

The **LeadiNg** Edge

The Newsletter of the Imaging Network Group • Spring 2014

INg **SADDLES UP**

THERE WERE IMPORTANT matters to discuss, like postage and equipment and data management and trends and the things that come out of the dark at 3 AM. But in Tucson there were also horses to be ridden, cattle to be herded, ATVs to play on, and petroglyphs to be inspected. So being cowboys, cowgirls and adventurers, we did it all in just four days. And a fine time was had by all at the 2014 INg Winter Forum at La Paloma in Tuscon.



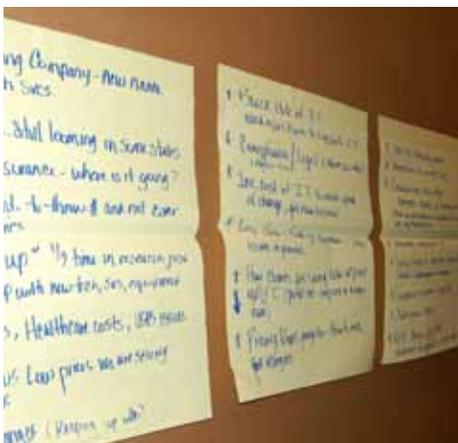
Head 'em up, Move 'em Out!

We started off with the Dan and Noley Show, getting an overview of the latest technologies that drive INg businesses. **Noel Ward** of Brimstone Hill Associates wrangled the equipment while **Dan Adler** of DA Digital handled the software. More than ever before, these areas are moving targets for INg members with advances in print engines and the shift from toner to inkjet. “Most shops,” says Noel, “will need to have a mix of both types of machines to meet shifting customer needs.”

“They will also need a mix of software,” noted Dan. It no longer makes sense for service bureaus to rely heavily on home-grown software. All the software companies—some of which are INg vendor partners—offer a rich mix of comprehensive software options and provide the support needed to help bureaus best serve customer needs. While the products come with monthly costs, it is strategically smarter to buy, rather than develop, the software needed to support key business activities.

Big Yellow Sheets

J.P. Thomas of Allison Payment Systems headed up the next part of the ride with a single question: “What one thing is keeping you up at night?” Big yellow sheets of paper, listing the many issues, quickly went up on the walls of the meeting room.



Whoa! Turns out there are a whole lot of things, from operational concerns to USPS issues to what some called “the black hole of IT” and the need to continually spend money and resources in this vital area. Competitive pressures also abound, with many owners noting how some competitors are offering “ridiculously low prices”

to get business, which was likened to the last kicks of a dying horse. Another big concern is the inevitable shift to electronic delivery. Customers don’t always realize that many of the costs involved in e-delivery are the same as for postal mail, and that there are significant security and compliance requirements still must be met regardless of the delivery medium. It’s not as simple, customers are learning, as just turning off postal mail and using electronic channels. For bureaus, managing this process can lead to a certain amount of insomnia. Other issues were rising insurance costs, SLA penalties, legal concerns, thinner margins, and how to make the shift to inkjet, and avoiding dumb mistakes, to name only a few.

Snap Selling

Guest speaker **Jill Konrath**, author of *Snap Selling*, told us that up to 70 percent of the purchase decision process is usually done before a customer talks to a vendor. Not only that, typical sales cycles have increased by 22 percent. And, as you may have suspected in dealings with your customers, some 7 out of 10 projects are unbudgeted and not specifically funded—which explains why getting new business can be a tad challenging.

Jill ran us through some role playing exercises to demonstrate the dynamics of various sales scenarios, noting how salespeople often tend to overcomplicate issues to sound impressive. But it’s actually better to simplify things and educate a prospect using information, insights and ideas. And above all, be respectful of peoples’ time: you need to move fast (hence the term “Snap Selling”). To initiate that first conversation Jill says to pique the prospect’s interest with some results you’ve been able to deliver for a customer, add some relevant trends and data, and suggest a time for a quick conversation.

All About Us

Jeff Hayes of InfoTrends, INg’s new partner for all matters involving research and the state of the industry, reported the results of a survey that focused specifically on INg members. Jeff provided a broad view of the substantial aggregate capabilities offered by INg member companies, underscoring the tremendous value we bring to the transactional and direct mail markets, especially with respect to expertise in data handling and mail management.



