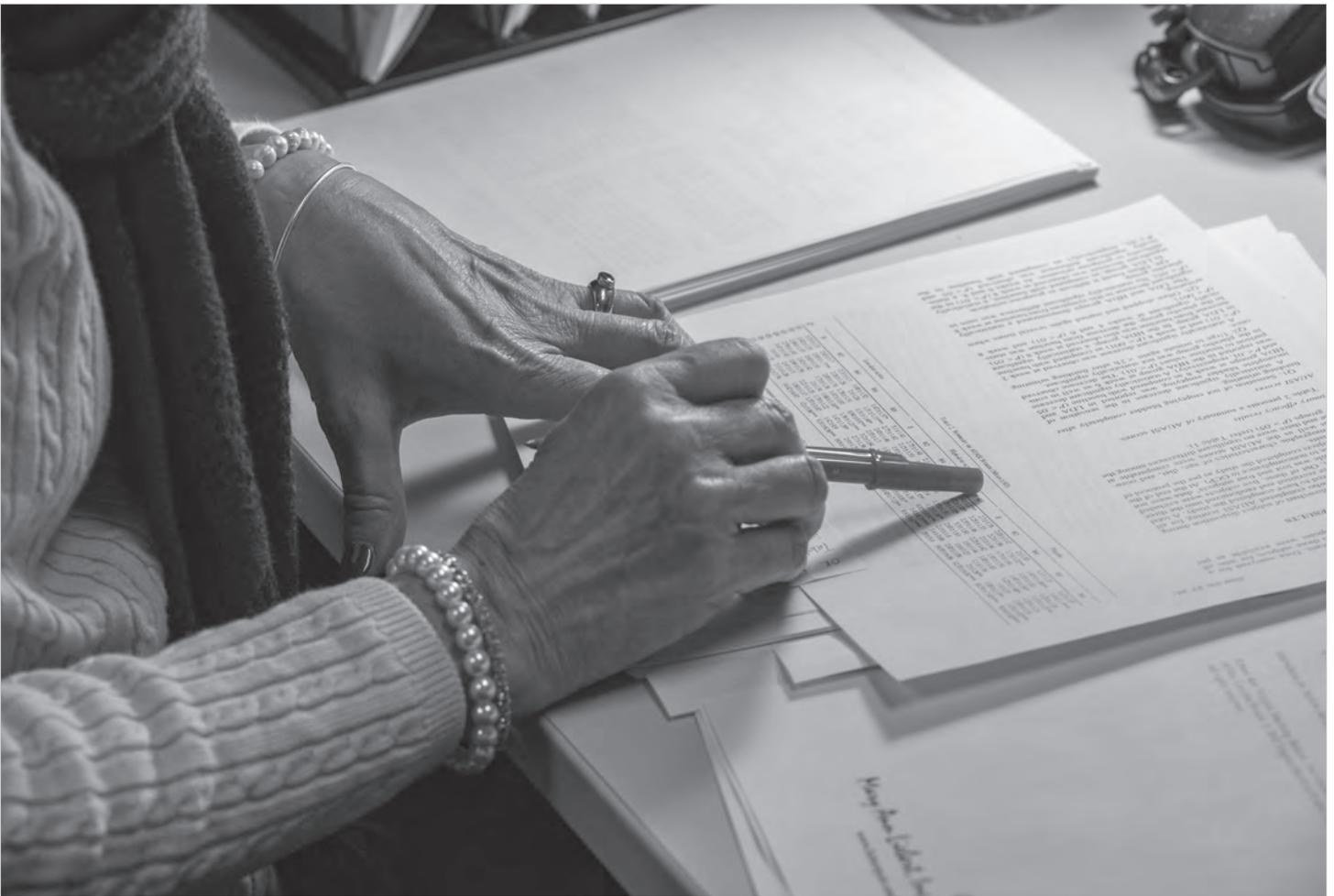




# Prepress Services For Publishers: In-house or Third Party?

For many small to midsize publishers, and any publisher looking to efficiently scale, offshore service providers can offer the most cost-effective, high-quality prepress services

## A Special Report



Over the last two decades, the book business has experienced radical changes: the U.S. publishing industry underwent consolidation, with the big six becoming the big five; Amazon came to dominate book retail; e-books became an important format but not the salvation they initially appeared to be; and smaller publishing houses have taken on an increasingly important role in the publishing landscape, bringing out the kinds of books that used to be the sole province of trade publishers. Smaller publishers also spearheaded

a move toward higher-quality book manufacturing, investing in better printing and better paper. With this greater prominence, smaller houses have also taken on a greater burden: the necessity of publishing more and more kinds of books than ever before. Meanwhile, the demand for new formats—e-books, enhanced books, Kindle Singles, and more—has forced smaller publishers to stretch their capabilities to embrace new technology. Without the help of third-party vendors, many smaller and midsize publishers would be unable to meet this demand.

