

A Jolly Look at the Year That Was and at the Not Too Distant Future

Thad McIlroy
Arcadia House
San Francisco & Toronto

Presented to
DIA
December 6, 2006

Getting Ready for the Winter



A Jolly Look at the Year That Was and at the Not Too Distant Future

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Outline

- My background
- The year that was:
 - Highlights
 - Lowlights
 - Sidelights
- The not-too-distant future

The Year That Was

- Paper
- Print
- Newspapers
- Books

My Background

- 8 years in bookselling & publishing in Canada; 4 in the U.S.
- 18 years studying the intersection of technology and print publishing, working with both printers & vendors
- 5 years with Seybold Seminars
- Now a Gilbane consulting associate (content management)

More Recent Background

- 10 years studying the impact of the Internet on graphic communications
- Major focus now:
 - The future of publishing
 - Workflow (JDF)
 - Publishing automation (XSL-FO)
- Writing for *PrintAction*, Gilbane.com, TheFutureOfPublishing.com

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About Thad

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Influences & Impacts

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[Influence](#)

[interesting Fact *Test](#)

search

New tablet PC shrinks down to size

Industry: [Publishing](#)

Fujitsu may be experimenting with Frankenstein prototypes, but it remains fully grounded in reality where ultra-portable notebooks are concerned. To wit: Fareastgizmos points out that Fujitsu has introduced a new tablet PC that's less than 1 inch thick and weighs 3.5 pounds, complete with Intel's Duo Core processor, 1GB of memory, 80GB hard drive and a choice of 10.4- or 12.1-inch screens. It doesn't fold away into your pocket, but with those dimensions you made not need it to--proving that contortionism isn't necessarily for

Five must-have PS3 accessories

Industry: [Games](#)

he PlayStation 3 is finally available for sale--in theory, anyway. Those fortunate few who were lucky enough to get their hands on Sony's bleeding-edge console will find

Latest Blog Entries

08.11.06 by [thad](#)

In an October 27th entry on Dave Mainwaring's [Full Story...](#)

08.11.06 by [thad](#)

I'm at the CIP4-JDF technical meetings in Quebec [Full Story...](#)

News

'Borat' comic nominated for Kazakh arts award

ALMATY, Kazakhstan (AP) -- A leading Kazakh writer has nominated actor Sacha Baron Cohen for a national award

I've Been Through Some Travails





SHOULDER
PLEASE

S

A

Who Says Consulting Isn't Dangerous?



