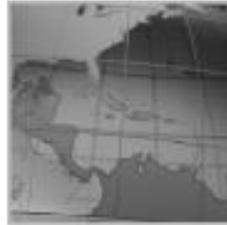


# Whitepaper



December 2014

## The Strategic Value of an In-Plant

## Table of Contents

Introduction.....	3
In-House Operations: Meeting Customers’ Shifting Demands .....	3
Offering Services Beyond Ink on Paper .....	5
Helping User Departments with One-to-One Messaging .....	7
Investing in the Right Technologies to Meet Customer Needs.....	9
The Right Mix of Digital and Traditional Printing Technologies .....	9
Productivity Reigns .....	10
Easy Access for Users.....	11
Leaders Focus on Print Management and Insourcing .....	13
Summarizing the Value of In-Plants .....	15
About the Authors .....	16

## List of Tables and Figures

Figure 1: Efficiency and New Services Guiding In-Plant’s Strategic Direction.....	4
Figure 2: Services’ Contribution to Income .....	5
Figure 3: In-Plant Service Expansion Plans .....	6
Figure 4: Audience Targeting Approaches.....	7
Figure 5: High Demand for Variable Data Prining.....	8
Table 1: Purchasing Drivers for Digital Color and Black & White Devices .....	9
Figure 6: Print Production Software Use.....	10
Figure 7: Volume of Print Work Submitted Via the Web Increasing .....	11
Figure 8: For Those that Invest, the Benefits Are Substantial! .....	12
Figure 9: High-Performance In-Plants Have the Right of First Refusal.....	13
Figure 10: High-Performance Operations In-Source Work.....	14

## Introduction

In-house printing operations offer their parent organizations many valuable benefits, including cost savings, faster turnaround time, convenience, and control. On-site printing facilities can lower the cost of printing on an array of offset and digital devices, and can also keep related personnel expenses to a minimum. Aggregated volume produced on faster, more capable devices almost always costs less than sending print work to external vendors.

Having an on-site printing facility also offers convenience to end-user departments. Walking down the hall or to another office in the same building is generally more convenient than outsourcing to a third party. In-house printing operations typically understand corporate priorities and brand, and can meet the challenge when turnaround time is critical for specific applications. The final issue is control. In-house facilities provide a level of security that is important to many companies, and they enable more unique configurations that can better meet the needs of parent company.

This whitepaper explores the value that in-house printing operations deliver in today's very dynamic communications market.

## In-House Operations: Meeting Customers' Shifting Demands

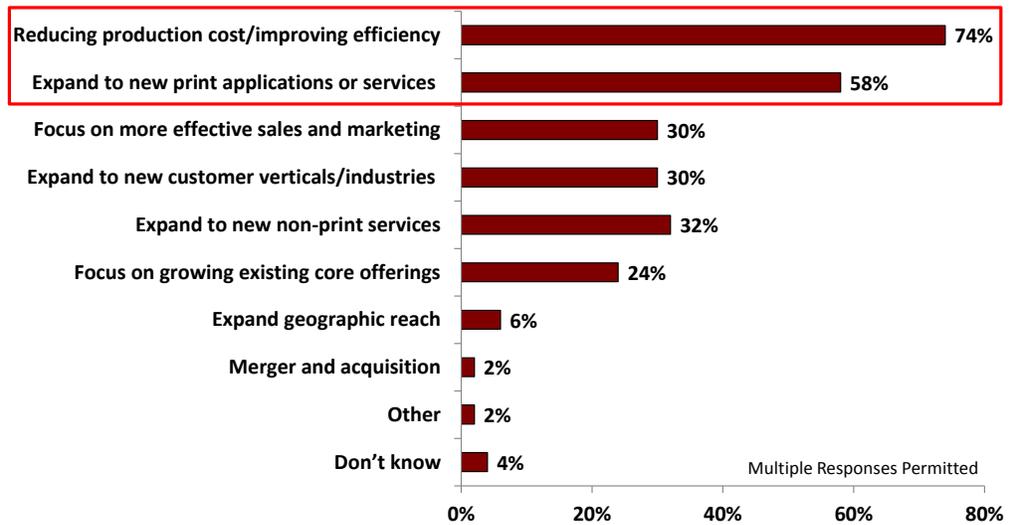
In-house printing operations, also commonly referred to as in-plants, understand the importance of establishing long-term business relationships with constituents. Meeting or exceeding the requirements of end-user departments, with precision, time and time again, is a core mission of a thriving in-plant operation. Corporate and enterprise communication requirements are changing, and in-house printing operations are aligning their operations and services to meet new demands and fulfill customer needs.

