China Trade Mission Opens Doors for NPES Members

HUĀNYÍNG NÍN DÀO ZHÔNGGUÓ (WELCOME TO CHINA)

One of the most effective ways to explore a potential export destination is to participate in a delegation or mission, an organized group travelling to a target country specifically for the purpose of prospecting the market, connecting with the business community in the industry and meeting potential clients, distributors or partners.

From November 13-17, 2011 a delegation of nine NPES members representing five companies, led by NPES President Ralph Nappi, and NPES Market Representative for China Ya-Ping Zhou, visited Shanghai. NPES companies represented were: Beta Industries, Global Graphics, Harris & Bruno International, Spiel Associates and Thompson Manufacturing. The trade mission program was built around the All in Print China 2011 show, where NPES and its members shared a booth.

The successful All in Print China 2011 show took place at the Shanghai New International Exhibition Centre. The exhibition welcomed a record-breaking 55,586 visitors from 99 countries, of which nearly 4,000 visitors came from other countries. The total exhibition area of 69,000 square meters showcased 629 exhibitors from 20 countries. Compared to All in Print 2008, the percentage of international visitors rose by 40%.

The NPES trade mission’s main goal was to expose our members to new opportunities that continue to open in China. The emergence of China has been one of the most striking stories in economic history and it continues to be one of the world’s fastest-growing economies with a population of nearly 1.3 billion. China’s efforts to reform and modernize its economy have helped transform the country into a large trading power. During its more than 30 years of continued free market economy reform, China became the second-largest economy in the world at the end of 2010 with its 2010 GDP growth at 10.3%.

In China the:
- printing industry has grown into one of the world’s most dynamic printing markets comprised of 100,000 printing enterprises with nearly 3.5 million employees;
- printing equipment and...
Our Evolving Industry

Chris Payne
NPES Chairman

Q. As Director, Business to Business Marketing and Vice President, Eastman Kodak Company, you’ve had the opportunity to see this industry change and adapt a lot. What are you hearing about the next three years? And for the next five years, what do you see?

A. It’s a very exciting time in the industry. As you look across the globe and ahead to 2015, you’ll see the dynamic transformation of the print market continuing to accelerate. The industry is experiencing double-digit growth rates in digital pages, printers are expanding their businesses into multichannel communications, publishers are embracing new book publishing models, brand owners are driving explosive growth in packaging, and in emerging markets there is strong growth for both offset and digital printing. On the supplier side of the industry, vendors are moving rapidly to digital and also a global presence, resulting in consolidation and partnerships to better serve our customers.

Q. Kodak has been in the news a lot lately; can you give us an idea about some of the innovations coming next?

A. Over the past decade, Kodak has been managing a major business transformation as the graphics industry and consumers switched from film to digital technologies, and we remain focused on delivering our strategy to become a profitable, sustainable digital company. To achieve our goal, Kodak has invested heavily in digital technologies, and we have developed breakthrough products such as the game-changing Prosper continuous inkjet platform and Kodak’s award-winning flexographic technology. Today, more than 40 percent of commercially printed pages are touched by Kodak technology, and more than 30 percent of all digital offset plates are imaged on Kodak CTP devices. Moving forward, Kodak will continue to do what it has always done—bring products and services to market that help our customers do more, do it better, and do it faster.

Q. Some industry organizations are effectively adapting to the changing business model by incorporating new print products into their service offerings. Why do you think that printed organic and printed electronic applications are viable new opportunities for these ‘early-adopters’?

A. The digital imaging market is undergoing dynamic transformation that we see as an exciting opportunity. We have been a leader in imaging innovation for many years, and we continue to focus R&D efforts on developing solutions that make it easier for people to interact and communicate. In the future, we will partner with our customers to transform the world of imaging in ways many can’t even imagine today.

Q. Kodak has branched out in many different services that complement its equipment offerings. Which of these services have you found to be most valuable to printers today, and why?

A. In a challenging global economy, our customers all over the world are searching for practical solutions and expert guidance that will help them succeed in the transition from traditional print to multi-channel communications. Kodak’s service professionals are dedicated to helping customers build their businesses, optimize the applications they offer, and enhance the performance of their products.

