

How production systems costs are reducing and opening up new markets.

By Judy Lilley MIP3. Pro tem. Publications Solutions - Feb 2007

The catalogue systems market place is expanding and it is no longer the 'cataloguers' domain. It impacts on all organisations whatever the size or sector. The businesses that have invested in publishing solutions in-house have done so because they wanted total publishing control or there was no cost effective outsource facility that let them manage data via live links. To meet this need the providers like Stibo Catalog and Pindar Graphics have used their own solutions to provide publishing facilities for clients who either do not want the capital investment of an in-house system or to act as a back-up support for existing system users.

The majority of businesses outsource channel publishing to advertising and graphic design agencies or other channel providers. It is this market that is now starting to take advantage of publishing systems functionality for the benefit of their clients, and to retain their business long term. The agency market has to date managed client data (some better than others!) via conventional methods of storage or using DAM solutions like Canto Cumulus, Portfolio or even Filemaker Pro. The storage of client data primarily was to improve internal workflow needs and the house naming conventions would be issued rather than those used by the client. However, publishing systems that are driven from direct data or feeds, enables automation of processes like tabular work, pricing, multiple languages and indexing that saves time, cost and improves accuracy. Most importantly these systems allow clients to manage and control their data directly; via browser based interfaces. This moves the responsibility for data back to the client so the outsourcer (or in-house production department) can concentrate on the channel output.

With lower entry level costs and a growing number of solutions to choose from, the return on investment (ROI) becomes easier to justify, even for

replacement systems. By implementing modular based solutions expansion can be aligned to the users learning curve; so reducing the business risk. Though, scalability and the issues around software and upgrade compatibilities need to be addressed when reviewing the system options. Added to this is the reduction in hardware, software and system/solution technology costs and more user-friendly systems, means there is an opportunity for outsourced provision. However, the winners will be those providers that understand the clients:

- Business strategies
- Customer base and buying patterns
- Product and business data structures and management requirements
- Channel selection and the delivery of effective solutions

In effect it is the concept of the 'one-stop-shop'.

Though this needs personnel that have developed convergent skill sets, as such the 'all-rounder' who appreciates the aspects of channel publishing process, irrespective of their core discipline.

What about the future?

Some current/future developments for main channels:

- Print: digital print developing larger press formats and faster variable print techniques as print on demand (POD) evolves.
- Web: incorporating multimedia and payment systems into e-marketing, pod casting, blogs and page turning technologies to develop personalised communications.
- Bricks & Mortar: developing more interactive, intuitive multi-media sales kiosks and electronic point of sale (EPOS) linked to payment systems that add value while reducing customer transaction time. Such as self checkout
- Tele-comms: mobile phone technology enabling faster access to the web and multi-media with extensive transactional functions. Intuitive knowledge based call centre systems to improve and add value to call centre response.

- Multi-media: iTV, streaming video and audio developments that can integrate with the other channels
- Face2Face: tends to be ignored as a channel but this remains a major sales and business intelligence source for many businesses. The information gathered by this sales channel must be developed, captured and fed back into the businesses to improve channel delivery.

Supply chains remain critical to the success of any channel and the developments around Radio Frequency Identification (RFID) and Voice Activated Technology in inventory systems will improve accuracy and delivery.

A new channel development may look good but will it deliver?

As with any marketing communication, testing is crucial. So, unless the customer is prepared to use it then there is no business value. Take the current page turning options, (web versions of a printed catalogue) for an example. These vary from low to high cost solutions dependant on the sophistication and complexity of the build. At least, it is a read only virtual publication and at best it is interactive and integrated into the e-commerce site. The jury is still out, but if it builds sales rather than poaches sales from another channel and the ROI is proven, then the web channel will be enhanced.

