drupa 2016: Eye on the Future

NPES MEMBERS REPORT POSITIVE OUTLOOK, ACTION AND SUCCESSFUL SALES

Just as the print industry is constantly reinventing itself, so too did drupa 2016. Print 4.0 was one of the major trends and talk at drupa 2016—as were maturing and market-ready inkjet solutions, customization of digital printing including high-quality packaging and the fast-growing range of solutions in industrial, functional and special effects printing.

The world’s largest trade fair for print and cross-media solutions, drupa 2016, held May 31 through June 10 in Düsseldorf, Germany, attracted 260,000 visitors from 188 countries, down from 2012 levels (314,248 visitors) mirroring continuing worldwide industry consolidation. On the upside, most attendees nowadays are decision makers and, at drupa 2016 approximately 75% of all attendees identified themselves as executives or involved in a decision-making capacity.

According to Claus Bolza-Schünemann, Chairman of the drupa Committee and Chairman of the Board at Koenig & Bauer AG, “We were able to experience a highly innovative industry here in the 19 exhibition halls, one that has succeeded in moving out of the ‘valley of tears’ and grasping the future by the neck.”

This year’s event ran for 11 days and its 19 exhibition halls were filled with 1,837 exhibitors from 54 countries. Significantly, drupa 2016 reinforced its position as a true B2B trade fair and platform for business decisions reporting:

- 50% planning to place their orders after drupa, and
- 60% found new suppliers at the show.

The U.S. Pavilion, organized by Messe Düsseldorf North America (MDNA) and co-sponsored by NPES, featured 15 exhibitors, while, overall, 100 U.S. companies displayed their products at drupa 2016.

The NPES Booth in the U.S. Pavilion served as home base for members, and also focused on promoting GRAPH EXPO 16, coming September 25-28, 2016 to the Orange County Convention Center–North in Orlando, Florida, as well as PRINT 17, which will return to McCormick Place in Chicago, September 10-14, 2017.

In addition, NPES international trade representatives, Vinod Vittoba, NPES Director India, Marco Gandasubrata, NPES Director Indonesia and Hamilton Costa, NPES Director Latin America were available at the booth to discuss upcoming and future NPES trade missions and educational conferences.

NPES President Thayer Long remarked, “drupa is a
I am incredibly excited to join this organization and industry. I consider it a privilege and honor to serve the members of NPES, and to have the opportunity to work with a terrific and dedicated professional staff!

“It’s not the strongest or most intelligent who survives, it’s those who are able to adapt to the current environment.” This much-quoted observation, paraphrasing Charles Darwin’s theory, is even more apt for a transforming industry operating within a world of turbulent economies and global complexity. The graphic communications industry and overall broader media channels are at the forefront of innovation and growth, and currently operating within a very disruptive environment.

Industry 4.0 defines the fourth industrial revolution occurring as a result of automation and data exchange in manufacturing technologies. By “connecting” different machines, work pieces and systems, businesses can create intelligent networks along the entire supply chain. Individual systems and components within the workflow comprise one integrated process, resulting in a highly sophisticated, flexible mass production process.

For the graphic communications industry, Print 4.0, a term much-embraced at drupa 2016, enables us to take massive quantities of data, customer profiles, and consumer behaviors, and construct unique messages and products tailored for each individual customer. We are able to harness the speed and efficiencies of mass production to produce highly variable data products. We can also combine and integrate other communication vehicles in a complementary way (i.e., digital and direct mail).

To accomplish this, traditional boundaries and channels will collide, and it will be messy. All partners within the graphic communications supply chain will need to collaborate. The sharing of technology will become more prevalent, and partners will need to be in alignment with the end product and/or end-user before the project even begins.

The most important issue you face, as owners and leaders of companies within the industry, is how to grow your company profitably over the long term in these conditions.

For NPES, the most important issue ahead is how do we serve as a strategic partner with real business impact for our customers.

NPES’s leaders are now embarking on business planning for the organization. The goal of the planning process is not to come up with a list of as many “products and services” we think our members want or need; rather its objective is to create solutions that we know will have real business impact for NPES members. We are focused on business “outcomes,” not mere “outputs.”

No law says that a company has to stay in business forever. Markets seek to be efficient, and this applies even to an association like NPES. Our perspective must be: don’t sell what we have, sell what is needed. Is our goal to help our customers sell more supplies and equipment—in North America? Or is it to drive global demand for graphic communications products? Or should it be something completely different?

Reacting and planning around market and economic disruption is something we all do every day. But instituting a process of looking inward and disrupting how we do business—that is altogether a much tougher and courageous task. After all, with all due respect to Mr. Darwin, we want to do more than just survive as an industry; we want to grow, profit, and thrive.

