

## House Approves Permanent Extension of Section 179 Small Business Expensing

### PARTIAL VICTORY FOR NPES MEMBERS AND THEIR CUSTOMERS

The 114<sup>th</sup> Congress took the first step toward enacting a permanent extension of a robust Section 179 “small business” expensing tax code provision strongly advocated by NPES when the U.S. House recently passed H.R. 636, *America’s Small Business Tax Relief Act of 2015*. This vital legislation would permanently restore IRC Section 179 expensing to \$500,000 and index it to inflation, thereby spurring much needed capital investment that leads to economic growth and jobs.

A misnomer, so-called “small business” expensing allows businesses—large and small—to immediately deduct the cost of qualified capital investment in the year that it is purchased, rather than having to depreciate it over many years. Since 2003 Congress has repeatedly expanded and extended Section 179 expensing nine times, during two Presidential Administrations, six Congresses, under both Democratic and Republican leadership, and has steadily increased the amount of investment that



Section 179 expensing accelerates the recovery of capital investment incentivizing businesses to maximize investment during years with positive cash flow, which can be especially useful for printing equipment that often requires specific engineering to customer specifications and longer lead time for machines to be “placed-in-service.”

businesses can expense from \$25,000 to \$500,000. But these expansions and extensions have only been temporary, and regrettably at the beginning of 2015 Section 179 reverted to only \$25,000, where it will remain unless Congress acts.

Section 179 expensing is not a tax cut or a tax loophole; it simply treats the cost of capital investment the same as other business expenses that can be fully deducted in the year they

are incurred. While Section 179 expensing accelerates the recovery of capital investment cost, it does not reduce revenue to the government; rather it gives businesses the incentive and ability to maximize investment during years with positive cash flow, which fuels expansion, growth and jobs. This can be particularly important for small businesses that are more reliant on earnings to finance new investment.

Last December Congress extended Section 179 once again through the end of 2014, retroactive to January 1, 2014 when it had lapsed most recently. But the action came so late in the year as to be of little value for investment in capital goods like printing equipment that often requires specific engineering to customer specifications and longer lead time for machines to be “placed-in-



...but there is so much more education to do because the majority of corporate marketers don't understand the life-cycle and sustainable features of print and paper products.

## Global Two Sides Campaign Challenges Large Corporations' Misleading Claims about Print

TWO SIDES

[www.twosidesna.org](http://www.twosidesna.org)

Original U.K. research from Two Sides completed in 2012 revealed that 43% of major banks, 70% of telecoms and 30% of utilities were making false claims about the environmental benefits of switching from paper to digital communications. When challenged, 82% of these companies changed their marketing messages. However, a recent survey conducted by Two Sides in February 2015 shows that 20% of financial services organizations, energy, gas and water suppliers, and telecoms are still making false claims.

In the U.S., similar research showed that half of the leading Fortune 500 companies in the same three sectors were doing the same. To date, 30 of these companies have removed their environmental claims as a result of the Two Sides campaign

in North America. Two Sides is currently in discussions with an additional 25 companies who have yet to comply.

Recognizing the need, and the opportunity, in February 2013 NPES joined forces with Two Sides North America. "To assist in promoting the responsible production and use of print and paper, my involvement on Two Sides U.S. Board of Directors, and the participation of NPES Director of Communications Debbie Vieder as co-chair of the organization's Sustainability & Marketing Committee is just the beginning," states NPES President Ralph Nappi. "Now, more than ever, it is important for everyone in the print supply chain to stand up for the environmental responsibility of print," Nappi continues.

Two Sides will be engaging with companies in Europe, the USA, Canada, South America, South Africa and Australia, who have either reneged on undertakings to stop using misleading environmental claims, or are now again claiming that switching to online billing and communication is better for the environment without supplying verifiable supporting evidence.