In-plant operations are also expanding their services and focusing on operational efficiency to enhance the value that they provide to their organizations. Efficient operations that yield speed, quality, efficiency, sustainability, and high levels of customer service are table stakes for serving parent organizations. The differentiating factors are offering innovative products and services that deliver value to end-customers.

InfoTrends' research finds that in-plant operations are striking a balance between efficient operations and innovative services. InfoTrends' survey of in-plant operations for its most recent software investment outlook reveals that improving efficiency, reducing production costs, and expanding services are top strategies for steering operations over the next five years. This finding indicates that in-house printing operations are taking action to deliver value that spans a wide range of end-users' needs, from managing to efficiently delivering communications.

**Figure 1: Efficiency and New Services Guiding In-Plant’s Strategic Direction**

*Which of the following initiatives best describes your strategic business direction over the next five years?*



N = 50 In-Plants

Source: U.S. Production Software Investment Outlook, InfoTrends 2014

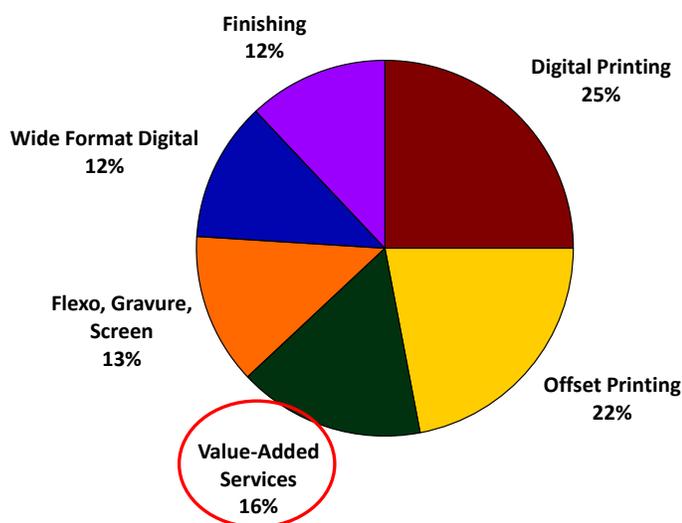
In-plants are taking action to expand their products and services to better serve customers and enhance their relevance within parent organizations. An in-house printing operation offers an advantage in understanding and meeting its organization’s unmet needs because it is a part of that organization. It is this underlying understanding of an organization’s mission and communication processes that differentiates the in-plant from outside competitors. Knowledge about internal customer communication needs and processes (print or digital media) gives in-house printing operations an edge in offering the right services. In addition, the use of an outside print provider (e.g., commercial printer, quick printer) can add an average markup of 35% to the cost of a print job.

### Offering Services Beyond Ink on Paper

In an effort to enhance customer value, today’s in-plants are expanding their service offerings. This increased repertoire of offerings includes creative services, enhanced finishing capabilities, online ordering options, personalized printing, e-publishing, and digital media applications. According to InfoTrends’ study entitled *The Production Printing Industry in North America: Understanding Industry Transformation*, value-added services generate 16% of in-plant operations’ income. This study surveyed almost 300 in-plants to uncover plans for equipment and software investments, services expansion, and improving operations.

