



Printing Industries Alliance

New York State Procurement Council Meeting

July 14, 2016



Printing Industries Alliance

Printing Industries Alliance- Printing Industries Alliance (PIA) is the trade association representing printing and print related companies in New York State. PIA is a regional affiliate of Printing Industries of America.

PIA has approximately 350 member companies in geographically dispersed across most of New York State.

PIA is headquartered in Amherst NY with satellite offices in Brooklyn and Long Island.



Points of Clarification

The NYSID application and presentation contains half-truths, misleading statements, and incomplete information. In order for the Procurement Council to make an informed decision, we wanted to supply you with some additional information on this issue.

- When the NYSID application talks about document production, they really mean “digital printing”.
- The statements made about the necessity of adding digital printing to mail fulfillment are factually incorrect. There are mail fulfillment companies across the country who do no printing and successfully manage the security and tracking issues that are put forth by NYSID as the rationale behind the application to begin digital printing,
- The application and presentation on 5/25/16 seek to portray the preferred source request to add digital printing as “what we have been doing all along” and “nothing is being changed” . Nothing could be further from the truth!
- This application requests the same thing that was rejected by the Procurement Council in 2014
- Potential market for digitally printed, taxpayer funded, mailed products is approximately \$150,000,000 per year (Source: Dr. Ron Davis, Chief Economist, Printing Industries of America)
- The scale of the 2016 NYSID application is smaller but the intent and results are the same as the previously submitted application.



Distressed and Shrinking New York State Commercial Printing Industry

	Companies	Employees	Shipments
1999	1,870	29,955	\$4,074,000,000
2013	1,413	18,700	\$3,207,000,000
Decreases	457 Companies	11,255 Employees	\$867,000,000



Industry Demographics

Printing is a “small business” Industry in New York State

Number of employees	Percent of Industry
1-4 -----	57.8
5-9 -----	17
10-19 -----	11.3
20-49 -----	9.1
50-99 -----	2.8
100-249 -----	1.6
250-499 -----	.2
500-999 -----	.2
1000+ -----	0



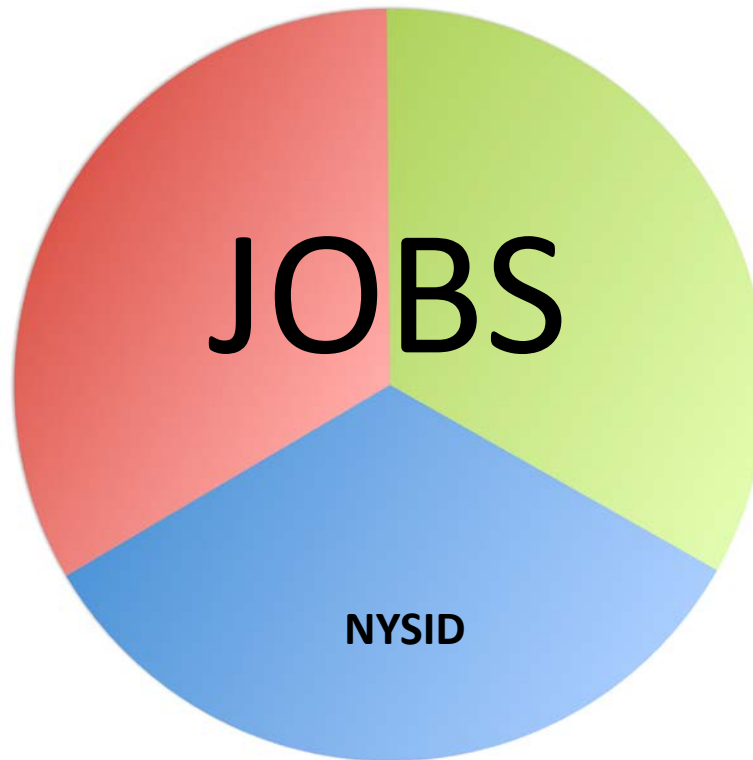
Industry Demographics

86 % of the New York State Commercial Printing Companies employ fewer than 20 employees. They work all over the state, many here in the Albany New York area. These are good manufacturing jobs, the kind that pay mortgages and put children through school. When they are gone, they wont come back.

Chances are, many of you know someone who is employed in printing and there is a good chance they will be negatively impacted by approval of the NYSID application.

