

Digital First

A TRANSFORMATIONAL OPPORTUNITY FOR PRINT SERVICE PROVIDERS



DIGITAL FIRST

A Transformational Opportunity for **Print Service Providers**

Today, the most successful companies look beyond the edges for transformational business opportunities. While technology is a key ingredient, new technology alone will not be enough to propel most businesses forward. For the transaction print industry, a reinvented business model leveraging the latest technology can be the disruptive force that alters existing business norms, rules and metrics and leads to the desired growth.

This will require implementing a comprehensive customer communications strategy, one that takes advantage of existing best practices in what is generically referred to as the transaction print industry. Transaction print is commonly comprised of bills, statements, invoices, related direct mail offers, customer correspondence (letters) and short-form financial print. Historically, transaction print has been managed by a Print First business model. Over the past 10+ years, digital document management and electronic document delivery have become adjacent capabilities, primarily to help facilitate bill and invoice payment processing.

The current Print First business model, in many instances, is not well integrated but rather tightly coupled through technology and a disparate set of processes, procedures and regulations. While this technology-enabled business model has been successful in extracting more value from its core activities and capabilities, it has fallen short in addressing the fundamental shift in the marketplace that

THE PIVOT TO A DIGITAL FIRST APPROACH TO CUSTOMER COMMUNICATIONS HAS CREATED WHITE SPACES IN THE EXISTING VALUE CHAIN, LEADING TO NEW OPPORTUNITIES.



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has taken place. The pivot to a Digital First approach to customer communications has created white spaces in the existing value chain, leading to new opportunities that allow print service providers to move beyond their core and adjacent operating spaces. This has resulted in a new business model that can extract the most value (revenue and margin) from its products and services platform.

Therefore, the role of the transaction print organization has changed. Where once it was perceived as fulfilling a regulatory requirement and delivering a summarization of transactional activity, it now must support a critical communication strategy. The value of transactional mail has not been lost on marketers who care about eyeballs on promotional messages and see it as a more effective messaging platform and channel than direct mail, with open rates averaging 70%¹.

**DIGITAL FIRST IS
A PHILOSOPHY OF
CONTENT CREATION
THAT CALLS
FOR OPTIMIZING
THE DESIGN OF
COMMUNICATIONS
FOR DELIVERY VIA
RESPONSIVE DIGITAL
CHANNELS OVER THE
PAGE-ORIENTED PRINT
CHANNEL.**

¹ <https://www.brandunited.com/article/direct-mail-planning-for-your-2020-marketing-goals>



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Meanwhile, there's been a seismic shift in the transaction print industry brought about by the changing attitudes of customers related to the perceived relevance and value of the content they receive. It has resulted in a transition to a Digital First preference over print and direct mail. This has ushered in Customer Communications Management (CCM) as a discipline with its confluent set of technology solutions, platforms, and strategies to communicate with customers effectively and efficiently. Emphasis is now placed on the Customer Experience (CX) where increasingly relevant content accompanies transactional information, leading the customer down a path to take action, whether that be to pay a bill, view a new product offering or enhance customer service through self-service opportunities. Interactions are increasingly becoming Social, Local and Mobile (SoLoMo) driven by the always

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on, consume anywhere communication preferences. As a demographic, Millennials are the driving force behind this shift, but Baby Boomers, who have been motivated by the pandemic to adopt digital processes, now also recognize the benefits that mobile platforms and devices have to offer.

It is difficult to invent or reinvent a business model without first identifying a clear customer value proposition. What problem are you trying to solve and how do you propose to get the job done? What service, product or solution is being offered that is unique and at an affordable price point? For the transaction print industry, several attempts have been made over the past decade to integrate disparate solutions in response to the changing demands of the customer. This has been largely focused on product development, partnership, or acquisition.

Migrating to this new business model can be done by pivoting to redefine the customer value proposition and shifting emphasis away from a low-margin resource and capital-intensive Print First orientation to low cost, high-margin technology driven by Digital First solutions. And it can be accomplished without abandoning the incumbent business model, by satisfying the needs of a changing customer base that is increasingly redefining how they want to be communicated with, what they want communicated, when they want it communicated and on what device they want to consume the communication.

TO BE SUCCESSFUL, A PROVIDER WILL NEED TO TRADE OFF LOW MARGIN PRINT FIRST BUSINESS FOR HIGH MARGIN DIGITAL FIRST BUSINESS.



