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The Evolving World of Direct Marketing

Taking the industry down a path that will become the road to the future

By Adam DeCruz and Wallace Vingelis

In the constantly evolving world of direct marketing, one-time “adversaries”, software vendors and service providers, recently began raising eyebrows by forming partnerships designed to provide easy-to-use links from a vendors desktop applications to a service providers Web site for value-added services and beyond what is available in the software product. By doing so, these partners are pushing the data quality/direct marketing industry down a path that will certainly become the road into the future.

To understand what forced these partnerships, one must look at the last 20-plus years, where the direct mail industry saw a cycle of outsourcing versus in-house processing repeat itself almost like clockwork every five to seven years. Why? Organizations were, and still are, looking for choices.

In the late-80s to early-90s, there was a groundswell of new service bureaus in the direct marketing field. These companies were taking advantage of open-platform technology such as Windows and UNIX systems and the fact that these systems were less expensive and had easier-to-use software with graphical user interfaces (GUI). Service providers no longer needed highly trained and expensive programmers to maintain the systems.

The mid-90s saw the cycle move back towards in-house processing as software companies, who had helped spawn the proliferation of service bureaus with lower-priced software, began marketing and selling their solutions directly to the end-users. Employing the same techniques, software companies sold the end-user community on the advantages of less expensive and easier-to-use open platforms that required less specialized training to operate. The software companies then came up with creative pricing models, offering site and enterprise licensing options. These choices helped make the cycle back to in-house processing extremely successful.

As the new century arrived, we saw the cycle beginning to turn back towards outsourcing. Service bureaus began making a comeback, albeit in a different way than in the late 80s. There are numerous examples of mergers and acquisitions that created a landscape of about 20 large service bureaus with fewer medium and small competitors. Also, with the demand for e-commerce increasing over the last decade, these providers battle for business in a “we can do it cheaper and faster over the Internet” market and constantly create new services to offer at lower prices.

We now see that the outsourcing versus in-house cycle may finally be breaking as direct marketers begin asking themselves, “Why can’t we have it all?” Organizations are searching hard for more choices. They want to process some of their work in-house while enjoying the flexibility of outsourcing other work. Seeing and hearing this, service providers and software companies are partnering to offer in-house solutions with outsourcing capabilities. When selecting a software solution, companies are asking, “Do you offer access to value-added service processing?” and “How does your software interface with the provider for us to select the services we desire?”



The answer to those questions is that software companies are building links to service providers in their applications.

As e-commerce becomes increasingly more a part of everyday business and the direct marketing industry continues to evolve, we see more and more of these types of partnerships becoming the standard way for a company to process its data. Organizations will take advantage of all the inherent features and functions of their software applications while being just one click away from the value-added processing of a service provider and have the combined power of in-house processing and outsourcing right on their desktops.

Adam De Cruz is the Marketing Services Manager for Anchor Software, LLC in Rockville, Maryland and can be reached at adecruz@anchorcomputersoftware.com. Wallace Vingelis is the Director of Postal Product Management and USPS Affairs for Anchor Software, LLC and can be reached at wvingelis@anchorcomputersoftware.com.