

This was the first presentation I made on the topics that have become The Future of Publishing Web site. It was presented to several thousand people in a keynote address at Seybold San Francisco in September, 1999. I had been working on the project for most of that year.

The State of the Printing Industry

In the Era of the Web

Thad McIlroy

Arcadia House & Seybold Seminars
San Francisco

Why do
print people
hate
Web people ?

The Business Proposition Sucks

“We’re trying to sell products
that haven’t been invented yet,
to people who aren’t born yet...
Aside from that we’re right on track.”

– Efram Zimbalist III

Despite That They're Doing Really Well

Company	Sales	Profits	Market Cap
America Online	\$2.6b	\$91m	\$120b
Yahoo Inc.	\$.23b	\$22m	\$32b
RR Donnelley	\$5.1b	\$295m	\$4.6b
McGraw-Hill	\$3.5b	\$290m	\$1.06b
Reader's Digest	\$2.6b	\$18m	\$.6b

They are Insufferably
Smug...

Where Do You Want to Yahoo! Today?!

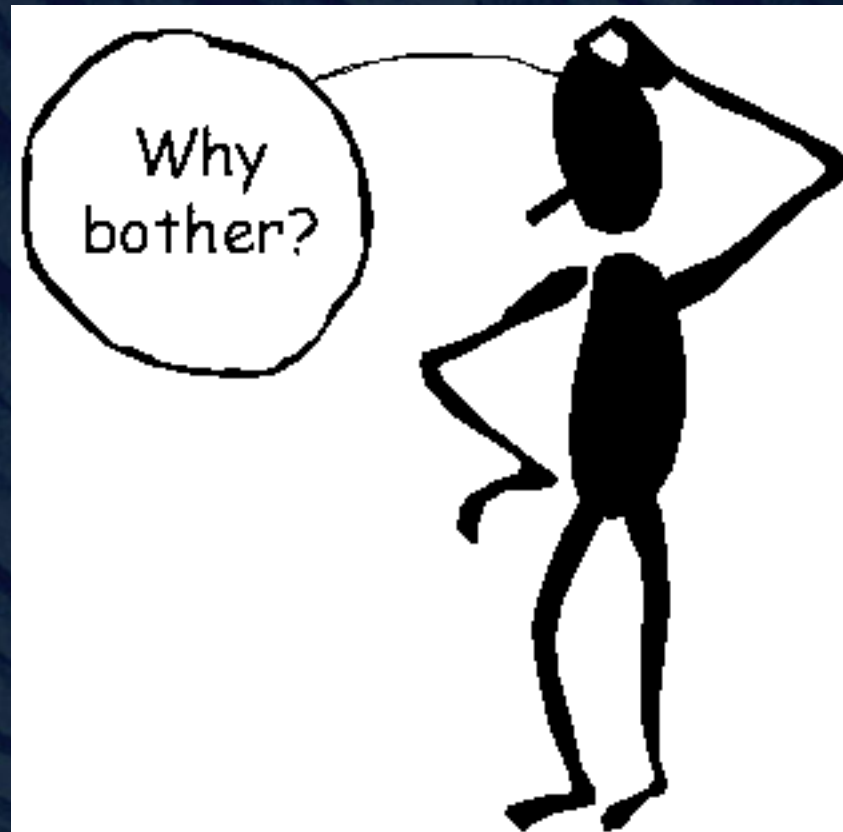
They Have No Respect for
Our Business...

Print is Dead, Webmaster Claims

...Nor for Our Skills

**According to Webmasters Print Aesthetics
Only Undermine Online Effectiveness**

Webmaster Ponders the Challenge of Achieving Print Excellence



Print Has Been Sitting Pretty

- The rumors of print's death have clearly been exaggerated
- We're coming off 5 boom years
- The economists still paint a rosy picture
- But is the picture really so bright?

