

THE P&L OF DOCUMENTS

Publisher's Page

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During my former life as a consultant, I enjoyed constructing a complex spreadsheet that computed the real Return On Investment (ROI) of electronic document systems over the entire scope of the enterprise. What I learned while doing the project was the variety of ways that intelligent electronic document systems could add to your bottom line.

In general, you increase the bottom line by increasing income or reducing expenses (we won't talk about 'accounting by fiction' as has been recently seen in the U.S.). Thus, we have the great divide between the print center as a revenue center and as a cost center. The print center in the '80s was often a revenue center, while the print center of the '90s was usually a cost center. The justification for spending money in the print center will change dramatically depending on whether you think of it as a revenue center or a cost center.

The obvious nature of such a statement obscures some real underlying truths. The first is that you can't justify keeping a print center in-house on the basis of cost-cutting alone – you have to show that the in-house print center can (also) drive up revenue. The second is that now that the dot.com boom is a bust, Internet document delivery realistically provides both revenue opportunities and expense-reduction opportunities, just like the print center and often for the same reason.

In-house Print Centers

In the '90s, there was a great push to outsource in-house printing. Many managers reasoned that printing was not the company's core focus, so outsourcing the logistics of printing seemed logical. These decisions were based on two beliefs: Printing had become a commodity and the print center had become just a cost center, as opposed to a source of revenue.

The logic works like this: My print

center prints a lot of paper, my print center costs X dollars per year to staff and operate, an outsourcer tells me that he/she can do the same printing for less than X dollars, so I think I'll outsource the operation and get the same printing for less money.

So if you work in an in-house print center, you might want to know how to avoid getting outsourced. There are two ways: Show that you produce a printed product that can't be done by an outsourcer, or become a revenue center again.

How can you produce a printed product that can't be done by outsourcers (at least, not as cheaply)? Bring your IT people, your electronic printer people, and your graphic arts people all under one roof to create highly customized products that are invaluable to your company and which an outsourcer won't have the wherewithal (or interest) to produce. An outsourcer deals in commodities; similar print jobs are easier to sell to lots of customers.

The example of Clarica (Xplor Innovator of the Year in 2001) is very instructive. In the early '90s, Clarica merged a number of departments into one group to take advantage of their new IBM full color printer. When the ability to do full color became available to Clarica, the IT staff was already in place in the same department to provide the customized programming necessary to take maximum advantage of the full-color print technology.

Clarica's experience is an example of how companies that keep print operations in-house justify it and make it work.

Working With the Internet

There has been much speculation about the Internet replacing print. In fact, some transaction printing – the type that Xplorers specialize in – ought to go to the Internet. But it would be wrong to think of the Internet as just a competitor to print.

Service bureaus and ASPs already

understand this. They understand that the Internet is simply another tool to sell products and services to the customer.

What's the real value of a service bureau to the customer? It's the creation of information to support the customer's core business, using technologies that are not part of the customer's core understanding. The service bureau delivers that information using the medium that the customer dictates.

So what's the ROI when using the service bureau for printing versus the Internet? Actually, the ROI is enhanced for both printing and the Internet. The ability of the service bureau to provide either or both media, as needed by the customer, and driven by a unified electronic document system, means that no customer gets turned away.

This means that the correct calculation for ROI has become more complex. You must understand not only the effects of multiple document technologies but also the effect of document projects on multiple departments as the technologies spread through the entire enterprise. A single project may not have sufficient ROI if you look for revenues or cost savings in only one area, but spread across several departments, the technology can pay for itself rapidly.

The calculations are well worth the time. Real ROIs can still be found for the user willing to expand his/her vision and look at the big picture. Talk to your fellow Xplor members and look at benefits that you might have missed. I think you'll find that once again, membership in Xplor is going to make your job easier.

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