

# **Digital or Litho?**

## **Why not both?**

### **Balancing the issues**

**A presentation given by  
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of Printsum**

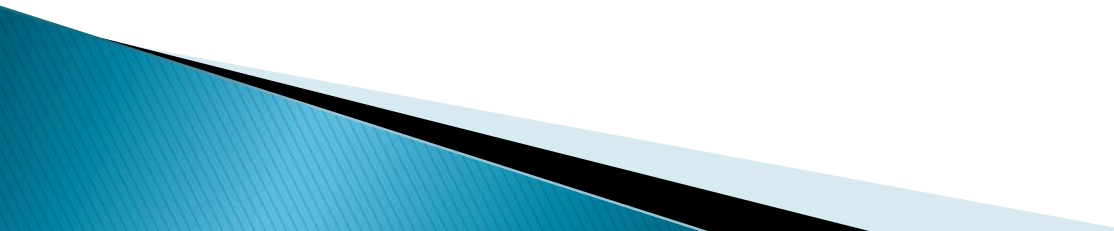
**At Northprint  
Harrogate  
May 2011**

**The printing industry in recent years has seen many changes in both technology and consumer demand.**

**This has produced a very perplexing scenario for its suppliers.**

- Margins have been reduced**
  - Unbelievable prices from some competitors in the industry**
  - It uses more colour**
  - The runs are getting shorter**
- 

## There are some confusing dilemmas

- Some businesses are closing, yet some are more successful. Why is that?**
  - Which production process do I expand/reduce – litho or digital?**
  - Areas of prepress are now in the hands of society. Can the position be redressed?**
  - How do I maintain my profitability in a difficult market?**
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## Some businesses are closing, yet others are successful. Why is that?

- Excessive supply?**
- Better equipment?**
- Poorer standards?**
- General economic climate?**

**Maybe**

**Very unlikely**

**In some cases**

**Yes**

**In Europe in the last 4 years, the fortunes of different print processes is quite marked.**

**Conventional printing**

**Loss 12%** → **Loss 35%**

**Digital printing**

**Loss 20%** → **Gain 10%**

**Packaging**

**Loss 2%** → **Loss 12%**

**Screen printing**

**Loss 5%** → **Loss 25%**

**Large format digital**

**Loss 5%** → **Gain 25%**

**Does that mean we should move immediately into digital and large format digital printing?**

**NO! The general industry fortune has not been good in the recent economic climate, but there must be balance.**

**Recent US data shows the projected composition of sales of a typical sector.**

	<b>2010</b>		<b>2015</b>
<input type="checkbox"/> <b>Conventional printing</b>	<b>73%</b>	↓	<b>64%</b>
<input type="checkbox"/> <b>Digital printing</b>	<b>14%</b>	↑	<b>19%</b>
<input type="checkbox"/> <b>Services</b>	<b>13%</b>	↑	<b>17%</b>

## What comprises 'Services'?

**Design, Typesetting, Other prepress activities, Database management, Direct marketing, Fulfilment, etc.**

- **The main cause of failure is the inability to create change in the business model.**
- **We must move from a focus on process to a focus on product/service.**
- **'Combinations' of conventional and digital production is the key to future success – whether that be by adoption or co-operation.**
  - **That change must be thought through and properly organised.**

## What will a successful 'Commercial Printer' be in 2020?

- ❑ **Very different from today**
- ❑ **Skilled in graphic communication**
- ❑ **Involved in customer marketing**
- ❑ **Offering many more value added services**

**Most of all, the successful companies will be**

**Combining processes and offering an attractive and viable range of products and services.**

**(It is unlikely that conventional printing will represent more than 50% of turnover.)**



## Problem areas in adopting digital production

- ❑ **Seen just as an application seeking a market. (Even if it is a 'new' market.)**
- ❑ **Value added services, particularly in prepress, not 'valued' (and costed).**
- ❑ **Pricing policies 'off the cuff' – often led by gut feeling of 'market acceptance'.**
- ❑ **Digital is not simply a replacement for litho.**

