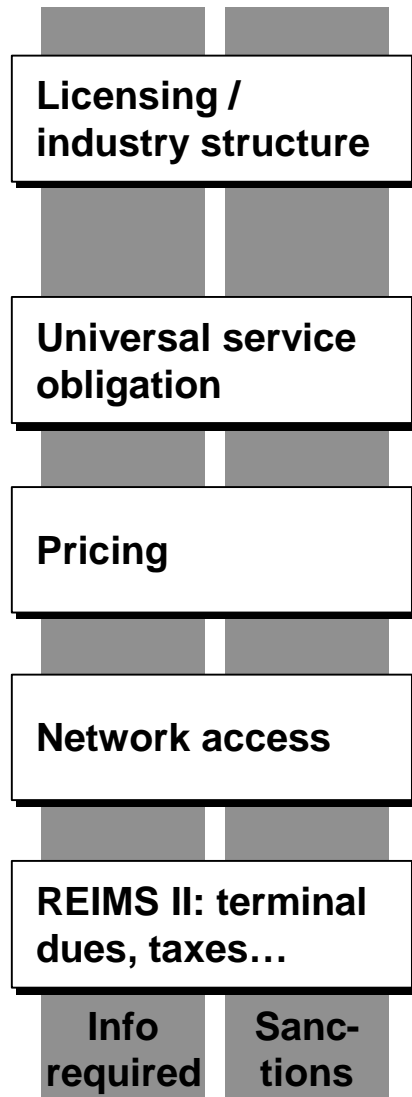


PREMO

Model built by McKinsey

**Used and adapted by Gonzales d'Alcantara for the discussion of the second
European Postal Directive (2001)**

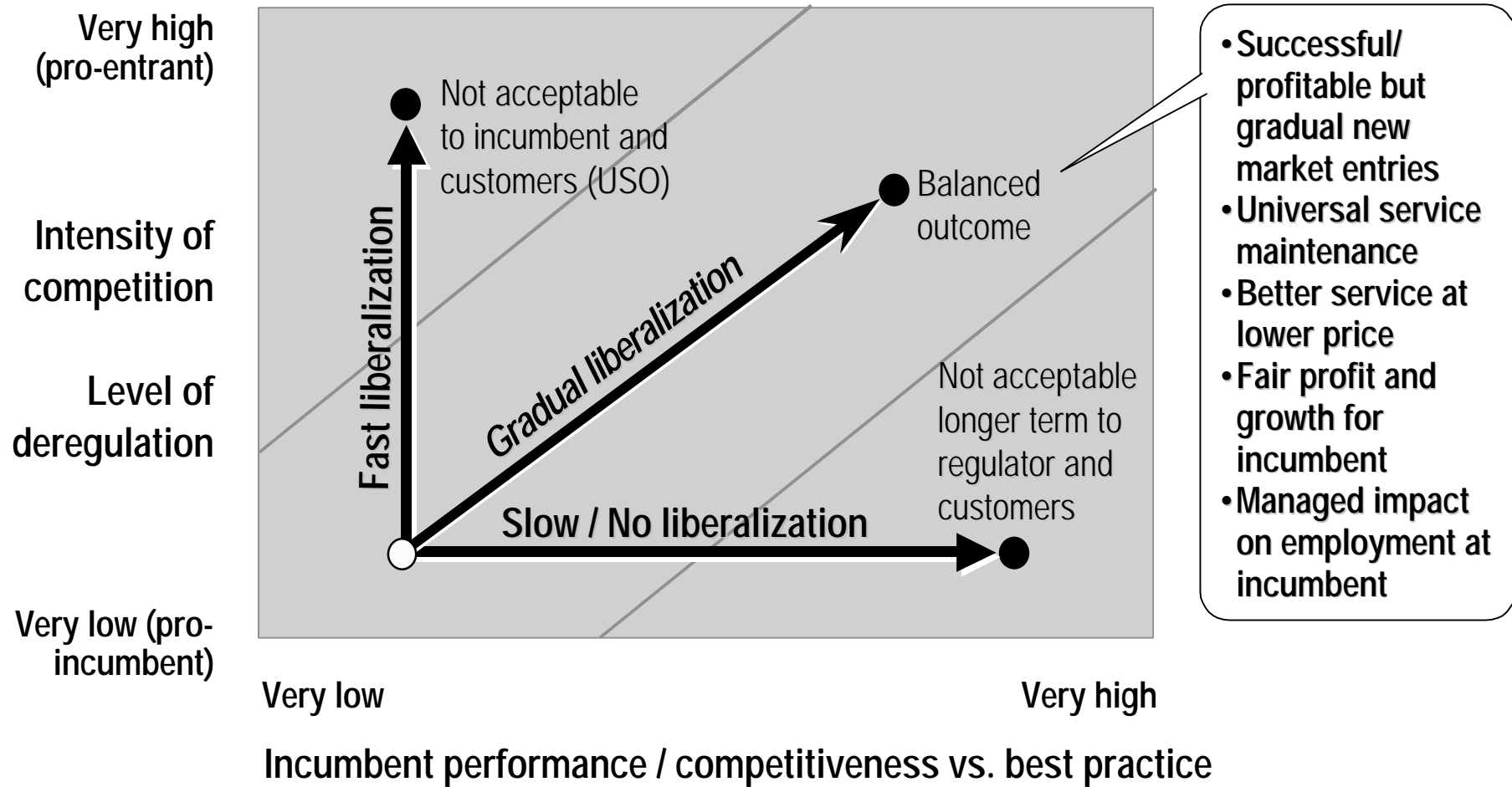
THE REGULATORY LEVERS



