In-Plant Analysis

Maintaining Relevance in an Evolving Industry

ANALYSIS

May 2023

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EXECUTIVE SUMMARY

The COVID-19 pandemic that hit hard in early 2020 might be mostly in our rear-view mirrors at this point, but its aftereffects still impact us all. In-plant operations are no exception to this rule, as they have been forced to reassess their overall purpose within their organizations. Today's in-plants must continue to demonstrate value to their parent companies while also finding new ways to survive and thrive in an uncertain future.

In early 2023, Keypoint Intelligence partnered with Ricoh Corporation to conduct an in-depth survey of 50 in-plant respondents and a series of one-on-one interviews. The results from this research provide additional perspectives on the challenges that today's in-plants are facing.

KEY FINDINGS

♦ When in-plants were asked about the key challenges they faced in growing their operations and expanding capabilities, budgetary concerns topped the list at 54%. Even so, 90% of respondents expected their budgets to remain the same or increase over the next two years.

♦ Like budgets, the majority of in-plants (80%) expect their print volumes to increase over the next 3 years. In-plants can prepare for this growth in two ways—they can improve their existing offerings or add new services.

♦ Over 70% of in-plants already receive jobs via a web-to-print (job ticketing/preview) application, and another 15% plan to implement one soon. At the same time, however, walk-ups (61%) and FTP transfers (52%) are also common job reception methods.

♦ In-plants want to add more services, but the truth is that many don't know where to start.

♦ Keypoint Intelligence's research shows that in-plants are slowly transitioning themselves into integrated resource centers (IRCs), but there is still much work to be done.

SURVEY BACKGROUND

Methodology

In partnership with Ricoh Corporation, Keypoint Intelligence conducted an in-depth survey of 50 in-plants in the United States. All qualifying respondents:

♦ Were employed full-time.

♦ Worked at in-plant printers or organization-owned printing/copying companies.

♦ Were at least somewhat knowledgeable about their parent company's operations in terms of number of jobs produced, typical volumes, or strategic planning.
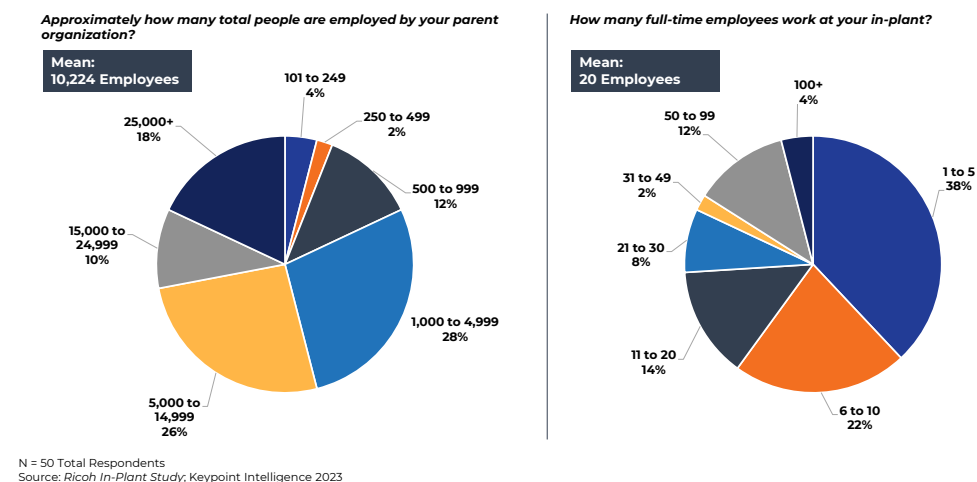
Demographics

Vertical Industry

Our survey respondents represented a wide variety of vertical industries. When asked to specify the primary business of their parent organizations, the most common industries included colleges/universities (30%), government/military (18%), and healthcare providers (14%).

Number of Employees

On average, in-plants' parent organizations employed over 10,000 total employees. An average of 20 full-time employees were working at their in-plants.

Figure 1: Number of Employees

Approximately how many total people are employed by your parent organization?

Mean: 10,224 Employees

- 101 to 249: 4%
- 250 to 499: 2%
- 500 to 999: 12%
- 1,000 to 4,999: 28%
- 5,000 to 14,999: 26%
- 15,000 to 24,999: 10%
- 25,000+: 18%

How many full-time employees work at your in-plant?

