

# U.S. Postal Service Selects Lockheed Martin To Lead Package Processing Modernization Program

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Lockheed Martin has been selected by the U.S. Postal Service as the prime contractor for a multimillion-dollar program that will integrate and modernize the Postal Service's small package processing capabilities through the installation of a new system known as the Automated Package Processing System (APPS). The U.S. Postal Service is upgrading its existing parcel processing network to advance its competitive position in the parcel delivery market.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20020924/NYTUD001> )

The APPS program contract, which carries an initial value of more than \$300 million, requires Lockheed Martin to build and deploy 74 U.S. Postal Service package processing systems nationwide beginning in 2004. The Postal Board of Governors must approve additional quantities beyond this initial buy. If all additional quantities are exercised through 2006, more than 120 systems could be delivered.

The APPS program will provide the U.S. Postal Service with a fully integrated, end-to-end system capable of automatically sorting high volumes of first-class packaged mail, Priority Mail envelopes and parcels, and bundled mail such as magazines or catalogs with greater efficiency and higher accuracy. The Lockheed Martin system is capable of processing more than 9,500 packages an hour with machine printed or handwritten addresses.

"The Automated Package Processing System is an essential element in our strategic plans to enhance customer service in the highly competitive package delivery market," said Tom Day, the U.S. Postal Service's vice president of Engineering. "Lockheed Martin's proven credentials as a premiere systems integrator on other programs we've worked together assures us that this critical project will be installed on schedule by an experienced deployment team."

As the prime contractor, Lockheed Martin Distribution Technologies will lead a team of subcontractors during the design, build, deployment and installation phases of the program, as well as provide training and support. The Distribution Technologies business based in Owego, is a major supplier of automation equipment and advanced recognition systems for the U.S. Postal Service.

"Lockheed Martin understands the competitive challenges facing the United States Postal Service. We've been supporting its automation efforts for more than 30 years. Our postal automation team is dedicated to improving today's automated mail processing throughout the Postal Service's parcel network," said Judy F. Marks, president of Lockheed Martin Distribution Technologies. "We're focused on delivering a proven, advanced system that will allow the Postal Service to give its customers superior package and parcel delivery service, while keeping Priority Mail, bundles of magazines and package mail cost competitive."

Lockheed Martin's APPS increases productivity and delivers high throughput and sorting accuracy by combining state-of-the-art material handling capabilities with advanced optical character recognition (OCR), bar code reading (BCR) and video coding technologies. The system automatically processes bulk loads into a single stream of mail pieces; gathers detailed information specific to each package; acquires the correct delivery address through advanced OCR and BCR technologies; inducts a package individually onto a next-generation cross-belt sorter; and then accurately delivers the package to an assigned discharge bin so it can be dispatched to its destination.

"Our system offers the U.S. Postal Service a solution that is both modular and scalable. It has been designed to allow the Postal Service to customize the system for each site's needs, which maximizes the return on investment for the program," Marks added.

The Lockheed Martin APPS prototype was competitively field tested in 2001 and is in use today at a U.S. Postal Service mail annex serving the Minneapolis Processing and Distribution Center. The

prototype system automatically processed packages at a rate nearly double the throughput and productivity of the current operation, verifying that the APPS can generate an attractive return on investment for the U.S. Postal Service.

The prototype developed for the contract proposal included subsystems from Sandvik Sorting Systems Inc., Accu-Sort Systems Inc., Axmann Conveying Systems, Shuttleworth, Adaptive Optics Associates Inc., and Southworth Products Corp.

Lockheed Martin Distribution Technologies designs, produces and integrates mail automation, material handling, recognition and information processing systems for postal services, package delivery operations, corporate mail centers, and distribution, fulfillment and manufacturing centers worldwide. Distribution Technologies is a business unit of Lockheed Martin Systems Integration -- Owego, which is a business segment of Lockheed Martin Corporation, Bethesda, MD.

For information on Lockheed Martin Distribution Technologies visit: <http://www.lmdtech.com/>

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