up kiosks and related costs. This is [REDACTED] the original DAR amount of [REDACTED]. The change is the result [REDACTED] of 1,524 kiosks.

Recurring 3V Costs – Total funding of [REDACTED] to cover USPS IT costs related to SEAM system maintenance. This is [REDACTED] the original DAR amount of [REDACTED]. This change is the result of delays in program implementation that caused related expenses to begin [REDACTED] initially planned. ([REDACTED] for the ETS supplier implementation are discussed for the next line item.)

Additional 3V Costs for ETS Supplier Implementation – [REDACTED] to cover the new strategy of using an ETS supplier to implement SEAM Phases 1B and 1C. The program implementation [REDACTED] the result of increased knowledge of IT expense funding needs discovered during development and testing.

Travel Costs – Total funding of [REDACTED] for travel-related implementation costs. This is a [REDACTED] the original DAR amount of [REDACTED]. The net change is the result of implementation delays resulting in a decrease in the number of personnel travelling and corrections to prior calculations. Additional calculation details are provided in the backup materials provided with this report.

Program Management Costs – Total funding of [REDACTED] for the cost of technical expertise resources (internal and external) to support SEAM system implementation

Training Costs – Total funding of [REDACTED] for costs associated with training SEAM system users and subject matter experts, as well as training development. This is [REDACTED] the original DAR amount of [REDACTED]. The net change is the result [REDACTED] to the number of personnel involved in training and [REDACTED] VMF on-site support.

Relocation Costs – Total funding of [REDACTED] to for relocation costs associated with ensuring that resources are in place to support system and stakeholder requirements. This is [REDACTED] the original DAR amount of [REDACTED]. The change is the result of [REDACTED] in the number of planned employee relocations.

Current Fulfillment Labor Costs – Total funding of [REDACTED] required to fund the labor costs for the original “As-Is” stamp fulfillment network prior to the consolidation. This is a [REDACTED] the original DAR amount of [REDACTED]. The net change is the result of [REDACTED] the number of SDOs available for consolidation due to Area-driven consolidations unrelated to this DAR. Additional details are provided in the backup materials provided with this report.

To-Be Fulfillment Labor Costs – Total funding of [REDACTED] to cover “To-Be” internal labor costs for five consolidated SDC locations. This is [REDACTED] the original DAR amount of [REDACTED]. The net change is the result of process [REDACTED] of filled positions. Additional details are provided in the backup materials provided with this report.

OPERATING VARIANCES (SAVINGS):

Fulfillment Labor Savings – Total savings of [REDACTED] representing the difference between the current “As-Is” fulfillment labor costs ([REDACTED]) and “To Be” fulfillment labor costs ([REDACTED]) for five consolidated SDC locations. This is a [REDACTED] savings [REDACTED] original DAR amount of [REDACTED]. The net change is the result of the changes in the Current Fulfillment Costs and the To-Be Fulfillment Costs.

Field Stamp Destruction [REDACTED] – Total [REDACTED] related to SDO consolidations and planning improvements due to SEAM system implementation.

VMF Work Order [REDACTED] – [REDACTED] for work order-related SEAM system implementation [REDACTED]. This represents [REDACTED] the original DAR total amount of [REDACTED] due to implementation schedule changes and the application of reduced capture rates as discussed in Exhibit V. Additional details are provided in the backup materials provided with this report.

ReadyPost Auto-Replenishment [REDACTED] related to SEAM system implementation and labor reduction. This is [REDACTED] the original DAR amount of [REDACTED]. The change is the result of implementation [REDACTED].