**We Need
a Little Pain
Assessment!**

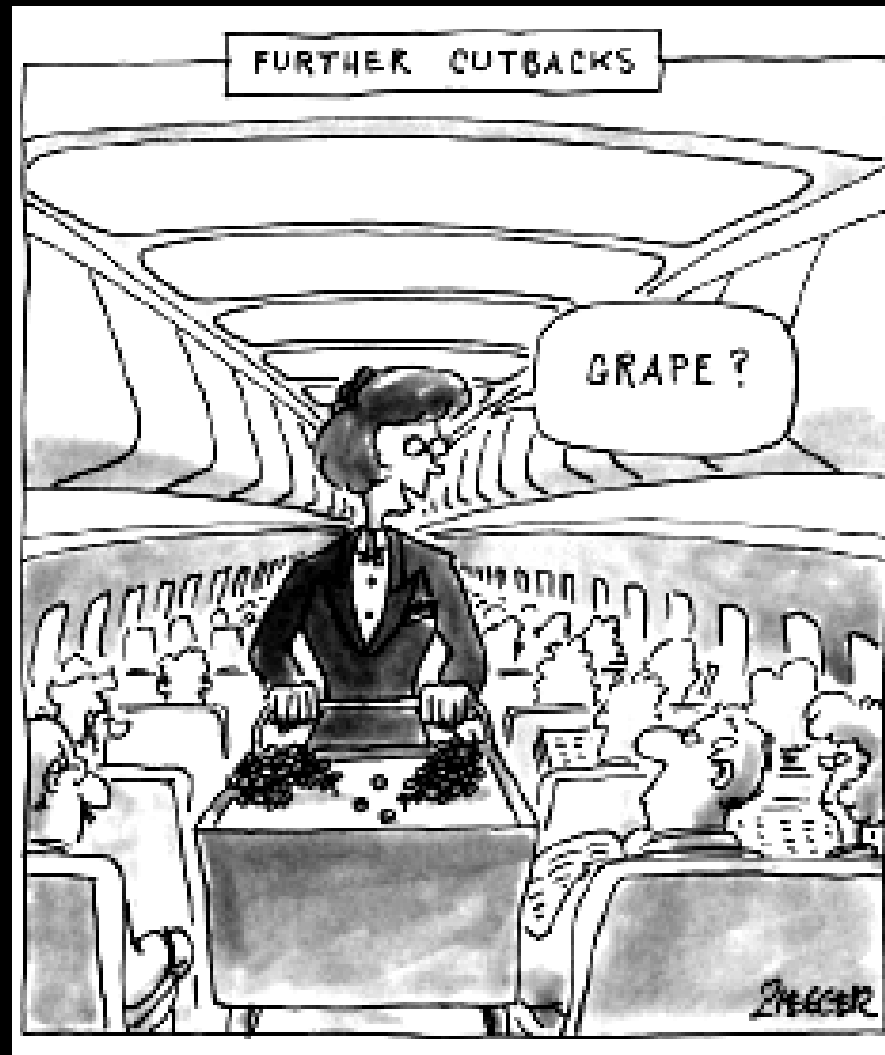
Software is More Intrusive



Spam is Out of Control



Flying Gets Worse





PAIN ASSESSMENT CHART

0

2

4

6

8

10

Sin Dolor

Leve

Moderado

Severo

Muy Severo

Intolerable

不痛

輕微的痛

有點痛

很痛

非常痛

無法忍耐的痛

Walang
Sakit

Masakiit
Kunti

Medyo
Masakit

Masakiit
Talaga

Napakasakit

Sobrang
Sakit

He болит

Слабо болит

Средняя боль

Сильно болит

Очень сильно
болит

Невыносимая боль

No Pain

Mild

Moderate

Severe

Very Severe

Exercuciating



The Printing Industry: A Clear Picture is Emerging

NAPL Research Points to Further Evidence of Slowing in Market

PARAMUS, N.J., Nov. 29, 2006 (Press Release) -
reaching signs of slowing here, the same more.

PIA/GATF Ratios Show Printing Industry Profits Increasing

Pittsburgh, PA, November 30, 2006—

Paper Outlook Equally Certain

The Conference Board of Canada
Insights You Can Count On



News release 05-15

Paper Industry Profits to Almost Triple by 2006

OTTAWA, September 23, 2004 – Profits in Canada's paper industry

News release 07-35

Paper Products Industry to Lose Money for Second Straight Year in 2006

Ottawa, November 10, 2006 – The struggling pulp and paper sector

Canadian Printing Snapshot

| EXPORTS | 2006 | 2005 | Change |
|--------------|-----------------|-----------------|--------|
| August | \$132.5 million | \$145.6 million | -8.9% |
| Year to date | \$1.03 billion | \$1.12 billion | -8.1% |

| IMPORTS | 2006 | 2005 | Change |
|--------------|-----------------|-----------------|--------|
| August | \$124.3 million | \$108.3 million | 14.8% |
| Year to date | \$833.9 million | \$770.8 million | 8.2% |

U.S. Imports

**Table 13. U.S. Imports of Printed Material—
Top 10 Countries**

| Country | 2003 (in Actual Dollars) |
|----------------|-------------------------------------|
| Canada | \$1,393,941,186 |
| China | \$745,082,464 |
| United Kingdom | \$459,586,492 |
| Hong Kong | \$282,595,286 |
| Mexico | \$210,097,114 |
| Italy | \$138,383,446 |
| Germany | \$131,516,070 |
| Singapore | \$129,724,003 |
| South Korea | \$86,790,701 |
| Japan | \$85,641,525 |

What About China?

Table 14. U.S. Imports from China by Category

| Category | 2003 Amount | % of Total U.S. Category Imports |
|--|---------------|----------------------------------|
| Hardbound books | \$164 million | 30% |
| Children's drawing/ coloring books | \$89 million | 42% |
| Printed matter not elsewhere specified with 5-48 pages | \$89 million | 63% |
| Greeting cards | \$81 million | 42% |
| Printed matter not elsewhere specified with 49+ pages | \$80 million | 22% |

Printers' View of Global Competition (October 2004)

| | |
|--|-----------|
| Are your customers looking for global sourcing for their printing needs? (% answering "yes") | 39% |
| During the first nine months of 2004 did your firm lose a print job to a foreign competitor? (% answering "yes") | 29% |
| If your firm lost a print job to a foreign competitor during the first nine months, which country was the competitor in? | 47% China |

