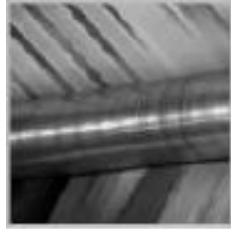


News



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In-house Printers Drive Digital Print in Western Europe

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Although an often overlooked sector of the market, in-plant printers are the most numerous type of printing establishment after commercial printers. The sector has been an important driver of the market as early an adopter of new technology. For example, in-plant operations' use of monochrome digital printers was at the forefront of print on demand implementation.

Defining the Market

In Western Europe, there are a total of some 55,600 sites. Of those, 18,600 are full in-house sites and another 37,000 are small print/copy sites that perform some of the roles of an in-house print site. In-house sites supply print to the whole organisation or for a major location of the organisation. The site usually offers a range of services and technologies, and the main focus is printing and reproduction. A small in-house copy/print site is a facility where the primary work of the department is not printing (e.g., mail operations) and the equipment choice is limited. With an average of five employees, corporate print sites are generally much smaller than commercial printers, which have an average of 14 employees.

The expression "Central Reprographic Department" (CRD) is also used to describe in-house printing operations. Historically, CRDs used copiers while "in-house" operations used offset presses and duplicators. With the convergence of digital print into multifunctional devices, and offset printing being almost replaced by digital print, these operations are indistinguishable and the terms used interchangeably.

What was Measured

Last year, InfoTrends carried out an extensive study into the in-house print market in Western Europe to help understand that market; the challenges it faces; its level of sophistication; and how it differs by size of operation, country, and market sector. *The New Repro: A Study on In-House Production Printing in Europe in 2010 and Beyond* study produced by InfoTrends follows a similar analysis of the U.S. market in 2009 and a European study carried out in 2005.

This study presents the results of our market sizing and analysis of 324 in-house printing, mailing, and combined in-house print and data centre printing sites in five countries: France, Germany, Italy, the Netherlands, and the United Kingdom. The focus of the survey was to gain solid data to understand the operation, requirements, and main influencing factors for in-house printing sites.

Comparison by Country and Market Sector

Germany is the biggest in-house printing market in Europe with over 20% of all establishments, followed by France, the United Kingdom, and Italy. The Benelux region as well as the Nordic and Iberian areas each have less than 10%. Together, however, they account for 85% of the market.

Business Models

The financial crisis has spurred interest in outsourcing the management of the in-house print requirements—usually by a third-party print equipment vendor. About 40% of sites considered introducing managed services at least to some extent. Nevertheless, the actual uptake to date has been much more limited with only 7% of sites being externally-managed and another 6% managed with some help from an outside service provider. Still, the majority is self-managed.

Again, there are differences by country and industry. Germany has the lowest number of managed sites. Of the sectors manufacturing and financial services lead the charge to outsourcing. Xerox is the most widely used outsourcing provider in Europe although Ricoh has caught up through its acquisition of IKON.

Despite their print expertise, most in-house print centres are not involved in external print buying. Only 8% performs a print management function for the entire organisation. This may be a missed opportunity to use internal expertise and co-ordinate print spending. Of the small volume of print outsourced by in-house operations, the main reason is to handle peak volumes. This is preferred to the cost of purchasing high-volume equipment that would be largely underutilised.

The other side of the coin to outsourcing is “insourcing”—securing print work from the open market. Again, there are regional differences. It is an important strategy for French firms with over half of the respondents doing so. Italy, the Netherlands, and U.K. hover between 15%-20%. Less than 8% of German in-house print centres do work for outside the enterprise, despite that a high percentage is planning to offer this service.

In the U.S., a far higher percentage of firms insource. In part, this is because U.S. sites are larger, but it also highlights cultural differences. American companies are more proactive in taking revenue opportunities, while European companies have a more conservative stance.

