Prioritizing Software Investments for Improved Profitability
Which comes first: Web-to-Print or Workflow?

By Cary Sherburne
Abstract:

Most printing companies understand the need to invest in various types of software as they continue to evolve their business models and infrastructure to better address current market realities. But how should these investments be prioritized? Is a web-to-print storefront the first step? Should you work on the back end first? Or perhaps there is a way to address both at once?

This white paper explores the pros and cons of various implementations and provides actionable ideas about how businesses might choose to proceed when making software investment decisions. It also includes real-world stories from three print service providers who have successfully made and implemented these types of investment decisions, with positive results.

About The Author

Cary Sherburne is a well-known author, journalist and marketing consultant whose practice is focused on marketing communications strategies for the printing and publishing industries. She was recognized as a 2009 Woman of Distinction by Output Links and was awarded the 2009 Thomas McMillan Award for excellence in journalism.

Sherburne has written six books, including Digital Paths to Profit, published by NAPL; and No-Nonsense Innovation: Practical Strategies for Success, written with the late Bill Lowe, the Father of the IBM PC, available on Amazon. She has also ghost-written several books for busy executives, for whom she makes the process simple and efficient.

In addition her role as Senior Editor at WhatTheyThink.com, the leading online news and analysis resource for the printing and publishing industry, Sherburne occasionally writes for other printing trade magazines, as well as creating by-lined editorial for private clients. For more information, visit www.SherburneAssociates.com
Introduction

Over the last few years, there has been a significant amount of discussion in industry media and conferences about the need for printing companies to implement a customer-facing web presence that allows customers to more easily do business with them. This is largely due to the fact that most people are used to shopping on the Internet and many prefer the 24/7 convenience of not only being able to order printed and other materials, but also to be able to monitor, track and report on these purchases, inventory levels and other metrics important to their businesses—anytime, anywhere, at their convenience.

At the same time, industry experts and suppliers to the industry have emphasized the need for printing companies to improve their productivity, especially in light of the high levels of competition from traditional and non-traditional sources and the resulting slim margins. Unquestionably, taking cost and time out of the manufacturing process delivers improved bottom-line results.

But these decisions are not necessarily trivial or easy. There are a multitude of solutions in the marketplace that could be implemented to gain these results—improved productivity and greater customer loyalty; better customer retention, more revenue from existing customers and ease of new customer acquisition … the list goes on.

With the vast majority of North American printing companies being small to mid-sized businesses, many have neither the resources nor the expertise to do or purchase the type of market research required to make the best possible decisions. As a result, many companies decide to start with one end or the other of the process – either a web storefront system or a backend MIS solution - and often find that the investment they ended up making is not delivering the desired results. Thus, it ends up on the shelf and the investment of time and resources does not deliver the expected return.

So what’s the answer? If you can’t tackle the entire process all at once, where is the best place to start and why? How can you narrow down your choices in a logical but effective manner? And is there a way to address both customer-facing and back-end processes with a solution that can quickly and easily be implemented but is robust enough to grow in both volume and functionality as the company grows?

These are the thorny issues addressed in this white paper. Readers should expect to gain valuable, actionable ideas by reading this paper, ideas that will help them through the decision and implementation process for these important investments. In addition to citing relevant trends and data, this white paper also cites real-life experiences of printing companies who have found the answers and reaped the benefits.

This white paper contains valuable advice and information for printers who have not yet implemented web-to-print and a print MIS, have one but not the other, or have solutions in place that need to be updated.
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Begin at the Beginning

The customer engagement process begins when a customer starts seeking printed material and related services in the furtherance of specific business goals and objectives. These days, that process often starts with a web search or by reaching out to one or more printers the company is already doing business with.

In a growing number of cases, enterprises are establishing their own online portals for managing marketing resources, both printed and non-printed. In these cases, print service providers may only be engaged when something is actually ready to print and they likely do not have a “seat at the table” when important project decisions are being made.

