Commercial and regulatory challenges for postal e-services in Switzerland

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1. Introduction*

Swiss Post has been innovating for years, strengthening its expertise as an actor in the digital world and exploiting the unique selling propositions it owns in the physical world. The emergence of the internet in combination with gradual liberalization has given rise to new customer needs, increased and changing competition as well as new business models in the postal sector.

The rationale for Swiss Post's investment in postal e-services is twofold: First, new services may enhance the value of traditional services by adding complementary services; second, they may compensate losses due to the progressing substitution of physical letter mail which progresses at a rate of about 2 percent per year.

This paper documents digital postal services in Switzerland in the context of the postal regulatory and business environment. The paper wraps up the development of postal e-services in Switzerland, puts it in a commercial and regulatory perspective and provides an outlook to future developments. The remainder of the paper is structured as follows: The second section discusses the challenges and opportunities for Swiss Post's core business due to electronic communication, the third section presents Swiss Post's approach while the fourth section highlights regulatory aspects. The fifth section concludes.

2. Challenges and Opportunities for Swiss Post's Core Business due to Electronic Communication

With 280 addressed letters per capita and year, Swiss mail volumes are still very high. However, they are continuously declining at a rate of approximately -2% per year. Parcel volumes are increasing thanks to a growth in e-commerce. The loss of economics of scale in the processing of letter mail puts Swiss Post's traditional business model at risk. Additionally, electronic and hybrid services are increasingly targeted at receivers which may undermine the senders' interests.

2.1 Regulatory Background

In the course of the most recent revision of the postal law in the years 2010-2013, Swiss Post was converted into a limited company under special law, as foreseen in the new Postal Organization Act. At the same time, Swiss Post's division for financial services, PostFinance, was hived off and placed under the control of the Swiss Financial Market Supervisory Authority as a limited company under private law. Former PostReg was replaced by PostCom which has a firm legal foundation and clear responsibilities for the supervision of universal postal services.

Today, Swiss Post is an autonomous public corporation, owned entirely by the Swiss Confederation. It operates within the institutional limits laid down by the federal legislation. The Federal Council not only determines the scope of the postal universal service obligation as defined in the Postal Act, but also defines the strategic objectives of Swiss Post every four years (Swiss Federal Council, 2012).

Postal legislation is directly derived from Article 92 of the Swiss Constitution which states that "The Confederation is responsible for postal and telecommunications services. The Confederation shall ensure the adequate, universal and reasonably priced provision of postal and telecommunications services in all regions of the country. The rates shall be fixed according to standard principles." Postal law is relevant for digital postal services in mainly two respects:

- The Postal Organization Act, together with the strategic objective of the Federal Council for Swiss Post, defines the scope of Swiss Post's business activities. The

* The views expressed here are those of the authors and do not necessarily reflect those of the organizations with which they are affiliated.

act states that Swiss Post is allowed to conduct any business related to the conveyance of letter and parcel mail (in addition to certain financial services and activities in public passenger transport). The Federal Council expects Swiss Post to develop its services, especially new services, in accordance with changing consumer needs (see Swiss Federal Council, 2012). The message of the Federal Council related to the Postal Organization Act states that, based on its core business and within the boundaries of its legal mandate, Swiss Post has

- to diversify along its traditional value chain by integrating up- and downstream activities geographically in Switzerland and abroad by utilizing economies of scope,
- to position itself in converging postal communications and logistics markets and
- to reduce its dependency on traditional and potentially regressive services.

These guidelines define the scope of digital postal services which Swiss Post is allowed to offer.

- The Postal Act defines the scope of the universal service obligation with respect to services offered and daily nationwide delivery. The Postal Act entitles the Federal Council to stipulate alternative forms of mail delivery. However, this possibility was not concretized in the Ordinance on the Postal Act. Hence, postal regulation asks for a very high quality provision of physical postal services to the Swiss population and businesses. Thereby, it strongly affects the commercial viability of electronic delivery which relies on potential cost savings (through a reduction in physical delivery) and consumer's willingness to pay for such services. Both of these depend negatively on the receivers' entitlement to physical delivery services which is very strong in Switzerland (daily delivery to the doorstep for most of the Swiss population), see Jaag and Dietl (2011).

In sum, the narrow scope of Swiss Post's legally defined activities in connection with a high quality level of traditional postal services (and therefore a low necessity for alternative services from the customers' point of view) represent quite a harsh environment for the successful development and marketing of digital postal services.

