

news

THE ASSOCIATION FOR SUPPLIERS OF PRINTING, PUBLISHING AND CONVERTING TECHNOLOGIES

GRAPH EXPO 2010 Opens in Chicago

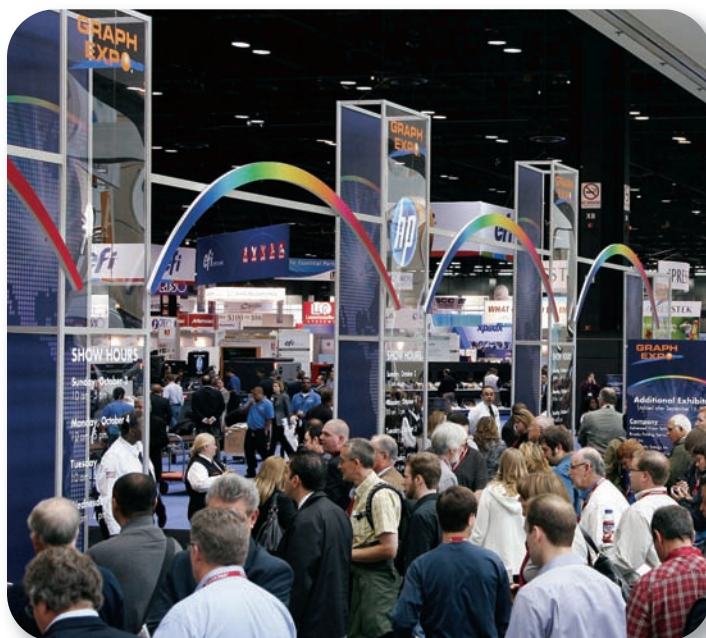
Printing professionals from every key market segment and niche converged upon the Windy City for the opening of GRAPH EXPO 2010, the year's most inclusive graphic communications exhibition and conference in the Americas.

As the year's premier venue for new product introductions and showcase of the latest innovations in the graphic communications industry, GRAPH EXPO 2010 features more than 500 exhibitors demonstrating the full range of cutting-edge technologies—all the latest equipment, products, services

and unique new applications—across the South Hall of Chicago's expansive McCormick Place. And, traveling from more than 71 countries, representatives from all segments of the graphic communications industry attended the tradeshow and conference, held from Sunday, October 3 to Wednesday, October 6.

New for this year's show, and offering attendees a widely expanded range and depth of new business networking and education opportunities, were 20 co-located industry events and activities. Among these events were industry association annual conferences, manufacturer user group meetings, special workshops, and education programs with several offering programming and open to all GRAPH EXPO attendees.

Keeping to its theme, "The Next Generation of Print," this year's GRAPH EXPO reached far beyond traditional commercial printing to span the full range of the graphic communications industry to reveal the hottest new technologies and most unique applications for the diverse spectrum of attendees including those involved in digital imaging and quick printing, creative services, transactional printing, package printing and converting, mail-



ing and fulfillment, in-plant operations, wide-format imaging, book printing and publishing, newspaper printing and even print buying. Live running applications of all the newest technologies showcased new profit opportunities as well as ways to maximize production efficiencies and cut costs in today's recovering economic environment.

To help attendees navigate the vast spectrum of products, technologies and production areas covered at GRAPH EXPO 2010, the show featured eight special interest pavilions and sections. Along with the debut of News

Print—a dedicated newspaper pavilion for the newspaper industry—these included PackPrint, covering package printing; the second annual GREENspace, a dedicated show floor destination showcasing sustainability and eco-friendly products and services, and offering continuous education throughout the show plus one-on-one consulting; the Prepress/Software-Design and Press/Finishing sections; and, Education Main Street, for attendees seeking well-educated, talented industry newcomers to augment their company's workforce.

INSIDE:

- Chairman's Perspective 2
- Expensing and Bonus Depreciation Extended Again 3
- Publication of PDT/VT to Improve Reliability and Production Performance of Graphically Rich Personalized Content 4
- Market Intelligence News: UCC Filing Update 4
- Latest Survey Shows Purchase Intentions of U.S. Commercial Printers 6
- Postal Regulatory Commission Rejects USPS Rate Hikes 7
- NPES 2010 Annual Conference 7
- NPES Vote For Business 2010: Register & Vote!..... 8
- News and Notes 8

chairman's perspective

D.J. Burgess

NPES Chairman

Burgess Industries, Inc.

You Can Break A Rock, But Not The Spirit



"It was 2:00 pm in the afternoon and I had just landed in Washington, D.C. when I received the call, "Tom fell from the Inventory Racks and was rushed by ambulance to the hospital... Who's Tom? A key "go-

to" employee who somehow, no matter what, whatever the circumstance, leads the way to make things happen and gets the job done...not just for me, but for the Burgess Team! He's a "ROCK" in our foundation of success!

