

Postage meters introduction

A postage meter is a welcome addition to any office that sends even an average amount of mail. Metered mail has a professional look, is convenient, and can save you time and money.

If you spend more than \$50 per month on postage, your office will benefit from having a postage meter. In addition to the convenience and time savings, being able to print exact postage can save money, as well. However, selecting the best meter for your needs and budget can be a daunting task based on how much your office spends each month, the number of mail pieces you send, and the types of letters and packages you send.

This **BuyerZone Postage Meters Buyer's Guide** will help you answer these questions, decide which features are most important in selecting a postage meter, and choose the right postage meter vendor for your business.

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Pricing guidelines

Postage meters can only be leased for a monthly rate under federal regulations. You can also lease or purchase a base to organize mailings faster. Here are some very rough estimates – we'll go into more detail in **Postage meters pricing** on page 4.

Meter expense	Notes	Estimated cost
Meter-only leasing rate	Basic meter with little add-ons	\$20 to \$40 per month
Meter and mailing system leasing rate	Meter with a base to handle envelopes and feed through meter	\$100 to \$500+ per month
Feeder cost	Guides mail through and affixes postage	\$700 to \$1,200
Stacker cost	Moistens and closes envelope flap	\$1,000 to \$2,000
Scale cost	Spring-based to digital-based	\$40 to \$400

Postage meter basics

The meter is the critical part of your mailing system. It prints the indicia – the mark that takes the place of a stamp – and stores the postage.

It is important to note that **meters cannot be purchased**. Under federal regulations, they can only be leased. Other parts of the postage system can be purchased, but ownership of the meter itself is strictly controlled.

All meters share the same basic features and can hold up to \$1,000 in postage. All can send first class, Priority, and Express mail, as well as packages. They can also be used for discounted bulk mailings, but you will need to apply to the United States Postal Service (USPS) for a permit.



Beyond the basic features, meters begin to differ according to various options that concern security and ease of use:

- Password-protected access
- Accounting codes
- Automatic postage reset
- Automatic date advance
- Saved presets for common mailing jobs
- Built-in scales to automatically set postage

Digital meters provide additional security by printing a two dimensional barcode that identifies the sender as well as the destination. Many digital meters can also be updated electronically, allowing them to stay current when the USPS changes its postage rates. Traditional meters require an expensive chip upgrade when new postage rates are introduced.

About the postage meter base

The base is essentially an envelope handler, designed to transport your mail through the meter. Unlike the meter itself, bases can be purchased outright – but they are often leased along with the meter. Prices for bases start at several hundred dollars, but advanced options can push the price into the thousands of dollars. Although it may sound expensive, it can be more cost-effective than paying a monthly rental fee.

The four main parts of a base include the feeder, sealer, stacker, and tape dispenser.

Feeder

A **feeder** guides envelopes through the meter and affixes the correct postage based on the current postage rates. Although you can get a low-end meter without a feeder, feeding a large mailing by hand is quite tedious.

You have the choice of a semiautomatic feeder, which lets you feed in a handful of envelopes at a time, or an automatic feeder where no manual feeding is needed. Automatic systems are quite expensive, starting around \$1,200 more than similar semiautomatic systems, which cost about \$700, but can speed the process immensely for very high-volume mailers.

Feeders are rated by their feeding speed. A slow machine will process 15 letters per minute, while the fastest operate at about 270 letters per minute.

Sealer

A **sealer** moistens the envelope flap and closes it. On the less expensive systems, the sealer is more of a moistener than an actual "sealer."

Unfortunately, the sealer tends to be the most unreliable component of a postage meter system. Because of the presence of glue and water, sealers often gum up and require regular cleaning.

Stacker

After mail is metered, it must be cleared from the machine. This requires a **stacker**. Low-end stackers are no more than a catch tray placed at the edge of the meter and designed to hold metered pieces of mail.

Power stackers can stack more envelopes by using a conveyor mechanism to move the stamped pieces away from the meter's edge. These power stackers can add \$1,000 to \$2,000 to the cost of a mailing system, and can be added to only the fastest systems.

Tape dispenser

When sending larger packages or odd-shaped mail, it is not always possible to print the indicia directly onto the mailing piece. In these cases, strips of adhesive paper, called **tape**, are fed through the meter and affixed to the package.

Unless it is carefully fed, the meter may miss the strip entirely and waste postage. If you will be using tape often, it is worth getting a base that has a tape dispenser.

Tape dispensers are available in two varieties: pre-cut dispensers that use single pieces of tape and dispensers that use a roll of tape. Bases equipped to use roll tape usually cost significantly more than bases using pre-cut tape, but can result in lower operating costs over time.



Postage scales

Meters print your postage based on the rates and regulations of the USPS. Because postage rates are predominantly determined by the weight of the item you are sending, you will need a scale to weigh letters and packages and indicate the appropriate postage for each postal class.

