

# Positive prognosis

Estimates in 2007 indicated that digital print would flourish over the next five years. *PrintWeek India*

**Ramu Ramanathan** The size of the digital print industry today is estimated to be worth US\$85 million and this figure is predicted to rise to \$2bn by 2012. Would you agree with the figure? And what is happening with your own organisation in the next five years? Where do you see the trajectory and traction moving towards in your own organisation?

**Pankaj Kalra (Xerox)** These are Pira estimates. There have been other third-party professional (research) bodies who have been tracking the digital print industry. We at Xerox have done some internal tracking during 2007-08 and found that these figures were very close to our own findings of the expected forecast.

**Ramanathan** What will happen with Xerox over the next five years?

**Kalra** The growth trajectory from 2005 to 2012 was supposed to be exponential, but by the time we ended 2008, the global slowdown started to make an impact; and it has impacted the industry as a whole. The strategies at Xerox in India, though, have ensured that the slowdown wasn't too much of a pain. Having said that, I consider India as an emerging market with a sizeable population to be catered to. With the global slowdown bottoming-down, we see signs of marketing efforts picking up. August 2009 has been a decent month for us. In my opinion, the global slowdown will accelerate the trend, with business picking up, but may not be able to make up for the sheer numbers in the projected time.

**Ramanathan** Paresh Shetty, where do you see the trajectory and traction in HP?

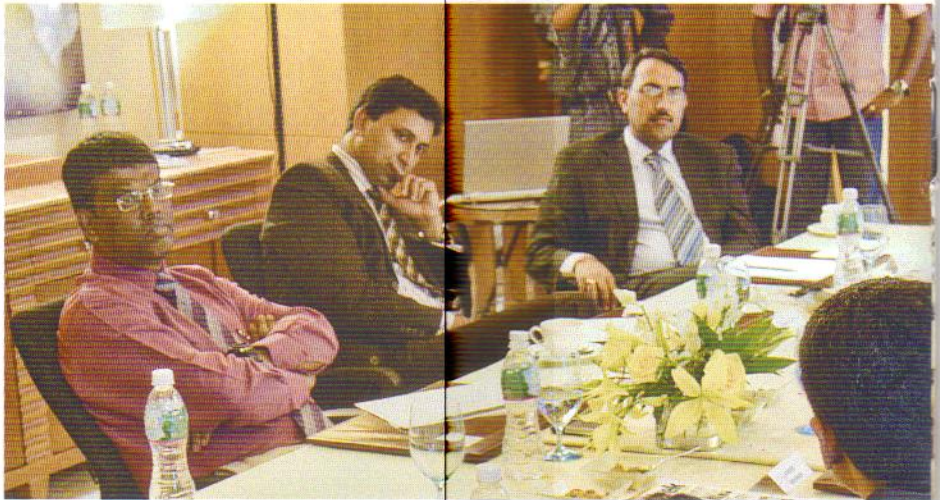
**Paresh Shetty (HP)** I agree with the comments made by Pankaj Kalra. India would be the country where the digital sector both in the small- and wide-format markets would see good growth. Although it would be a little difficulty to recover and meet the trajectory as reported by Pira. For HP, the growth has been quite consistent, notwithstanding the fact that we have been one of the last entrants in the field of wide-format. In the past four to five years, HP has seen a growth of 30-40% year on year. We are keeping our benchmark in accordance with the industry trends and predictions. We are hopeful that digital will overturn analogue in which case, by 2015, we would meet the expected exponential growth.

**Ramanathan** Digital technology is bringing in technical advancements, many more options and exciting new features. In what way are printers in India adapting to the digital technology? How do printers convince their customers to opt for short-runs rather than long-run print jobs?

**Shetty** I think it's all about adaptability. India is known to be a lower market. Once a trend catches up, it does so with high speed, like the way it did in wide-format. The past four to five years have seen the wide-format market make an amazing transition from analogue to digital. We are hoping for a similar happening so that we can push much more numbers in the small-format than we are predicting today.