**Figure 2: Services’ Contribution to Income**

*What percentage of your income is attributed to the following types of services?*

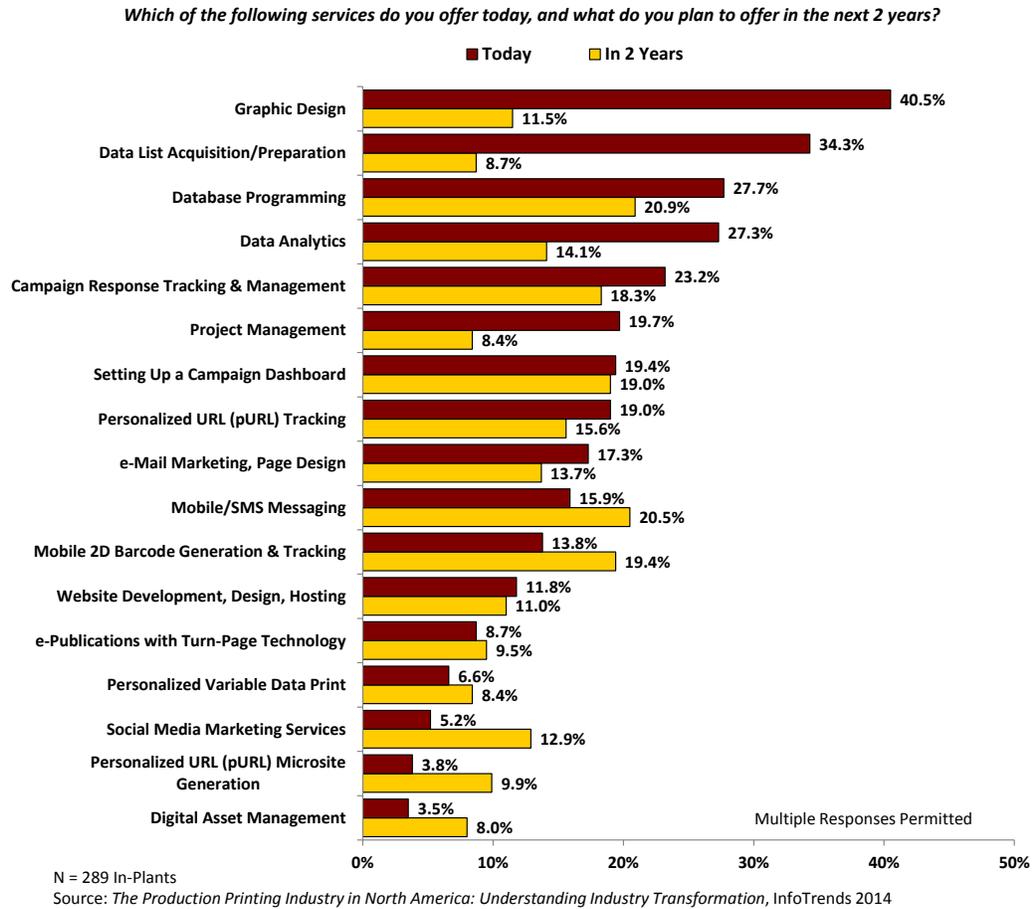


N = 289 In-Plants

Source: *The Production Printing Industry in North America: Understanding Industry Transformation*, InfoTrends 2014

When asked to identify their services, most in-plant survey respondents reported offering creative design and data-related services. Over the next two years, in-plants plan to ramp up the services related to mobile communications and social media to power efforts to offer cross-media services. Expanding communication services beyond print enables in-plants to offer more communication options to internal departments. Offering multi-channel communication services provides parent organizations with a more streamlined process for managing, integrating, and controlling their communication efforts.

