Winning with Digital Print

Delivering the Value

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PSBG
Fuji Xerox
Agenda

- WW & US Digital Print Market Trend
- Key Digital Applications
- Xerox Production Product Portfolio
- Winning with Digital
Agenda

- WW & US Digital Print Market Trend
Business Challenges

- Reducing Costs
- Increasing Productivity
  - Reducing Turnaround Time
- Growing Revenue
  - Improve Business Results
The Digital Opportunities are there... and Growing!

Source: Caslon Market Intelligence, Fall 2004
The Future of Global Markets
For All Printing to 2015!
Revenue Growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Offset print</td>
<td>91</td>
<td>89</td>
<td>84</td>
<td>66</td>
<td>57</td>
<td>35</td>
</tr>
<tr>
<td>Digital print</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>13</td>
<td>19</td>
<td>41</td>
</tr>
<tr>
<td>Ancillary services</td>
<td>9</td>
<td>10</td>
<td>12</td>
<td>21</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Pira International Ltd

Frank Romano, Pira International 2006
The Future of Global Markets
For All Printing to 2015!
Digital Print Volumes

<table>
<thead>
<tr>
<th>% pages produced</th>
<th>2000</th>
<th>2010</th>
<th>2015</th>
</tr>
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<tbody>
<tr>
<td>Offset transfer</td>
<td>91</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Variable data</td>
<td>6</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>Transactional</td>
<td>1</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Web-generated</td>
<td>2</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Note: Other will include work moved from other printing processes, such as screen printing and flexo.*

*Source: Pira International Ltd*

Frank Romano, Pira International 2006
Asia Pacific is growing faster:

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>3.9</td>
</tr>
<tr>
<td>N.A.</td>
<td>3.6</td>
</tr>
<tr>
<td>Australia</td>
<td>3.1</td>
</tr>
<tr>
<td>China</td>
<td>9.9</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>6.4</td>
</tr>
<tr>
<td>India</td>
<td>8.0</td>
</tr>
<tr>
<td>Japan</td>
<td>3.0</td>
</tr>
<tr>
<td>South Korea</td>
<td>5.5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>5.3</td>
</tr>
</tbody>
</table>

USDA Economic Research Service
Fast Growing **Trends** in Digital Production

<table>
<thead>
<tr>
<th>Short Runs/ Turnarounds</th>
<th>Web Fulfillment</th>
<th>1:1 Marketing</th>
<th>Expanding Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 75% of four-color jobs are less than 5000*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 33% of jobs required in 24 hrs or less****</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• By 2010, 100% expected &lt;24 hrs*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 59% cite turn-around pressure***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 30% of print providers offer Web-to-print*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Percent of Print Spending conducted on Web growing 18% YOY*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Variable Data Print enables 28% price premium*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 30% of all jobs expected to be variable by 2007**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Full-color variable data will double in next 2 years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• From 2004 to 2007, digital printing revenue tripled to 21% of a printer’s total revenue***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Digital color POD will grow from $3B (1995) to an estimated $49B (2009); a combined annual growth rate of 22%!*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: InfoTrends/CAP Ventures  **Source: Interquest  ***Source: NAPL  ****Source: Frank Romano  *****Source: Carlson & Company
US: Color Pages Passed
Monochrome Digital Printing in Value

Retail value of digital printing
(Source: Caslon & Co. research)

![Graph showing the retail value of digital printing between 2004 and 2006, with a steady increase in both Color and B/W categories.

Source: Caslon & Co.]
2006 Color Digital Printing
By Segment

2006 Color Digital Pages by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Billions of Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>5</td>
</tr>
<tr>
<td>Digital Printer</td>
<td>6</td>
</tr>
<tr>
<td>Quick Printer</td>
<td>3</td>
</tr>
<tr>
<td>Direct Mailer</td>
<td>1</td>
</tr>
<tr>
<td>In-plant</td>
<td>4</td>
</tr>
<tr>
<td>Service Bureau</td>
<td>1</td>
</tr>
<tr>
<td>Data Center</td>
<td>2</td>
</tr>
</tbody>
</table>
2006 Digital Color Page Volume, NA

Billions of Pages

Agenda

- **Key Digital Applications**
- Xerox Production Product Portfolio
- Winning with Digital
Digital Printing Snapshot
Applications

