MARKET INTELLIGENCE

Insight and market analysis to achieve better value from suppliers

Issue No. 16.2

ERA provides expertise, resource and focus to Eurac Poole Ltd

Summary of savings

Industrial Gases	51%
Managed Print	30%
Consumables	10%
Packaging	4.4%
Utilities	£12,000 rebate
Water	Health Check

"Working with ERA is one of the best commercial decisions I've made. I don't intend for it to stop any time soon! They've expanded our procurement function and given me the ability to proactively manage our cost centres and bring expertise in exactly when and where it's needed. There's no doubt that over and above the monetary savings we've increased productivity and will enjoy efficiency gains for the long-term."

Shaun Lindfield, Head of Procurement, MAT Foundry Group (Eurac Poole Ltd)

EURAC POOLE
A Member of MAT Foundry Group

Eurac Poole Ltd is a specialist grey iron foundry, producing specialist castings such as brake discs to clients in the automotive aftermarket. They are a subsidiary of the MAT Foundry Group.

Head of Procurement for the MAT Foundry Group, Shaun Lindfield, struggling with limited internal resource, found himself operating on a day-to-day, immediate need basis. A timely approach from Chris Wardle and Simon Webb of Expense Reduction Analysts gave him access to the resource and expertise to look at multiple projects concurrently.

The foundry operates a rigorous programme of continuous improvement and lean manufacturing, yet Shaun found himself unable to apply the focus and resource required to manage a range of indirect cost areas. Having already had a bad experience with an ERA competitor, whose suggested solutions were not fit for purpose, Shaun was initially sceptical.

Chris and Simon bring to the table a wealth of knowledge and expertise in supplier relationship management. They have wide experience in

Continued on back page...

Business Rates Revaluation: What were the implications of 1st April 2015?

by Paul Giness

Growth is normally seen as good for business. But in the case of the forthcoming 2017 business rates revaluation this might not necessarily be so. The last revaluation took place in 2010, based on 2008's levels of rental value, pre-crash!

The next one should have been in 2015, based on rental information collected in 2013, when the economy was still in recession. Instead, the government delayed the revaluation by 2 years and now it will be based on hypothetical rental values back in April 2015.

This comes at a time when the economy is in recovery. Consequently, there has also been a revival in many commercial rental values. Various reports have highlighted this, with property rental value increases in September 2014 hitting some monthly highs not seen since 2007.

Paul Giness of ERA Property's rating team comments, "It is unfortunate that the revaluation has slipped beyond its normal five year period. Instead of being aligned with the fluctuations of the general economy, it means business rates are going to remain high for many organisations."

Back in December 2008, the outlook for commercial property values was gloomy. At that stage, the rental values that would underpin the 2010 revaluation had already been analysed. Similarly, the forthcoming revaluation will fail to reflect the recession's impact, apart from locations where rental values are still in decline, because the 1st April 2015 date occurred during the recovery

"It feels unjust," Paul concludes. "The worst effects of the recession have come between the two rating revaluations without having any discernible influence on rateable values for many locations. This could hit some businesses hard."

Against this backdrop, it is crucial for commercial property owners to consider any other factors that might have a negative effect on their rental values including incentives granted within a new lease and to be sure these are recorded in any information submitted to the Valuation Office.

In addition, when the Valuation Office publish the draft Rating List later this year, it is advisable to check your proposed new valuation thoroughly and look at options to make representations, where required and consider a review when the List goes live.

This is where rating experts can make a big difference in outcomes, casting a professional, forensic eye over property details to ensure that wherever possible, rateable values accurately reflect any issues surrounding a business property. Furthermore, they can help ratepayers understand the complex rating system and options for and against carrying out a review, that wherever possible, rental values accurately reflect any issues surrounding a business property.

Keeping ahead in a low margin business sector

by Mark Davis

Many businesses are still suffering from the crisis of confidence arising from the worst trading conditions for more than half a century, resulting from the "credit crunch" in 2008 followed by the "Euro crisis" in 2011.

This confidence ultimately manifests itself as a lack of sales within businesses, which causes greater impact on low margin businesses.

The internet too is having a greater impact on companies' ability to control margins. In a highly competitive environment, finding, winning and retaining new business can be very costly. Armed with internet resources such as price comparison sites and downloadable aspplications, consumers and business customers can switch between suppliers easily. In addition, a competitive edge gained through product innovation, that might have guaranteed suppliers a price advantage, can often be short-lived as the rapid flow of information enables products and designs to be replicated much faster. Counterfeiting and theft of intellectual property, ranging from high fashion designs to the latest music, has added to the erosion of margins in creative industries.

