



Drop Shipment Management System (DSMS) Program Standards

Business Mailer Support
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A. Program Description:

The Drop Shipment Management System (DSMS) program enables authorized users to build consolidated loads of palletized plant-verified drop shipment (PVDS) mail from multiple jobs and mailing locations and to create consolidated Forms 8125-CD, *Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance — DSMS*. Forms 8125-CD's are created using electronic data and describe the consolidated mailings in the PVDS shipment. The forms do not bear an acceptance employee signature or origin post office round stamp date. DSMS shipments are limited to Periodicals, Standard Mail, and Package Services containing Permit Imprint, Meter, and Precancelled mailings that are verified during the production process at the mailer's plant by acceptance employees at a Detached Mail Unit (DMU).

Mailings or mailing segments that are verified and cleared by an acceptance employee at a DMU may be dispatched for storage at a DSMS Consolidation Facility (CF) other than the production site prior to postage payment. Once postage is paid on the verified and cleared mailing(s), the acceptance employee electronically *releases* the mailing(s) for inclusion in PVDS shipments to destination postal facilities. The release provides data about the pallets, which will be reported on PS Form 8125-CD by the DSMS user. Forms 8125-CD cannot be produced or printed, or mailings sent to or deposited at a destination postal facility, until mailings are released by the acceptance employee. A DSMS mailer may print Form(s) 8125-CD and dispatch released mailings directly to a destination postal facility or may ship released mailings to a location other than the production site, where an approved DSMS consolidator will consolidate the mailings into direct PVDS shipments, print Form(s) 8125-CD, and dispatch the mail to destination postal facilities.

DSMS Types:

1. A mailer with a single production facility.
2. A mailer with multiple production plants, acting as its own consolidator.
3. A consolidator receiving mail from multiple mailers/customers. Under this authorization a consolidator may be a mailer authorized under 1. or 2. who also accepts shipments from other authorized DSMS mailers/customers.
4. A firm that does not produce its own mail but consolidates mailings received from multiple mailers/customers*.

**Note: A consolidator under 2, 3, and 4 may have multiple consolidation locations.*

B. Participation Requirements:

1. A mailer or a consolidator (as applicable) must have an approved DMU.
2. A mailer or consolidator must provide the acceptance employee at a DMU with a computer, printer, and internet access for transmission of release data to the consolidation facility, and Information Systems (IS) support to maintain the system. The mailer or consolidator must ensure the acceptance employee(s) are trained to use the system.
3. The mailer or consolidator must provide a system user's guide.
4. If participating using eInduction the mailer must have pallets tendered:
 - a. At a minimum to SV facilities.
5. Full Service Eligibility:
 - a. Must meet 90% Full-Service eligibility for mailings presented under DSMS
 - a. DSMS Authorization will not be approved unless 90% Full Service eligibility is met.
 - b. Any mailer wishing to participate in DSMS is required to be participating in eInduction, as well as, Seamless prior to final authorization.

- c. Intelligent Mail tray labels (IMtb) must be used on trays and sacks and Intelligent Mail container placards must be used on pallets or similar containers.
6. A mailer or consolidator must provide all documentation in section D for each mailing, as well as any additional documentation required by standard or the mailer's authorized Special Postage Payment System (SPPS)
7. A mailer must have sufficient funds for postage payment on deposit at the post office where mailings are verified, or in a CAPS account, for each mailing at the time it is released for shipment to the destination entry postal facility.
8. A mailer or consolidator must meet all applicable *Domestic Mail Manual* (DMM) standards, including standards for PVDS in 705.17.
9. A mailer must obtain a DSMS authorization for each mailing location from the Manager Business Mailer Support (BMS).
10. All mailings must be verified under a SPPS and meet all requirements for the agreements/authorizations unless an exception is approved by BMS.
11. A mailer or consolidator must implement a documented quality assurance program that ensures that DSMS requirements are met.
12. A mailer or consolidator must use the Facility Access and Shipment Tracking (FAST) for shipments of Periodicals, Standard Mail and Bound Printed Matter Mail deposited at a Network Distribution Center (NDC), Auxiliary Service Facility (ASF), or Sectional Center Facility (SCF). Appointments for depositing mailings at a DDU must be made with the DDU.
13. Consolidators must furnish a listing of all authorized mailers biannually.