**There is need for a proper strategy.  
Offer solutions rather than mere impressions -  
At a cost that is affordable.**

**The MIS needs to combine all the activities of the combined processes – pricing, costing and organisation.**

- ❑ Pricing of digital is not just a matter of ‘counting clicks’ – comparisons with conventional process costing is essential.**
- ❑ Conventional and digital processes have the same type of prepress – combine that experience.**
- ❑ All departments sing from the ‘same hymn sheet’ – sales & marketing, production, financial, etc.**

**If you’re fortunate and have an MIS which can compare costs between processes automatically, then a combined pricing policy is much more easily achieved.**

# Digital or Litho? Why not both? Balancing the issues


Tuesday's Child Leaflets - Jobs desktop [ Calculations ]

Actions | Prints | Components

Add part | Copy part | Remove part | Analysis print part

Header | Components | Calculations | Work instructions | Files

**Details of this part** Estimated costs

Press : COPIER - DIGITAL + 3 	179.91
Paper : ARTPAPER MATT	8.46
Ink	0.00
Plates	0.00
Origination	54.00
Finishing	39.35
<b>Total for this part</b>	<b>281.72</b>
Packing	5.45
Delivery	12.00
<b>Grand total</b>	<b>299.17</b>
Markup % <input type="text" value="15.00"/>	44.87
Discount <input type="text" value="0.00"/>	
<b>Final total</b> <input type="text" value="344.04"/>	
Run-on price per 1000 897.95	

Added value%	<input type="text" value="74.65"/>
Price each	<input type="text" value="1.3762"/>
	<input type="text" value="256.82"/>

Name	Price	Select
COPIER - DIGITAL	£281.72	<input checked="" type="checkbox"/>
Printmaster (4 col)	£424.94	<input type="checkbox"/>
B3 5 colour	£528.76	<input type="checkbox"/>
B2 5col SM74	£645.34	<input type="checkbox"/>

At a quantity of 250 for this 12 page A5 leaflet, the digital press is clearly seen as the cheapest option - taking into account prepress and finishing processes as well.

Double click on the press you want to select for this job. Close

Layout

Factors

Graph

Estimate reference 1287 Quote date 03 May 2011 11:54 Tuesday's Child Leaflets [Total parts - 1] Estimated by : Sales

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**Details of this part**

Press : Printmaster (4 col) + 3 

Paper : ARTPAPER MATT

Ink

Plates

Origination

Finishing

Total for this part

---

Packing

Delivery

Grand total

Markup %

Discount

Final total

Run-on price per 1000 144.97

**Estimated costs**

Press : Printmaster (4 col) + 3	196.02
Paper : ARTPAPER MATT	88.72
Ink	20.00
Plates	120.00
Origination	54.00
Finishing	57.00
<b>Total for this part</b>	<b>535.74</b>
Packing	18.29
Delivery	21.10
<b>Grand total</b>	<b>575.13</b>

Added value%

Price each

Name	Price	Select
Printmaster (4 col)	£535.74	<input checked="" type="checkbox"/>
B3 5 colour	£624.14	<input type="checkbox"/>
B2 5col SM74	£725.72	<input type="checkbox"/>
COPIER - DIGITAL	£1,049.47	<input type="checkbox"/>

**Now at 1,250 copies of the same 12 page A5 leaflet, the Printmaster is the most marketable option - this time taking ink and plates into the equation alongside the prepress, finishing and delivery costs.**

