

APPENDIX 3.4  
*(referred to in paragraph 3.15 and 3.26)*

**Postal franking machines available in the UK**

1. Neopost provided a table of franking machines on the UK market, ranked by list price (reproduced as Table 1). It also gave the following summary of competing machines in each of four market segments based on price and machine capacity. (Neopost stressed that these segments overlapped and that, as there were many other important attributes to franking machines besides capacity, this segmentation was very simplistic.)

TABLE 1 Franking machines on the UK market, 2002

	<i>Pitney Bowes</i>	<i>Francotyp</i>	<i>Ascom</i>	<i>Secap (Pitney Bowes)</i>	<i>Frama</i>	<i>Neopost</i>
<i>List price</i>	Paragon (from £18,405)		Automail (from £15,669)			SM95 (to £17,071)
		Jet Mail Concorde (£6,950)	335 SHD (£9,808)		MailMax 2 (£5,350)	SM85 (to £15,122)
	B921/U561 (£9,420)					SM75 (£7,706)
	B921/E596 (£7,225)					IJ75 Autofeed (£7,995)
	B921/E586 (£6,375)		340/324 (£6,750)		Sensonic 2600 (£5,530)	IJ75 (£6,695)
	B921/E521 (£6,085)	EFS 3101EA (£4,000)		Alpha autofeed (£3,000)	Sensonic 2500 (£4,440)	IJ65 Autofeed (£5,290)
			337/324 (£5,937)	Alpha (£2,100)		IJ65 (£3,990)
	B921/E511 (£5,020)				Sensonic 2200 (from £3,185)	
	DM300 (£4,115)	EFS 3101E (£3,000)	320/324 (£4,926)		MailMax 1 (£2,950)	5460 (£2,265)
	DM250 (£3,185)		220/304 (£3,279) no autofeed			
	DM225 (£2,775)		120/304 (£1,710)		Sensonic 2100 (£1,835)	SM26 (£1,995)
	DM200 (£1,850)	T1000 OPT (£1,100)	SMILE (£1,318)	Minipost (£1,325)	Sensonic 2000 (£1,435)	SM22 (£1,495)
	Post Perfect (£1,650)				MailSpirit with WP(£795)	Autostamp Pro (IJ25) (£995)
Personal Post (£399)	MyMail (£795)—not yet available			MailSpirit no WP(£695)	Autostamp/ (IJ25) (£795)	

Source: Neopost and the manufacturers.

2. *Very low volume.* Within the lowest volume range, Neopost offers an entry-level machine (IJ25) to compete against the best-selling product offered by Pitney Bowes (Personal Post). Both Frama and

Francotyp have entry-level machines based on new ink-jet technology: respectively, the Mailspirit (a Neopost IJ25 badged product) and the newly approved MyMail. Although AMS has been developing a product for this segment, it does not offer an entry level machine approved for use in the UK. In 2003, Pitney Bowes will be introducing a new generation IBI-enabled machine with Internet capabilities (DM100).

3. *Low volume.* The low-volume segment is the fastest growing segment. It is also the largest segment, with all manufacturers having numerous product offerings. AMS has two products in this range, neither of which use ink-jet printing: the Smile and the 120.<sup>1</sup> The main competitors to the Smile are Pitney Bowes (Post Perfect, DM 200, DM 225, Secap Minipost), Francotyp (T1000) and Neopost (SM 22/26). The main competitors to the 120 are Pitney Bowes (DM 300, E511, E521, Secap Minipost), Neopost (5460 and SM26), Frama (Sensonic 2000), along with some competition from Francotyp (T1000). In 2002, Pitney Bowes will introduce a new range of IBI-enabled machines with Internet capabilities (an upgraded DM200, DM250, DM300 and DM400).

4. *Medium volume.* In the medium-volume range, all the manufacturers have product offerings. AMS sells only one model (220), which competes against Pitney Bowes (E596, E586, Secap Alpha), Francotyp (Jetmail), Neopost (IJ65), and Frama (Mailmax I, Sensonic 2200, 2500 and 2600). The AMS model uses ink and die printing rather than ink-jet printing. By comparison, Francotyp (Jetmail), Frama (Mailmax I) and Neopost (IJ65) all have ink-jet printing machines in this segment. In 2002, Pitney Bowes is expected to launch new IBI-enabled machines with Internet capabilities (DM500 and DM550).

5. *High volume.* At the high end of the volume range, Pitney Bowes, Neopost and AMS account for most of the machines installed. AMS has numerous products in this segment: the 320, 335, 337, the Automail and the 340, which is for use only with inserters.<sup>2</sup> The main competition against the 320, 335 and 337 is from Pitney Bowes (U561 and to some extent the E596 and E586), Francotyp (Jetmail Concorde) and Neopost (SM 85/95 and, to some extent, the IJ75). Against the Automail, the main competition is from Pitney Bowes (Paragon) and Neopost (SM 85/95). Frama has also recently entered this segment and developed a high-volume ink-jet machine (MailMax II). Pitney Bowes has been very successful at the very high end of this segment (very large machines used in mail centres) ever since the introduction of its Paragon model, about eight years ago. In 2002 and 2003, Pitney Bowes is expected to introduce a number of new IBI-enabled high-volume machines with Internet capabilities (DM600, DM800, DM900 and DM950).

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<sup>1</sup>Ascom has developed a low- to medium-volume digital machine, which is at pre-launch trial stage.

<sup>2</sup>AMS only has two 340 machines in the UK.