



**How Digital Transformation
is Advancing Profitability
for Small and Medium
Commercial Printers**

RICOH

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INTRODUCTION

Digital transformation in the printing industry has dramatically changed commercial printers' operations and profitability prospects. The launch of digital printing devices unleashed the start of the analog to digital printing migration, which allowed providers to offer customers short-run production options. In addition, digital printing enabled print providers to effectively produce personalized and versioned print communications and apply special effects using digital embellishments.

Print production process digitization has lowered entry barriers for expanding into new market segments. For example, digital presses allow commercial printers to more easily offer packaging and signs/graphics applications by offering lower investment cost and operating skill requirements compared to analog process alternatives.

A key printing industry segment harnessing digital transformation to advance profitability is small-to-medium-sized commercial printers. An analysis using NAPCO Research surveys of small- to medium-sized commercial printing operations with fewer than 99 employees, along with online content featuring small- to medium-sized commercial printers identified the key factors detailed in this report that are driving digital transformation and the resulting opportunities.

WHAT IS DIGITAL TRANSFORMATION?

While a broad term, digital transformation is essentially the process of integrating digital technologies into all parts of an organization, such as products, services, or operations. Digital workflows and presses are driving the printing industry's digital transformation and have led to more automated processes, improved productivity, enhanced profitability, supported services expansion, and enabled entry into new markets.

Building digital workflows, with the goal of digitally linking every step in a print a job, is the foundation for keeping jobs moving continuously and efficiently toward completion. Today's digital workflows can start with order intake and continue all the way to delivery of the finished product, generating streams of data that track the job, monitor its costs, and yield insights into making the production of subsequent jobs even more efficient.

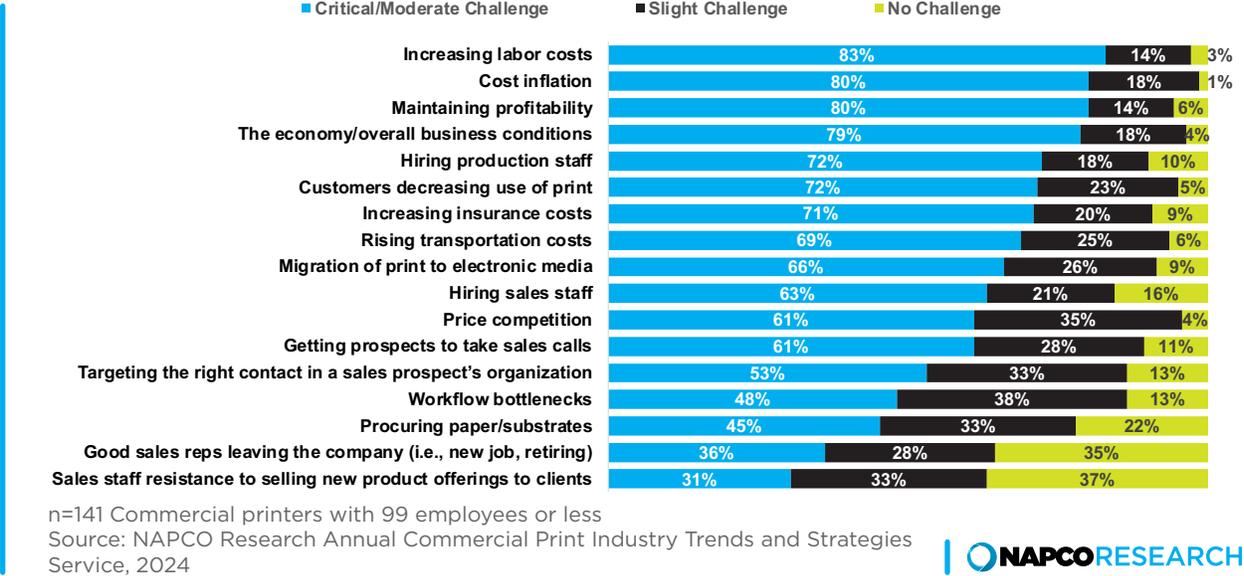
Another key factor in the printing industry's digital transformation was the introduction of the production digital press in the mid-1990s. Ongoing innovations by digital press manufacturers have led to faster speeds, longer run-length capabilities, larger formats, wider color gamut, and the ability to create eye-catching special effects.

