Web-based Faxing Improves Response Time 600% and Cuts Costs 75% at Heidelberg

Heidelberg AG, the world's leading provider to the print industry, posted a five-fold increase in sales in a decade, but faced a sizable customer relations challenge when their paper-based contract system failed to keep pace with growth. Requiring nearly three months to complete the simplest order, the contract process was making Heidelberg appear unresponsive to customers, which had a significant impact on their competitiveness. By implementing a Web-based faxing system–eFax, from j2 Global Communications–Heidelberg cut contract delivery to 15 days–a 600% improvement in response time–and saved 75% on the cost of copying and printing materials alone. The Web-based fax system proved so successful that it also was adopted by a host of departments as their online document archiving procedure spreading efficiencies throughout the enterprise.

Heidelberg's Success Creates a Log-Jam of Orders and a Competitive Disadvantage

Heidelberg AG provides sheet-fed, digital and Web press systems, as well as pre-press and post-press components, software and consumables to more than 240,000 customers in the printing industry. Headquartered in Heidelberg, Germany, the company has nearly 25,000 employees in 170 countries, and a substantial manufacturing and support network that includes 18 plants and 250 support centers worldwide. Heidelberg posted sales in excess of $5 billion for its fiscal year 2002–a five-fold increase in just a decade. With that increase came an enormous upsurge in sales contracts, rising from 700 per year to more than 7,000 per year. The simplest order could take 30 to 90 days to process, far longer than it took competitors–putting Heidelberg at a significant disadvantage. Heidelberg knew it needed to streamline the order process to stay competitive and combat growing customer dissatisfaction.

The ordering process at Heidelberg involved creating a complex, 25 page packet of information that was forwarded to more than 19 different offices for processing–a slow, laborious system that involved tedious version control, delays while copies were logged, read and cleared, and a multi-departmental review that took place a continent away from the originating office. The entire time that the document was wending its way through the system, the customer was waiting for delivery.

Heidelberg Investigates Alternatives

Heidelberg investigated a number of solutions for solving the debilitating paperwork backlog. Heidelberg's IT department proposed an electronic contract processing system, but the plan was rejected as too costly and too slow to implement, requiring six to nine months to develop and test.

Heidelberg previously had relied on the fax machine to process rush orders, so the company examined whether additional efficiencies could be gained by expanding use of the fax machine. Heidelberg reasoned that all departments had fax machines, so there would be no additional hardware expense in moving to a fax-only approach. Replacing overnight mail distribution with nearly instantaneous distribution by fax offered time-savings. It removed the penalty for missing the daily mail pickup and ensured that processing an order began in the central office the day it was received from the local sales representative. Even though it took more than seven minutes of phone time to fax an 18-page order, the reduction in express delivery expenses more than covered the increase in phone. Despite time-savings, however, faxing the orders did not reduce paperwork. In addition to the more than 19 copies of any single order needed for internal review, routing and approval, each department would receive up to six separate faxes for each order. Staff members were quickly becoming inundated with paperwork.The fax-only solution provided some cost savings, but no gains in productivity.

Heidelberg determined that generating the entire order online would lead to significant savings and rescue the departments from an onslaught of paper. They considered installing complex fax servers within the IT infrastructure to distribute faxed documents to the desktop. However, installing fax servers required significant capital investments in hardware and maintenance, so the solution was rejected. Heidelberg also investigated the use of eFax, a Web-enabled fax distribution system that allowed users to send faxes using their existing email and to electronically store, track and retrieve the documents. The eFax option involved a per page charge for fax transmissions that was lower than the telephone charges for a standard fax. The eFax solution provided the expediency of faxing, without the paperwork proliferation. Heidelberg set up an eFax trial to evaluate potential savings.

eFax Provides Heidelberg with Time and Supply Savings

The eFax service gave each user their own fax number and delivered faxes as email attachments that could be forwarded via email. When users checked their inbox, faxes appeared as standard one-line emails that were easily opened. A fax sent using eFax took about 22 seconds to transmit, at a soft cost of about $0.09 per fax. That represented a savings of $1.22 per fax when compared with manual faxing, and a total soft cost savings of $1.30 per sales package per user. With sales volume as massive as Heidelberg's, the savings added up quickly.

Using eFax also resulted in a dramatic reduction in the cost of supplies. Manual fax machines automatically print out every page, but users with eFax only printed about one in four faxes received. This, coupled with the lower cost of supplies for laser printers as opposed to laser fax machines, lead to a savings estimated at $0.08 per fax in supplies. With the high volume of faxes each month at Heidelberg, the eFax installation fee was recovered in a few weeks.

Impressed by the savings, Heidelberg further tested the eFax solution. The company prepared two separate order packages and distributed one through traditional interoffice fax machines and the other with eFax. The order contained six pages of documents that were distributed to 11 different destinations. The traditional faxing method took six minutes to prepare and distribute while eFax took just 2.5 minutes. Savings were more dramatic for a larger, more complicated 25-page order that was distributed to more than 20 different people. Traditional procedures took more than 25 minutes while eFax did the job in 3.5 minutes. In both tests, eFax delivered the documents to the personal email inboxes of the people that needed to see them, while the traditional faxes sat in the interoffice mailroom waiting for distribution to the proper person. Further, eFax made it simple to create a group address that could accommodate a number of distribution points for each fax, while group faxing with a manual fax machine was complicated and error-prone.

Since the initial test showed significant time and cost savings, Heidelberg conducted a live test within a single sales region. eFax set up a toll-free number that served as the input portal for transmissions and a bank of direct in-dial (DID) phone lines that were dedicated to individual users. After two weeks, the company evaluated the pilot program with regional sales and department heads and received an overwhelmingly positive response. Using eFax, Heidelberg saved days on credit approvals, and cited as key benefits its ease of use, secure fax transmission procedures, and eFax's ability to annotate documents electronically within the email application.

Final Implementation Results in Expanded eFax Use as Archive Method

With the success of the live test, Heidelberg put eFax into full production across all ten U.S. sales regions. Voluminous paper copies of orders that previously were stored in scores of filing cabinets were replaced by electronic archives in a central database. As word of eFax's success spread, other departments within Heidelberg implemented eFax's paperless processing solution. The tax department now uses eFax to archive tax exemption certificates; the parts department uses eFax to transmit and store their proof of delivery tickets for customers; the service department uses eFax for its work order distribution and retrieval system; and the accounting department uses eFax as its major document retention system.

Throughout Heidelberg's U.S. offices, eFax continues to save both time and money. Customer orders are processed in a matter of days rather than months and, because eFax is Web-based, important information is stored and easily managed on computer. The company plans to implement eFax in all offices–domestic and abroad. Most importantly, Heidelberg has eliminated the perception that it is too cumbersome to service quickly its customers' needs.

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