Even if a print service provider has a web portal solution in place, the customer may not be aware of it, or of the range of capabilities it offers. Thus, the print service provider can be relegated to providing a commodity service subject to RFQs, RFPs and, quite often, very thin margins with very little opportunity for value-add.

In a recent WhatTheyThink webinar, a marketing professional from The Toro Company presented just such a scenario. The printer she had been using was required to subscribe to the chosen portal solution in order to continue receiving work from the company.

When asked whether she would have used the printer’s infrastructure if he had one or offered it prior to implementation of their own portal solution, the answer was, “Most likely, yes.” While the print service provider is still receiving Toro work, and has the added benefit of now having a web portal solution he can use with other customers, it is still a lost opportunity in that he could have played a much more intensive role with this important customer.

These types of more frequently occurring situations, combined with the customer demand for web access to corporate materials, processes and purchases, make it even more urgent for print service providers to have a customer-facing web portal in place. Web portals allow for dynamic interaction between the print service provider and its customers, helping to bring in a wider variety of work with a broader geographic footprint.

It also enables more efficient order processing for shorter run, faster turn digital work. If you don’t offer these types of services to customers, they will find them elsewhere, either with a competitor or by implementing their own solution as Toro did.

With a good web portal (or web-to-print) solution in place, print service providers can attract more business from existing B2B customers, including ancillary services that they may not have been able to sell in the past.

If the storefront is a standalone solution, one must look carefully at what happens once an order is received. How many touches and how much administrative time does it take to get a storefront job processed through the shop?

For many companies who did indeed “begin at the beginning,” more work was able to be received through an online storefront with less need for back-and-forth phone calls, quotes and estimates, and multiple calls checking on status. But—and it is a large but—all too often, without direct connection or at least...
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some connection to the rest of the shop’s workflow, sales, customer service and prepress personnel spend way too much time performing “swivel chair integration,” rekeying information into other systems, or running around the plant looking for jobs and information when a customer calls.

This can quickly make work unprofitable, and perhaps worse yet, cause errors and delays in delivery which ultimately can result in unhappy—or even lost—customers.

For a B2C implementation, the negative effects can be even more pronounced, especially if there is a large number of smaller value jobs that come through the system. In addition, B2C implementations often experience peaks and valleys, and it is those peaks that can especially devastate an operation if they are not able to be handled efficiently.

Automating the Back End

The other piece of the puzzle is a print MIS solution. A number of industry studies have shown that while the number of print MIS installations continues to grow, they are often not fully implemented, with print operations taking advantage of only part of their capabilities. Keeping these systems updated is also important, a task that can fall by the wayside in light of a demanding work environment focused on getting customer work out the door, quickly, accurately and as cost-effectively as possible.

When the MIS is not integrated with a storefront, or if a storefront does not exist, bottlenecks tend to occur in the order entry process. If the order entry process is still completely manual, it requires an excessive amount of administrative time and can be frustrating for customers, many of whom would like to be able to enter all but the most complex of jobs online, at a time and place of their choosing, as they do with most other purchases they make these days.

Most MIS solutions have some means of integrating with a separate storefront solution, but this can often be a more complex process than it seems at first, and again, resources at the print service provider—especially those with strong IT capabilities—can be limited or non-existent. This requires a reliance on professional services from a consultant and/or one or more vendors to implement a seamless flow of work through disparate solutions.

Taking a Holistic View

So what is the answer? While having a web portal and a MIS is almost a requirement for doing business these days, implementation can be a disaster without at least some level of integration between the portal and the plant’s back end, including MIS, accounting, inventory/warehouse and shipping.

With this in mind, let’s turn to the stories of the printing companies we spoke with in preparation for producing this white paper to learn from their experiences.
Midstates Group Improves Efficiency, Attracts New Business

Located in Aberdeen SD, Midstates Group employs about 400 people and generates $50 million in annual revenues under the umbrella of four different companies, the largest being Midstates Inc. Print & Media Solutions, a heatset web/sheetfed offset business that accounts for three-quarters of those employees.