But, As Always, the Leaders Lead

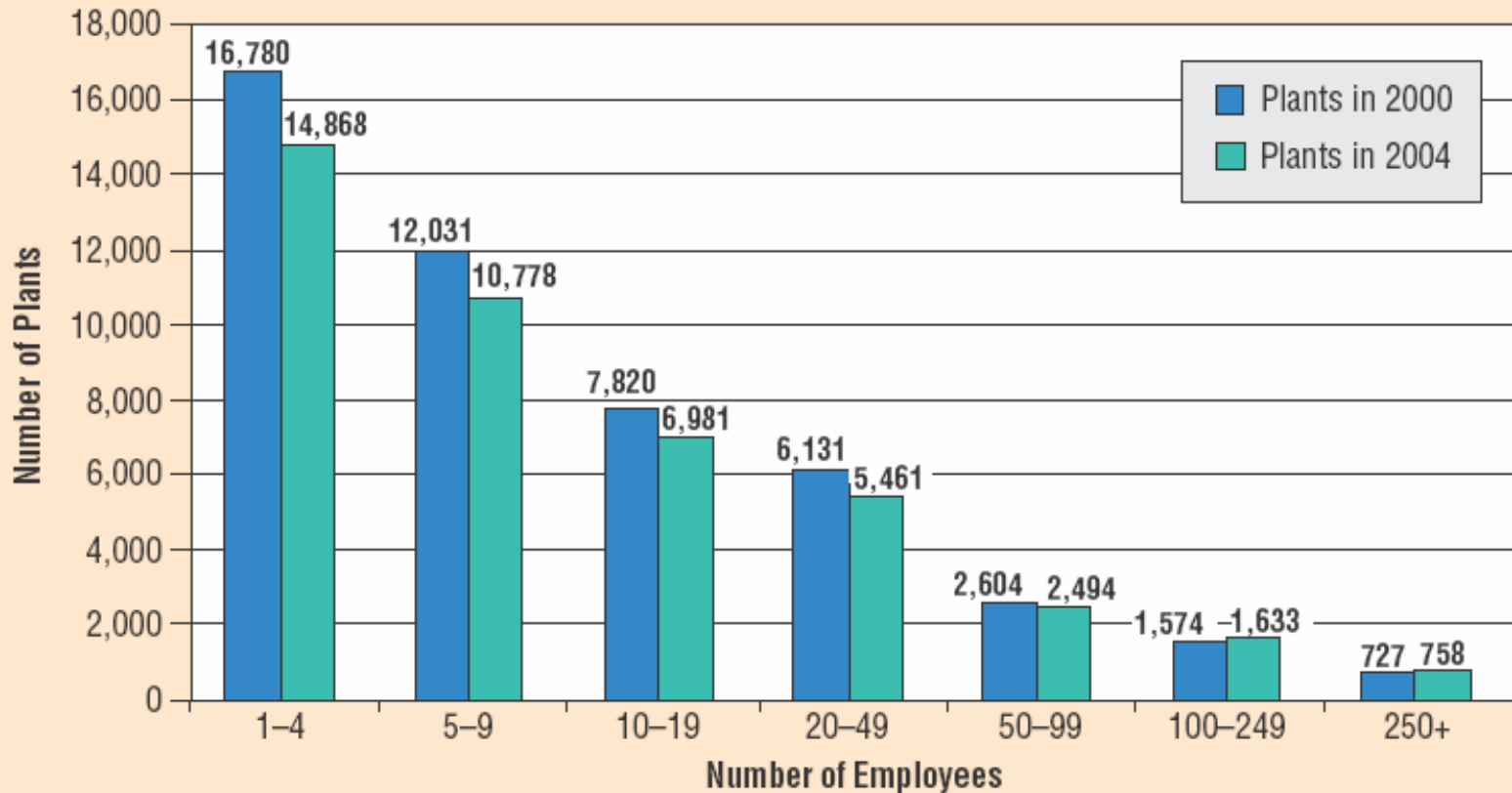
Profits and Firm Size:

Before-Tax Profit as a Percent of Sales

| Annual Sales | All Firms | Profit Leaders | Profit Challengers |
|-----------------------|-----------|----------------|--------------------|
| Less than \$2 million | 1.4% | 9.6% | -1.3% |
| \$2-\$4.5 million | 1.6% | 8.1% | -0.6% |
| \$4.5-\$8 million | 2.7% | 9.2% | 0.5% |
| \$8-\$15 million | 2.9% | 10.0% | 0.5% |
| Over \$15 million | 3.4% | 10.2% | 0.8% |

Print Consolidation

Figure 4. Number of Printing Plants by Size
(Changes from 2000 to 2004)



— Ronnie H. Davis, PIA/GATF, *Over the Horizon: The Economy and Print Markets—2005–2007*

But Would Someone Please Put a Muzzle on Mr. Burton?

- I'm the only printer in the village!
- Not selling to me is un-American (you're either with Cenveo or you're with the terrorists!)



He's Just Trying to Help the Industry!

■ Burton vs. Creo

In January 2005, after months of saber-rattling and a proxy battle, Kodak announced that it would acquire Creo. Share value went from approximately \$8.50 to about \$15.50 during this period, *resulting in a gain of millions of dollars* for Burton Capital Management, Goodwood, and Burton himself.

■ Burton and Cenevo

By September 9, 2005, the dust had settled and Cenevo, Burton Capital Management, and Goodwood reached an agreement to end their proxy contest. Share value went from approximately \$5.50 to just about \$10.00 during this period; and has continued to climb to just over \$19.00 as of August 11, 2006; *a climb which has resulted in a gain of millions of dollars* for Burton Capital Management, Goodwood, and Burton.

He's Not Completely Bad: He Gives Back! ...To his high school!

“Preliminary designs have been completed for The Burton Family Football Complex and the Indoor Facility. The lead gift for the Football Complex is a \$2.5 million contribution by Robert G. Burton, whose son, Michael '99 (CLAS) was captain of the 1999 Husky football team.”

The Burton Family Football
Complex takes shape



Newspapers

Newspapers Report Circulation Declines (11/03/2006)

Many major market daily newspapers reported

The future of newspapers

Who killed the newspaper?