My first response was, "Do I need to get back on the plane and come home? My controller said, "No, we're at emergency, Tom called his parents and wife and they are on their way, and the ER doctors are with him now, he has been given medicine for pain, he's coherent and aware of his surroundings, has no loss of memory, no cuts, scratches, bumps, blood, or bruises; Tom said he landed on his right hip and that's where the pain is. The paramedics think he injured his hip, maybe severely. I forced myself to stay focused on what he was reporting, while my mind was playing out every possible scenario from death, a broken neck or spine, to a broken or bruised hip, to his long-term recovery and then regarding his young family, our friendship, and his value to Burgess Industries. A few hours later Tom's wife called with the news of "nasty" fractures in the right hip and pelvis, but apparently no internal organ, spine or head damage. He would need surgery, but is expected to have a full recovery.

I arrived back in Minneapolis a day and a half later and drove right to the hospital. Tom was already in what turned out to be a five-hour surgery. I collapsed in a chair, prayed, and then began to reflect on the situation, Tom's value in my life and the others around him.

Two days earlier, he had hugged his wife Mary and three young children goodbye and drove off to work in perfect health. Around noon he was looking for some material located in the warehouse on the top level of the inventory racks. He was standing 10 feet above the concrete floor, when he lost his footing and started to fall head first to the concrete floor. As he was falling, he reached out to grab a beam, which turned his body sideways allowing the brunt of the landing to his right hip instead of his head or shoulder. I spent plenty of time thinking of the what ifs, and then it was time to move on. Simply, with God's grace, I was grateful.

Tom has been with Burgess almost 20 years. He's

played a key role in all areas of the company and clearly understands the value of our company mission and the value of a customer. More importantly, he's earned the type of trust and respect from his fellow team members that can't be won by a title or position, but from pure guts, glory and commitment, always finding a way to help or make an impact... a real "go-to" individual with an embedded spirit to succeed for others first, and then himself.

I then thought back to my third grade teacher Mrs. Betty. She loved music and taught us to sing with our hearts. Her favorite song was "People," sung by Barbara Streisand. She told us, over and over as we practiced the song for our school concert, "the more you need people, the more good you will add to the world!" Tom proves her point!

Before leaving the hospital, I went to Tom's room and left a note on the information board, so he would know I had been there during his surgery. It said, "Praying for you Tom. Be blessed, D.J., family, and team!"

Upon my return to Burgess, I was deluged with questions and concerns about Tom, which I did my best to answer one by one. And then it struck me as clear as day... a sense of brotherhood took over as our team responded to the situation, including directing the paramedics to take Tom to a hospital that has the finest hip specialist and surgeon in North America. I could see the warmth and concern for him in each of my employees. But even more amazing, the company had already regrouped, delegated Tom's responsibilities and immediate priorities, not only to support the company, but to send the message of "we have your back" for a peaceful and restful recovery. This is what real people (friends) do for each other, they respond favorably and rise to the occasion.

NPES is made up of 400 unique member companies, all of which have great people, like Tom, and represent the heart and soul of our industry. Although the economic recovery has been slower than projected, it's the "rocks" of the world that provide that special glue for the team to succeed under any circumstances and conditions. They provide the sense of confidence that allows risk and vision to move forward in harmony.

Our Tom should make a full recovery. He was sitting upright in a chair and walking within 24 hours of his surgery. He is giving us daily updates through iPhone texts and e-mail, including sending copies of his X-rays!

I am proud of my team, their accomplishments, commitment, and dedication to each other and Burgess Industries.

As you know, our industry is under intense pressure for many reasons. GRAPH EXPO will once again bring our teams together to sell products and services, but also to share and learn about solutions, inspire ideas, and spend quality time with each other and our customers to say hello, thank you, and explore ways that we can move into the future together! Thanks for being at GRAPH EXPO! ●

GRAPH EXPO, continued from page 1

Other show-floor returning favorites included Future Print and the Mailing & Fulfillment Center—the industry's largest mailing event anywhere in the Americas. The Pack Print / Future Print Theater featured continuous free educational and networking opportunities with industry experts throughout the show.

And, just as wide format printing has become a mainstream offering for printers, wide format technologies and products were represented throughout the GRAPH EXPO 2010 show floor.

Not just a graphic communications exhibition, GRAPH EXPO 2010 also included a full array of educational programming beginning on Saturday, October 2, the day before the show opened, with the annual EXECUTIVE OUTLOOK Conference. This year's conference, themed "The Challenge of Change in the New Era of Print," identified the newest technologies on the forefront of print's evolving future and provided printers with practical information on how to use these technologies to gain a competitive advantage in a recovering economy. Topics underscored many of the highlights of the GRAPH EXPO 2010 exhibition with focuses on emerging technologies and opportunity markets in the new era of print.

The popular EXECUTIVE OUTLOOK Conference concluded with the announcement of the MUST SEE 'EMS technology and product awards. A veritable roadmap to GRAPH EXPO 2010, the MUST SEE 'EMS are those technologies and products that show goers must consider to remain competitive in the industry. This year's entries showcased the newest and most compelling technologies from across the entire spectrum of graphic communications.