Change Has Been Gradual

- Incremental change since 1985
- Technology is ubiquitous, but achieving real efficiency has been real challenging
- Where's the technology dividend?

Why are We Stuck?

- Sure, it's not been easy, but...
- The entrenched power structure has fought real change
- It's not in the interest of buyer or seller to change
 - Printers like to differentiate on service
 - Designers, production managers and buyers like to differentiate on ability to tame the beast

What About Designers & Publishers?

- Cost has been shifted from outside markups to internal equipment and personnel costs
- Control has increased
- Turnaround has decreased
- Quality is largely unchanged

Quality:

The Good Old Days that Never Were

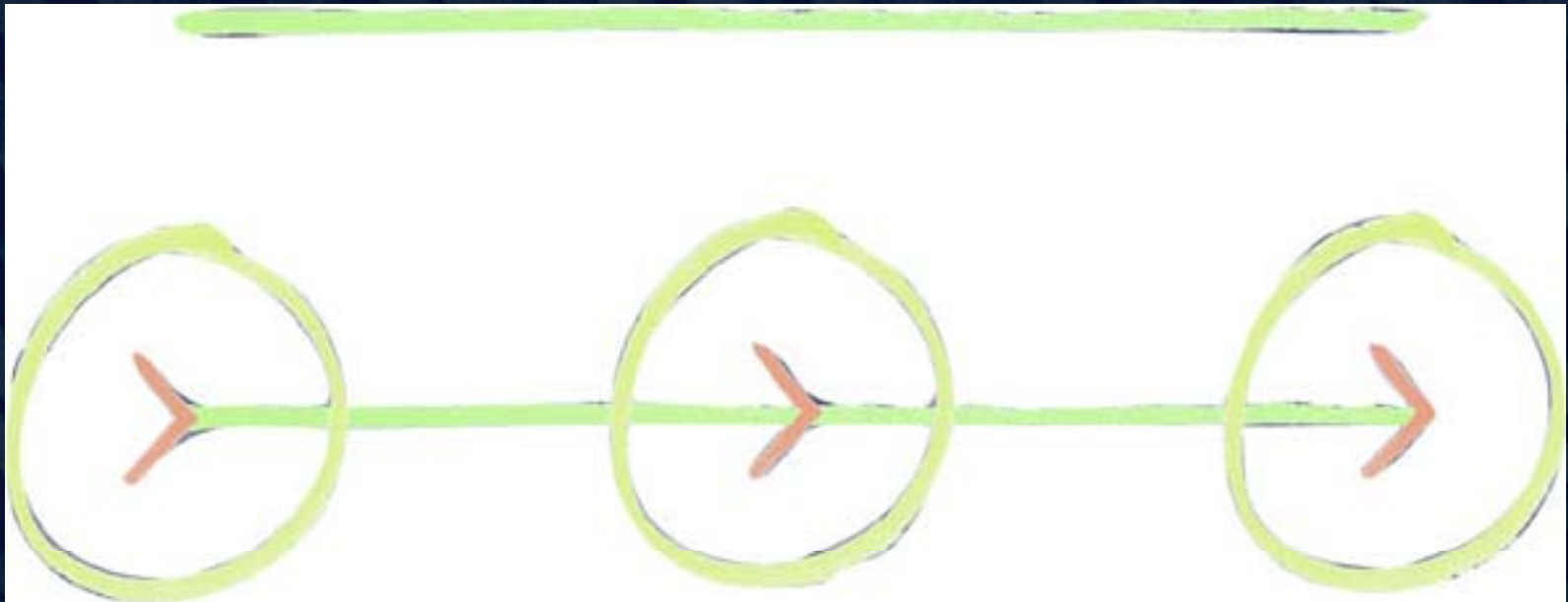
- In a craft industry, we tend to romanticize the past
- The average typesetter wasn't that great
- Decline in scanner quality is offset by improved presses and process control
- The value of design quality is consistently overrated

