

New Technology and Super Service are Keys to Growth for AXIS, Inc.

Fast-growing firm combines innovative solutions with responsive service to boost throughput

David Salazar knows a thing or two about managing a print/mail finishing operation. He's president of AXIS, Inc., a fast-growing laser print and mail finishing service bureau in Orlando, Florida.

The programmer-turned-entrepreneur has already headed three very successful billing, consulting and customer messaging endeavors.

The first he created from scratch on behalf of a large telecommunications company, where he ramped-up from zero to a volume of more than five million multi-page billing statements monthly – all in less than 120 days.

The second involved the operations of a Florida-based consulting and service bureau where he grew revenue by a factor of 50, from roughly \$100,000 a year to more than \$5 million in just five years.

And the third is AXIS, at one time a small laser print service bureau with just four employees and less than \$400,000 in sales. Salazar acquired the firm in near-bankruptcy 12 years ago. Today, AXIS is a leading print/mail finishing facility with nearly 75 employees who work three shifts, five days a week and process more than 40 million mail pieces annually – all of which generated approximately \$15 million in sales in 2002.

So when Salazar talks about the key factors that contribute to the success of a modern customer messaging operation, it can pay to pay attention to his views and insights.

Four pillars of success

Salazar believes that print/mail finishing managers should

concentrate on four key areas:

- Advanced technology
- Investment analysis
- Customer service
- Innovation

He offers several real-life examples to illustrate why.

"Keeping abreast of technology is perhaps the most important management activity today," said Salazar. "Technology is advancing constantly and it is the key to assuring superior performance." But he also points out that the effectiveness of any processing technology can be enhanced – or lessened – by the quality of support services.

At AXIS, the technology platform currently consists of: seven high-speed laser printers, two 8 Series™ and two FlowMaster™ FX14 intelligent inserting systems from Document Messaging Technologies, a division of Pitney Bowes Inc. He is pleased with the performance of the systems, but acknowledges the configuration emerged "more by default than design."

"When I acquired AXIS, we operated just a single inserter from another manufacturer," he explained. "I was familiar with the technology, because we used more than 20 of those inserters at a previous operation. So it was a natural first choice for me when it came time to add capacity to meet our growing work load."

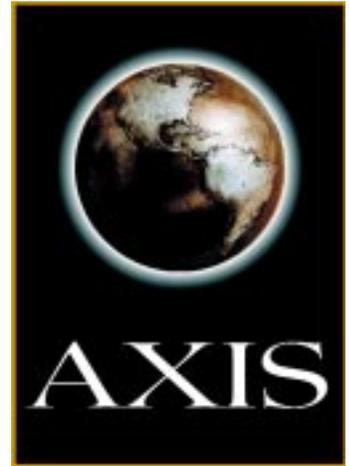
But a problem emerged almost immediately. "The manufacturer quickly took the order and the deposit," he continued, "and spent a lot of time going over our applications and specifications. But when our sample materials were tested, an error in equipment design was discovered." The vendor said the problem could be fixed – but it would cost an additional \$80,000 and a delay of several months to retrofit the new inserter.

Partnering saves time and money

"My business was growing and I couldn't wait for the added capacity nor could I afford the extra cost to fix 'their' problem," he continued. "So I looked for an alternative."

The solution came in the form of new equipment, this time an 8 Series™ intelligent inserting system from Document Messaging Technologies. The system more than met his needs. But Salazar said the real story emerged after the equipment was installed and illustrates how working with the right vendor can solve the inevitable bumps that occur in the life of any business.

"Any vendor can help when things are going well," he said. "But what will they do when things are not going well? That's the real test. That's when the cream rises to the top." In Salazar's case, the new inserting equipment worked perfectly, except for one application for one customer where a slight problem with masking was encountered. Masking occurs when a pre-printed enclosure is occasionally mis-inserted and obscures the address information.



"I was pretty sure that the inserts, which were printed on extremely lightweight paper and trimmed to an unusual size, were the culprit," he explained. "But I didn't want to tell my customer, 'Your application doesn't run on my new equipment.'"

So Salazar asked for assistance and was bowled over by the response. "Pitney Bowes immediately shipped a second machine to process all the other work," he said, "and then we jointly investigated a solution, principally by tweaking the settings and making some minor custom adjustments to assure that the flimsy enclosure could be processed at high speed without incident."

