



WHITE PAPER

Outsourcing and In-House Print Shops

The five reasons why large enterprises are closing internal print centers



How In-House Print Centers Came to Be

Despite the rapid adoption of digital communications channels, print continues to be a mainstay of today's marketing mix. Surveys show that marketers still spend an average of 20% of their budgets on printed materials each year. This figure doesn't capture the hundreds of dollars spent annually — per employee — on in-office printing and photocopying.

These are big numbers, and it's not surprising that in-house print shops became so popular in decades past. The tried-and-true argument in favor of internal print centers has always centered on three arguments.



The New Reality

These three arguments were largely true as recently as the 1990s. However, a technological upheaval has changed the economic realities of the printing industry in the past 25 years.

- Digital printing presses are ideal for small- to medium-sized print runs and require little set up time.
- Online ordering portals empower anyone to order printed materials from anywhere, 24/7.
- Distributed production models allow printed materials to be produced at multiple print facilities nationwide — and quickly drop-shipped to anywhere on the planet.

Indeed, today's mass-scale distributed print networks have flipped the arguments of old upside down.



Speed

Having a print center on-site allows for faster turnaround on print jobs.



Control

Brand control, particularly color consistency, is lost when an outside party is used to print vital marketing materials.



Cost

Outsourced print services are more expensive because of the markup added by the vendor partner.



Speed

The combination of fast, distributed digital print networks and UPS and FedEx shipping enables outsourced print providers to meet or even beat the turnaround times of in-house print operations.



Control

Digital print production networks and centralized asset management systems ensure absolute color and version control wherever and whenever a piece is printed.



Cost

Efficient self-service online ordering, digital production technology and global sourcing enable outsourced print providers to reduce the total cost per piece on printed materials.

Better, faster and cheaper are compelling arguments, but even this is an overly simplistic take on the situation. There are other, more strategic reasons why outsourced print services are now the model of choice — and why so many corporate enterprises are shutting their in-house print centers.



The Top 5 Reasons to Outsource

#1: Outsourcing Frees Up Capital and Talent

Maintaining an internal print facility is extremely capital intensive and requires significant ongoing investment for the company. The purchase or lease price of a printing press is substantial, as are the ongoing supplies and maintenance contracts required to keep each piece of equipment running. Every dollar invested in printing equipment is a dollar that cannot be invested in digital ad campaigns and other high-ROI marketing activities.

There is also the matter of wages and benefits for the print shop employees. All or most of the FTEs required to operate an in-house print facility are eliminated when an outsourced print model is implemented. This headcount can be redirected to other, more growth-oriented activities of the company. In fact, an even better outcome is increasingly common. Organizations that choose to outsource are often able to fill open positions elsewhere in the company with former print shop employees — thus addressing post-COVID talent shortages head-on.

A SOLUTION FOR TALENT SHORTAGES



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#2: Outsourcing Reallocates Physical Space

Machinery and people aside, there is also the matter of physical space. Print centers are space intensive and require a significant footprint to operate efficiently. By definition, this allocation of space comes at the expense of other functions within the company. Is a print shop truly the highest-ROI use of real estate for the organization? More than likely, the answer is no.

This factor is compounded when incremental space is acquired for the print shop. Very often, companies with in-house print operations lease or buy space specifically for the print center itself. The cost of this space is eliminated when an outsourced print model is implemented and flows immediately to the bottom line.

#3: Outsourcing Creates Strategic Focus

Mission. Purpose. Core competence. Whatever terminology is preferred, all organizations exist to accomplish something very specific. Generally speaking, the more focused an organization remains on its mission, the more likely it is to succeed long-term.

Printing is a bad strategic fit for most organizations. A capital-intensive, high-overhead manufacturing function, internal print shops are especially out of place when operated inside of healthcare organizations, insurance companies, educational institutions and the like. As reasons four and five will explain, in-house print shops are poorly positioned to compete with the capabilities of a dedicated outside print vendor — a company whose entire mission is focused on the art of print production.

INTERNAL SHOP INADEQUACIES



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#4: Outsourcing Eliminates Risk

While few stop to consider it, relying on an in-house print shop actually increases risk for an organization. Equipment failure, power outages, natural disasters, labor strikes and employee turnover are just a few of the unplanned events that can stop the presses at an internal print facility.

These risks are all eliminated when print is outsourced to a capable third-party printer. Downtime for an individual facility or piece of equipment is a relative non-issue for an efficiently run printing company. Print jobs can be seamlessly redirected to other presses or facilities within the company's print network, ensuring that the right printed items are always available when and where they are needed.

#5: Outsourcing Opens the Door to More Capabilities

Another often-overlooked downside to in-house print shops is how limiting they are to the organization. Practically speaking, it's impossible for a company to invest in the talent and technology necessary to "compete" with the capabilities of an outside print vendor.

New printing press and finishing technologies are introduced annually as the state of the art continues

to advance. Compared to an internal print facility, a third-party provider will offer infinitely more options when it comes to personalization, variable print, finishing embellishments, bindery, kitting, warehousing, distribution and so forth.

There is also the omnichannel factor to consider. While an in-house print operation will likely be limited to laying down ink or toner on paper, the right outsourced provider can reach audiences through every conceivable marketing touchpoint.

- Direct mail campaigns
- Email and SMS text notifications
- Electronic statement generation
- Digital asset management services, and more

OUTSTANDING OUTSOURCING



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The 4 Models of Print Center Outsourcing

Just as there are many reasons to pursue an outsourced print model, there are many ways to go about it. No two organizations are exactly alike. For this reason, a variety of print center outsourcing models are common in the industry.

#1: Dedicated On-Site Support

An outside partner assumes control of the organization's existing on-site print shop. In this model, the outsourcing partner takes on management responsibility for space, people, equipment, process and inventory.

#2: Hybrid (or PrintConcierge®)

This model is a mix of outsourced and in-house capabilities. For example, an on-site concierge provided by the outsourced partner assists internal customers with small, fast-turn projects. Meanwhile, more complex print jobs are routed to the outsourced partner's production network, typically via an online print management portal.

#3: Outsource with Local Partner Support

In this scenario, the organization's in-house print shop is shut down completely. Small, same-day projects are handled by a local provider. Meanwhile, all other jobs are ordered through the outsourced partner's online print management portal.

#4: Total Outsource

In a total outsourcing model, the organization's in-house operation is shut down and no local support partner is engaged. All requests are submitted to the outsourced partner via an efficient online print management portal.

THE PHASED APPROACH



Going from 100% in-house to 100% outsourced can seem daunting to some organizations. As a solution, the print center outsourcing models described here are sometimes implemented in a phased approach. As an organization becomes comfortable with the services provided by the third party, more responsibilities are entrusted to the outsourcing partner over time.

About Taylor

Taylor is a leading provider of business process outsourcing services for in-house print facilities. By tapping into Taylor's vast nationwide network of secure print and distribution centers, our customers are able to:

- Reduce the total cost per piece of printed materials.
- Free up capital while reducing equipment maintenance costs.

- Minimize on-site production and reclaim space for other uses.
- Reallocate talent to higher priority roles within the organization.
- Reduce inventory costs and obsolescence by going to on-demand printing.
- Adopt new marketing and communications capabilities.

To learn more about our print center outsourcing capabilities, contact your Taylor representative.