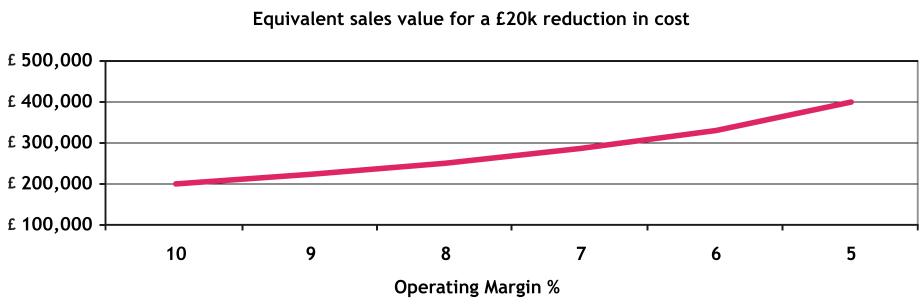
Other things that can cause margin pressure include:

1. When a new competitor enters the business and increases its product offering or lowers its costs
2. When commodity costs rise or other costs within the supply chain are rising
3. When increased regulatory controls are imposed on the company or industry
4. When new legislation is introduced that fundamentally changes the markets in which the company competes
5. When rising selling, general and administrative expense costs occur without a proportional rise in revenue

The combined effect of these factors, apart from reducing profitability can restrict expansion and growth, R & D, employee rewards and in the worst cases livelihood.

It is difficult to prevent items 1-5 arising, but some control can be gained on the last item. This area is of great importance for low margin businesses, since the amount of reduction in the level of profitability is proportionally affected by the size of the increase in costs. Any activity to reduce the cost base helps to reduce the impact of a reduction in turnover due to factors beyond a company's control, and the lower the margin the company enjoys, the greater the effect as can be seen in the graph below.

Inevitably, in such circumstances, internal resources, with the available time and requisite expertise to embark on a cost reduction exercise, cannot be found, which is why many of our Clients engage us.



What's in store for IT spend in 2016

by Simon Atkinson

As we have entered a new year, it seems a good time to look at factors which might have an impact on clients' IT costs this year. We have identified 5 trends or events which should all have some impact on organisational IT costs, whether positive or negative, and examine the potential effect on client IT investment costs:

1. Cheap Money

Interest rates have been low for some time now and because of the economic uncertainty producing headwinds in the USA and Europe, it is generally thought that rates will continue at a low level for the foreseeable future. In IT terms, this means a continuing positive picture for those organisations needing or wanting to borrow money to fund their IT investment. Expense Reduction Analysts are able to reduce initial hardware costs by up to 25%, depending on the client and circumstances.

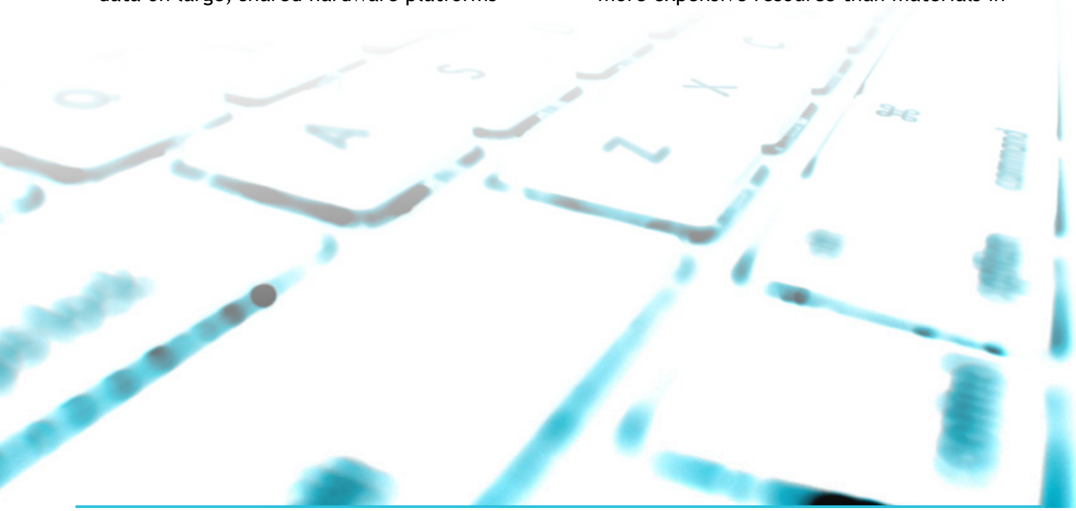
2. Continued Cloud Adoption - 1

The move from purchasing equipment and software outright for use in the buyers' office premises (known as 'on-premise') to renting software, and keeping both the software and data on large, shared hardware platforms (known as 'cloud') shows no sign of abating, and is, in fact speeding up.