Mean: 20 Employees

- 100+: 4%
- 50 to 99: 12%
- 31 to 49: 2%
- 21 to 30: 8%
- 11 to 20: 14%
- 6 to 10: 22%
- 1 to 5: 38%

N = 50 Total Respondents
Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023
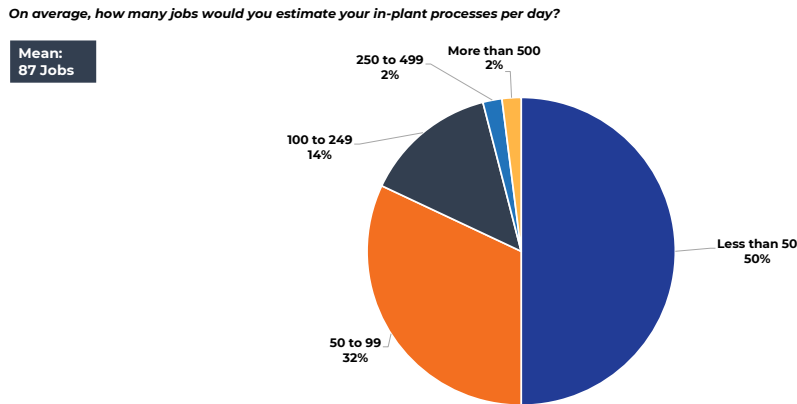
Jobs Processed Per Day

In-plants reported processing an average of 87 jobs per day, but the greatest share of respondents handled less than 50 a day. Less than 5% of in-plants processed 250+ jobs daily.

Figure 2: Jobs Processed Per Day

On average, how many jobs would you estimate your in-plant processes per day?

Mean:
87 Jobs

250 to 499
2%

More than 500
2%

100 to 249
14%

Less than 50
50%

50 to 99
32%

N = 50 Total Respondents
Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023

IN-PLANT CHALLENGES AND DIRECTIONS

Key Challenges

Today's in-plants face a great many challenges, including rising costs, supply chain issues, pandemic-related disruptions, an aging workforce, and the ongoing shift from print work to digital. Here are some specific challenges uncovered in our quantitative research:

- Outsourcing to a third party may help alleviate some issues, but it is not a priority for in-plants. Only 16% of total respondents expected outsourcing to a third party to increase over the next 3 years.

- Although 62% of respondents agreed that their leadership had a long-term vision for the future success of their in-plant, it is somewhat concerning that this share was not higher.

- Today's in-plants must become more efficient by delivering more value or producing greater quantities with a lower budget, but this is easier said than done. When in-plants were asked about the key challenges they faced in growing their operations and expanding capabilities, budgetary concerns topped the list at 54%.

- Lack of space was another barrier to growth, cited by over a third of respondents (36%). Much like budget, a lack of space can impact productivity.

- Today's in-plants must expand their services so they can attract additional business. To do this, they must leverage technology to meet their existing needs while also coming up with new ways to offer their services. Given that 32% of in-plants cite IT challenges as a barrier to growth, this should be another area of focus.

When total in-plants were asked what types of applications they produced at their facilities, the most popular included books and catalogs (94%), training materials (92%), and signage, posters, and wall/window graphics (92%). It is important to note, however, that these most commonly cited applications are not necessarily the ones that generate the highest volume or profits.
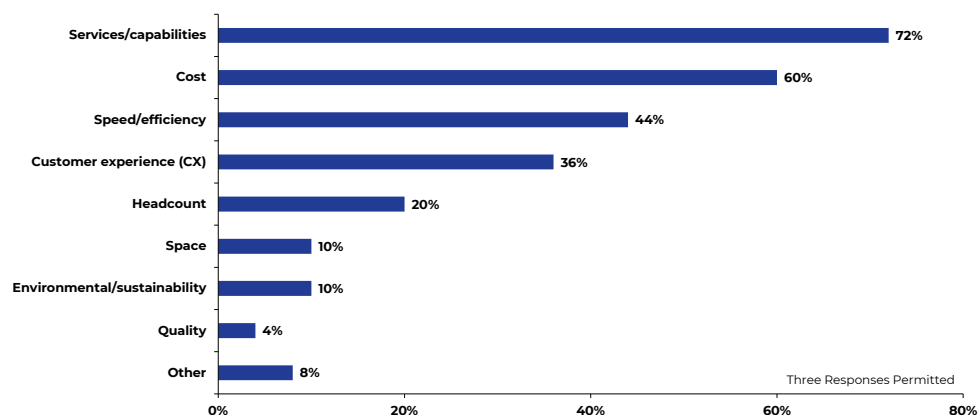
Although in-plants acknowledge a number of issues that may hamper growth, the good news is that most (62%) expect their budgets to increase over the next 2 years. Meanwhile, only 10% expected their budgets to decline.

