



UPU WORLD
CEO FORUM
MOSCOW
2017

Leading multidimensional
growth: The hows and whys
of postal strategy

FINAL REPORT

December 2017



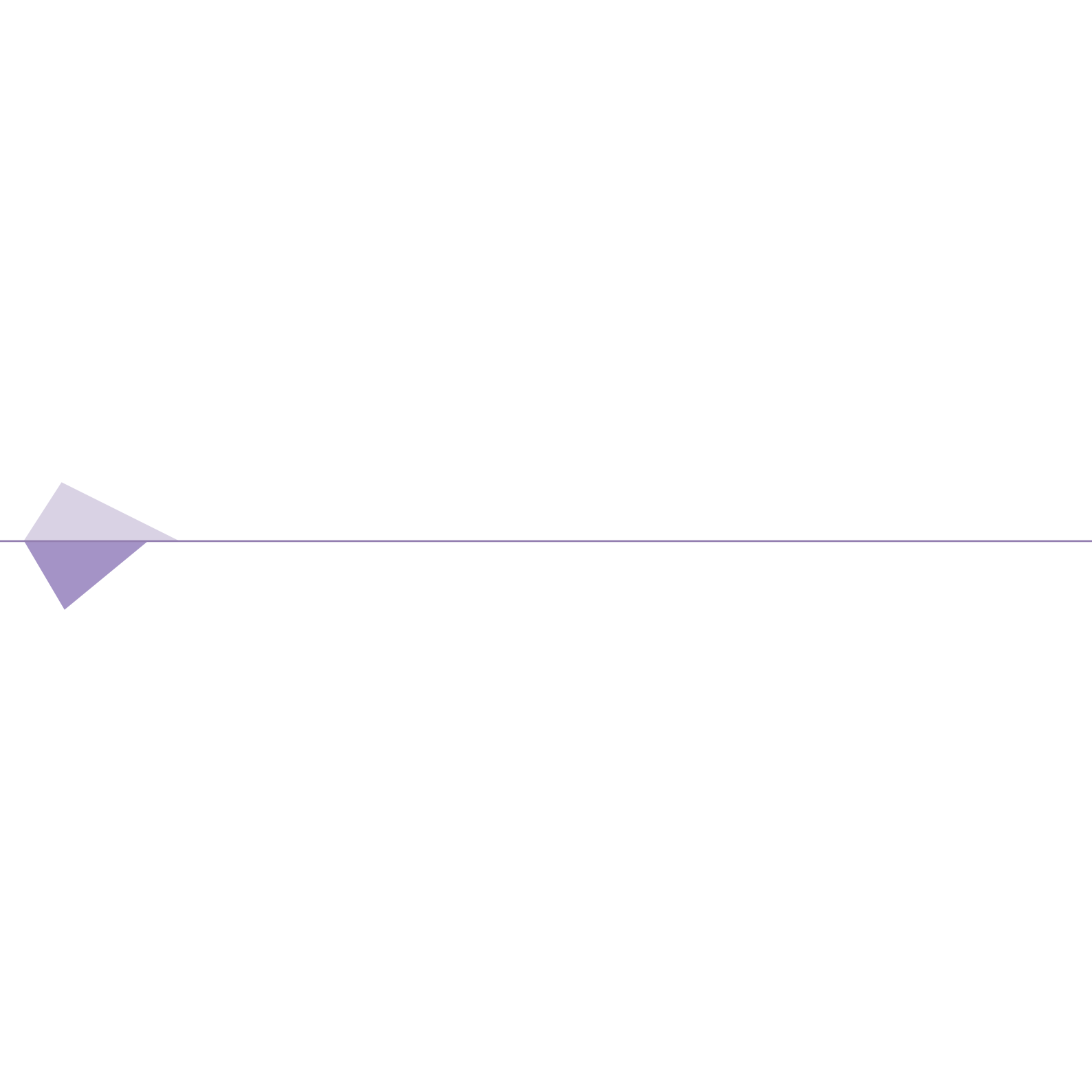


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Message from the Director General

At the first World CEO Forum in 2016 in Paris, over 50 CEOs from all over the world met to reflect on the future of the postal sector. The forum brought together prestigious speakers and participants from Posts, academia and beyond. They delved into a number of crucial topics for the industry, such as the profitability of e-commerce, the relationship between Posts and e-retailers, opportunities for postal financial services in the digital era, and the transformational role of big data for postal operators.

Under the title “Leading multidimensional growth: The hows and whys of postal strategy”, the 2017 edition of the CEO Forum in Moscow picked up the conversation from where we left off in 2016. Over two days, industry leaders shared their experiences and vision for the Post of the future.

The forum began by reflecting on the issues that Posts need to focus on in this fast-changing world. Then we moved into a discussion on the needs of customers and governments: two critical stakeholders for Posts. And we closed day one by evaluating the degree to which the expectations of our stakeholders are being met.

On the second day of the event, we considered the avenues of change, seeing how any shortcomings of Posts can be overcome. This set the scene for a final discussion on effective business models that could be adopted in order to bridge the delivery divide.

In addition, CEOs had the time and opportunity to benchmark and network with peers from all over the world; indeed, this is one of the key objectives of these forums.

As the intergovernmental organization responsible for the postal sector, the UPU strives to provide such platforms whenever they help fulfil the organization's mission, as expressed in the Istanbul World Postal Strategy, which is to ensure that "the postal sector is seen as an enabler of inclusive development and an essential component of the global economy".

Finally, and very importantly, I wish to thank Russian Post most sincerely for partnering with us to host the UPU World CEO Forum 2017. They have contributed enormously to its success through facilitation in various areas, including sponsorship and hospitality.

I hope this report will provide a snapshot of this successful event. Thank you for your participation and support.

Bishar A. Hussein





Executive summary

The 2017 edition of the UPU World CEO Forum was held in Moscow, Russian Federation, from 17 to 19 September. It was the second time that the captains of the postal industry had met to reflect on the future of the postal sector. This report contains a detailed description of the event's programme, including the content of the panel discussions, general information about the participation of CEOs and various speakers, as well as the key takeaways of the forum. It is therefore intended to offer both a summary of the event and insight into the most important ideas being considered by the leaders of the postal sector in this age of rapid transformation.

The previous edition of the event, held in Paris in 2016, saw the participation of over 50 CEOs. The first event of its kind, it brought together prestigious speakers and participants from Posts, academia and beyond. They delved into several crucial topics for the industry, such as the profitability of e-commerce, the relation between Posts and e-retailers, the opportunities of postal financial services in the digital era, and the transformational role of big data for postal operators.

In 2017, the forum focused on the strategy development process, from diagnosing the current state of the global economy and postal markets to looking at successful business models for fulfilling the needs of the Posts' key stakeholders. Under the title "Leading multidimensional growth: The hows and whys of postal strategy", the forum spanned two days of discussions with high-level speakers from the postal sector and international organizations, in a total of six panels.

The first day started with the opening session, which included speeches from the Deputy Prime Minister and the Deputy Minister of Telecommunications and Mass Media of the Russian Federation.

The first panel was devoted to understanding global dynamics: CEOs asked themselves what Posts need to pay attention to in today's fast-changing world. In the second and third panels, participants discussed what they understood to be the needs of customers and governments in this new environment. This paved the way for the fourth and last panel of the day, which evaluated the degree to which Posts are meeting the expectations discussed in the first panels.

The second day focused more on solutions. The fifth panel revolved around the factors that Posts need to consider in order to better meet the expectations of their stakeholders, while in the sixth and final panel of the forum, participants looked more closely at the business models that modern Posts are adopting in order to succeed.

In addition to the panel discussions, the forum also included a number of social events, which provided additional opportunities for CEOs to network and share best practices. Throughout all of these events, Russian Post showed extraordinary hospitality, something that was appreciated by all participants.

The first key takeaway from the event was that technological transformations are bringing not only risks but also significant opportunities for Posts, which have retained their role as a network of public services. The CEO Forum served as the perfect tool to benchmark with peers and provide input for the postal sector's Agenda 2030.

This is crucial because global dynamics appear to be generally favourable to the postal sector: economic output and trade are back on track after years of sluggish growth, in spite of persistent risks. At the same time, e-commerce and light logistics are exploding thanks to various macro trends triggered by technology, such as new consumption models, 3D printing, blockchains, big data, privacy concerns, and the high demand for trusted transactions. In parallel to this evolution, demographic trends, in combination with economic growth, are also creating demand for new services, which Posts can help fulfil. However, regions with a demographic dividend can only seize opportunities if they engage in appropriate reforms and transformations.

Indeed, even though some disparities persist between countries and regions, the circumstances have totally changed for postal operators, who have to face fast-evolving needs. Customers are much more demanding: right here right now, digital and mobile, and choice and control are just some of the buzzwords that describe this new pattern. In addition, Posts continue to feel the pressure from governments to fulfil their public service mission in what appears to be an impossible equation: "Make your own money, but make things that don't make money". By and large, the public service orientation appears to prevail over the commercial aspects, with Posts called upon to play a special role in social cohesion and infrastructure, and not just in rural areas. Pushing this logic even further, Posts could even be seen by governments as a vector for building a middle class and an extended tax base.

