NYSID's application to become a Preferred Source for digital printing will create "a significant impact on a significant number of companies."

- Digital Printing is ubiquitous.

The digital print market is far more than "Quick Printing, Other Finishing and Trade Binding" (as referenced by NYSID application and supporting documents). The following chart illustrates the market segments in New York State where digital printing is utilized to produce product. Digital market segments are highlighted in green. If digital printing is approved as a preferred source offering, NYSID will be able to expand its' product offerings into any market where digital printing is performed without approval or recourse.

State: New York

Sub-Markets	# of Establishments	Total # of Employees	Total # of Shipments ($M)
Book Printing	20	1,262	$171.68
Business Forms Printing	24	795	$102.60
Financial Legal Printing	5	154	$22.17
General Commercial Printing	1,418	25,254	$3,510.67
Greeting Card Printing	4	95	$12.65
Label, Wrapper Printing	37	972	$173.17
Magazine Printing	16	2,020	$332.49
Newspaper Printing	191	9,863	$1,721.17
Other Finishing Services	36	1,284	$107.40
Other Specialty Printing	70	3,535	$558.99
Packaging Printing	103	11,294	$2,272.96
Prepress Services	342	4,848	$590.51
Quick Printing	230	2,064	$212.49
Screen Printing	48	514	$66.82
Tag, Ticket, Tape Printing	8	208	$28.63
Thermography	14	286	$37.11
Trade Binding	25	807	$66.84
Grand Total	**2,591**	**65,253**	**$9,988.35**

Note: Markets highlighted in green indicate digital printing is currently being used.

Source: 2010 Print Market Atlas published by Printing Industries of America.

- The New York State Digital Print Market is estimated at 600 million dollars a year.

See the following from the Chief Economist at Printing Industries of America.

PRINTING INDUSTRIES OF AMERICA | Advancing Graphic Communications

New York State Public Sector Digital Print Market

Our estimate of annual value of shipments is based on source data from Census of Governments, Census Bureau's County Business Patterns Database, and PIA survey of printers' shipments. Below is a detailed explanation of how we developed the estimated dollar value of the New York State public sector digital print market.

1) Annual tax/spend at all levels (local, regional, state) of New York State Government – $300 billion

Source: Census of Governments

2) Estimated printing portion of budget – 1.0% - $3 billion. (This estimate is based on applying the national average. The U.S. Printing Industry accounts for approximately 1.0% of Nominal GDP.)

Source: Printing Industries of America
Center for Print Economics and Market Research

3) Annual Percentage of Print Market that is produced by Digital means

2014 – 20%
2024 – 30%

Digital print revenues are going at a 4.0 to 5.0% annual rate while traditional Lithographic print is increasing less than 1.0% during good years and declining during years of weak economic growth and recessions. We forecast that digital print sales will continue to account for a larger percent of industry sales going forward.

Source: Printing Industries of America
Center for Print Economics and Market Research

200 Deer Run Road | Sewickley, PA 15143-2600 | phone: 412.741.6860 | fax: 412.741.2311 | www.printing.org

4) Annual Dollar Value of New York State Digital print market

2014 – $3,000,000,000 x .20 = $600,000,000
2024 – $3,000,000,000 x .30 = $900,000,000

This calculation is based on the 3 assumptions above and is subject to variation if any of the figures change significantly. We are confident that digital print sales will continue to grow over this time frame and that overall printing shipments will remain approximately 1.0% of the overall economy since this figure has remained stable since the end of the recession.

Source – Printing Industries of America
Center for Print Economics and Market Research

- Information from 19 New York State Printers

We recently asked a series of questions to 19 Printing Industries Alliance Board members on this topic. The questions were:

A. What is your sales volume?

B. What is the dollar volume of the work that you do for local, regional or state taxpayer funded entities?

C. What portion of the work sold to local, regional or state taxpayer funded entities is produced using digital technology?

D. How many jobs would your company be forced to cut, if you lost 1 million dollars in sales?

The survey results are summarized on the next page. Some key points are:

- Of 19 companies asked, 18 do some type of work with a New York State taxpayer-funded entity. This work is estimated to be approximately $24,086,000.

- Digitally printed work is performed for New York State taxpayer-funded entities by all 18 of these companies. Sales volume is approximately 4.8 million dollars.

- All 19 firms would lose between four jobs and total closure with the loss of 1 million dollars in sales volume.

