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Electronic systems infiltrate the market

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Forms and checks printing continues to impact the industry

EFFICIENCY IS the driving force behind the increasing popularity of electronic systems. Net profit increases for distributors and the ease of accessibility for large, and even mid-size, market accounts also helps. As print industry software programs become refined, more customers are placing trust in new-age technology and letting go of traditional processes.

Just ask Dan Siadak, CDC, president and CEO of Lansing, Michigan- based RBF. "I see endusers embracing electronic forms much more now than even a year ago," he said. "More companies are networked and have Intranets, so electronic forms can be used more readily, and productively, within their processes."

Mark Ford, CEO, Altec, Laguna Hills, Calif., agreed, noting that the overall decrease in technology costs have presented electronic routing capabilities to mid-market users that were once only economically accessible to larger businesses.

This means, however, that distributors must be more creative in order to develop an ongoing revenue stream from this product, said Siadak. As a result, distributors are seeking revenue through document maintenance or hosting issues.

Electronic forms have also brought about changes in production. According to Siadak, the goal of electronic forms processing is to eliminate paper, so production really becomes more of a programming issue.

"This is a completely different animal," said Siadak. "Product delivery is actually the creation of the form in addition to its installation and testing."

Electronic check printing and Integrated Document Management are other electronic systems experiencing growth.

In fact, Jack Schachtel, president, CTP Solutions, Agoura Hills, Calif., is finding that businesses just can't refuse the benefits of these systems. "More customers are realizing that it is no longer efficient to print inhouse," he noted.

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Not only are end-users benefitting from electronic systems, but distributors are as well. Compared to traditional printing, which Ford reports as yielding a 35 percent to 50 percent gross margin, new systems provide a 90 percent to 95 percent gross margin on software and 50 percent to 70 percent for hardware. New profits, he said, are in excess of 15 percent--a far greater profit contribution than from traditional printing sales. Additional revenue opportunities come from maintenance and support contracts and consumables such as security paper and toner for electronic printing solutions.

When it comes to in-house training for this electronic solutions, distributors are investing more time than they would for traditional forms. Said Ford, "Our sales reps go through a month's training during the first year, which consists of product, vendor and sales training."

So, what is the outlook for electronic systems? Schachtel foresees an increase in electronic billing processes. "Most businesses will migrate to Internet billing. It's starting to happen now, but at a slow pace due to the fact that it is currently in an infancy stage."

According to Ford, integrated document management will become Web- accessible, allowing vendors, customers and remote sites to access documents and reports electronically. "Overall," he said, "we have seen the erosion from multiple-ply to one-ply documents, and a further erosion to blank paper."

The incorporation of electronic checks and forms and integrated document management will further reduce a business's dependency on paper. Ford added that newer electronic security features have created a greater comfort in check processing resulting in the storage of non-negotiable copies through online enterprise report management systems.

Despite new security features, Casey Campbell, president, CFC Print Solutions, a Peachtree City, Ga., supplier, believes electronic checks will impact the industry, but at a much slower adoption rate than electronic forms. He added that a variety of electronic payment alternatives will continue to threaten the paper check business.

"As a result, we are exploring several opportunities to leverage our current position and become a complete check processor and not just a check printer," Campbell concluded.

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