

Executive summary

Most newspaper publishers want to save time and money. Software can help them realise operational efficiencies, with the added potential to build their companies by expanding knowledge of their market and consumers.

Large and small newspaper companies around the world are implementing smart technology systems to create workflow efficiencies in advertising, finance and circulation processes; to improve customer service; and to streamline production processes. Some media companies are opting to connect systems across departments, to gain broader efficiencies and richer sets of information.

The key, though, is to ensure that the hefty pricetags for these systems are quickly recouped through personnel reduction and workflow cost savings. Newspaper companies interviewed for this report said they spent hundreds of thousands of dollars on single-task systems, and more than US\$10 million for cross-company integrated systems. Pricetags depend on a variety of factors, including newspaper company size, circulation, scope of system, type of system, and system vendor.

This report will lay out a pragmatic approach to implementing management solutions for publishing companies, by noting the results of the World Association of Newspapers Innovative Management Systems survey, and by detailing case studies of system implementations at newspaper companies across the globe.

Newspaper companies profiled in this report have adopted software after carefully researching their options, then adopting a systematic approach to installing the software and training personnel to maximise the softwares' capabilities. The process of system implementation includes:

- Identifying the need for a tailored management system
- Defining and tailoring the solution
- Identifying advantages, disadvantages and opportunities for increased organisational responsiveness, data flow, data reliability and availability across departments
- Installing the system, and simultaneously, reorganizing processes and training personnel

Consider how many newspaper companies from around the world have improved processes, efficiencies, cost savings, customer service, a more “transparent” view of the company’s financials, and a 360-degree view of customers across departments.

Not surprisingly, the most common system implementations at newspapers center on revenue generation, according to the WAN survey. Those systems include advertising management, billing fulfilment in accounting, and subscription billings.

Companies also are keen to accelerate the financial statement closing process. Many large diverse media companies have implemented software systems to simplify and centralise accounting processes. This has helped productivity and the ability to deliver numbers to the market sooner. One survey respondent noted that a software application has provided “clear information about results and the speed to achieve them”. Consider:

Finland’s Sanoma Group reported many advantages after implementing a system for better advertising and subscription management.

- Improved information accuracy
- Ability to close financials in as few as four days (down from two weeks)
- Ability to execute new business strategies quickly
- Increased agility of organization to take on new challenges and adapt to new business opportunities.

According to the WAN survey, newspaper companies were keen to purchase management systems that were scalable and flexible for the future, to grow and adapt as the company expands. Companies don’t want to spend millions of dollars on systems and end up saddled with technology that is out of date in a few years.

Consulting services are often an important part of the management systems package. Companies can’t afford to allow their advertising and circulation systems to be down for any length of time. Project management consultants can create an implementation plan to ensure a smooth and quick transition from one system to the next, and can provide training services to those employees using the systems.

Cost is the most significant obstacle to system implementation. According to the survey, there is little dispute over whether the software is needed. But, with costs ranging from six figures to well into the millions of dollars, it’s little wonder that some companies would pause before taking a plunge into the software ocean.

Management systems are big business. SAP, the largest software maker by revenue in management systems, outgunning Oracle and Microsoft, offers business solutions to hundreds of industries, projects US\$12.8 billion in sales in 2006. Another systems software company, Hyperion, was purchased by Oracle in March 2007 for US\$3.3 billion. Atex purchased Mactive in January 2007 for an undisclosed sum, reportedly in the high millions of dollars. Mactive in 2006 earned US\$30 million in revenues and had 108 employees. Atex in 2006 earned US\$120 million, and had 600 employees.

Management systems companies run the gamut from big to small. SAP employs almost 40,000 worldwide. Sysfactory, which offers a circulation solution, amongst others, to newspapers, employs just 20.

CRM system implementation also score highly on the WAN survey, due in part to its importance in departments that touch customers, such as advertising and circulation. Newspaper publishers are facing growing competition, and now know that client retention has to be a key driver of any business strategy. Due to this, many respondents singled out “an improvement in customer service” as the greatest single impact they could have in their business.

In Brazil, O Globo implemented a CRM package in order to better understand their customers online, and allowing the company to prioritise and target their best customers.

Finally, many respondents felt that having access to up-to-date, detailed trading data provided senior managers with the appropriate intelligence to make informed decisions about the implementation of future company strategies. This for many was therefore the most important impact software could have on their business. One comment read “improved control and better decision-making has resulted in improved efficiencies”.

Morris Newspapers, based in Augusta, Georgia, USA, implemented a circulation system across their 32 regional newspapers, from Alaska to Florida. The system standardises the circulation accounting, automates the processes, enables carrier interaction, and includes single copy sales. The result is that delivery complaints have gone down, even with a reduction in staff. They are also able to offer subscribers upsells.

This report includes multiple examples of innovative management systems and a complete recap of WAN's management systems survey of 92 chief information officers at newspaper companies worldwide. The report underscores the need for the software for companies to stay competitive and efficient, but recaps the pushback companies demonstrate as a reaction to the high cost of systems installations.