

Case Study

NATIONAL INSURANCE PROVIDER

Transitioning In-House Print Operations to Focus Resources on Core Business Objectives

A publicly traded insurer and financial services company had operated its own print center for 50 years. The center produced all the company's print pieces: policies, statements, billing, business cards, direct mail solicitations and marketing collateral. More than two decades into the 21st century, though, company executives began to question whether maintaining the investment in print operations – equipment and personnel – was the best use of dollars.

CHALLENGE

Initially, the insurer had made the investment to better control both the cost and timing of printed materials – they never had to wait in line behind another customer to get materials printed. It gave them a competitive advantage going to market.

But as print technology advanced, their in-house platform required ongoing investment – in digital presses, versioning, personalization and print on demand technology – to efficiently do everything today's marketing demands. They started to wonder how competitive their print center was on costs and products.

The company's extensive print operations included:

- A 435,000 sq. ft. owned print communications center
- Another 75,000 sq. ft. leased for output processing
- Several hundred full-time employees
- 10 different onsite vendors
- Processing about 100 million print pieces per year
- 236,000 shipments per year
- 9,500 fulfillment SKUs
- Open capacity on their sheetfed presses and not enough capacity on their digital presses

IMPACT

Projected to save
\$10M over five years

Freed capital and
redeployed to generate
higher return and
expand business operations

Adaptable to changing
print demands, by
measuring ROI
of each print project



To keep the per-piece cost of print materials down, the company often over-printed and then had storage costs for excess inventory that was eventually just shredded. Real estate and other assets dedicated to printing couldn't be reallocated to revenue-generating activities in the company's core business. Perhaps worse, the print center was an order-taker, not a partner with the expertise to help the company grow. This was draining during a period of consumer- and technology- driven disruption in financial services.

Despite this, company executives were unclear about whether handing their print operation to a third party would help them be more competitive. And the sheer scope of the logistics and change management involved in transitioning to an outside vendor held them back from making a change.

SOLUTION

Quad first evaluated the company's print center processes, products and technology. After the discovery period, we knew our industry-leading technology, equipment and investment in continuous improvement would be a much better option for the company.

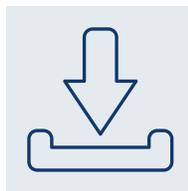
This option included a plan to complete the transition of all commercial product printing, warehousing, kitting and fulfillment to Quad in one year – half the time the company expected it would take. Our comprehensive solution would drive down costs and allow the insurer to focus resources on creating value for its customers and sales force.



Transitioning Personnel



Printing



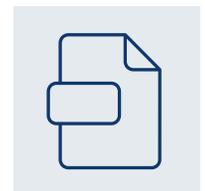
Fulfillment



Postal Optimization



Workflow Optimization



Paper Procurement

The plan covered the following key areas:

- **Transitioning Personnel** – One of the biggest challenges the company faced was closing down existing print operations and transitioning employees. As a leading printer for more than 40 years, Quad understands that process and has a template for it. We know that the centerpiece of such a transition is clear and frequent communication with all affected personnel. Because of our size and financial stability, and the amount of new work involved, we were also able to re-badge a majority of the insurer's print center personnel and bring them on as Quad employees, all without disrupting the customer experience. In addition we purchased some of their print equipment.
- **Printing** – With our extensive digital press footprint, we were able to shift the bulk of their printed material needs to print-on-demand. This allowed the company to produce materials in the right quantity, at the right time, and to fulfill orders quicker than with conventional offset presses. It also reduced inventory holding costs.

- **Fulfillment** – This client needed fulfillment to be integrated from order intake through production and distribution. Our comprehensive solution considers each printed product’s parameters, destination and other relevant factors to determine where it can be produced most efficiently in our network. All Quad’s fulfillment operations are connected within our print manufacturing plants, which eliminated inter-plant fees and offered the company the flexibility necessary to manage last-minute demands.
- **Postal Optimization** – Quad is the United States Postal Services’ largest customer – processing and mailing 11.04 billion pieces annually. This position creates both economies of scale and leverage to negotiate the best postal rates for customers. For this client, we maximized our commingling capabilities, which allow us to pre-sort mailings from different campaigns, reducing handling by the USPS and per-piece postage. Annually Quad saves clients more than \$240 million in postal costs.
- **Workflow Optimization** – We worked with the company to understand all of their internal processes, go-to-market strategies and workflow challenges. This review gave us the insights we needed to identify where we could improve to:
 - Reduce manual interventions by replacing them with digital technology and tools such as online proofing and a web-based interfaces
 - Standardize workflows
 - Scale to support future vendors and partners
 - Redesign the organization to deliver higher quality results and faster speed to market at a lower cost
- **Paper Procurement** – Quad purchases more than 1.4 million tons of paper each year, which gives us significant leverage with paper suppliers. We worked with mills to negotiate not only better pricing but also to resolve quality and delivery issues. This ensured printed product quality and reduced cycle times.

IMPACT

Our plan is expected to save the company \$10 million over five years. Transitioning their in-house print to Quad also created important strategic benefits:

- It freed capital that had been tied up in printing equipment, real estate, paper and other printing supplies so it could be redeployed to generate a higher return and expand the insurer’s business.
- It turned a fixed cost into a variable cost – if the company needs less print in an increasingly digital-centric world, their costs for printing will go down. If they need more, costs adjust accordingly.
- Either way, that allows them to easily measure costs per project and each project’s ROI.

In an era of doing more with less, and strict budget accountability, that’s a major advantage.

See how we can help.