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Australia Post:
A lean, mean mail-delivery machine with ARIS

Customer success story

Australia Post

"Processes don't keep people safe and they alone won't make our customer service better. It is the process information that allows us to dig into the detailed and complex relationships between what we do, how we do it safely and the equipment that we use at every step. With this knowledge we can make incremental improvements to the way we work with assurance that we are making good change for our people and our customers."

– **Karen Kirton** | Manager Lean Programs, Operational Excellence and Automation, Australia Post

Customer profile

Australia Post is the successor of the Postmaster General's Department, which was established at federation in 1901 as the successor to colonial post services. In 1975, when the department was abolished, its postal functions were taken over by the Australian Postal Commission. In 1989, the organization was privatized as a publicly owned corporation.

New challenges

- Online purchases up by 170% year-on-year
- Increase in volume of deliveries and parcel sizes
- Insufficient staff numbers and equipment to handle increases
- Reduced passenger flights, resulting in delays to some regional delivery areas

Software AG solutions

- ARIS Design & Strategy
- ARIS Rollout & Change Management
- ARIS Risk & Compliance Management

Key benefits

- Quickly communicate processes and standards
- Leverage a pallet management process, saving money
- Fast deployment of training to reinforce processes and standards
- Improved safety compliance, reduced risk

Parcel deliveries create a logistical challenge

Australia's first postmaster, Isaac Nichols, was appointed in 1809. He would collect letters and parcels off ships arriving at Sydney's wharves, take them home and post a list of recipients outside his house. He also advertised in the Sydney Gazette to alert recipients: "You've got mail." VIP addressees were delivered by Nichols personally! Two hundred and eleven years later, the Australia Post has nearly 7,000 retail outlets and around 80,000 employees, serving 10 million Australian addresses. In September 2015, the corporation announced its first loss in 30 years; parcel delivery then accounted for over half of total revenue.

A year later Australia Post returned to profit on the back of strong parcel/courier performance and restructuring. However, mail performance had reached an all-time low. So, when COVID-19 struck early in 2020, the corporation was unprepared for the consequences—vastly more deliveries. In the first half of lockdown, online purchases in Victoria province were up by a whopping 170% year-on-year. In August 2020, the post office delivered an average of 1.57 million parcels every day—close to its peak volume record on Black Friday/Cyber Monday in 2019. While parcel volume was booming, letter deliveries were down. Also, around 40% of the parcels were bigger and heavier items than previously.

While volumes had already reached a level the Post had expected to be in three-years' time, there was a government-mandated reduction in staff at processing centers; and air freight via passenger airlines had dried up. Australia Post knew it did not have enough equipment or processing capacity to keep the network running. It had to maximize its existing resources to handle the onslaught of demand.

Managing existing resources

Karen Kirton, Manager Lean Programs, Operational Excellence and Automation at Australia Post, said: "We had to respond quickly and make better use of our resources. We needed to set up processing sites quickly and leverage the information that was already in the system. There were many new employees, so Australia Post had to be able to communicate with them to show them how use the virtual agent software to read codes, sort and process pallets."

Its Universal Loading Devices (ULDs), which collect, transport and process parcels across its network, suddenly took on a new importance. It mattered more than ever that the procedures for these—and other processes—were managed correctly. The corporation defined some initial goals:

- Use letter "posties" (mailmen) to deliver parcels
- Deploy 18 pop-up pallet processing sites to manage demand
- Quickly communicate processes and standard operating procedures (SOP) to employees
- Leverage pallet-management process from its road express business
- Review processes for ULD orders with major customers and optimize them
- Manage ULD during linehaul (long-distance journeys) with quick deployment of training

More product and more movement meant increased exposure to operational risk, so the Post wanted to be able to see all processes and roles exposed to safety risk, so it could ensure it had adequate controls so employees could do their jobs safely. These controls meant providing information to employees when and where they need it and then checking for compliance.

Lean, mean mail-delivery machine

To manage the transition, the Enterprise Safety Team decided to leverage the process repository and review standard operating procedures across the many parcel facilities as a "lean" program. The Lean Safety Initiative relied on its existing process repository as foundation for a design that allowed it to consider safety impacts as well as operational efficiently.

Australia Post chose Software AG's ARIS to establish its own process repository, including mobile technology (QR codes) and documentation management, for a single source of process quality. The Post stores a catalogue of all its operational risks in the repository, where it can see the processes and roles exposed to each risk and make sure it has adequate controls for compliance. As a process repository, ARIS keeps all safety operating procedures for the Enterprise Safety Team.

The shift from ULDs to pallets meant that workers were using more heavy equipment, such as forklifts, to do their jobs, increasing risk of injury. Using simple visual diagrams in ARIS, managers can see if workers are behaving in the correct manner. If there is an issue, they scan a QR code which brings up the relevant SOP document. Workers can see the step-by-step instructions on their mobile devices, which local managers can then check for compliance.

Tracking equipment became very important. ULDs were in high demand, so HQ needed to know where they were at any given time and where they should be. Empties could then be scheduled for another job. Pallets are easy to forget or lose, so the Post needed to track those too, making sure they got back to their rightful owners or lose millions of dollars.

By understanding how product flows through its facilities the Post can identify bottlenecks and congestion, which creates unsafe environments for its people and delays delivery. By ensuring it has processes and controls to replenish equipment as it is needed, the Australia Post has reduced exposure between people and forklifts. One recent initiative saw a 98% reduction on forklift/human three-meter exclusion breaches.

"No one cares about process until they have to," said Kirton. When COVID-19 spread and parcel delivery volumes exploded, Australia Post had to care. With ARIS, Australia Post got its processes up to speed fast, improving its ability to swiftly and safely respond to the challenges—driving efficiencies now and into the future.

Take the next step

To learn more, contact your Software AG representative or email us at:
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