

The fine print of InnerWorkings



SCI-TECH SCENE | River North business takes advantage of presses' down time to save its clients money

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A new-economy print outsourcing company is enjoying explosive growth operating out of the old Montgomery Ward Catalog House in the River North neighborhood.

InnerWorkings CEO Steve Zuccarini said the building at 600 W. Chicago Ave., where Ward's workers wore roller-skates to race to fulfill orders, now provides a loft-style, service-oriented environment that exemplifies how Chicago's economy has changed.

InnerWorkings is one of 21 companies at the Ward's catalog building, which houses Wm. Wrigley Jr. Co.'s sales and marketing staff for North America, Bankers Life and Casualty Co., rEvolution Marketing and, this summer, the Big Ten Conference's new broadcasting network studios and business offices.

InnerWorkings owns no printing presses. Instead, it finds "open" capacity at commercial printers, and uses proprietary technology to choose the best printer and price for its clients' jobs. The work is diverse, including signs, catalogs, magazines, direct mail pieces and even board games.

InnerWorkings offers its own teams of production managers to handle the work at no extra charge.

"We still think relationships and the people we put at clients' sites are key," Zuccarini said.

The company's technological edge — a database of more than 4,000 printing companies and a database of market pricing data — makes for a much quicker



Steve Zuccarini, CEO and president of InnerWorkings, stands with some of the publications his company has outsourced. | KEITH HALE/SUN-TIMES

process than companies trying to find bidders on their own, he said.

Customers save 10 to 12 percent of print costs, said Zuccarini, who spent 25 years at R.R. Donnelley & Sons, the last five as president of the catalog and retail business, and as president of the Global Solutions Business, respectively.

The outsourcing model has proven it fills a niche, with InnerWorkings' compound annual growth rate soaring by 138 percent since 2002, to \$160.5 million in revenue in 2006. The goal is to grow 50 percentage points a year in the future.

InnerWorkings employs 310 full- and part-time workers,

and has more than 2,000 customers.

The company intends to expand into markets where it's largely unknown, such as the Southeast, the Northeast and South Central states. It expanded into Hawaii and northern California last year by buying Applied Graphics.

Company founders, Rich Heise and Eric Lefkofsky, started InnerWorkings in 2001 to leverage the opportunity that businesses spend 1 to 4 percent of their top line revenue on print jobs, while the country's 39,000 commercial printers sit unused 30 percent of the time, on average.

"The idea is similar to companies that have outsourced human resources or accounts payable. We're another 'indirect spend' that can provide expertise, in this case, for printing work and management," Zuccarini said.

InnerWorkings competes with the very printers with whom it does business, and with business-process outsourcing companies such as Pitney-Bowes.

The company handles Circuit City's store sign printing, and counts among its other customers Easter Seals, McKesson healthcare services, Peapod and Service Master.

Peapod CEO Andrew Parkinson said the online grocer has realized 15 to 20 percent savings in its printing costs after hiring InnerWorkings to handle most of the work.

"Managing print is a nightmare," Parkinson said. "They've taken over most of our printing needs, and their client services are outstanding."

Peapod spends \$1.5 million to \$2 million on print work.



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— ANDREW PARKINSON, CEO of online grocer Peapod, whose company has realized 15 to 20 percent savings in its printing costs thanks to InnerWorkings.