Chicago to Host Concurrent GRAPH EXPO, CPP EXPO, PROCESS EXPO, International Dairy Show and InterBev Process

SEPTEMBER MEGA EVENT ANNOUNCED FOR PROCESSORS, PACKAGERS, PRINTERS AND CONVERTERS

Chicago’s McCormick Place will host an unprecedented expo combination with GRAPH EXPO 15 running September 13 through 16, 2015 in the South Hall with the co-located CPP EXPO show, and PROCESS EXPO running September 15 through 18 in the North and East Halls. With trending industry issues and innovations related to food packaging design, migration, and expiration, the concurrent events will offer a first-of-its-kind opportunity for printers, packagers, processors, and converters to intermingle and explore the global scope of these vital facets of the graphic communications and packaging/processing industries. During the two-day overlap, attendees at either event will have all-access admission to the exhibit halls for all events.

“Industry convergence has been a hot topic and driving force for many years,” said Graphic Arts Show Company (GASC) President Ralph Nappi. “GRAPH EXPO and the co-located CPP EXPO are geared to the graphic communications and packaging industry segments while PROCESS EXPO and the co-located International Dairy Show and InterBev Process shows are targeted at processing and packaging innovations in the food, dairy, and beverage industries. For the first time, processing, packaging, printing, and converting will all converge in one location.”

Billed as “The Global Food Equipment and Technology Show,” PROCESS EXPO is owned and organized by the Food Processing Suppliers Association (FPSA), a global trade association serving suppliers in the food and beverage industries. Show co-location partners include InterBev Process, a capital goods trade show event covering the entire beverage industry value creation chain, and the International Dairy Show, owned and organized by the International Dairy Foods Association (IDFA), which features packaging, processing, technology, ingredients and distribution solutions for the global dairy.

“PROCESS EXPO, together with our show partners, is the Western Hemisphere’s leading food and beverage technology event,” according to David Seckman, President and CEO of the Food Processing Suppliers Association. “With over 1,000 exhibiting companies included in the joint PROCESS EXPO, InterBev Process, and International Dairy Show, attendees will see the latest innovations for the ever-
It is best to begin estate planning early so issues can be resolved and the plan has time to be implemented throughout the year.

**Don’t Procrastinate!**
GET STARTED ON TAX AND STRATEGIC PLANNING FOR 2015

Too often, businesses wait until late in the year to do their strategic and tax planning. While there are some actions that can be taken then, those who work proactively throughout the year, implementing business and tax strategies, perform far better than those who wait until the last minute.

**Business Operations**

According to the latest *Beige Book* report, the Federal Reserve’s review of economic trends in the country, the overall U.S. economy is continuing modest or moderate growth. Given this, businesses should work hard to increase revenue and look to hire additional staff. Lately, as there has been a trend toward hiring temporary staff ahead of full-time employees, consider developing a relationship with temporary staffing organizations. Because it is expected that business will continue to build and stabilize during 2015, now is the appropriate time to ramp up labor and inventories.

**Tax Planning on Investments**

Instinctively, businesses tend to cut investments when business is slow. Ordinarily, purchasing less in leaner times would be appropriate; however, Internal Revenue Code Section 179 is still an incentive to make additional investments. In 2014, the deduction was reenacted to its higher limit of $500,000, but only for 2014. This means that any qualifying equipment placed in service up to December 31, 2014 qualifies for the enhanced deduction. So far, in 2015, the deduction has, once again, fallen back to $25,000.

**Financing**

As the past economic downturn has also brought lower financing rates that currently remain in the expansion, financing of buildings and equipment may be eligible for lower refinancing rates. Check with your bank to see if your loans can be refinanced, and also the fees and costs before committing.

**Estate Planning**

Business executives who are contemplating estate planning this year will need to know that for 2015, the estate tax exemption is $5,430,000. It is best to begin estate planning early so issues can be resolved and the plan has time to be implemented throughout the year.

**Succession Planning**

For business owners, estate planning goes hand in hand with business succession planning. Succession planning is not simply drafting a will; when done properly it provides a smooth transition for the succeeding generation. The process includes valuation of the business and creation of legal documents such as a buy/sell agreement (the most important legal document a business owner can have). When succession planning is not done, or done improperly, this usually means the loss of the business and, therefore, the loss of your lifetime’s hard work. Don’t procrastinate, get started now!