#### ABOUT THIS REPORT

This report was sponsored by Westchester Publishing Services, a U.S.-employee owned provider of editorial, design, and production services, and produced by *Publishers Weekly*.

As a result, publishers have been turning increasingly to book production companies, book packagers, and other vendors to handle their prepress tasks. While some major trade houses manage these tasks using in-house staff, smaller and midsize publishers have found that using third-party vendors is the best way to keep up with the demand for new books, manage staff resources, and keep costs down. Increasingly, larger houses are also evaluating the economies of scale by using outsourcing to handle the peak times in their lists. Bloomsbury, Macmillan, Oxford University Press, and Penguin Random House are notable examples of large publishers that outsource a sizable percentage of their prepress work.

## Outsourcing for Growth

Once a publisher has an author's manuscript in hand, it must be edited, copy-edited, typeset, proofread, and then converted into the appropriate files for printing and distribution in many formats. This process has grown only more complex with the rise of e-books, which must be simultaneously disseminated across many platforms, including dedicated e-readers, e-book stores and e-reading apps, online databases, and more. This is all in addition, of course, to the design and layout required for the manufacturing of printed books.

For many publishers, the ability to publish more books while maintaining a high standard of quality and conducting effective promotion to reach a wider audience is essential to growth. But smaller publishers rarely have the staffing capacity to effectively acquire, developmentally edit, produce, and promote increasing numbers of books each year. For the most part, only large trade publishers can employ their own

editors, design teams, and composition teams in-house in a way that is scalable as their lists grow. And even the large trade houses struggle with how to best utilize their staff, who can be left with too little work during slow seasons and too much during busy times of year. For most publishers, growth depends on being able to outsource some or all of these functions. And for larger publishers, as well as for mom-and-pop shops, outsourcing to high-quality vendors allows for scaling and for the reallocation of staff resources to roles in which in-house employees can be most effective, such as title acquisition and marketing.

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—Paul J. Crecca, president and CFO,  
 Westchester Publishing Services

To maintain and grow their businesses in the contemporary publishing marketplace, small and midsize publishers as well as university presses specializing in scholarly books and journals must answer several questions when conceiving of the most expedient and cost-effective ways to produce their books. Should they maintain an in-house staff of editors, copy editors, art directors, and production specialists? If so, will this in-house staff be able to keep up with all the books a publisher wishes to bring out in a cost-effective way? Or should a publisher produce some books in-house and

outsource some or all of the production tasks for other titles? Or would it make the most sense, in terms of speed, capacity, and cost, to outsource much of the production work to third-party vendors, saving in-house resources for developing and maintaining author relationships and conducting promotion?