CHALLENGES FACING PRINT PROVIDERS

A variety of factors are challenging commercial printers' success. According to NAPCO Research's 2024 Commercial Print Industry Trends and Strategies Service survey, small- to medium-sized commercial printers are facing obstacles that digital transformation addresses. As shown in Figure 1, increasing labor costs, maintaining profitability, and hiring production staff are significant challenges for respondents. These challenges point to the value more automated digital workflows can deliver to commercial printers via reducing labor needs, process inefficiencies, and errors.

Figure 1: SMB Commercial Printer Challenges

Q. Please describe the challenge the following present to your company.



In a different survey question, small- to medium-sized commercial printer respondents reported there is opportunity to automate workflow, as 46% reported some level of automation after job submission, 37% indicated all or mostly manual processes, and 17% reported their workflows were fully or mostly automated.

A common obstacle to workflow automation is fragmented systems that are the result of print providers making investments in a patchwork of different software systems (ERP, design tools, ordering systems) that may not communicate well with each other. This often leads to data silos, inefficiencies, and errors.

INVESTING IN AUTOMATION

On the topic of automation, small- and medium-sized commercial printers participating in the survey reported making moves to automate processes by reporting the following:

- 72% are automating workflows
- 59% are re-tooling operations to increase automation and productivity
- 40% are likely to reduce dependency on people

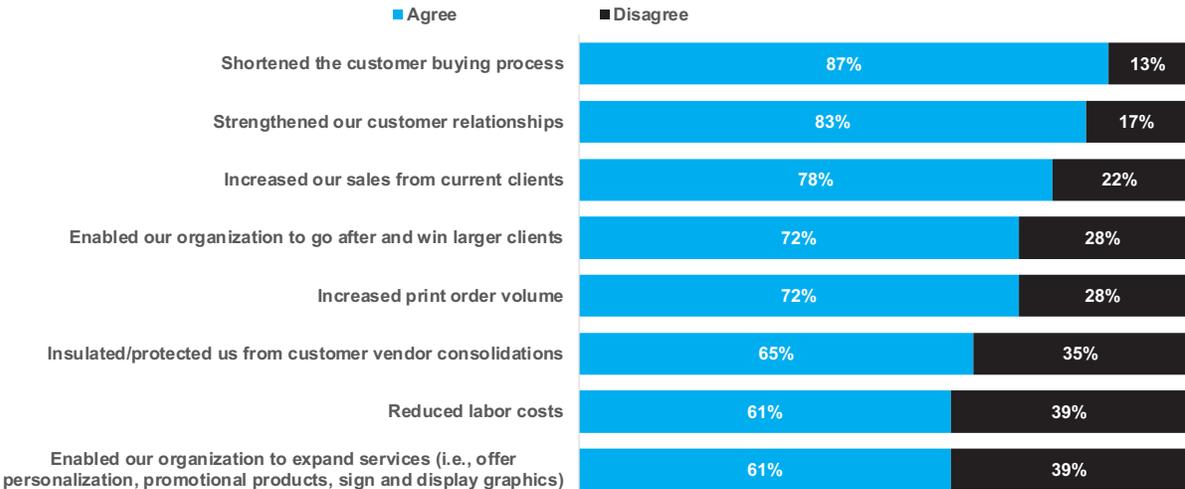
Offering Customized E-commerce Options

A profitable automation addition print providers are increasingly offering customers is access to custom-built online ordering tools to manage print orders and spending. Close to two-thirds of commercial printers with 99 employees or less reported in the survey either offering customers access (40%) to customized web portals or are planning to offer access in the future (26%). The survey defined these portals as: customized/branded online portal configured to the specific needs of each client and featuring web-to-print and other marketing asset management capabilities for clients. Some systems include production, inventory, and fulfillment backend capabilities. These systems enable commercial printers’ customers to manage their products, branding, and users, while making it easy to place orders.

Those commercial printers offering customers customized online ordering tools report receiving many benefits as shown in Figure 2. Survey respondents that offered customized online print ordering and management tools reported shortening the customer buying process, strengthening client relationships, increasing sales, winning work from larger companies, increasing print order volumes, protection from customer vendor consolidations, reduced labor costs, and service expansion opportunities.