Aug 24th 2006

From The Economist print edition

Newspaper Readership

“Did you read a newspaper yesterday?”

80% “YES” in 1961

58% “YES” in 1999

Book Publishing: Brighter!

| | 2002 | 2003 | | 2004 | | 2005 | | Compound |
|-------------------------|-------------------|-------------------|-------------|-------------------|--------------|-------------------|-------------|--------------------------|
| | Census | \$ | % Change | \$ | % Change | \$ | % Change | Growth Rate 2002-2005 |
| Trade (Total) | 6,027,658 | 6,534,828 | 8.4% | 6,267,199 | -4.1% | 7,828,050 | 24.9% | 9.1% |
| Adult Hardbound | 2,111,628 | 2,060,949 | -2.4% | 2,190,788 | 6.3% | 2,221,700 | 1.4% | 1.7% |
| Adult Paperbound | 1,020,015 | 1,013,895 | -0.6% | 1,042,284 | 2.8% | 1,140,989 | 9.5% | 3.8% |
| Juvenile Hardbound | 2,114,091 | 2,718,721 | 28.6% | 2,264,695 | -16.7% | 3,614,748 | 59.6% | 19.6% |
| Juvenile Paperbound | 781,924 | 741,264 | -5.2% | 769,432 | 3.8% | 850,613 | 10.6% | 2.8% |
| Book Clubs & Mail Order | 1,946,640 | 1,771,443 | -9.0% | 1,613,784 | -8.9% | 1,505,661 | -6.7% | -8.2% |
| Mass Market Paperback | 1,207,630 | 1,187,100 | -1.7% | 1,081,448 | -8.9% | 1,083,611 | 0.2% | -3.5% |
| Audiobooks | 143,410 | 161,049 | 12.3% | 159,922 | -0.7% | 206,299 | 29.0% | 12.9% |
| Religious | 588,153 | 883,406 | 50.2% | 932,877 | 5.6% | 875,971 | -6.1% | 14.2% |
| E-books | 29,979 | 80,793 | 169.5% | 123,695 | 53.1% | 179,110 | 44.8% | 81.5% |
| Professional | 3,155,191 | 3,268,778 | 3.6% | 3,334,153 | 2.0% | 3,300,812 | -1.0% | 1.5% |
| EI-Hi (K-12 Education) | 5,795,044 | 5,939,920 | 2.5% | 5,945,860 | 0.1% | 6,570,175 | 10.5% | 4.3% |
| Higher Education | 3,025,029 | 3,133,930 | 3.6% | 3,190,340 | 1.8% | 3,359,428 | 5.3% | 3.6% |
| All Other | 136,488 | 153,932 | 12.8% | 161,629 | 5.0% | 158,558 | -1.9% | 5.1% |
| Total | 22,055,222 | 23,115,180 | 4.8% | 22,810,907 | -1.3% | 25,067,676 | 9.9% | 4.4% |

The Year That Will Be

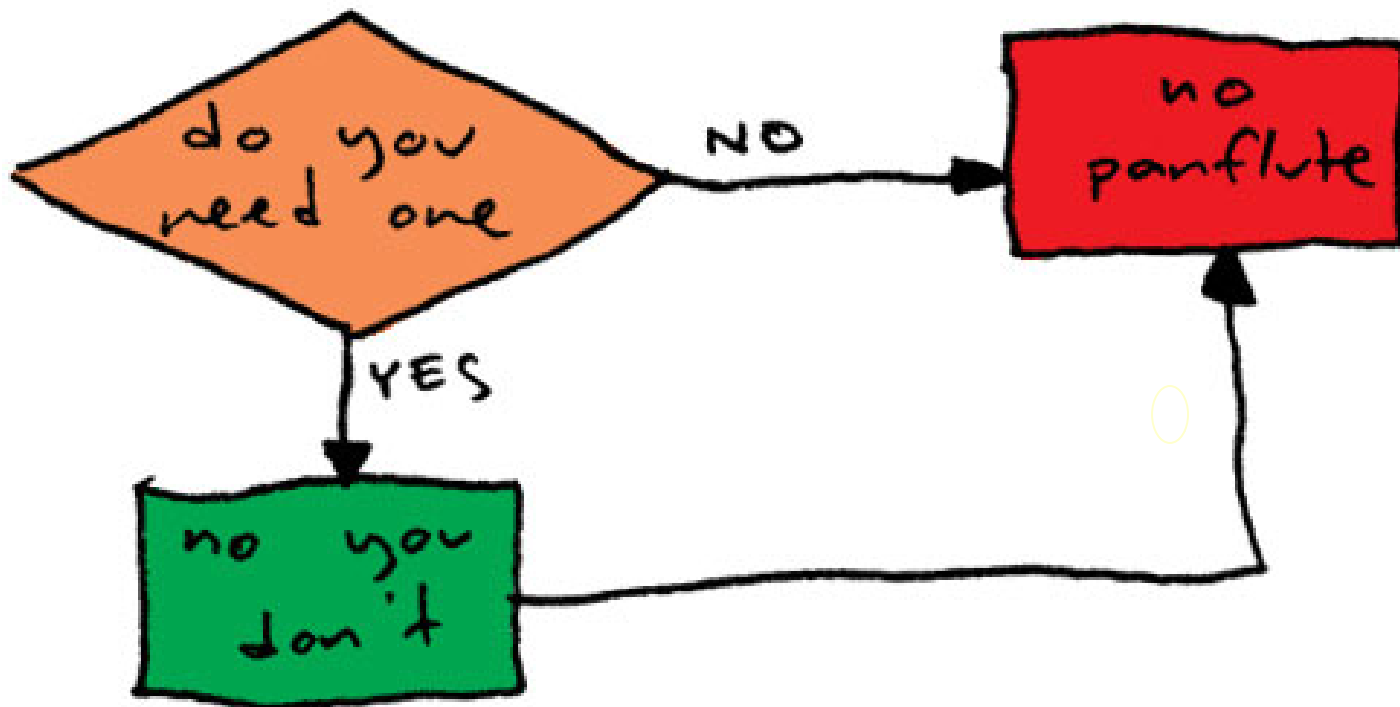
- Automation
- Problems that haunt
- Google & Advertising
- eBooks
- Microsoft Vista