Many thanks, and please don’t ever hesitate to contact me at: tlong@npes.org.
The entire U.S. print market today is estimated to be about $138 billion. While we all recognize that pie was bigger, that’s still a pretty large pie to take a bite from!

That Pie Is Still Pretty Big!

My recent trip to drupa supplied the ideal inspiration to fulfill a request to write this parting column, now that my retirement from NPES is just a few short weeks away. Through the eyes of my changing role, and from this different “lens,” I have a few parting observations:

1. Focus on the Future not the Past
   Our forecast of the future should be viewed by what is in front of us, not what was behind us. Have you ever heard the statement, “Jet pilots don’t use rear-view mirrors”? If it applies to any industry it certainly is ours!

   Considering the speed of our equipment, new and emerging technologies, and creative marketing partnerships (that would have been unfathomable only five years ago), it is clearer to me now more than ever before, that our past should have a limited bearing on our future. And while I am a believer in learning from history so as not to repeat mistakes of the past, too many of us spend far more time framing our future from the past.

   Messe Düsseldorf reported that drupa had 260,000 visitors at the show. Regardless of how many there were in 2004—that’s a pretty big number! Today there are 27,000 commercial printers in the U.S. Despite past consolidation, that is still a lot of companies doing business in our space! The entire U.S. print market today is estimated to be about $138 billion. While we all recognize that pie was bigger, that’s still a pretty large pie to take a bite from! (Many industries would kill for a $138 billion market.)

   The bottom line: wishing for the “good old days” to return is a glass half-empty perspective.

2. The Business of the Business
   Looking ahead, the focus needs to be more about the business of our business than about the technology or craft of graphic communications. How many companies fail because they didn’t own the latest and greatest technology? Most companies fail because they don’t know how to deploy their technology, sell their services, manage the business, or communicate with their employees, customers and business partners. What are we doing now to help our customers so they can be around to deploy and buy our equipment? What sense does it make for us to sell the fastest, highest quality equipment if they eventually default on the loan? We lose twice! Too many companies are just selling equipment and not working to understand and strengthen the customer’s business.

3. That Which Doesn’t “Kill” Us Makes Us Stronger
   The true mettle of a person is tested in bad times, not good. Rough waters are truer tests of leadership. “In calm water every ship has a good captain.” Our industry leaders have been tested over the last few years and the best have persevered. That focus is driven by having a set of core values that transcend business. Our industry has a bright future for those companies and leaders that possess the optimism and the vision to understand that it will get better...differently. Your new leader, Thayer Long, gets this and brings the leadership skills needed to help NPES and our industry move to the next level, and it has been a pleasure working with him during the transition. Lastly, it has been an honor to serve you, and our industry, these past 11 years. Thank you and Godspeed.

Ralph Nappi, NPES President Emeritus

NPES TO HOST
TANGO!
A GRAPH EXPO PARTY
OPEN TO ALL SHOW VISITORS AND EXHIBITORS
Monday, September 26, 2016
5:30-7:00 PM
Mango’s Tropical Café, International Drive, Orlando
This upbeat mix and mingle event will feature tempting hors d’oeuvres, refreshing beverages, and entertainment with an intercontinental flair. Mango’s is billed as International Drive’s newest dining, entertainment, and dance club.
For more information visit: www.GraphExpo.com
fantastic immersion into the technology and manufacturing side of the industry. The takeaway for the industry at drupa 2016 should be the continued importance of collaboration between manufacturers and the entire supply chain. In addition, the prevailing positive attitude that permeated the show bodes well for the future.”

NPES members exhibiting and attending the trade fair discovered product solutions and deal-hungry customers and vendors aplenty. Harris & Bruno International announced a successful drupa 2016, with their equipment integrated into nine OEM booths, delivering multiple orders. “Whether in an OEM booth or ours, it was wonderful to see printers from across the world excited about the versatility and throughput of our chamber/anilox technology,” said Gerhard Palinkas, Managing Director of Harris & Bruno Europe.

Air Motion Systems (AMS) reported a “sensational drupa 2016,” with more than 60 deals reached. Steve Metcalf, President and CEO, commented that, “Four years ago we were just beginning to see how the power of LED UV curing technology could transform print media. Today, LED UV is in full force around the world in various applications spanning multiple print platforms, and now includes stunning coating effects on the biggest, fastest production machines.”

Guy Gecht, CEO, EFI, stated that, “The USP (unique selling proposition) of drupa is clearly the production plants in operation. This allows visitors to follow and assess the complete workflow.”