In trying to meet these evolving needs, the traditional postal operators seem to be falling short of expectations. Product portfolios appear mostly unaligned with the needs of customers, and business models are usually not adapted to the local realities. Moreover, operators typically face challenges in articulating their value proposition to customers, an issue that can be exacerbated by the difficulties postal staff have in embracing the transformation required to change the corporate brand of very traditional companies. Furthermore, operators feel that they are being left in this fight alone, with insufficient financial and political support from governments and struggling to cover the universal service obligation.

What would be the best business models for ensuring success? To answer this question, traditional postal operators have been adopting a number of strategies to successfully mitigate risks and seize opportunities. In several countries, the Post is increasingly adapting its portfolio in order to become a one-stop shop for public services. In doing so, it is nurturing an old tradition while fulfilling the expectations of governments, which often see post offices as outposts of public service delivery, especially in remote and sparsely populated areas. This orientation goes hand in hand with a strategic repositioning and the development of new products (e.g. health access, personal care, digital lockers and e-documents) to cater to the needs of ageing populations and a very mobile and tech-savvy youth.

To achieve innovation and growth, the most successful postal operators worldwide are resorting to a wide array of partnerships. In this sense, public-private partnerships are encouraged, all the more so because they appear in many cases to be a better fit for the hybrid nature of postal operations nowadays: oriented towards providing a public service while attempting to be commercially viable enterprises. Partnerships can also take the form of co-operation, as postal operators reach out to start-ups, e-retailers or other postal operators to enable the development of sophisticated new services to fulfil the needs of the most demanding customers.

Rebranding and awareness-raising also appear to be a critical element of success, as part of the overall effort to regain the trust of lost customers. Stronger operations and a whole set of efficiency measures are also key. Indeed, if Posts are to be perceived as being able to deliver, with speed and reliability, a range of services that stretch beyond the traditional letter segment, they need to improve their operations and customer care abilities. They also need to revitalize their labour force.

Nevertheless, for all the benefits of these different business models, the CEOs attending the forum did agree that there was no one-size-fits-all answer. In other words, resolving the key strategic dilemmas of Posts today (progressive growth vs. leapfrogging; margin focus vs. volume focus; mono-product vs. diversification; competition vs. co-operation) will depend on the realities of each country.

That is precisely where the UPU can be useful. It provides a platform for CEOs to get together and discuss these issues. It can help countries define the universal service obligation and the rules that go with it, taking into account the specificities of each country and region. It can provide technical solutions and assistance to governments, regulators and postal operators willing to upgrade national postal infrastructure. In the words of Mr Bishar Hussein, Director General of the UPU International Bureau, the UPU is the glue that holds the postal sector together, enabling 192 networks to behave as one.



PROGRAMME

Panels and content

**“Leading multidimensional growth:
The hows and whys of postal strategy”**

Sunday, 17 September

19:00

Executive dinner hosted by Russian Post

Veranda Restaurant, Radisson Royal Hotel

Monday, 18 September

08:00 to
08:45

Registration

09:00

Opening ceremony

Speakers

Arkady Dvorkovich

Deputy Prime Minister, Russian Federation

Bishar A. Hussein

Director General, UPU

Rashid Ismailov

Deputy Minister of Telecommunications
and Mass Media, Russian Federation

Nikolay Podguzov

CEO, Federal State Unitary Enterprise
“Russian Post”



09:30

PANEL 1

Coping with global dynamics: What's in it for Posts?

The world is witnessing rapid changes in multiple dimensions. After a period of stagnation, global trade is expected to grow again in spite of persisting uncertainties. The number of migrants and refugees worldwide is expected to rise to yet another historic level, resulting in a greater need for remittances and greater availability of talent. This is juxtaposed with the parcelization of containers and increased automation, from artificial intelligence solutions to 3D printing. In addition, sustainability is starting to take centre stage in addressing global challenges.

Panellists will discuss these and other key macroeconomic trends and how they affect the postal sector.

Speakers

Pascal Clivaz

Deputy Director General, UPU

Gabriel Di Bella

IMF Resident Representative
for the Russian Federation

Ingimundur Sigurpálsson

General Manager and Chief Executive
Officer, Iceland Post

Isaac Gnamba-Yao

Director General,
La Poste de Côte d'Ivoire

Philippe Wahl

President and Director General,
Groupe La Poste



11:00

Networking break



11:15

PANEL 2

From physical to virtual: Understanding customer needs

Young people now constitute a record 1.8 billion of the world's population, changing the Post's customer base. Empowered by the advent of seamless technology, modern postal customers have prompted tremendous change in demand patterns. When environmentally conscious customers order e-commerce products via their mobile phones, "right here, right now" moves from their wish list to their need list. At the same time, SMEs sending parcels, migrants sending remittances, and the elderly receiving support also remain key postal customers. The postal sector therefore needs to rethink its role in order to remain relevant in the face of not only a changing world, but changing consumption trends.

Panellists will identify the characteristics of today's postal customer and ask the fundamental question: what do our customers want?

Speakers

Amin Benjelloun Touimi
Director General, Poste Maroc

David Walsh
CEO, New Zealand Post

Stéphanoël Razafimanantsoa
Director General, Paositra Malagasy

Zhang Ronglin
Vice President, China Post Group



12:45

Lunch hosted by Russian Post

Veranda Restaurant, Radisson Royal Hotel



14:30

PANEL 3

Between the lines: Public service and profitability

To support the socio-economic development of countries, governments mandate designated operators to provide postal services to all segments of the population. As a natural extension, designated operators become the cornerstone of governmental infrastructure for citizen outreach. Through initiatives such as e-government, health support and senior citizen support, the Posts have showcased their role as key governmental partners for development.

Panellists will discuss what governments expect from Posts and the role of these expectations in achieving Posts' missions.

Speakers

Khaled Lahham

Director General, Jordan Postal Company

Lyudmila Kononova

First Deputy Chairman of Council of the Federation Committee on Social Policy, Russian Federation

Mark Barnes

Group CEO, South Africa Post Office

Zoltán Illés

Chairman and Chief Executive Officer, Magyar Posta



16:00

Networking break



16:15

PANEL 4

Surviving or thriving: Are Posts meeting expectations?

In the face of diverse stakeholder demands, postal operators worldwide have adopted different strategies, ranging from a complete focus on logistics to greater diversification. It is necessary to identify growth areas in order to prevent market saturation and increase Posts' competitive advantage. Each postal operator has a product and service portfolio, but can its offerings be easily copied by other players?

Panellists will discuss the status quo, analyzing how Posts are endeavouring to meet the expectations of their stakeholders. They will then explore the differentials that set each postal designated operator apart from other market players.

Speakers

Ivan Čulo

President of the Board, Croatian Post

Nabi Issa Coulibaly

Director General, Société nationale des postes (SONAPOST)

Rohana Abeyaratne

Postmaster General,
the Department of Post, Sri Lanka

Usamah Mohammed S. Altaf

Acting President and CEO,
Saudi Post Corporation



17:45 to
18:00

Wrap-up session

18:00

Dinner hosted by Russian Post

Chayka Restaurant (cruise)

Transfer to the venue from Radisson Royal Hotel at 18:00. Return transfer at 23:00 from Novospassky Most quay to Radisson Royal Hotel.

09:00

PANEL 5

From want to need: Bridging the expectation and delivery divide

There is a growing gap between what stakeholders expect and what Posts are delivering. Can Posts identify what is responsible for this disconnect? Cost, efficiency and a perception deficit could be harming the Post's image and reducing its bargaining power. Challenges in harnessing talent, managing technology and supplier roles, and the ineffective use of data and insights could throw a spanner in the works.

Panellists will examine the benefits of better collaboration with partners and the increased adoption of technology for product development and greater operational efficiency.

Speakers

Essam Mohamed El Saghir

Chairman, National Post Organization of Egypt

Joel L. Otarra

Postmaster General and CEO, Philippine Postal Corporation

Rubina Tayyab

Chairman and Director General, Pakistan Post

10:30

Networking break



10:45

PANEL 6

Is trust enough? Successful business models for modern Posts

The postal sector is viewed as a trusted intermediary, but could fast become a mere alternative to integrators. Designated operators need to consciously choose between progressive growth and leap-frogging, margin focus and volume focus, and “coopetition” vs competition in their strategies. When choosing between mono-product strategies and diversification, Posts should also address the conversion of workforce skills through automation.

Panellists will identify successful business models that could be adopted by Posts if they are to remain partners of choice for governments, businesses and citizens. They will also highlight the UPU’s role in supporting the present and future growth of the postal sector.

Speakers

Gilarsi W. Setijono

President Director, PT Pos Indonesia (Persero)

Kenan Bozgeyik

Chairman of the Board and Director General, PTT Turkey

Moez Chakchouk

PDG, La Poste Tunisienne

Nikolay Podguzov

CEO, Federal State Unitary Enterprise “Russian Post”



12:15 to
12:35

Closing ceremony

Speakers

Bishar A. Hussein

Director General, UPU

Nikolay Podguzov

CEO, Federal State Unitary Enterprise “Russian Post”



12:35

Lunch hosted by Russian Post

Veranda Restaurant, Radisson Royal Hotel



12:45 to
13:30

Press conference

Radisson Royal Hotel, library

By invitation only. Other participants are requested to proceed to the lunch.

