

Delivering IT Quality

The United States Postal Service walks a tightrope between IT budgets and service quality without missing a step



Robert Otto, VP and CIO,
United States Postal Service

Clerks and carriers are the public face of the United States Postal Service (USPS), delivering mail to some 146 million U.S. businesses and households daily. But behind the scenes, a first-class IT organization provides the technology tools USPS needs to compete—and leading that team you’ll find Robert Otto, CIO, CTO, and vice president.

By Fred Sandmark Otto began as a clerk in the Federal government in 1969 and joined USPS in 1980, tasked with responsibility for nationwide computer security. The scope of his responsibilities grew, and he eventually assumed charge of USPS financial systems and spearheaded USPS’s Y2K efforts. In 2001, he became CIO, and in 2003 was named CTO in addition to his CIO role. “I inherited an IT department that was a distributed organization,” Otto recalls. “There was no single direction. One of the requirements I made of my

CEO was that, if I take over this role, I’m going to be responsible for it all. And we centralized everything at that point.”

Centralize, standardize, simplify

USPS found that centralizing IT services could be a big money-saver: consolidation reduced support costs by 30 to 60 percent. “We find that centralizing any function takes out costs and work hours,” Otto says.

But centralization was just the beginning. Aggressive simplification was the next stop on the route. Twenty-five thousand servers in 2000 have shrunk to fewer than 900 today; the 1,500 software products used in 2000 have been reduced to about 340 (some of which are legacy applications that can’t be easily consolidated or eliminated). The six-foot-long shelf that held USPS’s IT procedures in 2000 has been whittled

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down to a one and a half inch thick handbook.

USPS also established IT standards and used budgets to expedite the adoption of those standards. Take databases: in 2000 at least six different products were deployed, and Otto wanted to move the company to a single platform (in this case, Oracle). “So we offered it free to everyone,” Otto says, and he promised to support it into the future. “The staff had the choice to use other products, but they would have to pay for them. We talked about why we thought this was a good standard for our company, but the enticement of it being free and always supported was overwhelming to them.”

The IT organization’s structure was transformed and simplified as well. The CTO’s office now has just six direct reports, each overseeing a line of business (such as systems development, computing, and information security). Half of these direct reports are USPS veterans, and half are experts recruited from outside. The 25 IT managers who report to them run specific services.

The result is a taut 2,500-person IT organization—1,800 employees and 700 contractors—supporting 335,000 postal IT users. “We’re one of the smallest IT workforces in the Federal government in relation to the number of users we support,” Otto reports.

The USPS’s modular, line-of-business structure is not just functional; it’s also strategic. It gives USPS the option of shifting workloads to the private sector when necessary. “Because we’re organized this way, I can take appropriate portions of the business and outsource them,”

Otto says. “Sometimes you’re good at certain things, and other times it’s not worth using your intellectual capital.”

Tighter budgets, more deliverables

IT reinvention at USPS coincided with budget tightening. In the last seven years, budgets for each of the 31 managers has been trimmed by between two and five percent each year. “I tell them they have to be more efficient that year, that they need to find ways to do it,” he says. “And they’ve stepped up and done it.” In some cases, departments have reduced their costs by one-half since 2001.

The savings have come from sources big and small. For example, USPS had 119 different IT help desks in 2000; now it has two, a redundancy that exists only for disaster preparedness. Standardized desktop configurations, tightened rules for user-installed software (it’s now flat-out forbidden), and remote workstation management together saved between \$20 and \$30 million per year while reducing downtime. Consolidating servers has eliminated 1,200 contract positions from the budget, saving \$250 million since 2000.

Cost reductions have also come from tough negotiation of software licenses. Vendors sometimes think the size of USPS [see Box] means the organization pays top dollar for software, but the opposite is true. Otto has a dedicated team handling software licenses for USPS and charges them with renegotiating licenses with a dozen vendors per year. He gives them tough objectives, typically to save between \$10 and \$15 million per year. It’s not unusual

>> USPS IT by the numbers

USPS Employees: 700,000, of which 335,000 use IT services
Bi-Weekly Payroll: \$2 billion
IT Team: 1,800 employees, 700 contractors
Number of National Applications: 650
Number of Databases: 150
Sites on Company Intranet: 38,000
Annual Electronic Funds Transfers: \$30 billion
Daily Visitors to USPS.com: 1.05 million, on average.
Web-based e-business: Over \$700 million per year
Data Centers: Two, totaling more than four petabytes of storage

for USPS to push the envelope and get 85 percent discounts.

