

By solving business problems,  
an entrepreneur becomes a highly  
successful packaging printer.

Case Study



# The OTC Group of London, Ontario, has achieved 50% or more growth for five years running.

Solving business problems to meet customer needs is commonly cited as the key to mapping a successful business strategy in today's digitally fueled graphic communications market. Providers hone in on the print that brings value to their customers and build complementary digital services that can make the value of their overall solutions greater than the sum of their parts.

Indeed, the market need for customer-focused solutions is so compelling that an entrepreneurial salesman in London, Ontario, Canada, followed this path to become a successful pioneer of short-run package printing. As unlikely as that may seem, ex-car salesman Tim Graham saw signs every step of the way that led him to form and nurture his data-driven graphic communications/marketing services/package printing company, the London-based OTC Group. His entrepreneurial insights have been recognized and rewarded as OTC won the London Chamber of Commerce Medium Business of the Year award in 2015. The firm has grown by 50% or more each of the last five years, and Graham anticipates more of the same in the near term.

As president and chief operating officer of the OTC Group and one of three owners—including Chief Executive Officer Chris Stainton, who was Graham's former boss at the auto dealership, and Chief Technology Officer Al Gilson, a data and IT specialist—Graham continues to follow his North Star. "We look at what we do as solving business problems," he said simply.

## How a Salesman Became a Marketer

Graham's unconventional career began taking shape in his youth. "I was always an entrepreneur," Graham said. At age 8, he began mowing lawns, his first in a series of successful businesses. Following high school, he served in the military reserves for five years, and then pursued his love of cars by enrolling in the prestigious Canadian Automotive Institute at Georgian College in Barrie, Ontario. He did well, but felt he could learn more by doing. He left after a year to join a dealership in London.

A few years into his sales career, he recognized that his best customers purchased from him repeatedly. To stay in touch with them, he began producing his own newsletter, which evolved into a magazine. To make his budget work, he began selling advertising space. "That was when I recognized that I could do this for other dealerships as well," Graham said. His entrepreneurial spirit kicking in, he left his 10-year career in car sales to run the magazine full time.

He soon learned, however, that what dealerships really wanted was a marketing tool they could use more frequently with less work than producing a magazine. "Essentially, that created the foundation for doing variable marketing," Graham said. He began producing personalized postcards for car dealerships in 2005, serving as both creative lead and account executive and turning to various area print providers for variable printing and mailing services.

From the beginning, Graham focused on measuring his programs' return on investment, while experimenting with personalization and cross-media techniques to optimize results. "We were able to give the dealership a very advanced marketing campaign that previously only major companies would typically have," he said.

Inevitably, some of the dealerships' customers were marketing professionals who, impressed with what they received, asked the OTC Group to work with them too. "That's how our diversification started," Graham said.



**Tim Graham**  
President and  
Chief Operating Officer  
OTC Group



**Chris Stainton**  
Chief Executive Officer  
OTC Group

## Gaining Control of the Processes

As workloads grew, Graham's team applied workflow automation to fine-tune their efficiencies. "We could have a program created, produced, delivered and acted upon, with ROI proven and documented in followup communications—all within 30 days."

While they had no printing equipment, they kept control over the variable elements and final output in-house, processing the personalized print jobs and delivering them to print providers as a collection of personalized PDF files.

A similarly obsessive focus led the OTC Group to build many of its own workflow components, including the PURL, email campaigns and data engines, most Web storefronts, the analytics systems and the client portals. The reason: standard packages didn't always deliver their advertised capabilities out of the box, potentially breaking promises OTC had made to clients.

"Our business is providing a service. If your client is having the sale of the century on a Saturday afternoon, and they call you because their website went down and you've outsourced that component to some other company—if you're not in control of that, you can lose the entire program."

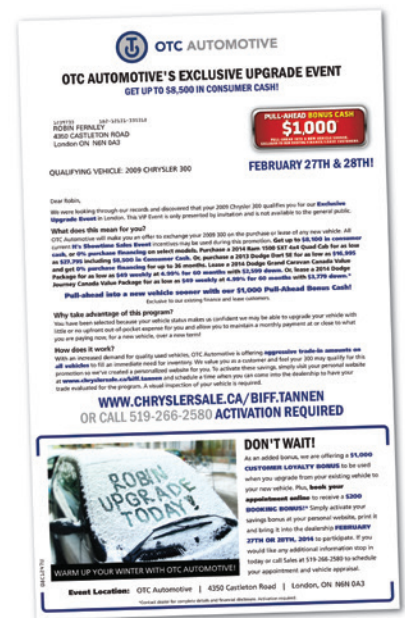
Eventually, print production came under similar scrutiny, as print providers couldn't always meet the turnaround commitments the OTC Group made to clients. When the decision was made to bring printing in-house, OTC was well positioned to make the leap.