Midstates Inc. Print & Media Solutions is a commercial communications company specializing in direct mail, commercial printing, warehousing and fulfillment as well as cross-media marketing.

Another Midstates company, Quality Quick Print (QQP), is the focus of this discussion. QQP is a digital shop specializing in short-run, fast-turn digital and quick printing as well as signs, large format graphics and apparel.

This group has about 40 employees and generates about $5 million annually.

“As QQP grew,” says Justin Feickert, Midstates’ VP of Sales & Marketing, “we needed to improve our overall infrastructure to ensure that we could support our growth and generate more. We did a study of our job flow and found that it took 11 touches to process an average job. In today’s market conditions, that is simply unacceptable.”

Feickert explains that the company was seeking an automated system that tied the web to print storefronts directly in with the back-end MIS system, adding, “We wanted something that was cloud based and overall a user-friendly system. We also wanted a system that created a customer order portal regardless of size of customer.”

The result of their search was the implementation, about 18 months ago, of PressWise by SmartSoft, an end-to-end integrated solution that incorporated all of the necessary administrative workflow elements.

QQP has branded its PressWise customer-facing online presence as MIM—Marketing Inventory Management—and offers it in two flavors—MIM Pro, a fully customized and skinned customer web portal which is prepared for larger customers on a fee basis; and MIM Light, a less featured web portal that is automatically created by the system for each customer and is provided to those customers at no additional charge. The company has more than 25 customer storefronts in place under the MIM brand.

“I don’t think it would be an exaggeration to say that this implementation has revolutionized our business,” Feickert commented. “We have gone from 11 touches down to 2 or 3 on most jobs; that’s a 70% improvement. We can directly attribute 8% to 10% topline growth for QQP to this implementation, as well as a 20% increase in profitability,” he says. “And we are at least 25% more efficient in handling orders.”

But the benefits to Midstates don’t stop there. Another Midstates company, Panther Graphics, is focused on the digital and commercial print business. The company went from handwritten job tickets to an automated end-to-end process. As a result, Panther Graphics has seen a 30% growth in topline sales. As for profits, Feickert says, somewhat tongue in cheek, “It is not hard to show improvement when you didn’t have any.”

Even Midstates Inc. Print & Media Solutions has seen benefits. “We initially installed the system there to take care of inventory and fulfillment,” Feickert says.

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1 http://www.midstatesgroup.com

2 http://www.gotomim.com
“By implementing this solution we have generated at least $250 thousand in incremental revenue there as well as more work for QQP from Midstates customers. And we are just getting started.”

Feickert cites a couple of customer examples that demonstrate this success:

- A manufacturer of doors and windows with 1,500 distributed dealers has more than 200 different products in a MIM Pro portal, everything from decals and magnets to product brochures. The manufacturer can log in to see who is ordering what. Midstates is fulfilling 20-40 orders per day through this storefront, business it never would have had before and which adds up to about $100,000 in incremental annual revenue. In addition to revenue from printing, Midstates charges a monthly hosting and material storage fee, a per-box pick/pack fee, and markup on freight.

- A catalog company with 100 sales people was an existing customer for whom Midstates printed the catalogs. Now, marketing materials are stored in a MIM Pro portal and QQP has a cross-selling opportunity for digital printing work including name tags, trade show signs, banners and more.

Feickert concludes, “We are getting work we never would have gotten before across the board. Especially for QQP, if you have to spend 15-20 minutes processing an order for business cards, you certainly can’t do it profitably. We have been able to gain more work from existing customers, enter new markets and even with reduced selling prices, our margins are better.”

