

Production Digital
Printing 2022: Planning
for the Year Ahead







# Production Digital Printing 2022: Planning for the Year Ahead

The year ahead promises valuable opportunities for print service providers to enhance productivity, improve profitability, and strengthen customer relationships. Production digital printing will play an essential part in the successes of many operations and help to strengthen print's value.

Setting a course to profitability in 2022 and beyond starts with identifying those strategies and tactics aligned with those forces influencing competition and customer expectations.

This special report, leveraging NAPCO Research's ongoing industry research, will identify trends driving demand for production digital printing, report on market forces influencing the competitive landscape, and recommend principal actions for print service providers to pursue in 2022.

While industry trends and customer expectations are everchanging, basing business decisions and investments on known market realities and customer demands is a sound strategy. Use the following trends and recommendations to guide planning efforts and tactics in the year ahead.

## 1. THE OFFSET TO DIGITAL PRINT CONVERSION WILL ACCELERATE

Production digital printing is entering a new phase as technology innovations continue to make digital presses an attractive investment for commercial printers.

As print customer demands for personalization, shorter runs, and shorter cycle times continue to increase, there are various digital press options — addressing format sizes, speeds, and ink types — for commercial printers to consider. This combination of customer demand and digital press choices will drive digital press investment and print volume.

### **Top Trends 2022**

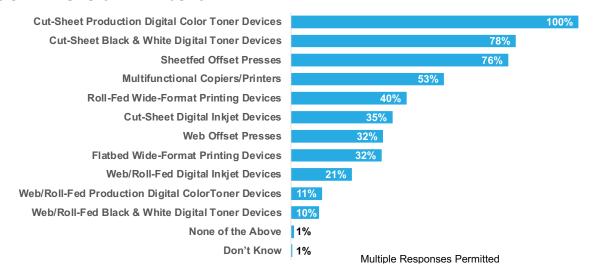
- 1. The Offset to Digital Print Conversion Will Accelerate
- Automating with Workflow to Meet Customer Demands
- **3.** Navigating Continuing Supply Chain Shifts
- **4.** Labor, Take Action to Attract Workers
- 5. Print Will Continue to Play a Key Role in A Multichannel World
- **6.** Solid Digital Print Opportunities Lie Ahead
- 7. Virtual Selling Is Here to Stay, Time to Master the Tools
- 8. Print in The Eye of The Buyer: Acting on Customer Priorities
- **9.** Opportunities Are Expanding, But Margin for Error Is Shrinking

NAPCO Research surveys reveal that commercial printers' use and planned investments in presses are leaning toward digital. For example, all 233 commercial printer respondents to the NAPCO Research/Canon U.S.A. study *Digital Printing 5.0* reported having cut-sheet digital printing toner devices (Figure 1), while more than 90% of 338 commercial printers surveyed for NAPCO Research's *Adding Value to Digital Printing* offered digital printing.





## Figure 1: Digital Presses: Key Technology for Commercial Printers



Q. Which of the following printing equipment do you use in your operation? n=233 Commercial Printers
Source: Digital Printing 5.0. NAPCO Research/Canon U.S.A. 2019



#### **Inkjet Accelerating Digital Adoption**

The emergence of high-speed production inkjet presses is a key component of the growth of digital print technology throughout the industry. While the first high-speed production inkjet presses were roll-fed systems, the introduction of sheetfed inkjet presses is expanding opportunity for print service providers by offering affordable high-quality color printing, attractive running costs, smaller footprints, substrate flexibility, and enhanced productivity.

Sheetfed inkjet solutions are closing the gap between where electrophotographic device capabilities tend to end and continuous inkjet begins. These presses combine the productivity offered by inkjet with the media and application flexibility of sheetfed production.