2.2 E-Law

The scope of legislation related to digital topics and services concerns a broad range of topics and covers subjects as data protection, digital identities or certificates, secure communication and sharing information under sound legal protection. The field of e-legislation is rather young compared to other traditional and historically grown legal frameworks and started to evolve quite recently. In Switzerland, legal frameworks have started to emerge at the federal level. However, it is the cantons that finally define the implementation of the legal framework in detail. Therefore, the final framework and the status of legal implementations differ from canton to canton and a nationwide harmonization is hindered. This county-specific peculiarity harms the indispensable interoperability between different systems in the field of electronic solutions.

E-health is one example for digital services in a specific sector. Some cantons already have a specific legislation for e-health (e.g. Geneva). A framework legislation on the federal level – with data protection concerns addressed as the main topic – is expected soon.

Other examples include e-justice and other e-government. The legal rules governing (postal) activities in these fields are diverse and fragmentary. In Switzerland, formal requirements on the transfer of legal documents (among others related to digital signatures) in a legal procedure are defined in the specific context of various codes of procedure at different legal hierarchy levels. In addition to these diverse and very scattered specifications, the Swiss Code of Obligations states in Art 14 para 2bis that a qualified electronic signature based on a qualified certificate issued by an accredited certification service

provider is deemed equivalent to a handwritten signature. The prerequisites and the procedure for the official recognition of these certification service provider are regulated in specific acts (ZertES, and corresponding amendments). Table 1 provides an overview of current projects and frameworks in Swiss E-Law.

Topic	Legal Framework	Status
Data Protection	Federal Act on Data Protection (FADP)	Enacted; main framework will be revised
Certificates and legal binding signatures	Federal law on certification Services and electronic signatures (ZertES)	Under revision
Health Data	Federal Act on the electronic patient data (EPDG)	Draft law under discussion in parliament
Digital Identity	Bill on digital Identities	Prospective draft law
E-Commerce	no specific framework and covered by established legislation	Harmonization with EU standards in consumer protection discussed in federal administration
Secure exchange of legal data and Information	No specific framework	Parliamentary letter of enquiry; examination by federal council
E-Voting	Ordinance on political rights and ordinance on electronic voting	Enacted; will be revised soon

Table 1: Specific projects and legal frameworks in E-Law

The electronic equivalent to the physical signature is considered to be an important prerequisite for every kind of electronic communication in the public and the private sector. To this end, the combination of the legal sources mentioned above would have to represent a consistent and conclusive framework. However, many legal uncertainties and risks related to the acceptance of electronically signed documents remain, especially concerning the legal effects of an electronic message and international recognition. Moreover, the standardization of electronic infrastructures, signatures and identities is still in the early stages and is heavily depended on the regulatory evolution on the international and especially European level. This constitutes an effective barrier for the development of digital postal services which necessitate clear rules on the legal status and consequences of sending, conveying and receiving digital messages.

2.3 Economic and Geographic Background

Swiss Post's business is strongly reliant on the Swiss economy in which it is an import enabler for trade and one of the biggest employers. Until the end of the 1990s mail and parcel volumes used to grow in parallel with GDP. Even though this direct relationship does not hold anymore, general economic activity is still an important driving force for mail and parcel volumes as well as other postal businesses.

The Swiss economy has shown continuous growth after a weak period in the early 1990s. The global crises at the beginning of the millennium and the recent crisis of 2008 have shown their effect on the Swiss economy with GDP growth falling to -0.2% in 2002 and -1.7% in 2009. Switzerland has overcome the crisis in 2008 rather well in part owing to exports in goods being insensitive to the business cycle. Currently, Switzerland's recovery continues to be broadly balanced, although the strength of the Swiss Franc in 2011 and 2012 put the export sector under pressure. After a GDP growth of 3.3% in 2010, nominal GDP grew by 2.0% in 2011, 1.0% in 2012, 1.7% in 2013 and 2.0% in 2014.

The largest percentage of GDP is produced in the tertiary sector (banks and insurances, trade and hotels/restaurants). There, employment has grown from 68.5% of the Swiss

workforce in 2001 to 69.6% in 2008. The secondary sector has lost some importance in terms of employment but there still are 24% employees working in the industry sector. The main industries in the secondary sector are the watch industry, manufacturing systems engineering, the pharmaceutical and chemical industry, food processing industry and medical engineering.