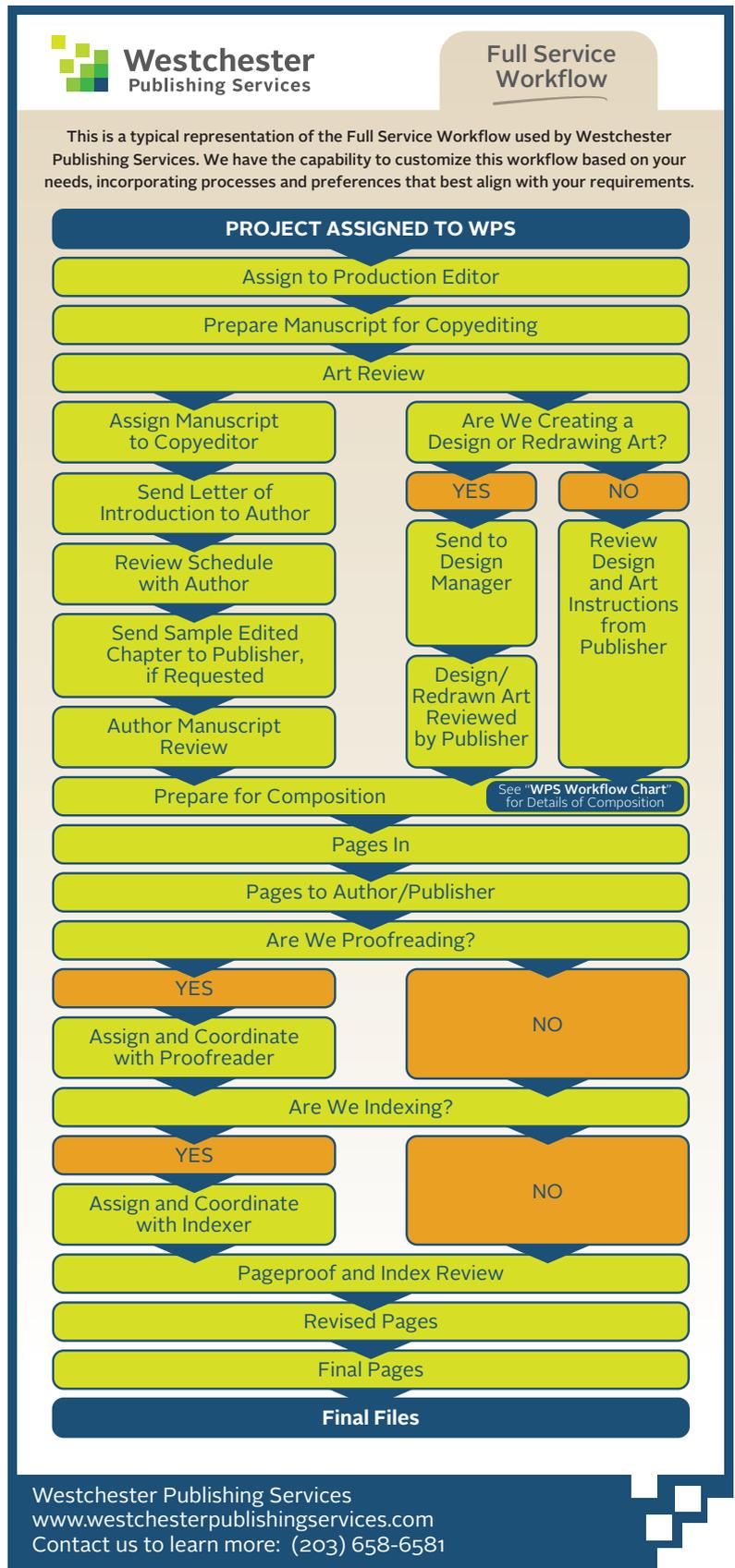
For smaller publishers, it has long been common practice to outsource the copyediting, design, and layout of many books to U.S.-based freelancers or to third-party publishing services companies or book packagers. Companies such as Bookmobile and

