



# Understanding Postage Meter Pricing in Canada

Leppert Business Systems Inc.

The components of pricing for postage meters can be very confusing to purchasers. To unbundle the pieces this document outlines the various elements which the three vendors include in their pricing

**Lee Kirkby**  
**10/7/2011**

*Information provided is for general guidance only. It is not a provision of a legal opinion, a comprehensive comparison between the policies of the vendors. Readers are advised to read the full document and to retain copies of all contracts for future reference.*

There are three companies in the Canadian market for postage meters.



The industry is highly regulated by Canada Post Corporation since a mailing meter is actually able to print money. Industry practices with regard to pricing of equipment can be confusing. This pricing structure can lead to confusion when comparing alternatives. Each of the companies have their own approach to pricing and costs, however there are common elements which every mailing meter operator needs to know.

Note: Each company has different names for components but the pieces of the pricing model are always there and you should be aware so you do not receive surprises down the road.

Summarized elements of the prices are here.

### The Components of Mailing Meter Pricing

- **Postage:** This is controlled by the purchaser uploading dollars (\$) into the vendor's trust site for credit to the users postage meter for printing postage. Prepayment or permission for automatic bank withdrawal will be required for this to work. Some vendors will accept credit card purchases by phone or pre-authorization. All postage will have to be loaded from the specific postage meter vendor's site. Reloading dollars for postage to the vendor's site is called **Postage Resets** which you are charged a fee for doing. You will be required to put money on deposit with the vendor's trust account prior to being able to use your new postage meter.
- **Meter Rental:** Meters are controlled by the vendors (Manufacturers) under agreement with Canada Post Corporation. They cannot be bought by end users, only rented on an agreement with the vendors. **Meter rentals** are quoted monthly but usually payable quarterly or annually. Rates quoted will be for an annual payment and up-charges will apply for more frequent billing.
- **Equipment: Postage machines or equipment,** the parts which actually stamp the envelopes, scales and sealers can be acquired in several ways. Smaller units are only offered on a rental basis, bundled with the meter rental. Mid range and larger units can be bought outright, leased or rented. Terms vary but usually are for 36, 48, 60 or 66 months. Owned equipment can be operated as long as it provides you with suitable service, although you must rent a compatible meter to go with your device. The meters are brand specific so owning your device does not free you from dealing with a specific vendor.
- **Extended Maintenance Agreement (EMA):** Vendors offer extended maintenance agreements for the equipment. These agreements cover repairs and support needed. For smaller machines the agreement is often a return/replacement agreement where

*Information provided is for general guidance only. It is not a provision of a legal opinion nor does it purport to provide a comprehensive comparison between the policies of the vendors. Readers are advised to read all agreements provided in detail and to retain copies of all contracts for future reference.*

the unit is diagnosed electronically or by phone and if not functioning, then it is shipped back to the vendor for replacement with another unit. For rental equipment, **EMA costs** are usually included in the quoted monthly rate. For leased or purchased devices this will be a separate charge and must then be factored into your overall cost. You can request that these costs be bundled into the ongoing rate but it is important you know this if comparing rates between manufacturers.

- **Digital Rate Fees:** With the development of digital postage meters, Canada Post Corporation has required the postal vendors to report on a regular basis all postage being processed through their meters. This statistical data is used to monitor postage in Canada. The vendors have created a fee charged to postal meter customers to recover the costs of this reporting.
- **Postal Rate Changes:** Generally done on an annual basis, but occurring on a schedule which is set by Canada Post Corporation, there are charges levied by the postal vendors for reprogramming meters in client locations with new postal rates. In addition some of the vendors charge for different levels of postal rate updates; local, international and parcel rates. You need to be aware of what your rate changes will cost. Vendors usually provide an option to pay a fee when rates change or to have a rate insurance charge booked into your monthly meter rate to protect your costs.

The summary formula for your total postal meter costs:

Meter rental + Resets + Rate Changes + Equipment Costs + Digital Rate Fees + EMA =  
**Total Cost** + Postage

Costs can be quoted monthly, quarterly or annually. Payments made monthly or quarterly will include a handling charge for frequency of billing. Postage used on the device will always be extra as will consumables such as labels, ribbons, ink cartridges etc.

**Finally**, be cautious that you know when your current (or any proposed) agreement will expire. It is common practice for some manufacturers to request an updated agreement before the current agreement expires....even as much as two years ahead. When you sign the new agreement you extend your rental and equipment agreement by the new term period, often without realizing this has happened. This could lead to double payment as the costs of the balance of the previous agreement will be bundled into the new plan. If in doubt, always ask for a summary of your current obligations and know your vendor.

Your choice of vendor can also be one of choice of working with a dealer for one of the postage meter manufacturers or dealing direct with the manufacturer. Often a dealer will look more broadly at your business as they usually have other office related products and services they can provide and therefore are more concerned with building a relationship with you. Manufacturers on the other hand are usually more concerned with making the deal at hand, knowing that the purchase decision on a mailing machine is a long term deal and is infrequent in most cases.

*Disclosure: Leppert Business Systems is a dealer for Francotyp-Postalia Canada.*

*Information provided is for general guidance only. It is not a provision of a legal opinion nor does it purport to provide a comprehensive comparison between the policies of the vendors. Readers are advised to read all agreements provided in detail and to retain copies of all contracts for future reference.*