One effect is that this continued change in spend pattern means that money is increasingly diverted from client hardware and software spend to hosting solutions provider hardware and software spend. This is then passed on to clients in the form of hosting and support charges. These can be considerable, threatening to debunk the myth that cloud computing is much less expensive. Clients should think carefully and take independent advice from Expense Reduction Analysts on this, before committing to a new strategy and its potentially punitive expenditure.

3. Continued Cloud Adoption - 2

The shift from on-premise to cloud-based solutions also suggests a change in the costs borne by the cloud providers themselves. More money will be invested in materials (hardware server farms and high speed communications equipment, for example) and less in people, as more clients shift from a people-centric support model to a service-centric one. As people are likely to be a more expensive resource than materials in



this case, if the change to the costs is passed on, it should ideally result in lower costs to clients, provided the negotiation is managed and negotiated correctly. Expense Reduction Analysts are specialists in identifying and securing cost reductions in these areas for our clients.

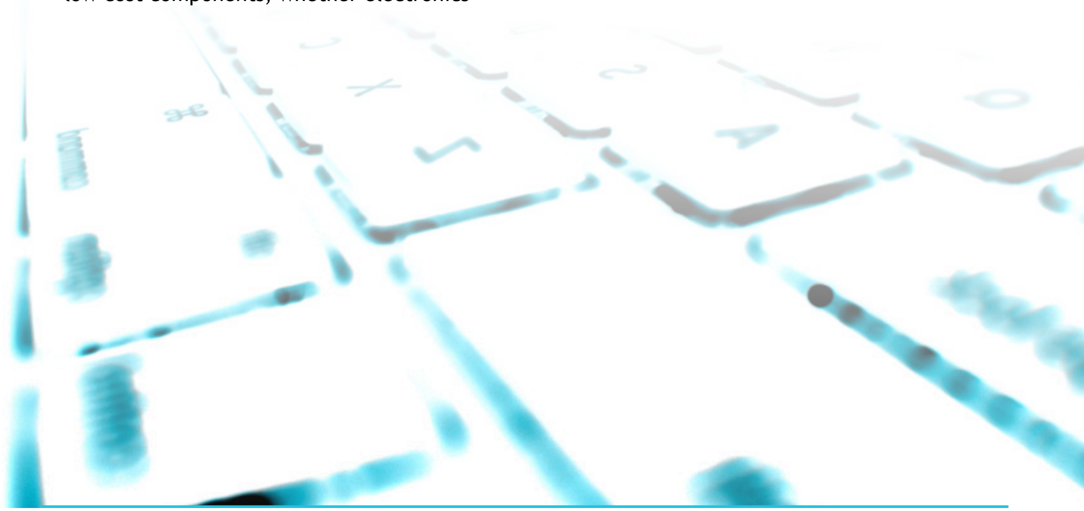
4. Economic Uncertainty

In relatively stable times, companies are able to plan better, as there are fewer external forces to generate uncertainty. However, as political and economic forces become more turbulent, decision makers tend to become more cautious, leading to a slowdown in investment, as they wait to see if the conditions will improve or worsen. Decisions are taken to hold cash, rather than invest. The effect of this on vendors, is to reduce the supply of business and create a more competitive environment, as they find they have to compete harder for business. This creates opportunity for clients to reduce costs, both at point of purchase and renewal.

5. Turbulence in Emergent Markets

Emergent markets matter for IT companies for two reasons. Firstly, they often supply low cost components, whether electronics for hardware, or outsourced skilled labour for software and services. Secondly, they are a source of sales income for global suppliers. Because of this, problems in emergent markets also create problems in the IT supply chain. Economic slowdown in Brazil, sanctions against Russia, wage inflation in India and economic issues in China have the individual and collective propensity to push up supply costs to IT suppliers, whilst depriving them of revenue. The net effect is that prices to clients are likely to rise in 2016.

In summary, whist it is clear there are some factors that favour clients enjoying low costs, for example the continuing level of interest rates, there are more factors likely to work against clients maintaining low IT costs in 2016. Specific macro-level issues, in particular economic and political events will offer certain global suppliers the opportunity to raise prices in a way that has not been seen for some years. We strongly recommend our suppliers engage with us on their IT spending this year, to protect themselves against unwanted higher prices, both at point of purchase and renewal.



Procure to Pay Business Process - A key enabler towards Procurement improvements

by Barry Donovan

There are few business problems that once tackled provide a plethora of additional, real and tangible benefits to an organisation - a true double whammy. Procure to Pay is one such process that keeps on delivering for clients.

On the face of it it's a simple 'accounting routine' that helps approve invoices to Suppliers for payment and often the source of much of the admin 'treacle' that bogs down company's, stopping them progress without ever more admin resource to unblock it. However, a 'good' Procure to Pay process can turbo charge the organisation from an operational burden to a truly effective element within a Procurement Strategy.

So what are the issues that potentially need to be resolved? There are many classic indicators of poor or broken processes.