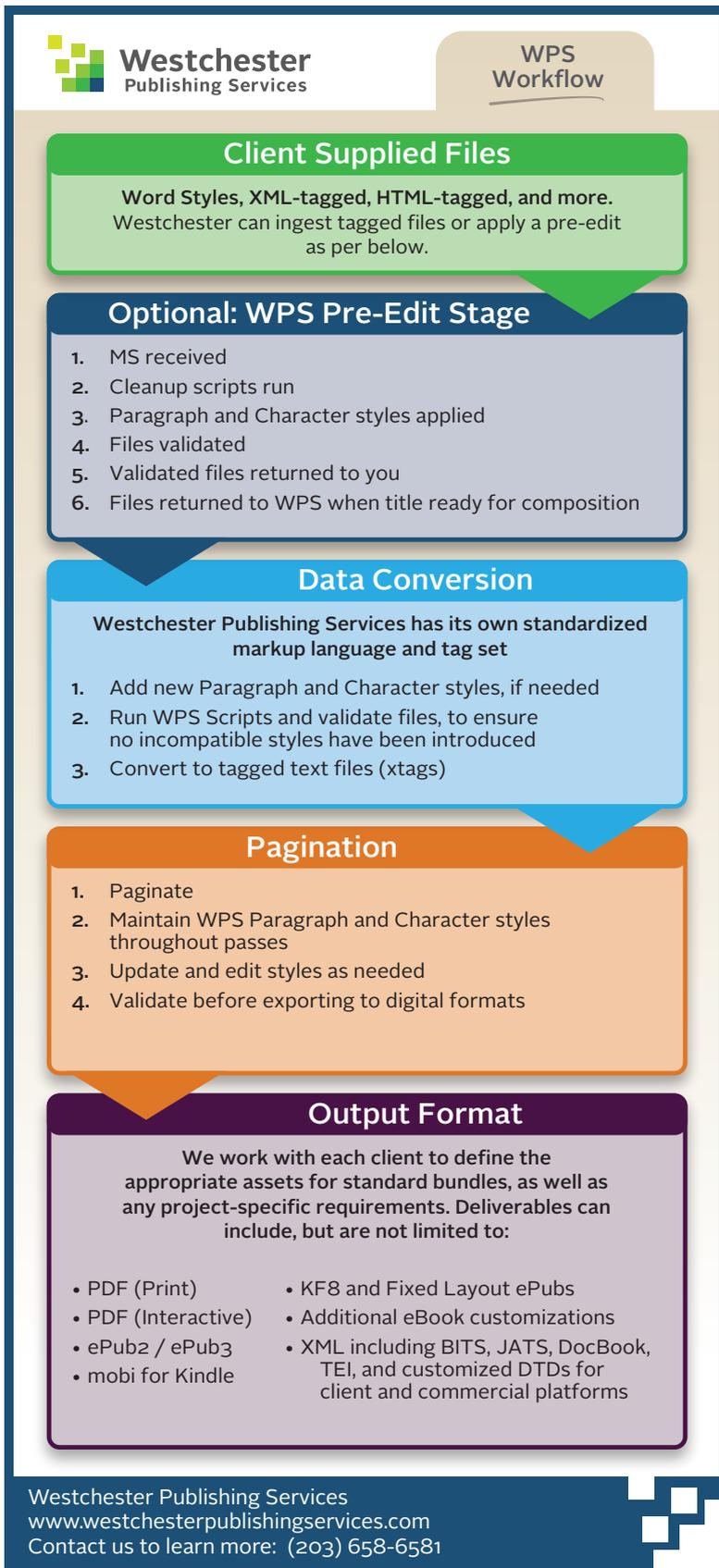
Thomson-Shore, as well as many smaller printing firms, can provide these services in a way that feels familiar and that mimics an in-house workflow for individual authors or smaller publishers.

While that familiarity is a powerful advantage, one of the downsides of wholly U.S.-based book production companies can be their high cost, which negates much of the value of outsourcing in the first place. Increasingly, publishers can outsource some or all of these services to third-party vendors with India-based resources, which can provide the same editing and composition services at a fraction of the cost.

Paul J. Crecca, president and CFO of U.S. employee-owned Westchester Publishing Services, which offers both U.S.- and India-based services for project management, copyediting, design, and composition, says that “tasks that cost \$1 in India would cost \$7–\$10 in the U.S., due to the salary differences between the two countries for identical skill sets, and this is based on decent living wages for India.” To take advantage of the cost savings of doing book production in India, some companies, including Cenveo and Westchester Publishing Services, have invested in their own India-based facilities and staffs, enabling them to blend the familiarity of U.S.-based services with the savings of services based in India.

Westchester Publishing Services, for example, offers entirely U.S.-based services, entirely India-based services, and services based in India with a U.S.-based account manager or production editor, depending on requirements. This hybrid service model equips Westchester to meet the needs of a diverse array of clients, including trade houses and small publishers, enabling clients to produce many kinds of books while making the





most effective use of in-house and third-party resources. A publisher can even elect to use U.S.-based services for the high-value titles in their list and India-based services for other titles.

The aim of this report is to show, citing interviews with a range of publishers as well as with Westchester Publishing Services and their clients, that for small and midsize publishers, and even for larger publishers with lists that have peaks and valleys, outsourcing some or all prepress tasks is the most cost-effective way to maintain and grow their business. Further, this report will argue that some, though not all, India-based production houses, through embracing new technology and through more than a decade of close work with U.S. publishers, are now well equipped to perform these tasks without sacrificing quality or communication around the publishing process.

## A Typical Publishing Workflow Involves Many Choices

The typical process for turning a manuscript into printed books and distribution-ready files can be thought of as a workflow with two dozen or more steps. Whether producing books in-house or using third-party vendors for some or all of these steps, publishers will utilize some version of this workflow, which encompasses manuscript and art preparation, copyediting, design, author and publisher review of manuscript and design, composition, proofreading, indexing (if applicable), final proofing, and file delivery.