Speakers

Bishar A. Hussein

Director General, UPU

Nikolay Podguzov

CEO, Federal State Unitary Enterprise

"Russian Post"

Kenan Bozgeyik

Chairman of the Board and Director General,
PTT Turkey



14:00

Excursion organized by Russian Post

SPEAKERS



Bishar A. Hussein

Director General, UPU



Bishar Abdirahman Hussein was first elected Director General of the UPU International Bureau on 10 October 2012 during the 25th Universal Postal Congress in Doha. He received a second mandate during the 26th Congress in Istanbul.

Mr. Hussein is vastly experienced in UPU and postal matters. He chaired the UPU Council of Administration for the 2008-2012 cycle, having been designated by the Government of Kenya to chair the 24th UPU Congress, held in Geneva in 2008.

In September 2010, he successfully chaired the UPU Strategy Conference held in Nairobi. The conference provided a forum for discussion of important global issues affecting the postal sector and paved the way for the development of the Doha Postal Strategy.

Mr. Hussein began his postal career with the Kenya Posts and Telecommunications Corporation, which he joined in 1984 as a management trainee. He rose through the ranks and became the first postmaster general of the Postal Corporation of Kenya in 1999. He led the postal entity from a loss-making to a profitable and self-sustaining postal enterprise.

In 2002, Mr. Hussein was appointed ambassador of Kenya to the United Arab Emirates, covering the Gulf Region, for a six-year period.

He holds a Bachelor of Arts Degree (Honours) in political science and sociology from the University of Nairobi. Throughout his 28 years of public service, Mr. Hussein has attended many courses and seminars in postal management, human resources, finance, administration and diplomacy.

Pascal Clivaz

Deputy Director General, UPU



Pascal Clivaz has been Deputy Director General of the UPU International Bureau since 1 January 2013, after being elected to the position on 10 October 2012 at the 25th Universal Postal Congress in Doha, Qatar. He was re-elected in 2016 during the 26th Congress in Istanbul.

Until his election, Mr. Clivaz was director of finance and strategic planning at the International Bureau, which he joined in 2005.

A Swiss citizen from the alpine canton of Valais, Mr. Clivaz has 17 years' experience working in the postal sector and the UPU.

A law graduate, Mr. Clivaz has held numerous roles in both private and public organizations, as well as at the European Commission in Brussels.

He began his postal career at Swiss Post as a scientific advisor responsible for finance and strategy, before rising to become director of international affairs and a member of the Swiss operator's management team.

He led the Swiss delegation at the UPU Council of Administration and Postal Operations Council sessions between 2000 and 2004.



Arkady Dvorkovich

Deputy Prime Minister, Russian Federation

Arkady Dvorkovich has been Deputy Prime Minister of the Russian Federation since May 2012.

Previously, Mr. Dvorkovich held several high-level positions within the Russian Federation, including aide to the President, Head of the Presidential Experts' Directorate and Minister for Economic Development and

Trade. He has also been a consultant, senior expert, chief executive and scientific director with the Economic Expert Group of the Russian Ministry of Finance.

Mr. Dvorkovich holds a Master of Economics from both the New Economic School and Duke University.



Rashid Ismailov

Deputy Minister of Telecommunications and Mass Media, Russian Federation

Rashid Ismailov was appointed as the Russian Federation's Deputy Minister of Telecommunication and Mass Media in 2014. He worked previously as Director of the Ministry's International Cooperation Department.

Mr. Ismailov has engaged in the telecommunications sector since 1998. Between 1998 and 2005, he held executive positions with Ericsson Russia. Subsequently, he joined Nokia Siemens Network Russia as head of the service administration for the Russian region and sat on the company's Board. In that capacity, Mr. Ismailov led an integration team for the Northeastern region (Scandinavia, the Baltic countries, the CIS and Turkey) for Nokia Networks in the process of its merger with Siemens Com.

Prior to his appointment to the Ministry, he served as Vice President for services, procurements and supplies with Huawei Technologies in the "Russia" region, which included Russia, Ukraine, Belarus and Armenia.

Mr. Ismailov studied history at the Lomonosov Moscow State University (MGU) and later went on to earn his master's degree in Economics and Corporate Management from the Moscow State Machine Manufacturing University. Between 1988-1991, he was a faculty member at the Moscow Institute of Chemical Engineering.



Nikolay Podguzov

CEO, Federal State Unitary Enterprise "Russian Post"

Nikolay Podguzov was appointed to the position of CEO of Russian Post in July 2017. Before moving to the postal industry, Mr. Podguzov worked as the Deputy Minister of Economic Development of the Russian Federation.

Earlier, Mr. Podguzov held other positions in various state institutions, including the Ministry of Finance and the Government of the Russian Federation.

Mr. Podguzov has extensive experience in the financial sector, having worked as Vice President of Trust Investment Bank and Renaissance Capital. He has also worked for VTB Capital as Head of Fixed Income Strategy.

Mr. Podguzov holds degrees from Saint Petersburg Institute of Technology and Moscow State Institute of International Relations.



Rohana Abeyaratne

Postmaster General, the Department of Post, Sri Lanka

Rohana Abeyaratne has been Postmaster General since 2012. Mr. Abeyaratne is an officer belonging to the Sri Lanka Administrative Service (Special Grade) with more than 20 years experience in administrative service with various disciplines. Mr. Abeyaratne has been working for different government organizations such as the Provincial Council, Ministry of Industries, Land Commissioner's Department, Department of Immigration and Emigration, Divisional

Secretariats, National Gem & Jewellery Authority, Ministry of Tourism, Ministry of Economic Development and foreign funded projects.

He also works as a member of the Board of Directors of the Social Security Board of Sri Lanka and a member of the Board of Directors of Government Pensioners Provident Fund. He is a visiting lecturer for the Institute of Human Resource Advancement of University of Colombo.



Usamah Mohammed S. Altaf

Acting President and CEO, Saudi Post Corporation

Dr. Usamah Mohammed S. Altaf was appointed President of Saudi Post in 2016. He also serves as the Chairman of several boards, including those of Naqel Company for Transport and Logistics, the Ersal Money Transfer Company, the EMS Company and Postal Services Company.

Dr. Altaf formerly served as Vice President of the Saudi Post for Transformation and was an adviser to the Minister of Communications and Information Technology. He also served as Vice President of Technical Affairs and Information Technology.

Before joining the Post, Dr. Altaf worked as General Manager of the National Company for Data and Integrated Solutions (Part of Atheeb Group). He also served as Director of the Computer Department for the Ministry of Defense, Director of Research and Development at the General Directorate of Technical Affairs.



Mark Barnes

Group CEO, South Africa Post Office

Mark Barnes was appointed CEO of the South African Post Office in January 2016.

Mr Barnes has more than 30 years of experience working as a leader in the South African financial service market, having previously held leadership positions with Standard Bank, Capital Alliance and Brait. He has had a wide exposure to financial markets previously as head of the biggest treasury

operation in South Africa and as Chairman of the South African Futures Exchange. Mr Barnes is currently the Chairman and a significant shareholder in the Purple Group.

Mr Barnes holds a Business Science degree in Actuarial Science from University of Cape Town and a certificate from the Harvard Business School's Programme for Management Development.



Kenan Bozgeyik

Director General and Chairman of the Board, Turkish PTT Corp.

Kenan Bozgeyik graduated from the Eskişehir Anadolu University Department of Finance. He has fulfilled various senior positions in many public administrations such as the Ministry of Environment as inspector and adviser to the Minister, the Grand National Assembly of Turkey as adviser, the Ministry of Health as Head of Research Planning and Coordination Department and Head of Strategy Department, the Ministry of Transport, Maritime Affairs and Communication.

He has also served as Head of the Research Planning and Coordination Department and Under Secretary of the Ministry of Family and Social Policies.

He was appointed CEO and Chairman of the Board of Turkish PTT Corp. on 31 March 2016. Mr. Bozgeyik currently represents Turkey as Chairman of the UPU Council of Administration.



Moez Chakchouk

Chairman & CEO, La Poste Tunisienne

Moez Chakchouk was appointed Chairman and CEO of the Tunisian Post in April 2015. He began his career in the late 1990s as a research engineer in the Tunisian Center of Telecommunication Studies and Research and as a member of PINA RD. In 2002, he became the chief of RACINES RD.

He joined the Telcos Regulation Authority (INT) in 2005 as chief of technical department and was later promoted to Head of Interconnection & Access. Mr. Chakchouk was appointed Chairman

and CEO of the Tunisian Internet Agency in February 2011 after the Tunisian revolution.

Mr. Chakchouk graduated from the Higher School of Communication of Tunis (Sup'Com) in 1998.

He later received his M.S in telecommunications from ENIT School and obtained his PhD in telecommunications under a joint programme between El Manar University and Paris Descartes University in 2009.



Nabi Issa Coulibaly

Director General, Société nationale des postes (SONAPOST)

Prior to his appointment as head of the Post, Mr Coulibaly spent 12 years with Ecobank Burkina, the leading bank in Burkina Faso, a subsidiary of the Ecobank Transnational Incorporated (ETI) group. He previously worked as head of the private banking department, responsible for implementing the modernization and development strategy of the banking branch for individual clients in the emerging and high-income category. Prior to this, he held several other positions of responsibility,

both commercial and analytical, within the bank. These included regional director, responsible for business development and value chain, and chargé d'affaires for SMEs and individuals.

Mr Coulibaly is a financial actuary, having graduated from the Higher Institute of Statistics and Applied Economics in Morocco (INSEA).