The effort encompassed the obvious and the not-so-obvious remedies. For example, the operators tried manually fanning the insert materials to assure smoother inserting. Salazar even considered adding a unique barcode to the address block, which could be scanned through the window of the envelope, as a way to assure correct assembly of the mail piece.

"But manual intervention is erratic by nature," he said, "and the address block was already crowded. So we couldn't guarantee that the extra barcode could be viewed or scanned clearly."

An innovative solution

After some trial and error, the proper adjustments were identified and the equipment began handling



Florida-based AXIS processes more than 40 million mail pieces per year.

the lightweight enclosures as expected. But in the meantime, the problem-solving effort had uncovered a complementary solution: the use of the delivery point barcode (DPB), which was already included in the address block and was easily visible through the window of the envelope, as a final check for quality.

“Our advanced integrity system already knows which mail pieces are intended to go to a particular delivery point,” Salazar explained. “By creating an additional file and adding a new scanning device to the inserting system, we could easily scan the data from the pre-inserted mail piece and link it back to our mail run data file to assure accuracy.”

Under the new system, AXIS has one more assurance that the mail piece is assembled accurately. If the final scan can't be read, then the piece is suspected of being flawed, gets sorted out, and a new one is automatically regenerated.

Indeed, the innovation has worked so well that Salazar is now developing software that will extend

the benefit to all its processing systems and every application for every customer.

Given his positive experience, Salazar turned to Pitney Bowes once again when it came time to add more capacity to keep pace with growth. But this time he selected the FlowMaster™ FX14 intelligent inserting system, equipped with the Direct Connect™ file-based processing reporting and control system. He chose the FlowMaster™ system principally for its higher speeds and flexibility in handling a wide array of applications, especially those involving large, complex or unusually-sized mail pieces. And for a super level of service support which he had come to expect.

Higher productivity

“My investment analysis showed that the superior throughput of the FlowMaster™ system would help us keep pace with our projected growth,” said Salazar. “And the system clearly met our initial needs when we recently processed more than seven million mail pieces in just one month, which is more than twice our usual volume.” But

once again the real story centered on partnering to overcome obstacles.

“Our only issue with the FlowMaster™ system is that it runs so fast our operators had trouble implementing our final quality assurance procedures,” said Salazar. “As they struggled to keep up with the faster pace, they occasionally had to slow or stop the machine to balance the job runs and we were losing valuable productivity.”

Previously, AXIS employed a final quality check that was manually oriented and relied on visually matching a sequence number contained in the address block of a mail piece with the meter count. However, the address area in many applications is crowded and operators had to take time to bend or manipulate the window area to see the data clearly.

To correct the handling and throughput issue, Salazar decided to adapt the same DPB scanning technique, which had solved the earlier issue with masking.

Now, AXIS uses the DPB as the final, automated quality assurance check and is benefiting in three ways. “First, it gives us final assurance via our file-based processing control system that the mail piece is assembled correctly. Second, it gives us assurance that the DPB is readable and acceptable to the USPS, which helps assure prompt and accurate delivery. And third, it helps us keep productivity high by automatically outsourcing and creating a file for the immediate regeneration of any mail pieces suspected of being flawed, which lets our operators concentrate on running the equipment.”

“Our basic integrity system was quite good so there was no need for us to ‘re-invent the wheel’ or redevelop the entire system,” said Salazar. “All we needed was a simple scan and an extra data feed to add a final link to our existing closed-loop processing control system.”

As for the future, Salazar said he will continue to invest in and deploy new technology even when the return on the investment may not be immediate or readily apparent.

“One of the advantages of running your own business is you can anticipate and respond quickly to emerging trends,” he said. “Plus, you don't have to cost-justify every investment to other executives who may be removed from the business or preoccupied with other priorities.”

“For example, the new FlowMaster™ system gave us improved throughput, which enabled us to process our existing work load more efficiently and the extra capacity to absorb additional volumes,” said Salazar.

“And while we haven't yet fully exploited its capability to process a wider range of applications, we are ready to pick up that business as soon as it becomes available from customers,” he added.

In Salazar's mind, an investment doesn't have to yield higher revenues or better profit margins right away to be cost-effective and justifiable. “The investment can be just as beneficial,” he said, “if it prevents a loss of existing volume, or enables you to garner a competitive edge by being first to market with a new or enhanced capability.” ■

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