



COVERSTORY

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THE TECH SURVEY

Despite sagging sales over the last three years, printers plan to maintain their technology investments

Printers and equipment: It's an enduring love affair. But like a love affair, this can be a complicated and tempestuous relationship. The only thing that's better than equipment is complaining about it. That's especially true in times like these when knowing where to put investment dollars can be a heart-wrenching call.

So we decided to assess just how printers think about technology and their beloved machines. Our technology survey asked how they invest, what their goals and priorities are, what they covet, and how they see the future unfolding over the next three years. We received 142 responses and here's what they had to say.

Sales first

First, a word about sales, because sales are everything and sales expectation colour investment objectives. We asked how printers have fared over the last three years, and in 2010. Then we asked about expectations. Not surprisingly, the last three years have been dismal with 53% of all respondents reporting a sales drop. Of those, almost 83% suffered decreases of 10% or more.

It gets a little rosier going forward, however. About 55% said sales in 2010 were stronger than 2009; 56.2% of them said sales had risen by at least 10%.

Future expectations are even more hopeful. About 78% of respondents project that sales in 2011 will outpace 2010; about half of those say sales will grow by 10% or more.

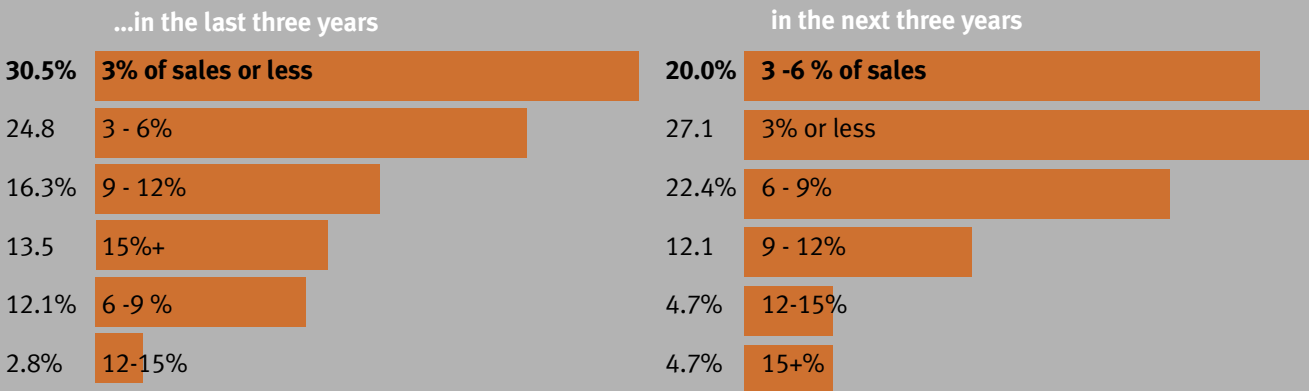


Technology investment

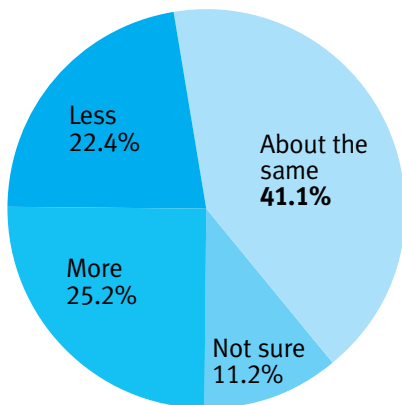
Three percent seems to be the magic number when it comes to investing in technology – 3% of sales, that is. About a third of printers say they invested less than that over each of the last three years. That only changes somewhat going forward into the next three years, as the majority plan to up their spend to between 3 to 6% percent. Most interesting is the number of printers who invest more than 15%—that’s going to drop off substantially over the next three years.

In total 41% plan to invest in technology at about the same rate over the coming three years with the goal of operating more efficiently. Those that plan to decrease their investments cite concern about the economy and the lack of financial resources.

As a percentage of annual sales, indicate your annual investment in equipment, hardware and software



Do you plan to invest more, less or the same over the next three years as you did over the last three years?



I plan to invest more over the next three years

because:	Need to operate more efficiently	60.9%
	Need to invest to stay competitive	48.4%
	Going in new direction	34.4%
	Need more capacity to keep up with growth	23.4%
	Need to catch up to meet demand	4.7%

I plan to invest less over the next three years

because:	Uncertainty or concern about the economy	52.2%
	Don't have financial resources	50.0%
	Scaling company back	23.9%
	At capacity already	15.2%

Why buy?