Immediately following the EXECUTIVE OUTLOOK Conference and extending the networking opportunities begun during the program was the Positively Print Recognition Reception. The Positively Print program—newly

introduced for 2010—is a brand-new and high profile recognition opportunity for companies that promote the power of print in their communications. Here, the much-heralded announcement of the Positively Print program awardees took place with each of the nominees individually introduced and recognized for the important role they play in artfully—and effectively—promoting the enduring value, effectiveness and power of print in today’s media mix.

In addition to EXECUTIVE OUTLOOK, this year’s GRAPH EXPO featured more than 50 educational sessions that delivered forecasts, essential business strategies and action-oriented solutions for graphic communications professionals to immediately apply to their businesses. Also offered were two mini-conferences tailored specifically for print buyers, plus a special international speaker program exploring international business opportunities. For print buyers the Print Buyers Boot Camp provided full day “basic training” sessions with an introduction to print buying, and the Print Buyers Forum—two half-days of sessions were geared to high-end, ultra-experienced print buying professionals wanting to learn more about the latest technology and new media.

The International Speaker Program on Tuesday, October 5 explored “Brazil, Mexico and Beyond—Opportunities and Challenges.” The program featured Mario Cesar de Camargo, President of Abigraf and Grafica Bandeirantes, a leading Brazilian printer, teamed with Carlos Silgado of Artes Graficas and Luis E. Reynoso Vilches, Director Editorial BAZAR GRAFICO to discuss the opportunities and challenges in the Latin American marketplace. This event also offered opportunities to network with prospective customers and partners.

New for GRAPH EXPO 2010 too, were seven free market segment-specific educational presentations, with one created especially for: Commercial Printers, Quick and Instant Printers; Newspaper Printers and Publishers; Package and Specialty Printers; Creative Services and Marketing Pros; and, In-Plant Printers. These informative and interactive sessions, sponsored by leading industry organizations and trade publications, were led by a dynamic cadre of industry experts and ‘in-the-trenches’ presenters.

For the first time ever, GRAPH EXPO welcomed the G7 Summit, a conference produced by IDEAlliance, providing insight and education for integrating digital and print production workflows, designed for creative, pre-media and print production professionals. And another ‘first,’ GRAPH EXPO 2010 hosted Xplor® Document University (XDU), a two-day program designed for print pros engaged in the design, production and distribution of variable data documents.

GRAPH EXPO 2010 also offered attendees free educational opportunities daily throughout the show in the GREEN Theater, the PackPrint / Future Print Theater, News Print Theater and another show ‘first’—with programming for Transactional Printers with the debuting Digital Document Theater, sponsored by Xplor International.

For more highlights of the show be sure to attend GRAPH EXPO 2010: A Virtual Post Show Wrap,

live and online on **Wednesday,**

November 10, 2010: www.graphexpo.com/virtualpreview. ●



Expensing and Bonus Depreciation Extended Again: Increased SBA Financing and Small Business Lending Fund Also Approved

Enhanced IRC Section 179 expensing and 50 percent bonus depreciation have been extended again as President Obama has signed into law the Small Business Jobs and Credit Act. The legislation also continues the enhancement of popular Small Business Administration (SBA) 7(a) and 504 loan programs, extends expiring loan guarantees and borrower fee reductions, and provides a new \$30 billion fund for smaller banks to lend to small businesses.

NPES urged enactment of the new law that extends 50 percent first-year bonus depreciation, retroactive to January 1, 2010 for equipment placed-in-service by December 31, 2010. IRC Section 179 expensing is also extended for tax years beginning in 2010 and 2011, and the amount taxpayers can write-off in the first year is increased from \$250,000 to \$500,000, with the phase-out threshold moving up from \$800,000 to \$2 million.

White House economists estimate that about 1.5 million companies stand ready to have their taxes lowered by utilizing these incentives and making capital investments now. In commending Congress and the President for enacting this legislation, NPES President Ralph Nappi stated that “history shows that accelerating capital cost recovery provides the leverage that brings forward needed investment in plant and equipment, which in turn generates increased economic activity and jobs.”

Ironically, this may be even more necessary than in the past in order to counteract tax increases on dividends, capital gains and the two top tax brackets endorsed by the Obama Administration.

A Tax Calculator showing how the new expensing rules and continued bonus depreciation can make purchasing printing, publishing and converting technology much more affordable can be found at http://www.npes.org/tax_calculator.asp.

SBA 7(a) loans are the most flexible, designed for start-up and existing small businesses, and are delivered through commercial lending institutions. SBA 504 loans provide long-term, fixed-rate financing to acquire fixed assets (such as real estate or equipment) for expansion or modernization. The new law permanently increases 7(a) loans from \$2 million to \$5 million, and 504 loans from \$1.5 million to \$5.5 million.

The SBA has stated that these proposals will help alleviate the “lending gap” that exists between creditworthy small businesses and the financing that banks are currently making available through conventional loans.