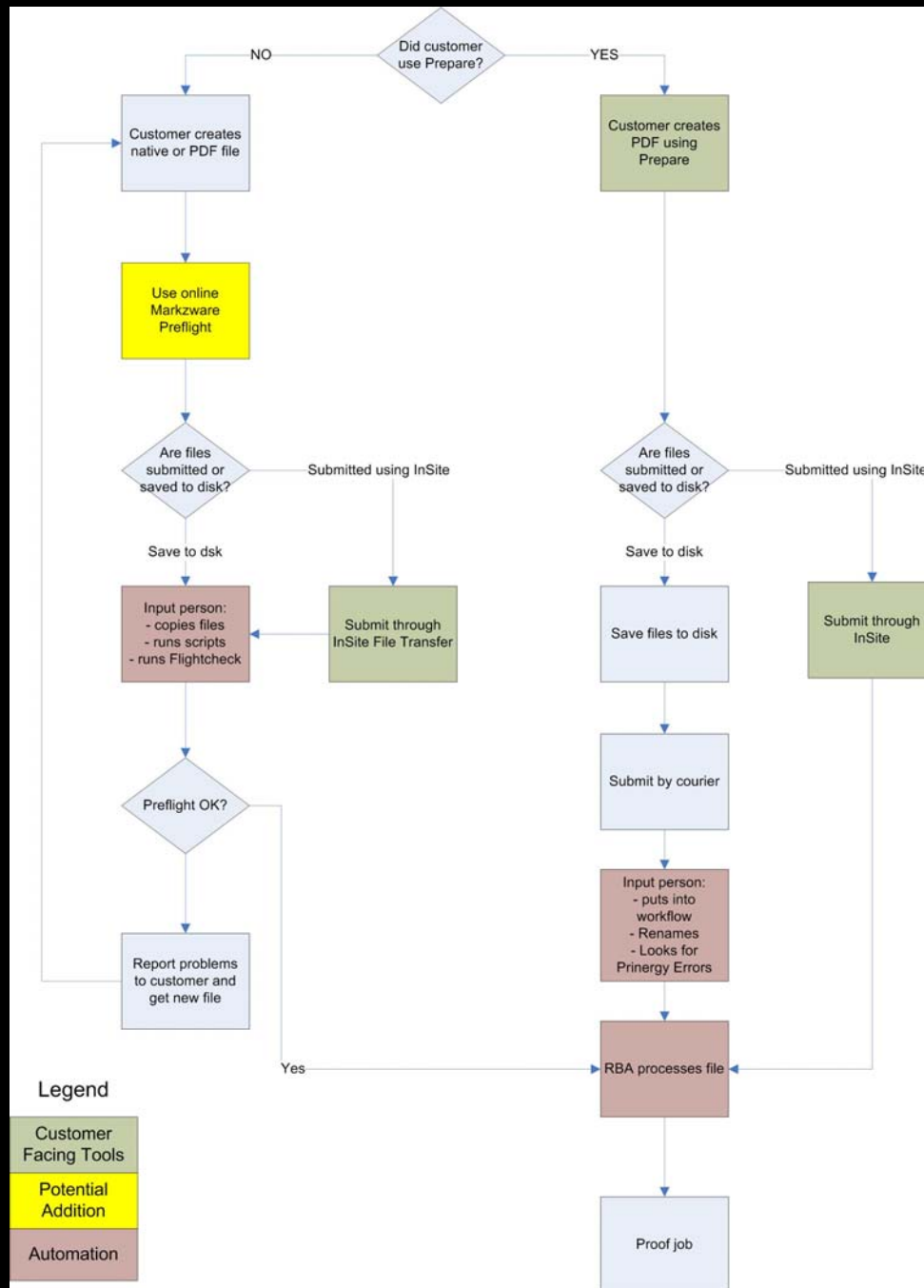
The Tenets of Automation

- Full digitization: nothing on paper (or other analog substrate)
- Full commitment: from management to sales to all operating staff
- All the hardware: Automation becomes more capital-intensive the closer you get to the press
- All the software: the right applications (from creative through DAM/CMS and workflow enablers)
- Standards: full support for the standards that enable automation

**And Workflow Must
Be Charted**

PANFLUTE FLOWCHART





Customer creates native or PDF file

Use online Markzware Preflight

Are files submitted or saved to disk?