The reasons for taking on new technology showed some fluctuations but basically printers invest for the not-surprising goals of being more efficient and making more money. What's interesting here is that the biggest growth in reasons to invest is that more firms want to enter new markets and go in new directions. That went up by 15%. Taking a back seat as a reason to invest: increasing environmental friendliness.

Indicate your investment goals over the last three years

More efficient workflow, reduce turnaround/makeready times, get faster	63.0%
Increase profitability	58.3%
Reduce labour costs/automate	46.7%
Enter new markets, go in new directions	43.5%
Reduce spoilage, rework, waste	33.3%
Increase environmental friendliness	31.5%
Other	3.7%

and the next three years

Increase profitability	67.0%
Enter new markets, go in new directions	58.5%
More efficient workflow, reduce turnaround/makeready times, get faster	57.5%
Reduce labour costs/automate	49.1%
Reduce spoilage, rework, waste	26.4%
Increase environmental friendliness	26.4%
Other	2.8%



55%

said sales in 2010 were stronger than 2009; 56.2% of them said sales had risen by at least 10%

On the shopping list

Some clear changes are being indicated about where printers plan to put their money. The clear winner of the last three years—digital infrastructure, workstations and servers—will lose ground to web to print and web storefronts. Digital presses continue to be on the most-wanted list, but bindery/finishing equipment will slide in popularity. Inkjet printing devices, aside from wide format, are not on many printers' shopping list.

Outline your technology investment priorities over the last three years

Digital infrastructure, workstations, servers	50.5%
Bindery/finishing equipment	43.8%
Digital presses – variable	33.3%
High-speed photocopier (colour or B & W)	28.6%
Computer-to-plate	26.7%
Management Information Systems	22.9%
Web-to-print, web storefronts, ecommerce	21.9%
Inkjet wide format	21.0%
Workflow systems	18.1%
Mailing capabilities	13.3%
Fulfillment capabilities	13.3%
Offset litho – 2-up	10.5%
Database management capabilities	9.5%
Digital asset/content management	7.6%
Other	5.7%
Offset litho – 4-up	4.8%
Offset litho – 8-up	3.8%
Direct imaging presses	3.8%
Inkjet sheetfed press	3.8%
Inkjet continuous feed press	2.9%
Offset litho larger than 40"	1.9%
Flexo presses	1.9%

