

This Point Forward

The Future of Print Businesses

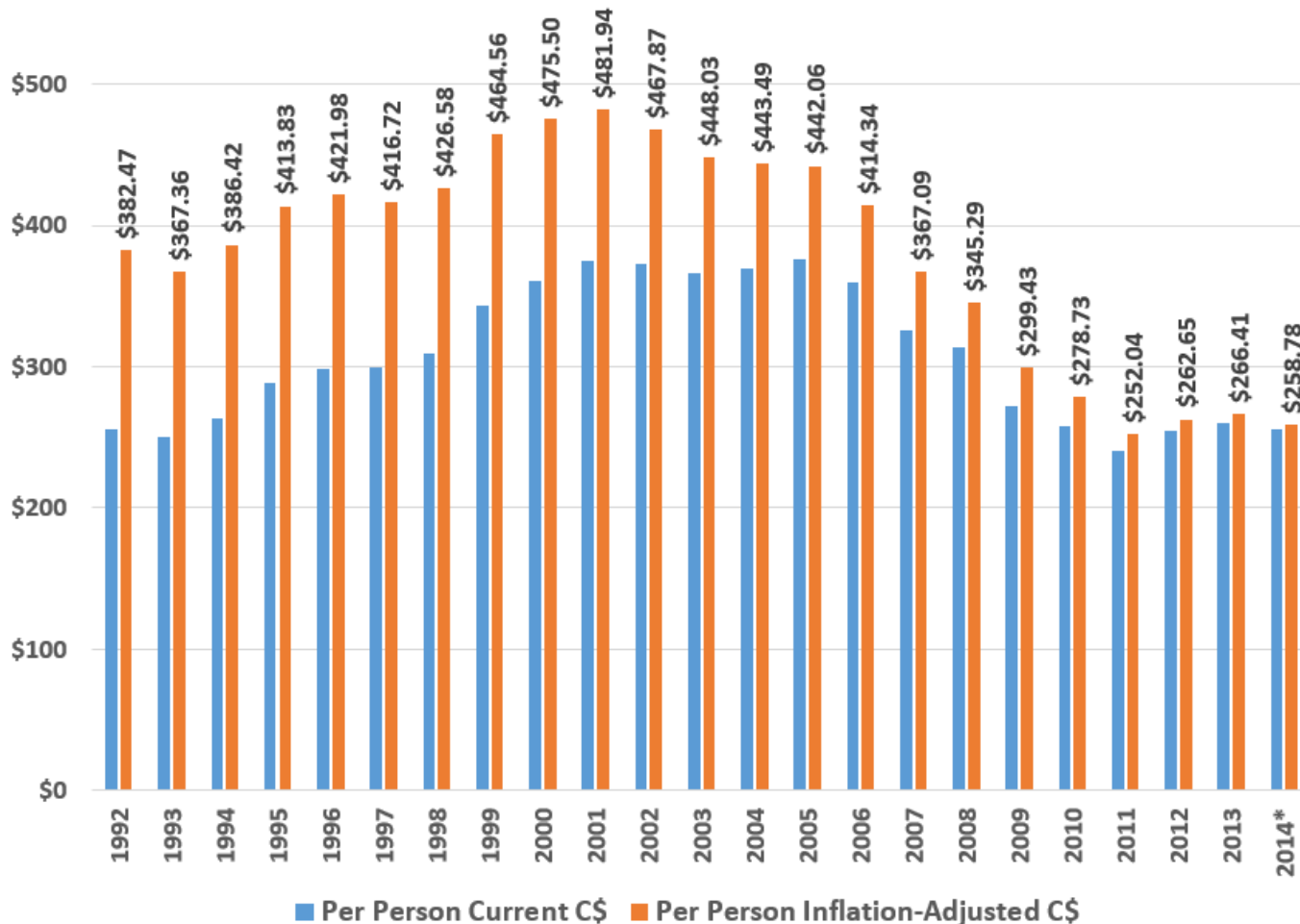


What They Think?