- **Transactional** – going Transpromo
- **Direct Mail** – cost pressure driving to digital
- **Collateral** – web to print gaining ground
- **Manuals** – declining
- **Books** – the great monochrome hope
- **Emerging** – Photo books
Digital Page Volumes by Application

2006 Digital Page Volumes by Application

Billions of Pages

- Transcription
- Direct Mail (DM)
- Manuals
- Books
- Internal
- Forms
- Fulfillment
- Other
- Collateral
- Periodicals
- Newsletters
- Directories
- Catalogs
- Point of Sale
- Packaging
- Annual
- Bus Cards
- Plastics
- Greeting

Monochrome
Color
### 2006 North America Digital Color Page % by Application

<table>
<thead>
<tr>
<th>Application</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collateral</td>
<td>23.4%</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>22.5%</td>
</tr>
<tr>
<td>Transactional</td>
<td>10.1%</td>
</tr>
<tr>
<td>Newsletters</td>
<td>10.1%</td>
</tr>
<tr>
<td>Business Cards, Letterhead</td>
<td>6.0%</td>
</tr>
<tr>
<td>Fulfillment Kits</td>
<td>4.6%</td>
</tr>
<tr>
<td>Books</td>
<td>4.2%</td>
</tr>
<tr>
<td>Other</td>
<td>3.0%</td>
</tr>
<tr>
<td>Greeting Cards</td>
<td>2.8%</td>
</tr>
<tr>
<td>Point of Sale, Displays, Shelf Tag:</td>
<td>2.6%</td>
</tr>
<tr>
<td>Manuals, Course Packs</td>
<td>2.3%</td>
</tr>
<tr>
<td>Annual Reports</td>
<td>1.8%</td>
</tr>
<tr>
<td>Packaging &amp; Labels</td>
<td>1.7%</td>
</tr>
<tr>
<td>Internal Reports</td>
<td>1.6%</td>
</tr>
<tr>
<td>Catalogs</td>
<td>1.3%</td>
</tr>
<tr>
<td>Periodicals</td>
<td>0.8%</td>
</tr>
<tr>
<td>Business Forms</td>
<td>0.7%</td>
</tr>
<tr>
<td>Plastics</td>
<td>0.4%</td>
</tr>
<tr>
<td>Directories</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
Transaction Applications

- Which is more interesting?
- Which generates cross & up-sell opportunities?

"We No Longer Think of Cost Per Page, We Think of Revenue Per Page."
Direct Mail “DM”

Which of These Media Can Deliver Relevancy?

- Television
- Radio
- Web
- Direct mail
- Telephone
- Email
- Blog
- Discussion Board
- Face to face
- Billboard
- Cell phone text message
- Banner ad
- Bus wrap
2006 U.S. Direct Mail Color Digital Page Forecast

Direct mail: color digital pages vs. all printing
(Data source: Caslon & Company)

Pages (billion/year)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>350</td>
<td>350</td>
<td>350</td>
<td>350</td>
<td>350</td>
</tr>
</tbody>
</table>

Source: Caslon & Co.
Direct Marketing/Lead Generation: Ford Finland

Program Objectives

- Increase parts and service sales
- Dealers to control content of aftermarket sales campaigns
- Shorten the time required to produce campaigns

Strategy

- Create a Web-to-print solution allowing independent dealers to set their own content, offers for products, and services

Source: PODi, www.podi.org
Make it easy - For the End User

- **SRU**
  - Slippery Rock University personalized the cover and filled-in student reservation form.
  - Orientation program was completely booked within five working days.

- **BMA**
  - BMA Insurance distributed personalized term life insurance enrollment forms to 12K potential customers.
  - Preprinted the customer info.
Another “Hot” Application: Web-to-Print Collateral

- Used for Collateral Management
- Transfers Control to the User
- Users Can Order Items 24 Hours a Day, 7 Days a Week
- Collateral Can Be Static or Variable
- Maintains Brand Integrity

**Leading Suppliers:** Printable, Xerox FreeFlow, Printer’s Presence, Page Path, XMPie
Web-to-print for Real Estate

- **Business Need**
  - Develop solution to simplify print ordering for real estate agents

- **Strategy**
  - Simple web-to-print solution that allows real estate agents to initiate projects
  - Supports virtually any templated print product
Beyond Print: The Enterprise Value Chain

For every $1 spent on print...

