The Power of Print Outsourcing

How organizations can optimize communications dollars through print management services
Print outsourcing defined

"Print outsourcing" has come to mean different things. In simplest terms, it involves aggregating and consolidating print management – including indirect print spend and related services – through a firm that specializes in this field.

Under this definition, print outsourcing includes vital consulting services that optimize print production and distribution, coordinate print with communications across all channels and leverage print spending to create significant savings. In fact, to call it simply "print outsourcing" is to sell it short. It is more accurate to refer to it as print management services, because it is the management and consulting component that can offer the greatest value.

Print management services: A growing solution

According to the IDC*, print sourcing and procurement services "is projected to grow from $2.8 billion in 2011 to $6.4 billion in 2016 in the United States at an 18.1% CAGR. Worldwide, the segment will grow from $6.6 billion in 2011 to $13.2 billion in 2016 at a 14.8% CAGR."

How much can organizations save?

Savings can amount to as much as 30 percent on print across the enterprise. What’s more, experts in print management outsourcing are increasingly willing to consider pricing on a gain-share basis or providing a savings guarantee. That 30 percent can have a huge impact, whether it is used to directly boost the bottom line or reinvested for greater marketing gains.

* International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets.
This projected double-digit growth rate is not due to an expected increase in print volume but rather to the significant value businesses are recognizing in outsourcing their print and print management. There are dramatic savings to be had – along with significant increases in efficiency.

This value is derived in three ways: outsourcing efficiencies, print capabilities and management expertise.

**Basic outsourcing benefits**

When organizations outsource, they gain the opportunity to direct more of their efforts toward their core businesses. They benefit from getting these non-core activities offsite to pre-vetted printer networks with excess capacity and from not having to carry the equipment and staff on their books. They reduce their overall risk and support their diversity, environmentally sound practices and sustainability initiatives through the vendor base.

They also can pay just for what they use rather than having to staff for peak capacity. And they gain the leverage that comes from the massive combined volumes that are managed by outsource providers.

**Benefits of print outsourcing**

More specifically, outsourcing print can provide access to more printers in more places. This creates the ability to near-source more print jobs, increasing both speed-to-market and cost savings. Access to a wider selection of printers also helps in allocating each job to the best available print provider.

Risk mitigation is another significant benefit. Using an unvetted printer network can be filled with risk for an organization: for example, risk associated with vendors outsourcing to other vendors, vendors who are not financially stable, not environmentally sound or not compliant (SEC, FDA, etc.) or who have little or no data security, secure digital asset management or storage.

Leading print outsourcing providers take the necessary steps to ensure their vendor panels include only qualified vendors with responsible and sustainable operations.

Striking an effective balance of speed, capabilities and cost ensures rush jobs can be cost-efficiently expedited, specialized jobs receive the specialized attention they require, and routine jobs are completed as economically as possible. Further, centralized control, on-site or off-site, through a print outsourcing provider can significantly reduce the often rampant redundancies that occur when print is sourced internally across different sites and silos throughout organizations.

**Print management benefits**

Print itself has become less of an art form over time. Equipment is more sophisticated and less error-prone, and the chief objection organizations raise to outsourcing is that there is little to gain by tapping into leading print expertise. There is a kernel of truth to this argument from a pure print perspective; however, there are two key factors that make gaining print management expertise more important than ever – and these drive significant overall quality and savings.

**Document demands have become far more complex:** Consumers expect greater personalization, and print is just one of a range of channels through which communications need to be delivered. Thus, print needs to be highly integrated with other aspects of information management:

- **Customer communication management:** Effective customer communication management
(CCM) is needed to ensure that communications are coordinated across channels. Demand for print remains high – for example, a recent survey of healthcare insurance subscribers showed that more than 80 percent of consumers prefer to receive some or all of their insurance communications via mail. However, there is growing demand for receiving communications via other channels as well, and organizations need to consistently and professionally represent their brand while addressing consumers through the channels they prefer.

» Output integrity:
Extensive expertise in printstream engineering and file-based processing is necessary to ensure that all components of every mailpiece are properly personalized and coordinated. Customer satisfaction and loyalty, compliance and privacy requirements demand that consumers receive only the communications that were meant for – and are meaningful to – them, and that their personal information is kept secure.

Overall process optimization looks both up- and downstream from printing itself: In addition to considerations of personalization and CCM, a more holistic approach to document process uncovers savings before and after documents are produced:

» Looking upstream, improvements in data quality can reduce print costs by eliminating duplication and bad records, reducing the size of print runs and improving ROI. Data quality is also essential to document personalization – the better the data, the more accurate and effective the personalization can be.

» Looking downstream, in addition to near-sourcing print jobs to minimize time and expense of delivery, organizations can gain significant savings through presort during or after the print production process. Stricter postal automation and presort requirements make it increasingly difficult for individual organizations and smaller presort suppliers to capture these savings. There is increased benefit to working with outsourcing providers that coordinate both print and mail.

