

WHITE PAPER number 2

SEVEN COMPELLING
REASONS TO USE
A WEB-TO-PRINT
SOLUTION



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READ THIS
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TO LEARN THE
SEVEN REASONS
TO USE W2P . . .

- *Lower direct product costs*
- *Lower indirect supply chain costs*
- *Brand control and customization*
- *Reduced obsolescence*
- *Convenience, speed, and accuracy*
- *Greater supply chain visibility*
- *Enhanced supply chain control*



SEVEN COMPELLING REASONS TO USE A WEB-TO-PRINT SOLUTION

Prompted by ever-increasing competitive pressures, companies of all types and sizes are aggressively working to reduce costs and improve the efficiency and productivity of their business operations.

One area of business operations that offers huge opportunities for cost savings and performance improvement is the supply and distribution chain for printed materials. In most companies, the print supply chain is complex, fragmented, and filled with processes that are highly manual, time-consuming, and costly. Excessive costs, high levels of obsolescence waste, printed materials that are delivered too slowly or are simply unavailable when needed, and the use of outdated materials are just some of the consequences of an inefficient print supply/distribution chain.

A growing number of companies are implementing web-to-print solutions to eliminate these wastes and inefficiencies and build a streamlined print supply chain.

WHAT IS A WEB-TO-PRINT SOLUTION?

A web-to-print solution is a suite of web-based technologies, print production capabilities, and fulfillment services that automate many of the processes relating to the procurement, management, and distribution of printed materials. A comprehensive web-to-print solution is essentially an outsourcing arrangement in which the solution provider assumes responsibility for several components of a company's print supply and distribution chain.

The core features of a web-to-print solution include the following:

- An online catalog containing images of the printed materials that a company uses
- A central repository that contains digital versions of those printed materials

- A secure online ordering system that enables authorized users to order printed materials from any computer with an Internet connection
- A customization engine that enables users to modify printed materials in authorized ways
- Manufacturing capabilities that can produce most printed materials on an as-ordered basis
- Warehousing, kitting and fulfillment services
- Extensive reporting capabilities

Should your company consider using a web-to-print solution? Probably. While these solutions are not right for all companies, they will produce significant benefits for many. There are seven compelling reasons to use a web-to-print solution. As you read the following pages, ask yourself whether, and to what extent, these reasons apply to your company.

LOWER DIRECT PRODUCT COSTS

The first reason to use a web-to-print solution is that it will reduce the direct costs of your printed materials and related services. In this context, direct cost refers to the dollars you spend with print materials vendors for creative, production, and fulfillment services. Therefore, direct costs include the amounts you spend with advertising agencies, marketing firms, external graphic designers, printing companies, promotional products vendors, and fulfillment companies.

In many companies, numerous departments, business units, and business functions purchase printed materials and related services. Research by the Aberdeen Group has found that in 27% of companies, printed materials are procured by “whoever has the need,” and in 25% of companies, printed materials are sourced and procured by a “local” procurement person or department.¹

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According to the Aberdeen Group, “Best in Class” companies have achieved cost savings of 17% on printed materials and related services by effectively managing the print supply chain.

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This fragmented approach to the procurement of printed materials and related services almost inevitably leads to excessive costs because of duplicative purchases (particularly of creative services) and the inability to take advantage of volume-related pricing.

Effectively managing the print supply chain can drive significant direct cost savings. Recent research by the Aberdeen Group found that “Best in Class” companies achieved hard-dollar cost savings of 17% on print materials and related services.²

Earlier research by The Electronic Document Systems Foundation (EDSF) found similar cost savings. In the EDSF research, 39% of companies with more than 1,000 employees reported cost savings from the use of web-to-print solutions or other e-procurement technologies of 10% to 25%, while another 13% of such companies reported cost savings of more than 25%. Eighteen percent of companies with less than 1,000 employees reported savings of 10% to 25%, with another 6% of such companies reporting savings of more than 25%.³

LOWER INDIRECT SUPPLY CHAIN COSTS

While neither of these research studies focused exclusively on direct product costs, it is reasonable to conclude that such costs accounted for a significant part of the reported savings.

The second reason to use a web-to-print solution is that it can significantly lower your indirect costs of acquiring, managing, and distributing printed materials. It's important to recognize that the dollars you spend with outside materials vendors constitute only a small percentage of the actual total costs of printed materials. Payments to external suppliers are only the tip of the iceberg, as the graphic illustrates.



How big is the “underwater” part of the iceberg? Various analysts and research firms have estimated that for every \$1 a company pays to external production vendors for printed materials, it spends \$6-\$14 on the other activities and processes relating to those materials. Other recent research shows that over half of the total spending associated with marketing materials often results from product obsolescence and from activities such as storage, fulfillment, shipping, and inventory management.⁴ Some people describe these expenses as “soft” costs, but we believe that’s a mistake. The dollars spent on these activities are just as real as the payments you make to your external vendors.