Affordable Healthcare?

Dave Salazar of AXIS took the floor to lead an open forum on the Affordable Healthcare Act, aka Obamacare. Based on INg member research prior to the Forum, he found that 92 percent of INg member had seen health insurance costs increase, with just over half seeing a rise of 10 percent or more. Coverage levels, deductibles and co-pays have changed for most members. In response, some INg members have changed company policies and benefits. Some have gone with higher co-pays or deductibles. Others have instituted HSAs (healthcare savings accounts). Dave’s research highlighted some ways to cope with the soaring costs.



1. There is no reason to be loyal to your present health insurer so shop around.
2. Push back when given a rate quote. You may be able to get a better rate with some negotiation.
3. Because rates can be based on the number of employees in a company, look for employees whose spouse may work for a larger company with a better health plan. You may be able to cut a few people from your plan and reduce the cost per employee.

President's Corner

When we checked out La Paloma in Arizona a year ago, Jennifer and I talked about how nice it might be for some of our Northeast or Great Lakes-facing members to be able to come to a warm place in the middle of the winter. Little did we know that this would be one of the coldest and most miserable winters in decades! That alone put a lot of people in a good mood for our 22nd annual Forum. The reviews on the feedback forms were all very positive about La Paloma as a venue, and the agenda, while quite full, was very relevant and thought-provoking. Many people told me this was the best ever—which I love to hear—and I want to thank Shelly Anderson and the Directors who generously gave of their time and resources to make it all come together.



ING is a dynamic organization. We said goodbye to some members and we said hello to some new ones. As our industry consolidates and changes with the times, we're going to see a lot more new faces. I'm especially interested in finding new members who bring exciting ideas to our gatherings that can help us all compete better in the industry. We are constantly looking for those speakers who can provoke us to think in different ways.

The addition of InfoTrends as our in-house industry analyst was widely appreciated, especially by our vendors. Many of them commented that they would like to see InfoTrends' slide deck before the Forum, so that they could include some of the data in their own presentations. We're going to try to do that for next year. You may see the surveys come out a little earlier.

Our next meeting will be in Chicago on Saturday, September 27, 2014, at the Fairmont Hotel. There will be some great social time on Friday night, and once again, we're renting out the Chicago Firehouse Restaurant for our big dinner on Saturday night. It's not too early to start making your plans now.

Have a great summer, and let us know if there are any topics or speakers you'd like us to consider for next year's Forum at the Loew's Portofino in Florida (February 24-27, 2015).

Jon Dietz

President, INg



3 Strategies

Dan Adler of DA Digital, a founding member of INg and now a FOG (Friend of the Group or Freaking Old Guy, we're not sure which), talked about three strategies bureaus need to adopt for success and growth.

- 1:** Pay attention to all distribution channels, not just print. Being able to provide multi-channel delivery is essential to meeting the needs of many customers. For proof, consider that print engine vendors all have software partners who can provide e-delivery capabilities.
- 2:** Plan to invest in full-color, high-speed inkjet. This is where the production print market is headed, for transactional and direct mail, and even some segments of commercial print. This is expensive equipment, and almost exclusively rolled, but look for cut-sheet systems to enter the market within the next 12 months. However, with the continuous feed machines watch out for the hidden costs of unwinders and rewinders, and differences in finishing and mailing equipment that can jack up the entry fees and the monthly nut for these systems.
- 3:** Consider mergers and acquisitions. "Organic growth through M&A can be a fast path to more revenue and profitability," says Peter Schaeffer of New Direction Partners, an M&A firm that specializes in the print industry. Dan picked up here on a point from the Dan and Noley Show, noting that having a lot of custom, home grown software can actually be a liability in a merger or acquisition, because it requires a unique level of support, whereas software from recognized vendors can be an asset.

Are You Ready for a Disaster?

That was the question FSSI's **Henry Perez** posed to start a discussion on disaster recovery. In a time of increased weather-related



disruptions, having a comprehensive and tested plan for handling disasters is no longer a luxury or an item on a "to-do" list. He related results from a survey of members that measured whether INg companies can retain production capacity when it really

counts. Shops with more than one location have some built-in redundancy. Others feel they will be okay in a disaster but face local infrastructure failures that could hamper movement of mail, such as employees' ability to get to work, and delivery of fuel for generators. Whatever their individual concerns, 84 percent said they could benefit from a mutual aid arrangement among other INg members. This is a topic that is likely to be revisited in future sessions and in off-line discussions for some time. "We are the guardians of client reputations," said one member. "There's a lot of work to do, a lot of details."