#### **Production Digital Presses Top Investment Category**

Recent NAPCO Research survey findings indicate digital presses are a top equipment investment area. For example:

- Of the 124 commercial printers participating in the 2021 Annual Print and Supply Chain Commercial Print Investment and Purchasing Service, more respondents planned to invest in digital than offset presses.
- Over half (52%) of respondents participating in NAPCO Research's *B2 Inkjet: The Next Frontier* that were planning a press investment expected to purchase a sheetfed digital toner press, while 25% planned to invest in B2 inkjet.



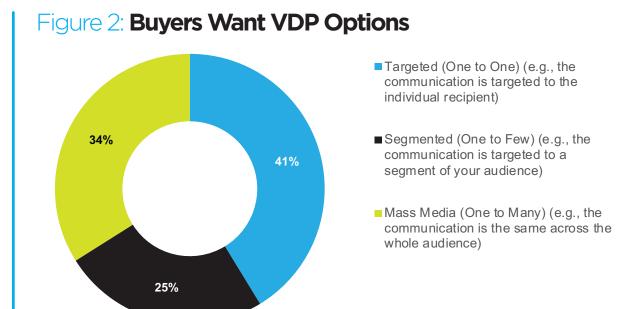


#### **Production Digital Printing Is a Key Process for Print Buyers**

Communication buyers and influencers understand the value of digital printing and are specifying it. The NAPCO Research/Canon U.S.A. study *Print in the Eye of the Buyer* found that digital printing was the top print process used to print work for 88% of survey respondents, more than double the 41% that reported using offset. Interestingly, more than half of the communication decision-makers surveyed reported they were extremely familiar with digital printing and few respondents were not familiar.

Print buyers reported they are specifying digital print to take advantage of producing materials as needed versus printing longer runs and storing print. In addition, buyers are using digital printing's ability to print variable text and images.

According to a recent NAPCO Research survey, print buyers and influencers reported that two-thirds of their print marketing campaigns target individuals or specific audiences (Figure 2). Of those targeted campaigns, 41% include images and text that communicate with a customer on a one-to-one basis.



Q. What percentage of your printed customer communications are... n=316 Print Buyers and Influencers
Source: NAPCO Research Annual Print and Supply Chain Commercial Print Investment and Purchasing Service, 2021







#### **Production Digital Printing: A Convergence Factor**

Digital printing is also contributing to industry segment convergence because it can lower entry barriers into adjacent print markets. For example, some digital presses can print on thicker stock for producing folding cartons or accommodate a banner-size sheet to print posters.

NAPCO Research's 2021 study *Convergence in Print: A Shift to the New Normal* finds that industry segment migration is increasing. Eighty percent of print service providers participating in the study report expanding into at least one new print segment, compared with 77% that participated in the 2018 version of the study.

In addition, survey participants believed that new opportunity awaits them via expansion into new segments and are moving into new markets. Ninety-three percent of respondents indicated there is opportunity in other segments, with nearly one-third (32%) taking steps to enter a new market and another 39% researching the opportunity.

Packaging is a key segment commercial printers are entering. The convergence study surveyed approximately 250 commercial printers and found that a significant percentage have either added or are considering adding the following packaging applications to their product offerings:

- 40% labels
- 37% folding cartons
- 32% flexible packaging
- 29% corrugated

Production digital printing is a key enabler for commercial printers to offer various packaging applications. Folding cartons and labels tend to be the best starting points for commercial printers on their packaging journeys. These applications tend to require less complex finishing processes than other packaging formats and can be printed on many of the same digital devices that print providers have already installed for their commercial work.

#### The Adoption Reality

Adoption of digital printing is a reality that every print shop will need to embrace to meet customer needs and remain competitive. While many operations have digital presses, their role will continue to expand to meet shifting customer needs. More choices in digital presses are expanding the range of products they can produce and markets they can serve.

Production digital presses offer many benefits and there are a range of factors to evaluate when making the decision to invest.