A web-to-print solution will significantly reduce three specific kinds of indirect costs relating to printed materials and related services—procurement management costs, inventory maintenance and management costs, and materials distribution costs.

LOWER PROCUREMENT MANAGEMENT COSTS

When you implement a web-to-print solution, you greatly reduce the number of vendors you must manage. In addition, the use of a web-to-print solution will move your company from transaction-based pricing to longer term contract-based pricing for most printed materials. Both of these changes will significantly reduce the number of procurement transactions you must manage and execute and thus lower your procurement management costs.

LOWER INVENTORY COSTS

A web-to-print solution will also lower storage and inventory management costs. Storage costs are reduced because there is less need for inventories of printed materials. Providers of web-to-print solutions produce most materials on an as-ordered basis, so there’s simply no need to maintain inventories of those materials. In those cases where production economics don’t allow on-demand manufacturing, the solution provider will provide

LOWER DISTRIBUTION COSTS

warehousing, and you will pay for that storage. Overall, however, your storage costs can be significantly lower.

Most web-to-print solutions also offer extensive inventory tracking capabilities that are available via online “dashboards.” Therefore your internal inventory management costs are essentially eliminated.

Lower procurement and inventory-related costs can be substantial, but for many companies, the most significant cost savings produced by a web-to-print solution result from lower distribution costs. The potential for these cost savings becomes clear if we consider the number of people and firms that require or consume printed materials and the number of distinct materials that companies use. For example, a company may have dozens of outside sales reps and/or hundreds of sales channel partners, all of which make frequent requests for printed marketing materials. The same company may use dozens of distinct marketing materials. When you consider the number of materials that can be involved and the number of people who need those materials, it's easy to see that a company can be processing and fulfilling thousands of requests for printed materials every year.

A web-to-print solution will eliminate your internal costs of processing and fulfilling requests for printed materials. The following table illustrates just how substantial the cost savings can be for marketing materials alone, even for a relatively small business

THE COST OF PROCESSING REQUESTS FOR MARKETING MATERIALS

Number of salespeople/sales partners	100
Weekly requests per salesperson/partner	1
Total annual requests	5,200
Average processing time per request (minutes)	30
Total annual request processing hours	1,733
Annual base wages of involved employees	\$45,000
Labor burden percentage	20%
All-inclusive annual labor cost	\$54,000
All-inclusive hourly labor cost	\$26
TOTAL ANNUAL REQUEST PROCESSING COSTS (LABOR ONLY)	\$45,058

BRAND CONTROL AND CUSTOMIZATION

The third major benefit of a web-to-print solution is that it enables both effective control of your brand messages and brand presentation and extensive and cost-effective customization of printed materials. While this benefit flows primarily to marketing materials, it can apply to other types of printed materials as well.

Marketers have long recognized that customizing marketing materials for specific audiences will increase relevance and improve marketing effectiveness. Unfortunately, however, customizing marketing materials has traditionally been cumbersome, time-consuming, and costly. Marketers who

wanted to reap the benefits of using customized materials faced two equally unattractive alternatives. They could provide local branches/offices and/or channel partners with approved branding assets (logos, images, etc.) and allow them to create and produce their own materials. Or, they could use corporate staffers to customize all materials.

The primary problem with the first approach is that a company can easily lose control of its brand messaging and brand presentation. Standards for the use of brand assets can help, but they won't completely prevent the misuse of brand assets or the use of marketing materials that don't meet corporate quality standards. Having corporate marketing personnel create customized materials will solve the brand control problem, but it can also quickly become cost prohibitive.

A web-to-print solution can address both of the issues that have inhibited the use of customized marketing materials. One of the most powerful features of a web-to-print solution is its ability to support easy and extensive customization. If you want to allow a particular item to be customized, you create a dynamic template for that item. The template will identify what specific components of the item can be customized, and the system typically provides a set of pre-approved options for modifying the item. A user simply opens the template, selects from the available customization options, and orders the customized item.

By using template-driven customization, a web-to-print solution allows marketers to retain control of the brand, while simultaneously enabling the use of customized marketing materials. The template approach also significantly lowers the cost of using customized materials. It also enables users with no training in graphic design and no experience with design software to create professional-quality customized materials.

REDUCED OBSCOLESCENCE

A web-to-print solution reduces obsolescence by eliminating the need to purchase printed materials in large quantities. This eliminates the need for large inventories, which greatly reduces the possibility that materials will become obsolete.

The CMO Council has said that obsolescence creates an “epidemic of waste” that undermines the development of an optimized marketing supply chain.⁵ In reality, obsolescence is a disease that afflicts all aspects of the supply chain for printed materials.