**Figure 3: In-Plant Service Expansion Plans**



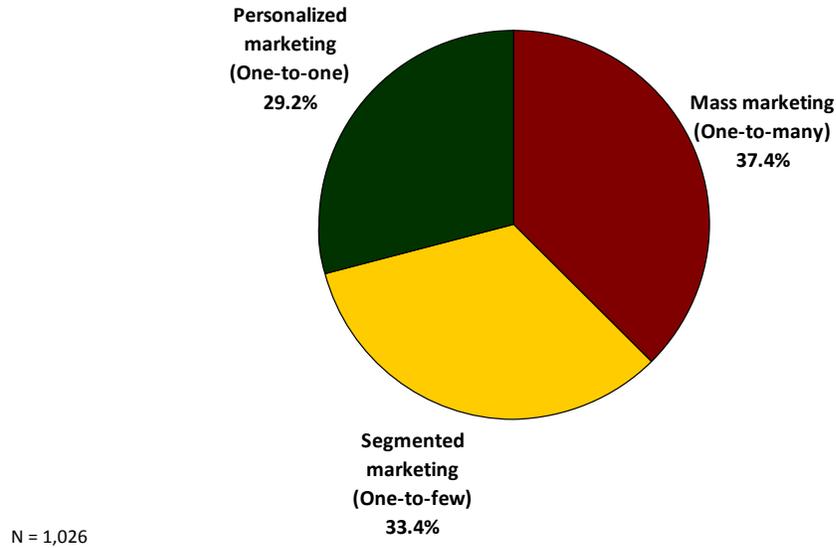
This study finding is a signal that in-plant operations are expanding their services to meet the ever-changing requirements of their parent organizations. InfoTrends’ study entitled *Understanding Vertical Markets: Enterprise Communication Requirements* surveyed more than 1,000 communication decision-makers in large enterprise firms with 500+ employees. Many large enterprises have in-plant printing operations. When asked what was important to them in the selection of a print services provider, the top criteria included a broad range of services, competitive pricing, and the ability to deliver within 1-2 days.

## Helping User Departments with One-to-One Messaging

In-plant operations are expanding their data capabilities to support the marketing efforts of their parent organizations. One of the most essential services is the ability to deliver customized messaging to the end customer. Enterprises participating in InfoTrends' survey reported that more than 60% of campaigns were either versioned (one-to-few) or personalized (one-to-one).

**Figure 4: Audience Targeting Approaches**

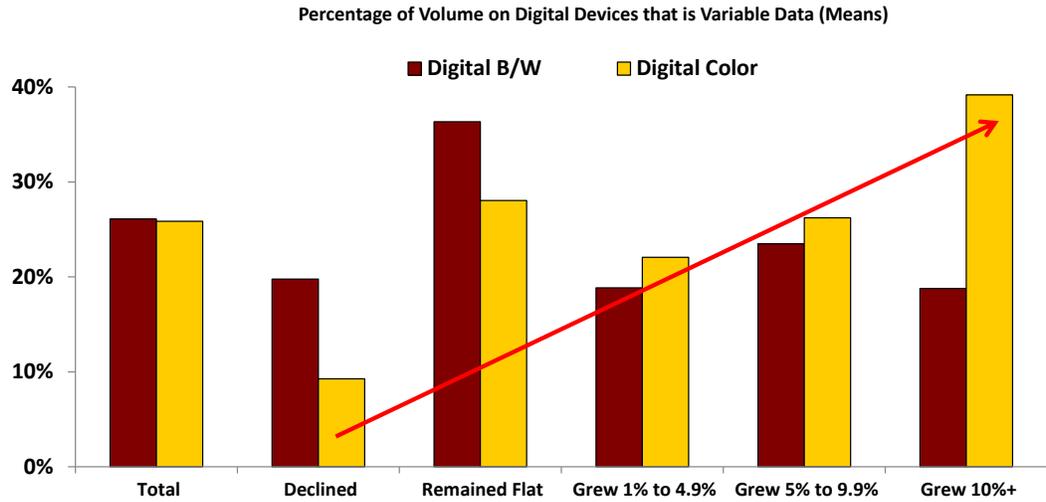
*What percentage of your customer communications/marketing campaigns fit into the following categories?*



The ability to personalize a document is a key aspect of making the content relevant. This can range from simple address and salutation to fully-personalized promotional or transactional documents. InfoTrends' research indicates that half of in-house printing operations own variable data software that is capable of personalizing documents.

