

INTERVIEWS

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INTERVIEW:
How EFI Landed the Staples Deal: A Conversation with Fred Rosenzweig

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EFI announced this week that it has been selected by Staples, Inc., the world's largest office products company, to power its web-based printing services, providing customers nationwide with an easy-to-use online print store at <http://www.staplescopycenter.com>. Customers can now upload digital files and submit print and copy jobs to over 1,250 Staples retail stores across the country. In addition to powering the online system with EFI's Digital Storefront web-to-print application, EFI technology is a key part of Staples' production facilities, with more than 2,000 Fiery servers driving Staples production copiers.

This deal had been rumored to be in the works for quite some time and had started out as a competitive bid situation. WhatTheyThink spoke with Fred Rosenzweig, EFI's president, to get the inside scoop.

WTT: Fred, thanks so much for taking the time to speak with us. Congratulations on winning this important deal. Can you give us a little background on your work in web-to-print?

FR: We have been working on web-to-print for quite a while, talking to a lot of companies, and we think we are building what I believe is the best web-to-print solution in the industry. While we do have competitors in this space, I think over the next six months, the gap between EFI and the competition will continue to widen. It is the type of tools and capabilities we have access to that will really widen the gap, including the capabilities of Digital Storefront, connectiv-

ity to print MIS on the front end, and to the more than 1.3 million Fiery servers in the world on the back end. The uptake in these products has been pretty substantial and tells us that the strategy we laid out two years ago was on the mark.

WTT: What specifically was Staples looking for?

FR: Staples was looking for a partner they could count on to create its Copy and Print Online Center and wanted someone that had significant software expertise in building Web applications but also someone that understands the whole print phenomena. They knew we had that expertise because we started out in print-for-pay with the Fiery 16 years ago, and they have about 2,000 Fiery servers installed in their network. Our acquisition of Printcafe and its PrintSmith MIS that is very pervasive throughout the print-for-pay world, our expertise on how print-for-pay establishments work, our understanding of how enterprises work through our presence in centralized reprographics departments (CRDs) and marketing organizations, and our history of building web applications over the last few years were all important considerations.

What they saw in EFI was a software company that understood their business, that understood printing, and that had the technology resources to put together a solution for them to manage their business and to tie the enterprise to their print network.

EFI is significantly larger than most of the other companies that are building a real

web-to-print presence in the printing industry. We have the resources that companies like Staples like to see behind an initiative of this nature. They know that the first time out of the gate it will not be perfect, they know they will need to ask for modifications, and they want to make sure the company that did the work will be around to modify it and will have expertise to keep going forward. The other part that is important is their experience with Fiery. There will be a connection between web-to-print and Fiery, and they know their investment in Fiery will benefit by adding a web-to-print application.

WTT: What are some of the other drivers for web to print?

FR: Traditional wisdom was that 95% of pages are printed on offset in a commercial print environment. The real question down the road is how many of the pages that go digital—and a lot of them will—will get to their print destination in commercial print operations, CRDs or print-for-pay via traditional methods or via web applications. The solution we are deploying for Staples is designed to create the pipe from an enterprise that needs a large number of documents printed and delivered and to connect that pipe to a partner that can do that printing in an automated fashion. EFI believes that the web-to-print application will be the key driver for the growth of professional digital printing.

WTT: Why is that?

FR: With digital work, you can't make money if you are touching the file with too many resources. The web application becomes the equalizer and the pipeline for digital document flow. In offset, because the jobs were so large and turnaround times were longer, you could afford to do all the prepress work. But because a digital print environment is comprised of so many more smaller, less expensive jobs with very short turnaround times, you can't afford to do that work manually. The web application becomes the automated workflow to the digital press, or even to offset if they want to divert it there. This is no longer a theory; it is a fact of life.

I have visited so many printers that get into digital and love it, but they immediately realize they are getting 50 to 70 jobs per day and they cannot handle that with people. You would have a whole bullpen of people that do nothing but take files in and send them to the digital printer manually. There is no way to have human intervention on the majority of files that come in and be profitable. You need to eliminate the redundant keying in of information to create invoices and to put jobs into the production workflow. All of these things are tied together, and it starts with the web.

WTT: Was EFI's vendor independence in terms of the print engines important to Staples in their decision process?

FR: It was a consideration, but equally important was our knowledge of how print-for-pay operations in general work. We truly have a long legacy in this arena. We have been building controllers for 16 years now, and we know this world really well. We were talking about digital before people even knew what it was. It is in our DNA. And that makes a big difference.

When we talk to Staples, we talk their language. We understand the types of problems they are likely to have, and we understand the type of personnel they have. We have always built our products with the personnel in the print-for-pay environment in mind. They often do not necessarily have heavy expertise, and they can have a lot of turnover. And when you put an application on the desktop in the enterprise, you don't want it to be complex. We have always kept our interfaces as simple as possible.

WTT: Does Staples have any production hubs?

FR: They do have one, and it runs our Logic MIS hosted model. Down the road, if they create a broader hub-and-spoke model, they will be able to connect everything directly into their MIS.

WTT: Is Staples' web-to-print application up and running?

FR: It is already on their web site in what they would probably call beta. Over the next few weeks as they start to roll it out, they will see what happens when volume hits it, and we are prepared behind the scenes to make sure it scales. They want to drive transactional volume through this application and take full advantage of that pipeline.

WTT: You sell Digital Storefront in both licensed software and hosted models. Which did Staples choose?

FR: Staples decided that EFI had the experience and know-how to trust with both the development and hosting of the application. Because we host it already for a number of clients, this gave them one place to go to with any issues. We are also prepared to scale the application as needed for them, and we've put in place test environments so they can trial new versions of the software before putting it into production.

WTT: So where is EFI going with all of this?

FR: We are building a set of modular, end-to-end automated tools in a fashion that will allow customers to select the pieces they need and that will enable them to handle the significant

digital ramp-up we believe is going to happen over the next couple of years. From nearly all the industry reports we see, digital will double the size it is today during that period. That means there is a lot of equipment and infrastructure that will be required to handle a doubling volume.

This goes back to our strategy in buying Printcafe. The digital world will have a different infrastructure than the offset world—including more connectivity out to the customer—and EFI's goal is to be the company that provides that software infrastructure for the majority of print shops.

WTT: Does that mean you will be doing more acquisitions?

FR: We are doing a lot of work behind the scenes. It will be a great year, running the current business and building the business for the future.



Prior to launching her consulting practice, **Ms. Cary Sherburne** was the Vice President of Marketing Communications and Outsourcing Solutions at IKON Office Solutions. In that capacity, she developed and implemented a branding campaign to build brand awareness for IKON in the marketplace as well as enhance employee pride in the organization, and was responsible for all internal and external communications, including trade shows and events, corporate newsletters, and industry and press relations. In the outsourcing role, she set strategic objectives and priorities for IKON's product and services portfolio in its Outsourcing businesses, including development of programs and sales support materials for that environment.

Sherburne was a Director at CAP Ventures, an internationally known firm specializing in market research and strategic consulting for the digital document and print on demand industry, before joining IKON, where she launched and managed the company's Document Outsourcing Consulting Service.

Her tenure in the printing and publishing industry has also included sales and marketing positions at Xerox Corporation, Indigo America and Bitstream. She is a frequent speaker at industry events and a recognized author.

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