

Graphics Process Offshoring

Enabling offshore premedia and print services for the graphics art industries.

A Comart whitepaper | February 2006



P R E F A C E

Global graphics arts industry:

Business challenges

The graphics art industry can be grouped under three broad segments based on the nature and type of workflows, skills and graphics processing involved. These are:

- **Creative services** – advertising, corporate design cells, direct marketing agencies & marcom service providers.
- **Publishing** – magazine, book, catalog publishers.
- **Packaging & Print services** – Prepress bureaus, packaging developers and commercial offset and quick printers.

Much like other industry sectors, the global graphics arts industry is facing severe challenges brought about by rising cost structures, competition and globalization. Some of these include:

- Pressure on profit margins from rising manpower and infrastructure costs
- Outgrowing existing infrastructure/production capacities
- Expansion of product/service portfolio
- Refocus on core competence: ideation and content as against production.
- Shortage of locally available skilled manpower

> **Creative services providers** are under increasing pressure to deliver more in shorter timeframes. Globalization puts pressures on marketers and their advertising/marcom agencies to deliver integrated campaign rollouts across geographies necessitating localized execution. Production of creative now needs to be mass customized and versioned for language, media formats and print production processes.

The big challenge: Ensuring consistent brand values and production quality across geographically dispersed production units and improving cost productivity.

> **Magazine and catalog publishers** face similar pressures. Rising competition from competing products and the web is making it imperative for magazine publishers to develop and bring to market newer, more focused, niche titles. Catalog publishers are under constant pressure from diminishing product life cycles and the need to lower production costs while increasing the frequency of release of catalogs to meet seasonal demands. Publishers across the board are also now forced to look beyond print as the medium and develop cross-media products putting enormous strain on existing production capacities.

The big challenge: Increasing capacity to accommodate new products needs to be achieved with minimal impact on costs and profitability.

> **Packaging & print service providers** ravaged by competition, feel

compelled to offer increasing value through upstream processes such as design, prepress services and prototyping. Globalization and cost pressures has also forced packaging providers to constantly develop more innovative, impactful packaging solutions putting greater workloads and product design focus on packaging providers. Moreover, customization and versioning of packaging to suit geographic, language and legal statutory compliances puts additional strain that available manpower and production capacities find tough to handle.

The big challenge: Complexity of work involved in packaging premedia and production requires high skill levels and workflow integration across multiple processes.

The increasing need to develop leaner, more flexible and larger production capabilities are driving a **strategic shift** in the way global majors in the graphics arts space operate. Increasingly, processes that are human-intensive, rules-based and manufacturing-oriented are being farmed out to specialist service providers in low-cost economies. Magazine publishers for long have been undecided on whether to move pre-press and repro inhouse or to outsource. Global agency networks too have begun to look at moving studio and production operations to lower cost locations. Increasingly, locations like India and Dubai have become hubs for commercial print services.

Offshoring: Proven and tested

Outsourcing isn't alien to the graphics arts industry. Printing, pre-press and even creative design has always been outsourced although almost always as a discrete incident rather than as part of an ongoing 'process-scale' initiative. The underlying drivers for outsourcing and now, by extension of that strategy - **offshore outsourcing**, are largely similar across graphics industry verticals and more significantly a core business strategy on CEO agendas.

Offshoring's ability to deliver quantum improvements in business competitiveness is undeniably obvious and a highly proven strategy in book publishing. India based service providers have been offering the entire gamut of book production activities – editorial services, layout production, pre-press and print. Industry estimates peg the size of the Indian book publishing services export market at close to **USD 4.5 bln.** this year. Global majors in book publishing such as Elsevier, Pearson, Macmillan, Springer Verlag, Thomson Press, Dorling Kindersley and Cadmus have embraced India-based offshore production.

While the **40-60% reduction in process costs** out of an India-based operation is the initial driver for offshoring, availability of skills, the emergence of hi-speed Internet and telecom infrastructure and the coming-of-age of digital workflow platforms and standards in the graphics production environment have all contributed to creating a mature environment for offshoring.

Increasingly, graphics industry processes that are human-intensive, rules-based and manufacturing-oriented are being farmed out to specialist service providers in low-cost economies.

SCOPE

This whitepaper from Comart attempts to provide a business case for offshoring graphics production processes and a solution framework for integrating an offshore design and premedia production studio. This whitepaper also introduces Comart's capabilities and expertise in delivering premedia production support to the global market.