Additional Consolidator requirements:

1. A consolidator must obtain a separate DSMS program authorization for each consolidation location from the Manager BMS.
2. A consolidator may report on Forms 8125-CD only mailings that have been verified and released at a mailer's plant under the mailer's approved DSMS program.
3. A consolidator must allow reasonable access to their CFs and DSMS related records for postal reviews.

eInduction

When a mailer is participating in eInduction for palletized mail, DSMS procedures will be modified to meet the requirements of eInduction Program Standards. There are several conditions in which DSMS will or may be followed depending on where mailers are with eInduction participation:

- Existing mailers who are not participating in eInduction and are utilizing a DSMS approved release program through an approved consolidator will follow all current program standards. The USPS acceptance personnel will continue to release containers through the approved DSMS release program. The consolidator will remain authorized to create Form 8125CDs to present and enter drop shipment containers at postal facilities.
- Any mailer who continues to present partial mailings of non-eInduction containers along with eInduction containers will continue to follow DSMS requirements and the release process of those containers designated as DSMS and the release of DSMS containers will continue to be performed by USPS acceptance personnel. The consolidator will remain authorized to create Form 8125CDs to present and enter drop shipment non-eInduction containers at postal facilities. eInduction containers will not require a Form 8125CD for induction to postal facilities.
- When a mailer is participating 100% eInduction and Seamless the DSMS authorization will be rescinded and the release process will be returned to the mailer to manage once final approval has been given by the Business Mailer Support/Major Mail Support

Manager. At that time mailers/consolidators will no longer be authorized to create and print Form 8125CDs which have waived USPS acceptance signature and round date. Any container that is not identified as eInduction will be required to be presented with a hardcopy PS Form 8125 (Plant Verified Drop Shipment Clearance form) at a Business Mail Entry Unit or approved Detached Mail Unit where the USPS acceptance employee must sign and round date the form prior to inducting the containers into a postal facility.

- Any container that is not flagged as eInduction must be staged for postal verification.

C. System requirements:

1. General Requirements:

Below are requirements for both the consolidator and the mailer using DSMS:

- a. Mail must be properly palletized and labeled by the mailer per DMM requirements, and, if applicable, must be properly containerized (trays or sacks), in accordance with the supporting documentation provided by the mailer.
- b. Each pallet must bear a pallet label containing a human readable unique identifier (ID), and an IMbc barcode, if Full Service, representing that ID. In addition to the unique pallet ID, pallets going to the same destination entry postal facility within a single mailing may bear a common group ID, different from the unique pallet ID, which groups the pallets together. Pallets identified in this manner are referred to as pallet groups.
- c. If a pallet bears only a unique pallet ID and is not part of a pallet group, the unique pallet ID must appear on pallet labels and Forms 8125-CD. The unique pallet ID must also either appear on, or be linked in DSMS to, all other documentation for the mailing, including the postage statement and/or register of mailings, USPS Qualification Report, and Form 8125 Release Report.
- d. If a pallet is prepared as part of a pallet group and bears a pallet group ID in addition to the unique pallet ID, the pallet group ID must appear on the PS Form 8125-CD. All pallets that are part of that group must be shipped on the same vehicle to the destination entry postal facility. In addition, the pallet group ID must either appear on, or be linked in DSMS to, all other documentation for the mailing, including the postage statement and/or register of mailings, USPS Qualification Report, and Form 8125 Release Report, and must also be linked to the unique pallet IDs in DSMS. Unique pallet IDs and pallet group IDs may not be repeated within a 90-day period.
- e. The system must read the pallet barcode and use the barcode data to track the pallet through production, staging, storage, and/or shipping from the mailer's facility to the destination entry postal facility (DNDC/DSCF/DDU), or from the mailer's facility to a DSMS CF and then to the destination entry postal facility.

