



Company Overview

Totalpost Services Plc.: Why Choose Us?

There have been significant changes in the Company, in its size (turnover) and organisation, and its target markets, both in the UK and overseas. This document has been created for internal use as well as for potential clients and partners in order to document the Company's current capability and competencies as well as provide a vision for its future operations.

Introduction

Based in Alston, Cumbria, **Totalpost Services Plc (Totalpost)** is a well-established and successful business that has long experience in the supply of products and services to the mailroom / office equipment industry sector. As a result of a significant growth strategy over the last few years, the Company now supplies products and services across a number of different industries in both the public and private sectors. Clients include the Ministry of Defence, HM Revenue & Customs (HMRC), leading banks & building societies and utility companies plus many more "blue chip" and SME companies.

Acquisition and Contracts

Since 2004 a strong relationship has been built up with the organisation which was originally known as Her Majesty's Stationery Office (HMSO) – the Business Equipment Maintenance Division, which, after privatisation in

the mid 1990's, was ultimately acquired by RR Donnelley. **Totalpost** were contracted to provide third party maintenance on many of their sites around the UK to service mailroom and other equipment, mainly on Defence sites and HMRC locations. With Donnelley's decision to offer the division for sale in early 2007, **Totalpost** acquired the business operations, staff and contracts in May 2007 and relocated the operation to new premises in Norwich. With regard to the existing contracts this was a seamless transition. This is now operating as "**Total Equipment Services**" a division of **Totalpost**, with its own General Manager and Account Management.

This acquisition has contributed significantly to the growth in the business with a £500k contract secured with the Ministry of Defence late in 2007. This contract is for the maintenance of mailroom equipment, shredders, print finishing and fax machines and will run for a minimum of three years with the possibility of a two year extension. In 2005, **Totalpost** gained accreditation by Royal Mail as "third party maintainers & suppliers of franking machines" and immediately after were appointed as re-sellers of franking machines for the two largest manufacturers – Pitney Bowes and Neopost. The major growth in relationships with Royal Mail, HMRC

and others saw a 300% increase in fully employed **Totalpost** staff over the period in order to provide nationwide service cover. Contract response time is as little as 2 hours. **Totalpost** have also been required to offer service on a growing range of other manufacturers equipment such as Stielow, Neopost, Pitney Bowes and Opex. As a result of the above service contracts, **Totalpost's** combined annual service contract values alone, currently total several £million.

As a result of this and added contracts for Disaster Recovery (DR) and scanner maintenance, we now have large premises in **Swindon** and **Warrington** to provide support, DR and engineer training centres.

Equipment Sales

Sales of mailroom equipment have also increased significantly with major +£100k orders for letter openers & service to Royal Mail and to HMRC for shredders. A tender for the supply of a large quantity of franking machines has also been awarded by the North East Purchasing Organisation (NEPO).

Rebranding

On 25th May 2009, having attained Plc status, we changed our company name from **Total Postweigh International Ltd.** to **Totalpost Services Plc.**

Totalpost: Company Organisation

The Company structure includes a Board of three Directors comprising Managing, Technical and IT, with one non-exec Director who handles Disaster Recovery (DR) and peak load processing of client requirements.

A General Manager heads up the Equipment Services Division based in our Norwich office.

A new Compliance Manager was appointed in 2008 to oversee the QA, Health and Safety, Environmental, WEEE and other regulations it is necessary to comply with.

Totalpost sells its products and services in over 18 countries around the world with major markets in France, Germany, Sweden, Malaysia, Ireland, the USA and the UAE. Further to the acquisition in 2007 of the ex-HMSO division (see above), the Company also has a representative office in Arnhem in the Netherlands and a new office in Denver, USA.

Company Capability

The growth since 2004 has been maintained and supported by key additions to personnel (several of whom are graduates) and the practise of existing staff training both "on the job" and with external input.

In 2008 the Managing Director was appointed as a Fellow of the Chartered Management Institute. The other Directors and key staff have allowed the MD to take a more remote role from daily business in order to spend time developing future product areas and new market areas, and at the same time still maintain and grow the day to day business.