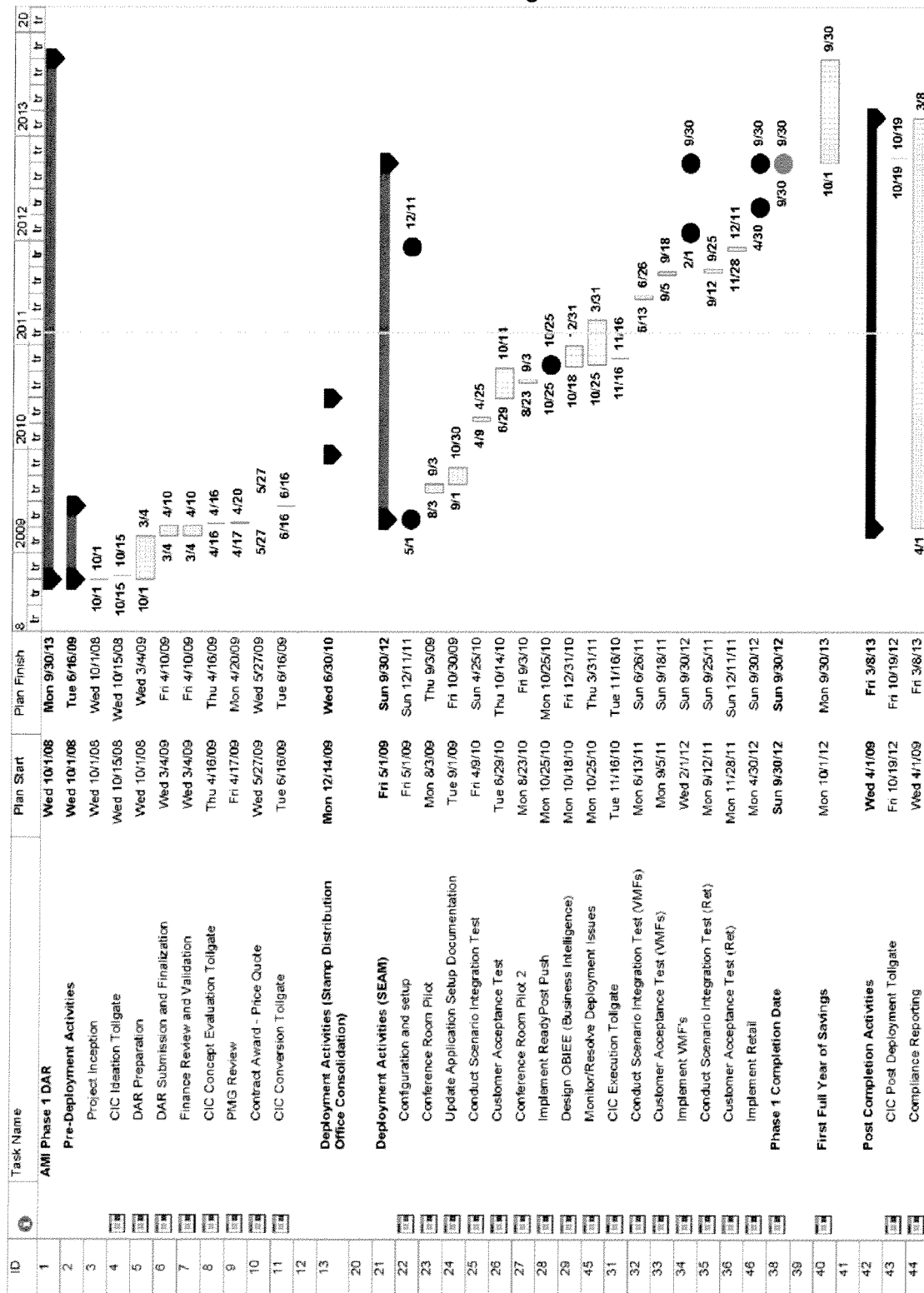
Stamp Planning [REDACTED] – Total [REDACTED] related to stamp inventory reduction due to SEAM system implementation. This is [REDACTED] the original DAR amount of [REDACTED]. The change is the result of implementation [REDACTED].

System Retirement [REDACTED] – Total [REDACTED] for the elimination or reduction of current system maintenance costs. This is [REDACTED] the original DAR amount of [REDACTED]. The change is the result of implementation [REDACTED].

