MUST SEE ’EMS technology and product recognition takes place each year in conjunction with the printing industry’s signature event in Chicago—an annually called GRAPH EXPO, except every fourth year when the show becomes the quadrennial international PRINT show.

Have you ever wondered how the MUST SEE ’EMS program and the judging process works? As the Program Coordinator for this highly anticipated event, I’m pleased to share with you this “behind-the-scenes” look at how the winners are chosen as the products that “must be seen” by visitors to the show in Chicago.

It begins in January, when I contact the previous year’s Selection Committee to reconfirm with participating judges. Next, I check in with GASC, which produces the GRAPH EXPO/PRINT shows, to learn about new co-located events that will be held in tandem with the upcoming show; then, I seek out additional judges with expertise related to these new areas.

The 2015 MUST SEE ’EMS Selection Committee had 32 judges with expertise across nearly every aspect of the printing industry. (Most are household names in the printing industry, but I’ve sworn them all to secrecy in an effort to safeguard their impartiality.) This is an elite group of consultants, educators, journalists and printers, and we’re lucky to have their assistance!

By early April, the new judges are confirmed and I have set up the first round of online ballots for the Legacy Award. Introduced in 2012, the Legacy Award recognizes one previous MUST SEE ’EMS winner that continues to have an impact on today’s printing industry. Vendors are automatically considered based on their status as previous winners. The judges are looking for products that have inspired game-changing innovation in our industry, not just products that have been popular.

The pool of nominees for the 2012 Legacy Award was comprised exclusively of winners from the first year of the MUST SEE ’EMS competition (1999). For 2013, the pool was expanded to include two years: 1999 and 2000. Looking ahead, consideration will be extended to all past MUST SEE ’EMS winners in a “three-year window,” in other words, in 2014 candidates under consideration will be winners from 1999-2001; the following year we’ll be looking at 2000-2002.

Voting for the Legacy
Big Data—Utilizing Data in Management Decisions

I have always believed that the more you know about your customers, the better you can serve them, resulting in a win-win situation for both parties. In the old days, pertinent information was mostly kept at the salesperson/customer relationship level. There was no really efficient way for the marketing department to analyze customer data—you had to ask the sales guy what was going on, and then try to act upon it. In today’s multi-connected world with all sorts of data collection and analysis tools at your fingertips, you can develop a data-driven marketing organization that uses customer information to drive effective programs and deliver results.

In order to be successful at data-driven marketing, you must start with the right culture and philosophy. At its core, data-driven marketing is about continuous optimization and repeated improvement. It’s the deployment of a “test, learn, and adjust” philosophy. You can have the best data and technology in the world, but if there’s not the desire to act and to change, then the data and technology only provide interest as opposed to insight. You have to act upon that data.

At Kodak, we take our customer data very seriously. We have invested in the tools, the people and the resources to gather data on our customers and execute effective marketing campaigns. We are continually learning more about our customers and using the information to better serve them—whether to inform them of a relevant trend, invite them to an educational seminar, introduce them to a new service, or share a successful customer profile. By feeding their responses back into our system, we become smarter about what they are interested in and where they currently reside in the selling cycle.

Data-driven marketing also requires integrating data from multiple resources. NPES supplies valuable market data and print studies that you as a member can access to better understand the market and position your company accordingly. NPES Market Data, Printing and Supplies Shipment Data, and the “World-Wide Market for Print” study, to name a few, can aid your management decisions and help to develop your product planning, strategy, and market development activities. NPES also supplies competitive analysis, technology impact, and other factors that can prove to be invaluable in forecasting and go-to-market strategies.