Two Sides maintains that the linkage made between switching from paper to

electronic services and helping the environment not only creates a misleading impression about the sustainability of print and paper but, as these claims are unsupported by facts, they contravene the latest U.K. CAP code, (Committee for Advertising Practice), ignoring guidelines by the U.S. Federal Trade Commission and CSR Europe (the leading European business network for corporate social responsibility), and the U.K. Government department DEFRA.

Phil Riebel, President of Two Sides North America, comments, "over the past 12 months our campaign has successfully changed over 50% of the misleading marketing claims we have uncovered but there is so much more education to do because the majority of corporate marketers don't understand the life-cycle and

sustainable features of print and paper products—they are marketing based on perception instead of science-based facts." Riebel adds further, "In the U.S., the latest statistics from the U.S. Department of Agriculture show that net forest land area has increased by 3% in the past 60 years, and wood volume on timberland (number of trees) has increased 58% during the same time period."

"Just the other day I learned of a fund manager that provided financial incentives for their sales reps to push their customers away from paper. People need to know we're not the 'bad guys' and it's up to each of us to communicate that message," Nappi states.

For more information about Two Sides visit: [www.twosides.info](http://www.twosides.info). ■

### ISSUE HIGHLIGHTS

PRINT'S VOICE 15 .....	3
Protecting Intellectual Property Rights in International Business .....	4
Explore Upcoming NPES International Trade Events .....	4
NPES-ICC Color Management Conference 2015 .....	5
GAERF Student Design Competition .....	5
One on One with Kevin Kern .....	6
Tag & Label Printing Trends .....	7
Market Intelligence News .....	8
Calendar .....	8

Two Sides is a global initiative by companies from the Graphic Communications Industry including Forestry, Pulp, Paper, Inks and Chemicals, Pre-Press, Press, Finishing, Publishing, Printing, Envelopes and Postal Operators.

Two Sides' goal is to promote the sustainability of the Graphic Communications Industry and dispel common environmental misconceptions by providing users with verifiable information on why Print and Paper is an attractive, practical and sustainable communications medium.

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Capital goods suppliers and purchasers need a strong and certain Section 179 in place for the balance of 2015. It would be even better to make Section 179 expensing permanent at the \$500,000 level.

*Section 179 continued from page 1*

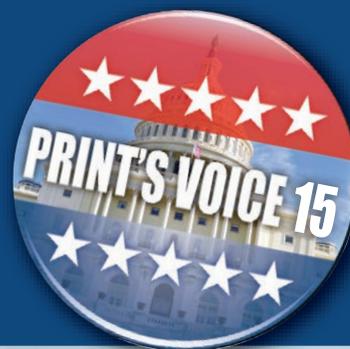
service” per the legal requirement of Section 179. “The 113<sup>th</sup> Congress’s tardiness in extending Section 179 was very disappointing,” said NPES President Ralph Nappi, “which makes this early vote by the House in this new Congress encouraging,” he added. “Moreover, the intent is to make it permanent, not just a temporary extension.”

“Of course for H.R. 636 to become law the Senate must still act and President Obama must agree,” points out NPES Government Affairs Director Mark Nuzzaco. “And a big part of that equation is whether one or both want to keep Section 179 as a bargaining chip in the bigger effort to achieve comprehensive tax reform.” Responding to that thought, Nappi adds, “that at the very least, capital goods suppliers and purchasers need a strong and certain Section 179 in place early this year for the balance of 2015, to avoid another year of investment-inhibiting uncertainty like 2014.” He continues by asserting that “it would be even better to make Section 179 expensing permanent at the \$500,000 level, thereby greatly improving businesses’ ability to plan capital investment with certainty in 2015 and beyond.”

For more information contact NPES Government Affairs Director Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: [mnuzzaco@npes.org](mailto:mnuzzaco@npes.org). ■

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**PRINT'S VOICE 15**  
**Capitol Hill Fly-In**  
**June 2-3, 2015**  
**Washington, DC**



**A Personal Invitation  
 from Industry Government  
 Affairs Leaders**

“In 2014 we made scores  
 of visits with Senators and  
 Representatives—our goal is  
 to make even more in 2015.”