These charts, provided by Westchester Publishing Services, illustrate the various steps in the workflow and the junctures at which choices must be made about whether the publisher or a third party will perform a given task. The charts also help

to show how parts of the process handled by a third-party vendor can be folded into the overall workflow.

Under Westchester's model, for instance, copyediting, composition, indexing, and proofing services may be conducted in the U.S. or in India and overseen by a stateside or an offshore project manager. Some publishers opt to have all services handled in India, others choose to have all services handled in the U.S., and still others use a combination of those options or even use copy editors based in other countries, such as the U.K.

**Schedule:** A full-service production company can often compress schedules by using multiple teams to conduct processes in parallel.

**Variable vs. Fixed Costs:** In addition to the argument that outsourcing to a third-party vendor can save a publisher money, which is covered elsewhere in this report, outsourcing also converts an otherwise large fixed cost—production employees and associated overhead—to a 100% variable cost. In any business in which the production volumes can vary from year to year or quarter to quarter, as they can in publishing,

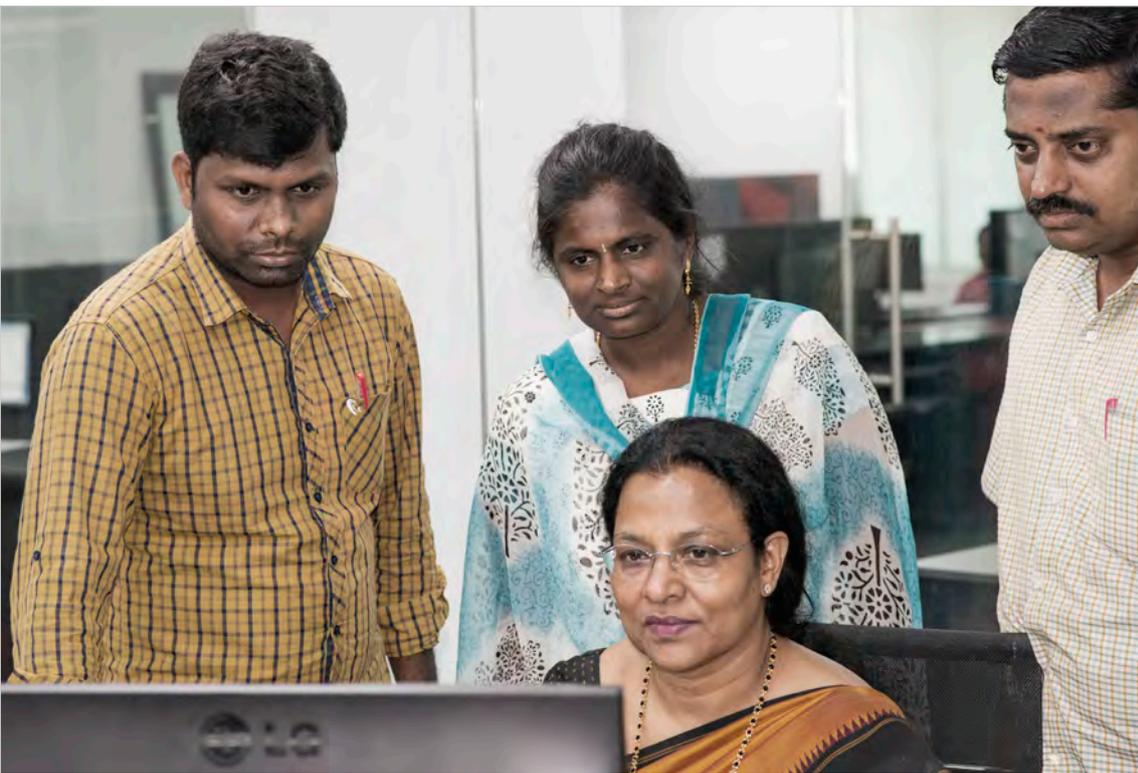
converting higher fixed costs to lower variable costs efficiently reduces financial risk.

**Communications:**

Many publishers who consider outsourcing worry that their level of access to an outsourced project will be dramatically different from that of one done in-house. True, an editor may not be able to walk across the office and talk to third-party staff the way they could in-house staff, but it's possible for a vendor to maintain a level of transparency

for the client publisher that mirrors an in-house workflow by using asset-management systems, additional check-ins by their own in-house editorial staff, and other strategies. As one example, Westchester's Client Portal provides the publisher with a master dashboard that shows the status of each project in the workflow, whether the project is on schedule, and all communications regarding each project. This gives the publisher a highly efficient means of overseeing the production of their entire list with minimal effort.