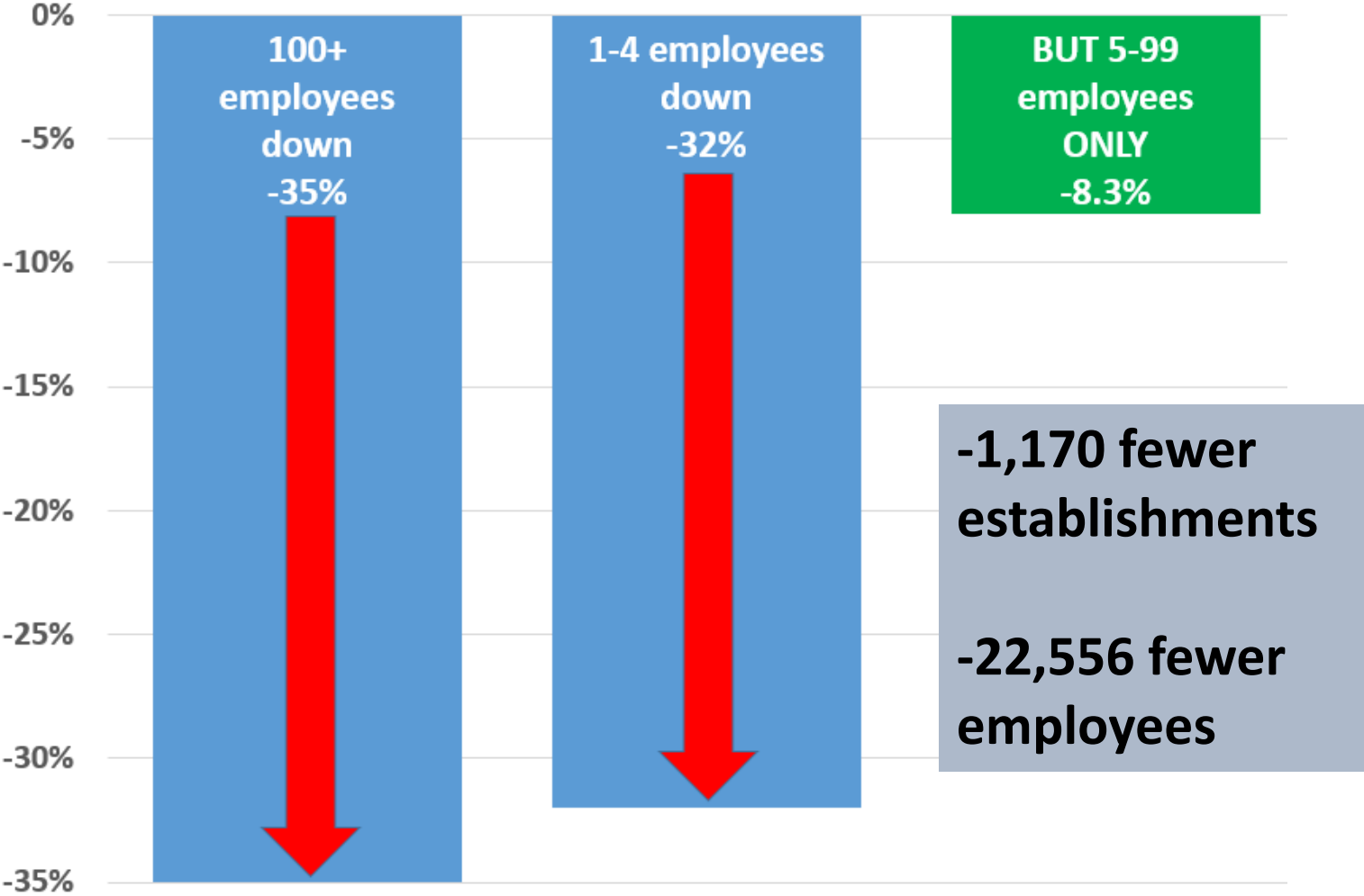


More than a decade
of
commercial printing
restructuring

Real per person Canada consumption of commercial printing: -45% since 2002 peak



Statistics Canada data indicate shop size rebalancing (2003-2012)



Profit Ratios Data from PIA Financial Ratios Studies	All Printers	Profits Leaders Top 1/4	The Other 3/4	Leaders-Others Gap
2000	3.1%	10.5%	0.6%	9.9%
2001	1.0%	8.0%	-1.3%	9.3%
2002	1.6%	8.4%	-0.7%	9.1%
2003	1.7%	8.7%	-0.6%	9.3%
2004	2.5%	9.4%	0.2%	9.2%
2005	2.7%	10.3%	0.2%	10.1%
2006	3.4%	10.1%	1.2%	8.9%
2007	3.1%	9.7%	0.9%	8.8%
2008	1.5%	9.4%	-1.1%	10.5%
2009	-1.4%	7.0%	-4.2%	11.2%
2010	1.4%	9.5%	-1.3%	10.8%
2011	1.8%	9.6%	-0.8%	10.4%
2012	2.7%	9.9%	0.3%	9.6%
2013	2.6%	10.3%	0.0%	10.3%
2000-2013	2.0%	9.3%	-0.5%	9.8%
2008+	1.4%	9.3%	-1.2%	10.5%
2010+	2.1%	9.8%	-0.4%	10.3%
<i>Data sources</i>	<i>From PIA press releases</i>		<i>calculation by Strategies for Management, Inc.</i>	

Profit Leaders Make All the Money

- The gap between profit leaders and the rest of the industry **WIDENS** during challenging economic times