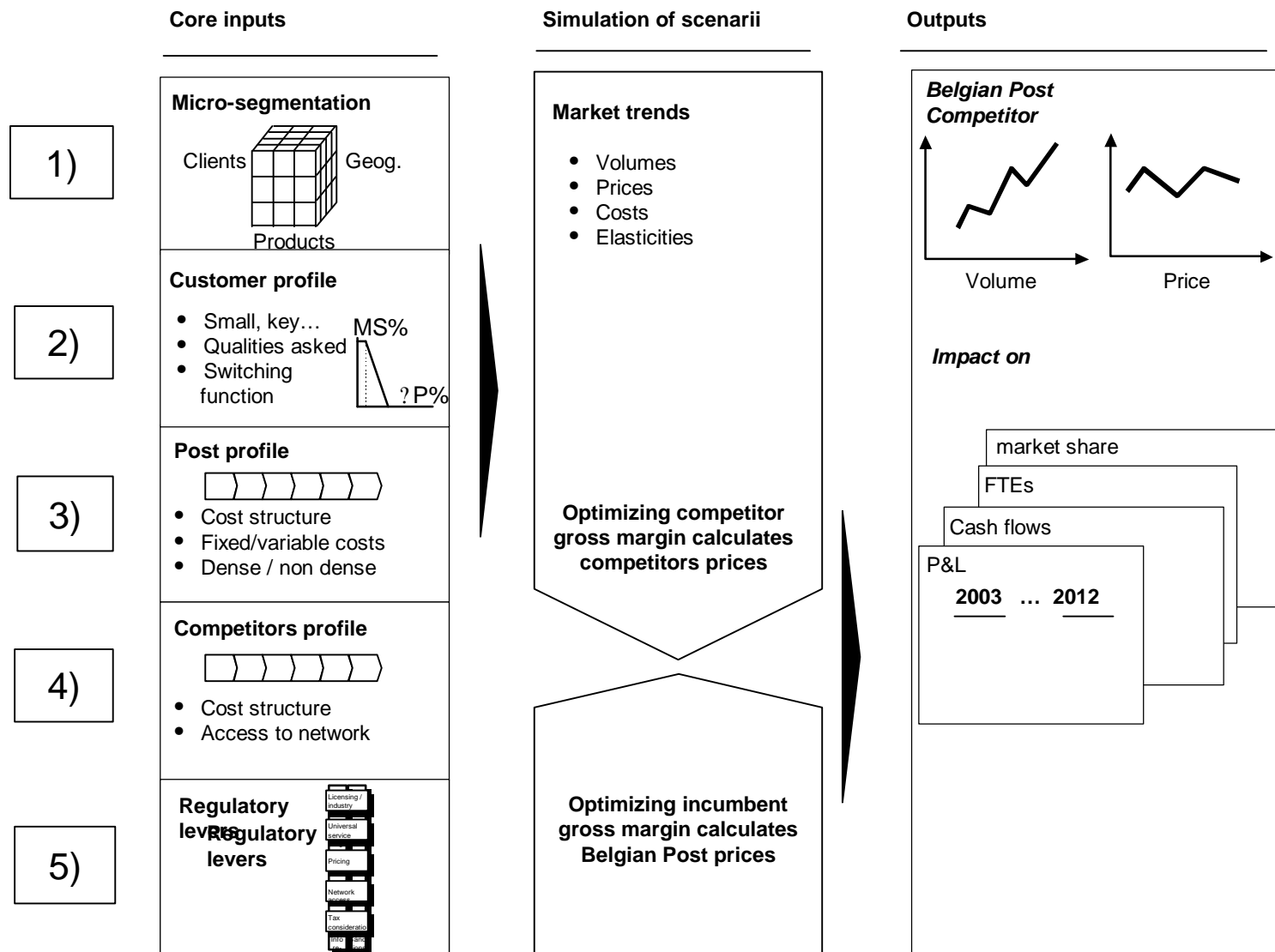
Regulatory model

- Reserved area
- Timetable of deregulation
- Licensing procedure:
 - Minimal geography coverage
 - Delay of licensing
- Price caps, price floors and discounts
- Perequation
