

Who Will Drive Innovation for Digital Printing?

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Opinion: Variable-data printing has big potential, but it is complex, and printers will have to think differently to succeed with it.

Digital printing arrived on the market in the early '90s and was immediately hailed as a major innovation that was going to bring short-run color printing at an affordable cost, provide a wealth of POD (print-on-demand) opportunities and open the door for widely personalized variable-data printing applications. Digital printing, in short, was going to revolutionize the world of print production.

A decade later the situation is somewhat more subdued: Digital printing as a business now represents \$61 billion worldwide—about 11 percent of dollar value of the global print market. In North America, digital printing accounts for 18 percent of the total print volume, according to research firm Cap Ventures.

From a technology standpoint, digital presses have become highly refined over the years and now provide output that can rival if not exceed offset printing in terms of quality while offering interesting perspectives in terms of variable-data printing and short print runs.

Nevertheless, by most accounts, digital printing has not taken the world by storm. As a technology for short-run printing, it is stuck between offset printing (from a price perspective), and color laser copiers and workgroup printers (in terms of convenience). For all its impressive potential for very small print runs and the marketing promise of variable-data printing, digital printing has yet to realize its potential.

Blame it on ambient noise? The potential customer for special print products that only digital printing can offer just doesn't get the message, it seems, despite some impressive success stories.

Just as in the early days of desktop publishing, the installed base of printers doesn't always have the right mindset to embrace and sell this newfound potential. What the market needs is a new generation of printers and service providers who will take the technology and drive it to its full potential. Yet younger entrepreneurs who could push the market may find the investment for a digital printing press (somewhere in the area of \$400,000 to \$600,000) too steep to take the technology and run with it.

We spoke with Christian Compera, president of NexPress GmbH, the German branch of the company, in charge of part of R&D. "The biggest challenge for digital printing is to find acceptance in the market to use completely different applications and solutions in order to use the strength of digital printing. Many people are thinking that they can move from offset to digital printing and be successful. In my point of view, you need to use the strength of digital presses. It is not enough to just offer shorter runs; you have to be flexible, offer customization, you have to create new applications [for the customer.]"

Variable-data printing is clearly very promising, but it brings a host of new challenges for the printer. "You need to establish a software environment. You have to have a database. You need to learn how to manage variable data. Establishing such an environment is the biggest challenge for the companies using digital printing. In order to do so, you need to think different. You need entrepreneurship. But if you do this, you can build up a very nice business."

The market potential for variable-data printing is huge, especially when integrated with Web services: Custom-made business cards and stationery are easy examples; highly personalized brochures and product leaflets another. Imagine ordering a brochure on a car you want to purchase, and all the illustrations show only the model you are interested in, in the colors and finishes you have chosen.

To make this work, however, requires a dramatic departure from established ways of doing business with printers: "Printers have to become partners," Compera insists. "They have to provide the right environment, the right tools, and they also have to provide training."

Learning about the new possibilities and becoming proficient with them is certainly a big hurdle. Database publishing (because that's what variable-data printing basically boils down to) is not a plug-and-play experience. A lot of careful planning is involved, and many companies that could potentially see the advantages of customized print products may shy away from the technology just because it seems daunting and may add initial complexity and cost, even if the returns might be significantly higher. It looks like the proverbial chicken-and-egg situation.

And this in turn means that it's all about creating demand in the market. "My strong conviction is that we have to convince the end-user that this kind of new possibility can bring something for their needs," Compera said.

For Kodak, which acquired NexPress over a year ago, digital printing may well hold untapped market potential: The company has a very strong consumer brand, and it desperately needs consumer services and products to compensate its rapidly declining film business. But whether it is Kodak or some other company, the core question remains open; who will drive this market?

Or, to put it bluntly: What is the killer app for digital printing?

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