



Considering Outsourcing Your Printed Communications?

10 Elements to Keep in Mind

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Introduction

In today's tech-heavy world, printed outbound communication remains a key customer touchpoint.

In some instances, a company's bill or statement is the only customer touchpoint that is opened and read on a routine basis. Face it, today's consumer is flooded with messaging whether printed or electronic, often blurring the landscape.

As a result, greater importance is placed on delivering targeted one-to-one communications which integrate marketing, educational and transactional information – i.e. the transpromo statement.

Studies conducted by InfoTrends, Gartner and other leading industry research firms have shown that the average consumer will spend one to

five minutes reading a printed statement. These same studies have shown that a consumer will sort through their mail the day they receive it, discarding un-wanted marketing pieces, or “junk” mail. Once opened, for those captive minutes, your document becomes a blank canvas for you to deliver targeted messaging and important information.

Over the past 15 to 20 years, firms have been facing consistent headwinds in consumer preferences, while converging influences in declining volume, increased demands for an e-delivery experience and increasing postage costs have forced firms to constantly adapt.

With increasing costs associated with data security and other risk mitigation, more and more

firms are considering outsourcing or revisiting past decisions.

Ultimately, the decision makers must be comfortable with their choice. Whether the decision is based on financial, operational or technological influences, the end result should be focused on the end user – the customer.

If your firm is considering outsourcing your printed communications, revisiting past decisions or thinking about bringing production in-house, take into consideration the following 10 elements. Perhaps not all 10 apply, but at least 1 or 2 will be appropriate and may influence your final decision.



1 Control / Reduce Costs

The number one reason for outsourcing outbound printed documents is to control costs. The equipment needed to produce high-quality outbound communications is expensive and depreciates quickly. Bearing in mind the type of documents being printed, their frequency and estimated volumes, equipment configurations can cost between \$50,000 and \$3-5 million. The same guidance holds true for mailing equipment, which can set you back roughly

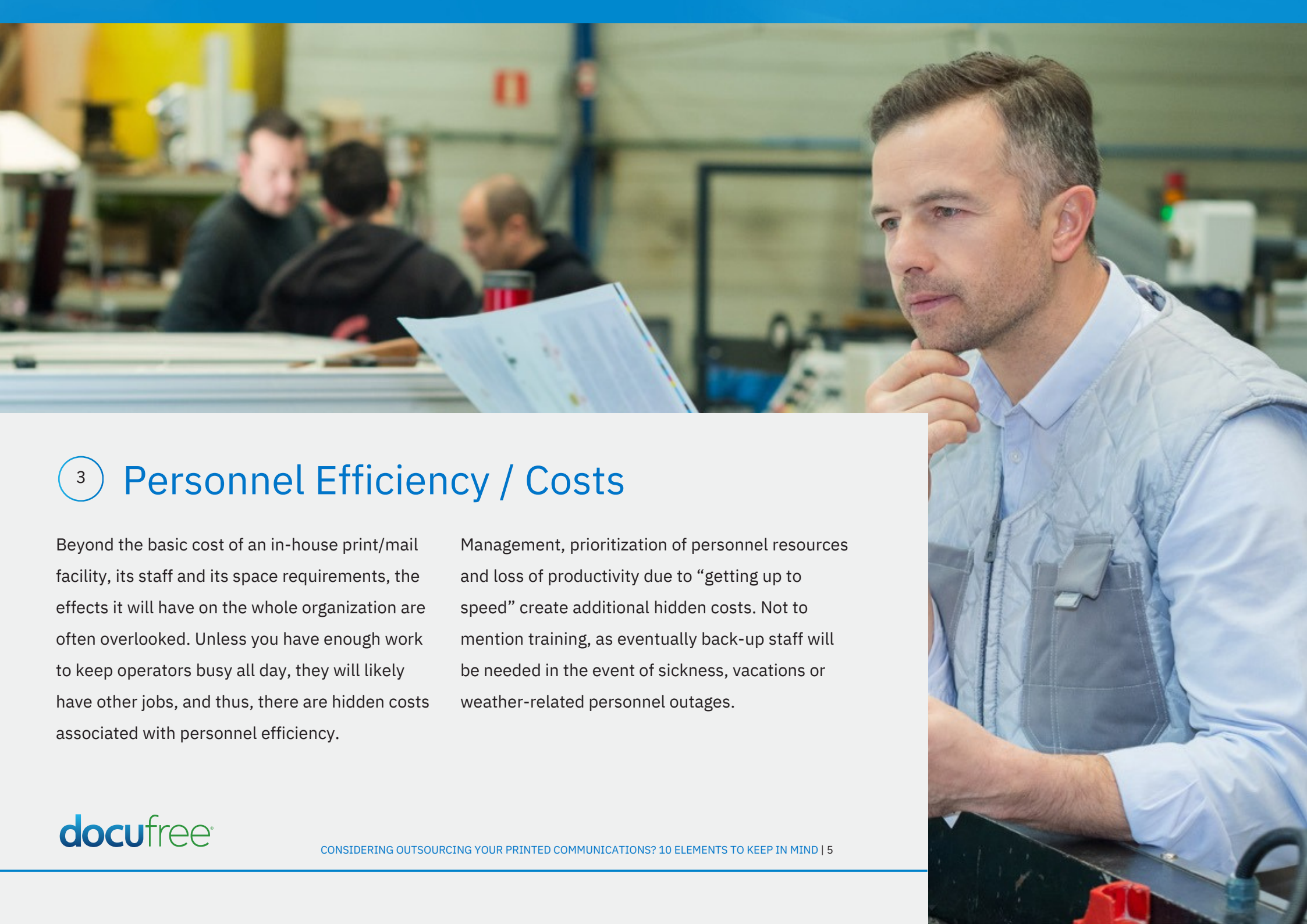
\$5,000 for a high-quality desktop folder/insertter to \$1 million for a fully automated intelligent machine. And this does not include the costs associated with production tracking software, equipment maintenance, space utilization, and trained operators. Ultimately, outsourcing is a cost reduction strategy that eliminates fixed costs and future investments and creates a variable cost structure that can be easily tracked and managed.



