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GMC Software Technology's Rene Müller Speaks About TransPromo, GMC Market Position

By Cary Sherburne

February 29 2008 - In preparation for the On Demand Conference & Expo, WhatTheyThink spoke with René Müller, CEO of GMC Software Technology, to find out what is new at GMC and to gain insight into Müller's view of the future for the company and the industry.



WTT: Can you provide us with some background on yourself and GMC Software Technology?

RM: GMC existed prior to my being involved, and I was able to take it over as a turnaround case. At the time, GMC was a systems integrator that operated between printers and software. It focused on the Nipson print engine with value-added software that was developed by GMC. This was not a viable proposition. It was a small company with big competitors like Xerox, IBM, and Océ, and its market was limited because of its focus on a single print engine manufacturer. When I took it over in 1995, the only good thing it had was variable data printing software, primarily barcodes, numbering, name and address, but I thought that personalization would be important in the future. My strategy was relatively straightforward: we needed to be able to connect to all of the printers on the market, and we needed to expand globally. That is a strategy I am still following more than a decade later.

Almost immediately after I took over in 1995, I stopped all work on hardware, such as unwinders and rewinders, and concentrated only on software. We sold \$100,000 worth of software in 1995, And that number grew to \$30 million last year. We have grown at an average of 35% per year over the last several years, and I

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am very happy about how the company is developing.

WTT: How many employees do you currently have, and how are employees allocated among different functions?

RM: As I restructured the company, the minimum number of employees I had was 9 or 10, and now we are 250 employees worldwide with 110 in R&D. GMC spends approximately 30% of revenues on R&D. My objective was to have the best product available on the market and to invest heavily in R&D with less on marketing. I will still continue to invest in R&D, but we are also now putting more emphasis on the sales organization. We have invested in 20 wholly-owned subsidiaries for direct sales in 20 different countries. It is an important piece of work to get them started. We have approximately 800 customers on five continents in more than 45 countries. Our objective is to be global. As a personal benefit, I do like to learn about new cultures and I like to travel, so it is a good combination for me personally.

WTT: I have seen some recent publication of awards GMC has received.

RM: Yes. Last year best we were recognized as the best variable data software by the European Digital Press Association, and received an award from Xplor International for the Best Technology Solution of 2007 for our work with Israeli company Oniya Shapira on their TransPromo application with credit card issuer Cal. I am very pleased that the industry is recognizing the value of the investments we have made in technology.

WTT: What market share does GMC have in the personalized document design and composition software market? How does that vary by geographic region worldwide?

RM: In terms of volumes we are printing, I think we are number one. We have 13 of the 20 largest print service providers in the world. These guys print huge volumes, with the largest one producing between four and six billion variable pages annually. And we have several hundred others in the world, so our software is responsible for processing a huge print volume. In terms of the number of variable pages printed, I believe we must also be number one. Exstream and Group One would be our nearest competitors and it is difficult to see exactly what is going on with those companies, because Exstream is currently privately held and does not report revenues, while Group One is part of Pitney Bowes and it is difficult to ascertain what their exact revenues are. In Asia, we see a bit more of Group One; in the US we see a bit more Exstream. In terms of our business, about 40% is in Europe, 40% is in the U.S. & Canada, and the remaining 20% is in the rest of the world.

We try to be very honest, straightforward and committed, putting a lot of value on employing the best people in the industry and putting a great deal of money into personal development and training for those people

WTT: What are the differentiating factors about GMC solutions that have gotten you where you are today?

RM: We have people differentiation and we have technology differentiation. We try to be very honest, straightforward and committed, putting a lot of value on employing the best people in the industry and putting a great deal of money into personal development and training for those people. We have a very strong qualification process, and we are constantly working to increase the level of competence of our staff even more. In general, the personnel aspect is a key differentiator for our customers.

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On the technology side, our software allows for a rapid application development and maintenance process, and is faster at getting these applications ready to go live. Another very important aspect is our support of common document composition tools used by the creative community, Quark and InDesign. We can important PDF and InDesign documents at the object level. This helps in rapid development as well. People producing TransPromo communications work with ad agencies and other creatives, and it is important to be able to leverage these tools for agency and creative use. Also, we are very good at ongoing maintenance for these applications we develop.

Finally, our product is industrial strength, with a very high level of functionality, but we also provide a very high level of quality assurance. For every new version we release, we have an automated process that uses idle computing power across our entire corporate network to run 12,000 jobs automatically through the system. Jobs are composed, and the output is compared bit by bit. If there is a difference in the output, we have to fix it before we release the product. It is an amazing system. At the same time, we have 20 testers that try to break every new function in the product. After all of that, the product then goes into beta release with customers who are willing to test it for us. By that time, it is pretty solid and our betas generally run a couple months before we go to general release. The latest version we published is backward compatible with all other versions, which means you need only one version to run all of your production. With the competitors, that is not necessarily true.

WTT: What are some of the market challenges you are facing as a provider of these solutions?