2. USPS Computer Access Requirements

The authorized DSMS computer application must have USPS access requirements that:

- a. Allow only the acceptance employee to release mailings for reporting on Forms 8125-CD.
- b. Allow the acceptance employee to "un-release" (cancel release of) mailings.
- c. Allow sufficient access to the mailer's system to determine the location of pallets at any point from production through staging, storage, and/or shipping from the mailer's plant to the destination entry postal facility, or from the mailer's plant to a DSMS consolidation location (if applicable) and then to the destination entry postal facility.

- d. Allow the acceptance employee to print PS Form 8125-CD Release Reports identifying mail that has been released by the acceptance employee by job; mailing/ mailing segment; unique pallet ID or pallet group ID, if used; and release date.
- e. Provide information linking pallet or pallet groups to postage statement/register of mailings.

3. DSMS System Security:

The authorized DSMS computer application must have sufficient security measures that:

- a. Ensure USPS acceptance employees have secure access to the PS Form 8125-CD release program.
- b. USPS acceptance employees have unique individual Olog on Identification (IDs).
- c. System must be able to identify users and activity by individual IDs for all internal and external users.
- d. Allow only mailings that have been released by USPS acceptance employees to be reported/printed on Forms 8125-CD.
- e. Have a built-in time-out for system inactivity

4. PS Form 8125-CD, *Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance*

The PS Form 8125-CD must contain the following elements:

- a. All DSMS mailings for the same destination entry postal facility in a single vehicle must appear on one consolidated PS Form 8125-CD. If different classes/processing categories of mail are required to be deposited at separate facilities, separate 8125-CDs are required. Other non-DSMS PVDS mailings for the same entry facility may be transported in the same vehicle if accompanied by signed and dated Form(s) 8125 or 8125-C and clearly segregated from the DSMS mail represented by the PS Form 8125-CD. A consolidated PS Form 8125-CD may consist of multiple pages if the number of pallets or pallet groups in the shipment exceeds what can be reported on one page. Multiple page Forms 8125-CD must be endorsed "1 of 3," "2 of 3," etc.
- b. PS Form 8125-CD must contain information to track a pallet or pallet group back to the mailing's presort documentation and the postage statement(s). The unique ID number appearing on the pallet label(s) for a pallet or pallet group must appear on PS Form 8125-CD.
- c. The name of the authorized DSMS user generating the PS Form 8125-CD and contact information (consolidator).
- d. Required data elements for each pallet or pallet group in a mailing:
 - (1) Product/Job Name
 - (2) Product/Job ID#
 - (3) Permit number and payment type
 - (4) Unique ID number that identifies each pallet or pallet group
 - (5) Number of pallets and type
 - (6) DSMS mailer ID as assigned by USPS, consisting of an abbreviation of the mailer's name and the 5-digit ZIP Code of the mailer's facility
 - (7) Total gross weight of pallet or pallets by unique pallet ID number or pallet group ID number
 - (8) Class of mail
 - (9) Processing Category (letters, flats, etc.)
 - (10) Date mail was released by acceptance employee
 - (11) Total pallets and total weight of mail
 - (12) Comments – Record facility entry point designator(s) and ZIP Code(s) for which mail is destined
- e. Each PS Form 8125-CD must contain at a minimum the following endorsement:
 "This Form 8125-CD was verified and accepted under the Drop Shipment Management System (DSMS). No origin office postal signature or round stamp date is required. Contact the consolidator listed above if there are any questions."

- f. Destination entry postal facility information. For mailings entered at a NDC or SCF, the city, and state names as found in the Drop Ship Product

D. Participant responsibilities:

1. Mailer responsibilities:

a. Documentation.

The following records must be presented or available for review at or before the time the mail is produced:

- (1) Production schedule – showing days of production and day of release
- (2) Presort reports (USPS Qualification Report, Pallet Reports).
- (3) List identifying individual pallets/pallet groups by job and mailing and their scheduled release dates (date when postage will be paid).