**Ron Rose**  
 Chair NPES Government Affairs  
 President, Nova Pressroom  
 Products, LLC



**Bradley Thompson**  
 Government Affairs Chairman  
 Printing Industries of America  
 President & CEO, Inland Press

**Join with  
 Your Industry  
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 to Advocate  
 for the  
 Printing  
 Industry's  
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 Priorities**

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A top priority for any company considering entry into international business markets is the protection of its intellectual property rights.

## Protecting Intellectual Property Rights in International Business

You may have made the strategic decision to grow your business outside the U.S., determined which countries are the best match for your products, and even found several potential in-country partners—what's next?

A top priority for any company considering entry into international business markets is the protection of its intellectual property rights. The World Intellectual Property Organization (WIPO) defines intellectual property (IP) as, "creations of the mind: inventions, literary and artistic works, and symbols, names, images, and

designs used in commerce."

It's important to note that a company which receives a U.S. patent does not have the same protection outside of the U.S.—Intellectual Property Rights laws (IPRs) vary from country to country. As a general rule, you must obtain IPR protection in each country you are considering doing business. International treaties and the laws of individual countries differ significantly in terms of the degree of protection and enforcement available to you. One important resource is the *Patent Cooperation Treaty* (PCT), which streamlines the process of filing patents in multiple countries

allowing U.S. applicants to file one patent application with the U.S. Patent and Trademark Office (USPTO) and concurrently seek protection in several countries. For information about filing an international patent application under the PCT, visit the USPTO's website at: [www.uspto.gov](http://www.uspto.gov). To find the intellectual property office for the countries in which you are interested, visit the WIPO website at: [www.wipo.int](http://www.wipo.int), where you will find contact information for most intellectual property offices worldwide.

*The Madrid Protocol*, detailed on the USPTO website, also makes it easier to file for trade-

mark registration in multiple countries. U.S. applicants can file just one trademark registration application with USPTO and seek protection in up to 84 countries.

For more information on NPES International Trade Programs and additional resources, contact: Pernilla Jonsson, Assistant Director NPES International Trade Programs, at phone: 703/264-7200 or e-mail: [pjonsson@npes.org](mailto:pjonsson@npes.org). ■

### WEB RESOURCES: International Property Rights

- United States Patent and Trademark Office: [www.uspto.gov/](http://www.uspto.gov/)
- World Intellectual Property Organization: [www.wipo.int/](http://www.wipo.int/)
- U.S. Government's Export Information website: [www.export.gov](http://www.export.gov)

## EXPLORE UPCOMING NPES INTERNATIONAL TRADE EVENTS

NPES trade missions are designed to help members increase their competitiveness and grow their exports in dynamic and growing markets. NPES trade missions are packed with firsthand information and in-depth experiences offering tremendous insight and perspective for those seeking new market opportunities to enter or expand their business, with:

- Market Briefings
- Visits to Printer and Equipment Manufacturing Facilities
- Roundtable Meetings

- Attendance at PRINT CHINA 2015 or Expográfica 2015
- Individual Business Meetings with Prospective Customers and Distributors
- Cultural Activities

NPES members receive discounted booth rates at PRINT China 2015. For more information contact Pernilla Jonsson, Assistant Director, International Trade Programs, at phone: 703/264-7200, e-mail: [pjonsson@npes.org](mailto:pjonsson@npes.org), or visit [www.npes.org](http://www.npes.org).