The population in Switzerland is continuously growing – primarily through immigration – and reached 8.0M in 2012. The percentage of foreign population is 23%. 74% of the population live in urban regions compared to 36% in 1930. Half of the urban population lives in one of the five biggest cities Zurich, Basel, Geneva, Bern and Lausanne.

Switzerland mostly extends across the north side of the Alps. It contains the mountainous area in the south (Alps), the Swiss plateau (middleland) and the Jura mountains in the north of the country. The average population density is around 190 people per square kilometer, with a considerably lower population density in the mountainous regions of the Alps which comprise about 60% of the country's total area.

The heterogeneous population and settlement structure causes also the cost of postal service provision to be quite different across regions. This facilitates direct competition by firms that are able to selectively enter the market with a focus on business customers and the most densely populated areas.

2.4 Postal and Telecommunications Infrastructure in Switzerland

The distribution of the Swiss population across the country is closely mirrored by Swiss Post's network of physical access points which is very dense in the middleland and less so in the rather sparsely populated areas in the Alps and the Jura mountains (see Figure 1). Compared to other European countries, the network of access points is very high – measured in relation to the population and the area of the country. The high proximity of postal access points to the population is due to regulation in the postal sector and it is an important basis for Swiss Post's strong position and its reputation in the Swiss population.

In an empirical study of mail demand in Switzerland, Buser et al. (2008) find that the emergence of electronic substitutes structurally changed the pattern of mail demand in a negative way. Therefore, also the telecommunications infrastructure – together with the services based on it – are an important determining factor for postal services. Switzerland's geography and the distribution of the population are also reflected in the Swiss broadband coverage. Figure 2 shows that accessibility of broadband services is distributed very much the same way as the postal outlet network. High bandwidths are driven by consumer needs rather than regulation as the telecommunications universal service only prescribes bandwidths up to 1 Mbit/s.

Figure 1: Swiss Post's network of access points.
Source: Swiss Post

Broadband penetration has been increasing continuously during the past years and is almost ubiquitous by now. Hence, electronic means of communication are available to the entire population. They enable electronic commerce and allow for services which represent a close substitute for physical mail.

Figure 2: Broadband coverage (download bandwidth >10Mbit/s)
Source: Bakom (2014)

The overview of economic and geographic conditions along with the postal and communications infrastructures shows that demand for digital postal services is driven by the accessibility of electronic communications means and customers' needs. The supply of digital postal services relies on the available technology and the regulatory framework within which Swiss Post operates.

3. Universal Service Regulation and Electronic Delivery

Business cases for digital postal services strongly depend on the regulatory and legal environment in Switzerland. Whereas the traditional postal business in letter mail and par-

cels is highly regulated and subject to sector-specific law, the legal framework for electronic services is still quite loose. The narrowly defined scope of Swiss Post's business in combination with a strong universal service obligation for physical services make it hard to successfully develop and market digital services as complements or substitutes. Weak regulation of standards for electronic exchange imposes considerable legal uncertainty and risk on digital postal services.

The challenges to postal strategy lead to the question of how postal regulation affects such a modification and transformation of business models. Regulators determine the incentives and possibilities of business model transformation in the postal sector through a variety of regulatory instruments.

Consider the following example from Switzerland: Swiss Post offers its customers the "Swiss Post Box" service. Whenever Swiss Post collects and sorts a letter addressed to the receiving customer, the envelope is scanned and emailed to the customer's cell phone. The customer then has the options to have the letter opened and scanned, recycled, archived or delivered to the physical address. Hence, not all letter mail needs to be delivered physically and daily at a high cost. With a strong physical USO in place, demand for such a service is low since physical delivery to the doorstep is free for receiving customers. Hence, the viability of this service depends on a technologically neutral formulation of the USO which would actually allow Swiss Post to save that cost of physical delivery.

A technologically neutral USO means that the focus is on the satisfaction of consumer needs, not on the technology used to achieve it (see Jaag and Trinkner, 2012). For example, the main needs of recipients concerning postal services are physical and timely delivery. The technology used by the operator is of little interest. Reverse Hybrid Mail services, such as Swiss Post Box, improve physical delivery – they are the secure electronic complement to the physical mailbox. As a prerequisite for such a service, broadband and mobile penetration rates have to reach a critical mass. Then, universal services can become a technologically neutral multichannel concept which is built on the original idea of the USO: to safeguard the public's access to a defined range of basic services. With the concept of a communications USO, no matter how quickly communication technologies change, the right to a minimum level of service quality is of high importance for the economic development of a society. Therefore, a unified definition of the universal service consists of the basic principle of having the possibility to communicate from senders to receivers irrespective of whether it is physical or electronic. Only a technologically neutral USO allows the postal USP to save the cost of physical delivery if it offers electronic delivery instead. This strengthens the business case for digital postal services which may not be commercially viable otherwise.

