The Future of Mail and Transaction Documents

This landmark study examines in detail the future of mail and of the two applications that drive mail volume, direct mail marketing and transaction documents. It studies the impact of the Internet, the long-term impact of the anthrax attack on the mail and identifies opportunities for printing and mailing equipment vendors, document/content management systems vendors and print providers. It also provides information on consumer requirements that should interest anyone in the corporate world who produces transaction documents or direct mail campaigns.

The study focuses on both customer-facing applications such as direct marketing, billing and customer support, and transaction documents that are used as part of internal operations, supplier management and customer purchases of goods and services.

The study also investigates the impact of the anthrax contamination of the U.S. mail and the impact of any future terrorist attacks. The study examines security concerns and the impact they have had business plans relative to the creation and distribution of mail and transaction documents.

- Direct Marketing Forecast
- The Future of Billing & Statements
- Consumer Preferences
- Business Communications Strategies
- Print Service Providers Investment Plans
- Data Center Print Output
- Electronic Presentment
- Document and Content Management
- Customer Relationship Management
INTRODUCTION

In today’s increasingly competitive and connected world, companies are investigating new ways to capture and utilize customer information, and to automate internal work processes to improve productivity. Central to that effort is the implementation of enterprise-wide business applications that can provide the information infrastructure to help translate business strategies and objectives into increased revenue, profits and shareholder value.

For many companies struggling with outdated legacy systems, the challenge is huge and substantial investments are required to assure a successful implementation of an updated enterprise information infrastructure. However, the potential rewards over the long term can far outweigh the short-term risks.

Transaction documents, whether internally or externally facing, are vital links between critical business processes and desired outcomes. Whether these documents are part of internal business processes such as interdepartmental or supplier interactions, or are customer-facing documents such as invoices and statements, companies are investigating new and more efficient means of producing and distributing them, as well as new ways to leverage these once utilitarian documents as sales and marketing tools.

For some applications, print is being eliminated; in other applications it is being distributed; in still other applications documents are being built to order based on real-time data. Across the enterprise, documents are being generated out of new applications that do not have the same formatting and management controls as traditional systems. At the same time, some users are outsourcing production to professional services firms while demanding wider output choices with tighter integration with their core systems.

This evolution provides new opportunities for document technology vendors of printing and finishing equipment, and software enablers such as document and content management and electronic presentment. It also provides tremendous opportunity for print service providers in the document outsourcing arena to assist customers in migrating to more productive and efficient operational strategies relative to transactional data flow.

Complicating this scenario, however, are recent world events, including the events of 9/11 and the anthrax contamination

![Corporate Transactional Data Flow Diagram]

**Revenue**
- Purchase Orders, Financial Statements, Reports, etc.
- Invoices, Statements, Reports, Customer Support, Marketing/Sales
- Internal/Supplier-Facing
- Customer-Facing (CRM)
- ERP Systems

**Profit**
- Time to Market
- Cost Savings
- Productivity Control

**EPS (Shareholder Value)**
- Delivery: Web, Print, Fax, E-Mail, Postal Mail, Courier

**Business Strategies and Objectives**

**Customer Intelligence**
- Customer Retention
- Customer Loyalty
- Customer Satisfaction
experienced shortly thereafter, combined with the accompanying economic downturn. These combined events introduced caution into what might have been described as a near-euphoric business environment riding on the tails of a decade-long economic expansion.

This study evaluates, on the one hand, the transitions underway in the corporate world relative to internally and externally facing transactional data flow, and on the other hand, the longer-term effects of recent events on the perceptions and practices associated with the creation, management and distribution of transaction documents. Additionally, the study examines trends since CAP Ventures’ last major multi-client study on this subject, *The Internet and the Future of Transaction Documents*, conducted in 1997.

This study provides document technology vendors and service providers with critical information to guide the development of product/service portfolios and strategic business planning designed to capture revenue from transaction-based document applications and mail services over the next several years.

The study examines in detail the impact and opportunities for document technologies and services created by the increasing pervasiveness of the Internet as a business tool, the adoption of Customer Relationship Management (CRM) solutions and electronic document delivery programs, and the increased availability and accuracy of customer data in medium and large companies in select vertical industries.

This study focuses on transaction documents that are used as part of internal operations, supplier management and customer procurement, as well as customer-facing transaction documents that can be leveraged to increase customer retention, loyalty and satisfaction.

Why is this important? Currently 23% of the volume produced in data center/transaction print environments is statements and invoices, an additional 20% is direct mail. Checks constitute 9% of total volume and Sys Out and other reports comprise 18% of volume. ERP implementations have negatively impacted both total print volume and centralized print volume. This has created new opportunities for equipment vendors offering lower AMPV (average monthly print volume) products often for use in distributed environments.

The retail value of print produced in data center environments is estimated at $5 billion. Digital printing equipment revenue, service and direct supplies (excluding paper) are estimated at over $3 billion.