- Suppliers invoices are paid routinely late or under duress with Accounts staff complaining that they can't pay what they don't know about
- Orders to cover Suppliers invoices are raised retrospectively adding further to delays - 'because that's the way the process was designed'
- New Supplier accounts are created regularly - often where preferred deals are already in place, and often due to those inside the business being blissfully unaware of such arrangements
- Duplicate Invoices are requested of Suppliers because the originals are 'lost' within the approval chain. Often both original and duplicate get paid!
- Threats of litigation from Suppliers force a culture of 'Pay on Demand' rather than 'Pay to Terms' - cash flow planning for Supplier payments is not a normal way of life

The normal reaction to solving these problems is to take on more admin staff to manage the Accounts Payable function - dealing with routine transactions rather than exceptional circumstances.

The underlying business process is however pretty straightforward and if properly supported within the organisation (particularly by systems & governance) can operate really effectively.

In essence this process covers the following:

- Guiding someone within the organisation having a need to buy
- Being directed through simple steps to request the right items or services from the right supplier at the right price.
- Pre-approving this requirement before it is communicated to the chosen Supplier provides the transaction trail that follows
- Matching the Order with the Invoice
- Releasing the payment on the agreed date.

Market Intelligence Issue No. 16.2

Simple - right?

Well yes it is if approached and executed well and using the right systems to support the process. As with most things in life there are good approaches to making transitioning an organisation to achieve these aims - and there are those not so good! And getting the right solution is no longer a huge price ticket only available to the biggest buying companies out weighing many of the benefits.

So what of the hidden benefits that emerge from effectively deploying a good Purchase to Pay solution? The value of these can vary enormously, but instead of being faced with a big increase in admin costs we find:

- Pre-approval of Spend enforces internal cost management and budgetary controls reducing maverick and unnecessary expenditure
- Spend is channelled to Preferred Suppliers - a status that can finally mean something to you and your supplier. Savings of 20-40% of not unknown as a result
- Spend can be linked to Budgets - before it is spent rather than retrospectively
- Supplier Performance on each transaction can be accurately measured
- Invoices can be Paid to terms - improving credit ratings and preserving cash flow
- Admin costs are reduced significantly as Automated PO to Invoice matching is introduced

Cost savings and cost control is the underlying theme here.

And beyond this real and tangible benefit is a very important organisation development issue. Tackling day to day buying activity within an overall Procurement framework is a pre-requisite to achieving full value for money from 3rd party Supplier relationships.

Have your card payment processing costs fallen in the last 12 months? If so, are you sure it's a good deal?

by Steve Whitlam, Paul Lucraft & Paul Davidson

Following EU intervention, the transaction fees earned by card issuers have changed dramatically over the last year. The fees are better known collectively as "Interchange" and form the major part of acquirer costs when they are pricing for your business. The undoubted political aim of the intervention is to reduce retailer's transaction costs and within the UK that is by as much as £700m a year!

There is a secondary aim of making competition easier by standardising the presentation of pricing, but that is for the future.

Debit Cards

The first major step affected personal Visa Debit cards in March '15 and saw the interchange cost alter from 8p per transaction to the sum of 0.2% of value plus 1p. For those clients whose average transactions for Visa Debit cards were likely to remain below £35, we were then able to negotiate tariff improvements reflecting their acquirers improved cost base.

MasterCard debit cards changed to 0.2% from 8p per transaction on 9th December. Typically these form a very small part of UK transactions.

Credit Cards

MasterCard interchange fell in stages from June '15 onwards, with the first stage seeing the removal of differential higher pricing for premium cards. The most dramatic step was reserved for December '15 when interchange for both Visa and MasterCard personal credit cards fell to 0.3% by value. Previously such costs ranged from 0.77% to 1.5% depending on the type of card and transaction channel.
Credit card charges normally form the greatest part of a retailer's card acceptance costs – notwithstanding that debit cards are more widely used. So the December changes have a dramatic impact in reducing your supplier's costs.

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WITHIN ERA'S PAYMENTS TEAM OUR PIVOTAL MISSION IS TO SEE AS MUCH OF THE £700M AS POSSIBLE FINDING ITS WAY TO THE BOTTOM LINE OF OUR CLIENTS.

Market Response

So far there is no typical response even within a single acquirer, let alone across the market as a whole. In the cases we are dealing with, there are perhaps four scenarios:

1. **The acquirer has made an offer to change tariffs** and either implemented this or given notice of implementation within normally 3 months. The offered tariffs will maybe show a good reduction in costs (except if there are high value Visa Debit transactions) and the retailer may be tempted to accept. The two questions I would ask myself here are:- "Is the supplier passing on to my business the major elements of the overhead savings?" and "Is the offer competitive when judged against the wider market place?"