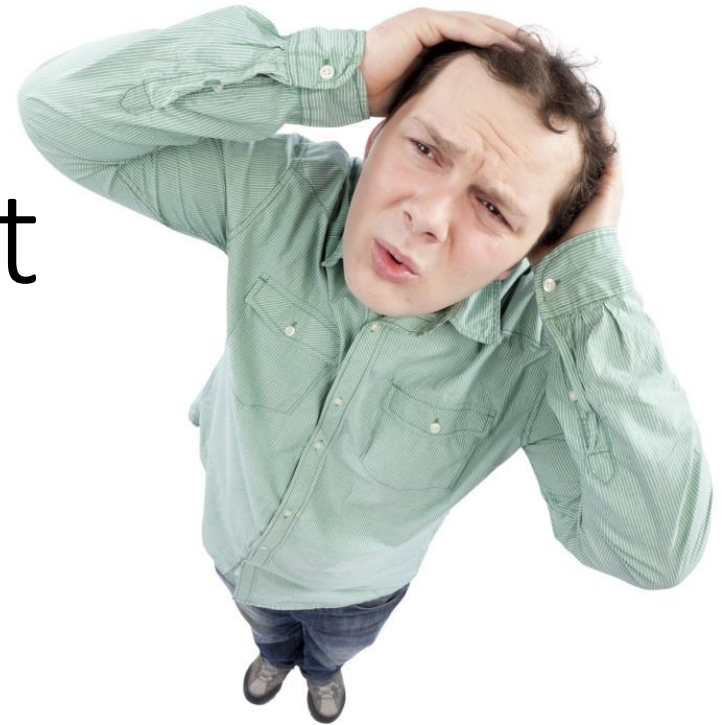
Print in the media marketplace



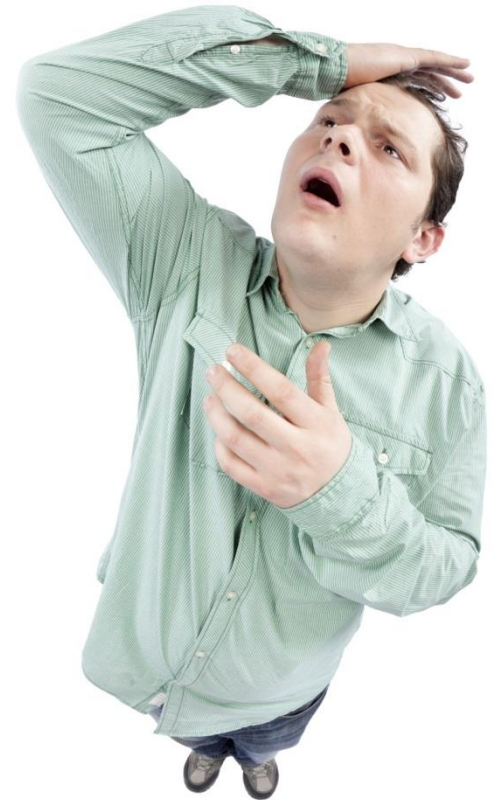
Print in the media marketplace



What does a print
business do?



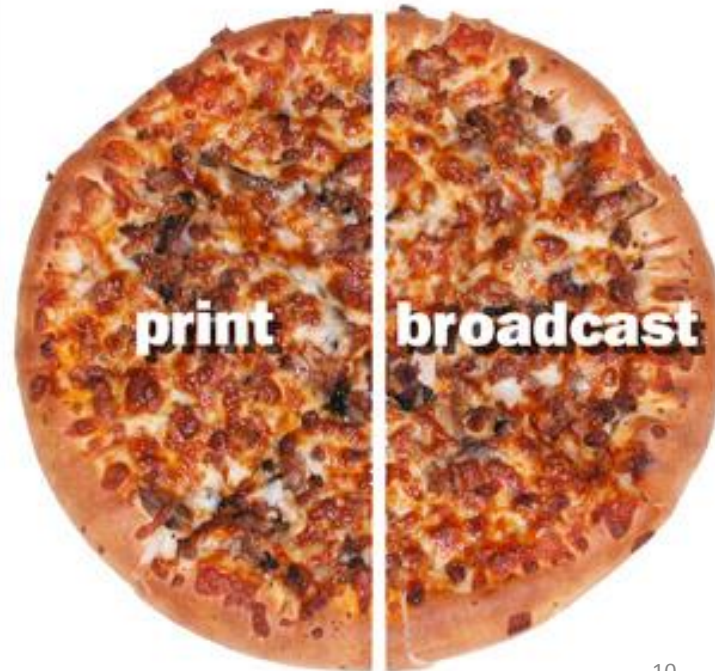
Remember:
Print as a medium
is not the same as
a printing
business



The past: Marketers had two basic choices

What Marketing Was...

Marketing Facts
Budget Size: \$5 million
Media Serving Size: 1 slice
Number of Media Outlets: 2
<hr/>
Amount Per Media Outlet
<hr/>
Total Responses: 1 million
Responses Per Slice: 500,000