CAP Ventures annual US Market Forecast defines the data center print opportunity as digital printing functions that support computer-based information processing tasks. Most of this printing is for “mission critical” functions such as reports, transactional statements, process documentation, or direct mail. These processes take advantage of printers with
the primary function of printing host/mainframe data. While this is a mature market, placements for high-speed, mono-
chrome digital devices have dropped in recent years. This study provides insight into the future of this market and how
issues such as technology and application convergence impact the overall market.

**PROJECT METHODOLOGY**

CAP Ventures conducted interviews with 326 consumers. This represents a sample size that is statistically valid +/- 5%
at a 95% probability level. This survey was with a representative sample of consumers over 18 who pay bills. It was
representative of the entire population in terms of: Geography, Income, Gender and Age.

The study was comprised of two sub-groups, one group was web enabled (from home) and the other group was non-web
enabled. The sub-groups are statistically valid +/- 8%. All consumer work was completed in December of 2002.

The study included 327 interviews with document owners/buyers of transaction documents. This group was representa-
tive of the total market in terms of Industries; Departments and Titles but by design over sampled larger companies (over
32% of the respondents worked for companies with over 1,000 employees). The over sampling of larger companies is
representative of the total transaction market. This sample is statistically valid +/- 5% at a 95% probability level. This
survey work was completed in March of 2003.

The study included 151 interviews with document owners/buyers of direct mail. This was a representative sample in
terms of: Industries, Employees, Departments, and Titles and is statistically valid +/- 8% at a 95% probability level. This
survey work was completed in February 2003.

The study included 421 interviews with print service providers. This was a representative sample in terms of Industries,
Company Size, and targeted Titles and is statistically valid +/- 5% at a 95% probability level. This work was completed in
March 2003.

**RESEARCH DATA**

The study includes extensive, detailed data with over 558 pages of data tabs. This includes the following:
- Data Tabs on Direct Mail Document Application Owners/Buyers
- Data Tabs (2 sets) on Transaction Document Application Owners/Buyers
- Data Tabs (2 sets) on Print Service Providers

Key data was tabulated on the following vertical industries:
- Financial Services
- Non-Profit/Government
- Health Care
Manufacturing
Retail/Wholesale

Among print service providers:
- Direct Mail
- Digital Print Specialists
- Commercial Printers
- Quick Printers

Market opportunities for print technology
- High-Speed Cut-Sheet B&W Printers
- High-Speed Roll-Fed B&W Printers
- High-Speed Digital Color Printers
- Mid-range Digital Color Printers
- High-speed Digital Spot Color Printers
- Offset Presses
- High-Speed Mail Inserting System
- Mid-range Mail Inserting System
- High-Speed Addressing System

Market opportunities for print related software technologies
- Operations Management Software
- Database Composition Software
- Postal/List Management Software
- Print/Output Management Software
- PDF based workflow tools
- UP3i
- JDF
- Automated Document Factory
- Digital Smart Factory
- XML
- Java
- AFP
- ADIS
- PPML

Information on the changing requirements for the creation, management, presentation and distribution of key transaction documents including Invoices/Statements and Direct marketing materials.

Information on the migration of pages from centralized print environments to distribute and personal devices.
**Market Research**

The research includes discussions with IT managers, managers of print and mail operations, print buyers, application owners and operations executives to understand how key corporate IT initiatives are impacting the demand for document technology and services.

CAP Ventures conducted in-depth interviews with representatives of the direct marketing industry, print vendors, large corporate users of document technology, the USPS, and courier services such as UPS and Federal Express. Additionally, CAP Ventures interviewed and profiled influential technology developers and service providers to understand the market size and product development directions.

Also included in this study are extensive interviews with consumers (end-users) that uncover trends and preferences relative to transaction document delivery methodologies, including adoption rates for online services as electronic bill payment, investment transactions, and other customer self-service opportunities. Use of and concerns with the U.S. Postal Service in the aftermath of the events of the fall of 2001 is explored with consumers to determine whether any significant new trends have emerged in this regard.

Ultimately, the research identifies critical success factors, unmet customer requirements, purchase plans, and other items that will drive the vendors’ product, service, marketing and sales activities.

**Desk Research**

CAP Ventures thoroughly examined existing market information on key applications, market segments, competitors, and product categories. CAP Ventures utilized a variety of sources that included the following:

- Industry trade associations
- Government Agencies
- Published industry reports
- Bureau of Labor Statistics
- Periodicals and trade articles
- Industry databases
- Web sites
- Vendor white papers
- User groups
- Research reports
CAP Ventures also included research it has previously published as part of its Continuous Consulting Services and Multi-Client Studies. Relevant research reports include:

- Practice Of Knowledge Management
- Electronic Document Delivery Report
- SGML Study
- Markets For Document Systems Software
- Intranets Market Size & Growth
- The Intranet Market For Document Software
- Document Management Applications & Vertical Markets
- Electronic Job Submission
- Distribute and Print
- Document Outsourcing In Focus
- Document Outsourcing Forecast
- The U.S. Print On Demand Market Forecast
- The Next Generation Digital Color On Demand Printing Opportunity Multi-Client Study
- Black & White Print on Demand – Catching the Next Wave Multi-Client Study
- One to One Communications: Delivering A Personalized Message Multi-Client Study
- Corporate Document Production
- Targeting Vertical Market Reports
- Print e-Procurement: Changing the Face of the Printing Industry Multi-Client Study
- The Internet and the Future of Transaction Documents Multi-Client Study

**421 PRINT/MAIL SERVICE PROVIDER INTERVIEWS**

Service provider and vendor interviews are critical in assessing strategic direction for value-added services, market penetration and customer adoption rates, document distribution strategies, pricing trends, and perceptions on unmet market needs and emerging opportunities. These interviews were primarily focused on service providers and vendors delivering transaction and direct mail services.