Input person:
- copies files
- runs scripts
- runs Flightcheck

Preflight OK?

Report problems to customer and get new file

Submit through InSite File Transfer

Customer creates PDF using Prepare

Are files submitted or saved to disk?

Save files to disk

Submit by courier

Input person:
- puts into workflow
- Renames
- Looks for Prinergy Errors

RBA processes file

Proof job

Submit through InSite

And So, 2-1/2 Years Later

idea&s

the arts & science review
University of Toronto
spring 2006
volume 3 : number 1

ERRATUM

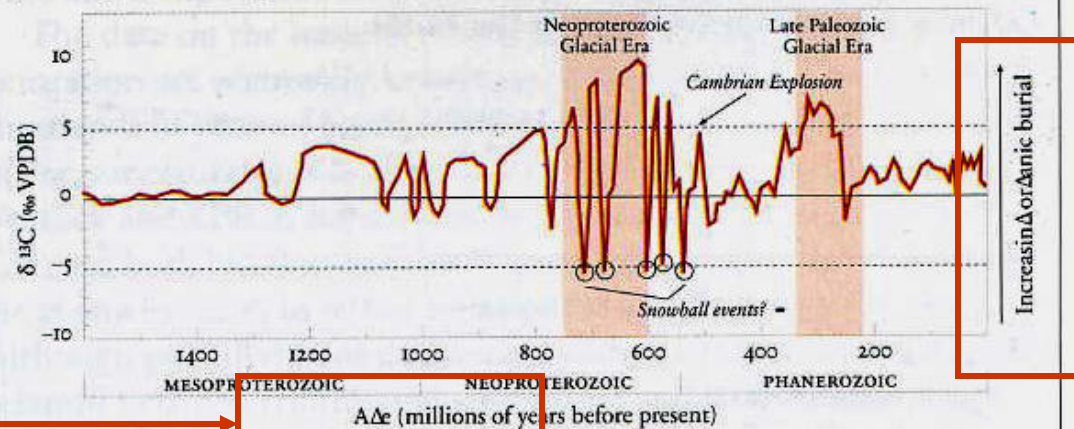
Due to a computer-related error at the time of printing, the letter “g” in “Age” and “Increasing organic burial” (figure 1, page 13) and in “Land-Use Change” (figure 4, page 16) were incorrectly rendered as a delta symbol (Δ).

Any other errors you may encounter in this issue are strictly human-related.

What do You Mean, "Erratum"?

Figure 1

The variation of $\delta^{13}\text{C}$ measured in sequences of carbonate rocks from 1.6 billion years ago until the present.



Data for the Neoproterozoic Era until the present are from J.M. Hays et al., "The Abundance of $\delta^{13}\text{C}$ in Marine Organic Matter and Isotope Fractionation in the Global Biogeochemical Cycle of Carbon During the Past 800 Ma," *Chemical Geology* 161:1999. Figure adapted and modified from N. Eyles and N. Januszczak, "Zipper Rift: A Tectonic Model for Neoproterozoic Glaciations During the Breakup of Rodinia after 750 Ma," *Earth Science Reviews* 65:2004.

PALAIS DES CONGRES BRUSSELS

The *Palais des Congrès* in the heart of Brussels will be completely renovated! Housing state of the art auditoria, numerous modular rooms and two public restaurants with a breath-taking vista of the capital of Europe.

The newly created SA Palais des Congrès seeks

ONE OR MORE PARTNERS TO MANAGE THE MICE AND CATERING ACTIVITIES IN THE RENOVATED PALAIS DES CONGRÈS IN BRUSSELS.

Announcement of assignment published in the Official Journal of the European Union (<http://ted.europa.eu>) and the Moniteur belge (http://www.ejustice.just.fgov.be/cgi_bul/bul.pl)