Future Directions

To help foster future growth, in-plants have some key areas of focus. These include increasing print-related services/capabilities and adding new services all while reducing costs. To achieve these goals, in-plants must focus on overcoming their challenges.

Figure 3: Areas of Improvement

What are the top three issues that you need to improve to gain leadership/organizational support to grow your in-plant operation?

Issue	Percentage
Services/capabilities	72%
Cost	60%
Speed/efficiency	44%
Customer experience (CX)	36%
Headcount	20%
Space	10%
Environmental/sustainability	10%
Quality	4%
Other	8%

Three Responses Permitted

N = 50 Total Respondents
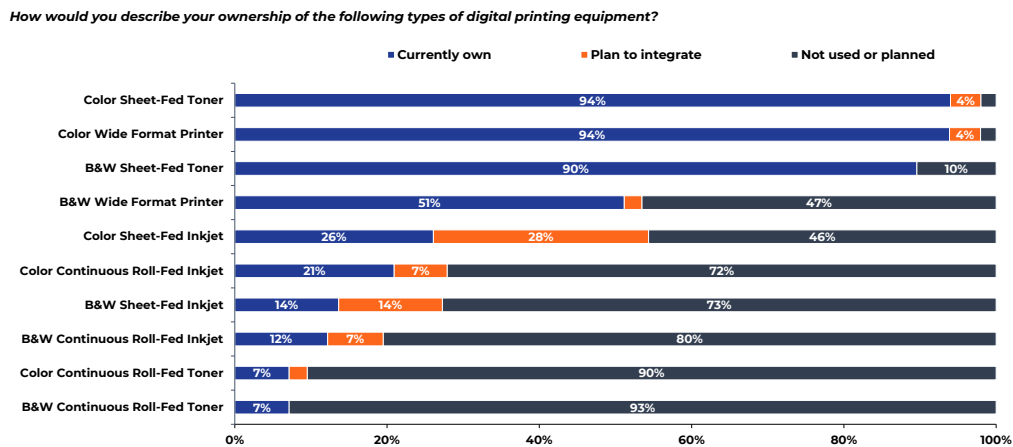Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023

PREPARING FOR GROWTH

Like budgets, the majority of in-plants (80%) expect their print volumes to increase over the next 3 years. In-plants can prepare for this growth in two ways—they can improve their existing offerings or add new services.

Strategy 1: Improving Existing Offerings

The vast majority of in-plants already own color sheet-fed toner devices, color wide format printers, and black & white sheet-fed toner devices. Meanwhile, color sheet-fed inkjet is a key area of investment that must be supported; 28% of in-plants have plans to integrate devices of this type in the near future.

Figure 4: Current/Planned Ownership of Digital Printing Equipment

How would you describe your ownership of the following types of digital printing equipment?

- Currently own
- Plan to integrate
- Not used or planned

Equipment	Currently own	Plan to integrate	Not used or planned
Color Sheet-Fed Toner	94%	4%	
Color Wide Format Printer	94%	4%	
B&W Sheet-Fed Toner	90%		10%
B&W Wide Format Printer	51%		47%
Color Sheet-Fed Inkjet	26%	28%	46%
Color Continuous Roll-Fed Inkjet	21%	7%	72%
B&W Sheet-Fed Inkjet	14%	14%	73%
B&W Continuous Roll-Fed Inkjet	12%	7%	80%
Color Continuous Roll-Fed Toner	7%		90%
B&W Continuous Roll-Fed Toner	7%		93%

N = 50 Total Respondents
Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023

Over 70% of in-plants already receive jobs via a web-to-print (job ticketing/preview) application, and another 15% plan to implement one soon. e-Commerce ordering (payment/job management) systems were also widespread, with 40% already using and 19% planning to implement. Among in-plants that were using an e-commerce or web-to-print ordering system, the greatest percentage were using them to manage jobs and production (92%) or to handle file production and preflighting (89%). This means that the jobs coming in through other methods are not being prepared and managed by the same system, which can impact productivity.