**SERVICE PROVIDERS**

- Statement printers/service bureaus
- Digital print specialists
- Commercial printers
- Quick printers

Of particular focus were page volume trends, equipment and solution purchase plans and overall requirements.
PERSONAL INTERVIEWS WITH LEADING END USERS
An essential element of the project is extensive primary research to address issues that previous industry analysis has not covered. The primary research will include a series of in-depth personal interviews with medium and large companies that are using or implementing ERP systems, document or content management, electronic presentment and customer relationship management solutions. CAP Ventures consultants profile leading companies across key industries.

327 TRANSACTION DOCUMENT APPLICATION OWNERS
CAP Ventures conducted a series interviews to develop industry statistics on IT adoption plans, company-wide roll-out, impact on print volumes, unmet needs, new service requirements and other factors affecting document technology and service purchases related to transaction documents. IT Print Operations

The interviews enable detailed market sizing, projections of customer requirements and other quantitative information critical for business planning.

151 TRANSACTION DOCUMENT APPLICATION OWNERS
CAP Ventures conducted a series interviews to develop industry statistics on direct marketing plans, the impact on print volumes, unmet needs, new service requirements and other factors affecting document technology and service purchases related to direct mail.

The interviews enable detailed market sizing, projections of customer requirements and other quantitative information critical for business planning.

326 GENERAL CONSUMERS
CAP Ventures conducted interviews with end users or general consumers to evaluate receptivity of various communications alternatives including a number of questions designed to measure receptivity to electronic presentment, concerns over the mail and the potential impact of future terrorist attacks as it relates to existing preferences as well as direct marketing preferences. These surveys provide wide demographic coverage including age, gender, geography, income and web use.
ANALYSIS AND PROJECT DELIVERABLES

The study contains extensive analysis of desk research, personal interviews and surveys to develop a comprehensive understanding of the opportunities and issues for document technology and service providers.

TECHNOLOGY PROVIDER

Clients will receive a combination of reports, presentation material and data for senior management, product managers and planners, and sales and marketing executives. The material includes:

- Executive summary that addresses key issues, findings and overall recommendations.
- Detailed written report (approximately 300 pages) with text, charts and graphs addressing the objectives of the study
- A detailed equipment forecast
- PowerPoint presentation of research results.
- Data book with cross-tabulations of the survey results for additional analysis of key questions and market segments.

Technology market to measure convergence rates between the traditional transaction and mailing markets, and promotional and publication applications.

TECHNOLOGY USER

Technology users will receive a detailed written report (approximately 300 pages) with text, charts and graphs addressing the objectives of the study. Key elements will include:

- Profiles of key vendors and solutions relevant to the transaction printing, mailing and direct marketing industry
- Market segmentation and opportunities for print services providers in the production of transaction and direct marketing applications, by vertical industry and document type
- A discussion of the key elements of a business plan for providers considering entry into, or expansion of services within, the transaction printing, mailing and direct marketing arena
- Profiles of successful providers in this market space

CORPORATE END USERS

Corporate end users will receive a detailed written report (approximately 300 pages) with text, charts and graphs addressing the objectives of the study. Key elements will include:

- Profiles of key vendors and solutions relevant to the transaction printing, mailing and direct marketing industry
- Consumer preferences for transaction documents and direct marketing
- Profiles of leading companies
ACCEPTANCE

The Future of Mail and Transaction Documents

☐ I would like further information. Please have a representative call.
☐ Please enter my order as follows:

*Technology provider* - Primary business is printing equipment manufacturer, software and systems vendor, paper manufacturers, and equipment and supplies distributors

☐ Subscriber $13,995
☐ Personal presentation $2,500 plus travel expenses

*Technology user* - Primary business is direct mail printing, quick printing, corporate print facilities, commercial printing, facilities management/outsourcing provider, data center service bureau, fulfillment company or carrier

☐ Subscriber $6,995
☐ Personal presentation $2,500 plus travel expenses

*Corporate user* – Producers of transaction and direct mail documents who want to better understand customer requirements and best industry practices.

☐ Subscriber $2,995
☐ Personal presentation $2,500 plus travel expenses

Purchase order number:_________________

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Signature

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Name

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Title

______________________________
Company

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Address

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City, State, Zip

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Telephone

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Fax
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