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CASE STUDY: FINEPRESS OY, IMPLEMENTING AN INTEGRATED MANAGEMENT INFORMATION SYSTEM IN PRINTING

Abstract

Finepress Oy is a leading publishing and printing company, located in Turku, Southern Finland. The company was established in 1945 and currently employs 30 people at its production site in Turku. The main single group of customers are advertising agencies and bigger companies that produce their own marketing. Operating in a market that is characterised by increasing demands to service, responsiveness to customers and short production time, Finepress Oy has succeeded in continuous adoption of new technology to strengthen its position.

The following case illustrates how the purchase and implementation of an industry-specific integrated workflow system can improve management information, efficiency and market shares. Resulting in major cost savings and increased possibilities in ordered production in the P&P industry.

| Case Characteristics | |
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| Full name of the company | Finepress Oy |
| Location | Turku, Finland |
| Sector | Publishing and Printing |
| Year of foundation | 1945 |
| No. of employees | 30 |
| Turnover in last financial year | 4 Million EUR |
| Main customers | Advertising agencies; industry organisations, mainly in the national market |
| Most significant market | Finland |
| E-Business Focus | |
| Production Efficiency – cost savings and faults management | ä ä ä |
| Pricing and Customer Expectation Management | ä ä |
| ä = in implementation stage; ä ä = used in day-to-day business; ä ä ä = critical business function | |

Background and objectives

Finepress Oy is a well-established Finish printing company with almost 60 years of experience in the P&P market. The main single customer group to the company is advertising agencies. These agencies use Finepress Oy as a sub-supplier in their

advertising solutions for public and business customers. As much as 33% of Finepress Oy's orders come from advertising agencies. The other 67% are direct customers – typically industrial companies that use print services for direct mail campaigns, marketing material, brochures, large batches of mail, etc.

Intense competition and high expectations to quality, responsiveness to customers and production time are current characteristics of the print market. Consequently, efficiency in production and general focus on costs combined with flexibility towards customer needs for tailor-made print jobs is vital to survival in the sector. Generally customer demands are changing from standardised orders to order production with changes in layouts, colours, formats, etc.

Considering Finepress Oy's strategy and the above market conditions, the company decided to invest in a new industry-specific workflow system that could also work as a Management Information System. Purchase motivation is based on the company's ambition of cost savings and improved machine efficiency. The Managing Director explains:

“We have been in the business for almost 60 years. When we moved to new production facilities we were forced (in a positive way) to change to more modern machines and production systems. There was no discussion about it. The new machines are 3-10 times more efficient than the old ones. At the same time these printing machines have all the necessary functionalities for linking up with a Management Information System. Online and instant information about orders, print status, production processes, etc. will give us a competitive edge in the years to come”.

E-business activity

Finepress Oy chose to implement an industry-specific solution called Prinect. The Prinect system is a Management Information System developed by Heidelberger Druckmaschinen AG in Germany. Heidelberger also supplied the new printing machines to Finepress Oy in 2004. Prinect is Heidelberg's complete solution for workflow administration. It registers and optimises press-specific work processes from prepress to production and job finish. The system integrates all levels in the workflow. It is a modular, scaleable, and open ended system that can be flexibly expanded following the needs of the company. 'Prinect' marries the two words 'print' and 'connect'.

The system is compatible with Microsoft products and is used by Finepress simultaneously with the Microsoft officepack on a Windows XP operation system. Beside this, Finepress Oy has installed a Linux operation system on an Apache server that runs the company's webpage. According to Managing Director Timo Laurikko, the Prinect solution provides integration of planning, maintenance, production and financial management with CRM and marketing tools, and it provides on-going management information. It integrates and optimises the workflows of the print shop - all the way from management to production and from prepress to finishing. The finely tuned interaction of the various Prinect components boosts the efficiency of production workflows, offers greater process transparency and thus accelerates the entire job flow. Prinect makes a major contribution to helping companies fully realize their potential for rationalization and optimisation, thus enhancing the performance of the print shop and achieving greater profit margin.

