Posti completes the 2020 competitive tendering process for mail delivery

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Posti has completed the competitive tendering process for 2020 for the sourcing of five-day delivery for universal service letters in areas without early-morning newspaper delivery as required by the Finnish Postal Act.

For this year's tendering, the Finnish Transport and Communications Agency Traficom had re-determined the areas. Previously, the areas were based on postal code areas. The renewal increased the number of tendered areas to as many as 4,492. Posti also piloted a more extensive service portfolio in two areas: Kerava and Joutsa.

A total of 21 companies signed up for the competitive tendering. Posti was the only operator to leave a proposal for all universal service letter delivery areas. In addition to Posti, three other companies submitted a proposal for a total of 684 universal service letter areas.

Posti's Sourcing selected the most affordable tenders. In addition to Posti, two other companies won universal service letter areas. However, these companies withdrew from consideration during the review negotiations of the tenders. As a result of the competitive tendering, Posti will continue managing all the areas and services covered by the competitive tendering.

"This was the third time Posti reached the same conclusion after organizing a sourcing procedure required by the Postal Act, in other words, the competitive tendering did not yield new delivery companies. Posti's operating model is the most cost-effective option for managing comprehensive deliveries in sparsely populated areas," says Director Tuija Åkerman from Posti.

The competitive tendering process was carried out in accordance with the Postal Act and the Public Procurement Act for Special Sectors. All of the participants in the competitive tendering process, including Posti, were subject to the same requirements and selection criteria. Posti is obligated to organize the tendering process.

Åkerman suggests promoting regional partnerships through subcontracting

According to Åkerman, new service solutions for the countryside could be promoted by

increasing the outsourcing of deliveries under commercial conditions instead of the competitive tendering required by law.

"Every year, the interest towards competitive tendering has been low, even though this year's tendering covered more than 4,000 areas as well as areas where Posti placed the entire service portfolio under competitive bidding. The most flexible way to cooperate with local entrepreneurs is to enter into subcontracting agreements directly with the companies. This policy has proven to be agreeable to all parties," says Åkerman.

At the moment, Posti's basic delivery covers about 4,800 routes, of which about 270 are managed through subcontracting. Posti uses slightly fewer than 600 subcontractors for its mail, parcel and logistics services.

Source: Posti

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