STATEMENT OF TODD EVERETT
Chief Operating Officer, Newgistics, Inc.

BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON FEDERAL WORKFORCE, U.S. POSTAL SERVICE, AND THE CENSUS

Concerning
Innovative Postal Products Developed in the Private Sector

May 22, 2014

Today, I will describe for this Subcommittee how the United States Postal Service has partnered with and helped make it possible for my company, Newgistics, to develop innovative products responsive to the needs of direct-to-consumer retailers, manufacturers, distributors, and logistics service providers.

Thank-you Mr. Chairman and Members of the Subcommittee for allowing me to speak on behalf of Newgistics at today's hearing.

My name is Todd Everett, and I am the Chief Operating Officer of Newgistics. Newgistics is a privately-held company based in Austin, Texas, with more than 400 people on our payroll. We were formed in 1999 on the premise that we could develop a better way for consumers to return merchandise to retailers.

Today, we are a leading provider of technology-enabled solutions for direct-to-consumer retailers, manufacturers, distributors, and logistics service providers. Our success is due in no small part to the Postal Service and its willingness to listen to and work with private entities like Newgistics to develop innovative solutions.

More specifically, we offer a national, integrated parcel delivery and return service for our customers. We are able to provide cost-effective, reliable, and convenient shipping solutions by working with the Postal Service to provide last-mile delivery and first-mile pickup.

When Newgistics was founded, we viewed ourselves as a technology company that would provide information to retailers regarding returned packages. Soon, however, we evolved into a "returns" logistics company, handling returns for retailers, making use of innovative technologies. We concluded that customers wanted to be able to return packages easily and retailers wanted to make their returns more efficient and cost-effective.

Therefore, we developed a proprietary intelligent returns solution, making use of bar

codes embedded in our NEWGISTICS SMARTLABEL®. Those intelligent bar codes provide us and our customers with detailed information that quickly enables our customers to manage their transportation and returns-processing resources.

As we evolved, we discussed with the Postal Service the possibility of creating a new, convenient process for handling returns for large shippers of merchandise that made use of NEWGISTICS SMARTLABEL®.

Based upon our collaboration with the Postal Service, the USPS developed one of its most innovative products, the Parcel Return Service, also known as "PRS." PRS is a Postal Service program under which approved providers like Newgistics are allowed to retrieve returned parcels directly from designated Postal Service facilities. Such early retrieval of returned parcels enables us to provide advanced data and customized return services to retailers.

We found that the Postal Service was very receptive to working with us. Beginning in or about November 2001, we had numerous meetings with the Postal Service. Following those meetings, in May 2003, the Postal Service sought permission from the Postal Rate Commission to test PRS. Approval was granted in September 2003 and testing began in October 2003. After two years of successful testing, in October 2005, the Postal Service sought permission for PRS to become a permanent class of mail. The Postal Rate Commission approved PRS on or about March 3, 2006. From that point, we were able to implement our returns solution, including NEWGISTICS SMARTLABEL®, in conjunction with PRS.

Our intelligent parcel return solution developed in collaboration with the Postal Service simplifies the return process by offering consumers pre-paid return via Postal Service pickup at the consumer's home or workplace or drop-off at any mailbox or Post Office. That is, via our solution, packages enter into our system through the Postal Service's vast retail and collections network. Our solution also gives consumers returning their products confidence that their return will be handled expeditiously.

In addition, our parcel return solution has enabled Newgistics to expand its product offerings to include parcel delivery, fulfillment, and e-commerce solutions.

Put simply, the Postal Service has been and continues to be a willing and important partner in our efforts to develop innovative solutions that bring significant value to our customers and their consumers.

Likewise, we understand that PRS also has been successful from the Postal Service's prospective. Based on the most recent available data, the Postal Service's parcel return service continues to grow. In the USPS' fiscal year 2013, the Postal Service handled more than 50 million PRS packages, generating more than $120 million in postal revenue.

Mr. Chairman and Members of this Subcommittee, thank you again for the opportunity to testify today.

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BIOGRAPHICAL INFORMATION

Todd A. Everett has been with Newgistics, Inc. since March 2005 and serves as the company's Chief Operating Officer and General Manager, Parcel and Fulfillment Services. He previously served as Director of Operations from March 2005 to January 2010 and as Vice President of Operations from February 2010 to about October 2013. Prior to joining Newgistics, he spent nine years of his career with Intel Corporation where he had responsibility for the company's outsourced transportation and logistics functions for North and South America. Mr. Everett holds a bachelor's degree from Iowa State University.