**Conclusion**

Beyond these steps, there is plenty that can be done to improve your financial and tax situation throughout the year. Too often people approach financial, tax, and business planning as an afterthought of running their business operations. Lacking a plan to exit and retire is similar to driving a vehicle with no destination in mind. Proper planning and implementation of an exit, succession and tax strategy allows you to keep more of your hard-earned wealth and provide for a better retirement when the time comes.
NPES and VDMA Sign Joint Declaration in Support of TTIP

SEEKING ELIMINATION OF TARIFFS, HARMONIZED REGULATIONS, AND MUTUAL RECOGNITION OF STANDARDS AND CERTIFICATIONS

NPES and VDMA Printing and Paper Technology, part of the German Engineering Federation, the largest association representing the capital goods industry in Europe, have signed a joint declaration endorsing the proposed Transatlantic Trade and Investment Partnership (TTIP).

Co-signed by NPES President Ralph J. Nappi and Dr. Markus Heering, Managing Director of VDMA, the declaration was delivered on Thursday, December 17, 2014, to EU Commissioner Cecilia Malmström and U.S. Trade Representative Michael Froman through their respective representatives.

Following the signing of the declaration, NPES President Ralph Nappi and VDMA Managing Director Dr. Markus Heering met with key U.S. government and private sector leaders in Washington, D.C. to underscore the value of TTIP to their respective national industries and urge its ratification by the U.S. Congress.

Specifically, the declaration was presented to Deputy Assistant Secretary of Commerce for Manufacturing, Chandra Brown, and Bryant P. Trick, Deputy Assistant U.S. Trade Representative, each representing the executive branch of the federal government that is negotiating TTIP.

After the meeting with DOC and USTR officials, the NPES and VDMA representatives took their message to Capitol Hill and met with Angela Ellard, Staff Director/Chief Counsel, Subcommittee on Trade, House Committee on Ways and Means, a key congressional committee with jurisdiction over trade agreements. They also met with Jay Timmons, President of the National Association of Manufacturers, the largest U.S. private sector association of manufacturing companies and trade associations. In both cases, the declaration was again received with very favorable comments, especially with respect to its focus and specificity of content and purpose.

The two associations that, in sum, represent 730 small, medium and large-sized businesses and a total revenue reaching tens of billions, agreed in talks over recent months to produce the joint declaration that calls for the elimination of trade barriers to boost the exchange of goods. The document specifically calls for: the complete elimination of tariffs; business-friendly rules of origin; encouragement of cooperation and transparency in standards development; mutual recognition of conformity assessment procedures; accreditation according to internationally recognized rules; and, transparency and harmonization of intellectual property rights.

“For us, the United States is an important market,” stated Dr. Heering, in Washington D.C. during the joint declaration signing. In 2013, American suppliers delivered machines and plants worth €246 million to countries belonging to the EU-28, a quarter of it to Germany. In return, European producers exported printing and paper technology of about €1 billion to the USA. Of these producers, 44% were German.

“No matter what the outcome of TTIP, we have already achieved much,” Heering stated about the productive dialogue in recent months between the associations. “This constructive atmosphere will facilitate further negotiations concerning standards, norms, and the mutual recognition of certification and product testing,” he declared.

“The passage of TTIP has been stalled by broader trade issues outside the machinery sector, but NPES believes it is important to focus on the many areas of agreement,” stated Ralph Nappi. “The printing equipment industries on both sides of the Atlantic are leading the way to position TTIP as a top priority for 2015 in both Washington, D.C. and Brussels.”

For more information about the joint NPES/VDMA declaration, or additional NPES Government Relations activities, contact Mark Nuzzaco, NPES Director of Government Affairs, at phone: 703/264-7235, e-mail: mnuzzaco@npes.org or visit: www.npes.org.
Inspired by the innovation that continues to reinvent our industry, PRIMIR and NPES members gathered together for the first time in Charleston, South Carolina, November 2-4, to explore new formulas and successful pathways toward the new model of print. Focused on the theme, “Print by the Numbers: Formulas for Success,” a robust agenda engaged 60 participants, representing nearly three dozen NPES and PRIMIR companies, in strategic conversation, dynamic presentations and new research studies underway.

This combined NPES 2014 Annual Conference and PRIMIR Winter Meeting opened with a keynote presentation, “Economic Forecast 2015 — The Road Ahead,” by the widely popular (and keenly accurate) Alan Beaulieu — Senior Analyst, Economist and Principal with the Institute for Trend Research (ITR).

Beaulieu provided NPES and PRIMIR business leaders with an extremely thorough, yet understandable, economic forecast, (see Figure 1) noting that while 75% of the U.S. believes the country is in recession, the U.S. economy has actually been growing and expanding over the past two years with U.S. industrial production and printing production indices up +3.8% and +2.6%, respectively, year over year. He stated that the economy will continue to grow through year-end 2014, drop less than one percentage point in 2015 (0.6%), and climb again in 2016. He emphasized that the U.S. economy’s share of global GDP at 22.7% is nearly double that of China’s 12.4% and that U.S. macro indicators are positive in the short term.