So my advice for NPES members is to look into the advantages of data-driven marketing and determine if you have the right mix of philosophy and culture to effectively implement a company-wide program. If you do, begin to build the appropriate tools and outside resources you’ll need to get the job done. With the right combination of philosophy, commitment and market data tools, you have the foundation for a successful program that will not only make you better informed about your customers and the markets you serve, it may make you richer too.
CONGRATULATIONS TO ALL PRINT 13 MUST SEE ‘EMS Winners

Sales and Order Entry
EFI – EFI iQuote
Hybrid Software – Hybrid Software Facelift
Konica Minolta Business Solutions U.S.A. – EngageIT Automation

Prepress and Premedia
CGS – iC3D Suite
Enfocus – Enfocus Connect ALL
GMG Americas – GMG ProductionSuite 2.0
Recosoft Corporation – PDF2ID Enterprise 2012

Color Management and Quality Control
EFI – EFI Fiery Color Profiler Suite v4.5
GTI Graphic Technology, Inc. – SoftView Model 50VY-1xiQ
MASTERWORK USA INC. – MK420MINI Full Automatic Sheet Inspection Machine
Xerox Corporation – Xerox IntegratedPLUS Automated Color Management

Variable, Transactional and Multi-Channel
Ricoh – Ricoh Critical Communications Solutions Suite
Transformations – Uluro uDeliver
Transformations – Uluro uSecure
Xerox Corporation – Xerox FreeFlow Digital Publisher
XMPie, Inc. – XMPie Circle

Pressroom: Analog Presses
ACTEGA Kelstar – UltraSheen UV-8220ST
Air Motion Systems, Inc. and AMS UV – UV LED XP5 SERIES
Goss International – Magnum Compact Press Autoplate System
Mark Andy, Inc. – Mark Andy Performance Series flexo printing presses

Pressroom: Digital Presses
Allen Datagraph Systems, Inc. – AXYS HS Digital Label System
Fujifilm North America Corporation – Graphium
Konica Minolta and Komori Corporation – KM-1/IS29 Inkjet Press
Xante Corporation – Impika iPrint Compact 24-24
Xerox Corporation – Xerox IGen4 Diamond Edition

Pressroom: Wide-Format
Canon Solutions America – Océ Arizona 660 XT
Canon Solutions America – Océ ColorWave 900
EFI – EFI VUTEk GS-TF System
EFI – EFI VUTEk HS100 Pro
Xante Corporation – Excelgraphix 4200 P Series, High Speed Wide Format Inkjet

Postpress and In-line Finishing
Allen Datagraph Systems, Inc. – AXYS HS Digital Die-less Label Finishing System
C.P. Bourg, Inc. – Bourg BB3202 Perfect Binder
LasX Industries, Inc. – LaserSharp On-Demand Finishing System
MASTERWORK USA INC. – MK21060STE Foil Stamping/Diecutting Combination w/Stripping
MGI Digital Graphic Technology – JETvarnish 3D Twin w/Foil
Mulier Martini – Presto II Digital Saddle Stitcher

Imprinting, Mailing, Shipping and Fulfillment
Pitney Bowes – Print+ Response Inkjet Module
Printware LLC – JetPress Digital Inkjet Printer with iJetColor Workflow
RISO, Inc. – RISO Inline Print to Mail Solution
W+D North America, Inc. – W+D 234d BP

Management Systems
Avanti – Avanti Sliptshot
EFI – EFI Complete Integrated Workflow for Inkjet
EFI – EFI Radius Business Intelligence v5
SpencerLab Digital Color Laboratory – SpencerMetrics idPA PLUS
Ultimate Technographics, Inc. – Ultimate Bindery v.3

The Future of Print: Technology Demonstrations
AccuZIP, Inc. – AccuTrace with LIVINGMAIL
EFI – EFI GlossControl
EFI – EFI SmartSign Analytics

Standards Updates
A new feature of the NPES Standards Program is the Standards Update, which will bring you the latest information on the activities of national and international standards development including the work being done in CGATS, B65, ISO/TC130 and the ICC. In addition, each issue includes a list of recently published standards, news on events of interest in the printing industry and links to other standards news. Look for the July/August issue of the Standards Update in the Standards Workroom at: www.npes.org.

continued from page 1

Award is completed by June. Our 2013 Legacy Award winner has already been selected and notified—but won’t be publicly revealed until announced at the pre-show EXECUTIVE OUTLOOK conference on September 7, 2013.