A best practice among successful in-plants is meeting end-user departments' needs to produce more personalized communications tailored to individual recipients. InfoTrends' research finds that successful in-plants are experiencing high-demand for personalized print. These in-plants are creating the infrastructure to deliver digital color solutions that support communication with customers on a one-to-one basis

**Figure 5: High Demand for Variable Data Prining**



N = Varies  
 Base: 240 In-Plants  
 Source: *Production Print Services in North America: Understanding Industry Transformation*, InfoTrends 2014

## Investing in the Right Technologies to Meet Customer Needs

Over the years, graphic arts in-plants have been at the leading edge of the digital print revolution. Those that are thriving have been innovative, adaptable, and central to the ongoing mission of the institution in which they operate. Responsiveness to customer needs is the bedrock upon which successful in-house printing operations are built.

### The Right Mix of Digital and Traditional Printing Technologies

In-plant operations participating in InfoTrends’ study *The Production Printing Industry in North America: Understanding Industry Transformation* supported a mix of technologies to respond to diverse customer needs. In-plants reported having a blend of digital black & white, digital color, and large format devices as well as offset presses. High-performance in-plants supported a portfolio of equipment and services that enabled their organizations to become *one-stop shops* for end-user departments.

The study also identified various drivers for purchasing digital devices. More than half of the respondents that are planning on acquiring digital color and black & white digital devices were doing so to replace an existing unit with a faster device or to replace/upgrade an older unit with more reliable technology.

**Table 1: Purchasing Drivers for Digital Color and Black & White Devices**

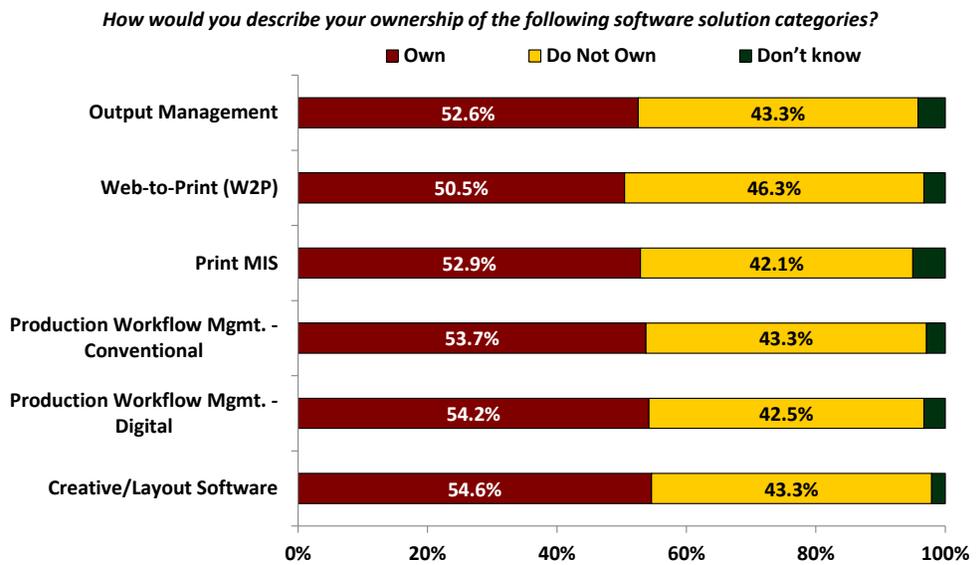
	Black & White (N=201)	Color (N=206)
<b>Current device too slow; need faster capabilities</b>	30.6%	36.7%
<b>Current devices old/unreliable; need to be replaced by new devices with similar capabilities</b>	30.2%	20.6%
<b>Volumes increasing; need additional capacity</b>	11.5%	17.2%
<b>Need newer machines to address current volume</b>	10.1%	7.4%
<b>Need devices with new capabilities (beyond speed) that we don’t currently have (e.g., image quality, inline finishing, paper handling)</b>	11.0%	10.8%
<b>Lower operating costs</b>	6.6%	7.4%
<i>Base: In-Plants with Investment Plans</i>		
<i>Source: The Production Printing Industry in North America: Understanding Industry Transformation, InfoTrends 2014</i>		

From a digital color perspective, in-plant investments are continuing. While there is a need for faster devices and replacement units, 17% of the respondents indicated that volume growth was a critical driver. Another 10% wanted digital color devices that would open up new application opportunities. These in-plants are exploring technologies that can handle more substrates as well as an expanded color gamut, specialty inks, and new finishing capabilities.