NPES and over 40 other trade associations that comprise the Small Business Access to Credit Coalition supported these increases. NPES President Ralph Nappi also underscored the importance of this aspect of the new law emphasizing that improved access to credit has been a top NPES government affairs priority.

Unfortunately, amendments to the legislation that would have repealed the recently enacted mandate that businesses issue IRS 1099 Forms to all vendors that provide them with \$600 or more in goods or services in a year failed. But efforts continue to repeal this onerous reporting requirement before it goes into effect in 2012.

NPES has joined numerous other business organizations in vigorously opposing the new mandate, and believes that it should be totally repealed, not just legislatively modified or mitigated administratively.

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

Publication of PDT/VT to Improve Reliability and Production Performance of Graphically Rich Personalized Content

An international, multi-vendor, ISO (International Organization for Standardization) committee has completed the development of an international standard that defines a PDF-based variable data printing (VDP) job exchange format.

ISO 16612-2 *Graphic technology — Variable data exchange — Part 2: Using PDF/X-4 and PDF/X-*

5 (PDF/VT) defines the PDF/VT document format and methods to enable reliable document exchange for variable data and transactional printing. Transactional documents include invoices, statements, and documents that integrate billing information with marketing information. It is intended to enable those involved in variable

data printing to take advantage of tools, conventions and technologies already in use. PDF/VT will simplify and streamline production workflows for direct mail, transactional and transpromo print jobs. It will simplify VDP printing in a range of environments from desktop printers to digital production presses. Additionally, PDF/VT will

support the full graphics model of PDF 1.6.

PDF/VT uses the Portable Document Format (PDF) based on the existing ISO PDF/X-4 and PDF/X-5 standards. It provides for the specification of document structure and layout, content, and interaction of graphical objects in an imaging model supporting live transparency, layers,

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. Both new and used printing equipment filings increased slightly in August continuing the up and down pattern we've witnessed for the last five months. Although there isn't any sign of consistent growth, it appears that UCC filings have stabilized through the first 8 months of 2010.

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.

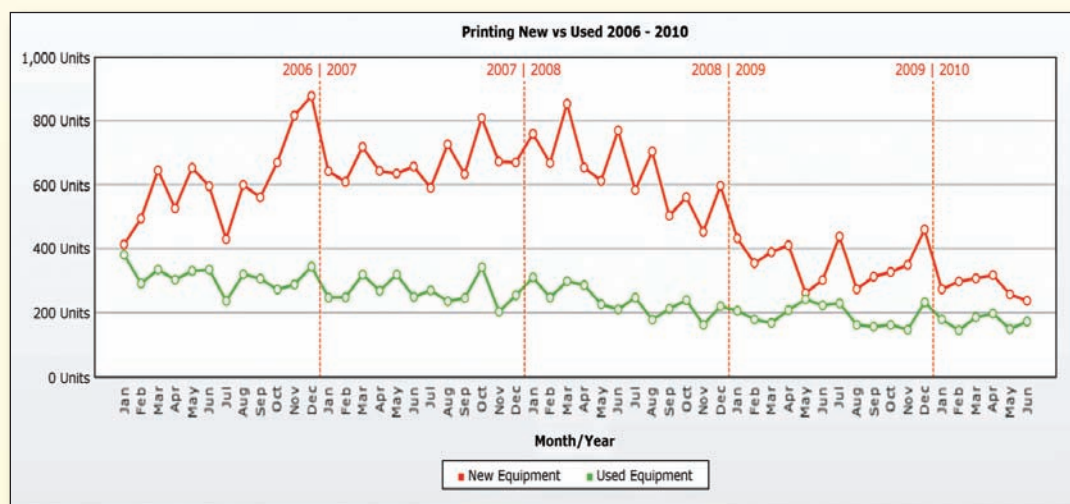
This information is extracted directly from EDA's comprehensive database of nearly 30,000 records for purchasers of printing equipment.

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. ●

Printing Equipment UCC Filings: 2006–2010



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

and full ICC-based color management. Provision is made for fully self-contained PDF/VT files (blind exchange for maximum reliability), as well as for PDF/VT files that reference external graphic objects and profiles. PDF/VT's rich metadata model enables robust, granular and dynamic production controls.

In a PDF/VT workflow, a VDP application generates output in PDF/VT format, and a Raster Image Processor (RIP) or Digital Front End (DFE) that is capable of interpreting the PDF/VT format rendering the job for print production. Workflows based on PDF/VT will deliver all the well-known benefits of PDF print production for VDP jobs. By folding seamlessly into existing PDF-based prepress operations, PDF/VT enables a single common PDF print production workflow for all job types.

PDF/VT will enable high performance rendering of graphically rich content for printing on high-speed digital presses by caching repeated text & graphics. A significant number of products which will create or consume PDF/VT are currently in active development, and are expected to be introduced in the near future.