Q. As NPES has just embarked on a new Strategic Plan for the organization, what are your hopes and expectations for how NPES serves its members in the future?

A. The world is digital, the world is global, and NPES therefore needs to service the organization with the right balance of activities that will prepare our supplier and customer members with the right information and services to progress print in the rapidly changing environment.

Q. You have been active in NPES for a number of years—so from among all of the services offered, which are the ‘best’ from which the Kodak team has availed themselves of and benefitted most?

A. I and my organization use many of the services, market intelligence, share and market size reports. We also attend networking forums, trade shows, and industry events, both within the U.S. and Internationally. NPES also provides a series of intellectual services that help our business perform more effectively. As a larger (in revenue) member, we do a number of activities ourselves, which means for smaller companies, NPES provides even more value.

Q. Kodak has branched out in the news a lot lately; can you give us an idea about some of the innovations coming next?

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How can print remain relevant in an increasingly digital world? What are the hot technologies for growth and profitability? What strategies can your company engage to combine the power of print with e-communication technologies? How can you transform your sales team to deliver the ‘ultimate customer experience’ to retain and gain market share? Is your sales compensation plan working? These questions and more will be answered in-depth at the second annual Vision 3 Summit, themed “Focus Your Vision on Transformation and Growth,” coming February 19-22, 2012, to the Marco Island Marriott, in Marco Island, FL.

The foremost executive leadership conference for the graphic communications industry is back again—sponsored by NAPES The Association for Suppliers of Printing, Publishing and Converting Technologies; the National Association for Printing Leadership (NAPL); and, Printing Industries of America—to deliver the latest intelligence on all aspects of running a progressive graphic communications business today.

Attendees can look forward to a riveting keynote presentation on the global economy and its impact on printing companies with Dr. Jeffrey Rosensweig, Director of the Global Perspectives Program, Goizueta Business School of Emory University. Here, Dr. Rosensweig will explore the opportunities and challenges in today’s global economy as he delves into market impacts on wages, inflation, interest rates, consumption demand and the federal budget. “Understanding the dynamics of the U.S. economy requires today’s executives to recognize the impacts coming from Europe, Asia and the rest of the globe—from trends and possible changes in the global economy to developments in debt-laden and endangered Europe,” Rosensweig says.

“Welcome to a brave new world,” says Dr. Samir Husni, aka ‘Mr. Magazine,’ Director of the Magazine Innovation Center, Meek School of Journalism and New Media, University of Mississippi. The relevance of print to e-technologies will be explored in this timely, upbeat session as Dr. Husni explains why, “Electronic technologies aren’t the enemy of print.” But rather “When used effectively, they are useful tools that can amplify the value and future of the printed word. The secret begins with learning how to match the message to the medium.”

How can printers stay relevant in the minds of CMOs and the public by combining the strength of print with electronic communications technologies? “With mobile marketing, QR codes, augmented reality and iPads, Kindles, Nook Color and other tablet devices, there are plenty of new communication alternatives to print. Then, just when you thought you understood these technologies, along comes Blippar video, Documobi, Daqri, Clic2C and Aurasma,” says Kevin Keane, President, International Association of Printing House Craftsmen, one of many conference session subject experts.

These hot topics are just a sampling of the provocative and varied Vision 3 Summit content on tap from business and industry knowledge experts who will cover the:

- Latest Economic & Industry Data,
- Current Marketplace Updates & Trends,
- Fresh & Original Industry Research Results,
- Executive Level Solutions-Oriented Sessions, that now include the

Attendees at this ‘mega’ industry event will depart with a clear vision of the future as Andy Paparozzi, Senior Vice President and Chief Economist, National Association for Printing Leadership, caps off the program with the findings of a decisive 2012 outlook that pinpoints trends in sales, confidence, employment and other key indicators—plus, who’s going to make it in an industry that still offers plenty of opportunity.