2. **The acquirer has done nothing** and their profit has increased as a result. Firstly, this may be understandable - in the very short term all are working their way through accounts to understand the impact on their own position. However where I have judged that it is quite clearly advantageous to act now, we have done so to great effect. The major questions I ask myself in this scenario are "Are the interchange alterations to the client's benefit?", "What is the extent of that benefit on a card type-by-card type basis?" and then "Is any subsequent offer both sufficient and competitive?"

3. **The acquirer has done nothing** and is losing money on your business. These are rare situations but typically activity is very heavily weighted towards debit cards, and transactions average comfortably in excess of the £35-£40 range. A recent example was a car retailer – with no fuel or repairs/servicing elements – where deposits ranged from £1k to £2k. Our advice was to sit tight on current rates for as long as possible and take as long as possible over any negotiations opened by the acquirer. (We were also able to help planning to budget for inevitable increases in due course and also mitigate impact through an awareness of interchange "caps" on debit card costs).

4. **A business is on a cost plus tariff** and so the benefits naturally flow through. The first question here is to be sure you are on a cost plus tariff. At least one acquirer offers by default a complex arrangement that includes separately detailed Transaction Fees, Interchange Differential Fees and Scheme Fees; it is a very open way of charging but it is not "cost plus". The second – and more pertinent question – though is "does the acquirer margin seem reasonable and competitive". I am a big fan of cost plus arrangements generally, but the "plus" element has to be valid.

Way Forward

Unquestionably the overall interchange costs of card activity in the UK are estimated to fall by £700m a year. **However only the card issuers will see that impact in full as a result of the EU intervention.** Only market forces will see the benefit flow though to where it is intended to - the retailer and by extension the consumer. To my eyes, the UK acquirers have an opportunity to improve their profitability and we are certainly seeing them take it.

Within ERA's Payments Team our pivotal mission is to see as much of the £700m as possible finding its way to the bottom line of our clients.

How to navigate the payroll minefield successfully

by Stuart Lanyon

Martin Stockton is regarded as one of the leading experts in global payroll with a career spanning over 30 years. His expertise within HR and payroll has seen him work in the Americas, EMEA and Asia - advising some of the biggest brands in the world. He recently joined The Chartered Institute of Payroll Professionals (CIPP) as Head of Global Payroll Consulting.

The Chartered Institute of Payroll Professionals (CIPP) is the Chartered association for payroll and pensions professionals in the UK and is dedicated to raising the profile of payroll within businesses with approximately 11,500 enjoying membership benefits.

In this article, Martin will be highlighting the pitfalls when it comes to approaching the market for your global payroll and navigating your way to success. Whilst it encompasses the unique aspects of an international project there are many lessons for all seeking to re-evaluate their payroll, no matter what size.

Undertaking any payroll procurement exercise is fraught with danger. Like Little Red Riding Hood going through the forest, at every stage there are big bad wolves ready to gobble up unsuspecting project teams. Whilst working for a customer recently, and planning workshop material, it struck me that there was some intellectual capital to be produced here. All the issues I was raising in my workshops had a common denominator - they all began with a 'C'. All of which are the building blocks for a successful global payroll project, so let's consider them in a particular order:

Cost

Any costs should be predicated by a successful and ratified business case. If it's an integrated project, it can be much more difficult to gauge the true cost and consequent cost benefit analysis from the HR aspect of the project than from the payroll side. Payroll costs tend to be much more visible and therefore tangible than for HR. Following very closely, is the total cost of ownership (TCO) where costs and benefits need to be extrapolated over the contractual length. My advice to customers is to beware of hidden costs at this stage. They are less easily quantifiable and include interfaces which are often criminally underestimated including reporting and third party payments.

Compliance

Recent evidence suggests that the issue of compliance and the worry of not being able to comply with national tax rules and international banking standards are one of the main drivers for organisations wishing to undertake global

payroll. I always ask clients "what happens if you don't do this?" The answer is invariably "we get sued". No further justification is required. When prosecutions are often personal and damages extremely punitive, there can often be no alternative.

There is no payroll system able to cover all countries without the use of third parties. That has always been the nirvana of global payroll - the ability to run all countries on one system whilst using the same gross to net solution in one technology platform. So the question is therefore: "Is it truly impossible rather than is it really possible?" The simple answer is that of course it's possible, if you are prepared to pay for it. But it's the cost justification of having the data of small countries on the system which is one of the biggest roadblocks. In addition, the bigger the geographical scope of the global payroll solution the more expensive it becomes for countries with a smaller headcount.