IDC describes the latest approach to print management services as follows:

“Depending on the nature of the contract, these services may also encompass consulting that is designed to optimize print manufacturing, reduce postal costs, or optimize print-related communications to drive faster customer/recipient response times and/or to reduce operational costs (e.g., demands on call centers) via more effective customer communications. Service providers often leverage a qualified or certified network of suppliers for printing, fulfillment, and related services. These services may be based on proprietary technology and may include dedicated print management resources onsite.”

Overall, organizations are finding that a wider, business-process focus enables improvements in everything from document creation through delivery and creates benefits that extend well beyond print savings.

Choosing a print management services solution

Even organizations that outsource print in some fashion today often find significant benefits in reassessing and realigning their
approach. The criteria below can help your organization decide which vendors to consider and who to choose.

1. Business-process expertise
   As discussed above, the business of customer communications is changing:
   - There are more channels, and businesses are expected to be nimble in managing customer preferences across all channels.
   - Social media is expected to play a growing role in customer communication – but its place in the mix is still being defined.
   - New opportunities such as hyperlocal and real-time mobile marketing are new to the scene and require tremendous agility and speed.

   In this rapidly evolving environment, expertise in print doesn’t begin to encompass all that is important in the communications space. Organizations will gain the greatest benefits by teaming with a provider who has the required breadth of expertise and solutions across all aspects of document management and keeps abreast of communications trends and capabilities.

   A recent article quotes Ilan Oshri, a professor at Loughborough School of Business: “Buyers... expect the vendor to work closely with them on improvements.” Today’s business-process outsourcing is becoming more collaborative and consultative as today’s marketplace demands more efficiencies as well as savings.

2. Performance and trust
   Customer communications are the lifeblood of businesses. It is crucial to choose a partner with a strong track record and a reputation for quality.

   Reliability: The level of personalization, transpromo messaging and customer demand for accuracy and relevancy makes it more critical than ever that every element of every mailpiece and digital campaign is properly associated. There is also considerable increased scrutiny when it comes to compliance. In choosing an outsourcing provider, it pays to look for established expertise in managing the intricacies of data quality, multichannel communications and document integrity and security.

   Aligned interests: A vendor that has its own printing facilities and services has a vested interest in keeping its own print volume up. On the other hand, a “print-neutral” vendor is in a position to place communications jobs where their customers will get the greatest benefit. Particularly with the shift to multichannel communications options and the need for agility and speed, it pays to look for vendors who will not be inhibited by allegiances to any particular channel.

   Quality: Organizations need quality they can rely on – under all circumstances. When printing hits peak volumes, it can strain the process overall, and quality can suffer. It’s crucial to seek out a print management provider who is fully prepared for peak volumes, not just the day-to-day. Look for a guarantee that every time, every job will be performed by a carefully screened and approved resource, regardless of the job’s size and circumstances. This is particularly important when you consider a provider who does its own printing – be sure to ascertain what happens to jobs when the provider needs to outsource overflow.

3. Overall value for investment
   When you consider all of the factors that can help or harm communications effectiveness, it pays to look up and downstream, from data quality to print production to presort services for huge USPS savings and faster delivery.

   The trend in outsourcing today is to seek end-to-end providers who take a consultative
approach to working with their clients and a holistic view of the communications process. These providers work with organizations, not just for them, and they structure services to meet their clients’ needs.

Here are some additional questions that can help in ensuring a collaboration that meets your business requirements and generates savings and efficiencies that will improve customer loyalties and your organization’s bottom line:

- Can the vendor provide support across all communications channels and throughout the communications process?
- Do they have a single-platform solution? How easily can they change and add functionality as operational and market needs dictate?
- How robust is their print network? Does it offer the U.S. and international coverage the organization requires?
- Will they place staff on-site as appropriate to coordinate jobs and interface with organization personnel – and at what cost?

The Pitney Bowes approach

Pitney Bowes Management Services builds customized solutions specific to each unique customer engagement, typically with our innovative print-process and production experts deployed on-site in our host client’s offices and dedicated to their daily printing needs. Our on-site teams are supported by a centralized team of print-category experts who remain focused on vetting the print vendors in our panel, new technologies, market and process innovation, risk mitigation and compliance. These teams are inextricably linked by our market-leading SourcePoint eProcurement platform. In addition to full eSourcing capabilities, our SourcePoint platform provides comprehensive and robust trend analysis and customized reporting to drive full visibility of the print supply chain down to the component level while enabling full transparency of costs for our clients.

Pitney Bowes provides end-to-end print management services designed to incorporate data quality, CCM, print production, presort and distribution. We utilize a vast network of printers: each has been carefully vetted to ensure top quality under all circumstances, and together they provide opportunities for high-quality, near-site production for all print work under all circumstances.

With decades of experience in document management, a powerful, single-platform solution for managing multi-channel communications, and industry-leading presort solutions, Pitney Bowes provides comprehensive print management services.