Ivan Čulo

President of the Board, Croatian Post

Ivan Čulo was appointed CEO of the Croatian Post in January 2017. He previously held the title Executive Director of the Board of Directors, where he formally managed the Post Division.

He has been with Croatian Post since 1997 and has worked during the past 20 years on all processes and tasks undertaken by Croatian Post. Mr. Čulo has been directly participating in the strategic part of the company's operations as a member of the higher management team for more than eight years. Even though his responsibility has always been associated with funda-

mental business operations, he has been actively involved in the company's other important strategic projects.

Mr. Čulo completed his formal higher education while working at Croatian Post. He was enrolled at the University of Zagreb, Faculty of Transport and Traffic Sciences, where he received his BSc in Traffic Engineering. He also attained the title of University Economy Specialist following the completion of postgraduate studies at the University of Rijeka.



Gabriel Di Bella

IMF Resident Representative for the Russian Federation

Gabriel Di Bella is the International Monetary Fund's Resident Representative for the Russian Federation. Previously, he served as desk economist for the U.S. as well as other emerging and low-income economies, and as IMF's Resident Representative in Nicaragua.

His research has mainly focused on debt sustainability, real exchange rates, and programme design in low-income countries. Before joining the Fund in 2002, he worked in an economic and financial consulting firm in Buenos Aires.

Mr. Di Bella is an Argentinean national and holds a PhD in Economics from the University of Wisconsin-Madison.



Essam Mohamed El Saghir

Chairman, Egypt Post

In the Middle East and North Africa, Essam El Saghir is considered a prominent expert in developing and automating postal and logistical services. In 2015, he was appointed as the Chairman of Egypt Post, where he is responsible for leading the Post's transformation.

Mr. El Saghir is known for his visionary development strategy. He has led projects which have taken the Post from a loss of 450 million EGP to net profit of 4 billion EGP over the last two years. His mandate also includes developing advanced e-services provided by smart govern-

ments that meet the highest quality and control standards, as well as reducing operational costs.

Mr. El Saghir has participated in several strategic projects for developing postal systems in many countries worldwide, such as Japan, Germany, Switzerland, England, Ireland, India and Denmark. He is board member of Post for Investment, Post for Systems and Post for Delivery.

He holds several regional and international certificates in information technology, and electronic systems design and development.



Isaac Gnamba-Yao

Director General, La Poste de Côte d'Ivoire

Isaac Gnamba-Yao joined La Poste de Côte d'Ivoire in 2011 as Deputy Director General, later becoming Director General in 2016.

Before joining La Poste de Côte d'Ivoire, Mr. Gnamba-Yao brought to eTranzact Global his vast sales experience in French Africa. He worked in various divisions within the eTranzact Group, having been involved in IT, Operations, Finance, HR and Marketing.

Prior to eTranzact Global, Mr. Gnamba-Yao held senior account executive positions and sales manager positions in both the Windows Mobile platform industry (i-mate Dubai) as well as the Mobile Network industry (Moov, Orange & MTN). He was responsible for the introduction of i-mate brand into the African market and worked closely with many of i-mate's Top distributors in 34 African countries and Malta.



Zoltán Illés

Chairman and CEO, Magyar Posta

Zoltán Illés was appointed Chairman and CEO of Magyar Posta (Hungarian Post) in 2016.

Mr. Illés has spent the majority of his career in the banking sector, having worked previously with OTP Bank as Member of the Board of Directors and CEO of the bank's Russian branch and before that as Managing Director of the Retail Sector Directorate at OTP Bank Hungary. He has also worked as Director of Quality Management with Erste Bank and held several positions

with ABN AMRO (formerly KBC Group in Hungary), including Head of Retail Sales – Managing Director.

Mr. Illés holds a BA in Economics from Budapest College of Finance and Accountancy (Budapest Business School), an MSc in Quality Management from Budapest University of Technology and Economics and a Global Executive MBA from INSEAD.



Lyudmila Kononova

Deputy Chairman, Committee of the Council of Federation for Social Policy, Russian Federation

Lyudmila Kononova is the Deputy Chairman of the Committee of the Council of Federation for Social Policy in the Russian Federation.

Previously, Ms. Kononova worked as the Deputy Governor of Arkhangelsk Region for Social Affairs and as a member of the Arkhangelsk

Regional Assembly of Deputies of the sixth convocation on a non-permanent basis.

Ms. Kononova has an educational background in history, socio-political science, law, economics and historical sciences at the M.V. Lomonosov Pomor State University.



Khaled Lahham

Director General, Jordan Post Company (JPC)

Khaled Lahham is a senior professional with more than 20 years of experience holding positions in different governmental and international organizations. Throughout his career he has held leading positions, including Secretary General and Deputy Secretary General for the Ministry of Information and Communications Technology for Financial and Administrative Affairs. He was also Secretary General for the Ministry of Public Sector Development, where he played an active role in public sector reform.

While Mr. Lahham has spent much of his career in public service, he has also supported

the growth of the private sector in Jordan. As the Secretary General at the Ministry of Information and Communications Technology, he helped establish a competitive environment to support private sector investments in ICT and to find opportunities to link international companies with local Jordanian businesses.

Mr. Lahham holds a PhD in Finance and has completed numerous training courses on public policy, leadership, business management and government financing.



Joel L. Otarra

Postmaster General and CEO, Philippine Postal Corporation

Joel L. Otarra has been the Postmaster General and CEO of the Philippine Postal Corporation (PHLPost) since 2016. Mr. Otarra was formerly Director of the PHLPost Board of Directors.

Before joining PHLPost, he chaired the Center for Integrated Development and Social Marketing (CIDS), Inc. from 1996-2015. Mr. Otarra has a solid background in management and

social marketing, having held various consultancy positions in government and private organizations.

Mr. Otarra studied economics at Asian Social Institute and theology at St. Francis Xavier Major Seminary, Davao City. He holds a Bachelor of Arts in Philosophy from Notre Dame of Marbel University, Koronadal City.



Stéphanoel Razafimanantsoa

Director General, Paositra Malagasy

Mr Stéphane Razafimanantsoa is the Director General of Paositra Malagasy, the designated operator of Madagascar.

Before his appointment as head of Madagascar Post, he had various responsibilities within the postal sector, such as Head of the Postage Stamp Supply Centre, Head of the Sorting Centre, and in particular, Interregional Director of the Post in the province of Antananarivo.

During his years of service, he has also actively participated in various meetings and workshops organized by the Universal Postal Union and the Pan African Postal Union, including Congresses, Strategy Conferences, Plenipotentiary Conferences, and quality of service forums and workshops.

He holds a Chief Postal Inspector diploma.



ZHANG Ronglin

Vice President, China Post Group

ZHANG Ronglin, born in December 1959, is the Vice President of China Post Group.

Mr. Zhang began his career in 1978. From 2001, he has been the Deputy Director General of Beijing Municipal Postal Administration. In 2003, Mr. Zhang was promoted as the Director of Public Services Department, State Post Bureau. In 2006, he joined China Post Group as the Managing Director of Marketing Department and Postal Services Bureau. A year later, he worked

as the Managing Director of China Post Group (Hubei Branch) and the Chairman of China Postal Express and Logistics (Hubei Branch). In 2011, he became the Managing Director of China Post Group (Jiangsu Branch) and the Vice Chairman of China Postal Express and Logistics (Jiangsu Branch). In 2012, he was promoted as the Vice President of China Post Group.

Mr. Zhang holds a PhD in Economics and is a top level senior engineer.



Gilarsi W. Setijono

President Director, PT Pos Indonesia (Persero)

Gilarsi Wahyu Setijono is an experienced professional who has held key positions in several leading global companies. He has served as Business Excellence Director of Philips Lighting Asia-Pacific and Managing Director of Merrill Lynch Investment for the Thailand, China and Philippines region. In 2015, Minister of State-Owned Businesses Rini Soemarmo appointed Mr. Setijono as President Director of PT Pos Indonesia (Persero).

Before being appointed as head of the Post, Mr. Setijono held the position of CEO of PT Shafira Corporation Enterprise and is considered a key figure behind the revival of the fashion retail company.



Ingimundur Sigurpálsson

Managing Director & CEO, Iceland Post

Ingimundur Sigurpálsson has served as a Managing Director and CEO of Iceland Post since 2004. He has decades of experience in business, both in the public and private sector. Mr. Sigurpálsson has served in number of roles for corporations, public and private, including director positions and management.

He holds a Cand. Oecon degree from the University of Iceland and pursued graduate studies in economic development and planning at George Washington University in Washington, D.C. and DBE from Columbia Business School, New York, USA.



Rubina Tayyab

Director General, Pakistan Post

Rubina Tayyab has the honour of being the first female Director General of Pakistan Post. She was appointed Director General of the Pakistan Post in November 2016. Before taking over as Director General, she worked as the Postmaster General Punjab, Pakistan's largest province. She has also worked as Additional Director General (Operations).

Ms. Tayyab is a civil servant and has worked in various staff, command and instructional positions. She has remained a member of faculty of

the National School of Public Policy, the premier training institute for the senior civil servants of Pakistan and friendly countries. She has represented Pakistan at various international fora and is an Elected Member of the Management Committee of the International Mail Services User Group (IMSUG).

She chairs the Postal Services Management Board, the highest decision-making body of the Pakistan Post.