Myth: Design Conquers All

- Users want accessibility
- Users want timeliness
- Users want control
- *Some* users are tickled by good design

Forests & Trees

Publishing



Design

Production

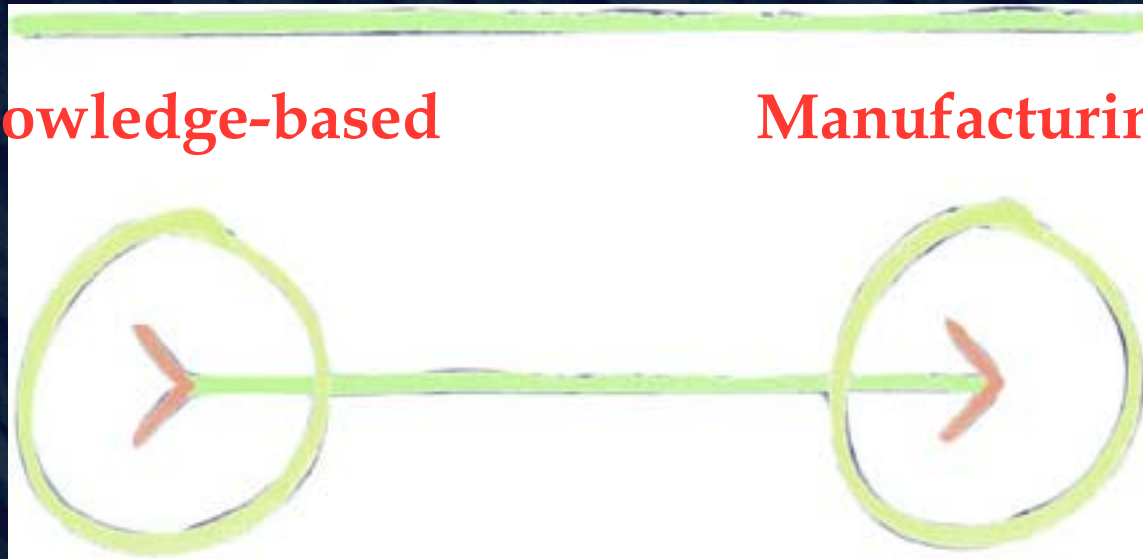
Printing

Forests & Trees II

Publishing

Knowledge-based

Manufacturing

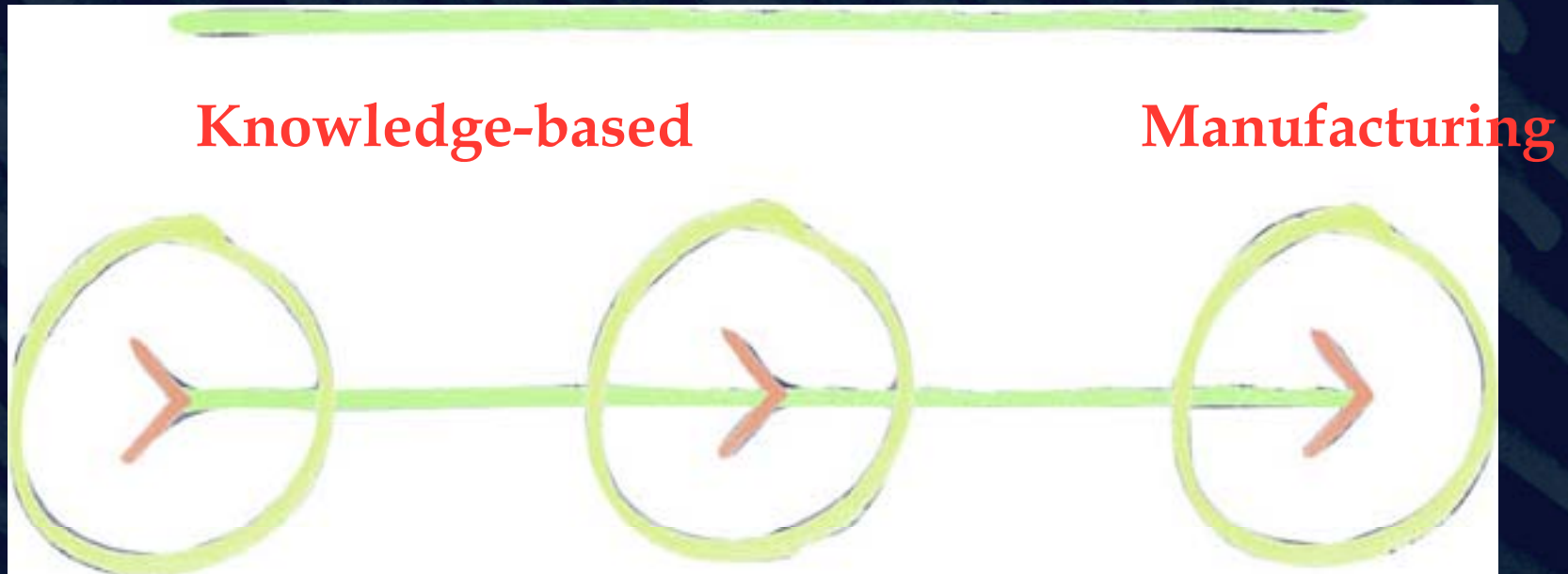