**Ramanathan** MGI began its operations in India in 2007, what is your assessment, Natarajan?

**V Natarajan (Aura Papers)** For sheer numbers, I will go by what Pankaj and Paresh have said. I think these numbers are being discussed everywhere. If I go by what our principles MGI has said India will achieve, we will be laughing our way to the bank. But if I have to understand the industry as it prevails now, the fact of the matter is we have registered close to a 100% growth year on year.



## DELEGATES (L TO R)

**V Natarajan**, managing director, Aura Paper (for MGI)  
**Paresh Shetty**, country business manager, HP India  
**Pankaj Kalra**, general manager, marketing, Xerox India  
**Ramu Ramanathan**, editor, *PrintWeek India*  
**Kiran Prayagi**, Graphic Arts Technology & Education  
**Kishore Krishnan**, assistant general manager, HCL Infosystem  
**Chandan Mishra**, manager, India Sub-continent, Gandinnovations  
**Kumar Bhanushali**, manager, business development, EFI India (pic in box - left)  
**Deborshi Choudhury**, Apsom Infotex (pic in box - right)

This is not saying much, but we have begun in a right way and we will continue to do much better.

**Ramanathan** Has the slowdown affected you?

**Natarajan** I do not think there is a slowdown or we would be selling less. I think we are selling much more than we were doing before and the same goes with consumables. Furthermore, we cater to two different industries – one is the plastic card industry and the other is graphic arts. The plastic card industry and printing on different substrates is growing at the rate of 20-25% every year. At the moment, we are comfortable, but I think a lot more needs to be done in the near future.

**Ramanathan** EFI made its entry in 2005 and until the third quarter of 2008, was doing pretty consistent business ...

**Kumar Bhanushali (EFI)** Yes, but the economic downturn which started in the fourth quarter of 2008 had a major effect on our products. I am of the opinion that the print industry in India goes into a reserve mode whenever faced with a calamity (slowdown was perceived as a calamity), more in apprehension than anything else. EFI Vutek basically catered to the UV and solvent retail segment and this was one of the segments which saw its business go down, eventually affecting our sales. However, the bottoming down of the slowdown has given rise to hope and vibes, which has resulted in our third-quarter figure go up. I do agree that the digital sector will see exponential growth. EFI's niche has been

**"The print industry in India goes into a reserve mode when faced with a calamity"**

**Kumar Bhanushali**

# ② s for digital print

Invites some of the medium's key players to reveal whether that bullish outlook is bearing fruit



high definition graphic market, and it will continue to focus on that market.

**Ramanathan** What reasons influenced EFI's strategic alliance with Proteck? Was it part of an attempt to re-address the downturn and look for a solid partner in India with a broad-base network in India?

**Bhanushali** Indeed, that was one of the reasons. Vutek made its entry in 2001 and became operational through Arrow Digital in 2002, that's a while before it was purchased by EFI in 2005. Arrow Digital did a pretty good job, but as you said, we wanted to re-fresh everything. We needed a bigger partner, a pan-India presence and more servicing centres. Proteck has a bigger profile – it has in its bouquet niche products, is a manufacturer with a turnover of over Rs 300 crore and is at a much higher scale compared to Arrow Digital. Both EFI and Proteck had a certain synergy which led to a smooth transition in alliance.

**Kiran Prayagi (Graphic Art Technical Education)** Also, EFI's products need competent technical support both in terms of installation and servicing in India ...

**Ramanathan** Deborshi, could you please highlight Apsom's transition from low-end wide-format kit to the super-wide market?

**Deborshi Paul Choudhury (Apsom Infotex)** Apsom had all along been selling low-end wide-format machinery. About six to eight months ago, Apsom entered the super-wide market and started promoting it. As for the low-end investment in the digital market, Apsom has witnessed a growth of 30-40% year on year for the last three to four years. While we expect that trend to continue, we also see a lot of these buyers gearing up to upgrade themselves to newer technologies. As for the super-wide market, we must admit that we are new to the market and are studying the market in terms of solutions available, market share and the like.