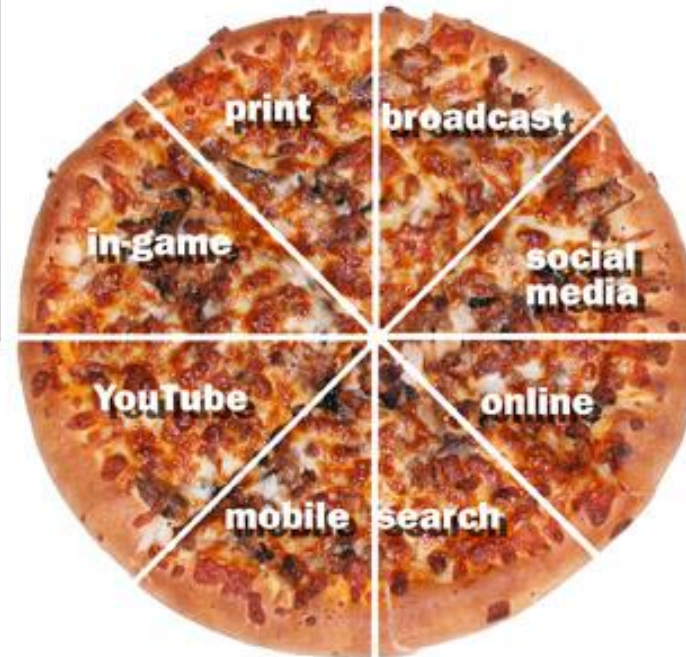


10

Now: marketers don't decide, their audiences do

What Marketing Is Now...

Marketing Facts
Budget Size: \$5 million
Media Serving Size: 1 slice
Number of Media Outlets: 8
<hr/>
Amount Per Media Outlet
<hr/>
Total Responses: 1 million
Responses Per Slice: 125,000



11

Media meddling



The Chief Financial Officer (CFO) sits in the Chief Marketing Officer's (CMO) meetings

...and demands effectiveness and results

The ultimate factor in media selection is “ROI”

- Return on Investment (ROI) is measured differently by every media planner
 - Financial = are budgets being used effectively
 - Analytical = are messages reaching the target audience
 - Engagement = is the target audience reacting to messages and consistently interacting with our business
 - Revenues = are desired revenue targets being met
 - Flexibility = can budgets be reallocated quickly as needed
 - Emotional = I’m a hero in the eyes of my boss



Eight Ideas for Competing in a Confusing Media Market

#1: Print is not essential to communications strategy

#2: There are real
opportunities
in media development,
deployment, and
management

There are numerous ways to work with clients

MEDIA CHART 2.0	OFFLINE	ONLINE
<p>PUSH (you reach out to market)</p>	<p>advertising (broadcast), advertising (space), brochure, catalog, coupons, direct mail (static), direct mail (variable), directory, event/trade show, local deals, newspaper inserts, newsletter, organizations, outdoor (billboard, transit stations/shelters), POS/POP, posters, product placement, product/service reviews, sales personnel, signage, specialties, spokespeople, sponsorship, store, in-store environment/interior design, storefront, telemarketing, training, transactional/transpromotional, vehicle wraps, white paper</p>	<p>advertising (web), brochure, catalog, coupons, direct e-mail, direct mail (variable), directory, event/trade show, in-game advertising, local deals, location-based social media, newsletter, organizations, product placement, public relations, radio program, podcast, RSS (real simple syndication, like news feed), search engine optimization, search, mobile, search, paid, smartphone/tabletPC apps/widgets, SMS/MMS (text messaging), spokespeople, sponsorship, training, transactional/transpromotional, Web site, Web site (mobile), web storefront, Webinars, white paper, YouTube video</p>
<p>PULL (market comes to you)</p>	<p>advertising (broadcast), advertising (space), brand name/company reputation/image, business development/consultation, catalog, dealer-distributors, event/trade show, loyalty programs, newspaper inserts, newsletter, public relations, sales personnel, sponsorship, telemarketing, training, user groups, white paper, word of mouth</p>	<p>advertising (broadcast), advertising (web), blog, brand name/company reputation/image, catalog, crowdsourcing, direct e-mail, direct mail (variable), event/trade show, location-based social media, loyalty programs, market research, newsletter, public relations, radio program, podcast, search engine optimization, SMS/MMS (text messaging), social bookmarking, social media (Facebook, Twitter), social media (mobile), spokespeople, sponsorship, training, user groups, Webinars, white paper, word of mouth, YouTube video</p>
<p>PARTICIPATIVE (collaborative, interactive)</p>	<p>associations, business development/consultation, dealer-distributors, event/trade show, market research, organizations, sales personnel, telemarketing, training, user groups, word of mouth</p>	<p>associations, blog, brand name/company reputation/image, crowdsourcing, event/trade show, location-based social media, loyalty programs, market research, organizations, product/service reviews, public relations, radio program, podcast, SMS/MMS (text messaging), social bookmarking, social media (Facebook, Twitter), social media (mobile), spokespeople, training, user groups, Webinars, word of mouth</p>

#3: Print workflow skills are
an advantage in digital
media

#4: Small & mid-size
businesses are
time-starved,
and need
“communications logistics”

#5: Stay ahead of the clients;
Ignore the competitors

(#5a: Stay ahead of your client's boss)

#6: The business
relationship
creates value,
not the media used

#7: If you don't use
the modern media
in your business,
no one will believe
you can help them
in their business

#8: The marketing life
of technology is
shorter than
its operational life
(Invest wisely)

What to do now...