Figure 2: Benefits of Offering Customized Online Ordering Tools

Q. What is your level of agreement with the following: Offering customized WEB PORTALS to customers has...



n=54 Print Providers with Web Portals with 99 employees or less
 Source: NAPCO Research Annual Commercial Print Industry Trends and Strategies Service, 2024



Professional Services Support Available

Investment in automation can also include using professional services offered by industry vendors. These services can analyze and assess current workflows to uncover and address hidden challenges, propose solutions to create more efficient workflows, streamline operations, and reduce errors. For example, in addition to its automation solutions for [Web to Print](#) and [Print MIS](#), Ricoh offers a robust selection of professional services including workflow assessments, recommendations, implementations, and support from technical and marketing experts. These subject matter experts have extensive experience across a wide range of organizations where they have gained insight into best practices and successful solutions.

Ricoh also offers assessments accompanied by recommendations to support operational and strategic change across the following areas: color management, customer communication management, mailing, space optimization, print operations plans, offset to digital migration, print to digital readiness, and marketing. The company offers an online, [ten question self-assessment for print providers](#) to assess the current state of their operations and support decision making.

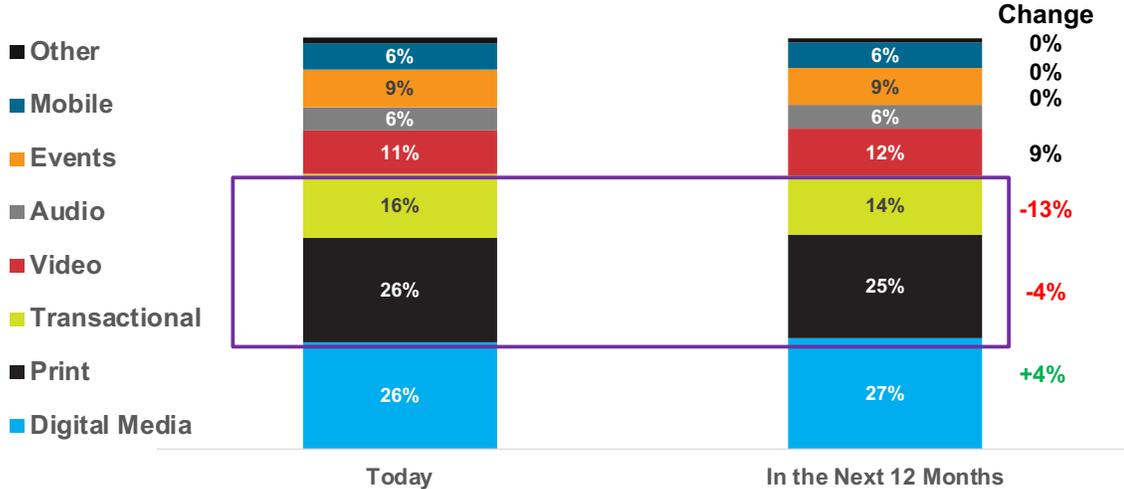
DIGITAL TRANSFORMATION'S ROLE IN COMMUNICATIONS

Commercial printers are also experiencing profitability threats from the effects of digital transformation on customer communications. As shown in Figure 1, 72% of small and medium size commercial printers report that customers are decreasing use of print and 66% indicate that the migration of print to digital media presents significant challenges to their companies. The combination of cost and print demand challenges are fueling commercial printers' profitability challenges.

As organizations' communication options have expanded to include email, social media, video, and mobile, use of print has changed. A 2024 NAPCO Research survey of communication buyers and influencers shows that while print represents a significant share of communication spending (Figure 3), it is declining as investment in digital media increases. Respondents reported that print currently represents 26% of communication spending, the same as digital media. Even though in the next 12 months respondents expected print spending to decline by one percentage point, it still is expected to represent a significant share of spending.

Figure 3: Communication Spending Distribution

Q. How is your organization's total communications spending distributed by the communication types that you use?
Q. How do you expect your organization's total communications spending will be distributed in the next 12 months by the communication types that you use?