Consolidation

In this context, we mean the consolidation of data for reporting purposes - often called the black art of payroll. The production and full dissemination of meaningful data from a global payroll solution has been near impossible to achieve. In the early days, major enterprise resource planning (ERP) systems were not built to integrate with each other. One bank I worked with ended up with SAP for payroll, PeopleSoft for HR and Oracle for financials. Many organisations were unable to produce meaningful, accurate and timely reports. Those reports that could be produced were often cumbersome with little room to deviate from the standard data and lacked the freedom to write bespoke reports.

However, a whole range of open source tools came onto the market recently which are simple to use and unrestricted by significant license costs. But just like a car, no matter how elegant, it won't work without fuel – this is just like reporting tools which are only as good as the data which is input into them.

Change

Considered by many from the technology side of the fence, to be the easiest 'C' to consider. Change management is in many ways the most essential C, as the introduction of any global payroll undoubtedly means a change in delivery model - often when accompanied by a move to a customer centric model. Too much change and not enough change management results in employee uncertainty and an increased and sometimes dramatic rise in turnover. However, change consultants can be quite rapacious; I have seen many change consultancies gobble up major chunks of a project budget just in the preparation phase. Change is of course key but before a change programme can be fully implemented, you need an effective visioning exercise. This will help you understand where you are coming from and why change is needed before finding out where you want to be.

In my experience, the most traumatic experiences are around the change to a customer-centric model with the introduction of the 'employee as a customer' syndrome. Removing the human interaction from what essentially is a human function can be one of the most worrying features when it comes to the introduction of a global payroll platform.

Contracts

The purchase of a global payroll solution can be legally complex. It's not just the key service level agreements (SLAs) and key performance indicators (KPIs) that can cause frustration; it's the issue of liability. I've seen deals won and lost on the willingness to accept unlimited liability on performance and payroll accuracy.

In addition, don't forget that the supplier's contract may be full of legal terms and conditions your team may have never seen before. Remember, they are experts in this field and do this day in day out - so your legal team need to be ready and able to match them. Unfortunately, it is not unusual for dissatisfaction and bitterness to rear its ugly head early in the operation of a contract which may lead to one side pointing to the fine print of the legal document which both sides signed – remember to read the small print.

Chancellor's silence speaks volumes for Fleet Operations

by Duncan Rogers

As with so many of the Chancellor's budgets, the Autumn Statement 2015 was of as much interest in what was not included versus what was included. For fleet operators, the most important absence was any mention of fuel duty.

In previous years, when fuel prices reached new highs, the Chancellor froze duty on vehicle fuels until April 2016.

The Autumn Statement would have been the appropriate point in the budgetary cycle to extend the application of the suspension beyond April 2016, but there was no comment in the Chancellor's speech to this effect. In fact, analysis of the supporting documentation shows the Treasury's accounts assuming this particular tax take increasing.

The analysis by the Office for Budget Responsibility concludes that fuel duty will increase in line with inflation every year from April 2016. In its Economic and Fiscal Outlook November 2015, the OBR said: "The Government has told us that its policy is to uprate duty rates in line with RPI inflation each year from April 2016. This uprating assumption could be considered a source of policy risk to the forecast, given repeated decisions to cancel planned duty rises in recent years."

It therefore appears that unless there is a change of policy, we can expect to see a March budget introducing at least an inflationary increase in fuel duty. Some analysts fear that an above inflation increase is a real possibility if the oil price remains at a low level.

So, once again, pressure will be on fleet operators to control fuel spend, meaning that now is a good time for Expense Reduction Analysts to undertake a review of your fuel spend before a possible rise in prices.

The Lean Office

by Richard Placito

Organisations need robust, waste-free, flexible office processes that meet their customer needs and help them survive in the global marketplace. In any review of the financial health of an organisation, it is becoming more and more important to focus on minimising overheads, reducing waste and improving inefficient procedures.

Lean is a proven, systematic approach for eliminating or minimising waste that results in the production of goods or services at the lowest possible cost. But it goes beyond the shop floor. Lean is every system, every process and every employee in the company.

The Lean Office shares the same basic philosophies as Lean in manufacturing: relentlessly attack waste, believe that any process can be improved, and focus on flow. Process improvement in the office is as feasible as it is in any traditional manufacturing or production environment and organisations implementing lean techniques remove waste, save money and increase efficiency.

Lean relies on proven tools and techniques to succeed. At the heart of these, the target is to minimise wasteful activity, focusing only on activities that add value to the product and meet customer needs.

In order to capture the current state of the process, organisations typically use a method called Value Stream Mapping. This is a central view of all business processes as they are now, and can also be used to construct a future process, portraying the business once lean methodology has been introduced. Lean Office principles have many benefits, but perhaps most importantly:

Solving Problems – Lean Office principles assist in identifying problem areas and bottlenecks within a business, then eliminating them.

Increasing Efficiency – Lean Office procedures will have a significant impact on the efficiency of staff. You can ensure that all employees are spending time adding value to the customer experience – and any time saved is redirected to value added tasks.