By the end of April the online entry submission goes “live” and the call for MUST SEE ‘EMS entries is announced. Once submission is closed (typically in June) online ballots are prepared and invitations for the judges to review the ballots e-mailed. The judges have less than three weeks to review all the entries—in 2013 more than 130!

Once the judging closes, I analyze the scores to determine which products are considered “winners.” The highest-scoring winner from each category receives the “Best of Category” award to be announced at EXECUTIVE OUTLOOK. When the winners are determined, I gather images for the pre-show MUST SEE ‘EMS webinar and notify the winning entrants.

Our industry owes much to the dedicated efforts and innovative spirit of our exhibiting suppliers, and the annual MUST SEE ‘EMS program is a fitting opportunity to recognize their valuable contributions.

Find out more at: www.mustseeems.com.
In the 2000s, eCommerce adoption and innovation accelerated and some printers realized they could harness the power of the Web to reach a broader demographic and geographic audience.

New PRIMIR Study Examines eCommerce Adoption
DIFFERENTIATION IS THE KEY

PRIMIR’s new study, “eCommerce and Print Business Models,” evaluates the impact of eCommerce technology on the business models of print service providers and explores how NPES members might support the transition into eCommerce. The study was conducted by InfoTrends for PRIMIR.

eCommerce is pushing the evolution of the printing industry in new directions. The inherent nature of much of the work that print service providers produce lends itself well to be offered through an eCommerce model, especially since the industry shifted to electronic, file-based desktop publishing in the 1980s and 1990s.

The dot-com explosion in the 1990s provided opportunity and capital to develop software that enabled print producers, sellers, and resellers to connect with print buyers—from large enterprise businesses to individual consumers. In the 2000s, eCommerce adoption and innovation accelerated and some printers realized they could harness the power of the Web to reach a broader demographic and geographic audience.

They could also provide more targeted services to customers by enabling automation in the traditional print service provider business models including over-capacity, pricing pressure and a difficulty to differentiate in the marketplace. Print eCommerce also expands the geographic boundaries in which a print provider can serve.

Today’s advancements in cloud computing, social media, mobile devices, and analytics technologies have seriously challenged the role of the printing industry in the media supply chain. The PRIMIR study follows eCommerce adoption in the printing industry, reviews new business models, provides case studies, and examines considerations for printers and suppliers as they explore new possibilities.

Let’s explore specific opportunities for equipment and supplies manufacturers to support their customers’ transition to an online presence.

Considerations
Aside from a clear business strategy that supports moving to an online model, printers must also evaluate capital expense and operating expense considerations. Pressroom automation is an important factor. However, a key component of any eCommerce solution is software.

As shown in Exhibit 1, print eCommerce is forecast to grow as printers implement eCommerce thus allowing them to seek opportunities to serve current as well as new customers. Demonstrating the overall interest of print service providers to purchase or subscribe to these solutions, the PRIMIR study noted that print eCommerce software revenue for vendors is growing. In fact, this software segment...
endeavor as they review:
• Top-line costs to start an eCommerce print service offering based on different market segments and intended audiences, including potential software and hardware investments. Job complexity is an important factor when considering markets to pursue. Exhibit 2 identifies products that lend themselves well to eCommerce.
• The software purchase decision path to find the right technology to support their cloud computing and SaaS, and
• Investigating examples of eCommerce implementations for custom and packaged services.

Printers Will also Need to:
• Examine manufacturing processes for print eCommerce including automation, standardization, mass customization, and the role that different printing processes play within the eCommerce print services market, and
• Explore similarities and differences between manufacturing processes for eCommerce print providers and traditional print providers, as well as the role that target customers play, if any, in determining those processes.

The study concludes that the bargaining power of suppliers is a moderate threat due to the sheer number of competitors and a supplier’s ability to backward integrate with eCommerce platforms. Differentiation will be key.