**Ramanathan** What happens to the low-end machines?

**Choudhury** From what I see, there is a good market for low-end investment machinery at least for the next three to four years.

**Ramanathan** Chandan, what is the usage pattern?

**Chandan Mishra (Gandinnovations)** Since I do not have sufficient background about the narrow or small-format of the digital



**"We see a lot of our buyers gearing up to upgrade to newer technologies"**  
**Deborshi Choudhury**

sector, I would not want to comment on it. From the usage pattern of companies for the past two to three years or going by the outdoor visibility and availability of space, I think the super-wide format digital segment has witnessed a tremendous drop. Consumption-wise, buyers have reduced their purchases by 30-40%. That definitely affected the off-take of machine that we were going to put out in every category. When I say category, we have different category marked price-wise and not product-wise.

**Ramanathan** Are things improving?

**Mishra** Yes, growth of 25% from now up to 2012 looks very realistic. With events like the Commonwealth Games in New Delhi, hopefully the large-format or super-wide graphic arts segment will benefit. We are seeing newer technologies and product activities in the digital segment which is fuelling the move from analogue to digital. On-demand printing is another activity that will drive application-based products.

**Ramanathan** It is estimated that the market size of OOH is worth Rs 1,500 crore. Would you agree?

**Mishra** Overall I think the projection of the market size of Rs 1,500 crore for graphic arts wide-format segment is a reasonable one. This is one reason Gandinnovations as a company has been growing steadily for the past two to three years in terms of placement of machines and will continue to do so.

**Kalra** When you say Rs 1,500 crore, are you saying equipment and consumables put together?

**Mishra** Yes, equipment as well as supplies both.

**Ramanathan** Konica's entry in the market was in a different scenario ...

**Kishore Krishnan (HCL for Konica Minolta)** True, we are infants in the digital segment. Actually our entry into the market happened in a totally different scenario. We challenged ourselves by moving beyond the multi-functional printer (MFP) segment into the digital production segment, in a bid to grow at 25-30%. We looked for alliances and since we already had Konica Minolta as our partners in the laser printer business, we decided to go into distribution of their digital production products.

**Ramanathan** HCL launched the C6500/6501 in October 2008.

**Krishnan** Yes, we launched with Konica Minolta (KM) products in October 2008 and looked to address the market with our limited range of products. The past 10 months has been a dream – with a count of 35 machines. Buoyed with the response, we have planned to double our target for the next year, which is ambitious. We have build up a good prospect base to achieve the project target and the only roadblock that would put pay to our achieving the targets is availability of finances to the customers. Overall, the digital production market is more amenable to investment in comparison to the MFP segment, which prompts us to expect that the digital sector will grow in the years to come.

**Prayagi** Have you faced any problems with servicing the machines supplied by KM's previous distributors?

**Krishnan** Not really. We have extended service support to most of the KM's digital production machines, even for those machine supplied by the previous distributors. We gave the customers the options and have taken those machines under contract. ■

*This roundtable debate continues in tomorrow's (25 October) issue.*

# Clearing a path to

Top-of-the-range technology is a given in digital equipment, but what of the business and customer

*This is the concluding part of a three-part PrintWeek India round-table discussion on digital print.*

**Ramu Ramanathan:** A big question now is how to do business better. Print in recent months is on the downside. Printers are seeking to develop business. What do all these business training programmes like Xerox's profit escalator, HP Indigo's digital selling skills, Canon's business builder, Kodak's market mover, exactly do and how do they benefit a printer?