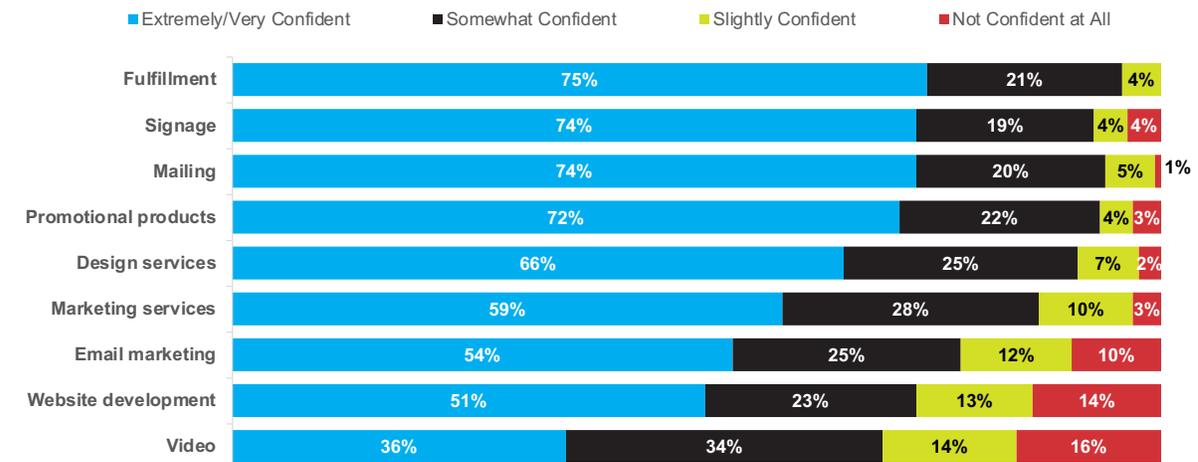
n=167 Communication Buyers and Influencers
 Source: The Production Inkjet Application Revolution, NAPCO Research 2024



As organizations reduced print spending, commercial printers began to expand their product and service offerings to adjust for sales losses. Another data point from the 2024 NAPCO Research survey of communication buyers finds that 75% prefer to work with full-service print providers that offer services beyond print (i.e., integrated marketing services including print, mobile, social, etc.). A likely reason for this preference is the high level of confidence communication buyer respondents reported having in using print providers for these assorted services. As shown in Figure 4, over two-thirds of communication buyers are extremely/very confident in using a print provider for fulfillment, signage, mailing, promotional products, and design services, while over half reported high confidence in using providers for marketing services, email marketing, and website development.

Figure 4: High Confidence in Print Providers

Q. Rate your level of confidence in using a print provider for the following services.



n=167 Communication Buyers and Influencers

Source: The Production Inkjet Application Revolution, NAPCO Research 2024



Print buyers have historically selected providers based on price, quality, and service. But today's print buyers are also looking for providers that can act as an extension of their organization. This requirement is another reason print providers are expanding their services.

EXPANDING SERVICES TO GROW SALES

Small- and medium-sized commercial printers expect to pursue various options for increasing sales, strengthening client relationships, and meeting market demands. Small- and medium-sized printers participating in NAPCO Research's 2024 Commercial Print Industry Trends and Strategies Service survey expect to do the following:

- 89% form partnerships with other organizations to complement print offerings
- 72% expand services beyond print
- 61% expand product offerings
- 60% diversify production capabilities
- 53% move into new print segments
- 45% add production inkjet or increase investment in production inkjet

STORIES OF TRANSFORMATION

Printing companies' reported actions provide significant insight on ways print providers are harnessing the tools of digital transformation. Consider the following three examples of print providers that are leveraging digital transformation to advance their business success:

Sepire Founded on Digital Printing

Sepire, Willowbrook, Ill., [was founded in 2019 with wall-to-wall Ricoh Technologies](#) including the RICOH Pro VC70000, RICOH Pro C9210, and RICOH Pro C8220 presses; and RICOH ProcessDirector. It specializes in complex, compliance-driven, multi-channel communications solutions, including services from high-volume printing and fulfillment to electronic delivery, secure workflow management, and data-driven communications.

The company [recently installed its third RICOH Pro VC70000 continuous feed inkjet press](#). The investment comes after experiencing 50% year-over-year growth with clients in the highly regulated healthcare, finance, and insurance industries.

Sepire CEO Michelle Steinberg said of the recent purchase, "Ricoh's organizational focus on building lasting client partnerships and investing in our success has never faltered. Ricoh has continuously evolved with us over the years to enable Sepire to compete and win business in highly regulated areas — and ultimately, help our clients streamline, scale, and grow in secure and sustainable ways."

The company is G7 certified through Ricoh to match colors across all printer platforms and ensure consistency for clients. In addition, Sepire implemented Ricoh software including RICOH ProcessDirector (for workflow) and cloud-based RICOH Supervisor (to evaluate throughput and printer performance) to drive efficiency and automation across its organization — and view all shop processes on one dashboard.