Applications

Figure 1: Colour Printing Applications

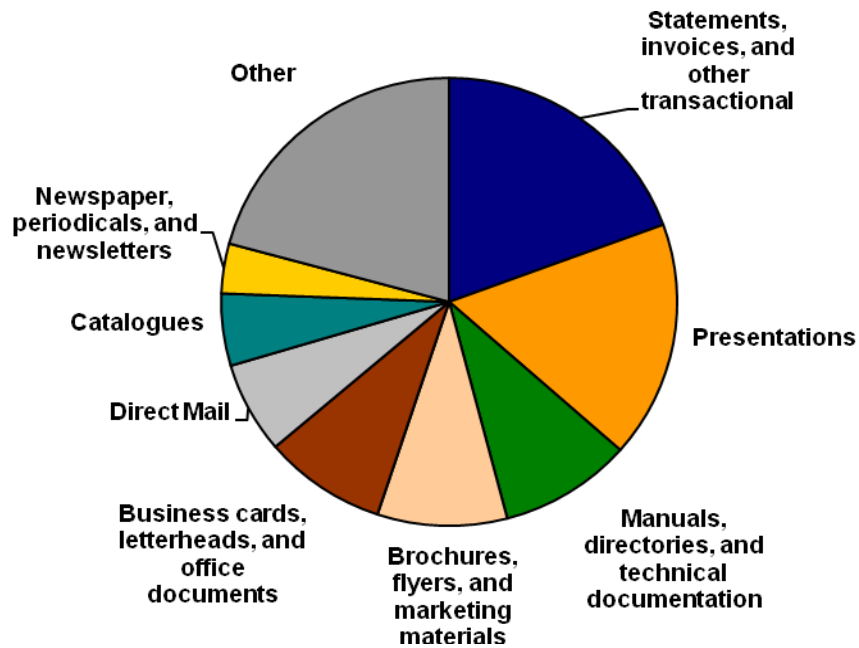
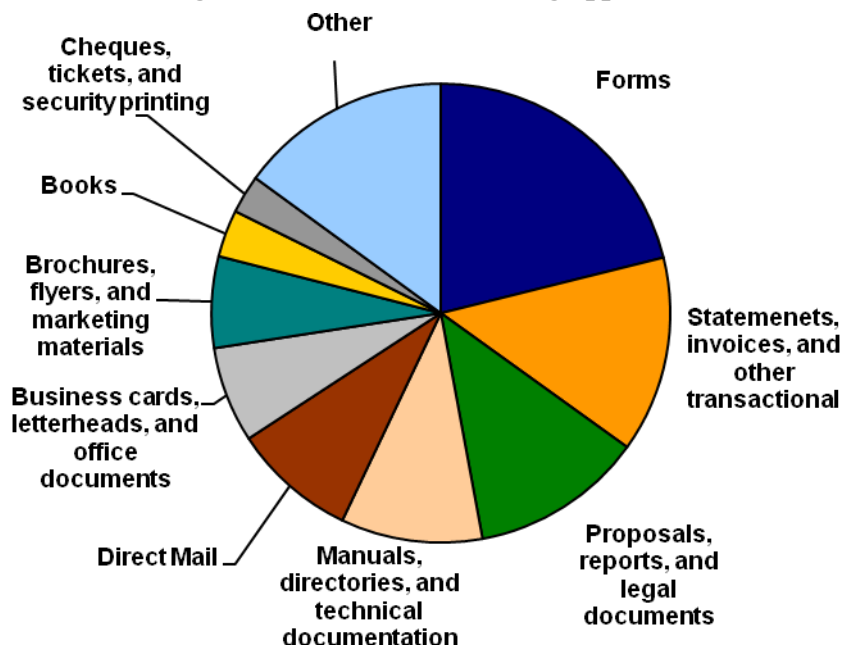


Figure 2: Monochrome Printing Applications



Statements and transactional print is a frequently produced application for in-house printers. Printed presentations are the second highest volume colour digital application, and are produced by the greatest number of sites. Promotional products rank relatively low in volume shares.

Posters and banners are the most widely produced wide format application, while traditional CAD and engineering drawings come second—driven by architecture & construction, manufacturing, and government verticals.

The majority of in-house print centres that were surveyed do not produce variable data printing jobs, although adoption has risen from 31% in 2005 to 37% in 2010. The sophistication of personalised documents increases with the size of the establishment. Smaller sites do not have the skills to produce VDP; fewer than 20% of the smallest sites produce VDP jobs. Of the in-house print centres with more than 20 employees, the majority produces VDP.

Full colour digital is the most popular method for VDP production, although overprinting monochrome offset shells is most popular for smaller sites.

Uptake of auxiliary services around print, such as multi-channel campaign management, e-mail marketing, and Web design, is low. Only a third of surveyed in-house sites offer design/creative services, and only an eighth offer direct marketing services. It is more popular for in-house print centres to offer fleet management, followed by mail processing services. Over 20% of in-house sites expect to buy a multi-channel solution in the next two years, but business development help will be required as the majority of in-house print centres take a rather reactive approach in offering new services.

There is some move to in-house sites handling e-documents. So far, 42% of in-house print centres offer electronic document handling. This area may prove to be a defining issue for in-house print in the future as many sites are not involved in their organisation's e-document strategy or deployment.