Repositioning

Dave Henkel (Johnson & Quin), **Brian Kueppers** (Apex), **Bruce Heverly** (One2One) and **Bob Flynn** (RevSpring) took us on a trip through some of the issues of repositioning companies and brands. While this is a task many companies face at one time or another, it is not for the faint of heart. "Don't underestimate the time, money and effort involved," said Bob. Key points to consider:

- Try to get a URL that is logical, easy to remember, and related to your business.
- If renaming the company, use one that makes sense for your business.
- Plan for delays. Things won't go according to plan.
- Integrate direct mail, email, social media into the process.



The Black Hole

Pat Maurer from Apex Information Technologies led a discussion on the "black hole of IT," which reflected the "awake at night" worries of the seemingly endless resource drain of IT on member companies. It is important to focus on the most critical areas, consider what parts may possibly be outsourced, and have IT staff that

understand the needs of the business.



Patent Troll Alert!

Dave Henkel took the closing session to offer an open discussion on patent trolls, a problem that is cropping up with respect to use of Intelligent Mail Barcodes and even QR codes. Trolls have gone after bureaus and bureaus' customers for perceived infringement of usage, with even the USPS being subpoenaed to testify in court. While these issues don't generally hold up in court, they are still a drain on time, energy and money. Vendors are in the mix, too, and also attacked by trolls. Connect with your elected representatives and let them know that legislation on this required to prevent a drag on businesses, the economy and innovation.

And that's how we rounded it all up in Tucson. Of course there was the ATV ride, the cattle drive, and the hunt for petroglyphs, but those are a whole 'nother story.



ING Welcomes New Members

It's always a treat when new members join the ING family because it extends our collective resources of knowledge and experience further around the planet.

Bruce Heverly at One2One Communications is the newest member company. Bruce related a host of recent challenges his company has had with customers and former partners, from which One2One has emerged stronger and better able to serve its markets.

Tim Delaney of Laser Print Plus of Columbia, SC is a bureau with multiple intelligent inserters and using many preprinted shells, on which they offer dynamic ad placement. But Tim attended the Inket Summit last spring and is acquiring an inkjet press this year, so the volume of preprinted shells may be on the decline in his shop.



ING's eleven vendor partners are a vital part of the ING family and the experience of the annual Forum. Many of the companies having been present at the creation of ING 22 years ago and the relationships that have developed over the years have benefited ING members and partners on both business and personal levels. The vendor presentations are an important part of the annual forum, adding new product information and broad industry insights and perspectives.

Mike Lambert of Bell & Howell said you can get business out of people who have no budget if you can deliver value or dollar savings. Make sure your offer is aligned with needs of your prospect's business and market. Some factors to consider may be time to market, processing times and costs, risk and compliance issues, transactional life cycles, and nay key pain points they may be experiencing. And it wouldn't hurt to incorporate some of guest speaker Jill Konrath's suggestions!

Adam Armstrong from Transformations filled us in on the latest developments with Uluro, a product already in use at several ING member companies. Two of Transformation's products, uFulfill and uSecure, won "Must See Em" awards at PRINT 13 last September. Adam walked us through the benefits of these tools and how they address a variety of service bureau needs.

Ian Paeth from Satori Software brought up the topic of data quality, the process of identifying and correcting any flaws to support business processes and decision making. As customer data grows in complexity, arriving in a mix of formats via email, the cloud, call centers and more, it

is more important than ever to have tools and procedures to ensure data quality. And clean data is not only better to work with: It can help you add value through data enrichment to enhance customer communications.



Steve Kaufmann from Riso told us that one third of ING member companies now have Riso printers and those machines are producing some five million images per month. Being a vendor partner, says Steve, has allowed Riso to listen and understand the needs of the markets served by ING member companies. The result is the new X-1 press that features ink formulations that deliver richer blacks and more vibrant colors, a better color match to larger inkjet systems, a 4,000 sheet paper supply, and three new controllers, two for PostScript and one for IPDS.