**Recruiting and Management of Freelancers and Resources:** Under an in-house model, the



## Advantages of Outsourcing Publishing Services

A high-quality publishing services company can tailor its offerings, combining onshore and offshore resources to solve many problems publishers typically encounter. Tyler Carey, Westchester's chief revenue officer, says, "Individual clients have different workflows, and we adjust as needed to their schedules, copyediting requirements, styles, templates, and more."

The workflow charts also illustrate how outsourcing editorial and production tasks can provide many advantages in terms of schedule and cost:

editorial or production staff would have to spend time identifying the right copy editors, designers, illustrators, and other providers, reviewing samples and tests, and managing those resources. When the publisher does not have the volume of titles to keep the right freelancers for their projects engaged on a regular basis, sourcing them becomes even more challenging. Under a full-service outsourcing model, the publishing services company shoulders the burden of those tasks while making the project's content available for review by the client at all stages of the process.

In most cases, publishers will take advantage of some but not all of these capacities. “Ultimately,” Carey says, “there are often tasks that in-house editorial and production staff are still providing on titles sent to Westchester, whether conducting additional checks and signing off on pages at first and final passes; recruiting and managing cover designers; working with the marketing department; loading content into asset management systems; engaging with authors or senior management on key projects; and submitting files to printers or Amazon and other digital platforms. But, depending on the level of access and comfort, Westchester does provide many of those services to clients for the titles that make sense to entirely outsource.”

## Workflow Case Studies

Here is a look at several different kinds of publishing houses and how they manage their composition workflow and staffing resources. The various ways that these five publishers break down the prepress workflow for each of their lists—some outsource all prepress services for all books; others outsource some—gives a good overview of the options publishers have for

prepress services and the reasons various kinds of publishers might choose one option over another.

### An Independent Legal Press

The first example is an independent publisher of both trade and educational legal books. This house publishes a large annual volume of books for an independent press and outsources copyediting, line editing, composition and design for all books to an offshore vendor based in India. The publisher also brings in a developmental editor to assist less-experienced authors.

“  
I have had the same  
offshore editors on  
every project for the  
last several years,  
building a good  
rapport with that  
team. They care  
about the manuscript  
as much as I do.

—Independent publisher

This approach enables the press to focus completely on author relationships and book promotion, including acquisition, manuscript submission, dust jacket copy, and reviews. The publisher says, “We let our authors know we have an excellent editorial resource who enables us to produce more books faster and with great care.” This publisher cites an overwhelmingly positive experience with vendors: “I have had the same offshore editors on every project for the last several years, building a good rapport with that team. They care about the manuscript as much as I do.”

The bottom line for this publisher is that outsourcing enables growth: “I am able to produce more publications, the key to our growth, by spending more on printing and number of titles, with fewer staff here.” The publisher estimates that using vendors with offshore prepress resources results in a 60% savings over using in-house staff for the same tasks.

### A Science-Focused Membership Society

The next example is the publication arm of a science-focused membership society that publishes books,

monographs, journals, and reports on highly complex scholarly subjects. The production manager of this press says that with complex and esoteric content, it's generally necessary to use a mix of in-house, onshore freelance, and offshore services. "Monographs are copyedited and proofread by certified freelancers, and composition goes to a specific vendor in the Philippines," the production manager says. "All other publications are a mix, using mostly our certified freelancers and two to three other composition houses."

This house has tried all kinds of outsourcing and has found that some aspects of the process can be successfully accomplished only by U.S. vendors. "Due to the type of content, the copyediting and proofreading needs to be done stateside," the production manager says. "We've had no success with offshore copyediting and proofreading. Composition is done offshore in the Philippines with a certified vendor for a specific product type. With regard to the other products, we prefer that a U.S.-based company manage the

composition, whether it stays onshore or goes to India."

For this publisher, outsourcing is a necessity. "As a member society, we are not in the position to carry the headcount, and therefore we look to outside vendors to help us with our publishing program," the production manager says. But to get the level of quality required on challenging content, it's necessary to maintain tight control over all aspects of the process, including those that are outsourced.