RM: I would say that market awareness and market recognition are our key issues. We have started addressing that with an expanded marketing and PR program and increased emphasis on building up our sales infrastructure, as well as doing things like this interview. That is our number one priority this year, to increase market awareness, especially outside of the print service provider market.

WTT: Are there particular vertical markets that you think have more propensity to use variable data solutions, and why?

RM: We have been strong in the print service provider market, and now we are attacking banking and insurance. We have had good success in both, especially with color. Some banks are migrating communications in investment banking and wealth management to totally automated color personalization. Each month, for example, they might produce a small booklet or report for their top customers in full color. Clearly, our number one priority is to roll that type of capability out into these new markets. We see higher adoption rates in Europe at this point, especially Switzerland and Germany, and we are very interested in that segment in the U.S.

WTT: What about TransPromo? There is a lot of buzz. Do you buy the hype? Do you see your customers adopting this approach?

RM: I agree that TransPromo is a hot application. Everyone is discussing it, and those who have not yet implemented are thinking about it. It is a real trend, not only TransPromo printing, but TransPromo publishing, from a cross media perspective. It is so compelling. It is the most cost efficient way to improve communications with your clients and to do cross selling of products. Gartner calls it CRM Publishing, but perhaps statement merchandising would be more precise.

Originally we only output to paper, but now we have email and web, and people are thinking about audio, video, posters, and portable devices such as PDAs

and cell phones, so the output goes across more channels

WTT: Beyond TransPromo, where are some of the other key trends in the marketplace, and what do you see coming at us in the future?

RM: What we are seeing is an increase in multichannel communications. Originally we only output to paper, but now we have email and web, and people are thinking about audio, video, posters, and portable devices such as PDAs and cell phones, so the output goes across more channels. Secondly, there is a growing demand for interactivity, where people want to react to what you send them. Historically, marketers sent out broadcast information, now that model is changing. People want to choose a communications channel that is convenient for them. At home, I am happy with paper. In my office, I look things up on the PC. And in the train or car, I use a PDA. It depends on what I am doing.

Personalized URLs are a big part of interactivity as well. I like to answer the questions a pURL might present to me, because I don't want a lot of unnecessary information. So the ability to list my interests and priorities to get more relevant information—that is totally new. And as a marketer, you can use analytics on information, and we are looking into solutions that can do that. Analytics historically have been missing in marketing.

WTT: When you look back over your tenure with GMC, what stands out most in your mind? What have been your most satisfying experiences in building and managing GMC?

RM: The thing I have enjoyed the most has been connecting all of these people in different countries. Last year, we had a big project that had to be produced over Christmas and New Year's. In order to respect the holidays, we outsourced the project to our Shanghai office because the Chinese don't celebrate the holidays at the same time. We were able to outsource everything to our own office in China, and everything worked well. It required fantastic communication among our offices. The project manager was in France, but other than that, all of the work was done in China and everyone was happy. That would not have happened five years ago because people did not trust each other across country lines. I bring all these people together every year to make them talk together, we have functional groups, people in the same job have sessions somewhere in the world as a team-building initiative, and now I have one team where all these people from different cultures know each other and trust and respect each other. That is the most gratifying accomplishment.

WTT: Where does GMC go from here?

RM: We have two development directions, one is geographic, focusing in 2008 on Central and South America, and we will also develop India, some white spots on our map. And on the technology side, we are building a total solution for variable data publishing for the financial services and insurance sectors. We have historically been very horizontal, but now we are focusing on these two verticals to make sure they have solutions that meet their needs.

WTT: Is there anything else you would like to add before we close?

RM: I am pleased that WhatTheyThink has taken the time to do this interview. I am sure it will help us to increase the visibility which we still need.



Dr. René Müller, president and CEO of GMC Software AG, holds a PhD in Physics from the Swiss Institute of Technology, Zurich, Switzerland, and an MBA from IMD in Lausanne, Switzerland. His professional experience covers a strong background in research, including fuel cells research, with ABB Brown-Boveri, Baden, Switzerland, and Low

Temperature Physics with IBM. Prior to his association with GMC, he worked for a total of 10 years as a management consultant with Bain & Co in London and Munich and later as a freelance turnaround specialist. Since 1994, he has led the worldwide team at GMC Software AG.



*Prior to launching her consulting practice, **Ms. Cary Sherburne** was the Vice President of Marketing Communications and Outsourcing Solutions at IKON Office Solutions. In that capacity, she developed and implemented a branding campaign to build brand awareness for IKON in the marketplace as well as enhance employee pride in the organization, and was responsible for all internal and external communications, including trade shows and events, corporate newsletters, and industry and press relations. In the outsourcing role, she set strategic objectives and priorities for IKON's product and services portfolio in its Outsourcing businesses, including development of programs and sales support materials for that environment.*

Sherburne was a Director at CAP Ventures, an internationally known firm specializing in market research and strategic consulting for the digital document and print on demand industry, before joining IKON, where she launched and managed the company's Document Outsourcing Consulting Service.

Her tenure in the printing and publishing industry has also included sales and marketing positions at Xerox Corporation, Indigo America and Bitstream. She is a frequent speaker at industry events and a recognized author.

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