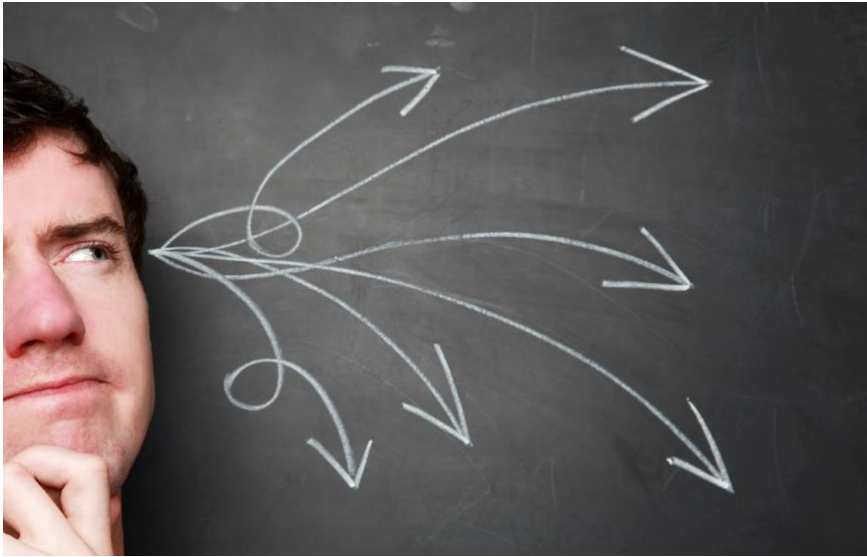
Avoid traditional planning methods



See the real trends in your business

Inflation multipliers	
2009	1.095
2010	1.070
2011	1.046
2012	1.037
2013	1.025
2014 (to date)	1.000

The selling strengths of the new print business



- Integrated media
- Systematic discipline
- Predictable execution
- Measurable results

