Transforming
an Industry

Suri Suriyakumar

EDITORS' NOTE *Kumarakulasingam ("Suri") Suriyakumar co-founded ARC Document Solutions in 1989 and has served as the company's President and Chief Executive Officer since June 2007. In July 2008, Suriyakumar was also appointed Chairman of the Board of Directors. Prior to joining the company, he was employed with Aitken Spence & Co. LTD.*

COMPANY BRIEF *ARC Document Solutions (e-arc.com) is a leading document solutions company serving businesses of all types, with an emphasis on the architecture, engineering, and construction industries. The company helps more than 90,000 customers reduce costs and increase efficiency in the use of their documents and improve document access and control, and offers a wide variety of ways to print, produce, and store documents. ARC provides its solutions onsite in more than 8,000 of its customers' offices, offsite in service centers around the world, and digitally in the form of proprietary software and web applications.*

An Interview with Suri Suriyakumar, Chairman, President, and Chief Executive Officer, ARC Document Solutions

What was your vision in starting this company?

We got into a business that was largely known for reprographics – it's the heritage upon which we're built. It's a very small industry, only about $5 billion in size. They were blueprinters – in effect, copy companies.

What wasn't clear was how they help distribute documents and information in the construction space. In this industry, if a few people design a building, they don't go around instructing people on how to build it. All the communication to the 200 different trades within construction is done via paper, which is the means of communication for any building project.

We realized the importance of this at a very early stage – and that there was a great opportunity for us to consolidate the industry. We started off with a $9-million company, and we built it up to $40-plus million over the next 15 years. We set up a great infrastructure across the U.S. that provides a broad footprint for serving the construction industry.

Today, distribution of documents and information is done through the cloud and mobile access. The need to distribute documents is greater than ever – the number of documents has quadrupled because of building information modeling and technology. There is more information to be distributed, but there aren't many companies focused on this; no one has traditionally considered this a critical function.

Now we see a chance to transform this industry. Because of the complexity of the industry and its heritage, it's not very digitally savvy. At the early stage, design and development are literally all technology. The one thing associated with construction projects is delays, and the main reason for that is the time-consuming distribution of documents and information.

Improving the distribution of documents and information will significantly help the industry. I predict that cloud and mobile access will transform the speed at which buildings will be built.

We see this as a very exciting opportunity.

How competitive is the marketplace?

The industry was not a trillion-dollar industry eight years ago because there wasn't a large company carrying out the function of distribution of documents and information specifically – it was largely left to blueprinters. That's where we saw the opportunity. The biggest company was $50 million. We took our company nationwide and became the sole supplier for very large, global construction companies.

As the industry transforms in this narrow space, there isn't a single player like us with our kind of domain knowledge. We not only have 30 years of experience but, over the past 15 years, we started using technology on our own to improve efficiency. ARC is not a true start-up because we have been in the industry using technology for a while.

Now we're pushing that into the cloud and letting customers manage their projects' documents and information. This is helping them become more efficient and productive.

How do you see growth in the future?

Post-recession, we flattened out, and we're no longer growing through consolidation because I don't want to acquire anymore reprographics companies – they don't have the requisite technology and are still struggling with paper, so their revenue is shrinking.

From now on, growth has to be organic. The challenge is that we have a trillion-dollar industry that is moving at the glacial speed of paper. I not only have to transform ARC as a company to show our customers how we use technology to improve efficiency and reduce costs, but we also have to transform the industry as well.

What is the biggest challenge companies face in this transformation?

Large construction companies amass huge amounts of data, and they will spend millions just to store these documents. The issue is how to find what they need once everything is put into a warehouse.

Today, they can scan the documents and put them in the cloud. But if they still can't search for what they need, what is the point?

There are large cloud companies that have document storage capabilities, but they don't have the ability to manage document and information specific to construction. On the other hand, with our deep industry knowledge, we have established relationships with our customers and have that infrastructure, because we developed it.

As a public company, how challenging is it to make investors understand the need for long-term investments?

Our investors once thought of us as a consolidation play. Now we have to grow organically, and the growth will come from convincing our customers to adopt technology and make them believe that this is where the industry is going. It takes time and a lot of patience to get to that level.

As a public company, we have to balance how much we are investing in these technologies with how effectively we are managing the company. Our traditional business is shrinking. Paper drove our business, but we're working with our customers to adopt technology, reduce costs, and increase efficiency.

We're expecting that the increased use of technology will help us grow the business. Previously we only managed project documents for customers – now we manage their accounting, financial, HR, and sub-contractor payments, whatever their needs might be. We also do archiving.

As you were transforming the company, were you able to attract the right people to support that?

We had to convince our team, which had all of this domain knowledge, that the industry is transforming and that we are here to transform it. A large majority understand that technology is changing the world, and we are now hiring a generation whose members are more technology savvy. They can use the tools; we just have to train them on how documents are distributed and why we are a different industry today.

Creating and innovating don't always have to originate with a start-up. As ARC Document Solutions has illustrated, it is possible to take an old business and transform it. ●