Double click on the press you want to select for this job. Close

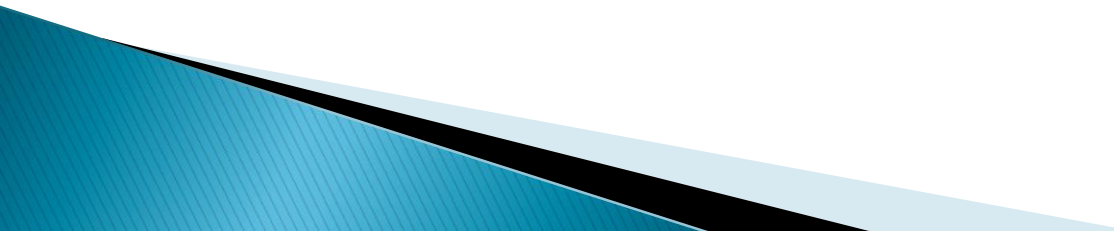
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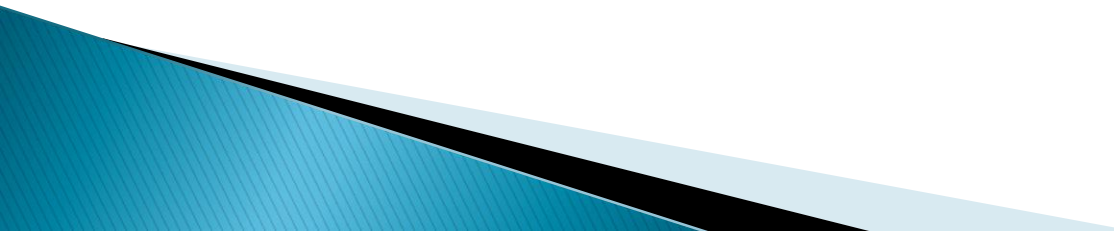
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**Intelligent use of MIS ensures profitability through all processes and tasks in a 'Combined' environment.**

- Production costs are properly compared – ensuring the right product at the most viable price, utilising the most appropriate process.**
  - Prepress and finishing can be integrated for any printing 'project' as standard, properly costed tasks.**
  - Unanticipated costs, which litho printers are normally more aware of, can be recovered for all processes.**
- 

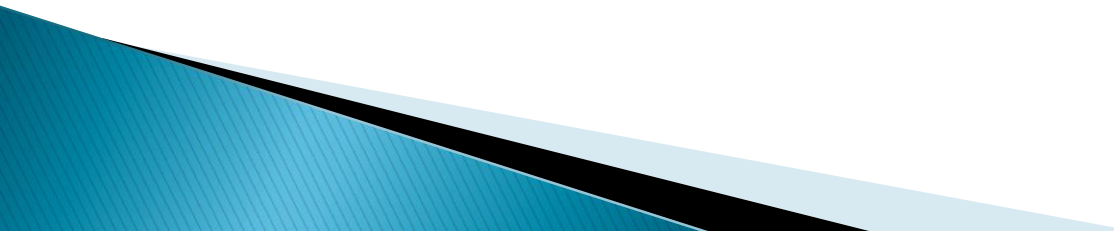
## **Intelligent use of MIS will ensure standardisation**

- ❑ Prepress tasks should be 'activity costed' – a 'guesstimated' hourly usage is too imprecise.**
  - ❑ Tables or Price Lists used in digital pricing can be based on intelligent calculation and comparison.**
  - ❑ Proper classification of categories of jobs and projects will ensure uniformity of pricing and easy recognition of market opportunity.**
  - ❑ Organisational streamlining, will result in many cost savings and avoidance of error and duplication.**
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## Your customers want

- Quick, clear pricing of options.**
- No real involvement in the processes used.**
- Well explained solutions to their needs.**
- More often a single supplier of their printing services.**

**You need to focus on getting customers, not just jobs. And you need to exploit both new and existing customers by first understanding and then satisfying their total requirements.**



## **Don't baulk at creating your new 'combined' company.**

- ❑ There's no rush! You can take it in stages.**
- ❑ Get the product capability and the costing in place first.**
- ❑ Use your MIS to help automate your customer services, pricing strategies and analysis of your performance.**
- ❑ Take care to give added value to services. (And to ensure recovery of unanticipated costs!)**

**You are now selling a service – not just 'collecting jobs'.**





**For most printers, combining processes is inevitable.**

**The question you have to ask yourself is “What is the best way of ‘combining’ for your company?”**

- Adoption or co-operation?**
- Just owning a press does not make you a printer.  
Offering a proper service does.**
- Aim to win customers, not jobs.**
- Above all, look to your profitability. Anyone can sell jobs at a loss!**

**Good luck!**