Significant Impact on a Significant Number of Companies

Prepared by Printing Industries Alliance May 2014

Company	Type of Printing Done	Region	Sales Volume	Sales From NYS Taxpayer Funded Work	Digital Portion	Jobs lost if we lost 1 million dollars in sales volume
A	Commercial-offset and digital	WNY	500,000	100,000	15,000	5 jobs lost
B	Packaging-offset and digital	WNY	6,500,000	0	0	7-8 Jobs lost
C	Commercial-offset and digital	Long Island	5,000,000	1,000,000	150,000	5-6 jobs lost
D	Commercial and Direct Mail-offset and digital	WNY	20,000,000	5,000,000	1,000,000	6-10 jobs lost
E	ID cards- offset and digital	Finger Lakes	13,000,000	390,000	100,000	6-8 jobs lost
F	Commercial-offset and digital	Capital District	1,400,000	28,000	5,600	5-6 jobs lost
G	Commercial/direct mail-offset and digital	WNY	15,000,000	1,500,000	650,000	6-10 jobs lost
H	Commercial and Direct Mail-offset and digital	Finger Lakes	11,000,000	1,300,000	300,000	7 jobs lost
I	Commercial and Direct Mail-offset and digital	Capital District	2,600,000	234,000	46,800	6 jobs lost
J	Commercial and Direct Mail-offset and digital	CNY	2,500,000	50,000	12,000	8-10 jobs lost
K	Commercial and Direct Mail-offset and digital	Finger Lakes	18,000,000	3,600,000	800,000	5 jobs lost
L	Direct Mail-offset and digital	Long Island	16,000,000	800,000	400,000	13 jobs lost
M	Commercial- offset and digital	Capital District	3,000,000	1,000,000	20,000	4-6 jobs lost
N	Commercial-offset and digital	CNY	7,400,000	100,000	25,000	5-7 jobs lost
O	Commercial-all digital	Capital District	750,000	150,000	100,000	6-7 jobs lost
P	bindery	WNY	1,200,000	240,000	48,000	we would be forced to close
R	Commercial and Direct Mail-offset and digital	CNY	15,000,000	3,000,000	350,000	7-8 jobs lost
S	Commercial-offset and digital	Capital District	1,800,000	594,000	65,000	9 jobs lost
T	Commercial and Direct Mail-offset and digital	Capital District	10,000,000	5,000,000	750,000	10 jobs lost
	Totals		150,650,000	24,086,000	4,837,400	

- Further interpretation of the Survey Data

Extrapolating these numbers across the entire New York State printing industry, it can be estimated that 2,455 (out of 2,591) companies do business with a New York State taxpayer funded entity and that all 2,455 of these businesses have some type of digital element to their production capabilities.

All of these companies would be forced to cut jobs with a loss of sales volume.

- Printing is Purchased Locally

The NYSID statement that approval of their application will mean more business for New York State companies is absurd. The majority of printing is still purchased locally, for several reasons.

1. Shipping costs – Shipping is expensive. Printing is a competitive business and printing for a taxpayer funded entity is ultra-competitive. Shipping expenses average about 3.4% for New York State Printers (Source: 2013 Printing Industries of America Financial Ratio Study). Often, a 3 or 4 percent price difference wins a bid.

2. Service – One of the key selling points to digital printing is fast turnaround for jobs. Unfortunately, this benefit has created customers who are late submitting job specifications, data and other necessary elements, thinking that it is just a matter of pressing a button and a perfect job comes out the other end. Not true! Savvy print buyers know they need to keep it local so last minute problems can be resolved and the product can be delivered when and where it is needed.

3. Relationship – As has been demonstrated, printing is a quintessential "small business". There are printers in practically every community in New York State. They employ our neighbors, support our state economy by paying taxes and most likely, donate printing to support many of the local community activities.

That's why the mayor stops off to pick up the digitally printed announcement about the opening of the new recreation center. That's why the school principal has the digitally printed evacuation plan for the grade school done at the local printer. That's why the community college orders its digitally printed ID cards from the local printer. That's also why the digitally printed course pack is delivered to the professor at the SUNY campus.

Local printers will suffer from approval of the NYSID application.

- Conclusion

Industry verified, and verifiable, data has been used to substantiate the position that approval of the NYSID Preferred Source application for digital printing would cause "significant impact" to a significant number of NYS printing businesses.

- The public sector digital print is a **600 million dollar market.**

- Digital printing is **utilized in most sub-markets** within the graphic communications industry.

- **The vast majority of printing firms in New York State** do business with a New York State taxpayer funded entity at a local, regional or state level.

- **Most of these firms provide some type of digitally printed product** to a New York State taxpayer funded entity.

- If approved as a preferred source offering, **all NYS taxpayer-funded digital printing** will become subject to preferred source guidelines.

- If approved as a preferred source for digital printing, **NYSID can add any digitally produced product** to its "List of Preferred Source Offerings" without approval or recourse.

- **Printing purchases are predominantly done locally.** Therefore, if approved, the vast majority of work that will end up going through NYSID will come from existing New York State printing businesses.

- Loss of this sales volume will categorically result in a reduction in workforce at these New York State printing businesses.

This is a significant impact for these printing businesses – <u>and their employees</u>!