Totalpost's ISO 9001:2008 policy of "continual improvement" leans heavily on staff development. Commercial alliances, training and development programmes have

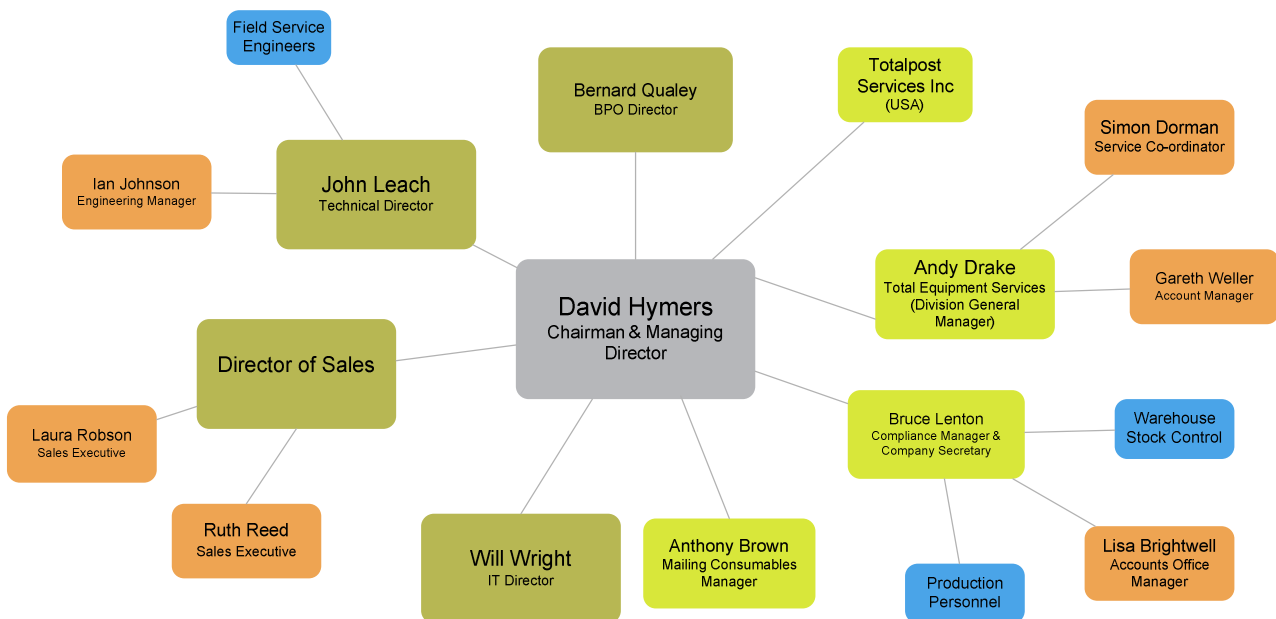
been formed (often via Business Link – NWDA) with Lancaster University, Salford University and the Manufacturing Institute.