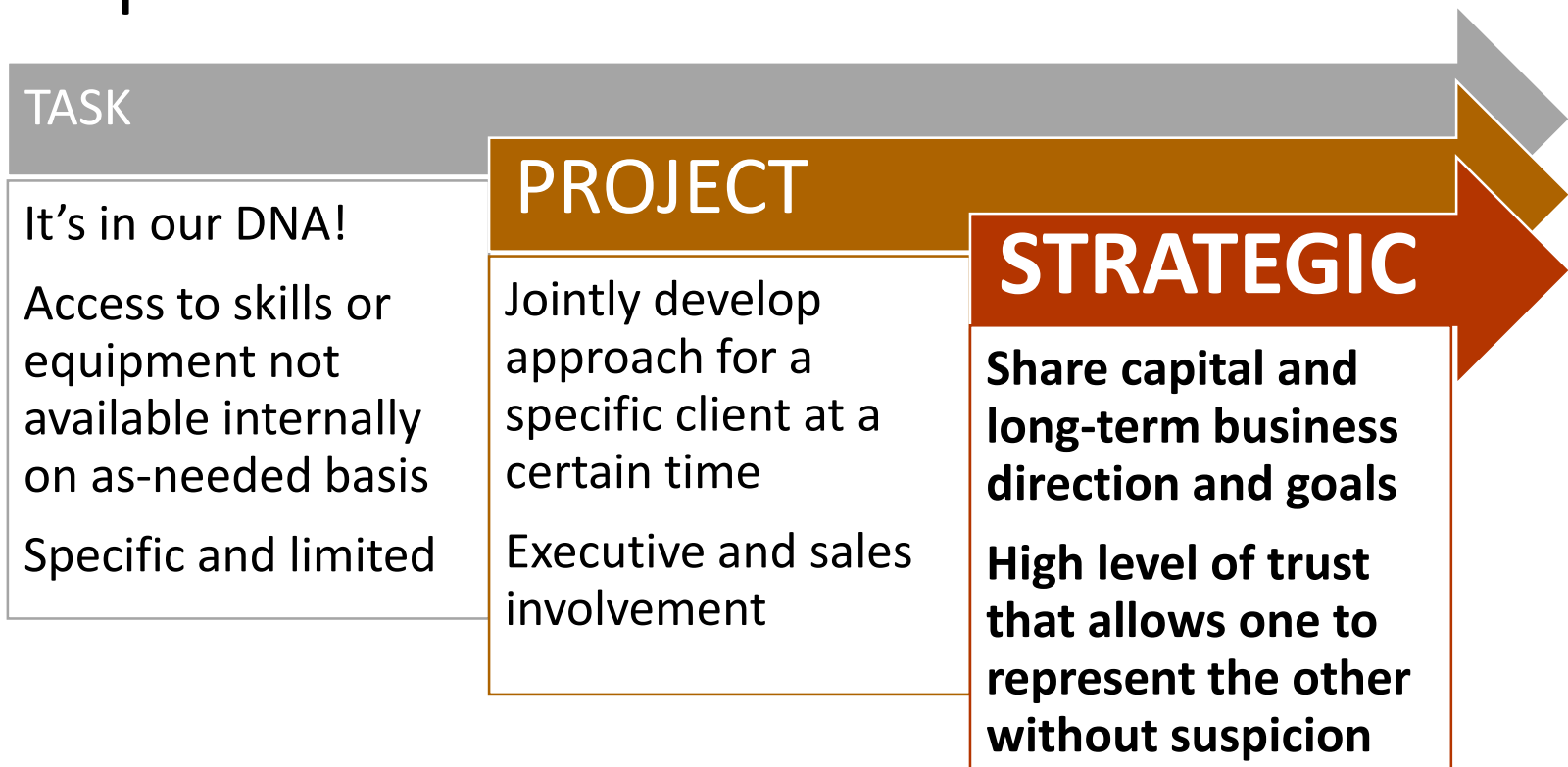
Consolidation is an ongoing process

- Financial strength is a competitive weapon
- Get ahead of where the market is going
- Avoid “defensive” consolidation
- Consolidation partners cannot be the same type of company
 - Add skills that broaden product line
 - Diversify company experience in new markets
 - Open new opportunities

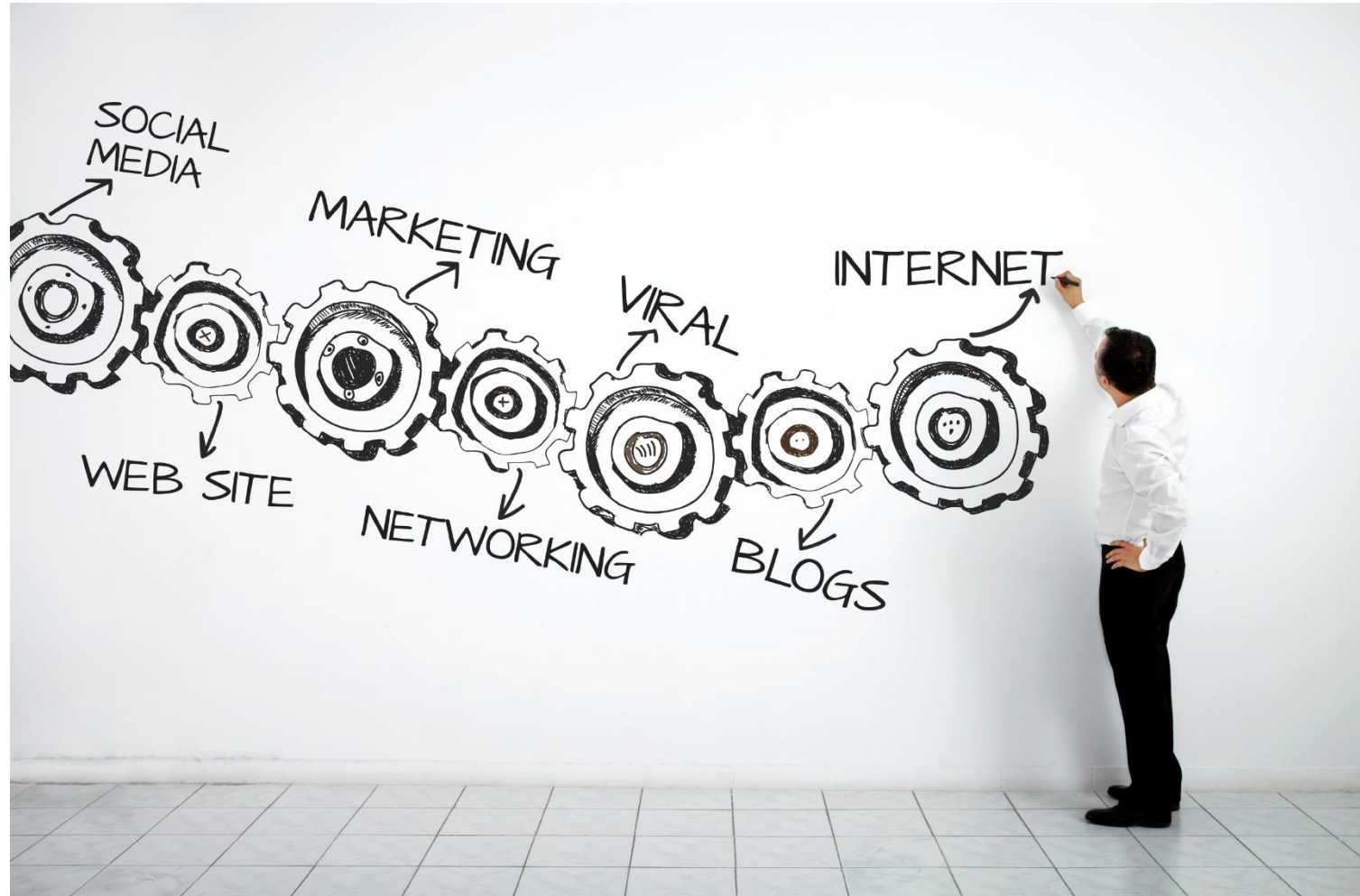
The way print businesses
interact is changing



Alliances are maturing, and are becoming more important than ever



Media complexity shifts focus to business development, not sales



Sales versus business development

- Getting Business (Sales)