For the long term, however, Beaulieu didn’t paint an entirely optimistic picture for the U.S. affirming the eventual crisis to occur through systemic deficit spending, in addition to the concerns of: S&P 500 giving way to steeper-than-median decline; ongoing high unemployment (psychological); Europe slowing down; higher Affordable Care Act costs sapping the consumer; decelerating corporate profits; and, China’s debt problems impacting the U.S.

Dennis Mason, Principal, Mason Consulting, gave a thought-provoking PRIMIR study presentation on “Adaptation Strategies for a Changing Business Environment by Printing Equipment Manufacturers.” This session illuminated key highlights of his research that identified opportunities for manufacturers during a dynamic period of marketplace change, specifically in the areas of: transitioning offset to digital and other technologies; augmented machine inline and near-line configurations; market service, retrofits and rebuild needs; distribution network challenges and alternatives; and, partnering to leverage for advantages, benefits and types, including alliances and mergers. Mason concluded with ten “Adaptation Strategies,” of which more will
to be addressed in the study’s in-depth report due for issue in the near future to all members.

In another PRIMIR study presentation, “The Future of Retail Advertising,” Dr. John Zarwan, Principal, J Zarwan Partners, shared key findings and implications from his research in the retail advertising space, which is rapidly evolving with the proliferation of digital media options.

Zarwan emphasized how trends in customer acquisition and retention in the retail sector are changing for all primary types of applications, (print and digital) inserts, direct mail, catalogs, mobile marketing, social media, and online coupons; and, across key merchandise markets (general merchandise, apparel, electronics, and more). Most importantly that advertising is becoming “omni-channel,” in that the “connected consumer” has caused a blurring of boundaries by shopping across a number of different channels, choosing the one that works for each purchase at a particular time—buying from the same retailer, but from more than one channel. He underscored that the dynamics have now changed to how the consumer wants to buy, rather than how the brand wants to sell. Also, that there will always be pressure by brands to reduce ad spend, but PRIMIR and NPES members must learn the new technologies, and work directly with retailers to develop programs and make suggestions on where and how print can be effective. While retail is the link between brand manufacturer and consumer, the print sphere must determine its most effective and invaluable role to remain prominent and relevant to both parties (and not forgetting relationships with agencies).

Sam Richter, Founder and CEO, SBR Worldwide & the Social Selling Institute, provided the closing presentation for the joint PRIMIR and NPES meeting, with a tremendously engaging session on, “Using SEO to Know More (and Sell More).” Richter’s talk was not simply about selling, but rather how to utilize Internet resources and search engine optimization to learn more about prospects, customers, colleagues and friends — than previously thought possible.

Richter stressed that business and sales are all about personal relationships, and when you know more about your prospects and clients, you’re better able to relate, build more meaningful connections, tailor offerings, and win more business. He simplified very complex Internet Boolean search techniques and revealed how best to use Google filters, where to locate hidden files, how to monitor when your identity is at risk, ways to set up search alerts on key subjects, how to hunt for business and much more—all in a dynamic 90-minute presentation. This eye-opening session concluded the NPES 2014 Annual Conference and PRIMIR Winter Meeting on a very high note!

Accepting from NPES Chairman Michael Ring (center, l) the NPES 2014 Gegenheimer Corporate Award for Industry Service on behalf of the Eastman Kodak Company were Christopher Payne (l), VP & Director, WW Commercial Marketing, Paul Jaynes (center, r), Commercial Marketing and Sagit Kotik (r), Director, Strategic Market Analysis.

Together in roundtable sessions, PRIMIR and NPES members shared their expertise to refine the draft RFPs for upcoming PRIMIR research studies.

Throughout the combined NPES and PRIMIR program, participants noted the enhanced synergies for information sharing and benefit of expanded networking opportunities.
Another big growth area in finishing is offline UV coating. While UV coating on presses has been around for a long time, the growth in digitally printed sheets led to an opportunity for us to respond to market needs by introducing a new line of offline UV coaters.

**Graphic Whizard’s dealer network reaches throughout Canada, the U.S. and more than 40 countries abroad. In addition to the many resources offered by NPES’s International Trade Program, what guidance or advice would you offer NPES members seeking to explore opportunities in the global market place?**

Step 1 is to ensure you have the right resources in place to successfully export.

First, do you have someone in your sales department with the time to dedicate to a new distributor? Keep in mind that their first language is possibly not English, so communication typically takes longer. Are you prepared to produce operator and technical manuals in multiple languages? Are you prepared to provide assistance despite potential time zone differences?

Second, does your staff have the time and expertise to coordinate shipments to marketplaces around the world? It may take more time and paperwork for shipping abroad than within North America.