Staff Development

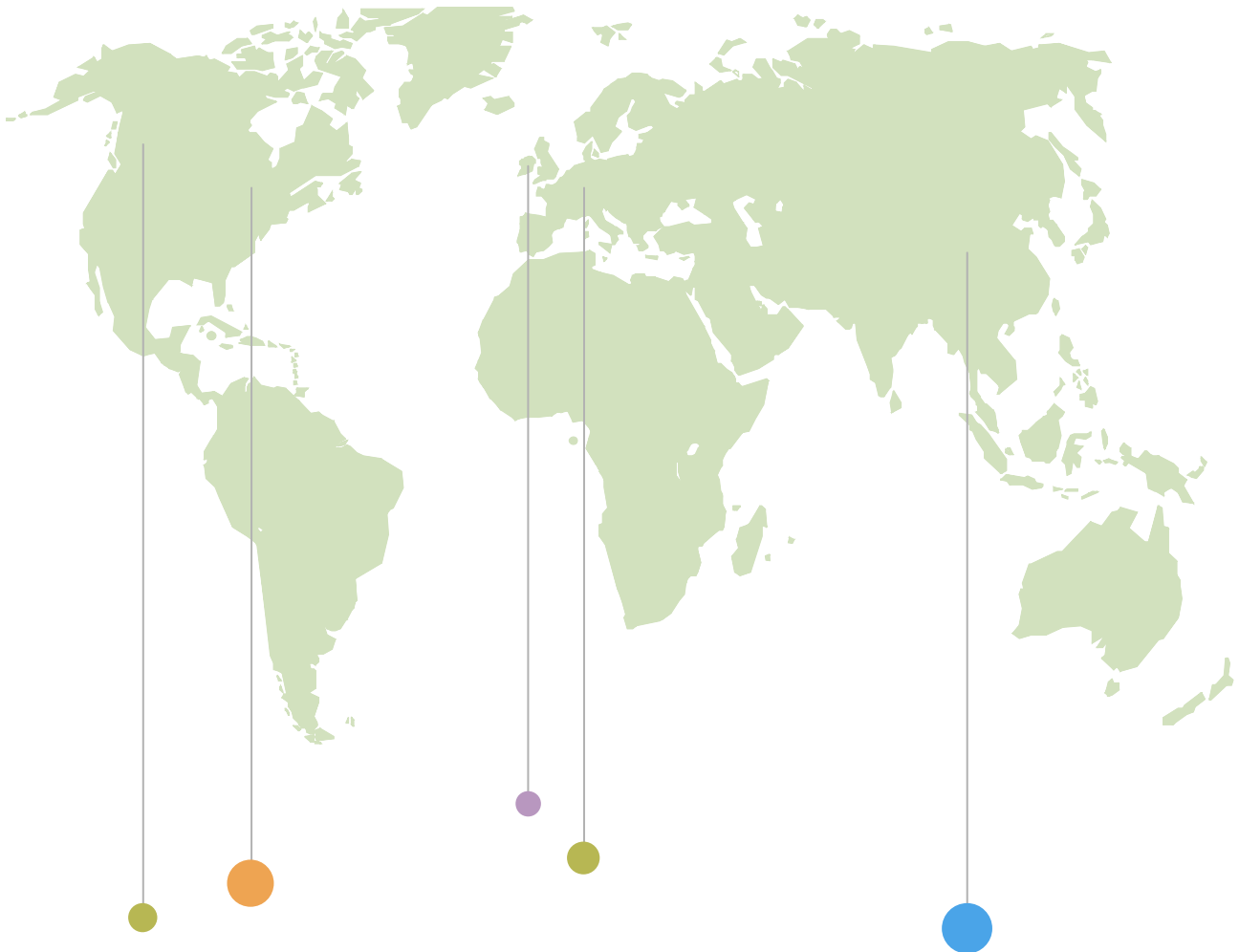
Staff performance and development at **Totalpost** is monitored and encouraged in order to ensure their contribution to maintaining high-quality customer service levels and product development and delivery excellence.

Totalpost personnel are trained to carry out their responsibilities correctly. This is "hands on" in-house in the first instance with external and/or qualification training in line with the strategic development of the business.

COMPANY STRUCTURE



Totalpost: International



We source from and supply to every Continent in the world

European Distribution

Totalpost offers a unique opportunity to buy from our complete range of compatible or replacement cartridges that represent approximately 97% of all ink or ribbon products used in franking machines or postage meters worldwide. This has led to many more new export customers in Germany, France, Scandinavia, Ireland as well as opportunities in many more

locations. This will lead on to other sales and distribution opportunities for ink / toner and mailroom supplies products during the coming years.

Totalpost is also the distributor for a major letter opener / extractor manufacturer (this is a solution for customers who want to upgrade the equipment **Totalpost** currently maintains for reasons of volume or specification change).

International Development

During 2008 the Company expanded further in mainland Europe with the establishment of major dealers, and in 2009 a US Corporation — **Totalpost Services Inc** was formed to provide mailroom products and maintenance in the USA, based in Denver.

Totalpost: Products and Services

Detailed product descriptions and specifications of **Totalpost's** portfolio of products and services can be found in the relevant brochures .

It should be added at this stage that the Company possesses significant in-company market knowledge in each of the product and service sectors listed below, thereby enabling steady growth within the respective product areas.