- Known products and suppliers
- Buyer determined time of need and nature of purpose
- Easy measurement
 - Price
 - Delivery time
 - Print quality

- Creating Business (Business Development)

- Identify problems
- Expert advisor, teacher
- Problem and solution are not obvious
- Credibility and trust of the supplier
- Help client trust that ROI is achievable

Change your costs,
don't cut your costs

(Hunkering down is not a business strategy)

Don't leave production profits on the shop floor

Profit leaders don't do any one thing better

They do most everything a little better

ESPECIALLY back room and support

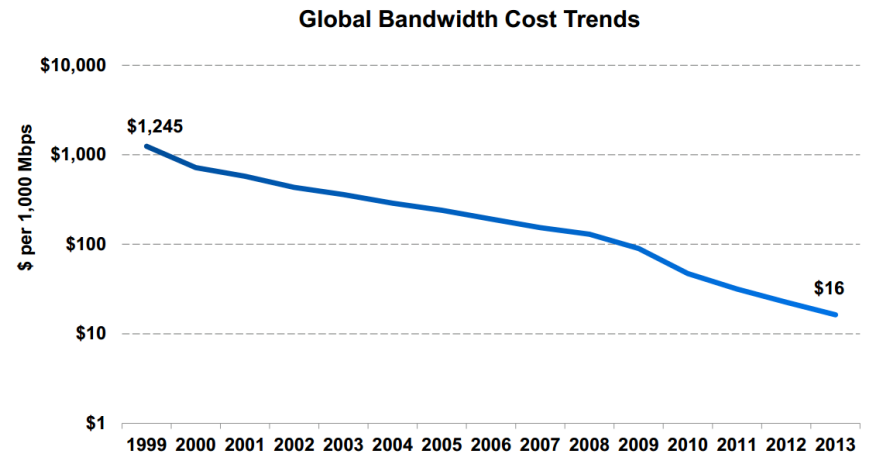
“Cloud computing” is
more than a buzzword

It disrupts media, media
production, and management

Cloud computing is result of 3 major trends: *Get ahead of them*

Bandwidth Costs Declining = 27% Annually, 1999-2013

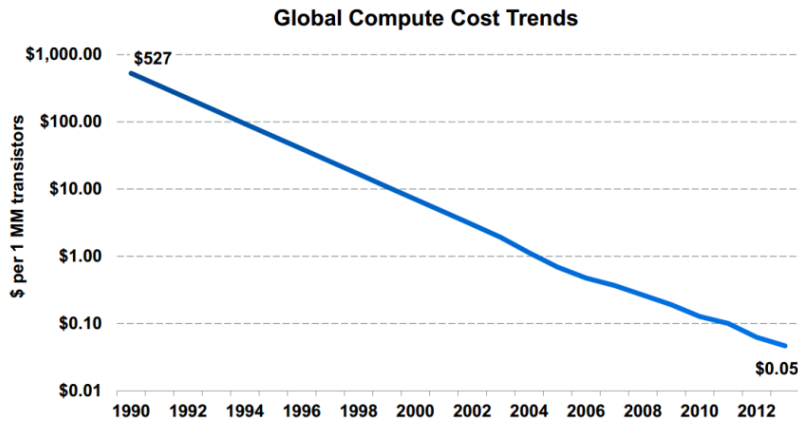
Declining cost / performance of bandwidth enables faster collection & transfer of data to facilitate richer connections / interactions



@KPCB Note: Y-axis on graph is logarithmic scale. Source: John Hagel, Deloitte, 5/14.

Compute Costs Declining = 33% Annually, 1990-2013

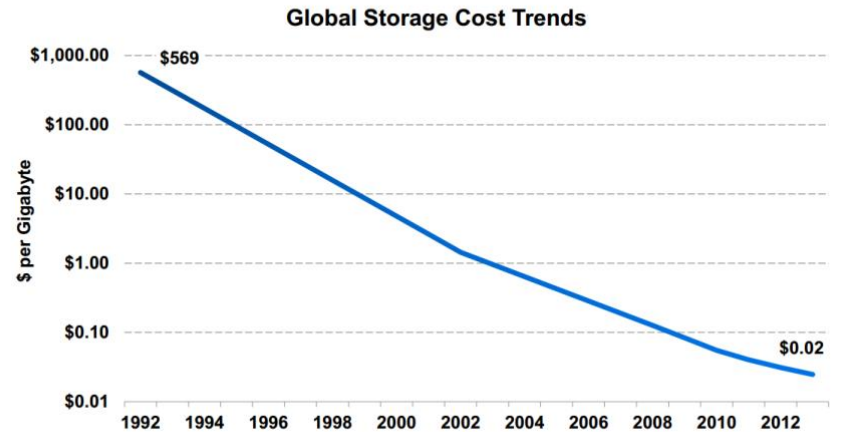
Decreasing cost / performance curve enables computational power @ core of digital infrastructure



@KPCB Note: Y-axis on graph is logarithmic scale. Source: John Hagel, Deloitte, 5/14.