All told, USPS has registered over \$1 billion in savings since 2000 under Otto’s leadership. These savings haven’t caused reductions in service or availability; indeed, by every measure USPS IT has grown. Some examples include:

- > USPS built its Enterprise Data Warehouse (EDW) from scratch in two years starting in 2003. Today, it has grown significantly to approximately 55 terabytes. Fourteen thousand users access the EDW each week and generate 250,000 Business Intelligence (BI) reports; 97 percent of reports are completed in three minutes or less. Some 598 million new records are created in the USPS EDW daily.
- > In 2000, the USPS email system delivered around 300,000 messages per day. In 2007, the daily volume reached over 13.5 million messages.
- > Monthly help desk calls totaled over 125,000 in 2000, but today the monthly help desk traffic is just over 40,000 calls. Otto credits the 60 percent reduction in calls to USPS’s improved

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infrastructure and application suite, which also carved hundreds of millions of dollars off internal and external support costs.

Partners, not vendors

With its aggressive cost-cutting goals, you might think USPS would have trouble finding technology providers. Think again: USPS’s top-tier vendors are from the best ZIP Codes in enterprise computing. They include System Z mainframes from IBM, UNIX computing from Sun, Microsoft Windows-based desktops from HP, and storage systems from EMC.

Indeed, USPS considers its top suppliers to be partners, not just vendors. “They take

really good, I don’t want to go back out to the market and look for it all over again,” he says. “I want a technology supplier who’s got a long-term vision for its product, and whose product can scale to my size.”

That scalability is critical, Otto says, because “We have broken every product that we’ve used because of our size.” Mere vendors may see this flaw-finding talent as a peril of working with USPS, but Otto thinks his technology providers should see it as an opportunity to test and improve their products under extreme conditions. “We’ve made companies better because we’ve, in essence, made them more scalable,” he says. “They perform better.”

Guided by its exacting standards, USPS chose Symantec in 2007 as its technology provider for security solutions on a five-year contract. Symantec replaced point solutions from several vendors with solutions that support heterogeneous environments. The Symantec technologies include Symantec Critical System Protection, Symantec Security Information Manager, and Symantec Control Compliance Suite. USPS also selected Juniper Networks’ IDP Security Appliance. Symantec Consulting Services worked with the USPS team to integrate these different technology components into the larger IT infrastructure, and Symantec Business Critical Services provides ongoing proactive business-critical services support. The solution from Symantec served several USPS

goals: it reduced licensing and maintenance costs, extended the usable life of existing hardware, and increased manageability of the security infrastructure. Perhaps, most importantly, it met Otto’s centralize-simplify-standardize ideal. “I didn’t want to be in the multiple-security-products business,” he says. “I wanted to be able to provide one solution that could be replicated across the agency.”

Money under your nose

Centralization, simplification, and standardization allow the USPS IT team to meet its ultimate goal. “We want to provide a quality IT service ahead of our customers’ needs, all while constantly trimming budgets,” Otto says. And though USPS has realized seven years of impressive savings, Otto believes there are more efficiency gains to be found through smart use of technology. “I have to continue to move as many services as possible to self-service because the real costs in our organization—about 85 percent—are labor costs,” he says. “I have to keep being cost-efficient through the use of technology and automation.”

It’s not easy, but Otto insists that doing more with less isn’t magic. “I don’t go ask my CEO for more money; the money is right under my nose,” he insists. “It’s right under my managers’ noses. They can manage and save money at the same time. All CIOs should be doing these things.” ■

Fred Sandsmark’s work also appears in Silicon Valley Tech Week and Sunset.

➤ Symantec solutions delivered to USPS

- > Symantec Critical Systems Protection
- > Symantec Security Information Manager
- > Symantec Control Compliance Suite
- > Symantec Consulting Services
- > Symantec Business Critical Services

time to understand our needs,” Otto explains. “And they want to help the organization achieve its goals. If vendors really want to be successful, they want a partnership.” He continues: “Partnerships, to me, are not one- or two-year contracts, but they’re five- to seven-year contracts.” Otto also seeks longer-term commitments, as he finds the request-for-proposal process time-consuming and costly. “When we find something that’s

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