### REGISTER NOW

## Print China 2015 and NPES Trade Mission

APRIL 7-12, 2015 • DONGGUAN, CHINA  
[www.npes.org/PrintChina](http://www.npes.org/PrintChina)



### SAVE THE DATES

## JOIN THE EXPOGRÁFICA SHOW AND NPES TRADE MISSION

MAY 12-15, 2015  
MEXICO CITY, MEXICO





## NPES-ICC Color Management Conference 2015



At the NPES-ICC Color Management Conference 2015, held February 12 in New Delhi, India, 21 expert presenters and over 300 Indian printing attendees and thought leaders gathered to explore the latest color management solutions. Following informative education sessions and a lively Q&A exchange, the program concluded with an NPES-hosted dinner reception at the Stellar Gymkhana club. Prior to the conference, on February 11, an NPES-organized meeting between the Bureau of Indian Standards (BIS) and ICC representatives hosted more than 50 BIS staff, Indian government officials and leading printers. On the agenda were discussions on ISO 15339, exploration of the ways in which BIS can introduce standards to the Indian printing market, and future collaboration between the two organizations. Additionally, NPES India Director Vinod Vittoba was nominated to the BIS working committee. The post-conference trade mission, held in conjunction with PRINTPACK 2015, took in visits on February 13 and 14 to the Coca-Cola labeling plant and Hindustan Times plant.

## GAERF Student Design Competition

### THE 2015 CHALLENGE: DEMONSTRATE "THE PIZZAZZ OF PRINT!"

Demonstrate "The PIZZAZZ of Print!" That is the challenge handed down to the student entrants in the 2015 Student Design Competition from the Graphic Arts Education and Research Foundation (GAERF). While the annual event is designed to engage and motivate students aspiring to a future role in the graphic communications industry, this year's contest challenges participants to demonstrate their originality and ingenuity by creating a unique and striking marketing piece to promote strong attendance at a major event of their choosing—real or imaginary.

The competition is open to all students attending secondary or post-secondary institutions in the continental United States who are studying in a graphic communications, printing, advertising, graphic design or interactive media program.

"In recent years, print marketing has changed and evolved, driven by innovative new technologies. Today, the printed piece can effectively convey a message and also connect with other media to further increase engagement," said GAERF President Ralph Nappi. "This year's competition encourages students to design an effective printed marketing piece that will capture the

attention of their target audience with a specific call to action."

Entries submitted by the June 12, 2015, deadline will be judged on design, functionality, and marketability by a panel of industry professionals. One secondary school winner and one post-secondary school winner will be identified for each of the first, second, and third place awards.

First place winners and their instructors will receive a two-day trip, all expenses paid, to attend GRAPH EXPO 15 in Chicago, IL. The \$2,000 student awards will be presented during the show's Career Awareness Day, Wednesday, September 16, 2015. Second place winners will be awarded \$1,500, and the third place winners will receive \$1,000.

For complete information about the GAERF 2015 Student Design Competition, contact Eileen Cassidy, GAERF Director at phone: 703/264-7200, e-mail: [ecassidy@npes.org](mailto:ecassidy@npes.org) or visit: [www.graphicCOMMcentral.org](http://www.graphicCOMMcentral.org). ■



# One on One with KEVIN KERN



Kevin P. Kern is Senior Vice President, Marketing, for Konica Minolta Business Solutions U.S.A., Inc. With more than 19 years of experience in the office imaging industry, Kevin oversees all corporate marketing initiatives, and is responsible for the planning and development of new products. Previously, Kevin served as Vice President, New Product Development and Support, overseeing planning and development for all Konica products, as well as for the company's Digital Systems Solutions area.

***Konica Minolta, ever the innovator, has embraced 3D with new product offerings. How do you believe this evolving technology will impact our industry going forward—and is it a manufacturing process or the “next generation” of print?***

While 3D printing has been around for a time, advances in the technology and material science have led to rapid growth and a certain level of hype. The market itself is in the early stages of growth and users are still learning the capabilities of the product and applications in which 3D print can be used. Clearly manufacturing is a significant application, but we see a myriad of

other opportunities from model making to medical devices. It is certainly part of the next generation of print service providers' offerings. As the technology evolves, the skills and capabilities of our industry in the areas of web-to-print, workflow, color management and process control are well suited to providing 3D print as a service offering.

