

Musings of a Carolina Print Curmudgeon

Missed the Graph Expo Opportunity?

Catch Up Here

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In the “PICA Scanner” report on Graph Expo 2011, I commented on the changes that have taken place in the annual trade show moving it beyond the display of equipment to becoming the place to attend a variety of meetings, to learn about production and business operations, and to see, hear about, and touch the newest technologies. It has become the place to learn about what your peers are doing and to get a sense of the industry’s directions. The mass of information uniquely available at Graph Expo provides the fodder for developing business, marketing and production plans that if correctly drawn and implemented can be the basis for profitable survival in the changing and increasingly competitive world of print.

In this review of Graph Expo, we will draw on the Must See ‘ems technology and product program as well as our own observations to bring you the highlights of what we believe are the most important and interesting for the majority of PICA members. The Must See ‘ems program sponsored by the Graphic Arts Show Company highlights the most compelling technology and products at the show. A full review of the program with award recipient product details can be found at www.mustseeems.com.

The Must See 'ems product directory on the web has become an industry-wide guide to offset and digital products as well as providing insight into technology trends.

If you did not go to the show --- and relatively few PICA members did --- or even if you did go, there may have been some things that you did not have the opportunity to hear about or see. In this show review, I'll focus on a few potentially disruptive but opportunistic technologies and products including some that were not at the show.

The Committee of 19 analysts and editors that selected Must See 'ems noted that as the printing business has become more complex and competitive, business, marketing and production transition planning with strategic and tactical components have become an integral part of successfully implementing and integrating a technology into current operations. Attempts to implement a new technology or product without a plan often lead to failure and/or an increase in undesirable unintended consequences.

Even if no change is being made in technology or production equipment, instinct and gut feeling are being supplanted with a well thought out plan built around customer requirements and the competitive environment. Today's successful printer operates on information and analysis.

The technologies represented by products on the show floor were independently analyzed resulting in their being categorized in two basic groups: (1) technologies generally critical to the short and long term profitability and even survival of a printing company and (2) technologies that, if implemented, can provide opportunities such as new products, diversification, differentiation, and new ways of doing business.

Critical Technologies

The most critical technology for a printer to embrace is a related bundle of **computer/IT/MIS capability and utilization**. Capability in these areas relates first to the planning activity and then to daily operations. PrintCom finds that something in the order of 75% to 80% of all commercial printers lack a fully implemented MIS. Most common is to use MIS for estimating but not for providing the information necessary to run the overall business.

What is your MIS IQ? Do you have a fully implemented system? Do you have other software to computer implement MIS generated data? Do you have the computer skills necessary to implement full scale integrated production automation? Do you have the computer smarts to do the level of analytics required for variable or data-based printing?

Discussions with printers at Graph Expo suggest that many printers would benefit from the conduct of an information technology audit including but not limited to an MIS audit.

Automating print production is an evolving critical technology that starts with customer input (see web-to-print comments) and concludes with product ready to go out the door closely followed with invoices in the mail or on the web. The goal --- long term for most printers --- is to reduce human touch points, improve product quality, eliminate spoilage and reduce waste and shorten production time cycles. That's integrated automation --- which must start with standalone individual equipment, streamlined workflow and a computer approach that will support automation and includes CIP4, JDF/JMF or similar techniques.

Integrated automation cannot be achieved with 10 year and in some cases, even 5 year old production equipment. Printers that still exist but that cannot or will not update their plants will slowly but surely fade into oblivion. The number of printing plants is declining and over the longer term only the fittest (read automated) will survive.

Key Question: Where do you as a printer stand on the track to integrated automation?

The printer's ability to provide an array of **multiple-media products** and to service customers with **web-to-print** capability is moving from being an opportunity to becoming a critical necessity --- these technology areas are reviewed here as opportunity technologies.

Opportunity Technologies

Web-to-print (WtoP) was cited by the Must See 'ems Selection Committee as the most immediate opportunity for printers not already

offering this customer service. Today it is still an opportunity but in some print buying market segments is becoming a critical necessity. This is why the underlying technology was categorized as both critical and opportunistic.