2 Facility Maintenance / Space Utilization

If you already have an in-house print facility, consider the costs involved in maintaining the space, including electrical, HVAC, security processes, support equipment (i.e. forklifts, hoists, racking) and maintenance. If you don't already have an in-house facility, installing and maintaining one will require you to repurpose existing space to accommodate equipment, warehouse and management offices. Then if backup and redundancy are essential components, the additional equipment will drive

the need for additional space, which then drives facility maintenance and applicable costs higher. Over time, dedicated facilities will often be tasked with venturing into new services or products that were not part of the original plan. In these cases, ancillary equipment and additional space will be required. Thus, in planning or revisiting your in-house facility, make sure to accommodate for today's demands and consider your future demands. Outsourcing may just be your best alternative.



3 Personnel Efficiency / Costs

Beyond the basic cost of an in-house print/mail facility, its staff and its space requirements, the effects it will have on the whole organization are often overlooked. Unless you have enough work to keep operators busy all day, they will likely have other jobs, and thus, there are hidden costs associated with personnel efficiency.

Management, prioritization of personnel resources and loss of productivity due to “getting up to speed” create additional hidden costs. Not to mention training, as eventually back-up staff will be needed in the event of sickness, vacations or weather-related personnel outages.



4 Consumer Preferences

The music industry has always been known to adapt to the times. Consider the approach to mass distribution of recorded songs. In the 1900s we were introduced to 33s, 45s, 8-track tapes, compact disks (CDs) and DVDs (often used for live concerts). The printed document is no different. Throughout the years it has changed considerably from the monospaced line generated document to the proportional, graphically and color enhanced document we know today.

The changes in both industries continue to be driven by consumer demands and technology, with smartphones playing a big role in the customer experience today. For in-house firms, adapting to e-delivery and the vast security and compliance requirements surrounding data sharing can be daunting, while outsourcing firms consider it a natural extension of their service offerings. Consumers continue to drive change in their communication preferences, and outsourcing firms adapt and enhance the delivery mechanism.



5 Quality Control

When managing a print/mail facility, it's impossible to overemphasize that small errors come with a high price – and paying attention to detail is paramount. There are numerous opportunities for errors, from duplicate files and printing on the wrong paper to typographical errors in the body of the document, all of which require attention prior to being sent. Professional firms have years of experience in mitigating errors. Every step, from file receipt to USPS delivery, is tracked and managed by a highly trained staff, ensuring that each page and each envelope is

delivered per the client's specifications. A supervisor or trained operator's expertise and keen eye will assist in eliminating costly errors by catching them before they're signed off. Firms understand and recognize that the consequences of mailing incorrect or poor quality information or creating an opportunity for a data breach far outweigh the investments made in technology or training to prevent those errors.

