

Xerox Helps PNC's Advanced Output Solutions Achieve Dramatic Growth With Strategy for Winning External Customers

Advanced Output Solutions, a Xerox Premier Partner and PNC's in-plant, doubled profits since its recent makeover

By Gavin Jordan-Smith

Numerous in-plant printers have become more self-sustaining by generating profit with external business. But few have pursued profitability as aggressively — and successfully — as PNC Global Investment Servicing's Advanced Output Solutions (AOS) business unit, a subsidiary of the PNC Financial Services Group, Inc.

Since shifting its focus in 2006 to become a provider of transactional and on-demand print services for other institutions as well as PNC Bank, AOS has had three consecutive years of growth, more than doubling its business. And based upon agreements already in place, the firm projects it will double its image volume again in 2010.

As part of the nation's fifth largest bank, AOS brings clear competitive advantages to the graphic communications market. "We treat our operation more like a financial institution than a print shop," said Coleman Nee, AOS vice president and senior director. "Customers can see it's in our DNA. We handle highly-sensitive documents in financial services



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and healthcare. We're owned and audited by a bank and regulated by the mutual fund industry. Obviously, we have management in place to handle data correctly throughout the process."

Also, AOS was not shy about seeking and gaining insights from customers, colleagues and vendor-partners, like Xerox Corporation, to help ease its transition to becoming a profit center.

Their story offers an example of how one print operation is redefining itself to succeed in the new, rapidly transforming graphic communications industry.

New Cross-Selling Initiative

AOS has been a service arm of PNC Global Investment Servicing for more than 20 years, providing printing, mailing and warehousing from its facility in Lynnfield, Mass.

When Nee joined in 2006, the shop had outdated printing equipment, he said. Further, the cyclical nature of the business — printing large volumes of quarterly mutual fund statements four times a year — resulted in considerable unused capacity. During quarterly peaks, AOS produced about a million mailings a day, dropping to about one tenth of that — 100,000 daily mailings — the rest of the year.

That's one reason the business generated only single-digit profits, Nee said. Consequently, AOS relied on PNC to fund equipment acquisitions and upgrades. "The model here was high in expense but low in revenue," he said.

So Nee sought and received the organization's blessing to fill "the valleys" between the quarter ends with non-mutual-fund-related business. The bank established a sales department and eventually brought in Mark Stranberg as vice president and senior director of business development to lead it.

"Mark brought focus to our sales effort," Nee said. They now target insurance and healthcare companies, retirement plans and invoicing for utilities, as well as mutual funds. Stranberg also breathed new life into their cross-selling effort with PNC Bank's sales force, which has hundreds of



Coleman Nee and Mark Stranberg have more than doubled business at PNC Global Investment Servicing's Advanced Output Solutions since expanding the in-plant print operation to also pursue work from external customers.

representatives, supplementing the three AOS reps to dramatically improve coverage.

“We’re looking for new, creative ways to help clients communicate with their customers and shareholders, and we’re very aggressive about supporting our clients’ needs,” Stranberg said. That has led AOS to offer electronic alternatives to statements and invoices to help their clients reduce costs, even though it reduces AOS revenues. The firm makes up for those losses with new business, he said.

JIT Makeover

To support the new business, Nee made a successful case to management for funding a print shop makeover as a just-in-time facility with refreshed technology.

Nee treated the equipment search as both a learning experience and a business decision, seeking bids from the major vendors, making many site visits and speaking to industry colleagues. “I could see the merits of the Xerox 1050 (Continuous Feed Printers),” he said. They eventually bought three, which were installed in July 2007.

By then, the print shop makeover was completed. Crews literally knocked down every wall in the 200,000 square-foot plant, relocating every piece of equipment and every staff workstation. The result: a state-of-the-art showcase facility with a new just-in-time physical workflow and inventory control system.

Operationally, the makeover and new equipment boosted shop capacity by 30 percent, and end-of-the-quarter mutual fund statement production was cut from five days to four. By cross training nearly the entire staff for both printing and inserting jobs, a smaller staff of about 200 now produces more work on two shifts than a staff of 250 did on three shifts, and with fewer temporary workers.

And the technology investment continued. “We always wanted to get into color, but didn’t want to build it and hope they will come,” Nee said. So he was delighted to sign a mutual fund company that wanted full-color statements and generated sufficient revenue to fund acquisition of two Xerox iGen3® 110 Digital Production Presses. Subsequently, color print on demand was one of the firm’s fastest growing businesses in 2008.

Nee also added to the monochrome continuous feed fleet in 2008, when, following a successful beta test, he bought the first Xerox 1300 Continuous Feed Printer in the United States. It uses flash-fusing laser printing technology to print faster than conventional laser printers. AOS now has four Xerox continuous feed printers, two Xerox iGen3 presses and nine cut-sheet Xerox DocuPrint 180 EPS printers, for smaller jobs and check printing, using MICR (magnetic ink character recognition) toner.



PNC Global Investment Servicing's Advanced Output Solutions' Mark Stranberg, vice president and senior director of Business Development, and MaryAnn Dell'Anno, vice president of Operations, show off the firm's 200,000 square-foot plant equipped with 15 Xerox printing devices in Lynnfield, Mass.

The new printing technology has contributed to lower operating costs and greater productivity, helping AOS sharpen its competitive edge.

To further advance industry learning and business awareness, AOS joined the Xerox Premier Partners Global Network of more than 800 leading graphic communications companies. “We’re a Premier Partner because of the relationship and commitment Xerox made to our organization,” Nee said. “Personally, Xerox presented me with state-of-the-art equipment, gave me business models to follow and offered a lot of advice. They’ve never let me down.”

A Work in Progress

These efforts have paid off with outstanding business results. From 2006 to 2008, AOS signed 75 new clients, and net income doubled. And while 2009 results were up only slight compared to 2008, the firm has already won new business for 2010 that will double the shop’s image volume to 800 million images and require three new continuous feed printers and new staff members.

The business that served mutual funds almost exclusively, now counts it as one of three main business lines, each accounting for about a third of volume. The others are intercompany and external clients of the PNC Bank and business outside of the financial industry, for applications such as direct mail.

Nee still sees a lot of growth potential, particularly with color variable information printing. “We’re very much a work in progress,” he said.

Make that a work in *rapid* progress. ■

Gavin Jordan-Smith is vice president, Xerox Commercial Print, Pre-Media and Premier Partners Global Network, Gavin.Smith@xerox.com.