Jamie Harris from GMC Software raised two key points about the challenges of constantly changing content. First is to de-commoditize your offerings. Look

for ways to add value by doing more than merely process the job faster or more efficiently. Learn about customers' pain points and look for ways to ease that pain. This segued into Jamie's next point: Mobile adoption is happening much faster than you might think and is going to drive customized communications in business for the next decade. "Don't shy away from it," urged Jamie. Mobile is a game-changer and you have to be able to deliver communications in all the ways recipients prefer.

Paul Rokos and **John Kline** from Pitney Bowes talked about Pitney's version of the HP T-Series presses which are enabling not only white paper factories but



also Pitney's Mailstream finishing and inserting equipment that provide inline wrapping of documents into envelopes. Paul also related the recent success of Volly in Australia, noting that a U.S. launch is some months away pending agreements with customers such as large retailers that are needed to provide the volume needed for implementation.





Dustin Graupman of Xerox emphasized the increasing momentum of production inkjet, noting that all the major press suppliers are continuing to make substantial investments in inkjet technologies. A key attraction is the ability to provide a smooth transition from monochrome to color printing without the cost burden associated with full-color

electrophotographic printing. Xerox customers, he noted, are looking for new, value-driven opportunities with inkjet and that the old price per page discussions are no longer relevant.

Canon's **Guy Broadhurst** talked color, an key issue given that the inkjet presses on the market are primarily color systems. Unlike the toners and developers used in EP presses, inkjet ink is a "monocomponent" making it more stable and able to produce colors more reliably. Still, every device prints differently so users have to understand their equipment while working to match customers' brand colors. He suggests picking a target to match against, (GRaCOL, SWOP, etc.) and all devices will try to hit that target. And be sure to factor in paper, process control, and vendor support to hit and maintain color accuracy. Guy also talked about Canon Niagara, the upcoming cut-sheet inkjet system due out later this year. For the second year in a row Guy received the award of Best Vendor Presentation for his talk.



Referencing what keeps members awake at night, **Matt Mahoney** from Solimar noted that with the power of the latest software we could be seeing the beginning of SBaaS or Service Bureau as a Service. This could re-define processes and involve much less programming, make composition a service, and send sortation up to the Cloud, potentially diminishing some of the value bureaus typically

provide. However, this is not as bleak a picture as it may appear. Data transformation and optimization, multi-channel delivery, quality assurance, and conversion to a PDF workflow still need significant expertise and hands-on attention, let alone the physical processes of accurately printing and mailing. The processes of capture, track, optimize, present and deliver are still at the core of much that bureaus do and while automation can enhance these functions, the service bureau as we know it is not going away. But it will change, and software is a key tool for owners as they adapt to market needs.

Mike Herold from Ricoh talked about inkjet and the "triple bottom line." While equipment was once feature-driven, the focus now is on environmental sustainability, profitability and community, driving effectiveness and value through ease of use, reliability and capabilities based on customer and market needs. For example, by concentrating on critical communications, Ricoh is working to control the environmental impact of printed communications by reducing power consumption and limiting waste. The company is part of the Digital Print Deink Alliance (DPDA), which focuses on ensuring that inkjet printed pages can be effectively de-inked during recycling.



Earle Painter, president of Ing's newest vendor partner, Sensible Technologies introduced us to his company, one which is already familiar to six ING member companies. Sensible produces refreshed or remanufactured feeders, adding intelligence and the company's own DRS software to enhance document output verification. Sensible's approach targets conscious customers with reliability, simplicity and affordability, with the added benefit of innovative DRS software. Sensible partners with Transformations, Inc., in reaching out to service bureaus and other mailers to provide comprehensive mailing solutions.





Chicago in September. Be There!

On the eve of Graph Expo 2014, the annual Fall Workshop will be at the Chicago Fairmont, 7:30 am–4:30 pm on Saturday, September 27. Be sure to come in Friday and join the INg gang for cocktails and don't miss the Partner Appreciation Dinner, at 6 PM Saturday night at the Chicago Firehouse Restaurant. For the best rates in town, please make your room reservations through Graph Expo.



The Imaging Network Group would not be all it is today without the enduring support of our valued partners. Thank you.



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