Amin Benjelloun Touimi

Director General, Poste Maroc

Amin Benjelloun Touimi has been the Director General of Poste Maroc since October 2009. He has chaired the Board of Al Barid Bank (postal bank) since its creation in 2010.

Before his appointment as head of the Post, he led a career of nearly 20 years in the banking group Attijariwafa Bank where he was appointed in 2004 as a Member of the Group Executive Committee and Deputy Managing Director of

Specialized Financial Services. Between 1990 and 2003 he had assumed several responsibilities within the former Wafabank and its subsidiaries, including as Secretary General in 1999.

Early in his career, he worked as a lecturer at several Parisian universities including Paris Dauphine (1987), and has a PhD in Statistics from the University Paris VI.



Philippe Wahl

President and CEO, Le Groupe La Poste

Philippe Wahl was appointed President and CEO of Le Groupe La Poste in September 2013, has been chairman of the La Banque Postale Executive Board and was Deputy Chief Executive Officer of Le Groupe La Poste.

Mr. Wahl was the CEO (France) of the Royal Bank of Scotland, adviser to the RBS Global Banking and Markets Board in London, and later the CEO for RBS France, Belgium and Luxembourg.

Previously, Mr. Wahl has been the Chief Executive of the Havas Group and Vice Chairman of

the Bolloré Group. Mr. Wahl was also the Deputy CEO of Compagnie Bancaire, and member of the Executive Committee with Paribas. He was the Chief Executive of the Caisse Nationale des Caisses d'Épargne (CNCE).

Philippe Wahl holds a Masters' Degree in Economics and is a graduate of the Institut d'études politiques and the Ecole nationale d'administration. He also served as a specialist adviser responsible for business, financial and tax affairs at the office of Prime Minister Michel Rocard in 1989.



David Walsh

CEO, New Zealand Post

David Walsh was appointed to the role of Chief Executive Officer from 1 May 2017. Prior to that time Mr. Walsh held the position of Chief Financial Officer, having joined the organization in February 2015.

Before joining New Zealand Post, Mr. Walsh held the positions of General Manager Corporate and Finance and Chief Financial Officer at KiwiRail.

His professional background also includes Chief Operating Officer and Chief Financial Officer at the New Zealand Racing Board, and senior finance roles at Fonterra, TransAlta, and Shell Oil New Zealand.

MODERATORS

Tatiana Stolyarova

TV journalist

One of Russia's most recognizable TV journalists, Tatiana Stolyarova has for several years anchored prime time news at Russia24, the most popular TV channel in the country. Her experience includes hosting business and economics shows such as Personal Account and Business Vector. She also co-hosted the Channel's most popular weekly show Vesti with Sergey Brilev.

Tatiana's experience at Russia24 included dozens of prime time interviews with the President of Russia, top level members of the Russian and foreign governments, as well as with numerous international CEOs. As a moderator, she hosted panel discussions at high level international events, including the St Petersburg Economic Forum and the Transformation Summit under the President of Kazakhstan.

She began her career as editor and reporter at the MIR International Network following graduation from the Finance Academy in Moscow where she majored in Economics. A fluent English speaker, she also studied Filmmaking and TV Production at New York University.



Alex Taylor

TV and Radio Journalist

Alex Taylor is one of the most experienced events hosts in Europe, having presented more than 700 events over a period of 15 years around the world. He has hosted all types of conventions, conferences and ceremonies, both corporate and institutional, together with a wide number of ceremonies, mainly in Europe but also throughout the world.

He has produced and presented a wide range of programmes about Europe, mainly on French television and radio, but also for the BBC and VOX TV in Germany. He was also Programme Director of Radio France Internationale. Currently he hosts I-Talk on Euronews, interviewing Europe's leading policy-makers in the European Parliament.

Alex has vast experience of dealing with all kinds of personalities and situations, ranging from the Queen of England, President Clinton, Nelson Mandela and various Prime Ministers, to company managers but also people with less experience being on the stage. He has also written several books, including one on the wonderful untranslatability of languages.





KEY TAKEAWAYS FROM THE DISCUSSIONS





CEOs engaged very openly in the discussions during the forum. They provided numerous examples of situations faced by their organizations, which found an echo in the audience.

The programme was conceived in a way that enabled those present to first exchange on the key trends affecting the world economy and the sector (Panel 1). The focus then shifted towards understanding the needs of the key stakeholders of Posts, i.e. customers (Panel 2) and governments (Panel 3). The discussion that followed was aimed at evaluating the extent to which Posts are meeting these needs (Panel 4). In the subsequent panels, participants were invited to share experiences about the strategies and solutions that have proved successful in allowing their organizations to move forward (panels 5 and 6).

This section on key takeaways divides the matters discussed by topic, rather than by panel, so as to better highlight the critical ideas that were brought forward by the speakers and the audience.

Starting basis

One of the first messages that underpinned the opening session of the forum was that technological transformations represent both risks and opportunities for Posts. As pointed out by Mr Dvorkovich, Deputy Prime Minister, and by Mr Ismailov, Deputy Minister of Telecommunications and Mass Media of the Russian Federation, pervasive digitalization is transforming the way modern societies function, thus impacting the Posts.

However, they also indicated that the task of the state is to stimulate the development of new technologies, while ensuring that it benefits society. The postal sector can play a role in this. They reminded the audience that the Post is everywhere in Russia, and that it is indispensable to citizens. Mr Podguzov, CEO of Russian Post, reinforced that message even further. As he pointed out, with 42,000 branches across the country, Russian Post covers the entire country and constitutes one of the biggest postal networks in the world. In the remotest areas, it is the only noticeable public presence.

As mentioned by Mr Hussein, UPU Director General, and as concurred with by the hosts, in finding solutions for existing challenges, the CEO Forum, an event which is restricted to the industry's top leaders, constitutes a unique opportunity for postal operators to benchmark with their peers. It also plays an important role in the thought leadership process that underpins the development of Agenda 2030 for the sector and a strategy for the UPU in the future cycle.

Key takeaways

- **Technological transformations are bringing new opportunities and risks for Posts.**
- **However, Posts have retained their role as a network for public services.**
- **The CEO Forum is a great tool to benchmark and feed into the agenda 2030 for the postal sector.**

Global dynamics

Economic growth and trade are back on track, in spite of persistent risks

According to Mr Clivaz, UPU Deputy Director General, one key trend is clear: world economic growth and trade are back on track. This was also the message from Mr Sigurpálsson, Managing Director and CEO of Iceland Post, who also pointed out that the new Arctic Route would contribute to lowering trade costs in the future.

Mr Di Bella, the IMF Resident Representative for the Russian Federation, expanded further on the comments of other speakers by highlighting the fact that the momentum for economic growth is present both in advanced and emerging economies, with global projections of 3.5% in 2017 and 3.6% in 2018. Lower rates in the United States of America are expected to be compensated by higher-than-expected growth in Europe. He also added that inflation rates remain below target and that long-term interest rates in the United States are decreasing.

Nevertheless, Mr Di Bella noted that the positive outlook also comes with a number of considerable risks and downsides, such as credit expansion in China (People's Rep.), uncertainty surrounding U.S. policy, and potential back-peddalling in financial supervision.

E-commerce and light logistics are exploding

In the words of Mr Wahl, President and CEO of Groupe La Poste, “e-commerce and light logistics are exploding”, growing at unprecedented rates thanks to transformations in technology and the new consumption and production models that come with it. He added that this trend constitutes a once-in-a-lifetime opportunity for Posts, who have the right people and the right systems to respond to this new demand. Other speakers agreed, but Mr Sigurpálsson also raised a concern: the new markets emerging from e-commerce are very competitive, thus reducing the relative opportunity for traditional postal operators.

A number of critical macro trends are associated with technology

Technology has impacted the postal sector like never before. As mentioned by Mr Zhang, Vice President of China Post Group, patterns of communication have changed, moving from the old binary person-to-person exchange to new item-to-person and item-to-item exchanges. This in turn has paved the way for big data and artificial intelligence.

Mr Setijono, President Director of PT Pos Indonesia (Persero), talked about his view that societies are becoming more complex, with markets shifting from the old generation to the new, placing greater emphasis on sharing. In this context, he noted blockchain technologies, which have been spreading beyond the postal sector. He also stated that, because of digitalization,

a paradigm shift was happening on the understanding of trust.

This echoed a comment from Mr Wahl, who highlighted the growing demand for digital trust, with customers in search of a trusted custodian for their personal data, a role that Posts can play.

With regards to 3D printing, the perception of speakers was that this new trend would not push Posts into irrelevance. According to Mr Wahl, even in 30 years’ time, customers would still need things to be delivered, which means that there would still be a need for personalized services from the Post.

Demographic trends are also creating demand for new services

According to the United Nations, the global number of refugees and international migrants has jumped from 172.7 million in 2000 to 243.7 million in 2015. Populations are also ageing. As indicated by the World Economic Forum, based on UN population projections, the proportion of people aged between 15 and 64 – the ones most likely to be in the labour force – reached a peak in 2012, at 65.8%. In future, this share is expected to decrease, while the proportion of elderly (i.e. people over 65 years of age) is set to increase. By 2050, the elderly could account for 16% of the global population, up from 5% in the 1960s.¹

These demographic trends have created both supply and demand for new inclusive services, such as remittances or personal care. Using his country as an example, Mr Benjelloun Touimi, Director General of Poste Maroc, highlighted the example of

the 4 to 5 million Moroccan nationals living abroad, who represent a tremendous potential demand for remittances. Another example cited was that of France, where the demand for personal care provided by La Poste is already fully integrated into the organization’s strategy and catalogue of products and services.