***Today, organizational innovation and growth can be achieved in many ways, such as through collaboration, partnerships and new acquisitions. What key strategies has Konica Minolta engaged to continue growing its robust portfolio of products and services?***

Essentially all of the above! On a global level we are investing heavily in research and development in both electrophotography digital and inkjet press technologies, along with the workflow and solutions to drive new print opportunities. We have had a history of collaborating and continue to work with great partners ranging from EFI to Watkiss to expand the capabilities of our offerings, and have acquired or made strategic investments in companies that offer value-added solutions to help our customers expand their business domains and open new markets.

***With Big Data and expert Content Management the engines that drive the most targeted and effective communications today, what new services does Konica Minolta offer for marketing services providers now?***

There is no doubt that marketing today is a data-driven business, particularly in the area of predictive and prescriptive analytics. Tools like our EngageIT XMedia solution allow graphic communications providers to take this highly targeted data and execute personalized omnichannel campaigns across digital and print

media, as well as tracking the outcomes of these campaigns. Along with this and other solutions, we have seen demand in this market for our All Covered IT services offerings. We have all been witness to data security and hacking issues that organizations face today. In this data-driven segment of the business, security and a robust IT infrastructure are critical. We have seen an increasing number of engagements with graphic communications providers for remote support, cloud services, security evaluation and mitigation.

***Looking ahead, what changes do you see for our industry over the next three to five years?***

We think our industry is in a very dynamic state right now and it will continue that way. New innovative digital print technologies will continue to arise. Expanded software and services offerings will provide a wider array of services to offer the end customer. The data-driven marketing model will continue to grow and bring forth new revenue opportunities. Increased opportunities in industrial print, such as short run packing and labeling, will evolve. In a very dynamic world of constant change, companies need a way to make their brands and offerings cut through the background noise and stand out. The graphic communications companies that invest, innovate and stay close to the customer will thrive. Those that count on the status quo will be challenged. ■

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Brand owners are seeking print vendors that can handle the needs of an entire brand, including a wide range of run sizes, sample and prototype generation, and inventory management.



# Tag & Label Printing Trends

## GROWTH SECTOR REPORT FOCUSES ON THE U.S. AND CANADA

Covering the United States and Canada, this new 2014 PRIMIR research study, “*Tag & Label Printing Trends*,” describes an understanding of current and future functionality of tags and labels by format and end-use market segments, along with market segments’ relative size and forecasts to 2018.

In the study, conducted for PRIMIR by LPC, more than 250 brand owners, packaging buyers, and tag & label printers and converters participated in surveys and qualitative interviews. Those brand owners and packaging buyers sourced more than \$1 billion tags & labels in 2013, while tag & label printer respondents had combined revenues of more than \$2 billion in 2013.

The North American tag &

label industry has the highest growth rate of the print packaging segments. As one of the most innovative of the print segments, the tag & label industry produces an estimated 9-10% of its work on digital presses. These volumes are projected to grow at 17-18% CAGR over the next five years. Arising from a priority to better manage inventory, digital technology is transforming the way labels are designed, specified, sourced and delivered.

### Breaking It Down

The North American label market is expected to grow at a rate of 1.6% CAGR 2013-2018 (Figure 1). However, some segments are doing better than others. Overall market demand for pressure-sensitive labels grew in 2013 at 2.0% over 2012 and is

expected to grow at an overall rate of 2.3% CAGR between 2013 and 2018. Glue-applied labels however are a market in decline (-2.7% from 2012 to 2013) with a 2013-2018 forecast of -0.2% CAGR.

Sleeve label technologies enjoyed a growth rate of 2.9% from 2012 to 2013 and are expected to grow at a CAGR of 3.4% through 2018. Another growth area, in-mold labels, showed an increase over 2012 of 6.0% and will see a CAGR growth rate of 2.9% from 2013 to 2018.