In my opinion, WtoP has not achieved the penetration that is often touted for this technology. Often what is called WtoP is simply ordinary e-mail communications and may include the straight-forward transfer of files for printing.

True WtoP enables a print buyer to place an order, either create or attach a print-ready file that when received can go directly into production, or go into production with very little CSR intervention.

Our observation is that WtoP requires an incoming check by the printer's CSR because it is a very minute volume of W-to-P that is fully specified and actually ready to print. PrintCom conducted research over several projects and an extended time period clearly shows that at least 60% of individuals who are professional print buyers cannot write a complete ready-for-print specification. If a buyer cannot write a complete usable spec most of the time, WtoP becomes more of a burden than a help. However, many of these same buyers are requesting WtoP from their print suppliers. Printers may have to offer WtoP but incoming material should be checked carefully and confirmed before a job is put into production.

Donald Goldman, principal of ConsultWare and a PrintCom associate consultant notes that "There is a trend to integrate orders received or

produced through web-to-print portals into an MIS for data collection and invoicing.”

Printers may find that offering templates and training customers how to write a spec will pay dividends. In the final analysis, WtoP should provide convenience and save money for both the buyer and the printer.

Key Question: Do you offer WtoP --- if so, how effective is it in obtaining business and providing cost savings? If not offered, why not?

Offering print customers an array of **cross-platform and multiple media products** is an opportunity that at least for some print buyers is also becoming a necessity. Some buyers want one stop shopping. Others want to parcel out their work themselves. Excluded from the multiple media array of products are print-related services such as warehousing, mailing and kiting. The multiple media opportunity embraces a wide range of media possibilities which can be specified and described as discrete products --- it is a specific product offering and differs from the opportunity of morphing from a printer into a marketing services provider.

To become a **marketing services provider**, it takes a conversion from being print-centric to becoming full marketing-centric without prime allegiance to any particular media. The approach is to analyze a marketing issue and to provide a solution that fits the circumstances without a predetermined media basis. Often the marketing solution requires the integrated and coordinated use of a variety of media. Solutions can range from skywriting to creating a call center to billboards, catalogs, magazine

ads, marketing collateral, e-messaging of several varieties including Twitter, social media and more. A marketing services provider may do production work including printing or some portions of the solution may be subcontracted to others.

To become a marketing services provider, the morphing printer must have the knowledge, resources, inclination, drive, the right personnel and a detailed plan. As a practical matter, while many printers may offer several multiple media products, few can make the transition to a full scope marketing services provider which makes them look very much like an advertising agency. Becoming a marketing service provider is not a mechanism to increase print volume --- it is an entirely different business that may include printed material as one of several solutions.

Some printers opportunistically offer **value-added printing** making their output unique and marketplace differentiated with such items as: dimensional printing (often requiring unique die cutting), UV coating to create special effects, embossing, foiling, lenticular, security/anti-counterfeiting, the use of unique of materials and unusual folds, full turnkey QR codes, including web material.

Another opportunity area is to **specialize** in a limited number of customer-oriented **vertical markets**. Success in a vertical market requires the printer to thoroughly understand the selected market. Vertical specialists participate in the activities of their selected markets to the point that they are often considered to be a part of that market.

According to the Must See 'ems Selection Committee, there are more technology-based opportunities available than any one printer can capitalize on. The technology manifests itself in print production products. Products exhibited at Graph Expo are reviewed by the Must See 'ems Selection Committee and those that are considered to be most compelling are selected for recognition. The full listing of selected products with functional descriptions can be found on the Must See 'ems website www.mustseeems.com. A profile of these products provides insight into the industry's production trends.

The 2011 Must See 'ems profile was overwhelmingly dominated by software with 26 award recipients followed by digital presses with 17. Other product groups in order of the number of recipients were: MIS, wide format, mailing products, postpress equipment, and offset products (but not presses of which there were few) and document management plus an array of individual specialty equipment.