And looking to drupa’s future, Messe Düsseldorf announced that the show will continue its traditional four-year cycle, with the next drupa scheduled for June 23-July 3, 2020.

At the 2016 Global Print Meeting in Düsseldorf, member country delegates including NPES, met to discuss common interests, activities and issues of concern to the printing industry worldwide.

During a tour of the U.S. Pavilion, the U.S. Consul General’s delegation paid a visit to the NPES Booth. From 1 to r: Michael B. Keller, U.S. Consul General; NPES President Thayer Long; Andy Sherman, Chief of Staff, Government Publishing Office; Ken Walsh, Principal Commercial Officer, U.S. Consulate General; Jim Bradley, Deputy Director of the Government Publishing Office.

Join Our Next NPES Trade Mission to Indonesia

in conjunction with ALLPRINT Indonesia

October 5-8, 2016

SPECIAL OFFER!
In-country expenses paid for the first 5 NPES members to register.

For more details and to register contact:
Pernilla Jonsson
Assistant Director, NPES International Trade Programs
Phone: 703/264-7200
E-mail: pjonsson@npes.org
www.npes.org
Over two dozen enthusiastic representatives from leading industry firms across the print value chain benefitted from the breaking market research, and worked together to develop the framework for 2017 research projects.

PRIMIR 2016 Summer Meeting Wrap

Leveraging the meeting’s theme, “Peak Performance – Pioneering Pathways to Breakthrough Success,” PRIMIR’s 2016 Summer Meeting, held June 22-24 in Denver, Colorado, delivered to industry marketing strategists and thought leaders:

• Three new studies delving into the North American coatings market, food packaging compliance, and digital printing’s influence on the in-plant market;
• An engaging ‘great debate’ printer panel on “The Future of Print in the U.S.”;
• An eye-opening Printing Impressions “Top 400” plant tour;
• Dynamic networking sessions; and,
• Highly interactive roundtable discussions to advance “PRIMIR 2.0” in developing new research topics for 2017.

Over two dozen enthusiastic representatives from leading industry firms across the print value chain benefitted from the breaking market research, and worked together to develop the framework for 2017 research projects.

PRIMIR 2.0, through innovative and multiple delivery formats, significantly increases the engagement, penetration and participation of corporate management and divisional specialists within a broader spectrum of member companies to increase far-reaching industry advancement and success!
Summarized, the draft attempts to enhance revenue and improve efficiency, streamline the governance and oversight of the Postal Service, and most notably from a financial standpoint, integrate postal retiree healthcare with Medicare.

Government Affairs

NPES Commends Bipartisan House Postal Reform Initiative

NPES President Thayer Long lauded the efforts of Congressmen Jason Chaffetz (R-3-UT), Chairman, and Elijah Cummings (D-7-MD) Ranking Member of the House Oversight and Government Reform (OGR) Committee in crafting a bipartisan postal reform discussion draft as a precursor to introducing legislation later in June. Chaffetz and Cummings were joined by OGR Committee members Congressmen Mark Meadows (R-11-NC), Gerry Connolly (D-11-VA) and Steve Lynch (D-8-MA) in developing the proposal that was presented to mailing industry stakeholders at a June 15 Capitol Hill meeting.

“It would be hard to overstate the importance to NPES members and the broader mailing industry of this initiative to bring the Postal Service back to solvency,” said NPES’s Long. This is especially true at a time when the Postal Service is, in the words of the discussion draft’s congressional co-authors, “in dire financial shape,” having accumulated $125 billion in unfunded future payment obligations, exhausted its borrowing capacity, and already defaulted on five payments to the U.S. Treasury. Long added that, “this kind of bipartisan cooperation is refreshing to see at a time when there is so much other political dysfunction.” Mailing industry stakeholders were given two weeks to review the draft and submit comments to OGR Chairman Chaffetz and his committee colleagues.

Summarized, the draft attempts to enhance revenue and improve efficiency, streamline the governance and oversight of the Postal Service, and most notably from a financial standpoint, integrate postal retiree healthcare with Medicare. Including this last provision is critical to the success of the initiative according to OGR Chairman Chaffetz.

“The discussion draft is a thoughtful and realistic starting point that includes and tries to balance key reforms needed to put the Postal Service on a course to financial solvency and long-term viability once again,” said NPES Government Affairs Director Mark Nuzzaco. But he added that details are always important, so NPES and its

IN BRIEF

In an exclusive web update, NPES Government Affairs reports on significant developments in legislative and regulatory priorities, including:

• Advancing Small Business Healthcare Relief Act
• Pushing Back on Section 385 Proposal
• Blocking Anti-Paper SEC Rule
• Continuing Support for TPP
• Advising Association Members to Prepare for DOL Overtime Rule

Visit: www.npes.org/GovAffairsInBrief
For more information, contact: NPES Government Affairs Director Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: mnuzzaco@npes.org.