Mailroom Products

Representing nearly a third of **Totalpost's** turnover, the mailroom products business is fundamental to the Company's current and future growth. **Totalpost** has managed to achieve a strong position in this niche market over the last few years, particularly in the replacement equipment and after-service areas of the market where the major manufacturers are unable to supply efficient and cost-effective products and services. The nature of such a geographically dispersed sector where high volumes of product in any one location are rare means that the cost of support by the major manufacturers is high, thereby offering opportunities for more flexible product and service suppliers. As a result, **Totalpost** has taken advantage of this opportunity and focuses its efforts on supplying good, cost-effective service contracts which

in turn opens the door for the supply of replacement product equipment.

The current **Totalpost** product portfolio consists of:

- * Franking machines
- * Postal scales
- * Folding and inserting machines
- * Envelope openers / extractors
- * Envelope sealers
- * Addressing equipment
- * Shredders
- * Scanners



Cash Counting

Totalpost supply a portfolio of banknote and coin counting sorting equipment as well as a range of anti-counterfeit detection devices for banknotes. The target market sector for these products is disparate but purposely away from the commercial banking sector where established manufacturers and providers have a near monopoly over this sector. Instead, **Totalpost** focuses its marketing efforts on those sectors of the market where the likes of the larger corporates find it more difficult to penetrate and maintain good ongoing supplier and after-sales service relationships e.g. retail, travel, gaming, transport etc. These markets are typically made up of one-off sales but **Totalpost** are able to provide a consistently high level of service and in return achieve good margins on product sales. Cash counting products and systems account for approximately 10% of the total turnover of the business.

The cash counting products and systems portfolio comprises:

- * Banknote counting machines
- * Coin counting and sorting machines
- * Banknote validation equipment

Totalpost: Products and Services

Postal Scale Software

As a result of reasonably regular price changes for mail, software on the postal scales has to be changed. This necessitates new software upgrades for the equipment. As a result, the supply of new software upgrades for postal scales represents solid, ongoing business. For **Totalpost**, it also keeps the business continually in touch with the client, thereby helping to strengthen any existing relationship. Although relatively small in terms of revenue (equating to approximately 7-8% of the Company's total turnover), this service to clients represents an opportunity for ongoing repeat business and deepening of the client involvement with **Totalpost**.

Compatible Franker Cartridges

Totalpost offers a unique opportunity to buy from our complete range of "Royal Mail Approved" compatible or replacement cartridges that represent approximately 97% of all ink or ribbon products used in franking machines or postage meters worldwide. This is our own range at factory prices using our own selected parts, assembly, certification and approvals. These contain the appropriate non fluorescent ink for European and other markets, and fluorescent for the USA. **Dealer enquiries are always welcome.**

Service

Representing well over half of total business turnover, **Totalpost's** service organisation creates the stable business base from which the company can grow. Not only is regular repeat service business generated, but also, because of the strength of the relationship built up

by the supply of good after-sales service, client companies are more pre-disposed to sourcing other products and services from **Totalpost** as well.

The service product portfolio includes:

- * Annual maintenance contracts with response times from 2-4 hours to 2-3 days depending on need. This is nationwide, using our own engineers.
- * Managed contracts utilising our own engineers and also using partnered specialist companies when necessary to provide particular skills or "sign offs" on work – all from a list of over 60 key partners.
- * Ad hoc break down calls across the UK on 1-2-3 day response as required.

New Products

Since 2005 over £100k per annum has been allocated for research and development, new product and business development purposes.

Totalpost will continue to allocate resources for new product and business development in order to continue to maintain its strong competitive advantage in its chosen marketplace.

A new range of postal scales is currently under development and a new letter opener is being added to the **Totalpost** range.

Product extension has also continued in the form of a strategic alliance with HSM (Germany) for shredder supply and servicing of their range.

In addition, scanners and faxes are now part of the product range via our **Total Equipment Services** division. These products complement the maintenance side of the business, particularly when a unit requires urgent replacement.

Our Customers:



Totalpost: Total Equipment Services Division

Total Equipment Services Division (TES), operates out of our Norwich office and offers a unique 'one-stop-shop' for the equipment needs of our customers.