The scope of business processes covered in this whitepaper involve the migration/ integration of the following specific processes in the print graphics industry:

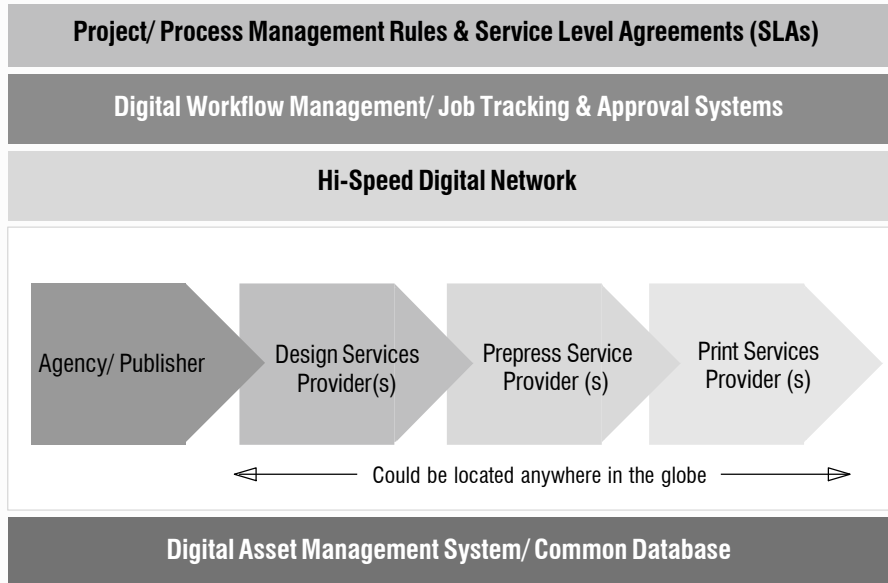
1. Design, visualization & layout
2. Pre-press processing & creation of print-ready artwork
3. Print/print logistics

Offshore delivery for graphics processes:

The building blocks

Offshoring of graphics arts processes is essentially built on the foundation of an IT-enabled eco-system that can seamlessly connect skilled resources, data and discrete business processes across the graphics lifecycle.

Integrating the graphics value chain



The building blocks for offshore delivery of graphics processes are:

> IT-enabled digital workflows:

Key to building an offshoring strategy is integration of processes over a common IT platform via high-speed digital data networks. Three distinct components form this IT platform:

- **Workflow management** for tracking jobs through the supply chain processes
- **Digital asset management** that serves as a common, single database for work-in-progress and historical data assets such as images, artworks, templates, production files and raw inputs/ job instruction files.
- **Hi-speed data networks** built for transfer of graphics files.

Generic workflow software systems can be either custom built or customized to suit domain-specific workflows. Currently available systems from vendors such as XiNet, Creo and Esko can be used to configure workflows for advertising, packaging and publishing within reasonable timeframes and costs.

Today's mid-sized to large organizations in the graphics arts space have already adopted full-digital, integrated workflows across creative and

Key technology enablers of offshoring

Key technologies/ process developments that aid digital collaboration during the design and production lifecycle of graphics include:

DIGITAL/ PDF WORKFLOWS: PDF has become the de-facto standard in graphics not just for visual proofing and approval processes but also as final delivery format in CTP and digital print processes.

SOFT PROOFING: Soft proofing or monitor-based proofing methods can range from PDF files sent via e-mail or FTP sites to systems that allow users to review content and layout, to more complex color-managed systems that seek to emulate hard-copy proofs. Most soft proofs are made using one of two methods:

- Using PDF files (created either by the main prepress RIP or by automatic PostScript to PDF distilling process)
- Using a dedicated soft-proofing server that can render post-RIPed CMYK files into a series of screen-resolution views that show different areas and zoom levels.

DIGITAL ASSET MANAGEMENT: A searchable common repository of work-in-progress and historical data assets – graphics, images, artworks, production files etc., DAM systems are the foundation for collaborative digital workflows.

INTERNETWORKING: Servers, storage and bandwidth costs have dropped significantly making setting up of hi-speed network infrastructure easier. Network service providers also offer attractive service level agreements that ensure near 100% uptimes and secure data transmissions. Easier bandwidth access also allows telecom applications such as Internet telephony and video conferencing to work more reliably and effectively.

CERTIFIED COLOR MANAGEMENT: Universal standards for color management make collaboration between supply chain partners easier.

JDF: JDF is the emerging universal data-interchange format. It is a way for one system to output data in a format other systems can understand. By providing a common format that all vendors can enable their systems to read and write, JDF will allow the integration of systems from multiple vendors into a single, logical system.

premedia processes. The emergence of workflow standards such as **PDF** and **JDF** make collaboration between multiple entities in the graphics supply chain simpler and more efficient.