NPES members will find opportunity by differentiating themselves through business models, services and solutions that provide increased efficiency and greater benefits to print providers and ultimately their customers.

The “eCommerce and Print Business Models” study was recently circulated to all PRIMIR members. For PRIMIR membership information contact Jackie Bland at e-mail: j bland@primir.org or visit www.primir.org.
transformation is often seen as a key attribute new thing successful is the crucial element to invest in new services. It’s easy to be ex-
any organization’s culture as it thinks ahead focus
has unique characteristics and understanding every company. Each print service provider completely different when necessary.

One on One with GAVIN JORDAN-SMITH

Gavin Jordan-Smith is Vice President, Solutions and Production Planning, Business Intelligence Services for Konica Minolta Business Solutions U.S.A., Inc. Previously, he held key strategic leadership positions within Xerox Corporation, most recently as Vice President, Production Workflow and Solutions, Enterprise Business Group. Jordan-Smith is a 20-year veteran of the graphic communications industry in the United States and United King-
don. He currently serves on the NPES Board of Directors.

As the printing industry consolidates, how have your most progressive customers adapted to remain competitive and profitable?

The talk about consolidation in our industry has transitioned into a reality that many progressive printers are finding impossible to ignore. My company focuses on helping our customers do more with their investment, irrespective of the equipment and services that they provide and that we support.

In our highly competitive environment, focus must be an inherent characteristic of any organization’s culture as it thinks ahead to invest in new services. It’s easy to be excited about something new, but making that new thing successful is the crucial element on which we should all be focused. Such a transformation is often seen as a key attribute of being progressive, yet the actions needed to bring about change are born of leadership and the willingness to do something completely different when necessary.

No one formula can make it all happen for every company. Each print service provider has unique characteristics and understanding them is essential to an equipment manufac-
turer delivering value as a partner to that customer. We have to understand that business development can take many forms—sales training, software investment, new service offerings, acquisitions, and more. Depending upon a company’s focus, the formula for one printer may simply be a variation of these strategies and it’s our job at Konica Minolta to listen and provide the right advice.

While innovation is a much-hyped word these days, in some fields it is an everyday requirement; how does Konica Minolta build innovation into its business model?

I always get excited about innovation. Today the technology platform—printer hardware—is secondary to the solutions platform embedded within it. Expanding our efforts on the solutions product planning side will help us innovate our devices and solve real problems for our customers. It’s through enabling our devices to be connected to workflows and front-end solutions that we can help increase profitability for our customers.

Sparking the need for continuous innovation are the many factors affecting the decline of print volume around the world. Converging technologies, such as mobile, cross-media, web-to-print, variable data print, automated document factories, and more are being realized today, because increasingly we, as consumers, prefer to be communicated with electronically and congregate online in social media portals.

The new technology convergence, however, is business process automation. It’s what’s behind the new value proposition—EnvisionIT Production—that Konica Minolta brings to its customers. We see this as providing meaningful impact that helps our customers become successful, and innovation that helps our customers grow in their investment for technology, software, solutions, and also services to help drive non-print-related work. Furthermore, our sales channels are expanding their educational investment by an individualized consultative approach to support our customers through a combination of services that deliver tangible results.

From desktop to print shop, production print solutions are already multifunctional; what new technology solutions do you see on the horizon?

A lot of new ideas are being born from various concepts—Big Data, Mobility, and Cloud—that are resonating throughout our industry and everyone is on the bandwagon, equipment manufacturers and independent software vendors alike. I like to think that there is still some time before any one of these will make any significant impact. To make a difference in a print service provider’s business, it has to become easier, less costly and a tangible service offering where revenue and savings can be drawn.

Today, Konica Minolta is heavily focused in delivering simple solutions leveraging these concepts. We are investing in our open solutions platform, which is embedded into our technology platform opening up the path to delivering connected software solutions. This year we launched a new portal—bizhub Marketplace—as an environment to procure these applications. We recently launched Cloud connectors that bring together Cloud storage environments for print service providers. In the in-plant segment, we are integrating solutions that give greater visibility and control to the print environment. And, we are launching simple applications monthly, targeting print service providers. The future of innovation is how applications start connecting Big Data, Mobility and Cloud with business automation.