Due to the nature of its content, this publisher wants to closely manage all aspects of the publication process and carefully vet all freelancers and vendors after the in-process books have been passed on by the staff production editors. "We work with our own freelance copy editors and proofreaders," the production manager says. "On occasion, we will have a full-service house that is doing the typesetting for a title also do the copyediting and proofreading. We handle all of our own design and layout with just a select few designers who have been working with us for a number of years. For composition, we also work with just a handful of vendors and review all proofs during the composition cycle."

## A Large University Press

This press publishes more than 200 titles per year in the humanities, the social sciences, natural history, science, and mathematics. The press director says that because of the specialized nature of the books this press publishes, they do all the publication work either in-house or using onshore vendors. "Our authors appreciate the partnerships we establish between them and our freelance copy editors and staff production editors," the director says. "We maintain a database of freelance copy editors tagged by the disciplines in which they specialize. Composition is likewise outsourced. Production and design are usually assigned to staff." For unusually large and

complicated projects, this press will hire a book packager, which, the director says, adds to the cost of the project relative to what it would cost using the press's normal procedures.

## An Independent Literary Press

This small publisher is representative of the kind of house that publishes much of the literary fiction, non-fiction, and poetry in the U.S. today. Like the other publishers discussed in this report, it outsources many of its prepress tasks.

The production editor says, “We partner with a local production services house for almost all of our page design and typesetting work, unless a project requires a special designer for a specific reason, which is rare, in which case we hire an individual U.S. freelancer. I have a stable of freelance designers I use for cover designs. If I need to outsource copyediting and proofreading, I hire local freelancers I trust.”

But, of course, controlling costs is a priority for this publisher. “Prior to my being hired, my position didn't exist here,” the production editor says. “Instead of a PE, we had an in-house designer/production manager and an in-house managing editor. My position replaced both of these positions. Even with an in-house designer and extra editor back then, the team certainly still outsourced some of the design/production/editing work, but less frequently than we currently do. Cost effectiveness was likely one of the factors involved in this change to our staff structure.”

## A Big-Five Trade House

The managing editor of one of the big-five trade publishers says, “Since our product line is so large and varied, we use a combination of in-house composition and design departments, freelance designers,

book packagers, and composition houses such as Westchester.” This house is a good example of the different ways publishers can manage, and scale, production across a comprehensive variety of titles. Most publishers will recognize in this publisher's list some of the situations they face, even if they can't match a trade publisher's capacity to do in-house what others would need to outsource.

Because this publisher maintains an in-house editorial and design staff, it can default to in-house for most production tasks. Copyediting is done mostly by “freelancers who are experts in their area—young readers, culinary, reference.”

But, the managing editor says, “composition varies depending on a number of factors, including complexity, schedule limitations, and design needs.”

This editor has had mixed results with offshore services. “We use onshore resources for editorial services and composition,” the editor says. “My past experiences with offshore vendors at other companies have been a mixed bag—mostly negative—and the cost savings was not worthwhile

based on the additional in-house resources and management needed to ensure the level of quality we require.” There can be tremendous cost savings; “we have achieved savings upward of 75% per project using an offshore or third-party offshore vendor for composition,” the editor says. But, the editor continues, there are “opportunity costs: general quality, for example, edits misunderstood due to language barrier, additional time in-house individuals spend correcting any issues, and time zone lag for communications. I only feel comfortable using an offshore vendor if they are third party to an onshore vendor [as is the case with Westchester's India-based services]; it is worth the relatively low extra cost for that onshore management.”

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—Terry Colosimo, director of  
operations, Westchester  
Publishing Services

## Why India?

The bottom line is that India-based composition services are much less expensive than those services in the U.S. While China has focused on growing its manufacturing sector, India has focused on technology. And wages in India are much lower than in the U.S. Paul J. Crecca, Westchester's president and CFO, says that "typesetting and prepress staff employees in India earn on average 10% or less of what their U.S. counterparts earn. These are market-level salaries and are considered a good living wage in India."

