E-COM

In 1982, the United States Postal Service launched E-COM—short for Electronic Computer Originated Mail. E-COM allowed businesses to transmit electronic messages to USPS, which would then send the data to certain post offices throughout the country, where the messages would be printed, placed in an envelope and delivered by a letter carrier. The service grew over the next three years, but not enough, and was dismantled in 1985.

The Postal Service was bracing for the internet revolution, but E-COM wasn't the way.

email looming

In 1977, a congressionally appointed committee conducted hearings and issued a report about the coming of a time when people would communicate with each other over networked computers and pay bills electronically. It estimated that these innovations would potentially eliminate 25 percent of first-class letters by 1985. The committee was right about the consequences, even though its timeline was off by about two decades.

"Unless the Postal Service really makes a commitment, which it has not made, to electronic message transfer, they face a really bleak future," Gaylord Freeman, the chairman of the postal committee, said.

USPS's Advanced Services department took up the challenge by working out a way to use technology to take advantage of its universal network and last-mile delivery service. What it came up with was E-COM.

Banks and insurance companies—USPS's largest customers—already were using computers to prepare their bill and account mailings. With E-COM, they could send these mailings electronically or on reels of computer tape to USPS's Middletown, VA, location. There, the powerful Perry Rand Univac 1108 computer would send the data to the delivering post offices.

There were problems, though. First, E-COM was supposed to be fast, but it guaranteed delivery in two days, only one day faster than a normal first-class letter.

Second, E-COM also was expensive. Even though USPS leaders wanted to charge 15 cents per message, the same cost as a first-class stamp, they were compelled to charge much higher prices.

Third, E-COM faced intense opposition from private industry and its allies.

E-COM was formally proposed on Sept. 8, 1978, and service was expected to begin by December of that year, but it soon faced a longer-than-usual regulatory process. AT&T was working on computer-to-computer email and said that the government's E-COM service could hamper its offerings. AT&T and other companies found a sympathetic ear in both the Carter and Reagan administrations.

The Postal Rate Commission (PRC), which had the authority to approve the new offering and to set its price, spent 15 months reviewing the proposal. Ultimately, the PRC ruled that USPS could not create its own electronic network between post offices and that telecommunication companies could transmit E-COM messages. The whole system became more complicated and the cost per message grew by 60 percent.

The PRC settled on the cost structure of 26 cents for the first page, and 5 cents for the second. Messages

E-COM

Remembering USPS's short-lived Electronic Computer Originated Mail
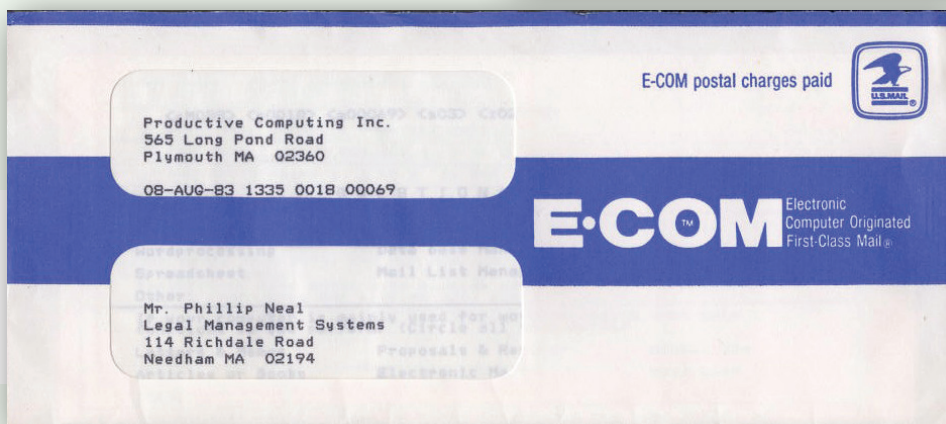
Originally, E-COM mail was to use both a red outgoing envelope (top) and red printed stationery but switched to blue (above) when it finally went into operation.

were limited to two pages. There also was an annual $50 fee for the service. Mailers were required to send a minimum of 200 messages per transmission.

It was not the result USPS had hoped for, but E-COM finally was approved to go into operation.

In operation

On Jan. 4, 1982, Postmaster General William Bolger sent the first official E-COM message: "We are very proud of this milestone in the history of the Postal Service and pleased to share this occasion with you through this message."

Merrill Lynch, Shell Oil, the AFL-CIO, the Equitable Life Assurance Society, Hallmark Cards, and other companies signed up in 1982. After arriving at the serving post office, the messages were processed and sorted by ZIP code, then printed on letter-size bond paper, folded, and sealed in envelopes printed with a blue E-COM logo. They could be delivered only within the contiguous 48 states. Mailers could send messages to any of 25 serving post offices, located in Atlanta, Boston, Charlotte, Chicago, Cincinnati, Dallas, Denver, Detroit, Kansas City, Los Angeles, Milwaukee, Minneapolis, Nashville, New Orleans, New York, Orlando, Philadelphia, Phoenix, Pittsburgh, Richmond, St. Louis, San Antonio, San Francisco, Seattle and Washington, DC.