> **Well-defined processes/ business rules:**

Once rules are clearly defined on when and what will be done in the process, how they will be done and by who, managing the project becomes process-driven. It's a mindset issue that physical proximity is vital for executing creative processes. Given today's web-based collaboration technologies, video and telephonic conferencing and a basic assurance of competence between teams, collaborative work can happen over distances and time zones quite seamlessly.

Key to success is a well-executed transfer of process and technical knowledge through training, documentation and pilot projects.

> **Vendor capabilities & experience:**

Critical to offshoring's success is the offshore vendor's capability to understand and deliver to expected quality and turnaround requirements. The offshore vendor's experience and expertise along with their proven track record with absorbing global state-of-the-art technologies and workflow standards is vital.

Infrastructure, scalability of resources, ability to attract and retain skilled resources, experience in servicing global customers, project management capabilities and a strong service culture are other key criteria.

Comart capabilities/ track record:

Comart provides **integrated premedia and print services** to the advertising, publishing, corporate marketing, packaging & print industries.

Since 1934, we have been pioneering the prepress industry in India and have partnered the growth of the advertising and publishing industries. During these 72 years, Comart has been synonymous with leadership in technology, top service quality and for its commitment to follow the highest standards of ethical business practices.

Today, Comart serves some of the world's leading brands and organizations across India, UK, Europe and USA. Our value proposition leverages **world-class expertise in digital prepress, colour engineering, print management and digital workflows** to deliver truly integrated services that meet our customer's needs wherever they may be located.

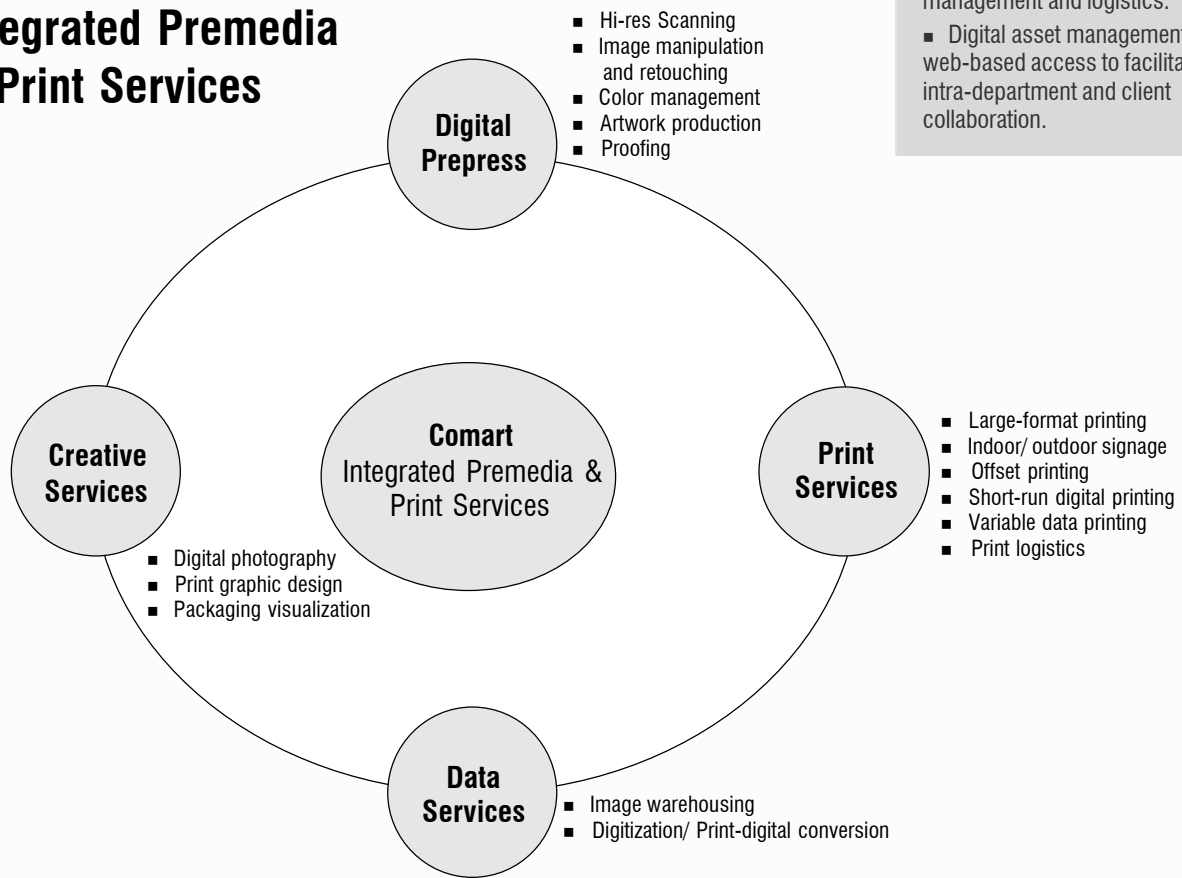
Today's workflow and collaboration systems bring high levels of functionality that overcome the need for time-consuming physical processes such as proofing and approval.