Register today! Plan now to join your peers when your industry convenes at the Vision 3 Summit 2012. For complete information, sponsorship opportunities, and to register visit: [www.vision3summit.org](http://www.vision3summit.org).
Postal Legislation High Priority for Congress in 2012

U. S. Senate Majority Leader Harry Reid (D-NV) has reportedly stated that his first priority in 2012 is enactment of comprehensive reform legislation that will put the United States Postal Service (Postal Service or USPS) on a sound footing for the future. In December the Postal Service announced that it would delay closing or consolidating post offices and processing facilities until May of 2012, giving Congress time to act before taking unilateral action on its own. This was in response to the pleas of 15 Democrat senators who feared the loss of thousands of Postal Service jobs in their states. The National Association of Letter Carriers union also lauded the moratorium on closures and consolidations, citing the opportunity it gives all parties to find other avenues of cost savings for the Postal Service.

On September 15, 2011 the Postal Service announced plans to review its mail processing network in hopes of reducing costs in the face of huge operating losses resulting from plummeting First Class mail volume, with the possibility of closing or consolidating up to 3,700 post offices, many of them rural, and over 250 processing centers.

Unlike Senate Democrats and postal unions, Chairman of the House Oversight and Government Reform Committee, Republican Darrell Issa (R-49-CA), chief sponsor of postal reform legislation in the House, expressed dismay over the USPS action, characterizing it as caving in to political pressure the result of which will hasten the crisis “that is bringing USPS to the brink of collapse.”

Most recently, the Senate Homeland Security and Governmental Affairs Committee approved S. 1789, The 21st Century Postal Service Act of 2011, which contains many provisions advocated by NPES and its allies in The Coalition for a 21st Century Postal Service (21C). Earlier the House Committee on Oversight and Government Reform approved legislation, H.R. 2309, The Postal Reform Act, co-sponsored by Committee Chairman Darrell Issa and Congressman Dennis Ross (R-12-FL). 21C has commended the House bill’s co-sponsors for their determination to find a sustainable business model for long-term viability of the Postal Service, but also expressed concerns about certain key aspects of their legislation, most notably the structure and powers of the bill’s receivership authority; the absence of financial relief concerning pension and health funds; and, the potential for rate increases.

Unless action is taken now, the United States Postal Service will run out of operating capital and be unable to pay its workers and suppliers by mid-2012, if not sooner. In the face of such an unthinkable prospect, NPES and its 21C allies are working to advance both the House and Senate bills in a pragmatic effort to develop consensus legislation that is both bipartisan and bicameral.

Finally, USPS has filed a proposal to revise current service standards for First Class Mail, Periodicals, Packages and Standard Mail. The most significant revisions would eliminate overnight service for First Class Mail and Periodicals, substituting 2 and 3 day delivery service. As required by law, the Postal Service has asked the Postal Regulatory Commission (PRC) for an advisory opinion on the proposed changes to nationwide service. PRC Docket N2012-1 has been opened on the matter, with provision for both formal participation and informal comment.

supply manufacturing output value was $1.04 billion U.S. dollars, a 19.74% growth from 2009; • industry has maintained a double-digit annual average growth rate during the period from 2001 to 2010; and, the • printing industry as a whole is healthy, and showed strong growth from domestic market demand that benefited from government stimulus policy as well as a quick shift from export to domestic services.

During the NPES trade mission, the delegation met with representatives from the U.S. Commercial Service office in Shanghai for a market briefing to better understand the opportunities in China. Shanghai Goss Graphic Systems hosted a visit and tour of their plant, which was over 76,500 square meters.

Some trade mission participants meet with (5th from left) Sarah Fox-Shin, Commercial Officer; and, (6th from left) Paul Taylor, Deputy Principal Commercial Officer, U.S. Commercial Service.

Shanghai Goss Graphic Systems is the largest joint venture press manufacturer in China with a broad portfolio that includes: newspaper web offset presses, commercial sheetfed presses and metal printing and coating equipment, as well as numerous press auxiliaries. With more than 800 skilled workers, Shanghai Goss Graphic Systems has been growing business at an average rate of 15% in the past five years and has become the new global source for the Goss Community press series.

Hosting our delegation as well was Shanghai GuangHua Printing Machinery, a joint venture enterprise between The Shanghai Electric Corporation and American Morningstar group. GuangHua is the largest package printing machinery company, and the biggest multicolor offset press production base in China. As the formula for successful NPES trade missions always includes incorporating highlights of the local culture—what better way to end a trip to China than a river cruise on the Bund! In concluding the travelogue on our trade mission to China, which revealed the existing opportunities there, we look forward to following our members’ progress in the international arena.

