

Trends in Outsourcing Printing and Publishing  
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Imagine, if you will, what it would be like to never handle another piece of paper again. No bills, no magazines, no books, no newspapers and no advertisements would clutter your world. It's the ultimate in vision of a paperless society, but it's met with resistance at every turn. Studies have shown that people prefer to have some paper in their lives. That doesn't necessarily mean they want the clutter that exists today, but there are certain pieces of mail and printed entertainment that consumers would just rather touch.

That all comes down to one simple fact: the ultimate vision of the paperless society isn't likely to become a reality anytime soon. Even so, consumers and businesses alike crave a reduction in the amount of paper they use, and for a good reason. It's expensive. From a business standpoint, sending out invoices, bills, marketing materials and other types of correspondence represents one of the three percent of an organization's budget. In percentages, it doesn't sound like a lot; but when you take into consideration that the average marketing campaign cost a company anywhere from \$10,000 to more than \$1 million, one to three percent begins to look like a very large number.

This push for reduction in paper combined with an intense need for organizations to reduce costs in any way possible has major companies turning to outsourcing for their printing and publishing needs. Charles Dohs, COO of Drizen-Dohs Corporate Communications (DDCC) in Southern California says, "In-house printing is solving 90 percent of companies' problems, but they are looking to outsourcers for the remaining 10 percent of their printing needs." The outsourcing takes many forms, from outsourcing the placement of printers within an organization to outsourcing printing and publishing jobs completely and on a print-on-demand or variable-print basis.

#### Variable Data Outsourcing

Traditionally, companies that have complex printing requirements like variable data, which results in highly customized publications, have developed those printing capabilities in house, says Dohs. For example, he points to Verizon. The company has its own in-house publishing plant that produces all but a small percentage of the company's printed materials. Outsourcing is bringing a change to that tradition. Today those very customized pieces are one of the most frequently outsourced printing and publishing operations.

"There are tremendous skill sets involved, and the cost is pretty prohibitive," says Dohs. In fact, he says that just one of the digital color printers required to do these personalized print jobs can cost a company "upward of \$250,000 or more." The alternative is for the company to turn to an outsourcer like DDCC, which can produce those same pieces for considerably less because by producing them for many customers.

Cost seems to be the number-one driver for companies that look to outsourcers to meet their printing and publishing needs. The equipment and expertise needed to accomplish a professional-looking piece of printed collateral, of any type, is more than most companies are prepared to, or capable of handling. "We offer them a turnkey printing operation where one point of contact handles all of the capabilities necessary to produce what they need."

Those capabilities include design, content production, layout, digitalization and any other facet of taking the document from concept to finished material. Today, that can include a need for one piece to meet many needs from print to digital and mail to e-mail.

#### Print on Demand

On-demand printing is one of the hottest new printing capabilities to hit the market – for some industries. And when print on demand is combined with capabilities of the Internet, it has a lot to offer companies that need specific types of print jobs done in a very short timeline.

Another reason that many companies outsource their printing needs is time. Companies concept an idea and then need that idea delivered to customers as quickly as possible. It's one way to stay ahead of the competition. Outsourced printing via print-on-demand services meets those needs.

For example, Steve Damman, CEO of QuantamMail.com, a print-on-demand publisher located in Austin, Texas, says the real estate industry benefits from print-on-demand service. "Traditionally people had to come up with a design, take it to a printer, pick it up from the printer, find a mailing list and then mail the piece." Today he says those same companies can simply design a mailing piece through the QuantumMail.com Web site and expect that it will be printed and mailed the next day – for pennies more than the cost of postage for each piece.

This type of outsourced printing seems to be a combination of do-it-yourself and professional printing. The company designs the piece they need to have printed, and the vendor does the printing and mailing. It's a synergy that reduces the cost of touching customers with printed materials but still speeds the time from concept to finished product. Or, as Damman puts it, "We focus on leveraging technology to offer a superior service to our customers." And it seems to work. Since transitioning to a Web-based company several years ago, 99 percent of the company's print orders arrive via its Web site.

#### Giving it all Away

One thing is certain: most companies know they are spending a lot on their printing and publishing capabilities – they just may not know how much that really is. "Most of our customers are not thinking about outsourcing, because everything just works," said Dave Arndt, Imaging & Printing marketing manager, Customer Solutions Group, Enterprise Segment, HP. "They know they should be taking a look at printing costs, but it falls way down on their list."

Unfortunately, what most companies find when they do take the time to look at it is that they can save their organizations as much as 30 percent of their current costs, according to Arndt.

For example, HP has a service called Total Print Management that provides customers with complete, "cradle-to-grave" printing outsourcing, both in house and outsourced, both in house and outsourced. For Motor Company chose to use that service, and the company has saved 30 percent over what it was previously putting into the printing and publishing services it had before HP came in and helped to reduce its costs.

HP takes a holistic approach to printing by first doing an assessment of how company prints and what resources are used for that printing, whether it is handled in house or outsourced. "For a lot of companies, it's very difficult for them to figure out what they're spending on printing because for the most part companies don't look at it uniformly. It comes out of different budgets." For example, an organization may have several different departments that have extremely different publishing and printing needs, and the costs for those needs are hidden within the departmental budgets.

To combat what's beginning to look like a resource-draining trend, many companies are just handing all of their printing needs – from printing machines like copiers and printers, to supplies and even the outsourced printing jobs – all to the one company to manage from the ground up. "The revolution that happened 10 years ago with PCs is starting to happen with printing," says Arndt. "You're spending a whole lot of money on printing, and you need to aggregate things because you save a whole lot."

## The Whole Picture

There are so many facets to printing and publishing today. Do you print it in house or outsource it? Do you print it electronically to on paper or both? Do you send it through e-mail? Do you send it through the mail as an added piece of paper in a bill that's already going to the customer? The list of considerations is endless. What's not endless is the size of budget that companies gave to do all of these things. Unfortunately, that budget may be larger than you realize and might encompass more than just the actual printing.

"The single biggest trend we see today," says Kerry LeCrone, senior vice president of ASP for Dallas, Texas-based Docucorp International, Inc., "is that even though there is more to be published today, people are doing their best to keep from putting it on a piece of paper. Everyone wants to go digital, even if it's worth only one percent of their documents. Even one percent represents a savings for most companies; and if that savings can be intensified in other ways, companies are all for it and all over it as they recite the mantra that seems to affect so many organizations today – do more with less.

Arun Singh, COO of Active Data Services, based in Morrisville, NC, says companies can expect 30-50 percent savings from changing the way they print. And that is the core of the trend toward outsourcing printing and publishing. It's about change, driven by the need to reduce costs and to leverage the technologies of today.