"We had been outsourcing our print to a multitude of printers, seeing our product come off essentially every major digital press that was in the marketplace," Graham said. "We knew exactly about their output quality and their workflow and how they RIPed files, so our experience was perfect to do due diligence."

OTC chose Xerox, acquiring an entry-level Xerox® 770 Digital Color Press in 2012 and ramping up so quickly that they added a full-production Xerox® iGen® 150 Press by year end. "Support from Xerox was amazing," Graham said. "Another component was that experienced graphics people could be taught with relative ease to operate the Xerox® presses. Other manufacturers preferred to have someone with a press operation background operate their presses."

The Xerox approach fit well with the OTC Group's cross-training strategy—everyone on the staff has multifaceted roles—as well as its automation mentality. "We could really automate the iGen and Xerox® products to be a true lights-out facility," Graham said.

Cross-media marketing campaigns for the automotive industry were the OTC Group's first service offering and remain a core business today.



## Building New Production Facilities

Acquiring the Xerox® 770 press also forced the OTC Group to establish its first physical home, a 3,200 square-foot office and production facility. Staff had been working out of their homes.

Initially, Graham was the sole operator of the press and the second-hand mail inserter he had purchased to prepare programs for mail delivery. “I would run the equipment in-between running the company,” he said. “That’s where my knowledge started to solidify. I was always good at logistics, and I could see where the bottlenecks started to happen.”

One was easy to spot. As volume escalated rapidly beyond the Xerox® 770 capacity, the new facility didn’t have space for a second press. They took delivery of the iGen® 150 and W+D inserter in a larger facility they rented while they built a brand-new 25,000 square-foot home across the street.

As the volume increased, another issue emerged. Most of their jobs followed similar monthly schedules, so the Xerox® iGen® ran 16 hours a day for a week, and then sat more or less idle. At a training meeting with Xerox, Graham was shown a die-cut cube-shaped package produced on the iGen press and recognized an opportunity to apply his plant’s excess print capacity. In fall 2013, OTC installed a Xerox® Automated Packaging Solution with a new Xerox® iGen4® Press.

## Taking the Packaging Plunge

Not that the decision to enter the packaging market came lightly. Due diligence included several trips to the Xerox manufacturing and engineering campus in Webster, NY and plenty of independent research.

“A tremendous amount of institutional knowledge is required in the packaging industry,” Graham said. “In the beginning, our focus was to make the package another piece of media in our cross-media offering, so we could apply the same principles that we bring to our mailing and cross-media marketing. We’ve run more than 17,000 industrial cross-media campaigns, so when it comes to the data integration, artwork and logistics, we have credibility.”

Even before investing in the Xerox® Automated Packaging Solution, Graham hired several packaging experts, building a team that knew about die cutting, folding, gluing and selling packaging. The team identified a strong opportunity: meeting the new packaging requirements of the U.S. Drug Quality and Security Act. That act seeks to counteract theft and counterfeiting of medications, which can have dire health and safety consequences and costs the industry as much as \$200 billion worldwide each year, according to the World Customs Organization.

The OTC team recognized that its expertise in data and variable printing could deliver an effective solution to meet the law’s strict requirements on tracking and tracing drugs in the supply chain and the market. “We started on that path right out of the gate,” Graham said.

The team spent a full year developing that solution—experimenting to determine optimal glues and die cuts; developing the schema for applying unique, trackable identifiers to every package; and tuning the operation to pass government inspection as a food and drug packaging plant. “We know this is the future, we know this is worth the investment and we know we have to do it right,” Graham said. “Creating a facility to produce pharmaceutical and food packaging just doesn’t happen overnight.”



## The Xerox® Automated Packaging Solution

The Xerox® Automated Packaging Solution is the industry’s only integrated, inline digital solution for packaging, with more than 50 global installations today. According to Robert Leahey, InfoTrends’ analyst for Color Digital Label and Packaging, who tracks the market closely, “Xerox likely has more color digital presses dedicated to folding carton printing than any other digital press vendor.”

The Xerox® solution seamlessly integrates four folding carton manufacturing components into one powerful system:

- Choice among the leadership presses is the Xerox® iGen® Press product family
- Choice among two coaters, the TRESU Pinta Coater and the Epic CTi-635™ Inline Coater, both of which offer both aqueous and UV coating
- Choice among two KAMA die cutters, the DC 76 and DC 58
- The KAMA Buffering Stacker Line, offering seamless integration with the KAMA DC 58 Die Cutter

For more information on the Xerox® Automated Packaging Solution, please visit [xerox.bz/1ClozIN](http://xerox.bz/1ClozIN)

## Carving Out a Competitive Advantage

After a year of development, OTC produced its first major job: a run of nearly one million doctor samples. Every piece was serialized—given its own, unique identification number and bar code—so that it could be tracked and accounted for. One hundred percent of the waste was tracked, as well as all of the packages that were shipped and all that had manufacturer’s defects—all recorded in a database that was delivered to the customer.