- Points of access
- Access pricing rules
- Quantitative and qualitative requirements (minimum deposit volume)
- Not in the model

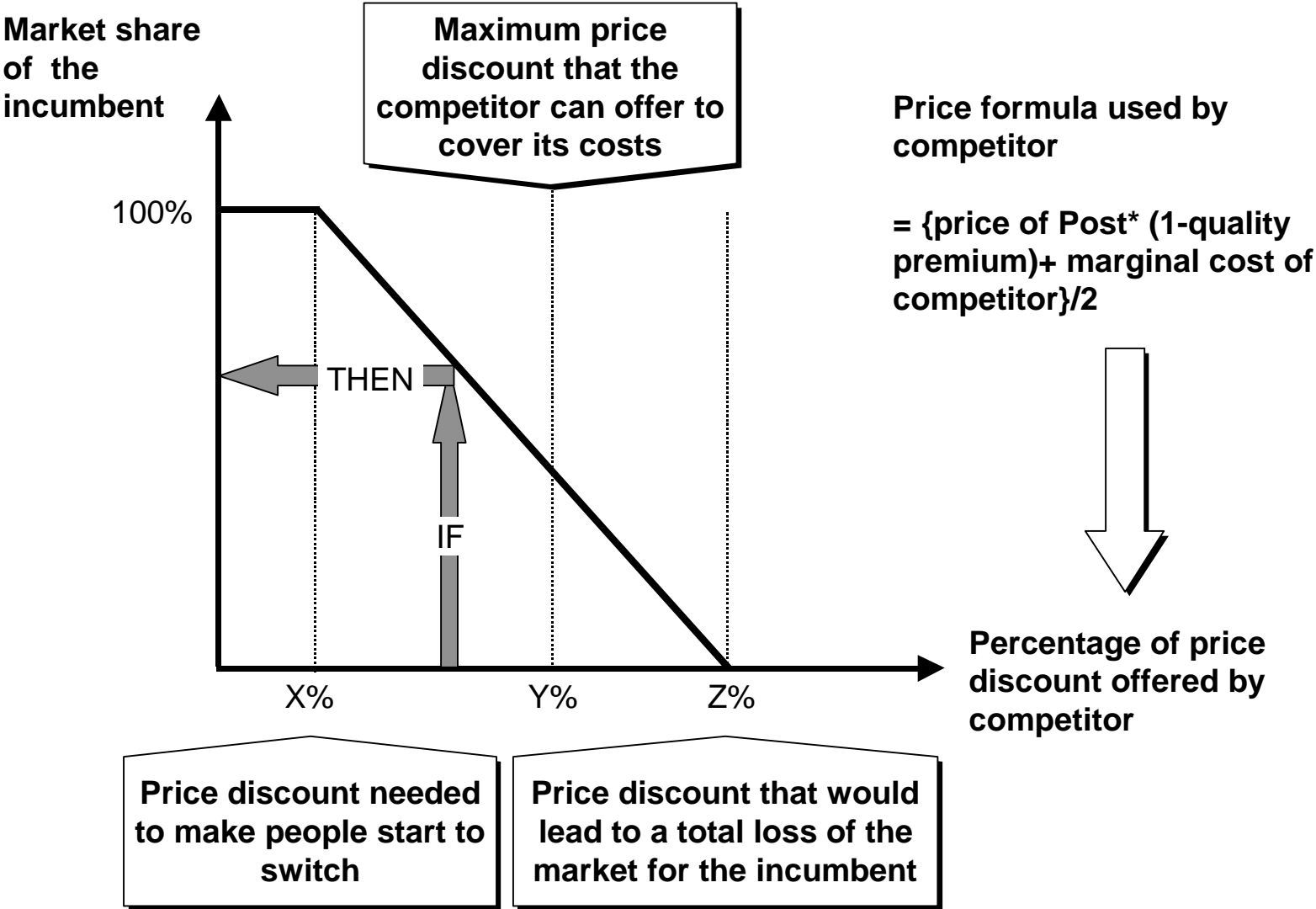
STRATEGIC FOCUS: KEEP THE BELGIAN POST IN THE “STABLE CORRIDOR”