Saving Money – Reducing the paperwork means you may not need to take on extra staff to help with administration and lean principles can help identify where savings are made.

Simplifying Processes – As a business expands, processes can become too time intensive and ultimately bureaucratic. Lean Office techniques identify inefficiencies and remove them.

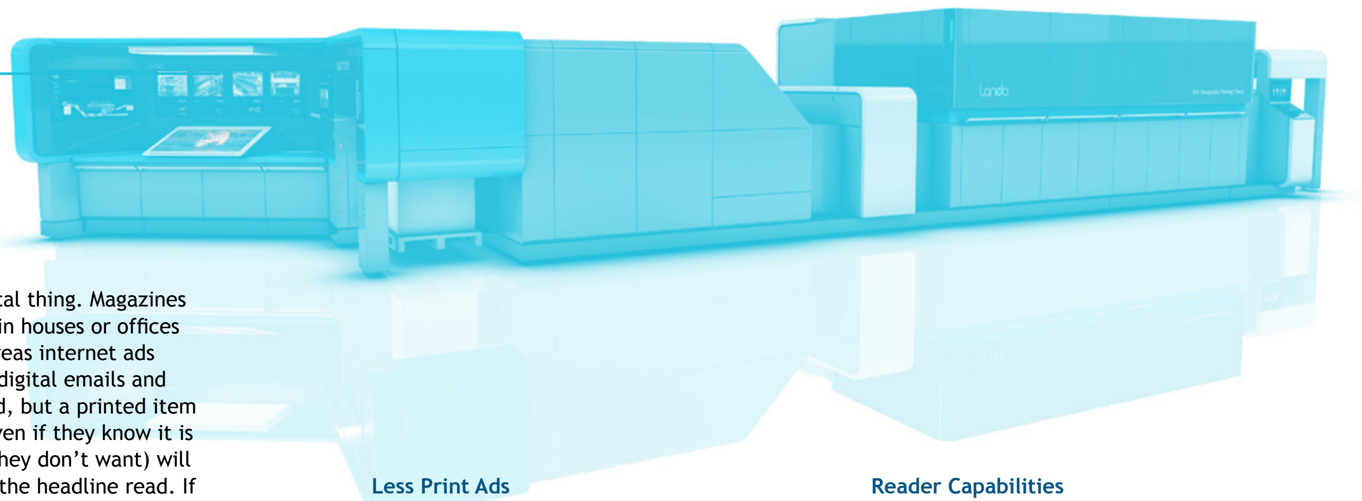
Regulatory Compliance – If your business has to conform to rules and regulations or codes of conduct, then through standard processes Lean Office principles can help ensure compliance.

Lean Office principles streamline processes, which in turn helps identify problems in other areas of the business. Often businesses that create a Lean Office also establish lean as an activity across the whole business. The aim is an organisation which is able to service its customers better and, just as importantly, know that they are doing things right.

Cost management, slimmer margins, shorter lead times and higher customer expectations are some of the challenges that businesses face every day. A management system built around lean processes enables companies to achieve operational excellence, while providing flexibility in the way activities are managed.

The future of Print - It is here to stay!

by Keith Copestake



Purchasing print is a challenge for those who do not fully understand the production process; often suppliers are retained for long periods without the checks and balances required to ensure value for money.

Printed matter divides into various categories, many of which may be considered business or time critical. The evolution of digital print production has created an incredible reduction in pre-production timelines. Clients now often expect their print providers to react within hours of a brief and often a lack of understanding about the difference between digital and litho operations can cause issues with deadlines.

Quality, flexibility and reliability are often perceived as the key factors when clients are reliant on their print providers to deliver on-time, of course keeping to the budget is as important although very often this may need to be flexed to suit stretched creative deadlines.

When marketing your business, using a range of routes to market is extremely important and print is still very important to many. Finding the right balance between various media channels will ensure a steady revenue flow, an increase in sales and access to new customers.

Since the rapid surge of the Internet and social media, the marketing world asked the question 'Is print finished?' While many businesses have completely migrated their advertising efforts to the web because of its cost effectiveness, exposure potential and convenience, print still maintains its stance as a powerful and necessary component of any marketing campaign. Consider some advantages that print media has over its digital counterparts.

Tangibility
A printed piece is a physical thing. Magazines and newspapers can stay in houses or offices for months or years, whereas internet ads disappear instantly. Most digital emails and ads are ignored or deleted, but a printed item through the letter box (even if they know it is an advert for something they don't want) will at least be looked at and the headline read. If it takes 10 seconds to get to the recycle bin to throw it away, that is 10 seconds longer than the equivalent email!

Credibility
There is something about print that gives a sense of legitimacy. The saturation of pop-ups and banner ads on the web can be overwhelming and the fear of spam and viruses is enough to make people weary of clicking. There is no imminent danger in a print ad.