In a recent survey of marketers by the CMO Council, 73% of respondents said they don't track the obsolescence of marketing materials, and 40% of the respondents who do track obsolescence say they waste 20% or more of their materials.⁶ The rate of obsolescence for other kinds of printed materials is less well-established, but our experience indicates that obsolescence is a major problem across the entire print supply chain.

The obsolescence “problem” has two major dimensions. First, the cost of obsolete printed materials represents a complete waste of precious financial resources. Second, and perhaps even more important, the use of obsolete printed materials can adversely impact a company's financial performance. For example, the use of obsolete marketing materials (which occurs far too often) can cause a company to lose sales that represent much-needed revenues. In addition, the use of obsolete materials by companies in highly regulated industries, such as insurance, financial services, and

CONVENIENCE, SPEED, AND ACCURACY

pharmaceuticals, can expose a company to significant fines or other financial penalties.

A web-to-print solution reduces obsolescence by eliminating the need to purchase printed materials in large quantities. By using on-demand production technologies, a web-to-print solution will enable you to acquire most printed materials in small quantities on a cost-effective basis. And because production lead times are short, you can order materials as and when they are needed. This eliminates the need for large inventories, which greatly reduces the possibility that materials will become obsolete before they can be used.

Another major reason to use a web-to-print solution is that it will enable your print supply/distribution chain to work better. If you employ conscientious people, and if you are lucky enough to work with suppliers that employ talented and attentive salespeople and customer service representatives, you may believe that your processes for managing printed materials are working quite well. But the truth is that, in some ways at least, a technology-based system can produce a level of performance that a manual, human-based system cannot easily duplicate.

One major advantage of a web-to-print solution is that it is always available. Your field sales reps, other employees, branch offices, and/or sales channel partners can place orders for printed materials 24 hours a day, seven days a week, 365 days a year. Time zone differences don't matter, and no one other than the person placing the order is needed to begin processing the order.

A web-to-print solution will also reduce the time required to process and fulfill orders for printed materials. By automating order placement, order approval, and pre-production processes, a web-to-print solution allows orders to move directly to production, thus decreasing the time from order placement to order shipment.

Finally, a web-to-print solution can reduce the number of mistakes that inevitably occur when telephone calls, e-mails, or faxes are used to place orders for printed materials. People placing orders can actually see what they're ordering, and the ordering system can be configured to require users to confirm critical details before an order can be placed. Reducing mistakes not only eliminates wasteful spending, it can also help shorten sales cycles and prevent lost sales.

IMPROVED SUPPLY CHAIN VISIBILITY

When sourcing and procuring printed materials is spread across numerous departments and business functions and is executed primarily using manual methods and processes, it is difficult for company leaders and managers to have timely and accurate information regarding the performance of the print supply/distribution chain.

GREATER SUPPLY CHAIN CONTROL

Most web-to-print solutions provide extensive reporting capabilities that enable company managers to have improved visibility regarding supply chain costs and performance. These reporting capabilities allow authorized users to track the usage of printed materials by individual item, as well as by user and other criteria. A robust web-to-print solution will also provide timely and accurate information regarding current spending levels for printed materials. Spending levels can be tracked by item, user, business department or unit, as well as other criteria. This enables managers to monitor budget compliance on a near real-time basis.

The fragmented, ad hoc nature of traditional print sourcing, procurement, and distribution practices undermines the ability of company leaders to maintain effective control of the supply and distribution chain for printed materials. One key to effective supply chain control is the use of standardized print procurement processes. The Aberdeen Group reports that 71% of “Best in Class” companies have and use standardized print management processes.⁷

A web-to-print solution enables company managers to regain control of the print supply chain. Most robust web-to-print solutions provide two major capabilities that enhance supply chain control. First, an enterprise-level web-to-print solution will provide a flexible security model that enables companies to regulate user access and permissions at a granular level. This allows system administrators to determine which materials an individual user can access and what actions the user can take with respect to those materials.

A robust web-to-print solution can also be configured to support a company’s business processes and rules relating to ordering or purchasing printed materials. So, for example, if orders for materials that exceed a specified dollar amount require the approval of supervisors or managers, the web-to-print solution can be configured to incorporate and enforce those processes and business rules.

FOR MORE INFORMATION

If we can help you evaluate whether a web-to-print solution makes sense for your business, or if you’d just like to know more about how web-to-print solutions work and what benefits they provide, contact **Bill Fechner** at **Advertisers Printing**. Call **314.652.9924** or email: **WF@advprinting.com**.



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1. Category Spend Management: Print and Print Services (Aberdeen Group, 2006)
2. Printed Materials and Services Management (Aberdeen Group, 2012).
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