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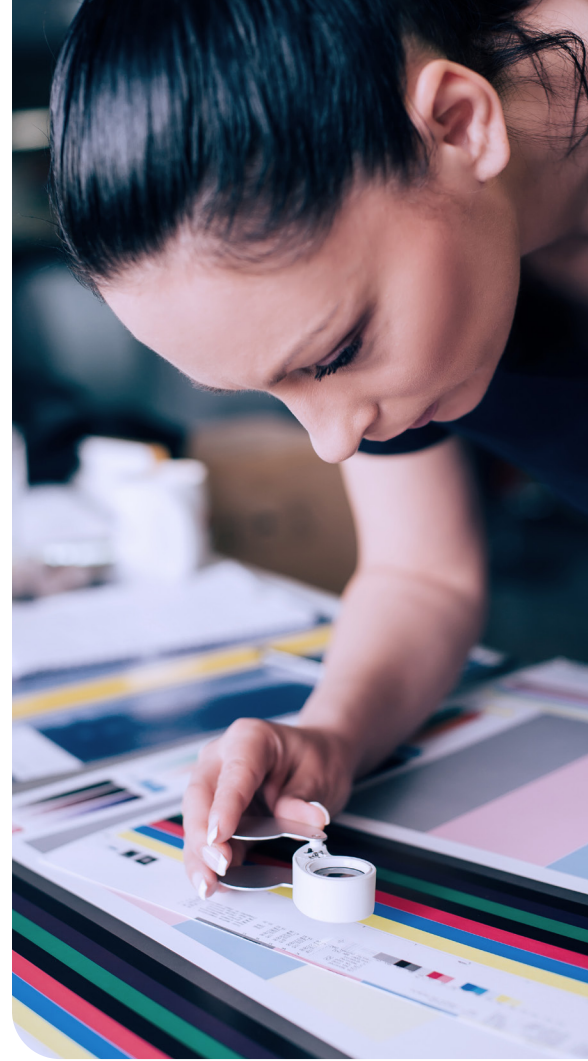
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A Digital First solution requires a full-service communications delivery platform that provides technology integration, content management, distribution, and print fulfillment. By integrating a customer communications management solution, an organization can enhance its traditional print and mail programs and deliver on the promise of a Digital First alternative.

It's important to note that a Digital First approach does not preclude print as a potential delivery channel. Instead, it means creating a flexible environment that allows optimization for as many channels as possible. In other words, one tool needs to support the ability to deliver content across the web, mobile, email, SMS, print, etc. This includes managing customer engagement across all customer journeys, preferences, channels, and touchpoints.

Print service providers can create value for themselves while providing value to their clients, but this will require an assessment of current revenue models, cost structures, margin models and resource velocity or capacity planning.

To be successful, a provider will need to trade off low margin Print First business for high margin Digital First business. What are the key resources and processes needed to deliver on this value proposition? They include having the right people, technology, channels,



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partnerships, and brand. It also includes developing the right business processes, business rules, metrics, and norms to create an enduring and sustainable competitive advantage.

The opportunity exists for print service providers to seize a market leading position by adopting a Digital First approach that complements the management and distribution of transactional documents. This would combine digital content management with digital print technologies to provide print fulfillment and cost-effective digital distribution as a complement to print and physical delivery models.

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Example of consistent communications across print and digital media.

CONCLUSION

The first requirement of growth no longer applies to large brands; that is, to identify a mass market large enough to scale. Even strategies like segmentation are designed to divide mass markets into smaller pieces. Nowadays, growth opportunities are coming from the edges, not the center. Smaller providers are focusing on smaller brands and are adopting penetration strategies based on the premise of growing accounts and deepening relationships inherently; that is, developing scale by adding up the small pieces.

The standard operating procedure of scaling one product offering for everybody is no longer transferable to a marketplace that demands customization, particularly personalization across multiple touchpoints that all need to be managed. Scale is still needed to succeed, but that scale will come from aggregating smaller brands with similar capabilities.

Print providers that will be successful in making this transition will do so by re-inventing themselves, digitizing traditional solutions and utilizing predictive technologies such as analytics and AI to drive growth. All will require rich, integrated data resources and channel-agnostic distribution. For most companies, digital transformation efforts are coming up short on intended ROI, in part because digital transformation is as much as a leadership

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strategy as it is a technology, culture and talent issue. Most companies find themselves behind on all three.

Established companies can create new products and services that disrupt competitors without fundamentally changing their business model. This is commonly referred to as “disruptive market innovations.” Digital technology has lowered operating costs, provided greater access to information, and delivered the personalized experiences customers have come to expect. What is keeping the C-suite up at night is the inherent risks of falling behind the pace of change and being unable to deliver personalized experiences.

The transaction print industry and its participants find themselves at a crossroads. The response to this challenge has been mixed. The largest providers have chosen to grow through acquisition, resulting in bloated payrolls, antiquated technology, product/service commoditization and an inability to respond timely to the demands of the marketplace.

The days of focusing on a “Print Manufacturing” model and a Print First orientation is no longer relevant. The new world order requires flexibility, channel agnosticism and a focus squarely on a Digital First orientation. There are many well-run businesses with attractive client bases that are willing to adopt a new business model that is coupled with new or emerging technologies. Integrating a

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robust CCM solution with traditional document management will allow these companies access to more opportunities on the broader customer communications value chain. What is required is for new providers and upstarts to fill the void with concrete solutions and the resources to execute on a broad digital transformation strategy.

**INTEGRATING A
ROBUST CCM SOLUTION
WILL ALLOW THESE
COMPANIES ACCESS TO
MORE OPPORTUNITIES.**

A DIGITAL FIRST SOLUTION FOR LONG-TERM GROWTH

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