According to a 2008 report by the USPS historian, during its first year, 3.2 million E-COM messages were sent, and more than 600 customers submitted applications for the service. The initial volume and rate of growth was not as rapid as expected, "Probably caused, to some extent, by the efforts of private carriers and the Antitrust Division of the Justice Department to prevent the Postal Service from offering the service at all," the historian wrote. Mailers were not reassured until a ruling by the Court of Appeals for the District of Columbia on April 21, 1982, found that the service could legally continue to operate.

That didn't stop public and private concerns from criticizing the service.

The conservative-leaning Cato Institute reported that USPS lost $5.25 per E-COM letter in its first year of operation. The House Government Operations Committee stated that "the Postal Service deliberately manipulates the release of information about E-COM in order to make E-COM appear to be more successful than it really is." In 1982, Congress's Joint Subcommittee on Economic Goals and Intergovernmental policy held a hearing on the future of mail delivery in the United States, including whether the Postal Service should be prevented from competing with the numerous commercial electronic mail providers then in operation.

In 1983, the Postal Service handled 15.3 million E-COM messages, and it proposed that the PRC approve a rate

of 31 cents for the first page of a message and 9 cents for a second page.

In 1984, 23 million E-COM messages were sent. That same year, the PRC responded to USPS's pricing request by recommending a rate of 52 cents for the first page and 15 cents for the second page.

The USPS Board of Governors (BOG), which at the time decided postal rates and policies and could overrule a PRC decision only by a unanimous vote, rejected the PRC's recommended decision and asked for reconsideration. The PRC responded with a recommendation of a 49-cent rate for the first page and 14 cents for the second page. The BOG rejected these rates because they priced E-COM out of the market and recommended that USPS dispose of the E-COM system by sale or lease to a private firm.

No one offered enough for E-COM, so Postmaster General Paul Carlin decided in 1985 that USPS would close down the operation. The last E-COM message went through on Sept. 2, 1985.

"It just got so bastardized it didn't work at all," Gene Johnson, the head of USPS's Advance Services, later told *Bloomberg*.

E-COM was largely forgotten, except by the Oxford English Dictionary (OED), which found that E-COM had an ironic historical distinction. In June 1979, the journal *Electronics* ran a headline about E-COM: "Postal Service pushes ahead with E-mail." According to the OED, this is the first known usage of the term "E-mail."
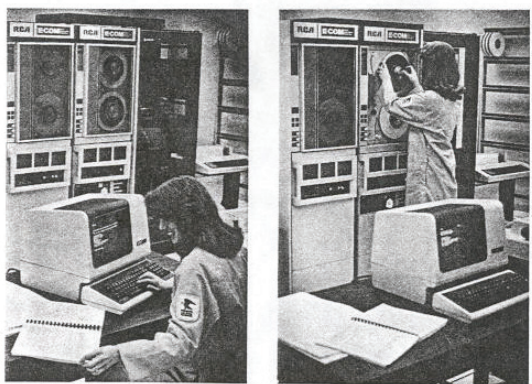
e-com redefined

Congress's prediction about the diminishing of First-Class Mail would prove correct, though the timeline took far longer to occur. First-Class Mail's largest volume was in 2001 and has steadily declined since then.

But despite the gloom-and-doom reports of the Postal Service's demise at the hands of the internet, something else happened, coincidentally also termed "e-com." E-commerce has exploded, especially since the COVID-19 pandemic forced many Americans to shelter at home and order essentials through the internet, to be delivered by letter carriers. The Postal Service continues to adapt to these new conditions as parcel delivery grows and becomes a much larger segment of its business.

And in this way, USPS is continuing to innovate through the same process that led to E-COM back in the 1980s—by using technology to take advantage of its universal network and last-mile delivery service. **PR**

memo to mailers

Vol. 16, No. 12, January, 1982

E-COM service commences January 4, 1982

The E-COM system will allow volume mailers of computer-originated messages to transmit messages via telecommunications common carriers to 25 serving post offices located around the country.

The Postal Service will inaugurate Electronic Computer Originated Mail Service (E-COM) on January 4. E-COM will come on line at 25 serving post offices (SPOs), located in cities throughout the continental U.S. *(See map, page 5).*

Primarily for the use of volume mailers of computer-originated messages, E-COM will provide paper copy conversion, enveloping and delivery of computer-generated messages of up to two pages. E-COM messages will be delivered within two days, provided the messages entered through a serving post office are destined for delivery in the area served by that SPO. Mailers can transmit E-COM messages via telecommunications common carriers, 24 hours a day, seven days a week.

E-COM has been in the planning and development stages for more than three years. The service is de-

An article about the launch of E-COM appeared in USPS's *Memo to Mailers* in January 1982.