Our commentary on individual products and exhibition floor activities follows:

Heidelberg is Back

The first thing that hit me on entering the exhibit hall was that Heidelberg was back in its traditional front and center location, after being absent last year. But its exhibit was quite different from previous years. Front and center was a Ricoh C901 digital press and an EFI Vutek wide format printer. To one side there was a 'you can't miss it' bright red Unisource 16 wheeler truck calling attention to Heidelberg's new

partnership with Unisource, a worldwide purveyor of paper and graphic arts supplies.

The Graph Expo announced partnership goes under the trade name Printers' Advantage which is a coordinated distribution arrangement that in addition to paper includes the full line of Heidelberg Saphire consumables and consumable – press-related troubleshooting. Want to know more? Go to www.printersadvantage.com and view the almost-humorous advertisement with details.

Xerox Fields Digital Array

Across the aisle from Heidelberg, also in a front and center position, was Xerox with an eclectic array of toner-based digital presses --- except for the introduction of it brand new 500 fpm waterless inkjet color production press dubbed CiPress, which is based on phase change technology --- resin pellets are melted and the liquid jetted onto paper where it hardens on contact. The approach eliminates the paper cockle caused by water-based inks and with little penetration into the paper gets rid of dot gain issues. Currently suitable for inexpensive uncoated paper printing, Xerox is working on developments for coated paper.

Xerox also showed off a unique toner digital system called the Espresso Book Machine (EBM) which was originally developed by start-up On Demand Books for book and library in-store printing primarily of back list and limited distribution books. Printing in the bookstore is a concept that was originally forecast in the 1970 Comprint '90 Conference, but until now evaded successful implementation because the technology was not quite

ready. Now in partnership with On Demand Books, Xerox is bringing its technology and market prowess to make this long forecast digital print application a reality. The print-in-the-store concept opens up a whole new source of revenue for the bookstore.

The EBM produces a 300 page paperback book with a color cover in less than five minutes with capacity to print more than 40,000 paperback books per year. A fully-integrated solution, the EBM prints, binds and trims, and can produce variable combinations of trim sizes between 4.5” x 4.0” and 8.25” x 10.5 “ for a production cost less than one cent per page. The Xerox 4112 copier/printer prints the monochrome book block.

Installation interviews by PrintCom indicate that in-bookstore printing by individual authors of self-published books is a popular high volume use for EBM.

In addition to printing, the author can enter books into a catalog that enables the book to be printed with or without author royalties at any or a specified EBM site. For the bookstore EBM creates a new business with a new revenue stream as well as attracting customers into the store. In some respects, it makes the bookstore a publisher.

Want to know where you can see one? Go to www.ondemandbooks.com for a growing list of installations.

PICA printers are not going to be involved with bookstore or library printing. However, as this self-contained remote printer is developed, it

might be harnessed for other on-demand applications. Think about it --- it is perhaps a long shot unique product opportunity.

Memjet Shows Up

For about the last ten years Silverbrook Laboratories in Australia has had an inkjet head labeled Memjet, associated plumbing and ink under development. The pending development was touted as the next high quality, high speed inkjet technology.

Silverbrook's business model is to license their technology for incorporation into another supplier's equipment and not to merchandize full equipment themselves. After a long incubation period, the technology has begun to show up in commercial products including three shown at Graph Expo; Fast Technology with a narrow web label and packaging oriented system; Xanté with a wide format flatbed printer, and a Neopost, a printer for letter-size documents, post cards and envelopes.

The quality of the output of the Memjet-based machines was superb and merits a look-see by any printer in the quality color label, packaging or post card/envelope business. Although speed is still a question, watch for Memjet- powered digital color production presses --- perhaps at Drupa 2012.

Although Kodak did not have its whiz-bank inkjet press, the Prosper 5000XL at the show, in partnership with Adphos/Graphic Systems Services, two web offset imprinting systems were shown. The inkjet imprinter S10 runs at 1000 fpm and the full color S20 at 2000 fpm, both mounted on existing web presses. These hybrid press developments can bring variable

imaging to existing webs and extend their useful life integrating digital printing inline with web offset printing without affecting production. If you are running an offset web, these inkjet additions are worth considering. Kodak did make a positive impression with its large and varied array of graphic arts products.

Which Way Will the Economy Go?