Comart: Fast Facts

- Over 70 years experience in the business of Graphic Arts.
- Partnered most of India's leading brands to positions of leadership.
- Integrated services spanning design, prepress, print and data management.
- A 20,000 square feet digital hub with comprehensive investments in people and technology.
- 24 x 7 operation catering to discerning markets worldwide.
- Operations in Bombay and Bangalore.
- Global reach through high-connectivity broadband networks.
- Dedicated operations to service global customers.
- Track record for service quality & ethical business practices.

- Infrastructure:**
- Macs and PC based operator workstations for design and pre-press operations.
 - Array of high end equipment from Scitex, Crosfield, Heidelberg, Esko Graphics, Barco, Xerox, HP, Canon, IBM, Nikon etc.,
 - Hi-speed digital network with 2 Mbps Internet connectivity.
 - Mumbai and Bangalore facilities connected to facilitate real-time connectivity and systems redundancy.
 - MIS systems for workflow tracking, customer job management and logistics.
 - Digital asset management with web-based access to facilitate intra-department and client collaboration.

Integrated Premedia & Print Services



Major Customers:

Advertising:

- Ogilvy
- Lowe Group
- Saatchi & Saatchi
- Grey
- Leo Burnett
- JWT
- Rediffusion

Corporate:

- Unilever
- Pepsi
- L'Oreal
- DAKS (Forbes Gokak)
- Hutch (Orange)
- Citibank
- Fidelity Investments
- McDonalds

Publishing:

- L'Officiel magazine
- Cosmopolitan
- Man's World
- Nex-Gen Publishing
- Readers Digest

Offshore:

- Gilchrist
- Louis Vuitton

The Comart offshoring framework

How we will work with you

Step 1: Process Audit

Comart will work with client to analyse the existing processes, workflows and systems in use.

Step 2: Workflow Definition

Based on this audit, specific processes will be identified and a plan to offshore each in a phased migration process will be developed. The choice of which processes to begin with will be dictated by two specific factors:

- **Execution complexity** in terms of platform and technical skills required to execute.
- **Level of collaboration** in the specific process i.e extent of multi-party collaboration involved in that specific process. For instance, pure design tasks are more collaborative and involve multiple levels of iterative work involving specifiers, approvers and production staff.

Step 3: Process Pilots

Starting with low complexity, low collaboration processes, pilots will be carried out to iron out gaps in workflow and quality of delivery if any. In a phased manner, processes that are more complex will be driven through pilots which will also serve as in-process training for Comart's execution teams. Pilots can also be executed in parallel to existing execution by client to compare quality and productivity. Results of the pilots will be documented and final process flows and rules will be defined for live, real-time work. The pilots will also provide inputs for fine tuning and putting in place equipment, software and process documentation.

Step 4: Service Level Agreements

Service levels for quality, turnaround and issue resolution will be mutually defined between Comart and client. Systems for monitoring will be put in place to ensure compliance to SLAs. Commercial and contracts will follow.

Step 5: Migration Planning

Phased migration of live processes will be planned and commissioned.

IN CONCLUSION:

Comart believes it is best positioned from a process knowhow, industry knowledge, technology, infrastructural and service track record perspectives, to provide offshore design & premedia production capabilities to global creative, publishing and print services organizations.

Contact Information:

Eddie Poonawala
Comart Lithographers Ltd
386, Vir Savarkar Marg
Sane Guruji Premises
Mumbai 400 025, India
Tel + (91) 22 - 4200 3800
Fax + (91) 22 - 6660 3813
e-mail eddie@comart.in
Web <http://www.comart.in>

Disclaimer:

This thoughtpaper is solely to provide Comart's perspective on the offshoring opportunities for graphic arts industries. It does not purport to be a proposal or a definitive solution for businesses seeking an offshore service.

No part of this document may be reproduced, copied or published and distributed without prior written permission from Comart Lithographers Ltd.,