According to Tim Donahue of Eastman Kodak Company, document editor and chairman of the ISO TC 130 Task Force that developed the ISO PDF/VT standard, "The PDF/VT standard is based upon the result of rigorous examination of variable data and transactional print workflows and on requirements drawn directly from variable print practitioners. The members of the Task Force that created this standard included an international group of experts in variable data and transactional print workflow, digital printing, PDF, JDF, color management and high performance RIP technology."

Committee members involved in the development of this standard include a broad range of the industry's leading printers, RIP, and software vendors, commercial printers, and other industry stakeholders. NPES coordinates the activities of the U.S.-based representatives.

ISO 16612-2:2010 is available for purchase from NPES and ISO member national organizations. NPES is the secretariat to Working Group 2 of ISO TC 130. For more information, visit the NPES Standards Workroom at: www.npes.org/Standards/workroom.html. ●

Here is what some industry leaders are saying about the PDF/VT open standard and how it will make variable data printing more accessible:

ADOBE SYSTEMS, INC.

"Adobe welcomes ISO's publication of the PDF/VT spec, the result of several years of effort by print industry leaders around the globe," says Naresh Gupta, Senior Vice President, Print and Publishing at Adobe. "We believe that this emerging standard will finally fulfill the promise of Variable Data Printing (VDP) and continue to drive growth of the digital print arena. Eco-systems based on PDF/VT and the Adobe PDF Print Engine will further streamline workflows and deliver more reliable, higher quality print results."

EASTMAN KODAK

"Kodak printing solutions, both EP and Inkjet, are further empowered with the release of the PDF/VT standard. It allows Kodak customers to enjoy the efficiency of PDF based workflow for a wide range of digital print applications including quicker throughput with color print that accurately matches the author's intent," says Isidre Rosello, General Manager of Digital Printing Solutions and Vice President of Eastman Kodak Company. "We're proud to have been a part of the development and review of the specification and look forward to its growth as the industry standard for variable data printing."

EFI

"Efficiently driving complex VDP jobs in digital print requires support for multiple standards to ensure interoperability and reduce costs," said John Henze, Vice President of Fiery Marketing, EFI. "PDF/VT as one of these standards will bring the benefits of a PDF workflow to VDP, helping our customers increase production efficiency with capabilities such as late stage exchange of critical variable content."

GLOBAL GRAPHICS SOFTWARE, LTD.

"The clear definition of metadata for variable data print jobs in the PDF/VT standard will help the whole industry as it migrates from proprietary and specialist file streams towards the use of PDF," says Martin Bailey, Chief Technology Officer at Global Graphics Software, Ltd. "Amongst other benefits it allows us to provide solutions that will print VDP jobs even faster on digital production presses."

HP INDIGO

"HP Indigo is proud to be one of the first digital print manufacturers in the world to fully adopt the PDF/VT standard, having incorporated it into our HP SmartStream Designer VDP creation tool and HP SmartStream Production Pro Print Server," says Alon Gazit, Director of R&D, Indigo division, HP. "With HP Indigo VDP and TransPromo customers experiencing double-digit annual growth, the new format will help them meet the need for higher efficiency in the production workflow."

KONICA MINOLTA

"Konica Minolta recognizes PDF/VT as an effective industry standard," says Toshi Fujimori, Vice President, Konica Minolta Systems Lab. Inc. "Our bizhub PRO engines will utilize PDF/VT, greatly enhancing our ability to provide effective VDP workflow solutions—like our Printgroove POD Suite—to fast-paced, printshop environments."

PRINTABLE

"Printable is committed to meet the growing industry

demand for VDP technology," says Coleman Kane, CEO and president, Printable Technologies. "PDF/VT technology provides clear advancements to VDP workflows that will benefit the entire industry." Douglas Cogan, Vice President of VDP Technology at Printable Technologies says "The ubiquitous nature of PDF reading and editing software and the enhanced RIP speeds promise an exciting future for PDF/VT and the entire industry. Printable plans to add support for PDF/VT into the FusionPro product line before the end of 2010. The large installed base of FusionPro Desktop and Server products, including all subscribers to our MarcomCentral subscription service would be positioned to immediately benefit from PDF/VT."

SCREEN

"In recent years, the printing industry's needs have expanded to include everything from mass production to personalized printing. As a result, Screen is promoting the development of an integrated workflow for CTP and POD which use same RIP Core and GUI. Therefore PDF/VT will be an integral part of our workflow strategy," says Kyohei Fujisawa, Corporate Executive Officer of Dainippon Screen Mfg. Co. "PDF has its strengths in versatility, portability and rich expressiveness. By adopting PDF/VT, which integrates the personalized information to these strengths, we will create a shift to personalized printing based on the current PDF workflow. With this strategy, we aim to become the leaders in the next generation printing industry."

ULTIMATE TECHNOGRAPHICS

"Ultimate Technographics welcomes the initiative to develop the ISO PDF/VT standard," declares Joanne David, President and CEO of Ultimate. "As a leading prepress software developer focused on digital printing, we have witnessed the need to produce large variable data campaigns more efficiently for our customers. PDF/VT is part of our roadmap for the new Impostrip OnDemand Scalable server that allows customers to take advantage of the new generation of digital presses dedicated to transactional and personalized marketing."