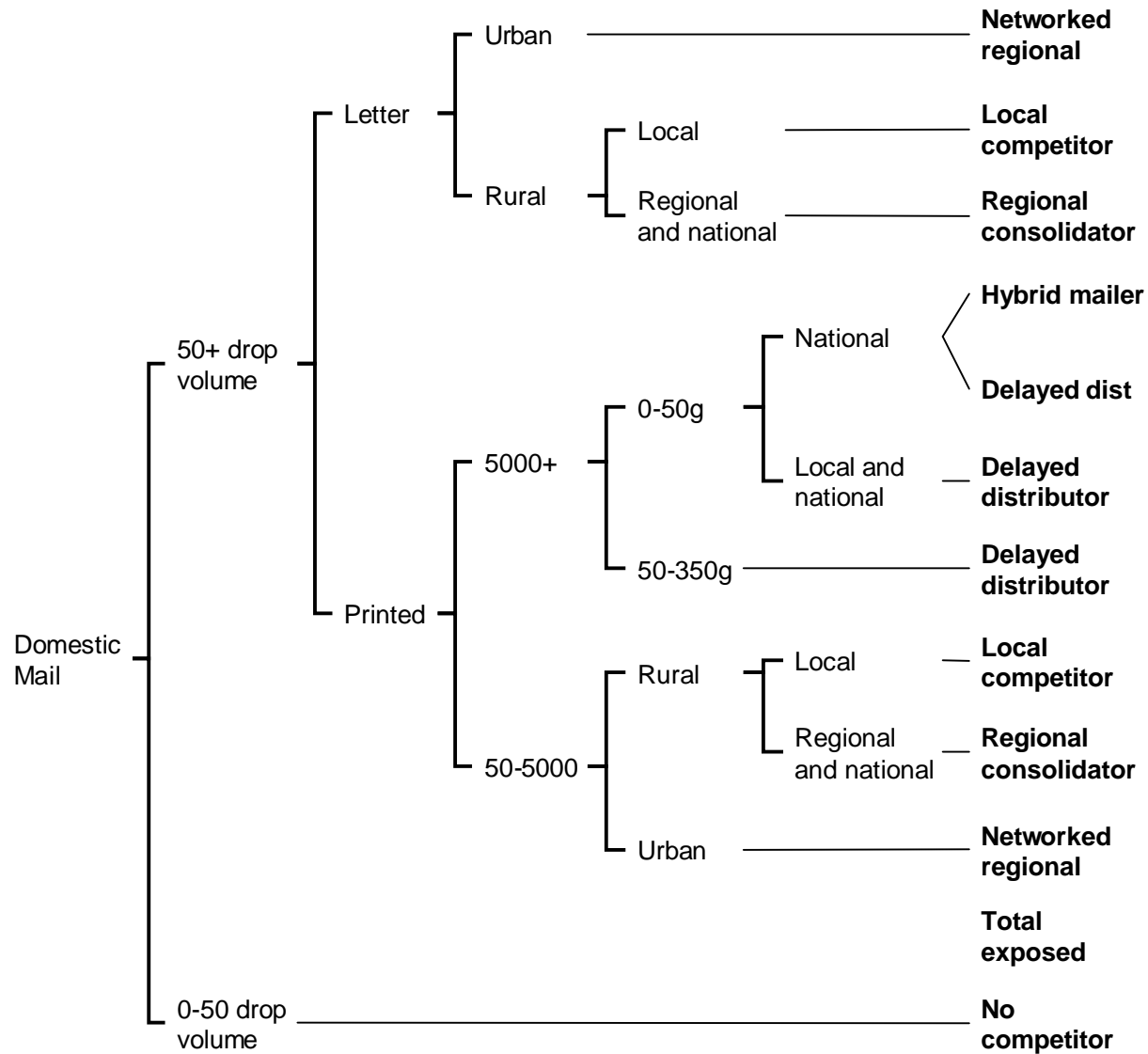
BUILDING BLOCKS OF THE MODEL



CUSTOMER BEHAVIOUR: THE SWITCHING FUNCTION



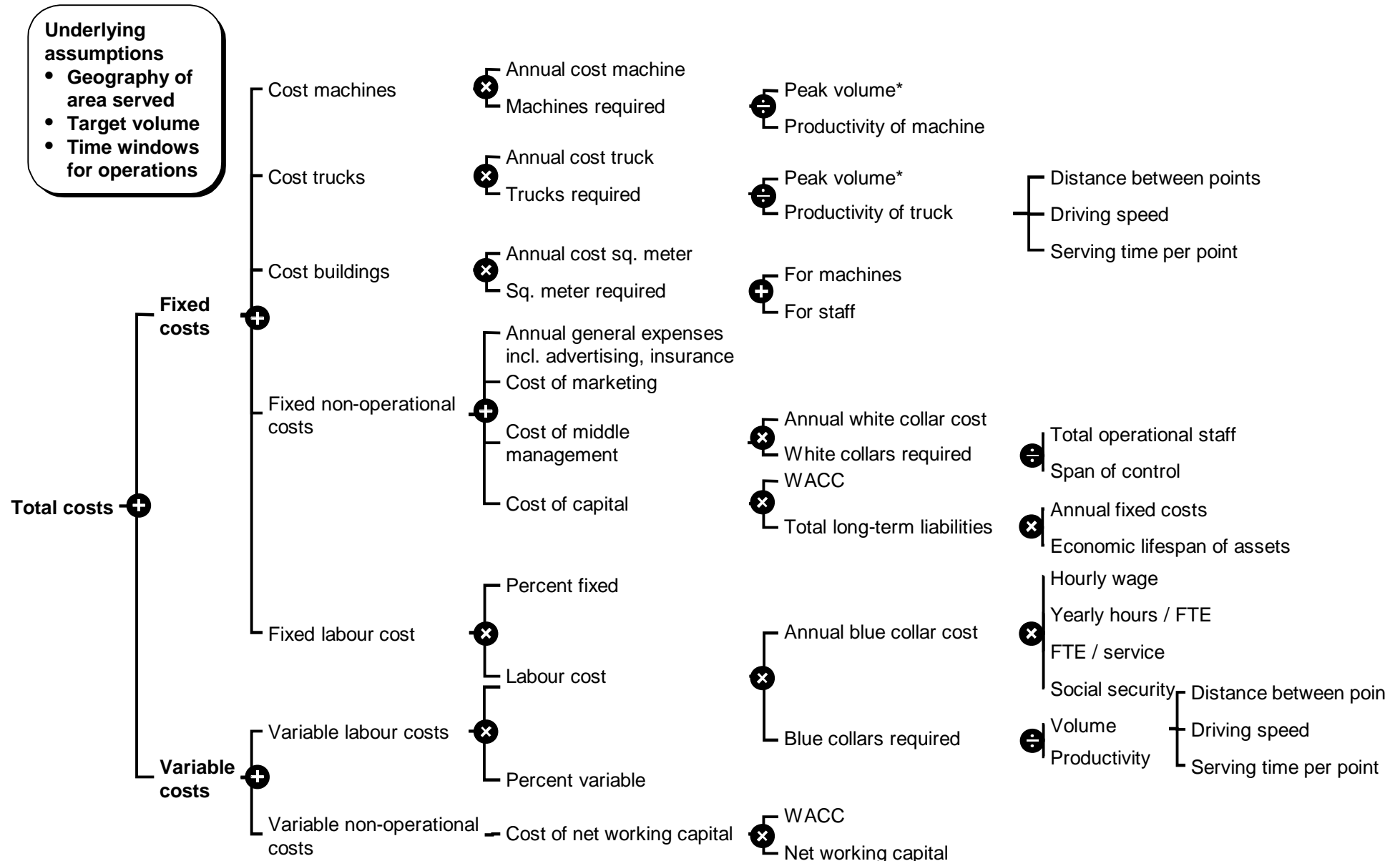
COMPETITOR ALLOCATION DECISION TREE



DESCRIPTION OF MAIN COMPETITOR TYPES

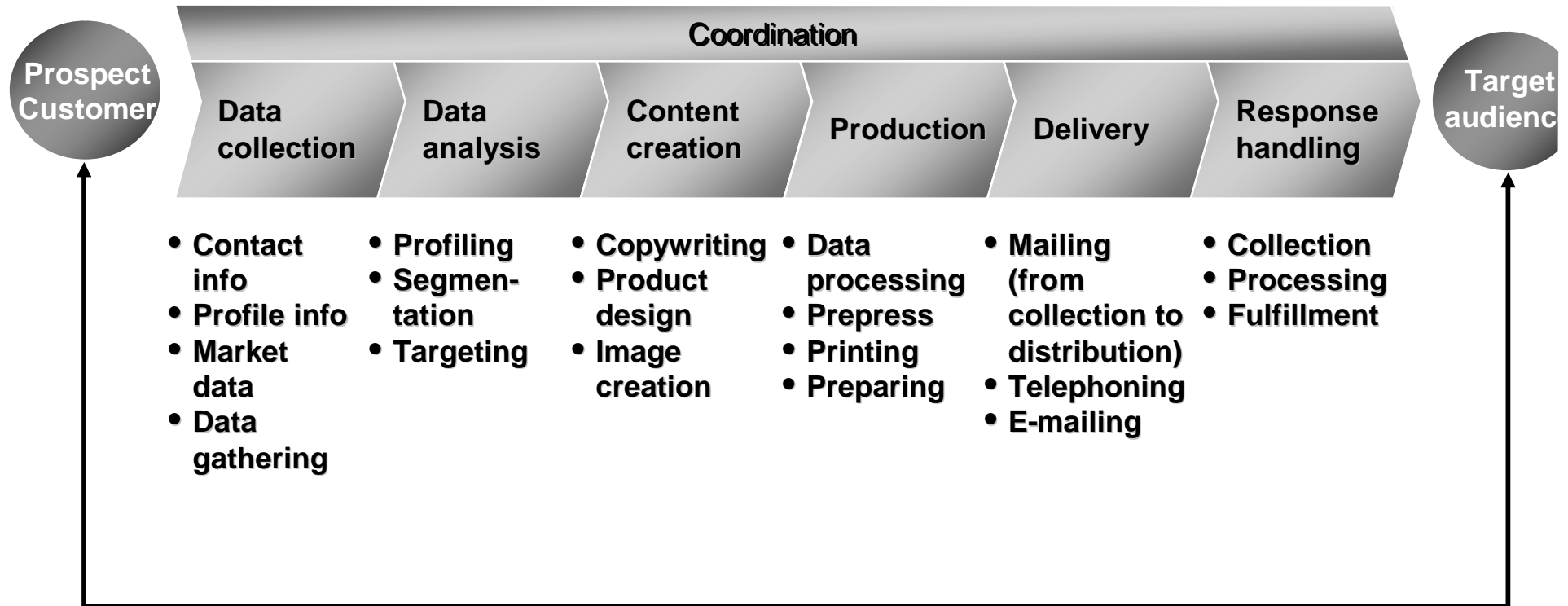
Type	Description	Examples	Targeted customer segments
Foreign CTI	<ul style="list-style-type: none"> • Full Service foreign player entering on national scale by sending trucks into Belgium to collect, but sorting abroad in an existing foreign CTI 	<ul style="list-style-type: none"> • Belgian Post, TPG, DPAG, Poste Français 	<ul style="list-style-type: none"> • Large/standardized mail volumes • Large national business mail volumes
Local Competitor	<ul style="list-style-type: none"> • D+1 delivery, 10-50 FTEs,, manual sorting, limited capacity, Printed + Letter 	<ul style="list-style-type: none"> • KDI (Germany) 	<ul style="list-style-type: none"> • Local SMEs mail
Regional Competitor	<ul style="list-style-type: none"> • D+1 delivery, some machines, CTI (regional) level, full product range 	<ul style="list-style-type: none"> • Citipost (Hannover) 	<ul style="list-style-type: none"> • Regional SMEs mail volumes for independent competitors • Large national business volumes for networked regional competitors
Delayed distribution competitor	<ul style="list-style-type: none"> • D+More. Also uses assets for doing non-mail products such as newspapers, publicity, ... 	<ul style="list-style-type: none"> • BD 	<ul style="list-style-type: none"> • Direct mail volumes
Hybrid (direct) mailer	<ul style="list-style-type: none"> • Player that uses technology to reduce its cost focusing on the most profitable segments of mail 	<ul style="list-style-type: none"> • Citymail (Sweden), DPAG 	<ul style="list-style-type: none"> • Transactional and direct mail volumes