The Pro's and Con's of Production Systems

Some of the main positives and negatives for a business, irrespective of size or solution:

In-house Production Systems	Out-sourced Production Systems
PRO's	PRO's
<ul style="list-style-type: none"> ▪ Retains control of data and processes ▪ Retains control of productivity and spend ▪ Able to respond quickly to market 	<ul style="list-style-type: none"> ▪ No capital costs and overheads as cost are invoiced against channel budgets ▪ Supplier is responsible for production quality levels and

<p>needs</p> <ul style="list-style-type: none"> ▪ Access / Links to live data and data feeds ▪ Maintains competitive advantage ▪ Time and cost savings ▪ Reduces duplication of data and effort ▪ Improves accuracy ▪ More efficient workflows 	<p>outputs</p> <ul style="list-style-type: none"> ▪ Supplier responsible for production skill sets, training and workflows ▪ Client can retain control of data when browser based access is available ▪ No re-organisational and change management issues ▪ Improved Creativity
CON's	CON's
<ul style="list-style-type: none"> ▪ Capital costs and overheads ▪ Strict data control & disciplines ▪ Maintenance and support costs ▪ Need to recruit production skill sets and support training needs ▪ Re-organisational and change management issues ▪ Responsible for production quality levels and outputs ▪ Creativity can stagnate 	<ul style="list-style-type: none"> ▪ Dependent on quality of service and personnel ▪ Dependant on provider service levels and flexibility ▪ Limited access to live data ▪ Dependant on suppliers data feeds, management skills and resource ▪ Possible capacity issues ▪ Risk of an impact on data duplication and effort ▪ Risk of an impact on accuracy ▪ More detailed cost monitoring ▪ Speed to market may be slower

If publishing is core to your business then an In-house solution has to be relevant. Where as if publishing is not core then it may be more prudent to look for an outsourced option. The decision has to be made against possible impact on existing channel production and costs, return on sales and the multitude of other corporate aspects. As well as the risks associated the

change management issues, that can result in project failure, if not handled correctly.

ROI on existing channels will have a bearing on when an upgrade or new channel solution is implemented, in line with both short and long-term business plans.

How will a system or solution store and access product data. At a stock keeping unit (sku) level, or product group level or by publication? The data composition will vary when outputting to various channels. So, how the data is structured in a system is important to ensure the cleanest feed and minimise data administration and maintenance.

Recruiting specialised skills sets is becoming harder in areas such as programming and project management skills, and the retention and training costs will be higher.

There will be a choice on the solutions menu, between a ready-made meal and À la Carte – or in other words 'Out of the Box' or a build via a solutions integrator. The difference being that the former will train and assist in the implementation within the parameters of the solution. After which there will be minimal contact and any additional work will be at a cost. Usually, more economical, may lack some functionality but reliant on clients skill sets to build and develop. Where as the solutions integrator will build and adapt a solution, maintain and develop it as the business evolves.

Assessing what you need rather than what you want!

These are the main stages and each will be dependent on the scale and scope of a project.

1. Project buy-in from senior management.
2. Set up project team and working party, comprised of key personnel from all levels of the business.
3. Audit and understand current processes, identifying any opportunities for enhancement.

4. Start a 'wish list'. Build on this with any additional functionality and business/channel needs.
5. Review existing channel providers and new solutions
6. Produce a requirements document (or an Invitation to Tender-ITT) with clear objectives and time frames.
7. Shortlist and complete reference sites visits. Set-up demo with live data and/or workshops for the working party to evaluate.
8. Review proposals and costs including year on year costs like maintenance and support which should be between 10 – 15% of solution cost
9. Negotiate contract and payment terms, including Escrow costs.
10. Produce an implementation plan and schedule

Ensure, all staff, are kept informed about the project and involved at all times, when relevant.

Biography

Judy Lilley MIP3 - established Pro tem. Publications Solutions to offer an independent resource assisting businesses develop multi-channel production and DM techniques. Specialising in catalogue production system/workflow selection, the implementation of new technologies, change management, and publication structures. Copywriting and paper or digital channel production project management.

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