XEROX

"The release of PDF/VT as a variable and transactional data printing standard is a great addition to PDF. This capability coupled with the Adobe® PDF Print Engine, will enable customers to achieve a significant improvement for their customized variable workflows. The use of metadata will enable flexible reuse scenarios for targeted demographics resulting in improved processing of files with richer content," says Ann Cecchi, Senior PDF Workflow Specialist at Xerox Corporation.

XMPiE LTD.

"The personalized applications that our customers create with XMPiE solutions are highly creative, targeted, response driven campaigns. That is why we were one of the first leading VDP software vendors to endorse PDF/VT," said Reuven J. Sherwin, vice president, Products, Research and Development, XMPiE Ltd. "We knew our customers would benefit from its capability to allow for faster, more efficient, more consistent quality in the production of variable data documents created with XMPiE. We are committed to the initiative and to introducing products that take full advantage of this emerging VDP standard."

Latest Survey Shows Purchase Intentions of U.S. Commercial Printers



Dr. Joe Webb

The latest WhatTheyThink survey of commercial print businesses indicated that there is continuing interest in capital investment. That's good news for suppliers. What the respondents are looking for reflects the changing nature of our industry, and that print businesses are undergoing an important restructuring of their businesses.

economy, or both. Whatever remaining volume they had was absorbed by the surviving printers.

The commercial printing industry has also seen restructuring by mergers, acquisitions, bankruptcies, and "tuck-ins." The latter are basically purchases of "books of business" from printers separate from their hard assets of equipment

ers of varying sizes. More than half of the printers stated that they were making capital purchases through the end of 2010 and 2011. The data represent the percentage of printers by employee size category who claim they are buying in each of these major product areas:

E-commerce, production workflow, and digital printing are the

Judging whether or not capital equipment purchase intentions are realistic is always difficult. Small printers do not have a formalized process for justifying, budgeting, and funding purchases on an ongoing basis, while large companies do. The question below (Figure 2) offers some insight into these purchase intentions.

Overall, the capital investment environment might be better than would be expected, but caution is appropriate because printers are cautious as well. Lenders are being more demanding in judging credit worthiness and the printing industry has had disproportionate skepticism among lenders even in good times. Healthier printers with more diversified revenue streams and improved production and management processes will outpace their weaker competitors.

Industry profits are increasing but they are not robust. Printers know that they have long lists of desires to upgrade their capabilities and stay ahead of the marketplace, but their resources allow only a portion of their long lists to become purchases. It is clear, however, that the printing business has changed, and only by constantly renewing its capital base can it expand into new services and play a role in the emerging content management and deployment industries. And yes, that includes print. ●

Dr. Joe Webb is the Director of the What They Think Economics & Research Center, and author of "Disrupting the Future" and "Renewing the Printing Industry."

Figure 1

% OF PRINTERS BY EMPLOYEE SIZE CATEGORY BUYING IN THESE MAJOR PRODUCT AREAS:	1-9	10-19	20-49	50-99	100+	TOTAL
web-to-print e-commerce capabilities	14%	16%	20%	34%	37%	16%
business-wide management information systems (accounting, administrative, more than production system)	4%	9%	9%	20%	21%	7%
design workstations	12%	18%	3%	20%	9%	12%
new media production	5%	4%	6%	5%	10%	5%
print production workflow	8%	16%	9%	24%	23%	11%
digital black & white	9%	7%	11%	17%	12%	10%
digital production color (like Xerox iGen, HP Indigo, Kodak NexPress)	11%	20%	14%	27%	30%	14%
new offset 6+ color sheetfed press	0%	0%	0%	5%	6%	0%
used 6+ color sheetfed press	2%	0%	4%	2%	4%	2%
other offset new or used press	3%	0%	1%	5%	8%	2%
bindery, finishing	22%	27%	17%	22%	30%	23%
mailing	15%	7%	9%	24%	23%	14%
warehousing/fulfillment	4%	7%	4%	15%	12%	5%
building/facility	3%	4%	4%	17%	13%	4%
communications management software systems to coordinate e-marketing programs for clients	5%	7%	7%	10%	14%	6%
communications management software systems to coordinate social media programs for clients	4%	2%	4%	10%	12%	4%
variable digital printing software for PURLs, customized campaigns	18%	16%	7%	12%	20%	16%
other marketing and communications logistics investments	1%	9%	4%	10%	5%	3%
other	9%	2%	4%	0%	7%	7%

(NOTE: "Total" is weighted to industry demographics)

Even though the economy is sluggish, at best, at least it seems that revenues of commercial printers have stabilized and print businesses are starting to show profits again. There are many reasons for it. The industry has shed somewhere in the range of 2,000 to 3,000 printing businesses, and their customers are going to the surviving print businesses that are healthier and more efficient. Even though the total industry print shipments have been in decline for the last decade, that does not mean that individual businesses share the same pattern or outlook.