4. Swiss Post's Approach

As shown in the previous section, it is difficult for postal operators to get viable business cases by universal digital delivery. That's the reason why Swiss Post diversifies the digital postal services, which profit from the high trust of Swiss Post. However, the digital postal services' revenue and profit contribution is still very low compared to Swiss Post's total range of business. Digital services can be broadly grouped into two categories: First, dependent services are directly linked to a traditional service and enhance its value or add a distribution channel. Second, independent services which are often new platforms and represent real diversification away from traditional postal services.

4.1 Digital Services Linked to Traditional Services (Dependent Services)

During the last years Swiss Post developed a lot of digital services directly linked to traditional services. This permits Swiss Post to enhance their value.

The typical example for such an example is *electronic information exchange between courts and Swiss Post* for the physical delivery of the courts documents. This e-

government service ensures the quality of a physical process by exchanging transaction information electronically. The delivery of court documents is a special physical service that is defined by the Postal Act. It requires very high traceability and quality of delivery, since the service must ensure that the recipient receives the document in person.

Swiss Post has implemented a process that facilitates the electronic exchange of delivery information directly with court systems. This electronic integration ensures high traceability of delivery for the court. Because the process is fully integrated, the follow-up is performed directly in the court system, without any additional effort from the court. As Swiss Post generates the receipt, the unique identifier and the barcode, it can ensure the delivery standard throughout Switzerland. Delivery quality is thus increased, and can better match legal requirements.

The interest of Swiss Post for the digital service is not to increase the price of the service, but due to this automatic exchange it is to reduce the operative costs and to increase the quality and the traceability.

A second example is given by the new service *ePostOffice*. Many companies and organizations, particularly public administrations, rely on solutions that enable them to transmit information in a reliable manner (for example, notifications about tax matters or documents related to the next vote or election). To date, this could only be accomplished through physical delivery performed by Swiss Post. The delivery could not be made to an e-mail address. With the new service called *ePostOffice* the issue could be solved by Swiss Post. The service is set up for both the originator and the recipient of a mail item:

- The recipient can decide if he or she wants to receive letters from an originator physically or electronically. The choice can be different for each originator.
- The originator sends the mailing batch electronically to Swiss Post, without knowing the delivery choice of the recipient.

Swiss Post assumes the role of an intermediary between the originator and the recipient of a mail item, and takes responsibility to filter the mailing batch according to the recipient's chosen delivery option and to send to document physically if the recipient cannot be addressed electronically anymore or if the recipient didn't access the document electronically.

Thanks to Swiss Post's *ePostOffice* service, the originator can then send mail at the same service quality as that of a physical delivery. The delivery options for the recipient are neither disclosed to the originator, nor open to the originator's influence. Only the originator knows the physical address of the recipient. Swiss Post provides a safe and undisclosed link between the physical address and the electronic delivery.

These examples show how Swiss Post can increase the willingness to pay for established services, extended such products with digital services.

4.2 New Digital Services (Independent Services)

Swiss Post started also the implementation of new digital service in order to extend his portfolio and to find new markets extended the classical markets of letters and parcels. In this section such examples are provided.

SuisseID and Yellow Identification: The Link Between a Physical Person and their Digital Identity

In the digital world, it is important to ensure that a digital identity is related to the appropriate physical person in order to avoid identity theft and related fraud. This is particularly relevant for e-government services, which permit a digital identity to get access to and change personal information (this applies, for example, to tax accounts or electronic votes and elections).

The Yellow Identification service enables individuals to acquire an official proof of identity. Individuals can have their yellow identification performed at a postal office using an

official photo-based identification document. Swiss Post carefully checks the identification document in the presence of the applicant. By means of the “Original document seen by” stamp, Swiss Post confirms that a copy of the identification document is based on the original. For example, this service is used for the opening of banking accounts by Post-Finance, and complies with the Swiss Money Laundering Act. Because the service can be performed at every postal office, it is a simple procedure for any individual.