History

The department has a long and prestigious history that stretches back to 1910 when it was originally servicing typewriters as part of Her Majesty's Stationery Office (HMSO). Since then the business has evolved to provide a complete nation-wide maintenance service to cover nearly all types of office equipment. In May 2007 the business was acquired from RR Donnelley's and now utilises 'in-house' maintenance capabilities alongside over one hundred 3rd party supplier-partnerships to provide a robust mix of services.

Maintenance Capabilities

By utilising this unique and established service network, **TES** is able to offer complete nationwide maintenance solutions across equipment areas such as:

- * Print-Finishing (Drills, Guillotines, Folders, Staplers, Laminators, Binders, etc.)
- * Mailroom Equipment
- * Shredders (from small to industrial)
- * Fax Machines / Printers
- * Microfilm / Microfiche
- * Audio Visual Equipment

Contact Desk

Using a dedicated contact desk, inbound service requests can be received by phone, fax or e-mail. A tried and tested service management system is used to co-ordinate the

large number of service calls and to produce bespoke management information to customer specific requirements.

Delivering Complex Contracts

As a mark of this expertise, **TES** holds and manages nation-wide repair & maintenance frameworks for Her Majesty's Revenue and Customs (HMRC) and Ministry of Defence (MoD) - servicing devices on over 1000 client sites.

Cost Savings

The 'one-stop-stop' solution allows customers to place complex maintenance requirements with one single company and to dramatically rationalise the number of suppliers they need - thus, providing 'soft-cost' savings in administration and contract management.

Supply of Equipment

Through the large number of trade associations **TES** has with equipment manufacturers, a wide range of machines can be procured and supplied at discounted rates. In-depth experience is used to provide a free consultancy service, to ensure the correct equipment is supplied to fit customer requirements.

Systems & Standards

Totalpost has achieved the following accreditations:

- * ISO9001:2008
- * Ministry of Defence supplier approval
- * HMRC supplier approval
- * Royal Mail approval to maintain and supply franking machines
- * AWE Aldermaston supplier and security approval

These approvals ensure that our internal Company policies for Health & Safety, Risk Assessment, Security, IT, Disaster Recovery, Logistical & Project Management, and all aspects of supplier/customer contact have been fully scrutinised to the highest standards, frequent internal and external reviews are carried out and changes implemented and managed whenever necessary.

Our QA system is regularly audited in line with ISO9001 requirements (both internally and externally). We are proud to say that we have always received excellent feedback from our external auditors.

Totalpost have full contract management support with free help-desk 0800 telephone numbers (no "call centres") and an escalation procedure for any complaints and/or further technical issues.



Totalpost: The Future

Before deciding to pursue any future strategic development (new product or service), **Totalpost** have always considered company development issues carefully. An internal policy of sound research in areas such as the continued supply of product, availability of spares, product knowledge, parts and training manuals availability has meant that the company have never failed to provide products, parts or service once committed to do so.

This factor has created excellent customer loyalty with existing accounts and much of the present expansion plans are as a result of customers requesting **Totalpost** to carry out a particular task or provide a particular service.

Totalpost have a stated aim of becoming a "one stop shop" for customers for the supply and maintenance of all mailroom products and related equipment. On the occasions when the company is not able to provide what is needed **Totalpost** will always advise on where it can be sourced.

Totalpost is continuing to target major private sector organisations for the full management of all their equipment maintenance and

replacement needs. The company is already working with major facilities management firms as sub contractors for specialist maintenance.

The above stated **Totalpost** "model" has become very successful in the UK and, as such, the company will look to being able to implement it for its international development.

Business Continuity (BC/DR)

In early 2010 we opened large premises in Swindon and Warrington which are fully fitted with equipment to replicate a major mailroom, offering X-ray, opening and scanning facilities. We welcome enquiries for the "buy in" to our BC/DR offering to use the facility or for peak load processing.

Agencies

Please request details from David Hymers, Managing Director **Totalpost Services Plc** via david@totalpost.com

Financials

Please request company financial details from David Hymers, Managing Director **Totalpost Services Plc** via david@totalpost.com.

Company



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For more information please visit Totalpost on the web at www.totalpost.com, or call +44 (0)1434 381182.

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