House Speaker Ryan Meets with Manufacturers at NAM Summit

Twenty-first Century Postal Service Coalition allies are now closely reviewing the discussion draft in order to provide its congressional authors with guidance going forward. “We are a long way from the finish line,” said Nuzzaco, “but at least we have started the race.”

For more information, contact NPES Government Affairs Director Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: mnuzzaco@npes.org.
This exclusive retreat is the ideal free and quiet meeting place, where NPES and PRIMIR members have an open invitation throughout the show to drop in and conduct business with customers.

NPES/PRIMIR MEMBERS VIP LOUNGE
YOUR Exclusive Free Meeting Space at GRAPH EXPO 16

For NPES and PRIMIR Members only—just steps away from the hubbub of the GRAPH EXPO show floor—you’ll find the NPES/PRIMIR Members VIP Lounge. This exclusive retreat is the ideal free and quiet meeting place, where NPES and PRIMIR members have an open invitation throughout the show to drop in and:

• Conduct business with key customers and prospects in semi-private meeting rooms
• Regroup with staff members to strategize the day’s agenda
• Grab a quick morning cup of coffee or a short afternoon break, and
• Utilize the convenient PC Corner with Internet and printing capabilities.

**WHEN:**
- Sunday, September 25 9am – 5pm
- Monday, September 26 9am – 5pm
- Tuesday, September 27 9am – 5pm
- Wednesday, September 28 9am – 3pm

**WHERE:**
- Orange County Convention Center – North
  - Room: N230AB

Recognize Commitment to NPES and Our Industry
CALL FOR NOMINATIONS:
NPES 2016 GEGENHEIMER AWARDS

The 2016 Harold W. Gegenheimer Awards for Industry Service are your opportunity to recognize personal and corporate leadership and commitment to building a strong future for the printing industry and its suppliers. The awards, named in honor of the former Chairman of Baldwin Technology Company and former President of NPES, are presented annually to one NPES member company, and one individual employed by a member company.

Nominations are now open for the awards, which will be presented during the NPES 2016 Annual Conference and PRIMIR Fall Meeting, November 14-16, 2016, in Marco Island, Florida.

Delegates of any NPES member company may submit nominations for the Individual and Corporate Service Awards. For complete awards criteria, and to download a nomination form, visit: www.npes.org/members/gegenheimerawards.aspx.
The bright side in recent years has been total market shipments, which have steadily increased since 2010 (besides a slight dip in 2012, and only a slight increase in 2015).

Market Intelligence News
TRENDS IN SHIPMENTS FOR EQUIPMENT AND SUPPLIES AND THE TOTAL MARKET

In Q1 2016, sheetfed offset press shipments rose 12% and printing equipment increased 6% to $93 million and $127 million, respectively, compared to $83 million and $120 million in Q1 2015. Graphic arts supply shipments fell 11% to $137 million down from $154 million in the first quarter of 2015. While in 2015 the market for production digital presses increased 5% to $2.1 billion for the year, up from the $2 billion posted in 2014; in Q1 2016, digital presses decreased 9% compared to the same period in 2015.

The bright side in recent years has been total market shipments, which have steadily increased since 2010 (besides a slight dip in 2012, and only a slight increase in 2015), mainly due to increases in shipments of digital presses, which were at their highest annual posting at year-end 2015. Typically, there is a strong correlation between the increase in digital press shipments and the dampened traditional pressroom equipment market, and the shifting of some offset work to digital presses. In spite of this, pressroom equipment grew steadily in 2015 and through Q1 2016, and a comparison of Q1 2016 vs. 2015 shows offset presses rose 12% while digital presses fell 9%.

This trend may indicate that traditional press manufacturers are forming successful alliances and partnerships to integrate digital into their equipment. For pressroom equipment, however, it will be interesting to note if the pattern of a strong start with a steady decline by year-end continues in 2016. And, on the other hand, will digital presses continue the exact opposite trend of starting slow and ending strong? See Figure 1 for more details on these various trends.

NPES tracks monthly shipments across 80 different categories of printing equipment [imaging/prepress, pressroom and bindery/finishing] and graphic arts supplies [film, plates, proofing products and the related chemistry]. The production digital press data includes light and heavy production equipment sold to the commercial and in-plant printing industry, but does not include sales of production devices to the office market unless it goes to the in-plant printing facility within the organization.