Shortly before Graph Expo there were signs that the economy was slowly getting better and to a small degree taking print with it. Now several weeks after the show, the direction of the economy is caught in a series of vague and contradictory signs muddled by presidential election rhetoric. The PrintCom Consulting Group continues to forecast a difficult economic time ahead into 2012.

IF there is a general economy recovery, it is likely to be slow, modest and late in 2012. PrintCom's forecast for the balance of this year and well into next year is for a sawtooth WW GDP --- i.e., an apparent start of a recovery only to slip back into a downturn. In each gyration of the economy, improvements are a little better than the last time and the down slope not quite as deep as previous until after several attempts, breaks free and slowly continues to improve. PrintCom believes that we are currently (early November 2011) in a sawtooth economy and are likely to stay in that mode until after the presidential election and into 2014.

With economic uncertainty likely to prevail, I believe that printers should prepare for the worst and hope for the best --- or do better than hope

.... develop a business plan and a new technology production plan for the era of new print.

The Disappointments of Graph Expo

As positive as Graph Expo 2011 was, there were a few disappointments;

One of Executive Outlook's session-opening speeches was Ron Stroman, Deputy Postmaster General, US Postal Service, talking about how the USPS would deliver the future --- a smaller, leaner and more competitive post office. The problem was that Stroman did not really say anything very much --- certainly nothing that was reassuring to printers that depend on postal delivery on time and at a reasonable cost for their products survival. Since Graph Expo a postal price increase has been announced along with talk about the closing of 3,700 local post offices, the elimination of Saturday delivery, the layoff of over 100,000 employees, and the need for a government bailout. With more than 51% of all information printed being handled by the USPS at some time during its product life cycle, a floundering reduced-in-size-and-service post office could have a disastrous impact on print. While congressional action may come to the rescue, it is suggested that printers that depend directly or indirectly on the post office assess the impact that a reduced and more expensive postal delivery will have on their business.

QR codes were plastered all over Graph Expo but many disappointed because they did not work at all or were difficult to use or if they worked, took the user to a web page that had nothing to do with the show or the

probable reasons that they were clicked on. Some printers did not have a mobile phone, some that did were not QR-enabled and some simply chose to ignore the boxes filled with squiggly little bars. Overall, QR codes at the show disappointed but pointed out current issues and problems. Nevertheless, QR codes when done correctly and that send the reader to relevant information can make print come alive. Watch for QR code improvements and develop ways that they can enhance your printed product.

With the focus of Graph Expo on digital equipment as expected, there was nevertheless disappointment on the part of some attendees that the hall was virtually barren of offset equipment.

What Next?

Over the course of the next year until Graph Expo rolls around again, there will be a host of more specialized shows. Many are worthy of printer attendance if the show's focus is in an area of a printer's activities or is a possible diversification opportunity. Intelligence garnered at trade shows can provide an excellent input for planning.

The next major show is the colossus of them all --- Drupa which will be held in the Dusseldorf, Germany, Fairgrounds May 3-16, 2012. Drupa, called by some, a printer's technology incubator, provides insight about production changes that are on the cusp of becoming commercial as well as the world's largest display of currently available equipment.

Because it appeals to a global print production audience, the exhibition will feature all processes as well as binding and finishing

equipment not seen in other shows. For the uninitiated who have not been to a previous Drupa, it is difficult to visualize the size of the exhibition with its 19 halls, many of which would hold a Graph Expo with room to spare. Now is the time to make plans to attend Drupa and make hotel arrangements.

If you miss Drupa, many of the new product introductions will show up in the United States for the first time at Graph Expo 2012 in Chicago's McCormick Place October 7-10, 2012 --- it's the prime place in the U.S. for printers to *meet, be educated and see/touch the newest technology from Drupa.*

PICA's curmudgeon analyst Bill Lamparter is a well known print industry consultant with headquarters in Waxhaw, North Carolina. PrintCom offers PICA members a full range of consulting services including plant operational and business audits, business production and marketing planning, market research and acquisition/divestiture analysis. He can be reached at phone: 704-843-5350 or e-mail: PrintCom@aol.com