Exhibit V: Changed Major Assumptions

- Actual cost information available as of October 1, 2010, has been entered into the modified cash flow per line item as shown in Exhibit II.
- Hardware cost data is based upon six SEAM environments versus five environments planned in the original DAR.
- As discussed in section 2.2, VMFs will use technician walk-up kiosk workstations, not hand-held scanners. Cost estimations in the operating variances section of the modified cashflow have been increased to represent updated information.
- Training costs have been adjusted with respect to updated training schedules.
- VMF [REDACTED]:
 - [REDACTED] have been revised, per a joint effort with the current VMF leadership and the SEAM team, in accordance with a methodology reflecting [REDACTED].
 - For PS-06 Clerks (LDC 31), work hour savings will be captured through realignment and consolidation of duties within each district, associated with keying in work orders. This equates to 35% of calculated savings attributable to SEAM.
 - For EAS-17 Supervisor Vehicles (LDC 30), work hour savings are negligible and difficult to attribute to SEAM; therefore, they have been removed from calculations.
 - For PS-08 Vehicle Maintenance Technician (LDC 32), work hour savings are negligible and difficult to attribute to SEAM; therefore, they have been removed from calculations.
- The retirement of VMAS will not occur until 2013.
- ReadyPost Auto Replenishment [REDACTED] will not be [REDACTED] until FY 2012.
- Stamp Planning [REDACTED] will not be [REDACTED] until FY 2013
- VMF Work Order [REDACTED] will not be [REDACTED] until FY 2013

Exhibit VI: Revised Program Schedule



American Postal Workers Union, AFL-CIO

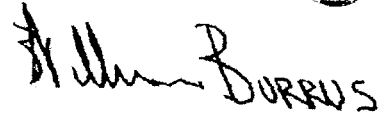
Memorandum

Telephone
(202) 842-4246

1300 I. Street, NW
Washington, DC 20005

From the Office of WILLIAM BURRUS
President

March 31, 2010



William Burrus

TO: **James P. McCarthy**

SUBJECT: **Solution for Enterprise Asset Management (SEAM) Will Be Implemented
and Deployed in a Multi-Phased Approach
(Notification No. GCCC20100128)**

Please find attached a copy of a letter dated 3/26/2010 from John Dockins, regarding the above reference matter.

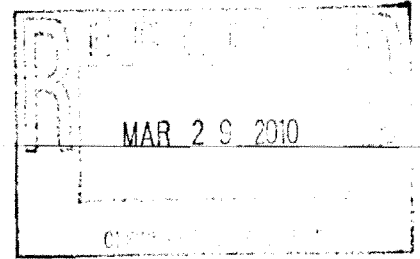
You are designated as the APWU contact person in this matter. Contact the USPS representative as soon as possible for discussion, if appropriate. Please provide notification of your review to me by 4/1/2010.

Please note: Your secretary should update the Notification Tracking Module in Step 4 CAS as necessary.

Attachment

WB:ibb
opeiu #2/afl-cio

LABOR RELATIONS



March 26, 2010

Mr. William Burrus
President
American Postal Workers
Union (APWU), AFL-CIO
1300 L Street, NW
Washington, DC 20005-4128

Certified Mail Tracking Number:
7099 3400 0009 0516 3749

Dear Bill:

As a matter of general interest, this is notice that as part of the Asset Management Integration (AMI) project, a Commercial-Off-The-Shelf (COTS) enterprise service planning solution for planning, fulfillment, and service management called Solution for Enterprise Asset Management (SEAM) will be implemented. SEAM will be deployed in a multi-phased implementation approach.

The first phase of the SEAM implementation involves an auto-replenishment process for retail products such as ReadyPost, greeting cards, mail-related, and philatelic publications at post office level (POS sites only) in June. The application will interface with existing systems (POS, MyPO, and the Product Tracking System) currently used at the retail level and will not involve any direct access by postal retail units.

If you have any questions or concerns, please contact Patrick Devine at (202) 268-5421.

Sincerely,

A handwritten signature in black ink that reads "John W. Dockins".

John W. Dockins
Manager
Contract Administration (APWU)