You have been active in NPES and other industry groups for many years. Why and what key benefits do you derive from that engagement?

For Konica Minolta, it’s rather what we would not have if we weren’t involved, than what we do get from being active. Simply put, engaging in industry associations and groups helps to promote growth in the graphic communications business. With a customer-focused approach, our activity in these key industry groups helps guide our decisions for investment, partnership and new development. If I were to pinpoint what we get from leading organizations like NPES, it would be “collaborative consumption.” An emerging buzzword, which I take to mean industry leaders and competitors consuming information collaboratively helps to provide executable value for our customers. Our challenge is to convert this into business outcomes that benefit our customers and our company worldwide.
GAERF awarded nearly $30,000 in scholarships to participating students.

GAERF Awards Student Scholarships to Compete in SkillsUSA Championships

2013 MEDALISTS ANNOUNCED

This year at the SkillsUSA Championships held June 25-28, 2013 in Kansas City, MO, the Graphic Arts Education and Research Foundation (GAERF) awarded nearly $30,000 in scholarships to participating advertising design, graphic communications and screen printing technology students.

SkillsUSA is a national nonprofit membership organization serving more than 200,000 teachers and the high school and college students, who are preparing for careers in trade, technical and skilled service occupations. Among its many programs, SkillsUSA holds an annual National Leadership and Skills Conference, where more than 15,000 people—including students, teachers and business partners—participate in the week-long event to showcase the top career and technical education students in the nation.

This national conference includes the SkillsUSA Championships, which this year hosted nearly 6,000 contestants— all state contest winners—competing in 98 different trade, technical, and leadership contests. Its purpose is to reward students for excellence, directly involve industry in evaluating student performance, and provide training relevant to employers’ needs. To that end, the exhibition, which occupies a space equivalent to 16 football fields, is held with the assistance and support of more than 1,100 industry, trade associations and labor organizations.

Support for this year’s Graphic Communications contest was provided by Baumfolder Corporation; Boeite-Hall, Inc.; GAERF; Heidelberg USA; Printing Industries of America; Quad Graphics; Ricoh; R. R. Donnelly; and, Xerox.

Graphic Communications participants were among nearly 6,000 contestants competing in 98 different trade, technical and leadership contests.

Attention to the smallest detail is required to win one of the coveted medals.

Hands-on training from industry experts is a big part of the SkillsUSA Championships experience.

Red jackets all around for the championship medalists!
NPES owes enormous thanks and gratitude to Kip for his dedication and commitment to our members and our industry.

Celebrating 33 Years of Service to NPES
KIP SMYTHE—THE NEXT CHAPTER

Recently the NPES family celebrated Kip Smythe’s 33 years with our organization and, at the same time, said farewell, not goodbye, as Kip heads out to another chapter of his life and rides off to his beloved Arizona home, where he will continue to work as a consultant to the industry and to the organization that he helped shape, mold and influence.

Turn back the clock to August 1980, which was when William “Kip” Smythe, Jr. joined our organization as Director of Member Services. When he started at NPES in his early 30s, Kip brought with him the drive, versatility and energy that would go on to help shape everything from our PRINT OUTLOOK Conference and Market Data Program to our market research efforts and our international services and programs. Add to all this the guidance of our standards programs and his role as executive secretary of the International Color Consortium and we can certainly say that William “Kip” Smythe, Jr. gave everything to ensure the success, versatility and effectiveness of our programs and services for our members.

Needless to say Kip is highly renowned in our industry, earning many honors and tributes over the years. The most recent being the 2013 Meritorious Service Award that ANSI will bestow upon Kip Wednesday, October 2nd at the Newseum in Washington, D.C.

