

for Affiliates this month in Center research:

Sourcing of Corporate Print

The top printing trade associations and scholars who study this industry have found that the demand for print services provided by commercial printers has declined. One major cause of this decline appears to be the growing electronic distribution of documents. Also, digital presses and high-volume office copiers now make it possible for corporations to print their own high-quality documents internally. A third explanation for the decline may be the fact that suppliers are adding printing to their service offerings, thus competing directly with the services provided by commercial printers.

This month we look at a new RIT Printing Industry Center research monograph, *Sourcing of Corporate Print: Three Case Studies* (PICRM-2005-02) by Patricia Sorce, to understand these factors and others that impact the demand for outsourced commercial printing by corporations.

RIT

The first case study examines the print activities of Rochester Institute of Technology (RIT), which has 15,000 students, 700 faculty and 2,000 staff members. Internal printing capabilities are spread throughout the organization, and include the desktops of faculty and staff members, networked printers in teaching labs, and an in-plant printing facility with two major service centers: the "Central HUB" and the "Crossroads HUB."

Print revenues from internal charge-backs at the Central HUB have been increasing steadily over the past 17 years, with a sharp rise in 2003, the year its new Heidelberg Speedmaster 74 was first in full operation. The retail storefront at Crossroads HUB experienced an increased volume of jobs submitted by students in the last year. The key challenge is how to make money on short-run jobs, the majority of which need a high degree of file correction/preparation. Much staff time is devoted to working with naïve users who do not submit the right file formats to endure top-quality output.

The amount of printing at RIT's Data Center has declined substantially over the last decade, primarily due to the Oracle database system that manages HR, payroll, and the internal accounting systems which distribute data files electronically throughout the campus to key budget managers. Before Oracle was in place, reports were printed centrally and then mailed to each department. Now monthly statements are printed on the desktop.

The academic departments in RIT's eight colleges utilize three types of printing:

Center Spotlight

Save the Dates
for two upcoming
RIT events!

► 2006 Digital Printing
Symposium: Emerging
Trends and Technologies

June 6-8, 2006
RIT, Rochester, NY
Presented by TAPPI and RIT

► Creating New Value in
Packaging Printing

November 14, 2006
RIT, Rochester, NY
Presented by RIT



Get *The New Medium of Print* Now

In this new book, author Frank Cost explores the emerging printing industry as influenced by developing technologies.

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The e review

The eReview is a monthly publication of the Printing Industry Center at RIT for registered Affiliate companies. Articles are also published in the quarterly printed publication *PrintReview*.

- printing in support of teaching and research,
- printing in the computer labs (by students), and
- printing for the administrative unit.

In many cases, faculty members now distribute course content simply by posting it on the course Web site. Currently there are print policy guidelines for the students in the computer labs, but there is no limit to the number of sheets students can print in any one academic quarter. And there are a number of printing devices in most colleges: in one academic college, there is a total of 58 printing devices for a faculty and staff of approximately 60 individuals.

For RIT's external audience, electronic distribution of recruiting materials has not replaced print. In fact, print budgets have remained relatively constant even though electronic means of marketing are now a vital part of the contact with external audiences and prospective students. The decline in the cost of print has allowed RIT to print a larger quantity and wider variety of materials, including *Viewbooks* (glossy, 32-page publications) for each of the eight colleges, a course bulletin (400 pages on uncoated paper), and personalized letters. Printed recruitment materials have typically been outsourced to commercial printers, with a limited volume going to the RIT in-plant facility.

RIT's other two marketing publications are an internal tabloid-style newsletter, *News & Events* (more than 25 years old, with a circulation of 6,000, printed by an outside vendor), and *The University Magazine* (created in 1999, with a circulation of 115,000, and also printed outside). Both publications also have Web versions.

The only RIT area that reported a decrease in printing was the printed forms area, through both the RIT Data Center and copy center operations at the Central HUB. In the first case, electronic distribution of forms has eliminated much of the need for printing. The decrease in the Central HUB's printing has no doubt been caused by the growing number and capabilities of networked printers proliferating throughout the campus, and by the electronic distribution of classroom materials.

Walgreens

The second case study is on the national retail pharmacy chain Walgreens, which estimates the number of jobs it prints externally to be 75%, and the number it prints internally to be 25%. Printed material that is outsourced consists mainly of store signage and point-of-purchase information. Walgreens uses a variety of vendors including commercial printers, print brokers, advertising agencies, and mail services providers.

An internal audit of Walgreens' print shop about ten years ago showed that the majority of jobs did not have to be run on offset presses. As a result, in 2000 Walgreens sold all of its offset equipment and purchased an HP Indigo digital color press. External vendors started printing letterheads and envelopes that require offset printing, but the company kept about 80% of the jobs it had formerly printed. Walgreens replaced the Indigo with a Konica 5031 in 2004 because of lower maintenance and set-up time.

One of the fastest-growing parts of the business, Walgreens

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About the Center

Dedicated to the study of major business environment influences in the printing industry precipitated by new technologies and societal changes, the Printing Industry Center at RIT addresses the concerns of the printing industry through educational outreach and research initiatives.

Support for the Center comes from:

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Health Initiatives, was outsourcing its printing for most large client applications, but recently changed its policy. Some of the applications are now being printed internally. Walgreens is now studying the true cost of print outsourcing, and may continue to reevaluate whether it should expand its internal printing services department with additional printing capacity and intelligent inserting.

Heluva Good Quality Foods

Robert Fratangelo, operations managers of the dairy food company Heluva Good Quality Foods, knows of no company in the food processing industry that prints primary packages in-house. Heluva Good uses three main suppliers for its printing: one national packager and two label printers. The packager prints additional images on pre-printed flow-wrap film (for cheese) and tubs (for dips), and the label printers make labels for Heluva Good's glass containers.

The elimination of retail pricing labels has greatly reduced the need for printed labels. Instead of putting a price on each individual item at the point of purchase, today retailers simply put the price on shelf tags, because manufacturers must by law incorporate UPC bar codes and nutrition information labels into food packaging. This law provides an additional benefit to the retailer because it allows quick changeovers in price.

Before the broad adoption of shrink film, Heluva Good purchased corrugated board, with the company's distinctive colors printed on the outside of the boxes. This color printing allowed the branded food products to be easily found in retailers' warehouses. Now Heluva Good uses shrink film that lets the color on the pre-printed tubs show through. Secondary packaging corrugated board is still used for cheese distribution, though. Cheese is packaged in pre-printed film and shipped in corrugated boxes to protect the air-tight seal of the individual packages. These boxes are printed with the Heluva Good logo in black ink by the converter.

If Heluva Good is representative of the dairy food packaging industry, the decrease in demand from commercial printers is the result of the change in packaging technologies and changes in labeling regulations. These changes have been a boon for the packager or converter, who is now in many cases the source of the print found on the primary packages of our dairy foods.

Conclusion

In summary, the adoption of new printing technologies has resulted in an increase in the amount of printing for RIT's in-plant printing operation, and a decrease of in-plant printing for Walgreens. The Heluva Good study supports the claim that the locus of outsourced printing for some manufacturers may be shifting from commercial printers to packagers/converters.

2005 Research Monographs:

To read about this research in detail, download the monograph from: <http://print.rit.edu/pubs/picrm200502.pdf>

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