Over three-quarters of in-plants were currently using pre-press/pre-flight workflow software and/or job management & scheduling software. Meanwhile, production workflow automation, data collection/analytics dashboards, and job management/scheduling tools were key areas for planned investments.

Automation and workflow are key to adding value, but in-plants must prioritize these initiatives. In-plants must seek new alternatives to generate growth.

Figure 5: Current/Planned Use of Applications and Processes

How would you describe your use of the following types of applications and processes?
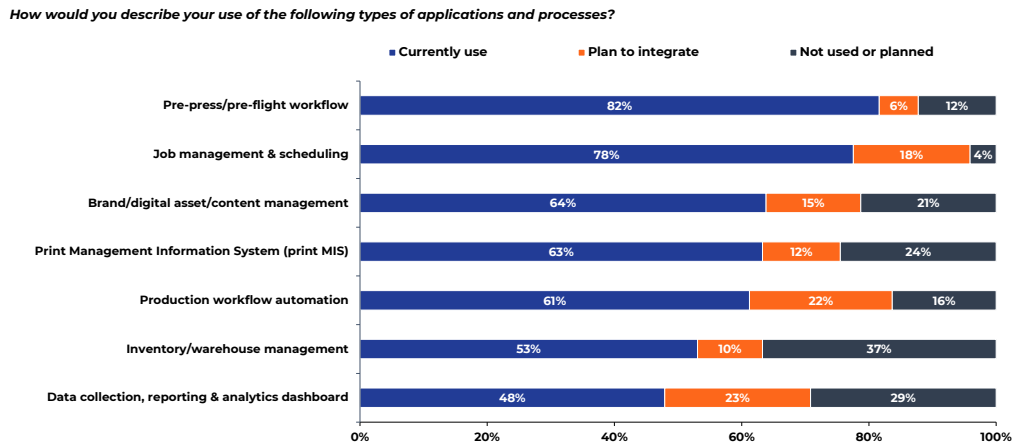
N = 50 Total Respondents
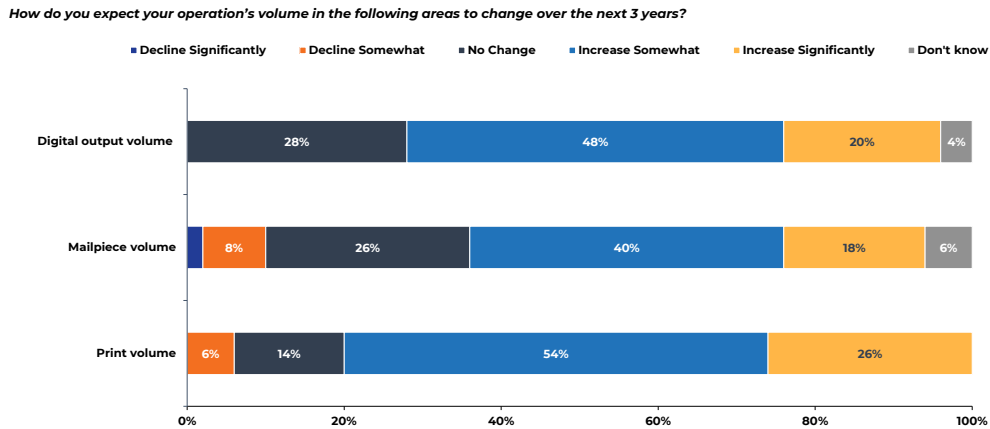Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023

Mail-related capabilities were also common, with 63% of respondents using postal address optimization tools and 56% adding barcode marks. The most common area of planned integration was reporting & dashboard tools (22%). Regarding systems integration, over 70% of in-plants had already integrated their shipping and fulfillment functions. The interest in integrating with ERP and CRM systems was strongest, with 15% of respondents planning to integrate.

Strategy 2: Adding New Services/Services Expansion

Encouragingly, the vast majority of in-plants (90%) expect their investment in new services and capabilities to increase over the next 3 years. Although it's good news that so many in-plants want to add more services, the truth is that they often don't know where to start. There is a need for education and professional services, and the experts at Ricoh can help!