Carey says, "If you look on Glassdoor, SalaryExpert, Indeed, and other sites, you can see representative job posts for a lot of the roles raised in this study. For instance, you can see a post with the salary for a senior production editor in New York City could cost about \$52,000 per year; a staff copy editor makes about \$50,000 per year and a freelancer between \$3 and \$6 per manuscript page. An editorial assistant salary is \$39,000 per year, and a typesetter's is \$48,000 per year. Collectively, that's at least \$188,000 annually. Add another 40% for benefits and overhead, and you're at about \$263,000 per year for a team that can handle approximately 35 books per year, or fewer if they're doing other tasks like marketing copy and website content. That's more than \$7,500 per title. Outsourcing those services to a vendor is going to save you between 30% and 60%, depending on whether certain services are provided in the U.S. or in India. That's one scenario, and of course specific wages local to a publisher's operation, books that are more complex or simpler, on longer or shorter schedules, may cause a publisher's mileage to vary, but the overall point is that using a vendor to save money can't really be negated."

## Debunking Myths About India-Based Services

Indian vendors have worked hard to innovate to meet the growing demand for their services. "The publishing services industry in India has really embraced innovation on the software side of the editorial and typesetting business," Carey says. "This allows us to have offerings for our clients that leverage technology on a larger scale than many smaller U.S.-based desktop shops can provide, from XML and project tracking tools to fixed layout ePubs leveraging audio and more."

Over the course of his long career in publishing, Carey has observed the changing needs of publishers and watched Indian vendors rise to meet new challenges. "There was tremendous apprehension about the idea of outsourcing nearly twenty years ago, when the publisher I worked for made the plunge," Carey says. "And indeed, those were the early days. There were a lot of processes that both the vendors and the publishers had to set up to make things work, and often that required trying a number of vendors before you found one that was just right. I'd say the vendors that have risen to the top over the past two decades have proven themselves to be more reliable entities than a lot of the early start-ups that

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Westchester Publishing Services

didn't make it.”

"There is no denying that India-based publishing services have improved over the years," Susan Baker, Westchester's director of editorial services, says. "Staff have become better trained to handle project management, and the level of copyediting has become more serviceable, though many of these services also hire domestic copy editors and in some cases production editors to improve the level of editing and communication." Publishers are no longer forced to

choose between cost and quality, nor must they face the “pick two” conundrum (choosing between speed, quality, and low price). Indian vendors are now able to offer all three, especially with the help of a company like Westchester, which owns its own India-based typesetting operation, Antares Publishing Services Private Limited in Chennai.

Michael Jensen, Westchester’s director of technology, says that Indian vendors have increased in quality and gotten better at understanding the needs of U.S. publishers, enabling his company to take much greater advantage of their services and pass those advantages along to clients. He is no longer seeing the poor-quality solutions based solely in technology that put many publishers off India-based providers a decade or more ago. “Quality composition requires oversight and fine-tuning, which are based in aesthetics rather than in algorithms,” Jensen says. “Automation can only go so far.”

Westchester has put processes in place to ensure that offshore teams can meet high quality standards. “All procedures implemented by offshore operations are thoroughly vetted here in the U.S. and audited to make sure that they are followed,” Jensen says. “We utilize both technology and skilled quality assurance staff to review all specs and style requirements. Our staff are cross-trained on accounts so that we have sufficient backup for our clients. We have stringent testing for freelancers and staff.” Westchester aims to provide a seamless experience for clients, who won’t sense any difference between onshore and offshore providers except cost. “We are now able to provide high-quality composition, via people who care about typography, at a price that’s affordable,” Jensen says, “which means that we can avoid the worst excesses of algorithm- and template-driven output. It’s easy to pump out tolerable pages via automation but not so easy to produce quality.”

Terry Colosimo, Westchester’s director of operations, says the real innovation that her company has brought

to publishing services is more than just a matter of better tech: “Our business is essentially a blend of human service and technology.”



## Conclusions

“More and more,” Carey says, “publishers are faced with evaluating their true in-house expenses, including calculating the soft costs and hard costs for producing their publications. Whether they are in growth mode and trying to figure out how best to affordably staff for growth or are contracting due to increased costs and risks to their profitability, it’s a worthwhile endeavor to at least look at what your outsourced options are—here and abroad. Often, the concern is that there’s no way the work could get done if it weren’t being done within the walls of a publisher’s offices or through their distributed workforce. But, as has been proven for well over 100 publishers, we are able to provide a very affordable, viable alternative for some or all of a publisher’s list. By offering affordable staff resources through our offices in Connecticut and Ohio, through remote employees and freelancers around the country and even globally, and through the top-notch offshore staff in our New Delhi and Chennai offices, we are able to provide a breadth of expertise and economical options that publishers themselves—and I’d say most vendors—can’t potentially offer.”



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