Design/ Production

Printing

Forests & Trees III

Publishing



Market Need

Design

Printing

The Communications Mix

Circa 1990

Print

Ads

Collateral

Packaging

Broadcast

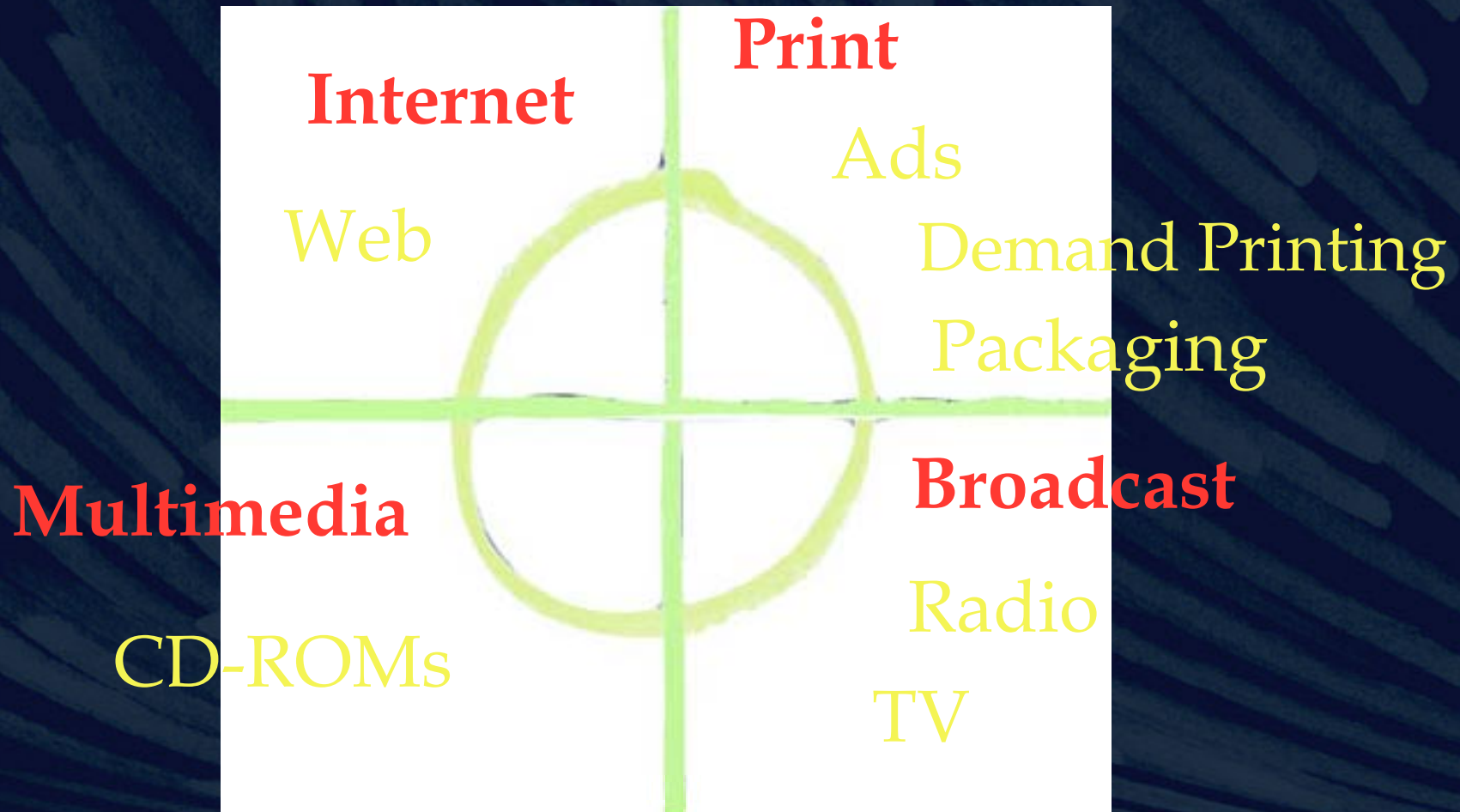
TV ads

Radio ads



The Communications Mix

Circa 2000



I Love Print!

- It's beautiful and colorful and portable
- It sometimes smells really nice
- It's used to communicate worthwhile things
- My friends and colleagues make money producing it

The Other Side of Print

Paper:

A medium used to freeze digital information in a form that cannot be modified or searched, is quickly out of date, and requires an expensive infrastructure to distribute and store.