NPES owes enormous thanks and gratitude to Kip for his dedication and commitment to our members and our industry. His knowledge of our industry is tremendous. His quiet, unassuming, often dry humor and wit cannot be replaced. As a teacher and mentor, his folksy, charming manner—and let’s not forget that sharp intellect—has encouraged and supported many of us in our careers. As these few images show a small part of the diverse role he served over those 33 years, we’d all like to say, “It’s been and will continue to be a pleasure, Kip.” Go west young man!


Kip Smythe with former NPES Chairman William E. Sherman (c) and Leslee Wheeler (l).

Kip Smythe joins former NPES Chairman William E. Sherman (c) and Leslee Wheeler (l).

Kip Smythe at his induction into the Soderstrom Society, with former NAPL Chairman Lou Brand at the NAPL Soderstrom Awards, October 9, 1995.

And on to the next chapter...
NPES agrees with the Working Group’s conclusion that an agreement that deals comprehensively with bilateral trade, investment and regulatory issues, while contributing to the development of global rules, would provide the most significant mutual benefit.

NPES Supports Transatlantic Trade and Investment Partnership

In a letter addressed to Ambassador Demetrios Marantis, Acting United States Trade Representative, NPES stated its support of the proposed Transatlantic Trade and Investment Partnership (TTIP), which is in harmony with, and advances NPES’s longstanding support of free and fair trade. As the United States-European Union High Level Working Group on Jobs and Growth (Working Group) noted in its June 19, 2012 Interim Report:

“…transatlantic trade and investment are the backbone of the world economy. Together, the European Union (E.U.) and the United States (U.S.) account for nearly half of world GDP and 30% of world trade. Each day, goods and services worth $2.7 billion/€2.0 billion are traded bilaterally, promoting economic growth and supporting millions of jobs in both economies. In addition, the United States and the E.U. have directly invested more than $3.7 trillion/€2.8 trillion on both sides of the Atlantic.”

In light of the magnitude of these statistics and with the enormous potential for even greater economic growth in mind, NPES agrees with the Working Group’s conclusion that an agreement that deals comprehensively with bilateral trade, investment and regulatory issues, while contributing to the development of global rules, would provide the most significant mutual benefit to both the U.S. and the E.U.

Therefore, as negotiations commence, NPES has indicated its support of the following as key objectives of the TTIP:

• Enhanced compatibility of regulations and standards
• Elimination or reduction of conventional barriers to trade in goods, such as tariffs and tariff-rate quotas
• Elimination, reduction, or prevention of barriers to trade in goods, services, and investment
• Elimination, reduction, or prevention of unnecessary “behind-the-border” non-tariff barriers to trade in all categories
• Effective enforcement mechanisms that reinforce protection of intellectual property rights, and provide appropriately strong sanctions designed to deter violations of those rights, and
• Enhanced cooperation for the development of rules and principles on global issues of common concern and also for the achievement of shared global economic goals.

To view NPES’s full letter in support of the Transatlantic Trade and Investment Partnership visit: www.npes.org/TTIP_Comments.

For more information contact NPES Government Affairs Director Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: mnuzzaco@npes.org.
Printing industry capital expenditures have always had a strong relationship with printing shipments. Because most print businesses are privately held enterprises selling relatively undifferentiated products, management according to near-term cash flow has been common. Therefore, when printing industry shipments decline, as they have in the digital media era, one would expect capital expenditures to change as well.

Economic pressures, technological change, and new forms of media competition have all played a part in changing the relationship of industry shipments and capital investment.

In 1998, a relatively strong year for commercial print in that decade, 4.9% of shipments was spent on capital investments, or approximately $7 billion in today’s dollars. By 2011, the percentage had gradually fallen to 3%, or under $3 billion. The data reflect the disappearance of dedicated prepress equipment into software, workflow, and communications technologies, as well as the reduced demand for big ticket purchases such as heatset web offset, gravure, and other long run length production equipment.

Mergers and acquisitions (M&A) disrupt traditional capital purchase patterns by shifting resources from the industry’s production infrastructure to the purchase of companies.