A blurred background image showing a person with curly hair working at a desk with multiple computer monitors. The person is in profile, looking at the screens. The monitors display various data and charts. The overall tone is professional and tech-oriented.

6 Technological Advancements

Keeping pace with technological change can be expensive. Unless you're constantly cycling equipment in and out, your facility may become obsolete sooner rather than later. Over time, many companies with in-house facilities find themselves outsourcing more work simply to avoid investing in new and expensive technology. As new products, services or customer demands bring technological advances, companies realize that bringing in specialized ancillary equipment or the

cost of adapting their facility can be punishing. Outsourcing firms have one distinct advantage over in-house facilities – the ability to spread investments over multiple customers. In the long run, outsourcing firms are forced to invest in new technology, products and/or services to stay competitive. By outsourcing, you select the appropriate service provider without any significant investment – that's an important consideration.



7 Business Continuity

Business continuity is a subject that keeps many executives awake at night. In today's world, highly regulated industries are required to have a documented business continuity plan, a requirement that is directly passed down to their partners. Well-documented plans must cover a simple short-term power outage to something more complicated such as a catastrophic fire or natural disaster. In some industries, monthly statements and other historical type documents

are mandated by regulatory agencies which ultimately makes delivery an essential component of the firm's day-to-day operations. A gap in delivery or non-delivered communications constitute non-compliance which could trigger regulatory fines or worse yet, consumer dissatisfaction or distrust. To ensure consistent delivery and compliance, confirm that you have a business continuity plan in place and verify that your partners do as well.

A close-up photograph of a hand holding a silver pen, poised to write on a document. The document features a bar chart with blue bars and a line graph with a blue line. The background is slightly blurred, showing other people in business attire.

8 Leverage Tried and Tested Processes

As discussed earlier in this piece, outbound communications are perhaps an organization's most important customer touch point. For in-house operations, the fear of losing control is probably the biggest obstacle a firm faces when deciding to outsource. Firms that already outsource face similar fears in changing partners and/or processes. However, the reality is that companies that have extensive experience transitioning

processes often follow tried-and-true onboarding practices that mitigate transition errors. Ask your proposed partner how they transition customers and leverage their expertise. Your results will most likely be based upon previous successful transitions and will incorporate tried-and-tested processes that must work all the time, for all kinds of print and mail applications.

9 USPS Savings and Compliance

Maintaining USPS compliance and maximizing postal savings takes resources and can be costly. Regulations and procedures change based upon demand and technology advances. For example, in 2004, the USPS enacted the National Change of Address Linkage System (NCOALink®) to replace the National Change of Address (NCOA), and in 2013, the USPS introduced the Intelligent Mail® Barcode (IMb), announcing it would be mandatory for all automation discounts. Both regulations are part of an even bigger standard referred to as the Move Update Standard. Since postage is by far

the highest expense in the print-mail equation, it's prudent to make sure your outbound mail piece arrives to its intended recipient the first time. To achieve maximum and effective discounts, a business mailer is required to maintain the accuracy of their address database and routinely scrub or update the database to adhere to USPS standards. Outsourcing firms employ dedicated subject matter experts who work closely with USPS representatives to maintain and address compliance concerns, as well as maximize customer postage discounts.



10 Economies of Scale

In small or medium-sized businesses, purchasing power often centers around how much inventory can be adequately stored and maintained. Changes in stock, envelopes or consumables can be expensive and are not easily absorbed in today's cost-conscious marketplace.

That's where outsourcing firms have a distinct advantage. Their ability to group their client's

consumables into lots allows them to negotiate based upon increased, sometimes staggering, volumes to achieve lower per piece entry points. Also, when volumes hit a certain threshold the purchaser can bypass the middle man and purchase directly from the paper mill to lower the price even further. The purchasing points vary based upon economic pressures and existing inventory, but often, outsourcing firms will closely monitor the landscape to ascertain the best deal.



Conclusion

Managing customer communications efficiently and cost-effectively is a crucial element of business success. Outsourcing outbound mail processes can reduce costs, achieve regulatory compliance and improve the quality and accuracy of the documents organizations share with their customer base.

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