Lastly, do you have Export Credit Insurance in place, or will you require payment in advance? Payment in advance by wire transfer is commonplace nowadays, but once your distributor has established a track record and trust level with you, extending credit terms will be expected. Speak with your bank to ensure your regular accounts receivable margining will apply to these sales. You don’t want to be surprised that your great sale to a foreign distributor is going to put a huge strain on your cash flow because your bank won’t give you margin against the AR.

Assuming these things are or can be put into place in a reasonable amount of time and expense, decide whether you should be spending your resources on developing sales outside North America, or rather to focus efforts on your home market. Ask yourself, what will give you the biggest return—both in the short and long term. Not having all of your eggs in the North American marketplace basket could prove a good thing when you look back at the past few years.

**As a proponent of tradeshows including GRAPH EXPO/PRINT, drupa, IPEX and other overseas shows, why have, and will, these venues continue to be a strong component of your marketing outreach?**

I am a big believer in attending trade shows around the world for a few reasons. It is an efficient and relatively inexpensive way to find out about another marketplace. Within 2-3 days of walking the show and talking to people, you can determine what products are popular, who the competition is, who the strong potential distributors are, and what your relative strengths and weaknesses are vs. your competition. Next, it is a way of finding potential new products for your home marketplace. If it is popular in that country, could it be in North America or modified to address North American needs? Finally, it’s a great way to make new contacts. You can never have too many “industry friends.” One of the best contacts I made in the past was during a show in Johannesburg, South Africa. The gentlemen and I shared the same distributor, had several conversations during the show and afterwards while on safari with our distributor. We’ve since done millions of dollars in business together as a result of our initial contact at a trade show.

**What changes do you see for our industry over the next three to five years, and why are you optimistic about its future?**

We are an industry experiencing a lot of
change. Whenever this happens, it creates opportunities for those who can identify what impact the change will have, and then develop a product or service to fill that need. We operate in the digital print finishing part of the industry. For us, the changes will focus on finding ways to make systems more productive and add greater value to the printed piece—and we are constantly introducing new products to reach those goals. Our segment of the marketplace is growing in volume and importance. As print engine manufacturers continue to improve the quality and lower the total cost to produce a digitally printed page, more volume will come our way. Being a forward thinking company in a growing marketplace is a recipe for continued success.

### PRIMIR Takeaway

**Revenue Update: Conventional vs. Energy-Cured Inks**

Between 2013 and 2017:
- Conventional ink equipment and supplies manufacturer revenue in North America will decline $250-$275M annually
- Energy-curing printing ink technology, at 2.5% annual growth, will generate an incremental $39-$47M annually

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Source: PRIMIR 2014 study “UV/EB Curing Technologies in Printing” by I.T. Strategies

**What’s the PRIMIR Takeaway?**

Energy-curing ink equipment and supplies markets are one of the few organic growth areas for the printing industry. Given the choice, most ink equipment and supplies manufacturers would choose being involved in both segments—conventional inks for their sheer size and scale, and energy-curing inks for their growth.

**PRINT’S VOICE IN ACTION**

Congresswoman Lois Frankel (D-FL) addresses Canon Solutions America employees on December 15, 2014, while Canon Executive Vice President Mal Baboyian looks on. Frankel won re-election to represent the 22nd congressional district of Florida in which Canon’s Boca Raton facility is located. The visit was the result of Baboyian’s meeting with the Congresswoman and her staff during the PRINT’S VOICE 14 Capitol Hill Fly-In, jointly sponsored by NPES and Printing Industries of America.
Although there continue to be up and down fluctuations in new equipment filings there appears to be a very slight upward trend developing.

Market Intelligence News: UCC Filing Update

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 re-financings of existing placements, they are still a strong indicator of market activity.

Although there continue to be up and down fluctuations in new equipment filings there appears to be a very slight upward trend developing. Since the January 2014 reading of 336 units, new filings have grown to 354 units in October (5% increase), with a small spike in October of 392 units. Even with increases throughout the year, new equipment filings in 2014 have still declined, compared to 2013 when units were as high as 510 in October (a 30% decrease compared to October 2014).

Going forward it is still difficult to tell if we’ll see a steady growth pattern since we continue to experience short periods of growth followed by declines. Case in point, the trend has been an up-and-down pattern in 2014. The year starts off slow, then grows, dips again and ends with growth. Used equipment filings have followed a similar up-and-down pattern, although at less drastic levels. Filings rose to 215 units in October (a 38% increase compared to October 2013), up from 170 units at the start of 2014. Used equipment filings follow a different pattern than new. It’s similar in that it starts off slow, but then it falls, rises slightly, dips again and then grows at year-end. The trend is pretty simple; when new equipment filings grew, used equipment dropped.

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.