Figure 1 shows how the ratio of shipments and capital expenditures has changed over the years, but also illustrates how those purchases are split between used and new.

The data show occasional bursts of used equipment purchases. When printers start to consider the purchase of new equipment, one of the places they look first is the used equipment market. It’s not because the equipment is used, it’s because the economic struggles of print businesses have often resulted in the displacement of relatively new equipment.

The amount of used equipment purchases in a particular year is related to its availability. When there is an increase in the number of print business closures, that equipment comes to market. When leases go bad and the equipment is repossessed, that equipment ends up in the used equipment market. Economic distress makes used equipment sales rise. Because printers are inclined to check used equipment sources first, this is not a surprise. “Young” used equipment is usually a good deal. Sometimes printers seek used equipment because they want a particular model similar to what they already own. This gives them the benefit of minimized downtime for employee training and ensures smooth operations as that equipment is integrated into their shop.

The printing business is also consolidating. While the late 1990s had print businesses selling at very high prices, that is not the case now. In the ‘90s, companies were often purchased for their equipment, facilities, and liabilities. As the print business has changed, there has been a greater emphasis on “tuck-ins.” In this type of purchase, the acquiring company is just looking for access to a customer base rather than buying the whole company. This often leads to abandoned equipment, or equipment tied up in bankruptcy. Used equipment is cheaper, abandoned equipment is cheaper yet. This further reduces the price, which means that you can’t use the data in the chart to say in 2011 that “only 6.5% of capital equipment expenditures were for used equipment, so it’s a tiny market.”
This means that even though capital equipment purchases as a percentage of sales may be going down, the number of units of equipment being sold or purchased may not be declining as much. Most displaced equipment finds a new home, eventually.

There is always the concern that used equipment sales prevent a new equipment sale. This is why there is often a desire to move old equipment that has been traded in as part of a new equipment sale out of the North American marketplace. Years ago, trade-ins in the U.S. would head to Asia, Africa, Central or South America. Now these regions are buying new equipment, or leapfrogging to other technologies, such as skipping offset starting immediately down the digital printing path.

That said, there are times when used equipment is a means of saving funds for mainstream operations and preserving funds for new equipment purchases. This is extremely important when there is a technology change and used equipment becomes a means of transition from the old to the new.

Mergers and acquisitions tend to depress new equipment purchases. First, they divert resources to the purchase of the business and its financing. Second, merged companies “cherry pick” equipment involved in the merger, keeping the best and discarding the unneeded, thus reducing the dollars available for the latest equipment.

One of the justifications for printer M&A may be the avoidance of new capital expenditures. That is, companies may have considered purchasing the same new equipment, but once merged, only one purchase is needed.

In the long term, used equipment is a means of the industry preserving its capital and dispersing scarce resources efficiently. Changes in patterns of capital investments are a reflection of industry conditions, economic factors, and adaptation to changes in demand, especially new communications competitors.

Dr. Joe Webb, Director of WhatTheyThink.com’s Economics and Research Center, and President, Strategies for Management, Inc. is one of the graphic arts industry’s best-known consultants, forecasters, and commentators. www.drjoewebb.com

While patent trolls hurt firms of all sizes, the majority of PAE lawsuits target small and inventor-driven companies.

NPES Tackles “Patent Trolls” Menace

Like a summer derecho, the issue of “Patent Trolls” blew up in early June and NPES has weighed in to help stop calculated, abusive and costly assertions of questionable patent rights against printers and their suppliers. This aggressive practice is not new or novel, but it has reached new heights in recent times.

Founded in the Constitution, the U.S. patent system’s purpose is to provide a powerful incentive for innovation, by securing for a limited time authors’ and inventors’ exclusive rights in their writings and discoveries. However, this incentive and the patent rights that protect it must be carefully limited so as not to retard future innovation. Excessive enforcement of exclusivity through abusive litigation or overly broad patent claims, which often result in reduced innovation, income and jobs for the American economy, must be stopped.