### Productivity Reigns

Workflow automation is a key priority for successful in-plants, and many operations are investing in software to automate processes, eliminate manual touches, and reduce costs. More and more print buying is shifting online, driving higher volumes of short-run work. There has never been a greater need for workflow automation to streamline labor-intensive processes, maximize the return on existing assets, and reduce production costs for both digital and conventionally printed jobs. This is a key focus area for in-plants. Over 50% of in-plants surveyed have invested in critical workflow software tools, including creative layout, digital and conventional production workflow, print MIS, and output management.

**Figure 6: Print Production Software Use**

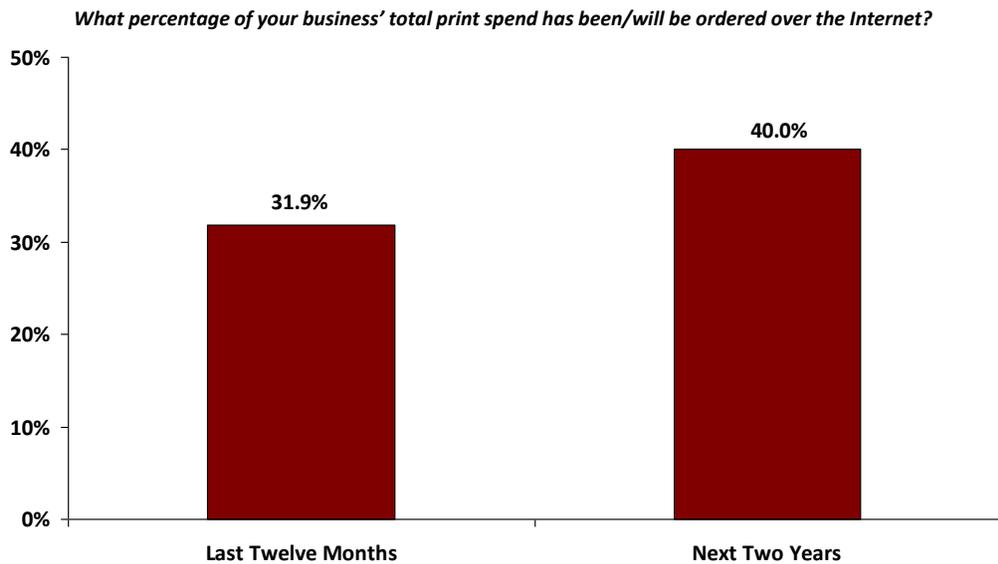


N = 240 In-plants  
 Source: *Production Print Services in North America: Understanding Industry Transformation*, InfoTrends 2014

**Easy Access for Users**

One of the keys to automated workflow is a connected system that enables user departments to submit jobs via the web. This requires an easy-to-use interface and 24/7 access to a catalog of materials for user departments. In an environment where speed is everything, the ability to submit jobs through a web portal 24 hours a day, 7 days a week is important to end-users. Enterprises participating in InfoTrends’ research confirmed the importance of ordering printing via online platforms. Respondents predicted that by the end of 2014, the volume of print jobs submitted via the web would climb from 31.9% of overall volume to 40%.