APPROACH FOR BOTTOM-UP ASSESSMENT OF COST STRUCTURE OF COMPETITORS

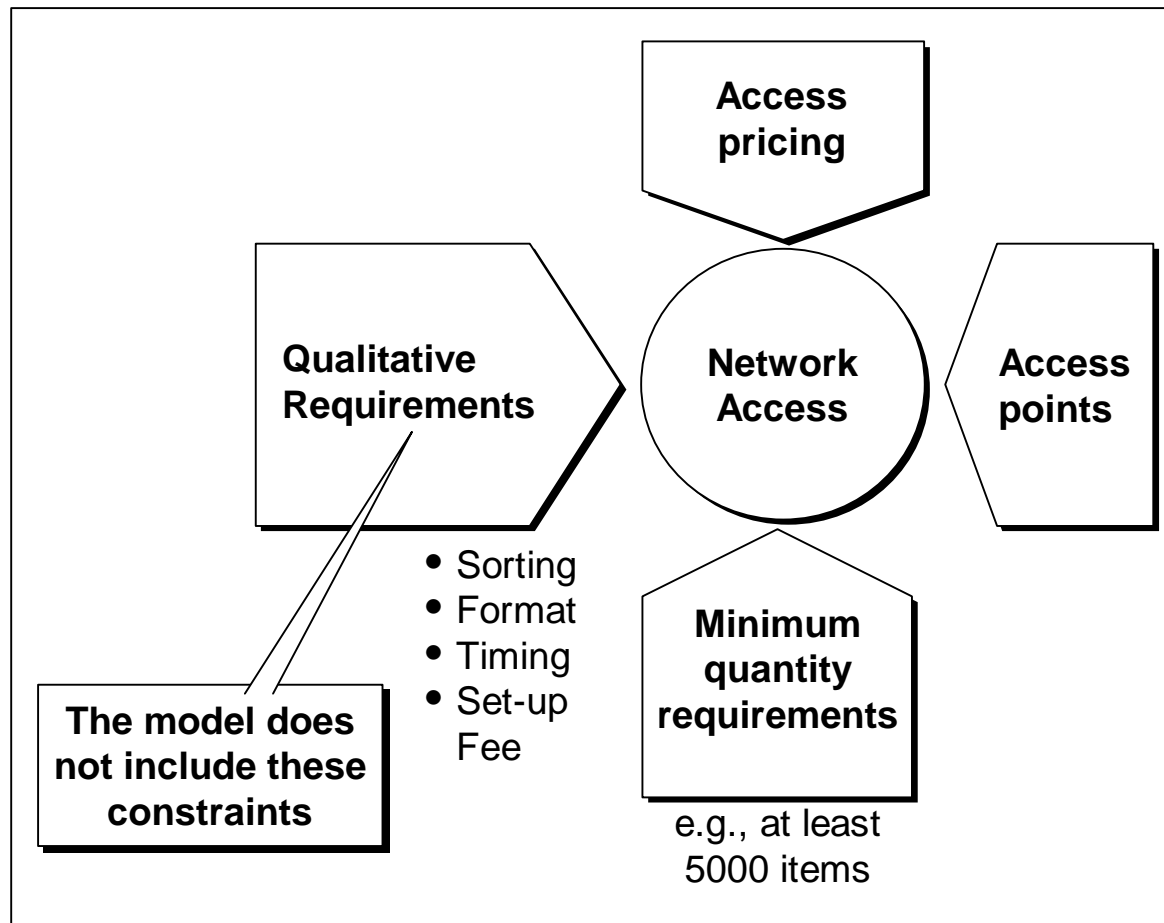


* Driven by allocated time windows per sub-activity, for a given total volume – source: team analysis

Precollect value added activities



Network access



Model determines the competitor's optimal "make-or-access" decision based on costs differentials between competitors' costs and access price