### Print Processes

Over the past three decades, flexo has steadily captured market share. Today approximately 65% of North America’s tag & label production is printed with flexo presses. In fact, the evolution of UV flexo led to a sharp decline in letterpress, which continues to die a slow death.

Offset has the second highest market share in North America. Of the total tag & label production, 20% is printed, either sheetfed or roll-fed offset. Approximately 85% of production is sheetfed; 15% is roll-fed (web) offset.

### Other Trends

To standardize print across global markets, brand owners are demanding specific press types and selected material manufacturer constructions. Print

process bias is very apparent—even when flexo can prove itself against offset and gravure, brand owners still view flexo somewhat negatively.

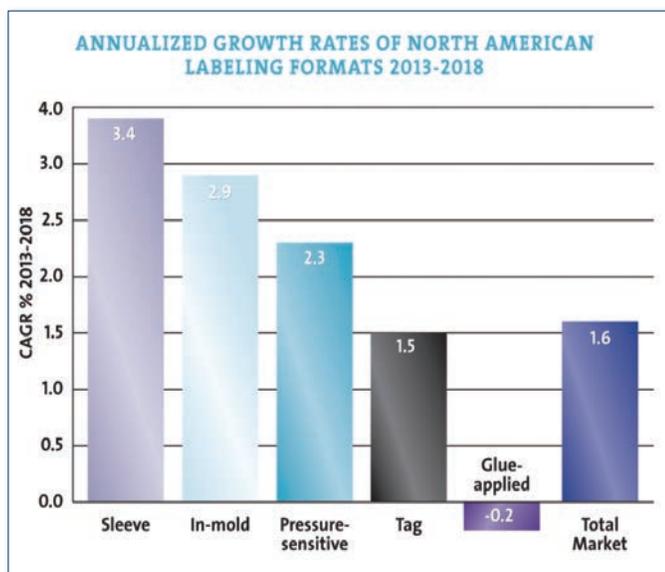
Run lengths in North America are declining an estimated 7-9% annually. Each year, higher volumes of once conventionally printed applications migrate to digital presses. In 2013, approximately 74% of presses sold into the North American tag & label industry were conventional. By 2018, 50% of the presses installed in the tag & label segment will be digital.

Brand owners are seeking vendors that can handle the needs of an entire brand, including a wide range of run sizes, sample and prototype generation, and inventory management. They are also exploring new areas, such as extended text labeling, extended color gamuts, and thinner, less expensive, more environmentally friendly substrates.

Finally, one of the best marketing tools in a printer’s arsenal is sustainability. Achieving environmental certification sends a message to customers that they are willing to partner to meet brand owners’ increasing demands.

An overview podcast (<http://tinyurl.com/pejclpz>), by LPC study authors, can be accessed at [www.primir.org](http://www.primir.org). For more information about this study contact: Rekha Ratnam, Assistant Director Market Data/Research, at phone: 703/264-7200 or e-mail: [rratnam@primir.org](mailto:rratnam@primir.org). ■

Figure 1



# CALENDAR

## April 2015

### Print China 2015

April 7-12 • Dongguan, China

### CGATS/USTAG/PPC Meeting

April 14-16 • Toronto, Canada

## May 2015

### TC130 Working Groups Meetings

May 11-17 • Bologna, Italy

### Expográfica 2015

May 12-15 • Mexico City, Mexico

## June 2015

### PRINT'S VOICE 15

June 2-3 • Washington, D.C.