Regions with a demographic dividend can only seize opportunities if they engage in reform

Mr Di Bella cautioned participants about the real prospects for growth in trade in future. As he pointed out, there is a demographic dimension to be considered when analyzing the expansion of markets. In his view, if one looks at global trade, there is a tendency for it to decrease in the long term. This is because trade in past decades has grown mostly as part of a process of diffusion, as large portions of the world’s population have grown wealthier. This may signal that the world may have reached a plateau as far as growth in trade is concerned.

In this sense, his view was that the growth of e-commerce should not be taken for granted, since some hurdles remain (e.g. gaps in infrastructure, insufficient trust and payment facilities). In order to ensure trade continues to grow in emerging regions, especially those in which the demographic transition has not yet been finalized, reforms are needed.

¹ World Economic Forum (2015), “How are global demographics changing?” <https://www.weforum.org/agenda/2015/10/how-are-global-demographics-changing/>

Key takeaways

- Economic and trade growth are back on track, in spite of persistent risks.
- E-commerce and light logistics are exploding thanks to various macro trends triggered by technology.
- Among these macro trends are new consumption models, 3D printing, blockchains, big data, privacy concerns, and the high demand for trusted transactions.
- Demographic trends are also creating demand for new services.
- However, regions with a demographic dividend can only seize opportunities if they engage in reform (financial inclusion, infrastructure, etc.).

Stakeholder needs

In considering how to seize opportunities and mitigate risks in an age of pervasive technology, postal operators would gain from improving their understanding of how the needs of their key stakeholders, especially customers and governments, may have changed over the years. Two panels were specifically devoted to this exercise, but the idea was also raised in other discussions during the forum. This allowed the audience to develop an idea of the typical profiles of today's postal customers and governments, while acknowledging that regional and economic disparities need to be taken into account.

A more demanding customer, in spite of regional disparities

As acknowledged by many speakers at the forum, technology has created a “new breed of customers”. According to Mr Benjelloun Touimi, this new customer is young and places a premium on digital and mobile services. In China, for instance, as highlighted by Mr Zhang, the population is increasingly inclined to use electronic tools for financial transactions. According to Mr Setijono, the notion of the walk-in customer has all but disappeared. The digital channel is now the prime route to reach clients.

But young, mobile and digitally savvy customers are also demanding a greater say in the service they get. In the words of Mr Walsh, CEO of New Zealand Post, it is all about “choice and control”. In this, he concurred with Mr Razafimanantsoa, Director General of Paositra Malagasy, who said that new generations no longer take the Post into account in their consumption portfolio.

Even if customers are becoming more demanding in new areas, Mr Coulibaly, Director General of Société nationale des postes in Burkina Faso, believes that the needs are relatively simple: get basic services at the needed quality. In the same vein, Mr Benjelloun Touimi expressed the view that compliance with initial commitments (i.e. predictability of delivery) is more valued than speed.

However, while it is possible to find commonalities among customers in the age of pervasive technology, one should not forget that some regions have much bigger challenges to overcome. Citing his country as an example, Mr Razafimanantsoa

brought attention to the fact that, in spite of growing rates of Internet penetration in all parts of the world, least developed countries are still trailing behind. In many regions of these countries, digitalization still remains a theoretical construct.

A more demanding government: deliver public services in the most efficient way

As global dynamics impact the postal sector, the expectations of governments are no less demanding than those of customers.

Although the realities of traditional postal operators may be different from one country to another, and as privatization and liberalization take hold in many regions, the role of Posts as vectors of public service remains as strong as ever.

As mentioned by Ms Kononova, First Deputy Chairman of the Committee on Social Policy of the Federation Council (the upper house of the Russian Parliament), Posts in Russia are perceived as a state body rather than as an enterprise. For those in the remotest areas of the country (nearly 30% of the population lives in rural areas), the Post is the only government body delivering public services and providing access to the Internet.

Mr Benjelloun Touimi and Mr Gnamba-Yao, Director General of La Poste de Côte d'Ivoire, also highlighted the social role that Posts have to play. Their view is that traditional operators are seen by governments as partners in promoting social and economic development, and are tasked with innovating and facilitating the life of citizens. Mr Barnes, CEO of the South African Post Office, also stressed that Posts in developing countries such as his should

be a tool in the fight against inequality, contributing to the creation of a middle class and of an extended tax base for governments.

Examples abound of government expectations regarding the Posts' role in promoting inclusion. For instance, as explained by Mr Gnamba-Yao, small farmers in Africa need the help of the Posts in order to have access to fertilizers. As indicated by Ms Tayyab, Chairman and Director General of Pakistan Post, the government of her country has a strategy for financial inclusion and it sees the Post as playing a key role in that area. Using Jordan as an example, Mr Lahham, Director General of Jordan Post Company, outlined the breadth of public services expected to be delivered by his organization, from helping the 75% of the population currently unbanked, to providing health access points in remote areas.

Mr Lahham also added that Posts are usually perceived as being part of the national identity, mainly for historical reasons, a view shared by his colleague from Hungary, Mr Illés, Chairman and CEO of Magyar Posta. The role of the postal sector thus has a political dimension on top of the social one. Using the same logic,

Mr El Saghir, Chairman of the National Post Organization of Egypt, pointed out that the key government expectation in his country is that the Post constitute a platform for delivering public services to over 90 million citizens nationwide.

But while most governments have high expectations regarding the role of postal operators in promoting and delivering public services, they also require a high level of efficiency and competitiveness from traditional Posts. Several postal CEOs believe there is a contradiction in the demands of governments: on the one hand, traditional Posts are asked to be efficient and profitable, while on the other hand, they are asked to be everywhere and to cover unprofitable activities associated with the universal service obligation. The catch phrase was "governments say: make your own money, but make things that don't make money".

In this trade-off between profitability and public service, the balance seems to shift towards the latter. As explained by Ms Kononova, for Russia, although the commercial aspect has increased in importance, the public service mission remains the most critical one. Mr Barnes too said that, in South Africa, making a profit is not the prime role of the Post.

Although the public service imperative was the predominant focus among participants, some postal operators, such as New Zealand Post, placed a relatively higher premium on efficiency and profitability.

Key takeaways

- Customers are much more demanding: right here right now, digital and mobile, and choice and control are just some of the buzzwords that describe this new pattern, although some disparities persist between countries.
- Governments say "make your own money, but make things that don't make money".
- For Posts, the public service orientation is more important than the commercial. There is a special role for Posts, not only in rural areas.
- The Posts should help build a middle class and an extended tax base.

Are traditional postal operators meeting these needs?

Changes in the needs of customers and governments have become obstacles to traditional operators in an unprecedented way. Are they up to the challenge? This question permeated discussions throughout the forum, particularly in Panel 4.

Responding to customer needs

Although experiences varied from one country to another, the overall perception was that traditional postal operators have been struggling to fully meet the demands of increasingly demanding customers. As pointed out by Ms Tayyab, “there is a growing gap between expectations and actual delivery”. Citing the example of Pakistan, she showed how courier companies have indirectly created a benchmark for traditional operators, exposing gaps and triggering growing pressure from politicians and the general public. She stated that the image of Pakistan Post had been tarnished by competition, but that some level of loyalty had been maintained. The current impression is that the operator is delivering, but perceptions have yet to fully change. On a similar note, Mr Setijono explained that Indonesian customers are not using post offices to deliver remittances.

The mismatch between customer demands and service delivery by the Posts is multifaceted. As mentioned by Mr Chakchouk, Chairman and CEO of La Poste Tunisienne, traditional postal operators are not very well positioned in the digital world. This echoes a comment by Mr Razafimanantsoa, who pointed out that, in Madagascar, only 50

post offices have access to the Internet. Mr Barnes noted that, in South Africa, the economic demise of the traditional operator in 2014 had a very negative impact on the brand. The biggest issue was that the basic service was not ensured, damaging the perception that the Post could be a trusted interface. Mr Benjelloun Touimi also highlighted the challenges facing Posts in managing the “postal ecosystem” and catering to the needs of all stakeholders, including e-retailers.

In spite of the challenges, in the view of many CEOs present at the forum, the Post remains a key partner for businesses. In support of this claim, Mr Razafimanantsoa noted that, in his country, the traditional operator manages to reach even the remotest places, prompting even e-retailers to partner with the firm, especially for domestic delivery. Similarly, Mr Walsh spoke positively about the reduction in the number of delivery days, which in his view has not altered the positive image that the Post enjoys in his country.

Mr Čulo, President of the Board of Croatia Post, said that he had managed to build a strong brand and that the Post also extended help to small businesses. Citing figures from an estimate made by his firm, he indicated that 94% of the customers of Croatia Post are satisfied with the service. He also highlighted the fact that populations in rural areas and cities alike have a positive perception of postmen. He went on to say that customers have a choice, with at least ten other companies offering similar services, yet they still turn to the traditional operator.

Mr El Saghir highlighted another example of improvements in customer perception. He stated that, in the past, clients in Egypt

had been extremely reluctant to use the Post (“you never use a post office unless you have to”). In his assessment, the image has considerably changed. To illustrate his point, he noted that 8% of his total customer base was from category A (i.e. high earners).