In addition, 68% of respondents expect their digital output volumes to increase. None expected their digital output to decrease. The transition to digital is unquestionable, but this does not mean print is no longer important. As noted earlier, 80% of in-plants expected their print volumes to increase over the next 3 years. Nearly 60% also expected their mailpiece volumes to increase.
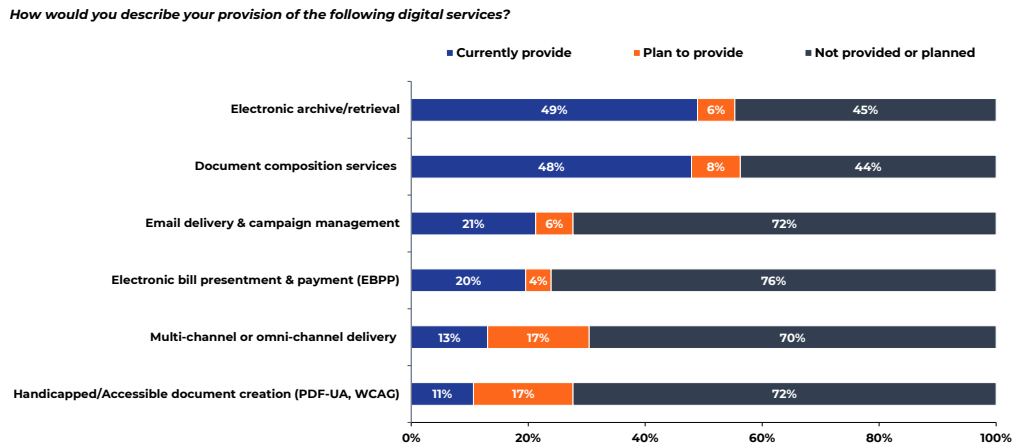
Figure 6: Expected Changes to Volumes

How do you expect your operation's volume in the following areas to change over the next 3 years?

Decline Significantly ■ Decline Somewhat ■ No Change ■ Increase Somewhat ■ Increase Significantly ■ Don't know

Digital output volume	28%	48%	20% / 4%
Mailpiece volume	8% / 26%	40%	18% / 6%
Print volume	6% / 14%	54%	26%

N = 50 Total Respondents
Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023

Today's in-plants understand and acknowledge the shift to digital, but they need direction to help them get started.

Multi-channel/omni-channel delivery is a key area of focus for in-plants. Only 13% of respondents are currently offering these services, but 17% plan to implement them soon.

Figure 7: Digital Services

How would you describe your provision of the following digital services?

■ Currently provide ■ Plan to provide ■ Not provided or planned

Electronic archive/retrieval	49%	6%	45%
Document composition services	48%	8%	44%
Email delivery & campaign management	21%	6%	72%
Electronic bill presentment & payment (EBPP)	20%	4%	76%
Multi-channel or omni-channel delivery	13%	17%	70%
Handicapped/Accessible document creation (PDF-UA, WCAG)	11%	17%	72%

N = 50 Total Respondents
Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023

TRANSITIONING TO AN IRC

Keypoint Intelligence's research shows that in-plants are slowly transitioning themselves into integrated resource centers (IRCs), but there is still much work to be done. Those in-plants that have become true IRCs tend to be on the lower end of the implementation spectrum, but in-plants are moving in the right direction. Only 42% of respondents are converged in-plants or IRCs at this time, but if stated plans are implemented, that should grow to 60% in the next few years.

Figure 8: Transitioning to an IRC
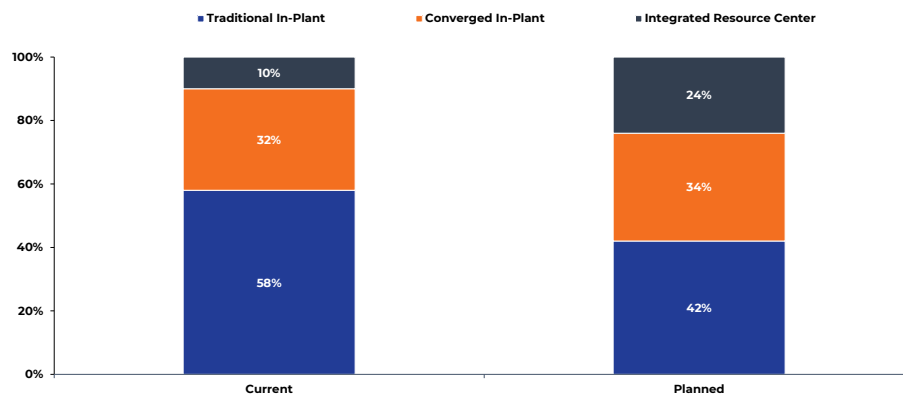
N = 50 Total Respondents
Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023

Transitioning to an IRC strategy requires the integration of three primary components:

- A well-integrated e-Commerce or web-to-print system
- A fully integrated MIS system
- Integrated workflow technologies

These three components can help ensure greater process optimization, interoperability, and scalability of all resources. In the end, this will demonstrate cost savings and improved business performance.