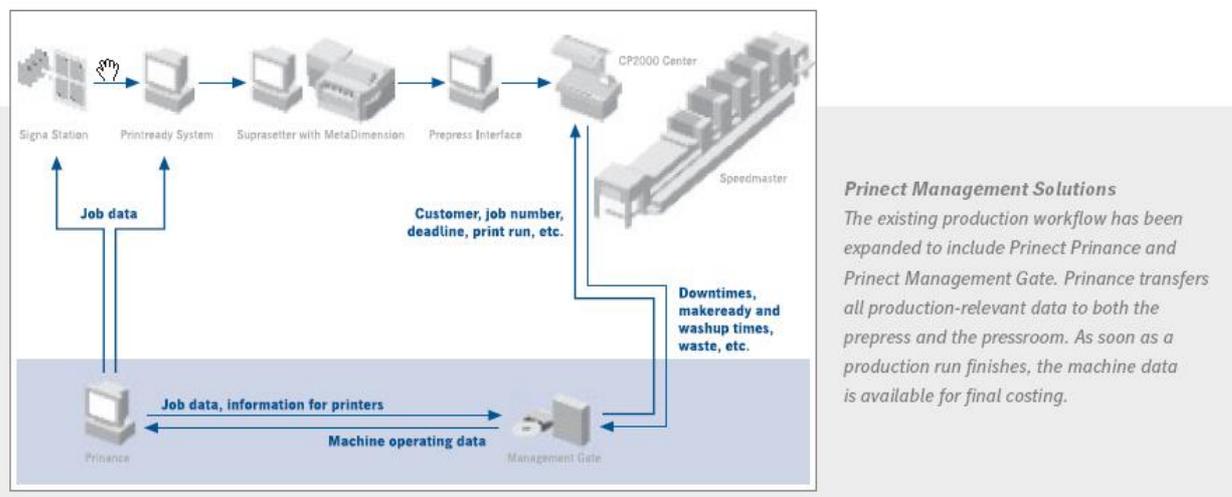
Finepress Oy is the first company in Europe to use the system as a Management Information System covering not only production and connected processes (the 'machine park') but the whole company including information on invoices, CRM, product development, etc. The system was implemented in 2004 and is now fully operational. All information is online, including technical information from each machine in the machine park.

Functionality and use Prinect MIS

The system makes it possible to systematically gather and sort information about everything from invoices, sales status and general CRM to print status and errors in the chain of production. This means that it becomes possible to follow the exact work in progress of print jobs in the production including.

The Prinect management information system works as follows: the programme asks for product-specific details and guides the user step-by-step through the process of costing prepress, press and postpress work. With Prinect Prinance, you can maintain a clear costing overview of complex print products with different options, colours and papers where production involves several different presses. With the support of the press library supplied, production parameters are automatically calculated from the product definition. Quotes issued are also passed to the relevant sales personnel in the Microsoft Outlook calendar application so that they can be followed up properly. This ensures that jobs never go missing in the hustle and bustle of day-to-day operations.

Exhibit: Prinect MIS Integrated Workflow system



Improved job preparation: Production starts with the administrative aspect - namely job preparation. Prinect MIS determines all the production steps required for the job, which means that each stage in the process is pre-structured. This gives a precise picture of which steps need to be taken in which order, at which cost centre and with which key deadlines. The job-related data is packaged into an electronic job ticket and passed to the Prinect Data Control production planning and control system. Additionally, the components are pre-configured in the production workflow, i.e. Prinect Signa Station and Prinect Printready System for prepress, Prinect CP2000 Center in the pressroom and Prinect FCS100 in the finishing stage. The overall effect is that error-prone and time-consuming repeat entry operations for job numbers, customer names and the like are eliminated. What is more, this data remains consistent throughout the business and production processes. Overall, this considerably reduces the risk of having to carry out cost-intensive post-processing because of incorrect instructions.