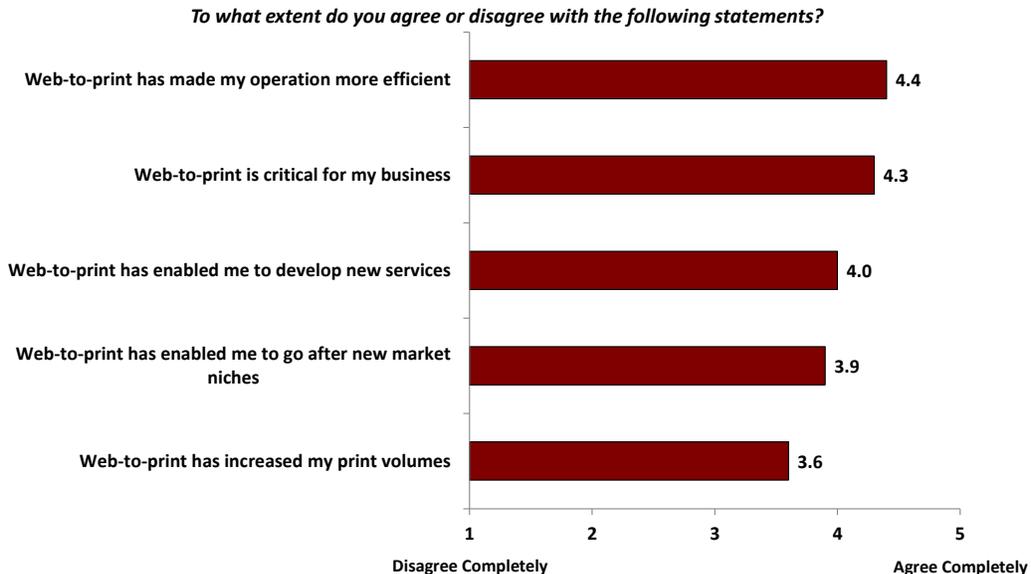
**Figure 7: Volume of Print Work Submitted Via the Web Increasing**



N = 896 Enterprise Communication Decision-Makers  
 Source: *Understanding Vertical Markets: Enterprise Communication Requirements*, InfoTrends 2012

Online ordering is key requirement for enterprises, and in-plants are investing in technology to accommodate customer needs and reap operational benefits. In-plants that invested in online ordering systems (often referred to as web-to-print) reported efficiency gains, the ability to develop new services, and the opportunity to pursue niche markets.

**Figure 8: For Those that Invest, the Benefits Are Substantial!**



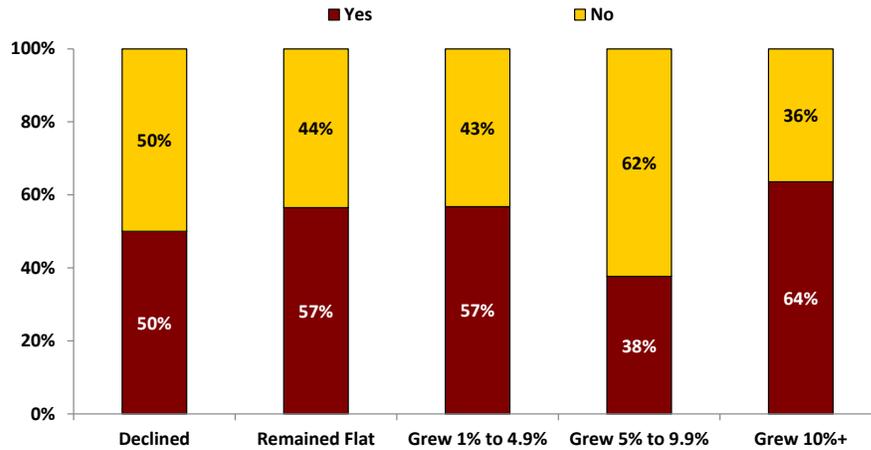
N = 65 In-Plants who offer online print ordering or request for quote/estimate forms  
Source: *Emerging Trends in Web-to-Print*, InfoTrends 2013

## Leaders Focus on Print Management and Insourcing

High-performance in-plant operations have control over their destinies. In-plants with the right of first refusal on print work and are parlaying their expertise to improve organizational print buying.

**Figure 9: High-Performance In-Plants Have the Right of First Refusal**

*Do you have a right of first refusal for all print work prior to it being outsourced to an outside print vendor?*