“I had a happy customer,” Graham said. “We were able to give them the comfort that through the entire manufacturing process, every piece of paper that had their artwork on it was accounted for. The loop was completely closed. There was no room for them to be exposed.”

That’s the advantage of OTC’s embedded serialization solution. Offset production methods for pharmaceuticals packaging, which predominate, typically require serial identifiers to be applied in a second pass, on an inkjet system. Offset waste can be discarded before it receives an identifier, resulting in packaging that isn’t audited and that could easily have realistic looking inkjet codes applied by a counterfeiting operation. “I’m not aware of anyone else who takes pharmaceutical packaging security to the level we do at OTC,” Graham said.

In addition to their no-sheet-of-paper-left-behind tracking, Graham said, “Xerox has some fantastic security technologies (Xerox® FreeFlow® VI Suite Specialty Imaging text) that we’ve started integrating into our packaging to add another layer of security.” OTC has used the suite’s MicroText marks—text printed at less than 1 point in size, readable only with magnification—and is looking into using its Correlation marks—text that is only visible when viewed through a Mylar® sheet overlay. “When a shipment comes in, the pharmacist could look through their Mylar sheet to quickly verify that the package is genuine,” Graham said.

Today, OTC’s pharmaceutical packaging business is in full swing, much of it meeting the ongoing short-run needs of a traditional packaging company in the area. “We’ve now completed a variety of different applications, and we’ve fine-tuned our standard operating procedures to where we know our processes are very tight and controlled,” Graham said. “We’re confident that we are taking a perfect product to the market.”

OTC produces a wide range of packaging products in addition to pharmaceuticals. Variable work accounts for well over 90% of packaging volume. The most common piece: a straight-tuck carton, 4 inches by 2.5 inches by 2.5 inches—and in sizes ranging up to wine boxes.

Hitting color targets has not been an issue with the Xerox® iGen4® Press, noted Adam Egan, vice president of High-Performance Packaging, OTC Group. “We recently had a job providing an initial short run for a large litho run. The client liked our colors better than what they got on litho and had those pieces adjusted to match ours.”



The OTC Group’s Tim Graham, left, and Chris Stainton, right, at the firm’s Xerox® Automated Packaging Solution for short-run package printing.

## Long-Term Play

In the broader market, short-run digital packaging is gaining traction with brand owners for test marketing, selective packages aimed at target markets, dimensional mailers and other applications. According to Smithers PIRA, the compound annual growth rate for anti-counterfeit and security packaging in folding cartons is a healthy 15.6%. Every print provider understands that packaging is the only print market that isn't being displaced by electronic alternatives.

"This was always a long-term play for us," Graham said. "We wanted to take the time to build our foundation correctly and make sure our processes were sound and we could deliver the exceptional performance our customers deserve. It took us two-and-a-half years to develop our full capabilities, to know what is in our wheelhouse, to know what we want to say 'yes' to, and what to pass on."

He is circumspect when asked about the packaging solution's profitability and return on investment. "When we look back on the total investment to date, we estimate that we spent more on developing workflow and systems to feed the equipment than the equipment itself. Those non-equipment investments improved our business overall so it is hard to gauge the exact ROI from packaging alone," he explained. "With that said, we are certainly glad we had a successful and profitable primary business to support the development of the packaging business for the first two years."

Looking to the future, Graham said he plans to constantly re-invest in the packaging business to stay ahead of any competition, and he notes that OTC's facility has plenty of room for expansion. "Inkjet will definitely be in play when the time is right to boost OTC's print capacity," he said, and finishing is where he expects to find the most significant innovation moving forward. "The finishing is the same as it has been for decades, and it needs to be improved," he said. "So a lot of our studying and research has gone into ways to better that side of the equipment."

With an extremely promising future in what Graham calls "solutions-driven packaging," the OTC Group ensures their clients and business partners that they will continue to provide new and advanced solutions to the complex printing and packaging industries.



## About the OTC Group

The OTC Group is the first company in North America to connect the most advanced digital printing and packaging technology to equally advanced database segmentation analytics and development with integrated Web applications. The company's offerings include high-performance, short-run, static or personalized packaging; marketing and promotion campaigns; a solution that eases compliance with Canada's Anti-Spam Law (CASL) and a philanthropic advertising network. The company's 30 employees have expertise in digital print and process technology, software development, database management, analytics, packaging design and production, and strategies for increasing and tracking return on marketing investments. The OTC Group was founded in 2003 and is based in London, Ontario, Canada.

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