Print is integral to Sepire, but is [just one part of a broader spectrum of services the company offers through CompliChain](#), its secure, automated solution for creating, managing, and distributing omnichannel communications for customers in compliance-driven environments. CompliChain allows external users with access to create and collaborate on communication projects directly in Sepire's internal Job Manager application. [According to the company's website](#): "The direct interaction creates efficiencies in speed, provides complete transparency, and reduces errors. These efficiencies, combined with our focus on data security and compliance, give us the ability to produce highly variable data work very quickly — meeting compliance standards that may seem impossible to other vendors."

"Ricoh's organizational focus on building lasting client partnerships and investing in our success has never faltered."

Michelle Steinberg
CEO, Sepire

Ironmark Expanding Services

Ironmark, Annapolis Junction, Md., profiled in article [Printing Impressions 300 Fast-Track Firm: Ironmark Prides Itself on Partnerships](#), grew 31% by expanding its offering to meet its customers' needs.

Matt Marzullo, president of Ironmark, reported that while the company's roots are in commercial printing, it has worked to diversify into additional areas, including digital marketing, creative services, promotional products, warehousing, and fulfillment.

In the *Printing Impressions*' article, Marzullo explained as the economy emerged from the 2008 financial crisis, it saw customers consolidating relationships with vendors, seeking, for instance, two vendors instead of five or six. He saw this as an opportunity to add ancillary services, thus increasing Ironmark's value to its customers. In 2016-2017, the company added creative services, helping it become a valued provider on both sides of the physical/digital marketing divide.

"Customers are torn between the two, and are looking for partners that can deliver both and help with the execution. This has allowed us to be the resource for these companies."

Avant Imaging & Integrated Media (AIIM)

Avant Imaging and Integrated Media (AIIM), Scarborough, Ont., was founded in 1990 by brothers Frank and Mario Giorgio. From a regional commercial printer, AIIM has grown to be a leader in print and digital marketing communications. Its mission is to help customers drive revenue growth with marketing communications across print, direct mail, email, and text. Company executives [shared in a YouTube video how the company evolved](#) its offering and how its investment in Avanti Slingshot™ Print MIS system supports the company in its digital transformation and meeting customer needs.

The company reports it is an early adopter of web-based customer storefronts/online ordering portals to simplify and standardize the ordering of print materials, protect branding, and streamline costs and budget management. [The company's offering supports](#) many print applications from business cards to signage, marketing materials, and direct mail.

Diversifying beyond print is enabling commercial printers to win new clients, strengthen relationships with current customers, and grew revenue.

FINAL THOUGHTS

Digital transformation has altered nearly all facets of the print industry, from how jobs are printed to what providers offer customers. Small- and medium-sized commercial printers are making investments to harness the profitability benefits digital transformation offers. A key investment focus is workflow, as print providers seek more automation, productivity increases, higher profits, and less reliance on people — as finding workers is an ongoing challenge.

In addition, to better serve customers, strengthen client relationships, meet ever-changing customer demands, and amplify print's value, small- and medium-sized commercial printers are adding and/or expanding services that enhance:

- Production productivity and efficiency, from reducing workflow touchpoints to offering clients customized online ordering/print management portals;
- Print products offered by moving into new print segments; and
- Customer communication options by moving beyond print into digital media

Digital transformation will continue to strongly influence the evolution of commercial printers, communication options, and customer needs. Commercial printers that embrace efforts to harness the ways digital technologies can enhance operations and expand service offerings will be best able to advance their organization's continuing profitability.

WHO WE ARE

NAPCORESEARCH

NAPCO Research crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision-making.

NAPCO Research can help with:

- Business goal prioritization
- Opportunity discovery
- Market segmentation
- Landscape insight
- User needs and wants
- Product features and functionality
- Content marketing strategy
- Sales strategy and tactics
- Market conditions
- Benchmarking
- Industry trends
- Brand awareness

Contact research@napco.com to talk with our analysts to find out how we can help you with your research needs.



WHO WE ARE

RICOH

Today for over 1.4 million customers around the world, Ricoh is unleashing the power of information to create better workplace experiences, streamline and connect workflows through process automation, and drive operational efficiency. Let's work together to discover how we can put information to work for you.

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