When you use a scale, you minimize the overpayment that occurs when you attach extra stamps to packages because you do not have the exact "change" or because you are not exactly sure of the cost. Studies have estimated the savings to a typical business at up to 20 percent.

Some digital scales connect directly to the postage meter so the correct postage is automatically entered, which is useful if you often send packages of varied weights. They can also provide price information on other carriers, like FedEx and UPS.

Spring scales do not offer all of the perks that digital scales do. But for low-volume mailers that primarily send letters, spring scales are a cheap and functional solution.

Spring scales can cost as little as \$40 while digital scales can run into the hundreds of dollars. You can also rent a scale – a small digital scale for a small business costs about \$5 per month.

Service and support

The meter doesn't require a service contract because the owner – the manufacturer – is responsible for repairs. Before leasing a meter, make sure you understand how the manufacturer will handle repairs: will you have to ship it somewhere? Or do they have technicians in your area who can come to your office?

Service contracts for the base will typically cost 5 percent to 10 percent of the cost of the base. However, bases are quite reliable; you will probably spend less by just attending to it on an as-needed basis.

Postage refills

Gone are the days of lugging your meter to the post office to add more postage. The USPS requires that all refills be done over the phone.

Most modern meters have a simple phone jack that allows you to plug your meter in and download more postage from an account with the post office; some also allow you to purchase refills online. If there is a change to postage rates, the meter will automatically recalculate how much postage you'll receive.

Postage system pricing

Depending on the features you choose for your postage system, you can find yourself paying anywhere from a few hundred to several thousand dollars a year to meter your mail – not including the cost of the postage itself. Postage rates, of course, are set by the USPS, and postage meter manufacturers are prohibited from marking them up, so you do not need to compare postage costs.

You can get started with a very basic meter for around \$20 per month. Add on complex feeding and automation systems and the costs can escalate up to \$100 - \$500+ per month.

As mentioned earlier, the meter can only be leased. While you can lease a meter one year at a time, most vendors will encourage you to sign up for at least a three-year term. But you usually have the flexibility of a shorter term if the thought of being tied into a three-year agreement does not sit well with you.

Some companies base their rates on usage; after the first year, monthly postage system pricing is based on your average monthly postage for the previous year. Keep in mind that rates can only go up; if your usage drops, your meter rate for the following year will not necessarily be adjusted accordingly. Other companies simply change their rates from year to year regardless of your usage. When comparing systems from different providers, make sure to get all the relevant details on rental pricing.

There is more flexibility in pricing for bases and scales, which can be either bought outright or leased. Depending on the options, bases range from a few hundred dollars to a few thousand dollars while scales range from \$30 to hundreds of dollars.

Choosing a provider

For smaller businesses, the first concern is probably price. Since postage rates are so highly regulated, the base level systems do not differ substantially from one provider to another, so price can be the best differentiator. As your mailing volume and monthly expenditure increase, other factors come into play.

Service can vary depending on the company you choose. Some manufacturers sell their systems directly, while others distribute through a network of independent dealers. Both can provide excellent service – but in either case, you should ask about their customer support.



Running low on postage? No sweat. Modern meters allow you to download additional postage by phone or online.

Payment options can also be important. If you plan to lease, you get the advantage of being able to update your equipment on a more regular basis. Some companies have more attractive lease options than others. Also, postage can be paid for in different ways. The simplest is pre-payment: you send a check to the USPS which establishes your account, and your postage purchases are deducted automatically.

Some manufacturers also allow you to “mail now, pay later,” essentially lending you the money to conduct your mailing. Or you may be able to buy postage upfront from your provider. In some cases, you can even earn “interest” in the form of additional postage if you pre-pay. However, when you refill your account, there may be a charge associated with it, typically five to ten dollars.

Buying tips

- **Deals can be had.** While meter rates do tend to be fairly inflexible, you may be able to get deals like free rental months. Sales reps will often throw in six months to one year of free meter rental to close a deal for a costly system.
- **Use your PC.** If your average month is less than \$50 but you are looking for a more efficient mailing solution, you may want to check out the USPS's list of PC Postage providers. These companies let you print postage directly from you computer.
- **Rate insurance makes sense...sometimes.** Every time the Postal Service changes postage rates, your scale needs to be updated – usually costing about \$75 to \$175 a pop. If you want to pay a fixed yearly fee for rate insurance, you can receive free scale updates. Or, get a digital scale – they can automatically update rate information through an Internet connection.
- **Mail now, pay later.** Some manufacturers essentially lend you the money to conduct your mailing. Or you may be able to buy postage upfront from your provider. In some cases, you can even earn “interest” in the form of additional postage if you pre-pay. However, when you refill your account, there may be a charge.
- **Become “supply savvy.”** Not everything needs to be purchased from your vendor. Many consumables, such as mailing tape and sealing liquid, are often cheaper when purchased at independent dealers or office supply stores.