According to Mr El Saghir, this has been achieved by changing operations and the customer journey. Mr Illés also added that traditional Posts managed to remain relevant thanks to both their historical role and their physical presence. He went on to say that “there is a buzz around digitalization; the Internet will not deliver”. On a similar note, Mr Podguzov pointed out that the Internet of Things cannot replace everything. He gave the example of Russian Post, for which parcels already represented 60% of total business.

Operating effectively

A general concern is that Posts are struggling to understand the digital and mobile needs of the new generation. As explained by Mr Podguzov, the problem with traditional Posts was that they grew complacent and did not react to market challenges. According to Mr Benjelloun Touimi, postmen have not yet fully adjusted to the new situation. Mr Čulo echoed this concern, pointing out that it is very difficult for workers to switch to the new skill set required. Mr Setijono reported that, in Indonesia, the average age of postal staff is 46, making it potentially harder for them to unlearn past practices. Mr Coulibaly raised another issue, related to African countries, where Posts contribute to job creation but where, in his view, the unions may drain the energy that could be invested in ensuring the core work. Ms Tayyab summa-

rized the situation by stating that resources are the key challenge: while subsidies are decreasing, expenditure is increasing and revenues are stagnating.

In terms of enabling connectivity, Mr Barnes highlighted the fact that the Post in South Africa has a huge infrastructure, with airports and hubs. However, for it to work properly, it needs to operate at high volumes.

Mr Otarra, Postmaster General and CEO of the Philippine Postal Corporation, spoke of the situation in the Philippines, where the Post faces many significant challenges owing to its particular geography as an archipelago.

Mr Benjelloun Touimi recognized that, in order to remain leaders in logistics, Posts need to manage the ecosystem and cater to the needs of all stakeholders. For instance, addressing remains a big issue, especially in rural areas. In addition, marketing is a strong need, as identified by Mr Altaf, Acting President and CEO of the Saudi Post Corporation, since customers are not generally aware of the solutions offered by Posts. Changing this mind-set is the major challenge for Posts, a view echoed by Mr Abeyaratne, Postmaster General of Sri Lanka. The CEO of Djibouti Post also pointed out how difficult it can be to ensure an efficient interaction between national Posts, especially between Africa and Europe.

Reconciling profitability and the public service imperative

Mr Podguzov, citing the example of Russia, showed that the Posts are highly trusted. In many places, post offices are one of the only vectors of public service, a comment seconded by his colleague from Jordan,

Mr Lahham, who added that the Post has focused on improving customer satisfaction and expanding financial services in rural areas. However, infrastructure costs remain high, and there is a lack of government support, with rural areas being serviced at a loss.

As highlighted by several forum participants, balancing profitability and the public service imperative is a challenge for most Posts. As explained by Mr Zhang, Amazon and other e-retailers are very profit-oriented. However, the China Post Group has the resources required to combine profitability, competitiveness and public service orientation. On the other hand, Mr Barnes pointed out that there are services, such as the promotion of financial inclusion, that only the Posts can do.

Mr Čulo highlighted the fact that ensuring the universal service obligation across 67 islands is a huge logistical challenge, and the subsidies offered by the government cover only approximately 50% of the total related costs. Ms Tayyab added that it becomes very difficult for Posts to meet expectations if governments do not want to commit their full support. In terms of possible solutions, Mr Illés said that, in Hungary, the use of joint ventures by the Post is supported by the government if it helps fulfil the mandate in a sustainable way.

Key takeaways

- Posts have a product portfolio unaligned with the needs of customers. This model is not adapted to the local reality. They also face challenges in articulating their value proposition to customers.
- Postal staff do not seem to be ready for the transformation required to change the brand of the Posts.
- In addition, Posts face insufficient financial and political support from the government and related difficulties in covering the universal service obligation.

What would be the best business models for ensuring success?

Creating a one-stop shop for public services / public service orientation

In the view of many of the CEOs present at the forum, Posts need to take stock of their assets and transform into a more natural partner for governments. According to Mr Wahl, postal development needs to be part of each country's development agenda. On a similar note, Mr Barnes said that Posts should aspire to be the infrastructure of choice, the place of fairness, a trusted centre and intermediary. He further explained that the solution lies in ensuring that Posts can deliver everywhere while ensuring predictability. Mr Podguzov echoed this comment, stating that the goal of Russian Post was to ensure access to at least the most

basic public services everywhere in the country. Mr Otarra pointed out that, in order to address current issues, the focus has been on two areas: a one-stop shop for public services, and tracking solutions.

As pointed out by Ms Tayyab, Posts need political support, which requires approaching governments to raise awareness about the importance of the Posts. On a similar note, Mr El Saghir said that political and financial support from governments is needed. Mr Barnes added that, while talking to governments, it is important to highlight that postal services constitute a long-term public asset, including a basic infrastructure that others cannot replicate easily. In this sense, he advocated raising awareness of the fact that funds used to sustain public services constitute an investment rather than a mere public expenditure.

In stressing the public service orientation of Posts, Mr Razafimanantsoa gave the example of Madagascar, where the Post has equipped buses with an Internet connection and has sent them around the country in order to train the population. Referring to Côte d'Ivoire (Rep.), Mr Gnamba-Yao said that the Post has created an electronic counter to deliver official documents to citizens. He further explained that, while talking to governments, Posts should also highlight their role in creating jobs. On a similar note, Ms Kononova pointed out that, in Russia, the Post remains a 100% state-owned enterprise and is the second-largest public employer in the country.

Mr Podguzov pointed out that a balance needs to be found between public and commercial initiatives.

Mr Barnes explained that privatization is not the panacea for improvement, but it can be helpful in certain doses in some cases. Citing the example of South Africa, he explained that the telecommunications operator was partly privatized, with 60% of total shares still held by government. This opening up of the organization's capital triggered a change in governance and culture. In the words of Ms Kononova, a law for Posts needs to be drafted in order to ensure innovation and the containment of losses. In this context, it is important to find a balance between profitability and public service, while ensuring that no post offices are closed.

Strategic repositioning and development of new products (health access, e-documents, etc.)

CEOs agreed that trust remains one of the most valuable assets of the Posts, but that the preservation of this comparative advantage requires a strategic positioning. Mr Bozgeyik, Director General and Chairman of the Board of Turkish PTT Corp., explained that the strategy of the Turkish Post was to maintain the level of trust, while embracing digitalization and modernization. Mr Chakchouk highlighted the example of telecom operators, where those market players that resisted change no longer exist. He thus advocated not putting any brakes on technology in order to seize opportunities.

Mr Gnamba-Yao said that, in this new world, Posts will be called upon to become a logistical player and a digital enabler. In a similar vein, Mr Altaf emphasized that Posts are strategically positioned to grow horizontally and vertically, thanks to digitalization. He also added that the most dynamic

Posts in the world are the ones that have seized the opportunities of e-commerce, by delivering faster, in greater volumes and to larger audiences. He even predicted that automated vehicles would ensure over 90% of delivery in the future.

One of the core features of this strategic repositioning through digitalization involves developing new products and services. However, while diversification was generally supported by those who attended the forum, the extent to which it should be pursued was not necessarily perceived in the same way by all CEOs. Some advocated diversifying from letters into parcels and logistics, while others supported venturing further, into more "exotic" financial services and other products.

According to Mr Walsh, for instance, the industry is moving into "all-about-parcels mode", with significant investments in logistical capabilities.

Mr Wahl referred to Groupe La Poste's digital lockers, which every French citizen can acquire in order to manage their digital identity in a secure and unified manner. He also spoke about digital pay slips and diplomas as examples of "traditional uses" previously handled physically that La Poste was taking the initiative to digitize for the benefits of customers.

The examples provided by Mr Wahl echoed the comments of Mr Zhang, who referred to China Post Group's new electronic platforms, through which customers can access the full range of postal services, digitalization and delivery of magazines, postcards, financial services, expense reports, tickets and much more. Mr Setijono addressed the issue of financial inclusion (2.5 billion unbanked worldwide) and taking oppor-

tunities to create a new postal currency using blockchain. Both Mr Setijono and Mr Chakchouk pointed out that their Posts are experimenting with blockchain technologies to ensure secured transfers.

Mr Clivaz added that many Posts are diversifying into personal care services. As has been seen in the Caribbean, Posts are also supporting disaster risk management and recovery. He emphasized that is because the postal sector is a human sector.

Mr Čulo echoed the views of many CEOs present at the forum when he called for more optimism about the Post. As he pointed out, it is the only organization that can serve all communities nationwide, unlike major e-retailers, who are likely to invest only in big, dense areas. His view is that Posts should invest in new streams while preserving traditional services.

Regardless of the level of diversification pursued, CEOs also stressed the need to find a better balance between the digital and physical aspects of the business of Posts. Mr Setijono, for instance, mentioned that, in spite of the buzz of digitalization, the world could never go fully digital, for there is a need for a physical counterpart. On a similar note, Mr Walsh said that the postal sector has a tremendous opportunity to seize in making the link between the physical and digital dimensions.

Public-private partnerships, partnerships with start-ups to build new products, and joint ventures

During his remarks, Mr Chakchouk said yes to cooptation and yes to diversification, and emphasized that there is no need to “reinvent the wheel”. He thus advocated resorting to partnerships instead.