The SuisseID constitutes the next step after the Yellow Identification. The SuisseID is a high-quality digital identity, and a qualified digital signature¹ that can be used to electronically sign electronic documents or forms. Swiss Post produces the SuisseID according to the standards defined by Swiss Federal Law on the electronic signature. To acquire a SuisseID, an individual must visit a post office in order to perform the Yellow Identification and to link his or her physical person to the SuisseID (that is, to the related digital identity and digital signature).

The SuisseID is used to access e-government services such as online administration portals. Individuals do not need to apply to an administrative office in order to officially identify themselves, as this was already taken care of by Swiss Post when the SuisseID was acquired. Public administrations can outsource the identification process, which would otherwise be costly for both the applicant and the administrative office.

Swiss Post’s Electronic Health Record Platform

eHealth is a new market that Swiss Post has addressed with its services for a number of years. Based on its innovative solutions Swiss Post has implemented an electronic health record platform that is already in use in various cantons. This section will explain Swiss Post’s role and USP in the eHealth market.

A central element of the definition of the electronic health record in Switzerland is a virtual electronic health record that allows the electronic management of health information of a patient by health actors. The electronic health record ensures a safe and efficient exchange of medical information relating to individual patients, and thereby creates value for both health actors and patients. Its implementation should comply with the following main principles:

Security: Patient security is the core requirement. Thus, the security, quality and integrity of the data must be ensured.

Trust: Each exchange happens in a trusted environment, where the protection of the patient’s privacy is safeguarded.

Data protection: The electronic health record contains all the mechanisms that ensure the system’s compliance with data-protection laws.

Local: Data should not be centralized. The system ensures central access to local medical data that pertains to specific health actors.

Switzerland is a federal state, and accordingly the health sector is under the responsibility of the cantons. The Swiss Government defines rules and frame conditions, while the cantons are responsible for the governance and implementation of solutions in the health sector within their territories. In order to satisfy the above principles and to comply with the federal state this market requires one or many Swiss wide players having the necessary trust.

Swiss Post is an important actor in the health sector today, thanks to its vast expertise regarding the exchange of medical documents through physical postal services. The electronic health record has begun to complement and replace this physical exchange process with secure electronic exchange processes. Swiss Post decided early on that it would play a role in this emerging market by providing cantons with an electronic health record. Together with the canton of Geneva, Swiss Post implemented an electronic health record (under the name of “vivates”). When the system of Swiss Post was introduced in 2011, it

was the first Swiss electronic health record pilot project. Today, Swiss Post manages three cantonal pilot projects. Figure 3 shows the model developed by Swiss Post.

Figure 3: Swiss Post's electronic health record platform "vivates" (Source Swiss Post)

One question arises regularly: Why is Swiss Post active in the eHealth sector, and what is its role? Geneva's electronic health record, the first Swiss pilot project, serves as an adequate answer to this question, and confirms the legitimacy and success of Swiss Post in the hitherto non-traditional eHealth market.

One of the main success factors is Swiss Post's neutrality. The health sector is very complex, comprising very different and diverging interest groups. Swiss Post is a neutral provider, and has no interests related to the health sector other than to provide a system for the safe and efficient exchange of information. For that reason, health actors are willing to enter and manage medical data within Swiss Post's electronic health record platform. If health records were to be provided by one of the actual actors in the health sector, it would meet with resistance from the other actors (for instance, if a hospital set up such a platform, not all doctors would agree to participate).

Another important success factor is the trust that health professionals, the government and the population put in Swiss Post. The health actors are confident that Swiss Post supplies a system that complies with legal provisions, and with all security and data-privacy requirements.

Swiss Post always provides a clear and transparent explanation of the scope of its business and expectations. It will not interfere with medical processes, but will provide all the necessary means by which to optimize and support these processes through a safe and efficient electronic exchange of documents. Swiss Post verifies the identification of users, along with their authorization to access the medical data, as well as the secure transport of this data. The responsibility of publishing the medical data and its use remains clearly in the hands of the health professionals.

All these components ensure that the integration of Swiss Post's electronic health record as non-invasive as possible. The processes within the organization, and the management of medical data and documents, are not interfered with or changed. By complying with international standards, the implementation of technical interfaces bears only minimal consequences.

New digital services and business models

The services described above have not yet proven to have a business case that can compensate the reduction of the revenue of the classical physical business. Each service has a

defined pricing and business model, but the evidence of the necessity of such products on the market has to be still proven.