Transparent order processing: offers precise overview of the current status of quotes, orders, invoices at all times and in all stages of the job preparation process. This means that you can be assured of complete transparency in real time. The integrated capacity planning function will also let users know immediately whether a job is going to be produced to schedule, allowing you to respond quickly.

Production planning and control: All the information relating to the status of a print job and its planning status is automatically relayed in real time from the networked workstations to Prinect Data Control. This gives a precise picture at any time of exactly what stage a job is at and how far away it is from completion. Greater transparency

also means that capacity reserves can be identified at an early stage and available potential can be fully utilised. A wide range of reports accurately log precise performance and event data during each press shift to provide a clear overview of the production process.

Precise post-costing: Prinect Management Solutions also ensure effective cost control. Each job is evaluated, and the results are presented in a clear and simple format. This gives users reliable figures, so that they can tell how profitably they are working at all times. Operating data can be captured either manually by entering the job slips for the day or through automatic import via the interfaced components. Prinect provides users with precise and reliable information such as comparisons of targets and actual performance, product group analyses or cost centre productivity analyses.

The integration between production processes and IT-system gives Finepress Oy a number of benefits. Timo Laurikko, Managing Director of Finepress Oy, explains:

“Lets say that a customer has ordered a print of 3000 brochures and then want to change this to 5000. Typically he will call and ask for the sales person – who might not be at work. Because Prinect is a database-based system any relevant person in Finepress can search the order and access a full status of the order processing. Further, he or she can do correction of the order in both the pre-printing and the pro-printing phase of the order execution. Any step of the production can be accessed via the database. If the order is under execution in the printing phase, a correction in number of entities will automatic be updated without abruption of the printing process”.

This example illustrates how the system maximizes flexibility in production and minimize Finepress Oy's response-time to changes. Further, the system allows entrance into a new market segment, as in-house start-up costs are reduced significantly. This means that Finepress Oy can make a business of even very small orders and serve its customers and special needs no matter, if the single orders might be small.

Customers do not have on-line access to the system (although this would be technically possible). The main reason is that customers seldom understand the nature of the print production process and Finepress Oy feels that this could lead to potential misunderstandings.

“Customers would be able to see where in the production their print job is. But sometimes they would not be able to find their specific print job because it is running as part of a different production process. This could worry some customers even though their print job is fully running” - Timo Laurikko, Finepress Oy.

On the supply-side, paper suppliers are not given access to databases and the rest of the information system. But Finepress Oy does use online communication when dealing with price and quality with the suppliers. The system was implemented in August 2004 by external consultants from Heidelberger Druckmaschinen AG. Due to the short time of operation it is still early to estimate the overall savings of the Prinect system as well as ROI (Return of Investment). As the acquisition of the Prinect-system was an integrated part of a great investment in new production facilities, buildings and equipment, Finepress Oy can not state the exact price of the system.

Impacts and lessons learned

The digital integration of management, prepress, press and post-press can result in a marked reduction in the fixed cost of processes. However, it is as yet too early to verify overall cost savings. The biggest challenge of implementing and using the system was that Prinect has not been used before in such an extended way. Getting the system up and running turned out to be a process of trial & error. The system is extensive and it is particularly challenging to implement it across all the business processes of the company. It was an advantage to implement the system in connection with a move of company premises, as it became just an addition to a larger change process.

The Managing Director of Finepress Oy, Timo Laurikko, points to the importance of developing and maintaining system knowledge inside the company upon purchase and implementation of such an extended system:

“There are never ending possibilities for functionality in different areas and it is vital to be clear about ones needs in terms of management information. For that reason the detailed knowledge about print processes, the production chain, and decision processes of the company must be communicated to the supplier for maximum benefit of the system investment. Similarly, detailed knowledge of the possibilities in how to use the Management Information System should be inside the company because the system becomes pivotal to daily production”.

References and acknowledgements

This case study was, conducted by Rambøll Management A/S on behalf of the *e-Business W@tch*.

- Interview with Timo Laurikko, Managing Director of Finepress Oy, 24 Jan. 2005, and 9 Feb. 2005.

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