

Loricas finds the solution to its shortfall

By Simon Nias, Wednesday 18 January 2012

Loricas Solutions is a growing north-east-based direct mail house that has been in operation in one form or another for around 22 years. The firm rebranded last year from NEMC Design and Print, following a 150,000 investment in new mailing kit and a move across the River Wear from Washington to new premises on the outskirts of Sunderland.

In addition to being one of the few direct mail printers in the UK with a continuous duplex line (a Xerox 850 capable of handling more than 4m A4 pages per week), Loricas has cut-sheet mono and colour printers alongside an array of cutting, folding, polywrapping and enclosing equipment. The latter includes a Buhrs BB300 and two BB600s, which have replaced the firm's old Winkler+Dünnebier lines.

These "tank-like" machines were based on envelope manufacturing lines and, while the make ready on them was measured in hours, not minutes, they were unstoppable once up and running.

"Set-up time took two hours," says client services manager Brian Mercer. "It was very physical work and you had to be a skilled operator, but when you got the right kind of job, nothing could touch them for speed. I've seen them do 15,000 per hour quite happily, compared with 9,000 on the Buhrs."

But the machines were old and parts became increasingly difficult and expensive to source, while the trend towards more short-run work meant two-hour changeovers were not an option. This led to the Buhrs investment and that put Loricas onto a camera-matching system for one of its BB600s.

The opportunity

Despite its significant investment in new digital print and mailing equipment in recent years, one service that had remained beyond Loricas' capability was the ability to do selective and matched mailings on its automated mailing lines. "We have had to turn work away because we couldn't quote for it," says Mercer. "We could hand-price it, but that becomes exceptionally labour intensive and, therefore, expensive."

In order to address this shortfall, Loricas allocated the funds needed to invest in a camera system from Lake Image System. However, that was only half of the solution.

"The cameras allow us to do selective match, where you only activate certain hoppers depending on the prime document, and to machine-match, where you have all the inserts and prime documents in sequence and match them to one another," explains Mercer. "But selective and matched mailings have been around for a long time – there's nothing new in that."

Following a visit from print consultant Pete Ward, who was working for one of the firm's clients at the time it was researching the camera investment, Loricas began to look at a whole new way of producing matched mailings – particularly in relation to charity raffle tickets.

"The current system is to have a database of all the recipients, each with their own raffle ticket number," says Mercer. "The database tells you which ticket goes to each recipient, meaning that you have to keep the stack of raffle tickets in the correct sequential order so you can match them to the correct prime document.

"That's a slow way of working, especially if you get a jam or drop the stack when loading it into the hopper, because then you're going to have to go through and re-sequence the whole lot again, which will involve stopping the machine for quite a long time."

Loricas chief executive Howard Matthews takes up the story. "About a year ago, Pete was visiting the site and I told him about our plan [to invest in a camera system]. He then set about explaining to us some software from an American company that did matched mailings in a different way, which would be ideally suited to raffle tickets for charity mailings. Essentially, what he told us was, 'Get this system in and you'll be one step in front of everyone else; you'll clean up.'"

The solution

The hardware from Lake Image System includes four cameras on the main track and one on the underside of the delivery that reads the prime document through the envelope window, confirming when each document has been enclosed for mailing.

This on its own would only have allowed Loricas to do the standard machine and selective match mailings, and while it would have opened the door to new work, the company would still have been faced with inherent inefficiencies associated with trying to match the ticket numbers and recipients from a pre-prepared list. But with the US software – which Matthews declines to reveal the name of – Loricas could eliminate that problem by reversing the process.

"This software allows us to read the number on the raffle ticket when it goes into the pack and feed that information back into the database, so that it is updated to tell you which ticket number went with that particular prime document," explains Matthews.

"That way, it doesn't matter which order the raffle tickets are loaded in and you can guarantee 100% data integrity. So, rather than investing in a camera system just for selective and matched mailings, why not go the whole hog and invest in the software, to allow us to change to a more efficient way of working?"

The result

The installation was completed in early December, so it is still early days for Loricas and its new service offering. Matthews reports that test mailings for training purposes are ongoing, with the first job due to go live in the last week of January. From a sales point of view, the expectation is that having a unique capability will be a great benefit both to Loricas and its clients. The firm already has an option on a second camera system.

"Many discussions have taken place with clients, who will be supporting us and who will also benefit from this technology," adds Matthews. "The expected ROI is extremely encouraging; however, we have to step up to the mark now and make sure output reaches expectations, which will enable us to reach a decision on a second system."

He adds that the company will need to monitor the existing system for three to six months before deciding whether to take the plunge on a second. Discussions are also taking place regarding a fourth mailing line, which would replace the capacity lost to new work coming in requiring camera-matching (as this diminishes Loriccas' capability for other work). If everything goes according to plan, Loriccas could well go from three Buhrs currently to five by next year.

"If I go for a second system, it's highly likely that I'll need two extra enclosing machines," says Matthews. "I've got to be able to continue doing what I did before and not let the cameras interfere with that production. That's why we're now in discussions for a fourth enclosing line and if we take a second camera, we would need an extra line again."

One positive to have come from the number of insolvencies in the mailing sector in the past few years – for the surviving businesses – is that there is a wealth of barely-used second-hand machinery available at knock-down prices. This is something that Loriccas would hope to capitalise on, should it require that fourth and fifth line.

"We would possibly look at one new one and one second user," says Matthews. "What you find in the marketplace currently is that there's a glut of not-very-old second-hand machinery out there."

Loriccas Solutions' ambition does not stop there, as the company already has its eye on its next big capital investment project.

"There is a big demand from clients for us to have 20-plus station enclosing lines, which is a spend of more than £300,000, so that's possibly a project to look at on the next capex," says Matthews. "We're also in discussions about a second MB CAS 52 folder for the Xerox 850, which will do things like centre-slit and cross-fold. That'll cost close to £50,000 and if I get another guillotine, that would be another £15,000 to £20,000. You're looking at £70,000 right there, which is not an insignificant sum of money for a business of our size. But this is a very exciting time for us and we're not standing still."