Another $6 is spent on content and fulfillment!

Up to 15% of a company’s overall revenue is spent on content

Content is a $1 Trillion Market

This is the New Print Value Chain

Sources: IDC, CAPV
Agenda

- Xerox Production Product Portfolio
- Winning with Digital
The Right Workflow

- Workflow Is the Management of a Job From Origination Through Generation of the Invoice
  - How print gets done
  - Printing accounts for only 7%-22% of total job cost

- Workflows Are Unique and Vary From Customer to Customer, and Application to Application
  - Optimization / Productivity
  - Offset / Digital
## FreeFlow Meets Customer Requirements

<table>
<thead>
<tr>
<th>Your Customer’s Requirements</th>
<th>FreeFlow Enables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower costs</td>
<td>Automatic correction of print file problems before printing</td>
</tr>
<tr>
<td>Increase value add for customers</td>
<td>Customer convenience and turnaround time</td>
</tr>
<tr>
<td>New sources of revenue</td>
<td>Variable data to create personalized communication</td>
</tr>
</tbody>
</table>

**Through**

- Open Architecture, Partners, and Industry Standards

---

*Provide Value add to Customers & Additional Revenue for your Business*
The Right Technology
Strategic Partnerships Across Value Chain

XEROX® Saudi Arabia

Partners

Adobe
Sun Microsystems
Plockmatic International AB
c.p bourg
eXstream Software
Horizon
efi
c.p bourg
GBC
Atlas Software
X-Rite
Pitney Bowes
emtex Software
LytroD Software
Duplo
Production Color Offerings

- GATF – 2004 GATF InterTech Technology Award
- Canadian Marketing Association – Innovation Award 2004

**Epic Cti-635 in-line UV coater**

- Electronic Publishing – Hot Products 2004
- BERTL- Best High Volume CRD/Commercial Production Color Device 2005

**DocuColor 8000**

- BERTL- Best Mid Volume Production Color Device 2004

**DocuColor 7000**

- BERTL- Best Mid Volume Production Color Device 2004

**DocuColor 5000**

**DocuColor 242/252/260**

*Industry’s Best and Broadest Portfolio*

Right Business Model  Right Workflow  Right Technology
Production Monochrome Offerings
Cut Sheet

DocuTech
- Better Buys for Business - Editor's Choice November 2004
- DocuTech 6135

DocuTech Highlight Color
- New

Nuvera Production System
- BERTL – Best 100 to 120ppm High-Volume Production Device 2005
- Electronic Publishing – Hot Products 2004 December 2004
- Better Buys for Business – Editor’s Choice November 2004

Nuvera Copier Printer
- BERTL - Best Entry Level Print Shop Device 2004
- Better Buys for Business – Editor’s Choice November 2004

Industry’s Best and Broadest Portfolio

Right Business Model Right Workflow Right Technology
Continuous Feed Printer Family

**Speed**

- **1064 ipm**
- **1000 ipm**
- **850 ipm**
- **532 ipm**
- **500 ipm**
- **500 ipm** (New)
- **425 ipm**

**DocuPrint 1050 duplex**
- 600 dpi; 1064 ipm (244 fpm)

**DocuPrint 1000**
- 300 dpi; 1000 ipm (230 fpm)

**DocuPrint 850 duplex**
- 600 dpi; 850 ipm (195 fpm)

**DocuPrint 525 CF simplex**
- 600 dpi; 532 ipm (244 fpm)

**DocuPrint 500 CF simplex**
- 300 dpi; 501 ipm (230 fpm)

**Xerox 495 Continuous Feed Duplex**
- 600 dpi; 500 ipm (115 fpm)

**DocuPrint 425 CF simplex**
- 600 dpi; 425 ipm (195 fpm)

**Patented Multiplex**
Agenda

- Winning with Digital
How are They Winning?

- *Growing the Customer’s Business*
- *Creatively Using Digital Color*
- *Selling “Value” and “Solutions”*
- *Leveraging the Internet*
- *Increasing Profitability*
THANK YOU