**Pankaj Kalra (Xerox India):** Xerox very strongly believes in the three things that make up a business. One is of course the right technology; the right workflow; and right business development. If you have the technology, you can invest in workflow, but the important thing is how do you grow the market. Digital printing is a different ball game. It is not as simple and straightforward as commercial printing used to be, where you get a CD, your plate from a pre-press house, you print with the approvals and it goes back. In commercial print, you have a limited number of job but with large print runs. In digital, you have small print jobs in multiples, sometimes in the hundreds. Here, how you cater to these multiple print jobs to make your business profitable is what becomes important. I have been talking about it for some time now and I feel you can do in two ways: first is the capacity to be able to manage those multiple jobs; then of course manage it correctly and that's where the workflow comes in. Errors can be very bad and rejections costly. Then, of course, you need to have some flexibility in printing because all multiple jobs may not be on the same type of paper, may not be the same size; some may need high levels of colour matching, some not. In order to complete this circle, you need to reach your business to multiple customers. This is where the business development comes in. Xerox's Profit Accelerator caters to financial resources, gives insight into decision-making whether to go in to digital or offset; design resources in the creative arena; Marketing resources to help sales; and other gamuts of tools which help customers understand how to do business.

**Kiran Prayagi:** How active is Xerox in this regard?

**Kalra:** We are very active. We have a number of customers using Profit Accelerator effectively and found success. This resource is available to the client, but it does not come as a default, he has to purchase separately.

**Paresh Shetty (HP India):** For years, most printers have been working from their office in the offset plant itself; never pitched for jobs always focused on production. The new world of digital has come with a different business system, where one has to reach out to gain business. This is a huge change for Indian printers. The kit or modules provided by the digital companies are solutions to develop business and enhance business competence.

**Ramanathan:** Can you throw a little light on what HP is doing for its wide-format clients?

**Shetty:** Yes. We have found that the wide-format print buyers are more educated, and they know very clearly that what the campaign is about. What we or for that matter most of the other companies present here also do, is go to the print buyers and get our equipment approved.

**Kumar Bhanushali (EFI India):** As I had said earlier, in future print is going to be a specs business. As Paresh said, every print buyer or



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vendor knows the advantages and limitation of the technology, and turnaround time. Like HP, we too do not have any kind of module for wide-format clients, however, we have ROI data, project reports, databases of print buyers, to support our sales.

**Deborshi Choudhury (Apsom Infotex):** I agree with Paresh and Kumar. I think it has become very important for us as sellers of machines to help our customers' business grow, hence the support. Today, our clients ask us whether our machines are approved by certain corporate print buyers, because his business lies there.

**Ramanathan:** This kind of super branding that you create, is it done consciously?

**Bhanushali:** More print volume for the specified print platform means a potential investment in additional systems. For example, once the client exceeds reaches 130% to 140% of its capacity, he will certainly look for another set of machine or two, as the case may be. We in turn benefit because we sell more machines.

**Chandan Mishra (Gandinnovations):** Gandinnovations' strategy is a little different. While Paresh and Kumar look to develop their customers' portfolios to up their sales, we develop specifications to develop business for ourself. We do not talk to our customers' customers. We try to understand what our customers would need say three years from now; build such a machine with which he is ready to meet future demand as well as attain his ROI.

**"The new world of digital is where one has to reach out to gain business"**  
**Paresh Shetty**

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# sustained growth

sides? *PrintWeek India's* panel sheds light on what is generating results in the current climate



**Ramanathan:** OOH continues to be disorganised and fragmented. It is guesstimated to be Rs 2,000-crore industry – static and digital which comprises billboards, mobile and airport media. It is expected to grow up to Rs 5,000-crore. What is the future? Will we see a consolidation with key national players tapping 70% of the market share? How much of an investment will there be in digital OOH as opposed to the traditional print OOH? Should one invest in entry level kit or high-end equipment? How different is the OOH market in different cities?

**Shetty:** OOH is currently a Rs 1,500-crore market and it is expected to grow at 20% every year. As a media, OOH is viewed differently by different users (print and electronic) depending on area of their functioning. Currently, these users have three choices – television ie the electronic media, newspapers and OOH; and within OOH, you have the digital and the non-digital segments.