This comment was in line with what many other CEOs stated. Mr Chakchouk went further, adding that La Poste Tunisienne is opening up partnerships with start-ups because they are more efficient. This initiative is based on an open model for these firms to contribute to the creation of new products, something that, according to Mr Chakchouk, has enabled La Poste Tunisienne to rebuild trust.

Mr Wahl highlighted that Posts should not fear competition, including from themselves, because this would help them move faster. Ms Tayyab and Mr Abeyaratne voiced support for the possibility of public-private partnerships, and Mr Otarra explained that the Philippine Postal Corporation had already launched two joint ventures as a way to finance corporate development in a context of tight national budgets.

As noted by Mr Benjelloun Touimi, Poste Maroc is already collaborating with e-retailers such as Jumia. In his remarks, Mr Walsh highlighted that New Zealand Post had created a subscription model for different services, in partnership with e-retailers. New Zealand Post is therefore going beyond franchising and is expanding its presence everywhere. New Zealand Post is also partnering with local businesses to improve its logistics.

Rebranding and awareness-raising

As pointed out by Mr Wahl, it is up to Posts to make sure they can seize the opportunities and build a new dream for customers. This is a long process that takes time to build, hence the need to start very quickly. On a similar note, Mr Chakchouk explained that trust is crucial, and since Posts do not have it, they need to rebuild it. He mentioned that, for traditional postal opera-

tors, it is not a question of strengthening trust, it is about regaining the trust that they have lost.

As highlighted by several participants in the forum, it is therefore important to rebuild the image of the Posts and rebrand it.

Stronger operations, a revitalized labour force and other actions

As the environment in which Posts operate changes dramatically, strong operations, including the traditional focus on quality of service, continue to be of the essence. According to Mr Zhang, in order to remain competitive, postal operators have to speed up the mechanization of delivery, including for rural populations. Even for companies that have not (yet) totally embraced the “all-about-parcels mode”, the need to deliver with the right speed and predictability remains paramount.

In this transformation, the labour force has a key role to play. Citing the example of Indonesia, Mr Setijono stated that there is a need to understand the market that Posts are facing, which in turn creates the need to recruit enough people who speak the language of the digital age, to apply technology, and to build the organization’s strategy. He explained that, in a recent experiment, Pos Indonesia gave a group of 25 year olds the opportunity to run a post office by themselves. Within five months, there had been a significant increase in revenue.

Mr Coulibaly pointed out that the successful countries are the ones that have integrated the cultural dimension into their development. According to Mr Altaf, knowing how to shift employees is critical for Posts. If the company engages in hor-

horizontal growth, staff can be moved into new businesses; if it adopts vertical growth, staff can be moved into other areas of the value chain. He thus sees a need to invest horizontally and vertically and to think about employees when doing so.

Mr Abeyaratne noted that revenue incentives could be a way to develop the contribution of employees. In the view of many CEOs present at the forum, cooperation with trade unions is important to transform organizations. In the case of France, for instance, an agreement was signed with trade unions in order to develop a new set of trades and adapted working conditions for postmen, in line with the evolving needs of society in an age of pervasive technology. According to Mr Wahl, thanks to such actions, La Poste's courier service, Chronopost, will be ensured even on Sundays. This flexibility will be a reward both to customers and to postmen, who will have more work and more income.

Mr El Saghir illustrated some actions that have helped Egypt Post become more successful. These include automation, incentives on revenue to motivate staff, and command-and-control operations (data dashboard) to ensure implementation. As a result, the customer experience was enhanced, and all services were fully automated. The fleet was completely changed, new ATMs were opened, and a national addressing project was launched. In addition, all government services were made available at the Egypt Post counter.

Key takeaways

In order to better meet the expectations of its key stakeholders, Posts can:

- Adapt their portfolio in order to become a one-stop shop for public services, thus reinforcing their role in economic and social development.
- Strategically reposition themselves through the development of new products (e.g. health access, personal care, digital lockers and e-documents) in order to cater to the needs of ageing populations and a very mobile and tech-savvy youth.
- Resort to all types of collaborations, including public-private partnerships and cooptation with start-ups, e-retailers or other postal operators.
- Rebrand and raise awareness of their revamped portfolios.
- Strengthen operations, revitalize the labour force, and undertake other optimization measures.
- Find solutions to key strategic dilemmas (progressive growth vs. leapfrogging; margin vs. volume focus; mono-product vs. diversification; competition vs. cooptation) in a way that takes into account local realities.

Role of the UPU in this transformation

As explained by Mr Hussein, the Posts are unique in that they touch every citizen on this planet thanks to their trust factor. In his words, the UPU is the glue that holds the postal sector together, enabling the 192 networks to behave as one.

The UPU provides a platform for CEOs to get together and discuss issues of importance. The CEOs at the forum support this initiative. In the words of Mr Gnamba-Yao, the UPU needs to turn the CEO Forum into a permanent feature of the CEOs' calendar and continue to restrict it to CEOs. The ideas shared in the forum benefit every country and improve synergies. For instance, a meeting with Slovenia was held during the event, and a new project of cooperation from China to Slovenia, through Russia, was agreed upon.

On a similar note, Mr Hussein added that regulators have a very important role to play in the network: they set the rules. Hence, there is a need to enhance communication between the CEOs of postal operators and regulators. The UPU will therefore be creating a forum for regulators in 2018, so as to rebuild links with high-level stakeholders in this category.

In this context, Mr Sigurpálsson called upon the UPU to inform regulators that their demands of designated operators are too stringent. In his view, it is difficult to compete with integrators in these circumstances. Designated operators "will be killed" by the strict regulations, and regulatory bodies thus need to understand that the industry is being challenged.

In the words of Mr Barnes, the UPU has an extremely important role to play in bringing together Posts around the critical discussions on the definition of the universal service obligation. Citing the example of Jordan, Mr Lahham noted that, in a situation in which demands from governments are increasing while public support is not, it is necessary to redefine the universal service obligation, an area in which help from the UPU would be in high demand.

The UPU can also provide technical solutions and assistance to governments, regulators and postal operators willing to upgrade national postal infrastructure. Mr Bozgeyik pointed out that the UPU plays an important role in ensuring that postal networks can communicate better, and has a role to play in replicating best practices around the world. This comment was shared by his colleague from Russia, who expressed support for UPU initiatives to create reasonable competition in order to improve services. Mr Podguzov added that any help from the UPU in building strategies would be helpful, but that there is a need for a common position from the UPU about which way to go. The UPU has an integrative role to play.

According to many of the CEOs, access to UPU research and meetings would help their business. As noted by Mr Setijono, the UPU should create a sharing platform for benchmarks, and increased support should be provided to Posts to help anchor them in the digital world. Mr Walsh stated, in turn, that the UPU has a role to play in the harmonization of information flows. In this context, monitoring and benchmarking tools such as the Integrated Index for Postal Development (2IPD) will prove useful to Posts worldwide.

In conclusion, Mr Hussein summarized the forum's key takeaways for CEOs. He stated that Posts must develop their own e-commerce platforms and integrate them. He encouraged the diversification of services – Posts should sell everything they can, and even deliver pizza as suggested by one of the CEOs in the forum.

Mr Hussein suggested that, in order to grow, Posts should engage in competition, but not at any cost. In addition, he recognized the need to redefine the universal service obligation. He also emphasized that, in spite of being expensive to maintain, the postal network constitutes a unique asset.

Mr Hussein highlighted the fact that, for Posts to be more competitive, there is a need for reform in postal organizations and a transformation of business models. In this context, the UPU is a forum, a platform and a centre of expertise to help the postal sector advance.

However, he added that the UPU also needs help in order to change, including in areas such as internal UPU changes, UPU structural reform, funding, pension fund liabilities, and increased efficiency of the Union. He assured CEOs that the ideas in this forum would be taken forward in building Agenda 2030, a new strategic vision for the Union.

Key takeaways

The UPU can be useful to the transformation of postal operators by:

- Providing a platform for CEOs to get together and discuss relevant issues.
- Helping countries define the universal service obligation and the rules that go with it, taking into account the specificities of each country and region.
- Providing technical solutions and assistance to governments, regulators and postal operators willing to upgrade national postal infrastructure.

About the UPU

The Universal Postal Union (UPU) is an intergovernmental organization with 192 member countries that is mandated to ensure universal access to affordable public postal services of the highest standard. Established in 1874, it is considered the world's second-oldest international organization. Since 1948, the UPU has been a part of the United Nations family, operating as a specialized agency.

The UPU is the only international organization representing the interests of the worldwide postal sector in a neutral fashion. In addition to maintaining a genuinely universal network – with physical, financial and electronic dimensions – it establishes the rules for international mail exchanges among its member countries and makes recommendations on how to modernize products and services, stimulate mail volume growth, and improve quality of service for customers.

The global postal network is a formidable infrastructure through which essential public services are provided to millions of citizens and businesses. This enables the postal sector to play a critical role in fuelling countries' social and economic development. Postal operators also provide financial, logistical and e-commerce services to countless customers to meet their evolving needs. Today, the world's postal services process and deliver some **303 billion letters** and **9 billion parcels** annually, using a worldwide network linked through state-of-the-art technology and processes. This infrastructure is staffed by **5.3 million employees** in some **670,000 postal establishments**, making it the world's largest physical network.





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