The pruning of weak print businesses from the industry was particularly severe in 2008 and especially 2009. The reason for their departure was primarily that their volume of print had decreased and could not remain viable. Their customers had shifted spending to other media, cut their budgets to deal with the slower

and/or buildings. The volume from the sold business is then integrated into that of the purchaser. This has removed inefficient equipment from the industry's installed base.

This is one of the reasons why commercial printing has had three consecutive quarters of profits, even though the shipments of print have not been increasing. The industry has become more efficient, and needs to be yet more so, hence the need for new capital investments.

The latest survey, conducted just after the Labor Day holiday, was completed by more than 325 print-

main categories for investment. Binding and finishing is the top category, but that is such a broad area that it is probably spread among 10 to 15 different subcategories. The limitations of the survey did not allow for finer details. Mailing equipment was also ranked highly. Despite the decline in mail volume and weight overall, the category of standard mail has been increasing lately. This means that even though volume is down, there is a greater emphasis on automation, standardization, and effective use of data bases that drive variable printing in mailings.

Figure 2

IN GENERAL, HOW WOULD YOU DESCRIBE YOUR OVERALL 2010 AND 2011 INVESTMENT PLANS FOR THE LARGEST OF YOUR UPCOMING INVESTMENTS?	1-9	10-19	20-49	50-99	100+	Total
already committed, down payments made	12%	15%	18%	10%	16%	13%
budgeted, definitely buying	22%	27%	21%	45%	46%	24%
budgeted, but temporarily on hold	13%	23%	7%	10%	16%	14%
planned but no budget at this time	51%	35%	50%	35%	22%	47%
Other, please specify	2%	0%	4%	0%	0%	2%

(NOTE: "Total" is weighted to industry demographics)

Postal Regulatory Commission Unanimously Rejects USPS Rate Hikes as OPM Refuses to Recalculate Overpayment to Retirement Fund

The U.S. mailing industry received a split decision from official Washington in September, as the Postal Regulatory Commission (PRC) unanimously rejected the United States Postal Service's (USPS or Postal Service) request for an "exigent rate increase" averaging 5.6 percent, while the Office of Personnel Management (OPM) refused to recalculate the Postal Service's purported \$55 billion overpayment to the Civil Service Retirement System (CSRS). NPES lauds the PRC's decision, but is disappointed by OPM's stance.

The rejected rate hikes were the first application under the *Postal Accountability and Enhancement Act of 2006 (PAEA)* that authorizes adjusting rates in excess of inflation (as measured by the Consumer Price Index) for "market dominant products"—like First-Class Mail—for which the Postal Service has a legal monopoly, when there are "extraordinary or exceptional circumstances." The Postal Service asserted that a CPI-limited increase would prevent it from making discernable progress towards closing the estimated \$7 billion shortfall in its FY2011 budget.

The Postal Service cited the precipitous and unprecedented 20.1 percent drop in mail volume and corresponding \$11.7 billion loss of revenue that has occurred since 2007 as the "extraordinary and exceptional circumstances" that would support an exigent rate increase at this time. It attributed this mainly to the recent severe recession.

In rejecting the Postal Service's plea, the PRC agreed that the recent severe recession, and the concurrent decline in mail volume do qualify as extraordinary or exceptional circumstances under the *2006 PAEA*, but disagreed that the need for the requested rate increases were due to these factors. According to PRC Chair Ruth Y. Goldway "the primary cause of the [USPS] liquidity crisis was structural and related to an overly ambitious requirement for the Postal Service to prefund its future retiree health benefit premiums."

NPES strongly opposed the exigent rate increases as being a very counter-productive catalyst that would ultimately drive more volume from the system and perpetuate the Postal Service's downward financial spiral.

On the negative side of the ledger, mailers were dealt a setback by OPM's refusal to recalculate the Postal Service's \$55 billion overpayment to the CSRS, in the face of what seems to be clear direction to take such action under the *2006 PAEA*. In failing to act, OPM said that only Congress could authorize such a recalculation.

Studies by the USPS Inspector General and an independent actuary retained by the PRC have confirmed that the Postal Service has overpaid the CSRS Pension Fund by at least \$50–55 billion over some 35-plus years, because OPM has been using antiquated calculations that fail to incorporate current actuarial best practices and accounting standards.

With mid-term congressional elections only weeks away, the likely new chairman of the House Oversight and Government Reform Committee, Representative Darrell Issa (R-49-CA) has said that postal legislation is something he would like to move in 2011. NPES looks forward to working closely with him in the 112th Congress.

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

Print Reinvented 2011: The Future of Media Communications

November 18-20, 2010 • The Royal Palms Resort, Phoenix, AZ



Marco Boer

The NPES 2010 Annual Conference will offer members and guests an exciting opportunity to recalibrate their perspective on today's 'new world' of print.