Equipment

Despite the small average size of the in-house operation, most sites use several devices and several processes concurrently. A typical in-house site can rival many small commercial sites in terms of output technology, although equipment tends to be more on the light production and low cost side. Digital printing accounts for the biggest share of volumes and is present in almost all shops. Colour digital are the most frequently used printers. Wide-format printers, however, are found in 40% of sites. There is a tendency to use multiple low priced devices to increase the output volume at low investment costs and gain redundancy. Less than a quarter of all sites own offset presses, signifying a shift away from traditional production.

Hardware adoption differs significantly between countries and vertical industries. The Netherlands and U.K. lead the uptake of colour digital, while the majority of sites in Germany do not own digital colour equipment. That picture is reversed for offset presses, where Germany has the highest adoption compared to the U.K. and the Netherlands.

When it comes to market sector differences, digital colour is more likely to be found in manufacturing and professional services enterprises, while education has the highest

adoption of wide format. Most digital monochrome devices are found in healthcare and non-profit industries.

There is a small shift expected in print volumes by print process towards digital colour. Overall, the survey suggests that most offset volume was replaced in the last decade and usage has reached a stable, albeit low level. That may yet fall lower as many sites are reviewing their use offset presses due to falling run lengths and the higher overheads of space, skill, and handling of chemicals required.

While digital colour may be the most frequently used device class, the most volume is produced using monochrome machines. Again there is volume deviation between countries and industries. Offset volume is less in the Netherlands and the U.K, and highest in Germany. Unsurprisingly, digital colour is also the production class that is seeing the biggest volume growth, with most of that replacing digital monochrome.

Software and Workflow

Native office documents, such as Word, Excel, and PowerPoint, are the most widely used file formats in-house print centres receive. Job submission in PDF format comes in a close second. That figure has remained stable since 2005 and is low compared to commercial and publishing environments where PDF uptake tops 90%. Using PDF brings significant advantages but is often difficult to achieve due to IT policies. Still, 10% of submitted work is in hardcopy and requires scanning.

A useful strategy for in-house print centres to circumvent those issues could be to implement a Web-to-print solution that converts office applications to PDF during the submission process. Currently, less than 20% of sites have a Web-to-print solution in place. More popular for automatic file submission is a print driver-based solution, followed by automated systems based on a network folder or FTP.

With less than 20% of sites having a Management Information System in place, uptake is low but in line with expectations. Adoption is lower in very small and very large sites. The micro-sites have no need, while larger sites are likely to tie-in with corporate accounting systems.

Finishing

Finishing is an important service for in-house operations, as it differentiates their offering from workgroup printing. The most popular finishing process, and used by three-quarters of all sites, is binding. This is not surprising as binding is easy to achieve; needs only very low investments; and is a popular choice for manuals, presentation materials, and brochures. As digital is the predominant print process used, inline finishing is an important consideration and its use is higher than at commercial printing or digital print specialist's sites. Even so, there is a wide distribution from none to all digital jobs finished in-line, indicating that there is no common approach among in-house sites. An average of 41% of all jobs is finished in-line according to the survey.

Surprisingly, as finishing is a core competency, finishing equipment ranks low on the investment agenda, and is at odds with the investment plans of commercial printers, where it is a higher priority.

Investment plans

Constrained investment is one of the few areas where the in-plant sector has been affected by the economic crisis. Levels of planned investments are low, with only every other site planning any investment by the end of 2011.

Digital colour is the most considered investment in Europe at 24%, versus 64% in America. Software is next, followed by monochrome digital. Offset equipment is considered by less than 5%.

A number of organisations introduced policies to print less overall or less in colour due to the crisis. A quarter of sites saw a decline in run lengths as a result of the financial crisis, with larger sites experiencing more declines in run lengths and volumes than smaller sites.

Conclusion

The prospects for the in-house sector are mixed, but present a positive picture overall. There is no evidence that the increased functionality of workgroup printers is taking away work and there is a continued demand for quality, and for finishing that require the skills and resources of a dedicated facility.

While the crisis has led firms to evaluate the role of their in-house printing department and to consider outsourcing—or to run them in a more commercial manner—there is little evidence so far of the market moving in that direction. There are also encouraging signs that in-house operations are, with their evaluation of electronic document and multi-channel solutions, adapting to the future demands of their parent organisations. Those sites not already engaged in those areas need to look closely at them to determine how those services fit into their offering and how they themselves fit into their company's document strategy.

This article is based on the InfoTrends Report *The New Repro: A Study on In-House Production Printing in Europe in 2010 and Beyond*, published in August 2010. For more information on this study visit our [Report Store](#).

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