The following documents must be provided prior to final release of mailings/ mailing segments:

- (1) Postage statements or consolidated postage statements
- (2) Postage statement register or PS Form 3602C (Standard Mail).
- (3) Postage statement register (Bound Printed Matter)
- (4) Postage statement register (Periodicals)
- (5) Any modifications to release dates, job numbers, pallets (pallet groups) not produced or released must be provided at least 24 hours prior to beginning of production.

The following record is produced at the time of release as described below:

PS Form 8125-CD Release Report. This report lists all pallet/pallet groups for a job/ mailing for release on a specific date by unique pallet/pallet group ID and destination. DSMS must allow the acceptance employee to compare the PS Form 8125-CD Release Report information, about mailings/ mailing segments designated for release, against the postage statement/postage statement register and pallet/pallet group list prior to final release of mailings/ mailing segments to ensure data has been entered correctly. If the DSMS mailer is not the party creating the PS Form 8125-CD, the PS Form 8125-CD Release Report must identify the DSMS consolidator who generates the PS Form 8125-CD.

DSMS records must be retained at least one year unless otherwise specified by standard or mailing system agreement/authorization requirements.

b. Quality Assurance

The mailer's documented quality assurance must ensure that:

- (1) Pallets are correctly prepared according to the supporting documentation.
- (2) Pallets are correctly labeled (including IMb), tracked, inventoried, and, if applicable, correctly shipped to a consolidation facility.
- (3) Postage for all mailings has been paid at the correct prices.

c. Process

The mailer must adhere to the following procedures for every DSMS mailing:

- (1) Affix a barcoded pallet label (see Section C.4) to each pallet. Scan the pallet label barcode for completed pallets to place the pallet in inventory.
- (2) Barcoded pallet labels must be scanned at the time pallets are shipped to a DSMS consolidation facility.
- (3) Provide the acceptance employee reasonable access to the production area to complete USPS verifications.
- (4) Provide the production schedule, qualification report and the schedule released dates document to the acceptance employee in sufficient time to complete USPS verifications.

- (5) Pallets may not be shipped to a DSMS consolidation location until cleared by the acceptance employee.
- (6) Separately stage pallet groups and/or mailing segments for USPS verification procedures.
- (7) Provide the postage statements and registers to the acceptance employee in sufficient time to allow for the reconciliation of the records, and correction of any discrepancies, prior to the release of mailings/ mailing segments.
- (8) Ensure sufficient funds are deposited prior to release of mailings/ mailing segments.
- (9) Provide PS Form 8125-CD Release Report data to the acceptance employee in the DSMS computer application
- (10) Mailings may not be released by the acceptance employee or used to create Forms 8125-CD until postage has been paid.
- (11) When there are enough pallets for a full PVDS load to be prepared at the mailer's facility, DSMS loads may be shipped directly to destination entry postal facilities from the mailer's location.

2. Consolidator responsibilities:

a. Quality assurance

The consolidator's documented quality assurance must ensure that:

- (1) Pallets received from mailer's plant are tracked and inventoried correctly.
- (2) Only mail that has been released by the acceptance employee is reported on Forms 8125-CD.
- (3) Mail is dispatched to the correct destination entry postal facility with the corresponding PS Form 8125-CD, based on the entry discounts claimed on the postage statement.

b. Process

- (1) Scan or apply barcoded pallet labels upon receipt from the mailer's facility.
- (2) Track and inventory pallets as they are received.
- (3) Scan pallets/pallet groups when loaded in a trailer.
- (4) Print PS Form 8125-CD corresponding to the trailer load and provide 8125-CD to the destination entry postal facility.

Note: *Pallet/pallet group information may be used to plan loads prior to release; however, trailers may not be loaded and Form(s) 8125-CD may not be printed until pallet/pallet groups are released by the acceptance employee.*

3. USPS responsibilities:

The acceptance employee must follow verification processes listed in the DSMS Standard Operating Procedure (SOP) and any applicable SPPS SOPs.