Nonstop Printing Sees Non-Stop Growth

Los Angeles based Nonstop Printing³ is a second-generation family run business founded in 1980 and located on Hollywood Boulevard. The digital shop has both HP Indigo and Xerox color digital presses, with the recent addition of an HP Indigo 5600 offering one-shot imaging and six colors, including white ink.

Manager Leiman Chan says, “Because of our Hollywood location, we are able to get premium prices if the quality is there. Historically, we took whatever work came in the door, but have recently been working to focus more on premium printing, including books, brochures, menus and materials for fashion clients, steering away from providing color copying services.”

Nonstop Printing was running its operation using QuickBooks for invoicing and to look up details on old jobs. Chan adds, “Basically, everything was handwritten and we did not have a web storefront. As we looked to step up our game to more premium products, we knew we had to get both web-to-print and automation in place. We also knew that the place to start was by getting the back end straightened out.”

Chan had been thinking about web-to-print for some time, but was concerned about price competition with a web-based business model. “We can’t compete against Vistaprint,” he says, “but I now understand the value of web-to-print for our business as well as for our customers. It eliminates the need for a lot of back-and-forth emailing and calling. Especially for smaller jobs, we needed something that

³ http://www.nonstopprinting.net
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Nonstop Printing could process the job front to back, saving time for both us and our customers. The primary goal for an installation like this is to save time, and it is icing on the cake if it gets us more work.”

Nonstop Printing did its due diligence and determined that PressWise would best meet its needs. “It was mostly about workflow,” Chan says, “and I felt that PressWise had the capabilities we needed but was also something we could grow into nicely. I liked the fact that credit card processing and shipping were all integrated.”

Chan reports that it is hard to quantify the benefits that Nonstop Printing has garnered from its PressWise installation but adds, “Hard to quantify, but it was huge. We couldn’t really look at old orders; we didn’t have a quoting module and pretty much everything was in our heads. You can’t run a business that way these days.”

One key benefit of the company’s new integrated workflow is the ability for anyone in the shop to quickly and easily access information instead of having to ask around the office.

Another advantage is the ability to keep credit card information securely on file for use on work from repeat customers.

And while most customers pick up their work, Nonstop printing does ship work out a few times a week, and rather than the tedious manual process of creating a shipping label, it’s all done automatically based on information entered into the system once by the print shop or its clients. “It is also easier for us to track payments,” Chan comments. “Receivables are down by half and things don’t fall through the cracks. We are getting paid faster and it is much easier to see exactly what is owed.”

Year over year, Nonstop Printing has grown 15%. “While we can’t attribute all of this to PressWise, we can attribute a significant amount of it,” Chan concludes. “We are definitely capable of more throughput, and we are capable of doing that more profitably, so we are excited about the future. It looks bright!”

Hemlock Seamlessly Links External Storefronts to Internal Systems

Hemlock Printers Ltd. has been proudly operating in Burnaby, British Columbia, for over forty years. Hemlock has grown from a one-man shop in 1968 to one of the largest commercial printers in the Pacific Northwest with a state-of-the-art 79,000 square foot facility employing over 170 craftspeople. Privately owned by the Kouwenhoven family, Hemlock also has sales offices in Victoria, BC; Seattle, WA; and San Francisco, CA.

The company has offset presses and HP Indigo digital presses. Its search for a more efficient workflow began when a client approached the company about connecting to existing storefronts on the customer side. “We went looking for a solution a couple of years ago,” says Keith Stoner, Prepress Systems Manager, “and found PressWise at Dscoop.”

“It is like a Swiss Army Knife for doing this kind of thing, with XML and SOAP messaging all built in so you can quickly connect to external storefronts. It’s typically a couple of days work over...
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Keith Stoner, Prepress Systems Manager

the duration of a couple of weeks to hammer everything out and get the integration in place."

Stoner explains that, among other things, Hemlock and the client need to agree on product IDs, substrates, pricing tables, shipping terms, and customer profiles. "You have to talk to different people inside the organization, including IT people for the XML part of it and marketing people for pricing tables and product IDs," he adds. "That's all we really wanted in the beginning—an API that would let us quickly talk with client storefronts and a batching tool for efficient digital printing."