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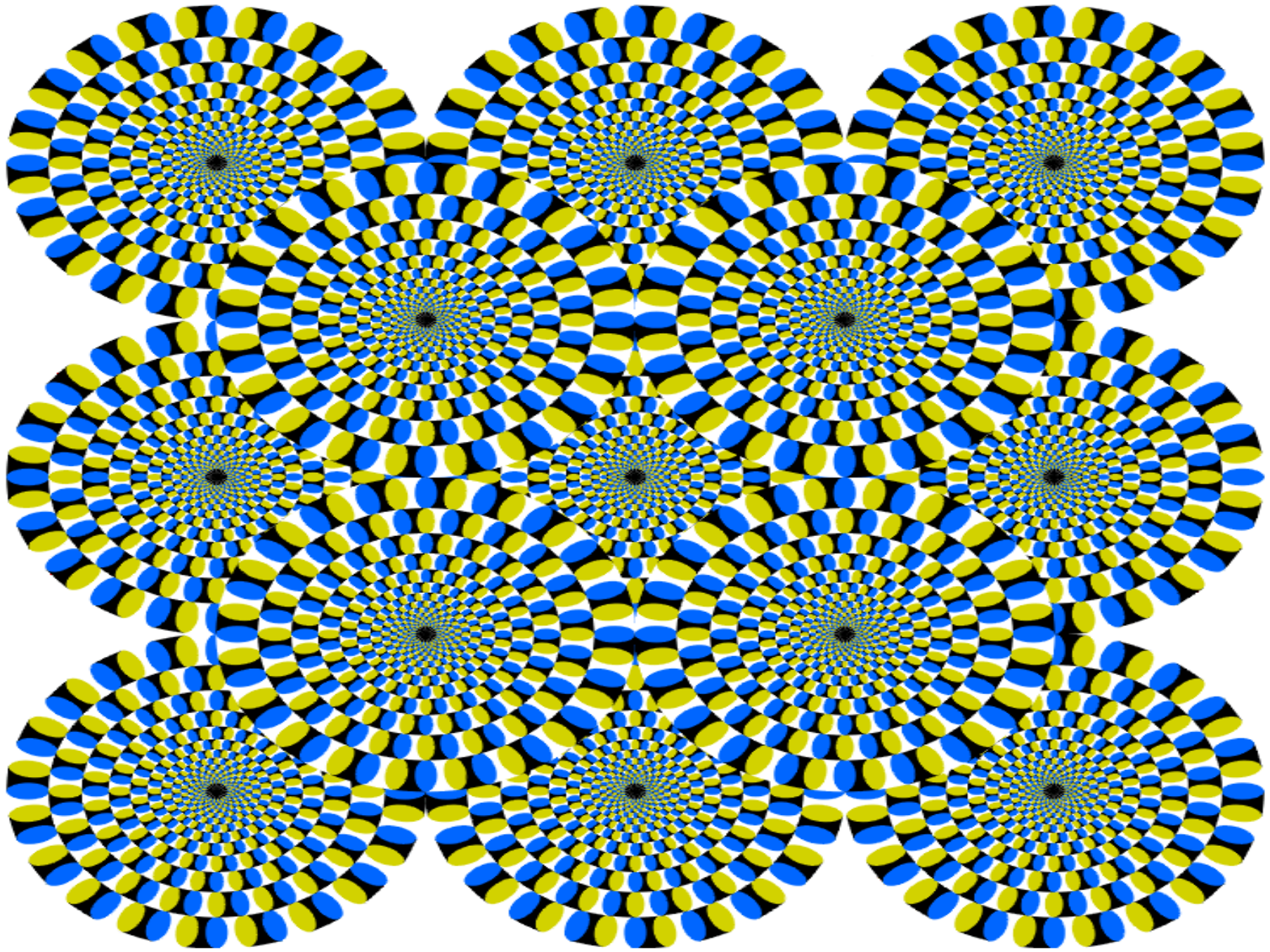
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**THE VALUE OF
CREATIVITY
REMAINS
UNDIMINISHED**



Advertising



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Advertising
Bureau**

INTERNET ADVERTISING REVENUES SURPASS \$4 BILLION FOR Q3

The Internet & Advertising

“The Internet is the glue that binds customers’ experiences in our emerging experience economy.

“Advertisers know the old model is broken, and that the old rules do not apply... Consumers are finally in control, and they have become the programmers, consuming media when they want, where they want, and how they want.”

— Murray Gaylord, Vice President, Brand Marketing, Yahoo!

Waiting for Your Cat to Bark?

“Interactivity has changed the nature of marketing. Marketers must now reach beyond their traditional roles of raising awareness and driving traffic and extend themselves into the more intimate world of sales and customer relations. They are now responsible for creating powerful “persuasive systems” that anticipate and model customer needs, personalize information and processes to meet those needs, and then measure the return on investment for every discrete process in that system.”

— Bryan Eisenberg and Jeffrey Eisenberg,
Waiting for Your Cat to Bark?
Persuading Customers When They Ignore Marketing

eBooks

“The big problem with e-books is the name, with the implicit connotation that we should be reading lightweight paperbacks on heavy digital readers... I now refer to ‘e-content’ rather than e-books. There’s a lot of digital information — most of it much shorter than book-length — that makes more sense to be consumed digitally than it does to be printed before consumption.”

eBooks

- In a review on ZDNet, Ryan Stewart wrote: "Users have been slow to take to eReader solutions, but I think technologies like the New York Times reader and Digital Editions are going to change that." I don't agree. I think people are not adopting ereaders because they add nothing new; they still just move print to the screen - where I personally just turn around and reprint so that I can read it in print.
- What do others think? Is there more excitement around eBooks than I have been seeing?

