

WhatTheyThink?

Pitney Bowes and ORION Printing: Optimizing the Marketing Supply Chain for IPG

By Barb Pellow

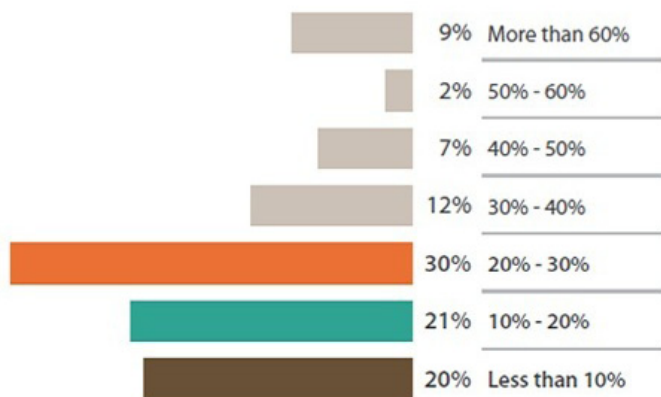
Last week, ORION Holdings, a unit of Interpublic Group (NYSE: IPG), and Pitney Bowes Inc. (NYSE: PBI) announced that they have launched a strategic partnership enabling ORION Holdings to create a new unit, ORION Printing (www.orionprintingww.com). Through its partnership with Pitney Bowes, ORION Printing will focus on supplying print management solutions to IPG companies globally. For IPG marketers, this should be a welcome solution to a longstanding issue.

Most marketers are painfully aware that their closets are full of obsolete sales materials, while others are enduring their sales teams' constant cries for up-to-date content. Nevertheless, few take any actions to increase the efficiency of their processes for ordering, storing, and delivering marketing materials.

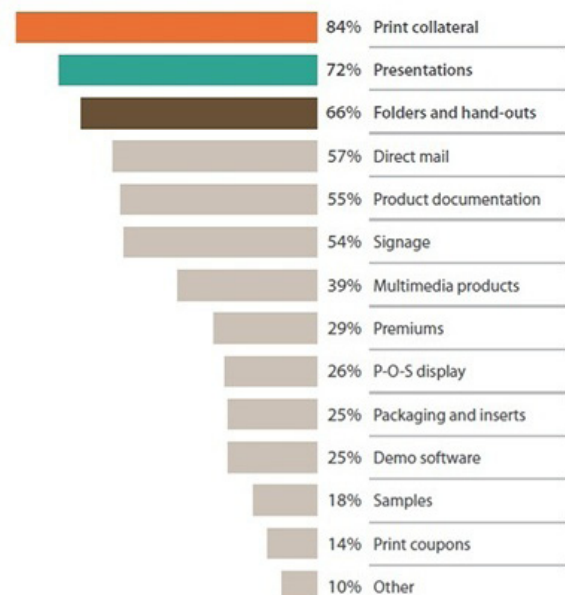
Materials to support an organization's sales efforts can consume a significant portion of a marketing budget. According to a recent Chief Marketing Officer (CMO) Council study entitled Mapping + Tracking: The Optimized Marketing Supply Chain, 30% of marketers surveyed spent 20%-30% of their budgets on producing, warehousing, and shipping printed marketing literature, packaging, documentation, point-of-sale displays, premiums, giveaways, signage, and hand-outs for all channels of market contact and engagement. Printed collateral topped the list of materials produced.

Figure 1: Marketers Invest Billions in Materials

Budget Spend On Marketing Materials



Marketing Materials Produced



How well this portion of marketing operations is managed and controlled can materially impact go-to-market effectiveness, as well as the optimal use of marketing dollars in creating business value and a competitive advantage. Managing the marketing consumables pipeline requires understanding and controlling the entire chain of suppliers and the processes involved in creating and distributing materials. IPG recognized the business opportunity to streamline its operations and engaged Pitney Bowes to help manage print services across its agency network.

