



Summary of New York State Printing Industry Opposition to the NYSID Preferred Source Application for Digital Printing

The following are key points to be considered when evaluating the appropriateness of the NYSID application:

- 1) Granting NYSID preferred source status for digital printing will allow them to control what the printing industry estimates to be the 600 million dollar New York State digital printing market. This market is projected to grow over the next 10 years to 900 million dollars. The digital printing market is a growing subset of the shrinking overall printing market. Over time, various types of digital printing processes will completely replace traditional offset printing, as desktop publishing replaced typesetting in the last century.
- 2) Granting NYSID preferred source status for digital printing opens the door for NYSID to become a preferred source for all New York State taxpayer funded printing.
- 3) It is not possible to definitively determine whether a printing job will be produced by digital or traditional methods. Printing jobs are not bid specifying that the work be done digitally or offset. It is up to the printer doing the job to decide the most productive way to produce it. We don't see how there will be an effective way to ensure that a Preferred Source printing job is produced digitally if this application is approved.
- 4) The New York State printing industry has lost over 1,100 firms over the past 10 years with a resulting loss of nearly 23,000 jobs. Granting NYSID preferred source status for digital printing will create a substantial negative impact on a significant number of NYS printing companies which will result in more lost manufacturing jobs within the New York State economy. One job will be lost at a New York State printing firm for every \$120,000 to \$150,000 in lost sales. (Source: Printing industries of America Annual Ratio Studies). Therefore, based on NYSID's stated intent of capturing 15% of the market, we would forecast the loss of anywhere between 8-10 jobs on the low side (based on NYSID's estimate of an 8 million dollar market), and 600-750 jobs on the high side (based on printing industry estimates of a 600 million dollar market). These lost jobs will mean more reliance on public assistance and less tax revenue for New York State. Of course, these numbers may increase as there is no way to restrict NYSID to only 15% of the market if the application is approved.
- 5) The competitive nature of the printing industry currently assures that New York state taxpayers receive top value when New York State purchases printing. Granting NYSID preferred source status for digital printing will result in less competition, less transparency, and less value for New York State taxpayers.

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- 6) The argument has been made that adding digital printing as a preferred source is a natural extension of NYSID's current preferred source offering for photocopying/reproduction. However, digital printing is not photocopying or reproduction. There are completely different skill sets and pay scales required. Digital printing involves receiving digital files which include design and data elements and preparing them for digital output. The files are then transmitted electronically to the digital press. Additional manipulation of image and data is then done on the digital press. In most instances, the press requires calibration; the configuration of the press will need to be changed to accommodate different stock and finishing options, and the tolerances and quality specifications will need to be monitored during the print run.

Photocopying/reproduction involves putting a document on a glass and pressing a button.

- 7) The New York State printing industry already has a long standing commitment to hiring disabled New Yorkers, both as direct employees and through community rehabilitation agencies. In either instance, these individuals are generally utilized in the areas of mail preparation (including collating, inserting, packaging, folding, insertion etc.), custom kit assembly, packing cartons, shrink wrapping, document destruction, building maintenance, and cleaning operations. Ironically, these jobs would seem to be vulnerable if the NYSID application is approved and the affected companies need to cut back.

Conclusion

- There is no justification for approval of the NYSID application.
- It is obvious that the potential printing market is much larger than NYSID projects.
- It is obvious that once the door is opened into the printing market by granting preferred source status, it can't be closed.
- It is obvious that digital printing has little in common with photocopying or reproduction.
- It is obvious that the New York State printing industry is already under tremendous stress and granting preferred source status to NYSID will significantly increase this stress.
- If the application is approved, the result will be lost jobs, lost competitiveness in the procurement process, lost transparency, and lost opportunity for disabled New Yorkers currently working in the printing industry.

On behalf of the 65,000 plus New Yorkers who earn their livelihood from the New York State printing industry, Printing Industries Alliance would respectfully request that the NYSID application be rejected by the Procurement Council.