The program themed, "*Print Reinvented 2011: The Future of Media Communications*," will feature an impressive line-up of top experts in their field including featured presenter Marco Boer. As Vice

President of I.T. Strategies, Inc., Mr. Boer focuses on product planning for graphics, transaction, and publishing printers, and emerging industrial digital printing applications such as label printing, packaging printing, and other non-document applications. During his 20-plus year tenure in the industry, Mr. Boer has concentrated on researching applications and sizing markets for inkjet and laser printing technology, and has been a proponent for the use of digital color printing in business and industrial applications. Frequently quoted in trade magazines and national newspapers and magazines, he is a frequent speaker at printing industry events and guest lectures on a regular basis at New York University's Graduate School of Graphic Communications. Mr. Boer's presentation is a preview of the soon to be published *Megatrends in Digital Printing Applications* PRIMIR study.

Global economic turmoil, industry consolidation, emerging international markets, converging cross-media technologies, soaring costs for raw materials and energy, 'green' as the new deliverable, and many other forces are changing our industry. How conversant are YOU with these forces of change and their impact on your bottom line?

Discover how to meet the challenges and benefit from new opportunities they create at the NPES 2010 Annual Conference. This year's robust agenda is designed to engage you in strategic conversation with industry leaders and peers who are, likewise, forging innovative pathways toward the new model of print.

This year's program takes on added depth with an up-to-the-minute global economic update and forecast, a provocative perspective on the new rules of marketing and PR, and the world-class level of networking activities that members have come to expect from NPES.

You will return home with insights and tactics that will enhance your relations with customers and vendor partners, and be better poised to position your business for success in the months and years ahead.

**For complete program information
and a registration form**

visit: www.npes.org

news and notes

NPES CALENDAR

October 2010

CGATS/USTAG

October 28-29 • San Jose, California

November 2010

ICC Meeting

November 4-6 • San Antonio, Texas

ICC DevCon

November 8 • San Antonio, Texas

NPES 2010 Annual Conference

November 18-20 • Phoenix, Arizona

December 2010

PRIMIR Winter Meeting

Renaissance Boca Raton

December 6-8 • Boca Raton, Florida

January 2011

Printpack

NPES Member Booth and Trade Mission

January 16-21 • New Delhi, India

February 2011

ICC Meeting

February 14-17 • Tokyo, Japan

March 2011

Vision 3 Summit

Desert Springs J.W. Marriott

March 13-16 • Palm Desert, California

PRIMIR Spring Meeting

J.W. Marriott Desert Springs Resort

March 14-15 • Palm Desert, California

April 2011

TC130 Working Groups

April 11-15 • Berlin, Germany

June 2011

ICC Meeting

June 14-17 • Barcelona, Spain

September 2011

EXECUTIVE OUTLOOK Conference

September 10 • Chicago, Illinois

GRAPH EXPO

September 11-14 • Chicago, Illinois

International Graphic Arts Show

NPES Member Booth and Trade Mission

September 21-27 • Tokyo, Japan

October 2011

NPES 2011 Annual Conference

October 16-19 • Palm Beach, Florida

November 2011

ICC Meeting

November 13-15 • San Jose, California

NPES Vote For Business 2010: Register & Vote!

With the November 2, 2010 mid-term elections less than a month away, it is imperative that NPES member company executives, employees and customers make their voices heard by registering to vote and then going to the polls on Election Day, voting early when possible or absentee when necessary.

Voter registration is still open in most states; state



specific information can be found by going to the NPES Vote For Business portal on the NPES homepage where easy on-line access to

valuable resources to educate, register, and turn out the pro-business/pro-prosperity vote can be found.

NPES has partnered with the U. S. Chamber of Commerce to equip association members with the tools necessary to inform and activate employees and customers during this all-important election season, which occurs in the

midst of the most challenging economy ever experienced by most people.

The 2010 mid-term elections are the chance for NPES members to weigh in and support candidates who vote for public policy that encourages economic recovery, jobs and prosperity and to counter-act union plans to spend over \$100 million to protect anti-business incumbents.

For more information contact NPES Government Affairs Director Mark J. Nuzzaco at phone: 703/264-7235, fax: 703/620-0994, or e-mail: mnuzzaco@npes.org. ●

REGISTER NOW!

Vision 3 Summit • March 13-16, 2011

Desert Springs J.W. Marriott, Palm Desert, CA

A LEADERSHIP CONFERENCE FOR THE GRAPHIC COMMUNICATIONS INDUSTRY

A dynamic new leadership conference open to graphic communications service providers and vendors with a broad and distinctly management-level approach.

A joint venture between NAPL, NPES and Printing Industries of America, co-owners of the Graphic Arts Show Company (GASC), producers of the GRAPH EXPO and PRINT trade shows. ●



NPES News is published monthly by NPES.

Publisher:

Ralph J. Nappi

Managing Editor:

Deborah Vieder 703/264-7222

Correspondents:

Mark Nuzzaco

Kip Smythe

Circulation:

Margie Garr 703/264-7287



The Association for Suppliers of Printing, Publishing and Converting Technologies

1899 Preston White Drive

Reston, VA 20191 USA

703/264-7200

e-mail: npes@npes.org

www.npes.org