With a bidirectional workflow in place, Hemlock went on to find other uses for its PressWise implementation. "The bulk of the work goes to our litho workflow," Stoner explains. "Our online templates have ink channels with special names. Files are batched in PressWise, imposed, and imposed flats are sent to Prinergy for the litho workflow. Ink channels are picked off with Prinergy’s Rules-Based Automation and sent to Rips and platesetters. The plates drop out by the presses, and press operators load them up for production."

Once the job is produced, PressWise handles the shipping function as well, using data the client originally entered into the storefront when placing the order.

"It helps us get new business. It is one more tool in our toolbox when we present an opportunity."

Today, about 10% of Hemlock’s volume comes through storefronts with 15 different clients ranging from clothing labels to real estate companies, banks, and a hearing company. Many of the jobs are ordered through gatekeepers, but even so, the company has about 100 users on PressWise.

“IT helps us get new business,” Stoner says. “It is one more tool in our toolbox when we present an opportunity. It is slow and steady growth; every few months we bring someone new on board, and once we have a storefront running, they generally stay with us.”

Taking the Next Steps

If your company is in the process of researching web-to-print, MIS or other production automation solutions, the information contained in this white paper—especially the real-world stories—should help you in that process.

As our stories reflect, while it is important to have an effective customer-facing web presence, it is more important to ensure that back-end processes are as automated and streamlined as possible. For most shops, the majority of work still comes in via traditional means. Web-to-print is a great selling point and helps acquire new customers; its importance should not be discounted. But if work that comes in—either via the web or through more traditional means—can't be efficiently produced, it stifles the ability of your company to grow and can even result in the loss of customers if too many errors occur or deadlines are missed.

Whatever solution is put in place, it should ensure a holistic approach to the entire process, from quoting and job submission through shipping and invoicing. It should also have open and easy-to-use APIs that allow connections to other systems, both internal and external. This provides the type of flexibility that will allow your company to better meet emerging customer needs in a very dynamic marketplace.

Last, but certainly not least, when selecting a software partner, you want to select a partner that can be flexible, respond quickly to requests for changes or other issues, and is proactively ensuring its product development is aligned with market trends.
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This White Paper was sponsored by PressWise by SmartSoft, Inc. For these and more White Papers related to managing your print workflow, please visit the PressWise website at www.presswise.com/white-papers

Print Workflow and the Cloud: Why SaaS is Here To Stay
This white paper discusses how printing firms can take advantage of the SaaS model and cloud computing to ease the investment burden; take advantage of scalable, integrated solutions; and minimize the need for on-site computing resources and staff.

The ROI Of Print Workflow Automation
This white paper presents several examples of very different print service providers who have generously shared real-world results to demonstrate how transitioning to a fully integrated, order-to-invoice workflow can deliver fast ROI and boost productivity and margins.

About PressWise
PressWise from SmartSoft was designed as an alternative to purchasing independent modules (or custom development) of Web-to-Print Software, Workflow Automation, Print MIS, and Mail Preparation Software. Instead, a single platform is available with the comprehensive tools needed to manage a growing digital business:

- Web-to-Print Storefronts
- Estimating and Quoting Tools
- Order Management
- Production Automation
- Mailing Software (Optional)
- Shipping and Fulfillment

PressWise is available cloud-hosted by SmartSoft or self-hosted in your facility

PressWise is offered on a SaaS business model with NO long term contracts.

PressWise easily integrates with most third-party web storefront products, including PixFizz, PTI, Pressero, PageDNA, RedTie, Saepio, Prisme and more.

Best of all, because PressWise was designed by a printer, with real employees and customers, it just plain works!

Visit: www.presswise.com  |  Call: 888-227-7221  |  Email: contact@smartsoftusa.com

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