Adobe Unveils Adobe Digital Editions Public Beta

New Adobe Flash-based Rich Internet Application (RIA) for Managing and Reading eBooks and Other Digital Publications

ADOBE MAX 2006, LAS VEGAS — Oct. 24, 2006 — Adobe Systems Incorporated (Nasdaq:ADBE) today introduced the public beta of Adobe® Digital Editions, a Rich Internet Application (RIA) built from the ground up for digital publishing. With native support for Adobe Portable Document Format (PDF) as well as an XHTML-based reflow-centric publication format, Digital Editions delivers an engaging way to acquire, read, and manage content, including eBooks, digital magazines, digital newspapers and other digital publications. Initially available as a free public beta for Windows®, Digital Editions will support Macintosh systems as a universal binary application, Linux® platforms, as well as mobile phones and other embedded devices in future versions.

“Adobe Digital Editions builds on the ubiquitous reach of PDF and Flash and will further energize the eBook and digital publishing market,” said Shantanu Narayen, president and chief operating officer at Adobe. “By creating a specialized, consumer-friendly application like Digital Editions, Adobe is ensuring publishers can securely deliver high-impact content to the widest possible audience, across hardware platforms, operating systems and devices.”

Consumer-optimized Content-centric Experience

Digital Editions delivers a straightforward user experience for reading and managing commercially-published digital publications. It builds on the Adobe eBook capabilities that were integrated into previous versions of Adobe Reader® and takes them further by adding the ability to incorporate Flash® interactivity and rich media, enabling publishers to create next-generation digital publications that surpass digital forms of paper books.

SONY Even Makes a new Reader!

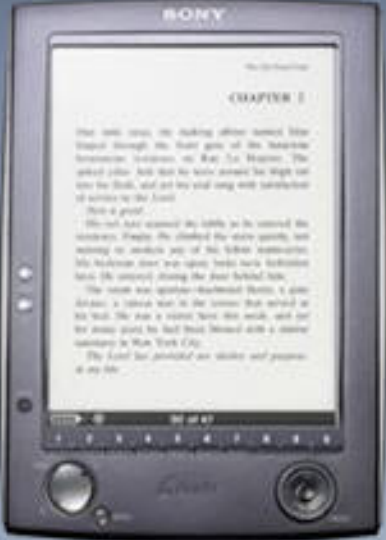
Overview Experience Tips & Tricks

Search Home Mail Print

Sony Reader

It's a new and convenient digital reading experience. The Sony® Reader boasts an amazing screen with technology that rivals text on paper. Search and browse thousands of electronic book titles from the CONNECT™ eBookstore[1], buy an eBook and then easily transfer from your PC to your Reader. So compact and convenient, you can take many of your favorite titles and documents with you.

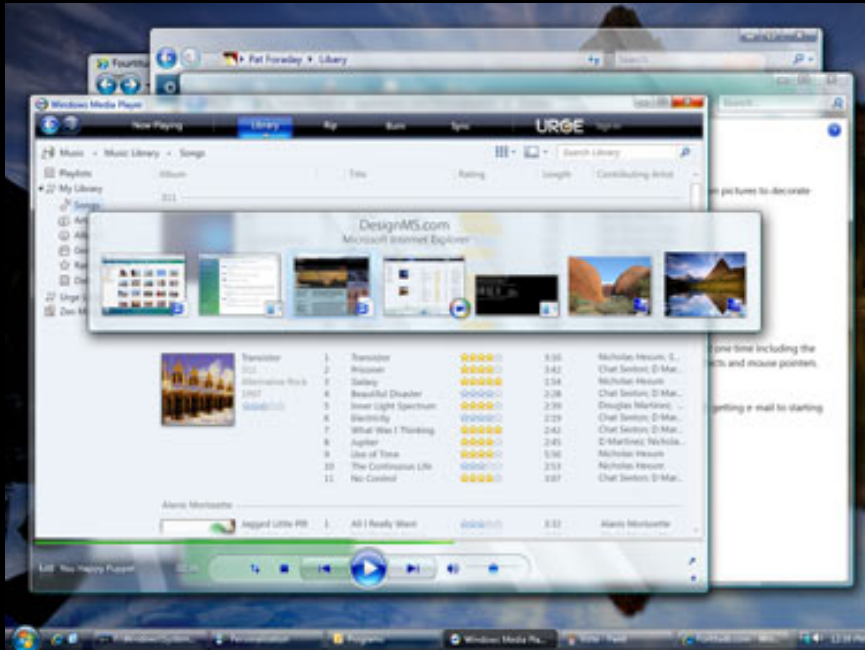
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[1]

Microsoft Vista



- Office 2007
- XML support
- Important new imaging technologies (XPS)

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By Golly**

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UMBRELLAS

Remember: Objects in Mirrors Are Closer Than They Appear!



— Wendy McCully

On Behalf of Pope Benedict



**Best Wishes
for the
Holidays**

And A Happy New Year!



Thank you

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