As noted earlier, in-plants realize that they need to make a shift—a shift to digital, a shift to omni-channel, and a shift to greater convergence. Unfortunately, many are crippled by uncertainty, but experts like Ricoh can help.

Ricoh is well-positioned to provide this support, too, as over a third of respondents believed that Ricoh was in the best position to support their future needs.

Figure 9: Leading Vendor Provider

When considering a vendor partner for your in-plant, which provider do you think can best serve your organization's future needs?
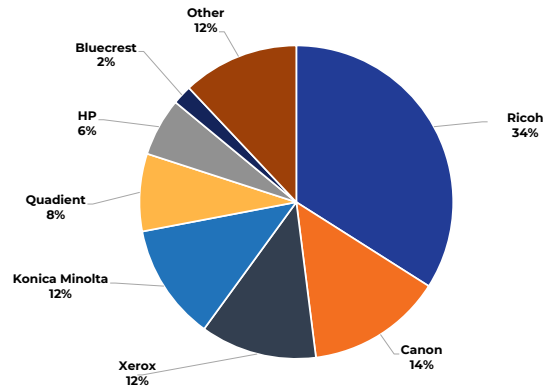
N = 50 Total Respondents
Source: *Ricoh In-Plant Study*; Keypoint Intelligence 2023

RECOMMENDATIONS

♦ Despite ongoing budget concerns, most in-plants expect their print volumes to increase. They need to become more efficient with printing and mailing, and they are craving the tools and education that will help with this! Key areas of focus for future success should be dashboards, analytics, and automation.

♦ In-plants clearly recognize that they need to add new services so they can remain relevant in the future, but many aren't sure what those services should be or even where to start. Today's in-plants must expand their services so they can attract additional business. To do this, they must leverage the technologies that meet their existing needs while also coming up with new ways to meet their clients' needs. Given that nearly a third of in-plants cite IT challenges as a key barrier to growth, this should be an area of focus.

♦ In-plants must prioritize initiatives like automation and workflow. Key areas for planned investments among in-plants included production automation, data collection/analytics dashboards, and job management/scheduling tools. These must become key areas of focus so in-plants can add value, uncover new opportunities, and generate growth.

- In terms of systems integration, the interest in integrating with ERP and CRM systems was strongest in the near term. There is a need for increased education as well as professional services to enable this.

- In-plants are consistently challenged with space and budget constraints. These challenges can only be resolved by demonstrating additional financial and business value associated with an IRC strategy. Operational efficiencies can certainly improve performance, but the true volume opportunity lies in building applications like high-quality marketing, color/embellished materials, and improved mail applications. These applications can be costly, but they are more relevant to financial decision-makers due to their high revenue potential.

- Few in-plant managers regularly compared in-plant pricing to commercial alternatives. Even when they did, the comparisons were typically only for special/large jobs. If they fail to conduct regular competitive pricing reviews for the most common work, in-plants cannot accurately describe the financial benefits of their operations for the parent institution. Although only 4% of respondents listed pressure to outsource as a concern and 80% felt that they had leadership support, being ill-prepared to answer questions about the financial benefits of an in-plant is dangerous. In-plants should regularly perform competitive pricing analyses of the job types representing the bulk of their revenues. This can be performed internally or by an unbiased third party.

- Today's predictive analytics tools can help identify success in relation to similar organizations. This approach also considers the full document lifecycle, including design, creation, MIS, production, and final distribution/archival.

OPINION

Today's in-plants are turning to professional services to help sustain and grow their operations because they recognize that simply investing in new equipment and software is not enough to guarantee success. Success requires a strategic approach that includes identifying organizational gaps and implementing improvements to increase efficiency and reduce costs. Professional services like the ones offered by Ricoh provide in-plants with the necessary expertise, resources, and assessments to identify and implement these improvements. This can ultimately lead to increased profitability and the ability to expand into new markets. Moreover, professional services provide a valuable benchmark for measuring progress and evaluating the success of workflow improvements.

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