E. Authorization:

1. Mailer Application:

The Mailer must complete a DSMS application and submit to the Manager, BMS. If a mailer intends to prepare mailings under DSMS at a number of locations, a separate application must be prepared for each mailing location.

- a. Complete section B: Mailer Information.
- b. Complete section C: Start Date Information.
- c. Complete section D: Statement of Adherence.
- d. A detailed written description of the applicant's quality assurance (QA) procedures and copies of the forms used to document the QA process.

2. Consolidator Application:

The Consolidator must complete an application and submit it to the Manager, BMS. If a consolidator intends to use more than one consolidation facility, each location must be separately approved; however, all locations may apply simultaneously with one application.

- a. Complete section A: Consolidator Information.
- b. Complete section C: Start Date Information.
- c. Complete section D: Statement of Adherence.
- d. A narrative of how the system works, including a detailed explanation of each system requirement
- e. Flowchart(s) showing relationship between mail movement and data flow, including:
 - (1) Source and movement of data used to create and track mailings from planning through dispatch to destination entry postal facilities; where and when each required report is created; and the relationship of each report to the system.
 - (2) Mail movement (pallet/pallet groups) from production through dispatch to destination entry postal facilities.
- f. A sample pallet label identifying the unique pallet ID(s) and ID barcode(s).
- g. Samples of all required reports, including postage statements (registers) and a PS Form 8125-CD, identifying the unique IDs that will be used to track pallets and pallet groups.
- h. A detailed written description of the applicant's quality assurance (QA) procedures and copies of the forms used to document the QA process and ability to implement corrective action.
- i. A complete User's Guide for DSMS

3. Approval Process

- a. Applicants meeting all program requirements, including a successful live test of the system, will receive a 180-day conditional authorization.
- b. Final approval will be given after the completion of conditional period.
- c. Final authorization will remain in effect until the Mgr BMS or DSMS Mailer cancels the authorization.
- d. If a mailer uses a DSMS consolidator copies of the authorization will be provided to all parties.
- e. The DSMS consolidator will receive a letter of authorization for their system.

4. Denial Process

If the application is denied, the applicant may file an appeal, in writing, within 15 days of receipt of the notice.

- a. The appeal must be submitted to the Manager BMS.
- b. The appeal must present additional information explaining why the DSMS application should be approved.

After review, if the Manager, BMS determines the application still does not warrant approval, the file is forwarded to the VP Mail Entry and Payment Technology for a final agency decision.

5. Suspension Process

A DSMS authorization may be suspended by the Manager BMS at any time, pending investigation, if it appears that postage is not being fully paid or the DSMS user fails to comply with any terms of the DSMS authorization.

6. Cancellation of DSMS authorization

The USPS may cancel a DSMS authorization if:

- a. The DSMS user provides misleading or incorrect data to avoid paying postage; presents no mailings under the DSMS authorization during any consecutive 12-month period; or fails to comply with the DSMS authorization or the standards applicable to the DSMS program.

- b. Postal service periodic reviews or audit reveal that the DSMS authorization should be discontinued because the mailer is not compliant with the program standards.
- c. The cancellation takes effect 15 days from the DSMS users' receipt of the notice unless, within that time, the DSMS user files a written appeal with the Manager, BMS stating why the DSMS authorization should not be canceled. If the manager upholds the cancellation, the entire file is forwarded to VP Mail Entry and Payment Technology for a final agency.
- d. The DSMS user may cancel its authorization at any time by sending written notice to the administering post office and Manager Business Mailer Support.

F. USPS Review:

DSMS is subject to review by the USPS at any time to ensure compliance with system requirements. A review may be conducted in conjunction with other mailing system reviews or may be conducted independent of other reviews.

This review may consist of on-site visits to the authorized mailer's plant, the consolidator's location(s), or any destination entry postal facility. All records pertaining to DSMS, and the mailer's and consolidator's documented quality assurance must be made available for review upon request. The mailer/ consolidator may also be asked to provide planned transportation information so a survey of current mailings can be conducted.