



## Stanford eCorner

### Running a Print Business in a Paperless World

Jeff Housenbold, *Shutterfly*

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Video URL: <http://ecorner.stanford.edu/videos/1986/Running-a-Print-Business-in-a-Paperless-World>

Why print photos when the blog is king? And who prints photos in the age of digital cameras? Shutterfly CEO Jeff Housenbold explains how an old-fashioned business like photo printing is surviving - and thriving - in electronic media. He also discusses how technological innovations are reducing environmental resources in the photo industry landscape.



#### Transcript

So because the way we make money today is physical-producing and we're a printer, we're using paper and ink, so how are we thinking about sustainability and environmental. One of the interesting things, let me start on the business side then I'll go to the environmental side, is going back 20 years ago, people were talking about two phenomenons. One was the paperless society. And if you look at HP's earnings, they sell more ink than they ever have. And by the way, I do think it's a vast conspiracy. How many people have ever printed in an Internet, gone to a page on the Internet, and hit 'print' and you get that second page that only has the header and there's nothing on it? Okay. I think that's a vast conspiracy by the print industry to sell more ink and paper, so I would start there because that's about a 40% reduction. But the paperless society has never really come about. Fact, with the access to information and the reduction in cost of personal printing, home printers, people are printing more and more. And so I think there's this notion of, you know, printing is just happening more.

I was sitting with a 27-year-old portfolio manager at one of the largest mutual funds and he says, "You have the stupidest business model I've ever seen. I don't print. I take picture on my cellphone and then, you know, I look at it and I delete it. So you're going to be out of business in two years." I said, "Well, this is going to be a short meeting, isn't it?" And I said, "Hey, here's something I know. First of all, my guess is you're in your mid-20s." He said, "Yeah, I'm 27." I said, "I know you're going to get older. And if you'll lucky, you'll date. You'll get engaged. You'll have a wedding. You'll have children. You'll move out of your apartment, buy a home.

You and your wife will want to decorate your home and what are you going to want to decorate with? Your memories. You're not going to want anymore put up that picture of the rock band or that supermodel. You're going to want to adorn your home with your memories and tell your stories." "And then something's going to happen. You're going to realize your parents are going to run your life. You have to give them a calendar of the kid's first poop, then his first walk and his first talk." And so we have a really good business model, so I'll come back in four years when you kind of get it and want to invest in it. Right. And so that doesn't address you at the environmental, but I believe there's a sustainable business model. But we're also not being ostriches and sticking our head in a sand and saying, "Okay. You know, the world around us isn't changing." So we were one of the first a couple of years ago. We created something called 'Shutterfly Collections.' So we give away to our customers two free URLs.

So, for example, I have [housenbold.shutterfly.com](http://housenbold.shutterfly.com) and it's an environment that's password-protected and my immediate family and friends have it. And it's a place where we could combine blogging with storing our pictures so we could look at each

other's images. One of the things we do is vast amount of sharing, hundreds and hundreds of millions, you know, and billions and billions of images are stored with us and hundreds of millions are shared every year. And so we're cutting down in this notion of using technology where you could take 500 pictures on your 8-gigabyte card today and zoom in on the 40 or 50 you really like and edit, and only have to print the 40 or 50 you like versus in the old days, again, you would have to drop off or roll a film and print every single one of those. So we're allowing greater choice. In the old days also, you had to get in your car, drive to retail, use up gas, buy a roll film, come back to the store, use up gas, drop it off, come back a third occasion, pick up your prints. Now, the retailers love that because they filled your cart with a bunch of sundries you didn't really need on those three occasions. But just the notion that we do mail-ordered delivery to the home or to the office cuts down on a lot of that transport. And things like our electronic sharing and our collections and our new gallery where people could post their projects up online and you could share with each other and you could inspire each other's ideas. There's a lot of ways in which we're innovating to stay ahead.

From a corporate citizenship and from green and from thinking about how do we reduce the waste that we create, one of the things is we reclaim all of the silver and the chemicals that we use in the process to make prints. And so as commodity prices have been rising, that's pretty good for us because we just recycle those items. We've also been working both because there's business benefits from cutting down on the amount of waste in terms of how big of a print do you use before you cut around it, how do you reduce errors in the manufacturing processes, the technology, the people training. So we've been on a jihad to, kind of, reduce the amount of scrap that's generated in our business. One, because it's good business. It saves us some margins. Two, it's just good for the environment. Other things we've done is a 470-person company. I realized we were spending hundreds of thousands of dollars giving people free drinks during the day. And so now, we've given out nalogene bottles and ask people to refill their water.

We're doing recycling. We're going back and looking at and using certain recycled products, and now packaging instead of original bleached papers. So there are things we're doing. Again, it's just good for the environment. It's good because of our mission and it's to make the world a better place by helping people share life's joy. And part of the Shutterfly Foundation, the way we give back and focus on the environment, children, and education. But it's about innovation. It's about thinking out of the box again and finding that right balance as a for-profit business that are good things for the environment, good for our community of customers and employees and good for the environment.