Epilogue: with the National Export Initiative, President Obama has set a goal of doubling U.S. exports by the end of 2014 to support millions of jobs in the U.S. and get U.S. companies to become more competitive internationally. Participating in an NPES trade mission is a start; join us in 2012 as we explore new opportunities in Indonesia, Germany, Colombia and Brazil!

— Scott Michel, Vice President Sales & Marketing, Harris & Bruno

The NPES trade mission to Shanghai, China gave participating NPES members the opportunity to prospect the market and meet potential clients, distributors and partners.

Mark Your Calendar!

NPES Trade Missions and Shows in 2012

April 19-28
Trade Mission to Indonesia

May 3-16
Drupa show in Germany (NPES member booth)

September 15-23
Trade Mission to Colombia and Brazil

Being a relatively small manufacturing company in the U.S., these trade missions are a useful tool in helping us expand into international markets. Having local NPES representation helps us to arrange and meet potential partners, and feel a strong sense of trust in the people we are meeting.”

— Scott Michel, Vice President Sales & Marketing, Harris & Bruno
During the PRIMIR Winter Meeting in Charleston, SC, December 5-7, attendees enjoyed meaty content along with extraordinary member involvement and networking.

Research Study Presentation

The Impact of Electronic Technologies on Print, by Marco Boer, Vice President, I.T. Strategies.

Quick take: It isn’t the effect of electronic technologies impacting our industry as much as the changing needs and business models for customers in all application segments. This session provided in-depth details about 12 key print applications along with implications for PRIMIR members.

“The Impact of Electronic Technologies on Print” PowerPoint presentation is available for members to download from www.primir.org under “Research Studies.” The final study will be distributed to NPES and PRIMIR members this month.

Recent Research Recap

Economic Indicators for Print (Mini Report)

The goal of this research was to identify a set of indicators that can be used to forecast the economic outlook for the print industry. The deliverable is a report identifying leading indicators for print volume in the U.S. by market segment, market sector, or production technology along with a user-modifiable model for short-term projections. The report with CD was circulated to all PRIMIR and NPES member delegates in late November.

Evolution of General Commercial Print: Implications for the Future

With a key focus on North America and some coverage of Western Europe, this study covers general commercial print, but excludes print providers that only focus on a single niche application such as packaging, publishing and newspapers. It looks back over the past 10 years at commercial printers, applications, workflows, mergers and consolidation drivers, print processes, customers/buyers, the supply chain, and business structures, practices and services. The report was mailed to all PRIMIR member delegates; the PowerPoint slides are posted in the Members-only section of www.primir.org.

Printing Industry Consumables Usage & Trends

The study identifies consumables shifts as printers transition from conventional to digital by application including secondary research, with quantitative estimates for consumption patterns and shifts. It provides an understanding of the U.S. usage trends for the numerous consumables utilized by the various print processes (flexo, gravure, offset & digital) and by major application segments (packaging, newspapers, general commercial, publication, and government/in-plant/education). Consumables included are: coatings (UV and aqueous), toner, and pressroom chemistry to include: fountain solutions, silicones, washes, blankets and plates. PRIMIR members received copies of the report, and an Executive Synopsis was distributed in November to both PRIMIR and NPES members.

2012 Research

Evaluating and Understanding Non-Print Revenues of N.A. Printing Companies

Since the 2006 PRIMIR study was completed, printers continue to add non-print ancillary services to augment their ‘core’ print-on-paper business with many adding services beyond mailing and fulfillment. This study will benchmark the revenue volume and types of non-print-related services offered and forecast trends through 2015, with findings broken out by employee size, process, and end-use/segment specialization. The research will outline the impact of ancillary services on the printer’s business including revenues, profitability, estimating, costing, staffing, workflow, equipment purchases, and more. The report will also make recommendations to printers about tracking their revenue sources through various systems, and will also discuss opportunities and impacts for graphic arts equipment and consumables suppliers. The final results will be presented at the PRIMIR Spring Meeting. All PRIMIR members will receive a copy of the report. NPES and PRIMIR members will also receive an Executive Synopsis of the findings.