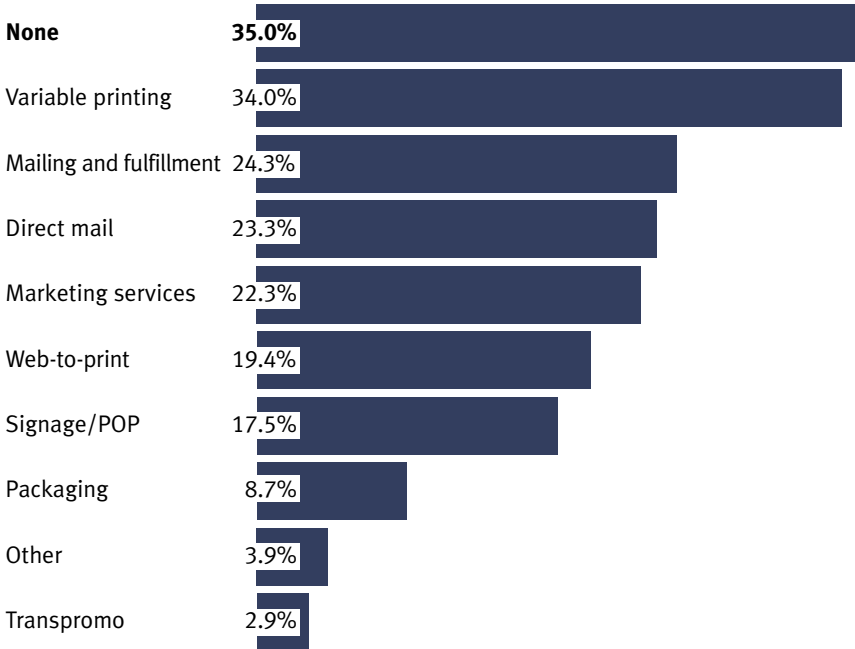
and the next three years

Web-to-print, web storefronts, ecommerce	43.6%
Digital presses – variable	28.7%
Bindery/finishing equipment	28.7%
Digital infrastructure, Workstations, servers	26.7%
Workflow systems	24.8%
Inkjet wide format	19.8%
High-speed photocopier (colour or B & W)	15.8%
Management Information Systems	14.9%
Database management capabilities	11.9%
Fulfillment capabilities	11.9%
Computer-to-plate	10.9%
Digital asset/content management	10.9%
Mailing capabilities	9.9%
Inkjet continuous feed press	5.9%
Offset litho – 8-up	5.9%
Inkjet continuous feed press	5.9%
Inkjet sheetfed press	5.0%
Offset litho – 2-up	5.0%
Other	5.0%
Offset litho – 4-up	4.0%
Direct imaging presses	3.0%
Offset litho larger than 40"	1.0%
Flexo presses	1.0%

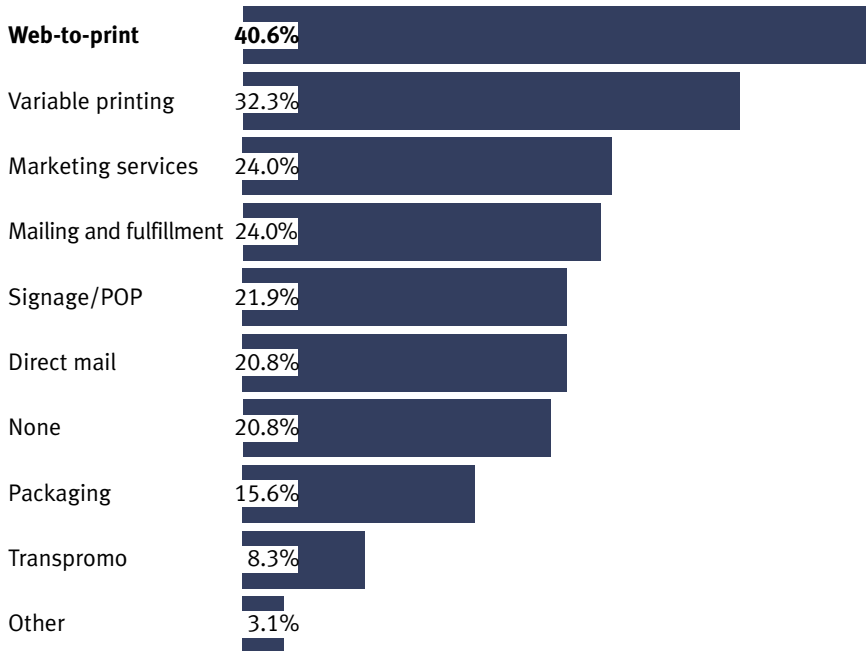
Expansion plans

The preferred way of expanding a business over the past three years was to do nothing, or try variable printing. That's changed. Only 20% of printers plan to stay static over the next three years and 40% plan to embrace web-to-print.

Have you expanded your business offerings in the last three years to include any of the following?



and the next three years



Canada out-invests U.S.?

In fall of 2010 U.S. industry association NAPL conducted an in-depth capital investment study of its members covering all the same issues we cover here.

While the general trends in the two countries dovetail each other, some discrepancies did crop up. Here's how the two markets shape up:

Sales It's no surprise that sales were creamed on both sides of the border, but in the U.S., the pain seemed to go a little deeper. Almost 80% of the NAPL respondents reported sales declines over the last three years, compared to the 53% here. But they're a positive bunch south of the border: a full 63% expected 2010 to outpace 2009 versus 55% here.

Investment A striking difference here. Just over 50% of NAPL respondents said they plan to invest less over the coming three years, compared to the 22.4% who feel the same way here. 21% of printers plan to invest about the same; in Canada, it's 41%. Interestingly what's holding back the investment in the U.S. is a feeling that enough capacity is already in place, whereas here it's concern about the economy. Also of note: almost 24% of Canadian printers plan to scale back their company; only 12.1% of U.S. printers plan on that.

Why buy The reasons for making technological investments track the same in both countries, with one notable exception. While more than 26% of Canadian printers cite environmental friendliness as a cause to invest, only 11% in the U.S. would put money down to be green.

Shopping list The two countries come pretty close here. Digital infrastructure, web to print capabilities, and bindery/finishing equipment are on the most wanted list for both sets of printers. 