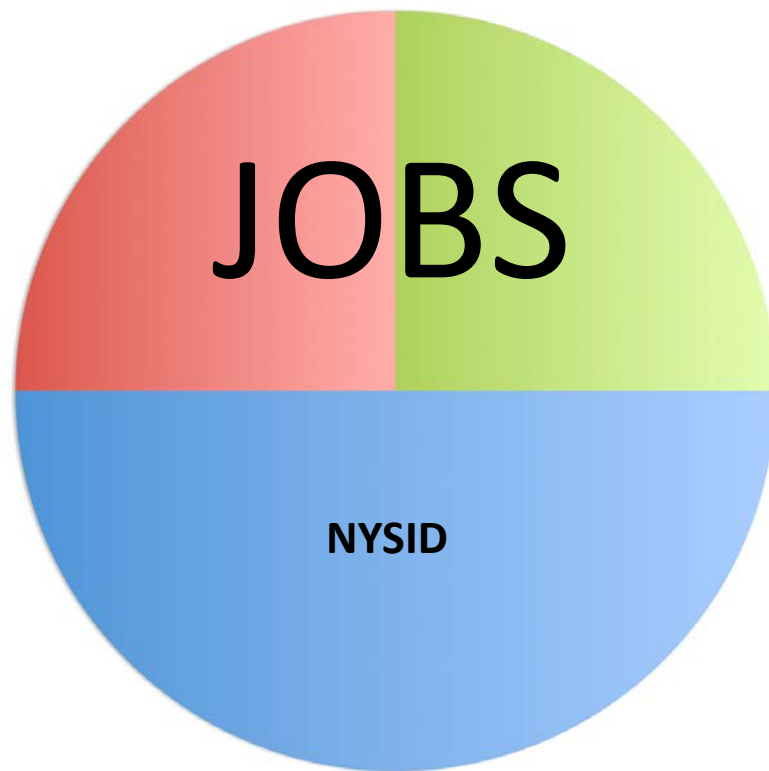


Print Market Now





Print Market if NYSID Application Approved





Work Group Participation Center for Disability Services Tour

- **Very High Tech Digital Printing Operation already installed**
 - ✓ **2 Color Digital Printing Presses (Canon)**
 - ✓ **2 Mono-color Digital Printing Presses (Oce)**
 - ✓ **Extremely automated mail sorting machine**
 - ✓ **Several mail folders/inserters**
- **Equipment purchased on a grant, we were told. Purchase price listed at 2-3 million dollars on NYSID application.**
- **Equipment will produce a wide variety of products besides mailed letters**
- **New facility being constructed to house Digital Printing Operation, we were told**



Work Group Participation Center for Disability Services Tour

Currently doing \$8 million dollars a year in sales volume, 70% of that figure is postage, we were told. That means they are doing about \$2,400,000 per year in print/mail volume. This already puts the Center ahead of most Albany area PIA members in sales volume.

30% of their sales volume is already coming from private sector accounts, we were told. That equates to about \$750,000 a year in private sector work, already. Commercial Services division established.

Printing Capabilities at The Center for Disability Services exceed those found in most Commercial Printing operations in New York State.



Work Group Participation Center for Disability Services Tour

One might ask:

- **why would this significant investment of \$3 million be made before the NYSID application is approved?**
- **why would they need to become a Preferred Source when they already seem competitive for private sector work?**
- **Does New York State want to subsidize them for public sector work by making them a Preferred Source and have them utilize the economic advantage of the subsidy to become more competitive on private sector work?**
- **Should grant funded equipment be used to compete with the private sector?**



Areas of Concern

Lost Jobs- As previously illustrated, in a shrinking and distressed industry such as printing, jobs added in one place are subtracted in another.



Areas of Concern

The New York State printing industry already is a significant employer of disabled New Yorkers- 29 PIA board members were recently surveyed on their utilization of community rehabilitation agencies as a source of labor

Of the 20 who replied, 16 companies “currently or regularly” utilize employees from these agencies as a vital part of their production process



Areas of Concern

The NYSID application and presentation was factually incorrect, misleading, and lacked transparency.

- Mail Tracking
- Security
- Necessity of adding print services
- “Document Production” rather than “Digital Printing” in NYSID application
- 5/25/16 presentation- NYSID representative states “nothing has changed”
- 5/25/16 presentation-Center representative states “we don’t print, no ink or plates here”



Areas of Concern

**NYSID has a proven track record of mishandling their
“corporate partners”**

- **New York State Department of Taxation and Finance**
- **Focused Technologies Imaging Services**
- **Camelot/Office of State Controller audit**



Areas of Concern

Granting a “preferred source” designation, with all of the accompanying economic advantages, to a select few “NYSID member agencies” and “corporate partners” in a \$150 million market is a monopoly.



Areas of Concern

If granted, this application will be impossible to police. The lines between digital and offset are becoming blurred and there is no way for OGS to reliably police whether a mailing contract is being produced digitally or offset. Also, many mailing jobs are produced utilizing a combination of digital and offset technology. The door will be wide open for misinformation and misinterpretation.



Areas of Concern

By their own admission, granting the NYSID application will allow NYSID to move into all areas of “digital printing/mail fulfillment”. This will allow preferred source digital printing of anything capable of being mailed including:

Newsletters

Postcards

Magazines

Advertising material

Envelopes

Annual Reports

Brochures

Catalogues

Letterhead

Dimensional products

Magnets

Calendars

Greeting Cards

..... And more!



Case Studies

- **Design Distributors- Deer Park, NY**
<http://www.designdistributors.com/>
- **Zenger Group- Tonawanda, NY**
<http://www.zenger.com/>
- **Quality Bindery, Buffalo NY**
https://www.youtube.com/watch?v=YGupaWcm_bXY



Conclusion

Granting NYSID preferred source status for digital printing/mail fulfillment 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.

The 2016 NYSID application is a continuation of the 2013-14 application previously rejected by the Procurement Council. There are no new compelling reasons to approve this application



Conclusion

On behalf of the New York State printing industry, we respectfully request the Procurement Council reject the NYSID Preferred Source application on digital printing/mail fulfillment.

Thank You!