**Ramanathan:** A lot has been of the 'battle' between offset litho and digital technologies. Today most offset press manufacturers have worked hard to reduce makeready times and improve colour control to generate the lowest possible level of waste and, they claim, make even tiny runs down to the hundreds viable on an offset press. Does this have an impact on OOH?

**Shetty:** The point is, OOH is a great media which encompasses wide coverage. The print fraternity catering to OOH should equip themselves with technology which can provide better turnarounds, enhance creativity and add value to products rather than just printing it as a commodity. The business and potentials notwithstanding, nobody in the chain is making money and that's precisely because of the unorganised nature of the business. As the principle suppliers of equipment, we have to try to see if we can eliminate the price war. This price war is stopping new investments and has also become a major hurdle to business growth.

**Ramanathan:** Does the cost of fabrication vary from city to city?

**Bhanushali:** Yes. The cost of labour, infrastructure, transport is directly proportionate with the cost of fabrication.

**Mishra:** Most of the top print providers to OOH are very promising with a good number of years in the business. In my opinion, there is a great deal of localised printing. I think printers need to create a benchmark for their processes to bring a service angle to

their offerings. This, in turn, will help them retain their profits.

**Ramanathan:** How much of OOH growth do you see in the tier-B and tier-C cities?

**Mishra:** As for the future of the OOH industry, I think big volumes will move from metros to tier-B and tier-C cities. The metros are stagnating because of several issues, one of them being regulations. That said, the big printers in metros have huge volume capacity, have good set up and infrastructure, I would recommend that they evaluate strong application-based services which are within their strengths and then maintain profitability.

**Ramanathan:** You mean cities like Ahmedabad, Coimbatore, Agra-Mathura, Jaipur, Indore etc?

**Shetty:** I think the growth percentage of the non-metros will be higher.

**Ramanathan:** There are agencies such as Lakshya, Pioneer advertising, Jagran Engage, etc. To what extent are they driving this whole momentum?

**Mishra:** We need to understand the direction in which we are going. About 75% to 80% of purchases of digital print for super-wide format or outdoor or indoor are driven by agencies for telecom. All along these purchases were for metro usage. But things are changing. Now OOH print media is making inroads into the smaller cities, which are rising as an upcoming market. And as a result, the advertising agencies who are the coordinates, are driving the momentum.

**Ramanathan:** How viable is digital for newspaper in India? Can I personalise and do short runs? Why is the pricing for click not in line with volumes?

**Kalra:** It is all about the print run. If the newspaper print run is going to be in hundreds of thousands, then it is not good business economics. However, if the need is small, then one can very well do it, as long it justifies the economics. At the end of the day, it is business that matters. As you know, Xerox successfully printed the IpeX show-daily during 2007.

**Shetty:** Online newspapers are there. But the physical newspaper distribution through digital is on the anvil. HP has plans to launch such a machine in 18 to 36 months.

**V Natarajan (Aura Papers):** We at MG do not have solutions for the newspaper market, but for the book printing segment, especially in colour, we do have. The DP 60 Pro with a size of 13x26in in production mode is of immense help. Many printers in Europe and the US have gone for MG solutions mainly for the size advantage it offers besides predictable quality and production.

**Ramanathan:** Why do different manufacturers have varying click rates?

**Kalra:** As for standardised click rate, every company has its own cost structure and balances, because of which it will vary from company to company.

**Kishore Krishnan (HCL Infosystems):** Answering the point on click rate, I agree with Pankaj. One must understand that in the digital industry hardware is sold with very little margin. So the next way is to make profits in the click rate.

**Natarajan:** At Aura, we do not work on click charges. We work on a la carte, ie pay for what you consume and our customers have found this to be much more economical. ■

**"We try to understand what our customers would need say three years from now"**

**Chandan Mishra**