

Konica Minolta Solidifies Long-Term Relationship with MGI Group

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This week, **Konica Minolta** announced that it will take a 10% minority shareholder position in **MGI Group**. This investment is valued at €13.7 million. Konica Minolta's technologies in this area include office MFP devices, an upcoming B2 digital printer under its own brand, and a wide range of commercial and industrial printers for textiles, woods, and materials. According to Konica Minolta, the relationship with MGI is one step of many in a growth strategy that involves investing in technologies and companies that can advance its market penetration into digital printing. This alliance is also beneficial for the MGI Group, whose growth strategy is to expand its range of digital printing solutions for commercial printing environments into digital printing for industrial environments. The MGI Group already offers a wide range of products, including:

- Digital color printers (e.g., the **Meteor DP8700S XL**)
- Print enhancement tools (e.g., the **JETvarnish 3D**)
- A variety of finishing products for card, punch, and envelope that are integrated with its printers



Figure 1: Meteor DP8700 XL



Figure 2: JETvarnish 3D



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Konica Minolta's investment is a decisive step forward given the long-standing relationship between the two companies, under which MGI has utilized a variety of Konica Minolta technologies in its own machines. For the past 10 years, the collaboration between the two companies has been the basis for the imaging components of MGI's products. This investment further strengthens the strategic alignment between the companies, and the knowledge sharing will surely accelerate in the future. This announcement is also important in light of MGI Group's latest strategic acquisitions and product announcements.

Over the past two years, the MGI Group has made two important strategic acquisitions:

- In 2012, the company announced the acquisition of **Köra-Packmat**, a German manufacturer of feeding and finishing transport systems for the printing and packaging industry. This acquisition enabled MGI Group to integrate its printing solutions with transport technologies from Köra-Packmat. This transaction resulted in several technology announcements during drupa 2012, including the AlphaJet B2 (a technology demonstration of a production UV inkjet printer) and the JETvarnish 3D (another UV inkjet offering for value-added effects via dimensional print).
- In 2013, MGI Group acquired Ceradrop, which specializes in printed electronics (**InfoTrends covered this topic in its October blog**). The Ceradrop acquisition provides MGI Group with the core technology and intellectual property necessary to address the functional printing market.

This announcement also signifies the ongoing penetration of digital technologies in existing and emerging market segments. With annual revenues of \$7.4 billion, Konica Minolta has been serving the office market for decades. All the while, it has been continuously making inroads into the commercial graphic communication market via a strategy that includes selling its own branded products directly, selling via OEM partners, and working with value-added technology vendors such as MGI Group. In the case of MGI Group, Konica Minolta's core technology is part of a digital printing solution that benefits from MGI Group's expertise in imaging, media handling, and workflow integration. This enables Konica Minolta to expand its market reach and learn from the success of its partners in unfamiliar market areas. Gaining experience and a foothold in these markets validates the technology and is a pathway for future expansion using Konica Minolta branded products.

From the MGI Group's perspective, Konica Minolta is a partner that can provide proven core technology and R&D knowledge sharing. This enables successful implementation of the company's growth strategy surrounding digital printing for graphic arts and functional printing. The MGI Group's strength is its ability to commercialize focused and targeted solutions with its nimble core team. The investment made by Konica Minolta will be dedicated to drive future growth, and is part of a common long term vision to establish a stronger presence in the professional digital printing market as it prepares to release the products that were announced during drupa 2012 while also developing new technologies for drupa 2016.



InfoTrends believes that that this announcement is representative of two key trends in our industry. First, ongoing investments by core technology vendors like Konica Minolta are enabling smaller companies to integrate their technologies into solutions with compelling value propositions (as is the case with the JETvarnish 3D). Second, it also signifies the development of digital printing solutions that are targeted toward functional and industrial printing. This is evident in the investment that MGI Group made in printed electronics. The combination of financial support for innovative companies that reach out to new markets or technologies will likely repeat itself in the future as digital print expands into the functional & industrial printing areas (e.g., packaging, decorative, 3D, and printed electronic).