More Engaging
Consumers are more engaged when reading printed material, unlike websites, which are often skimmed in as little as a 15 second visit. A study shows that people read digital screen text 20% - 30% slower than printed paper. (Alshaali & Varshney, 2005). In addition, a print ad is able to better communicate the complexities of a highly technical product or more involved sales message.

But is there a generation gap when it comes to print vs. digital? Not necessarily. A recent study of readership conducted by two prominent energy industry publications found that 91% of its readers preferred to receive the publication in print form, compared to 9% who chose digital. Within both groups, there was no appreciable difference in relative proportions of older and younger respondents.

Market **Intelligence** Issue No. 16.2

Less Print Ads
With more and more businesses relying solely on the Internet for their advertising needs, the decline of print publications can actually be used as a marketing advantage. Print publications are less crowded, allowing more room for your ad to shine.

QR Codes
Placing QR codes on printed pieces is an excellent way to bridge the gap between print and web. When scanned with a smartphone, the QR code will take you to a homepage or a special offer page that lives on the web.

Reaching your Audience
One of the significant advantages to print publishing exists in distribution. While printing costs are significantly higher than those involved in publishing on-line because of actual paper and printing costs, the advantage of print publishing is actually placing text in the hands of your audience. Online, you can only direct someone to a site which may be of interest to your target audience based on generic demographics.

Personalisation
Studies show that 61% of consumers feel better about brands that personalise the user experience and are more likely to buy from them. Personalisation makes prospects feel special, privileged and taken care of.

Reader Capabilities
Digital Solutions are limited by the technological limitations of the user's screen and memory capacity. Printed publications have the advantage of creating a design based on whatever capabilities the publisher has with regard to fonts, layout, photos and overall size of the publication.

Standards
Though online publishing is growing in importance, publishing in print continues to maintain prestige as an authority and a viable source of detail/information because the idea remains that anyone can put anything on the Web, and print editors and publishers are held to a tighter standard and will only print what is worthwhile or valuable.

The question of print vs. digital may be subjective for many of us however there is no doubt that it has a future, albeit perhaps very different from its original appearance in the 15th century. The idea that the workplace itself would one day be free of paper pre-dates the current digital trend, and was first predicted as far back as 1975 in a now-legendary article in Business Week. So why, nearly 40 years later, has this prediction failed to come true?

Continued from front page…

managing the procurement process on behalf of clients at every level.

Having identified some initial cost areas to investigate, ERA brought in Richard Anson to review packaging spend and Nilesh Prag for industrial gases. Dr Sue Cooke was also engaged to provide some free of charge advice on laundry spend. This gesture proved important to the client; not only did the advice prove so prescient and work so well that Sue was subsequently contracted to run a project reviewing a whole range of consumables spending, it really helped Shaun to understand that ERA's offer was truly different to previous experiences.

In most cases, the major pain points were a lack of internal time and resource to review, and an acknowledgment that it made sense for an expert to assess the spend.

Managed print expert Andrew Kinnear reviewed an in progress quote and found a cost increase hidden in the contract. He re-tendered the project and introduced a known, trusted new supplier, making a saving of 30% and identifying a hidden contractual term that would actually have seen prices rise over the course of the contract.

Specialist Richard Anson used his hands-on approach to supplier management to bring costs back in line. He retained the existing supplier as a low financial, reputational and supply chain risk, saving 4.4% in an area already benefitting from an efficient and tightly run procurement process.

ERA's Steve Letley and Phil Howarth were also brought in to look at Utilities and Water costs respectively. In both cases, having undertaken a thorough review of invoicing and a tariff health check reaching back over a number of years, both found no inaccuracies or inefficiencies in their areas. "Not finding incorrect billings is just as valuable to us, in fact, it is reassuring to know that we haven't been purchasing inefficiently. It's a huge weight off my shoulders and two massive ticks off the list," enthuses Shaun. In fact, as we go to press Steve has identified almost £12,000 of rebate due, which has already been paid back into Eurac's account.

The most success came in the purchase of Industrial Gases. Nilesh Prag carried out a thorough review of current practices and prevented the implementation of a new contract that would have increased costs. He implemented a more appropriate solution with a new supplier, resulting in a 51% reduction in costs on the same service terms. The project proved so successful that Eurac are keen to conduct the same reviews at their international sites in Germany and the Czech Republic.

The relationship continues to go from strength to strength, with ERA's Steve Clamp next to be introduced to Eurac Poole, to review spend on engineering consumables.

"Suddenly I was faced with the opportunity to have multiple cost-centre projects being undertaken simultaneously, managed through a central contact point."

Shaun Lindfield, Head of Procurement, MAT Foundry Group (Eurac Poole Ltd)