Not all firms that own patents “practice” them, i.e., employ them in making products; nevertheless, some of these firms play an important role in facilitating creative new value in the economy by connecting manufacturers with inventors. However, others known as Patent Assertion Entities (PAEs, or “patent trolls”) instead use aggressive litigation tactics such as threatening to sue thousands of companies at once without specific evidence of infringement against any of them; creating shell companies that mask from defendants who is suing them; and, asserting overly broad patent rights to extract unwarranted settlements.

According to a June 2013 White House report, lawsuits brought by patent trolls have tripled in just the last two years, rising from 29% to 62% of all infringement cases. The report also asserts that PAEs may have threatened over 100,000 companies with patent infringement last year alone. And while patent trolls hurt firms of all sizes, the majority of PAE lawsuits target small and inventor-driven companies. In addition, PAEs are increasingly targeting end users of products, including a number of firms in the printing industry.

The White House report also explains that PAEs take advantage of uncertainty about the scope or validity of patent claims, especially in software-related patents, due to the relative novelty of the technology, and because it has been difficult to separate the “function” of the software, for example producing an image, from the “means” by which that function is accomplished. In the printing industry these assertions have alleged patent violations of networked computer-to-plate (CTP) workflow technology, and have demanded licenses starting at $75,000 and up to avoid even more costly patent infringement litigation.

Both President Obama and Congress are taking steps designed to reduce if not eliminate the rapidly growing menace of patent trolls. Specifically, House and Senate Judiciary Committee Chairmen Congressman Robert W. Goodlatte (R-VA) and Senator Patrick J. Leahy (D-VT) have developed a bipartisan, bicameral legislative Patent Discussion Draft that includes provisions dealing with federal court procedures, U.S. Patent and Trademark Office practices, and improvements to the Leahy-Smith America Invents Act. Legislation is anticipated this summer.

For his part, President Obama has announced a series of legislative recommendations and indicated his administration’s willingness to work with Congress, and he has also unilaterally issued a set of Executive actions to help bring about greater transparency to the patent system and level the playing field for innovators.

NPES is coordinating its response to patent trolls with NPES members and other groups in the printing industry, and is most receptive to information about specific instances of patent troll abuses.

For more information see: www.npes.org/Portals/0/pdf/WhiteHouse_on_PatentTrolls.pdf or contact NPES Government Affairs Director Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: mnuzzaco@npes.org.
The first six months of 2013 basically represent a flat market with up and down fluctuations in new equipment filings.

Market Intelligence News: UCC Filing Update

A Uniform Commercial Code Form 1 (UCC-1) filing is a financing statement required by law to be filed with the state to show that one party (usually a lender) has a security interest in another party’s (usually a borrower’s) personal property, and most frequently relates to the commercial financing of capital equipment through a lending institution. UCC data is filed every day throughout the U.S. Each UCC data filing statement has three components: the borrower, the lender, and what the borrower purchased, including make, model and serial number. Once the data is filed, EDA’s more than 50 employees manually review each filing to identify and correctly classify the transactions of printing equipment. What results is a robust database that offers subscribers continually updated information on exactly who is buying or leasing what pieces of equipment.

The first six months of 2013 basically represent a flat market with up and down fluctuations in new equipment filings. The year started off with 394 units and in June, it dropped to 337 units, a 14% decline. There has been a steady decline since December, where units were as high as 490 (31% decline). It is still difficult to tell if we’ll witness a steady growth pattern since we continue to experience short periods of growth followed by declines. Used equipment filings have followed a similar up and down pattern as well and those filings have fallen to 119 units in June, down from 215 units at the start of 2013 and 146 units in December.

This information is extracted directly from EDA’s comprehensive database of nearly 30,000 records for purchasers of printing equipment.

For more information, or to join the free NPES Market Data program, contact Assistant Director, Market Data & Research, Rekha Ratnam, at phone: 703/264-7200 or e-mail: rratnam@npes.org. For specific information about the market intelligence services offered by EDA, contact Mauricio Jurin at phone: 704/845-1099 or e-mail: mjurin@edadata.com.