Storage Costs Declining = 38% Annually, 1992-2013

Decreasing cost / performance of digital storage enables creation of more / richer digital information



@KPCB Note: Y-axis on graph is logarithmic scale. Source: John Hagel, Deloitte, 5/14.

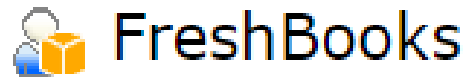
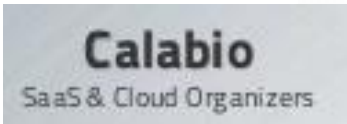


Creative Cloud
2.8 million subscribers by
end of Q3-2014

Expects 3.3 million by end of 2014

Adobe Marketing Cloud had
US\$290 million revenue in Q3

Cloud services are everywhere for nearly every business function



Frees up
scarce investment capital
that is better deployed to
the core business

Shifts costs from upfront
fixed investment
(computers, space, staffing)
to a scalable, predictable,
variable cost structure

Administration,
sales & sales management,
“back room” operations
can achieve
productivity boost,
risk reduction

Reduces office space
requirements;

Anyplace with a connection
can be an office at that
moment

Collaboration and timely
information sharing can
increase

Video discussions, real-time file
collaboration, numerous other actions
become easier and action-oriented

Shifts information
technology risk
(obsolescence, security, operations)
and costs to specialists

Choosing the services and integrating them is a challenge

- New venture assists print and other organizations to have an integrated and managed approach for the transition



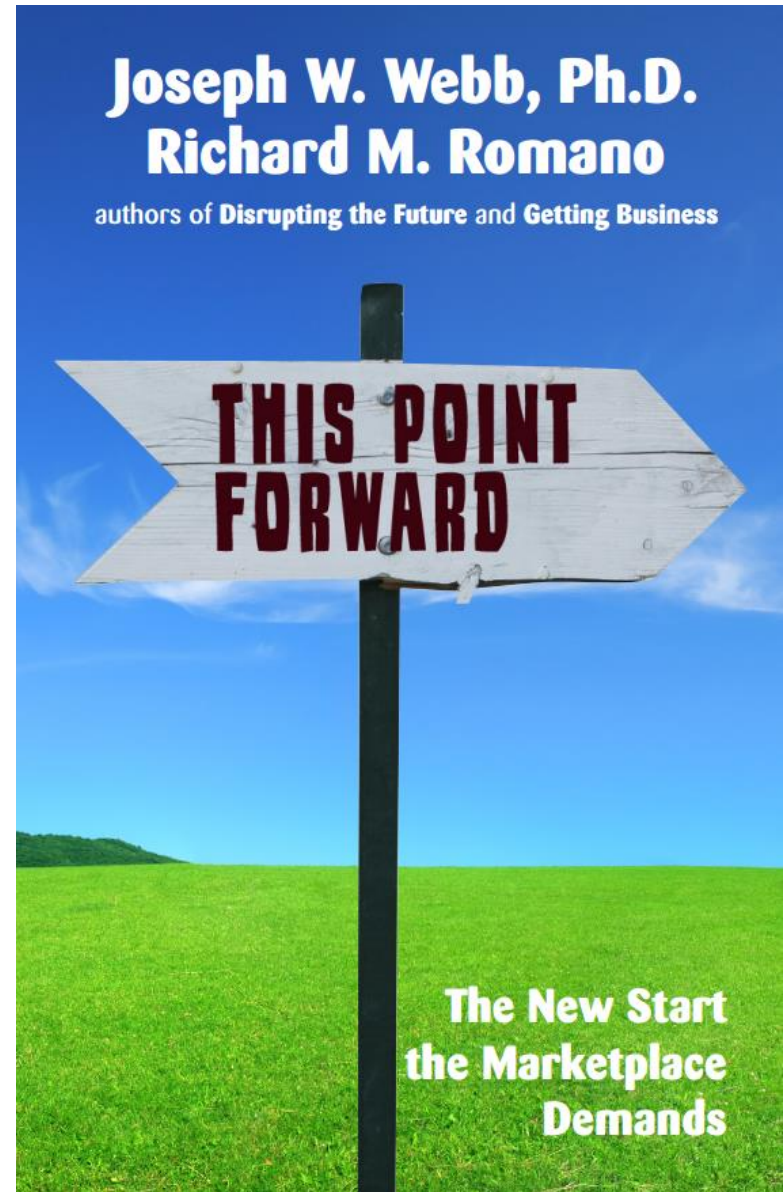
- Visit the website for more information
www.cloudpluspartners.com/contact

In summary...

- Print is part of media and can be used to encourage and expand digital media use
- The number of media have increased, making deployment and management of media difficult
- Consolidation of the industry is necessary to effectively re-allocate past and future capital
- Alliances are necessary to stay ahead of the opportunities and technologies
- Print entrepreneurs need to develop new ways to engage communicators, not just print buyers, learn their objectives and increase communications ROI

The new book: *This Point Forward*

- A “jump start” to the marketplace of 2020
- Recognizes the business culture differences of print and other media
- Explains how print’s history is a barrier to engaging the new media buyer
- A new way of structuring the print business



Thank you very much!



What They Think?