N = 240 In-Plants

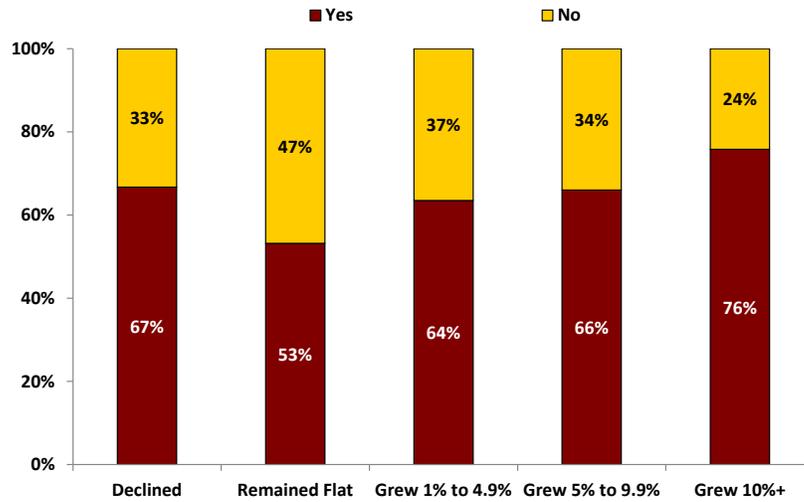
Source: *Production Print Services in North America: Understanding Industry Transformation*, InfoTrends 2014

Several of the high-performance in-plants have established a print sourcing department to handle print buying for the entire company—whether that means printing in-house or outsourcing. While they have right of first refusal, lending their expertise and knowledge to the buying process for externally sourced materials has provided significant value.

The leaders of these in-plants recognized an organizational benefit in assuming the dual roles of print provider and buyer. Who better to decide the most efficient and cost-effective method for producing printed materials than experts that understand all the elements of the production process? In addition, several in-plants have found a way to better utilize production capacity by taking in work from external customers. By insourcing, they can use up extra equipment capacity and generate income to fund investments that benefit their internal customers.

**Figure 10: High-Performance Operations In-Source Work**

*Do you take in work from customers outside your company or organization (i.e., perform insourcing)?*



N = 240 In-Plants

Source: *Production Print Services in North America: Understanding Industry Transformation*, InfoTrends 2014

## Summarizing the Value of In-Plants

In-house printing operations are evolving their services to support their customers' continually changing communication requirements. Their efforts can be summarized as follows:

- **Responsiveness to customer needs:** The most successful in-plants focus on providing the best possible services for clients. Historically, this has linked to being responsive to internal requirements for quick-turnaround documents. Savvy providers are cognizant that the end-user dynamics are changing, so they are delivering more than high-quality print services.
- **Automation to remain the low-cost producer:** Successful in-plants are investing in automation. They recognize that from web-based order entry through to in-line finishing, minimizing the number of touches is critical to remaining the low-cost provider.
- **Developing new areas of expertise:** In-plants are expanding into new service areas. They led the charge in the adoption of digital color and black & white devices and are aggressively implementing large format. The successful providers are adding incremental value ranging from web-based submission to the delivery of personalized documentation in print and electronic formats. This trend is prompting operations to expand skill sets to include database expertise, an understanding of web-based solutions, and mobile and social technologies.
- **A commitment to continual assessment of new technologies:** In-plants are close to their internal customers. They have a unique advantage in understanding the communication needs and requirements of their parent organizations, and this enables them to make the necessary technological investments to meet the needs of end-user departments.

This material is prepared specifically for clients of InfoTrends, Inc. The opinions expressed represent our interpretation and analysis of information generally available to the public or released by responsible individuals in the subject companies. We believe that the sources of information on which our material is based are reliable and we have applied our best professional judgment to the data obtained.

## About the Authors

**Barb Pellow**

Group Director

[barb\\_pellow@infotrends.com](mailto:barb_pellow@infotrends.com)

+1 781-616-2161

A digital printing and publishing pioneer as well as a marketing expert, Barbara Pellow helps companies develop multi-media strategies. She assists companies in creating strategies to launch new products, building strategic marketing plans, and educating their sales force on delivering value.

**Lisa Cross**

Associate Director

[lisa.cross@infotrends.com](mailto:lisa.cross@infotrends.com)

+1 781-616-2192

Lisa Cross is the Associate Director for InfoTrends' Business Development Strategies service. She is responsible for conducting market research, advising clients on communication strategies, managing custom consulting projects, and reporting on industry trends.