– Source: Gartner Group

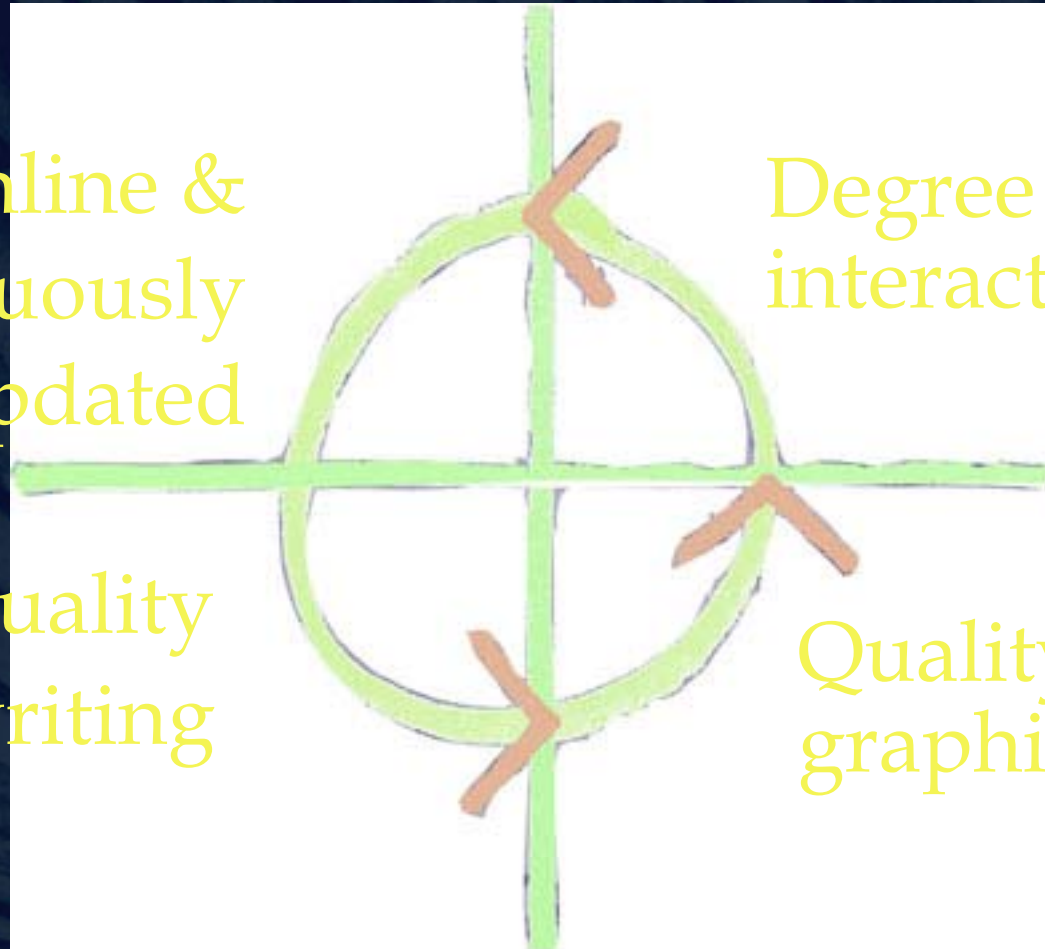
The Graphic Communications Channel

Online &
continuously
updated

Degree of
interactivity

Quality
of writing

Quality of
graphics



Trends in Printing

- Overcapacity
- Retooling
- Recession and consolidation are inevitable
- Print demand WILL decrease

Where the Internet Will Hit Print?*

Category	Decline
Newsletters	40%
Out of Print Books	60%
Technical Books	50%
Industrial Catalogs	35%
Tech Doc	50%

Source: Frank Romano/NAPL

* By 2008

Donnelley's New Plan

“In this game manufacturing discipline will win. The craftsman who has to leave his thumbprint on every page will lose.”

“We are a decade behind in manufacturing best practices.”

— William L. Davis, Chairman & CEO
Toronto, May, 1998

Printing is Manufacturing

- The graphic arts industry must get its act together from a manufacturing perspective
- CIM is the right direction
- CIP3 is the first initiative – more to follow

Workflow Can Be Controlled

- PDF is a big part of the answer
 - Predictable and independent
 - PJTF (Portable Job Ticket Format)
 - Extreme architecture
 - Version 1.3 just announced

Color can be Controlled

- CMSs are working
- Color control on press is here now
- Press manufacturers are starting to support color control
- Closed-loop color control is coming

Digital Advertising

- Black and white has already gone digital
 - especially in newspapers
- Color just beginning
- Time & PC World magazines are all-digital
- TIFF/IT and/vs. PDF

Who Will Provide Prepress Services?

- Trade shops and service bureaus?
- Printing companies
- No one at all?
- Film should no longer be output anywhere other than at a printing company
 - CTP is on the way for all of us (only 7% thus far)

Problems with Conventional Print

1. Waste – 35% is junked
2. Storage – for how long?
3. Obsolescence – information becomes out of date
4. Non-specific – targeted at an “average reader”

Demand Printing Will Explode

	Total Print (Billion \$)	Total Digital	Color Digital
1997	\$100	\$10.5	\$6.7
2002	\$127	\$32.2	\$22

Source: CAP Ventures

Print via the Web

Three models:

1. Private network controlled by one vendor
– ImageX
2. Virtual network – Collabria, Impresse
3. One-stop shop – IPrint

Is there one right model?

Key Issues for the Next Century

- PDF
- Demand printing/VDP
- Digital asset management
- CIM
- Web-enabled printing
- Media-independent publishing

And Remember...

Don't shoot the piano player
Just because you hate the song

Thank
you