### ICC Meeting

June 8-10 • Tokyo, Japan

### PRIMIR Summer Meeting

June 16-18 • Nashville, Tennessee

## September 2015

### IGAS 2015

September 11-16 • Tokyo, Japan

### EXECUTIVE OUTLOOK

September 13 • Chicago, Illinois

### GRAPH EXPO 15

September 13-16 • Chicago, Illinois

## October 2015

### ICC Meeting

October 11-13 • San Jose, California

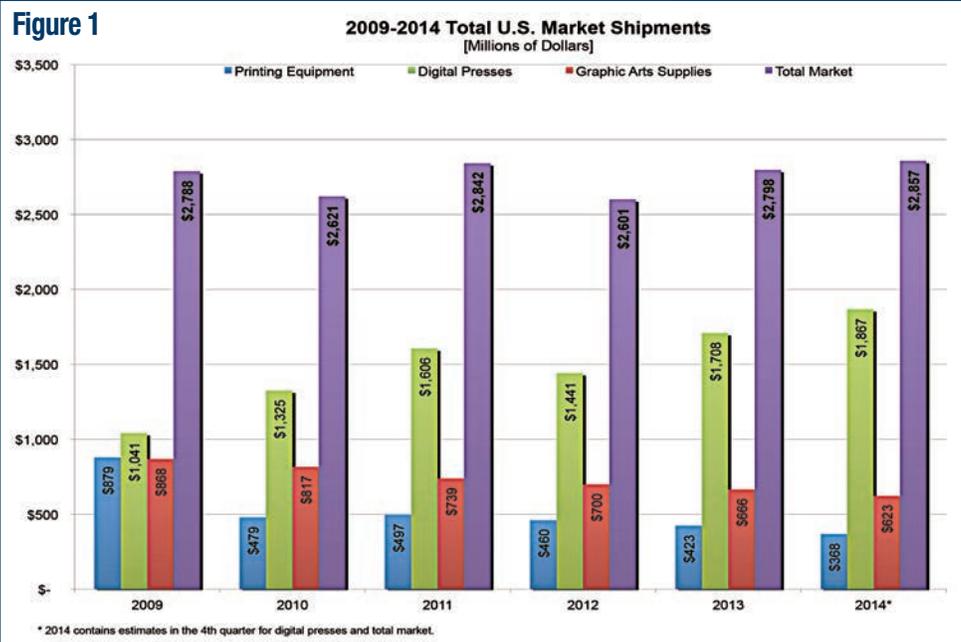
## DID YOU KNOW?

Newspaper can be recycled into egg cartons, game boards, new newspaper, gift boxes, animal bedding, insulation and packaging material.

[greenliving.lovetoknow.com/Facts\\_About\\_Recycling\\_Paper](http://greenliving.lovetoknow.com/Facts_About_Recycling_Paper)

# 66

Although traditional printing equipment and graphic arts supplies shipments are still nowhere near levels of previous years, it's encouraging to see steady growth in the total market.



Source: NPES Market Data Program, 2015

## Market Intelligence News

### TRENDS IN SHIPMENTS FOR EQUIPMENT AND SUPPLIES AND THE TOTAL MARKET

In 2014, the market for production digital presses is estimated to increase 9% to nearly \$1.9 billion. The total market (traditional printing equipment, graphic arts supplies and production digital color presses) is also estimated to increase 2% in 2014 to over \$2.8 billion. (Figure 1).

At the end of 2014, shipments for traditional printing equipment and graphic arts supplies fell [-13% and -6% respectively] from 2013 levels. Printing equipment and graphic arts supplies shipments continue to be nowhere near their 2008/2009 levels and years prior. In 2009, equipment shipments were more than double what they are today, and supplies shipments started their fall, although at a slower pace. The decreases continue through 2014—shipments of equipment [\$368 million vs. \$423 million] and shipments of supplies [\$623 million vs. \$666 million].

On the bright side, 2014 total market shipments are the highest since 2009, mainly due to the steady increase in shipments of digital presses, also at their highest since 2009. The increase in digital press shipments has a strong correlation with decreases occurring in traditional pressroom equipment and the continuing shift of some offset work to digital presses. Although traditional printing equipment and graphic arts supplies shipments are still nowhere near previous years' levels, it is encouraging to see steady growth in the total market.

For more information contact Rekha Ratnam, Assistant Director Market Data/Research at phone: 703/264-7200 or e-mail: [rratnam@npes.org](mailto:rratnam@npes.org). ■

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