According to Patrick Fogarty, Vice President and Commercial Sector Leader of Pitney Bowes Management Services, “The mission of the relationship is to leverage the holding company’s worldwide print spend to create savings and increased value for clients. Through ORION Printing, IPG companies can gain access to a fully managed print service, a global network of industry-leading print solutions, project management tools, and innovative technologies to cost-effectively deliver enhanced services to clients.”

As the parent company of global agencies like McCann Erickson, Draftfcb, and Lowe and Partners, Interpublic provides centralized resources and support that help its companies meet their clients’ needs. Fogarty explained, “Last year, IPG issued an RFP to address the challenges associated with managing the marketing supply chain. IPG has substantial print spend and the objective of the RFP was to set up processes to manage the group of suppliers they rely on to produce marketing materials (e.g., print, promotional products, point-of-sale). Just like manufacturing has a supply chain made up of components for building products, marketing has a supply chain for providing distribution channels (e.g., direct sales, distributors, agents) with the right content to convert prospects into loyal customers. Manufacturers recognized that building an infrastructure to deliver the right components at the right time can reduce inventory,

obsolescence, and the overall costs associated with managing a large number of suppliers. These same disciplines applied to managing sales support materials can optimize marketing spend and the return on overall investment.”

Pitney Bowes: Managing the Marketing Supply Chain

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Pitney Bowes is leveraging its global reach and proven ability to manage print in the relationship with ORION Printing. Like many organizations, the IPG marketing supply chain is made up of numerous print service providers and mailing and fulfillment houses. Left unmanaged, the number of partners can be an invitation for pandemonium. It results in overspending, compromises brand integrity, and causes compliance risks for the end client. In partnership with ORION Printing, Pitney Bowes will work with the IPG companies to manage its network of print vendors and ensure control of pricing,

branding, and compliance.

As IPG companies seek support to enhance print management, this partnership will:

- Provide print procurement sourcing expertise across the entire marketing materials mix, including sales brochures to point-of-purchase materials, and packaging.
- Foster an understanding of underlying cost infrastructure, as well as recommend and implement print procurement process improvements,
- Vet existing suppliers to minimize risk for IPG whole also ensuring that print service levels are compliant in complex environments like healthcare and financial services.
- Provide transparency via access to detailed activities and spend reports by marketing project, requestor, buyer, and supplier for the marketing services that support them.
- Offer convenient access to service providers as well as visibility and control to IPG companies on

print spend.

- Aggregate volume to achieve economies of scale in the procurement process.
- Reduce the administrative burden for IPG companies associated with managing multiple vendors.

While there is no mandate forcing IPG companies to utilize ORION Printing, there is clearly a strong interest across a spectrum of companies in an environment where marketing spend is under scrutiny.

Pitney Bowes has created centralized teams in both the U.S. and Europe to support IPG companies. Fogarty noted, “Our initial engagements are in the U.K. and South Africa based on client need. If the IPG company needs support that goes beyond print, we have the ability to fulfill needs across the entire customer communications value chain. Our primary focus, however, is to wrap our arms around print spend.”

Bottom Line Results

While Fogarty was not at liberty to disclose any contractual terms or expectations on overall savings, Pitney Bowes is on a mission to help IPG reduce print spend and add efficiency to the overall marketing supply chain. In challenging economic times, more and more companies will step up to the plate to address the inefficiencies present in the current marketing supply chain. There is a clear acknowledgement that ineffective management of the marketing supply chain will increase costs, drag down delivery times, lead to over-ordering, and hurt profitability. Service providers have the opportunity to bring order to the chaos of the marketing supply chain and give marketers tighter control over their processes, costs, brands, and compliance issues while minimizing risk and maximizing profitability. It’s time to help marketers optimize the marketing supply chain!

About Barb Pellow

A digital printing and publishing pioneer, marketing expert and Group Director at InfoTrends, Barbara Pellow helps companies develop multi-media strategies that ride the information wave. Barb brings the knowledge and skills to help companies expand and grow business opportunity.