Packaging: Evaluation of Vertical Markets & Key Applications

As part of a continuing series of studies focused on packaging, this study will delve into the primary vertical markets such as

PRIMIR Meeting Special Recognitions

Andy Gordon for his leadership as Task Force Chairman for the study, “Evolution of General Commercial Print: Implications for the Future.”

Mike Troy and Rainer Wiechell for their leadership while completing the study, “Printing Industry Consumables Usage & Trends.”
The chart compiled from UCC data provided herein by Equipment Data Associates (EDA), shows up-to-date UCC (see definition below chart) activity for all printing equipment. Although UCC filings are a combination of new equipment sales, used equipment sales and refinancings of existing placements, they are still a strong indicator of market activity. October data was revised from 381 units up to 461 units, which is now 38% ahead of 2010 levels. Although down slightly from October, November new equipment filings were 412 units, which is 19.4% up from 2010. All in all, much stronger performance than 2010. Used equipment filings continue to trend down compared to 2010 levels while new equipment filings rise...a very positive trend for NPES members. This information is extracted directly from EDA’s comprehensive database of nearly 30,000 records for purchasers of printing equipment.

For each of the data points in the table, subscribers to EDA’s market intelligence services can see exactly who purchased the piece of equipment—and the manufacturer and model. NPES member companies that participate in the free NPES Market Data program are eligible for significant discounts on EDA’s services. By combining the critical purchaser information from EDA with the comprehensive market statistics, analysis, and forecasts provided by NPES’ free Market Data program, participating NPES member companies can get a complete picture of the current and anticipated future activity in the marketplace.

For more information, or to join the free NPES Market Data program, contact NPES Assistant Director for Market Data, 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.

### Other Future Research Studies

A number of new task forces are engaged in developing future PRIMIR research studies. The topics, details of which are found at www.primir.org include:

- **E-Commerce & Print Business Models**
- **Emerging Printing Technologies & Applications**
- **The Impact of Integrated Marketing on the Printing Industry**
- **Packaging in Emerging Markets (Latin America & Asia-Pacific)**
- **Value-Added Print and Finishing for Improved Profitability**
- **The UV/EB Printing Market by Application**

NPES or PRIMIR members with an interest in any of the following future research topics who wish to be added to a task force, please contact Rekha Ratnam at: rratnam@npes.org so that we may include you in all between-meeting dialog (e-mails and conference calls) relative to the new study.

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**Market Intelligence News: UCC Filing Update**

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NPES Members Integral to Development of B65 Series of Safety Standards

As the printing machinery industry becomes more globally oriented, it becomes increasingly important to have uniform international safety standards allowing manufacturers to design and build equipment to a single set of safety standards, regardless of the country of import/export.

NPES recently published the B65 series of safety standards under the title Graphic technology – Safety requirements for graphic technology equipment and systems. Integral to the development of these standards were NPES members: Goss International, Quad Tech, Inc., Baumfolder Corporation, MEGTEC Systems, Inc., ILF Technologies, Heidelberg, U.S.A., C&P Microsystems, and manroland, Inc. This work was completed by the ANSI-accredited B65 Committee, which consists of several subcommittees that address safety for printing press systems, cutting machines and stand-alone platen presses, as well as binding and finishing systems.

The purpose of the B65 Committee is to develop ANSI safety standards for printing presses, bindery machines and other printing equipment relative to the design, arrangement, designation, and color scheme of controls and signaling devices, as well as to guarding and interlocking of guards. Also addressed are other mechanical safety devices, symbology and safe practices as they apply to printing equipment.

The B65 Committee endeavors to coordinate with similar activities in the European community, and with other countries through participation in related work in the International Organization for Standardization (ISO).

These B65 standards were revised via national adoption of the current ISO 12643 series, modified with specific requirements for the U.S. market, that are clearly marked throughout and compiled in separate annexes. They are available for purchase from NPES.

For more information or to order, visit the NPES Standards Workroom at: www.npes.org/Programs/Standards-Workroom.aspx or contact Debbie Orf, NPES Assistant Director of Standards, at phone: 703/264-7229 or e-mail: dorf@npes.org.