In the case of the eHealth it is necessary to bring the evidence to the actors and the deciders that such a system brings an optimization of the processes by the actors or to the health system. Only with this evidence the actors will get the willingness to pay for such a service. This process requires an investment of Swiss Post.

5. Tradeoffs in developing e-postal services

Since digital postal services are very diverse and many of them have been introduced only recently, there is not yet a clear business case or even a recipe for success. For Swiss Post, there are three fundamental trade-offs in developing digital postal services:

Trade-off in content: Those services which are closely related to traditional services are currently most successful. However, they often do not represent real diversification and may become obsolete in the long-run together with their physical counterparts, especially in the communications market. More radical innovations rely on adapted consumer expectations and may not fit well with Swiss Post's core competencies. There is not yet a proven and viable business case.

Trade-off in timing: To some degree, many digital services substitute traditional postal services. Hence, pushing digital services may accelerate the transformation and destruction of the Post's own profitable business. However, Swiss Post, doing nothing, could not stop or retard the transformation. Additionally, in the mid to long term, this substitution through the emergence of new communication channels and business processes is inevitable. There is a considerable risk of joining too late.

Organizational trade-off: Proximity to consumers and knowledge of their needs is key to successful innovation. This is a challenge especially for a postal operator that only transports letters, but does not need to have the knowledge about the customers' processes associated with their mailstream. This is a knowledge that Swiss Post has acquired through close cooperation and process integration with clients. Hence, it makes sense to develop digital postal services in a decentralized manner in the various business units of Swiss Post. However, the development of digital postal services in business units will be biased in favor of add-on services which relate to existing services. For independent services, which may cannibalize existing services, a structure besides the business units may be more appropriate. At any rate, a certain degree of coordination is necessary to benefit from synergies and to reach critical mass in new markets. Moreover, the transformation of Swiss Post into a new role in the digital world necessitates an extensive and coordinated effort beyond product innovation.

6. Conclusion

Swiss Post offers a broad range of digital postal services. The development and marketing of these services is decentralized across all business units. Thanks to its financial strength, Swiss Post is able to finance its capital expenditure (e.g. for new business) with its operational cash flow. Digital services can be broadly grouped into two categories:

- **Dependent services:** Most of the digital postal services are directly linked to a traditional service and enhance its value or add a distribution channel. This allows to profit from time-tested consumer habits and expectations to pay by increasing the willingness to pay for established products.
- **Independent services:** Few digital services are independent and represent real diversification away from traditional postal services. However, except to eHealth, these have not yet proven to have a viable business case as the willingness to pay for stand-alone services is low and the direction of competition is unclear.

The business case for digital postal services strongly depends on the regulatory and legal environment in Switzerland:

- Postal law: The narrowly defined scope of Swiss Post's business in combination with a strong universal service obligation for physical services make it hard to successfully develop and market digital services as complements or substitutes.
- E-law: Weak regulation of standards for electronic exchange imposes considerable legal uncertainty on digital postal services.

The analysis of digital postal services in Switzerland reveals that digital services already permeate traditional services and have become a matter of course. Most services have been developed in close relationship to physical services to which they add convenience and value. In addition, there are hybrid services and purely digital services which are an expression of entire Swiss Post's transformation away from its physical core services. This transformation is still in its infancy and its direction is still vague. As a result to a fast changing environment with new technology, consumer needs and regulation, also Swiss Post's organization of digital postal services is subject to ongoing modification and adjustment.

From the outset, Swiss Post seems to possess the right assets to diversify into electronic services that complement its traditional business or leverage its reputation and proximity to consumers. However, the commercial success of postal e-services has been somewhat impeded by a strong USO (which reduces demand for new services), legal uncertainty with respect to the allowed scope of business and generally an uncertain legal framework for electronic services. Electronic substitution in Switzerland has so far been significantly slower; hence Swiss Post's effort to make physical mail more attractive through complementary services might so far have been successful after all.

What regulation is necessary to promote postal e-services? An important step would certainly be a technologically neutral formulation of the postal USO. Currently, there are two communications infrastructures (postal and telecommunications) which fundamentally serve very similar purposes. A relaxation of postal obligations related to services for customers who are served well with other means of communication would remove the artificial attractiveness of postal USO products and hence stimulate demand for e-postal services. Additionally, a clarification of the rules governing electronic services e.g. in the health sector would be beneficial for new services in these industries.

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