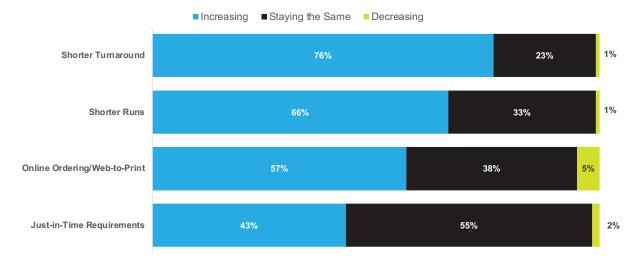
Here is a list of key considerations:

- How will the press support your customer's needs?
- What are your organization's typical quality, product, size, and color requirements?
- What is your budget and plan for funding the purchase?
- What are your organization's average and peak print volumes per month?
- How much of your work requires variable content?
- What is the range of substrates your organization requires?
- What data streams and file formats will drive the press?
- Will you need to invest in finishing equipment?
- What service and support capabilities does the press's manufacturer offer?

## 2. AUTOMATING WITH WORKFLOW TO MEET CUSTOMER DEMANDS

Efficient work processes are an important contributor to any printing business's success. Increasing customer demands for faster turnaround, shorter run lengths, just-in-time ordering, and online ordering (Figure 3) are making automation even more critical to optimizing equipment investments and enabling more profitable revenue streams.





Q. How are customer demands for the following capabilities changing? n=118 Commercial Printers

Source: NAPCO Research Annual Print and Supply Chain Commercial Print Investment and Purchasing Service, 2021







Every manual touch point adds labor cost to a project as well as the possibility of human error.

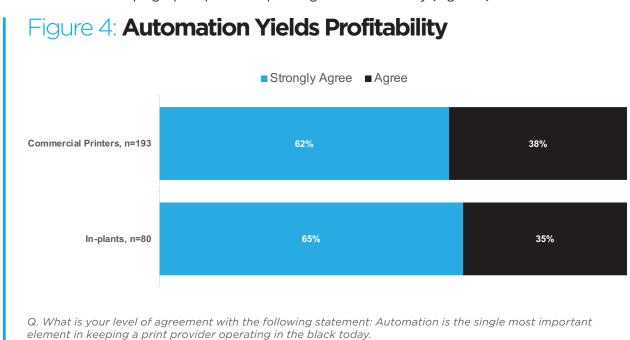
Production digital printing has created a demand for highly automated and cost-efficient workflows, yet some commercial printers still manually prepare print files because they think workflow automation software will be too expensive or difficult to implement. When asked to describe their operation's level of workflow automation, 44% of commercial printers participating in NAPCO Research's most recent *Print and Supply Chain Commercial Print Investment and Purchasing Service* survey indicated some automation, while 19% said mostly automated and 2% fully automate after job submission. This finding highlights the industry-wide opportunity for print providers to invest in automation.

Automation can be as simple as a system that manages basic prepress functions such as preflighting and uploading files to the server or as intricate as a cloud-based platform that automates the entire workflow. Its effects are far reaching in any printing operation, as it can speed throughput, reduce labor costs, and improve accuracy.

An example of a software used to automate workflow is Canon's PRISMAprepare. The software features tools that include preflighting documents to fix common mistakes, correcting colors, and choosing the right production and finishing device for the job.

#### **Workflow Automation Supports Sales Growth**

According to NAPCO Research surveys, printers reporting annual double-digit sales growth incorporate higher levels of automation than printers with less annual sales growth. In addition, print service providers understand the value automation delivers to profitability. In a recent NAPCO Research survey, close to two-thirds of commercial printers and in-plant respondents agreed that automation is the most crucial element in keeping a print provider operating in the black today (Figure 4).



Source: Enhancing the Print Customer Connection, NAPCO Research/Canon





**NAPCORESEARCH** 

U.S.A. 2021

#### **Advances in Production Digital Printing**

Automated and streamlined workflows support the advanced capabilities possible on digital presses including just-in-time production, shorter runs, and variable-data printing. Print providers that invest in automaton typically increase productivity, improve efficiency, and build agile operations that can readily adapt to industry trends and disruptions.

In addition, higher levels of automation can reduce staff requirements and change required skill sets to focus on high-tech — both pluses as the industry struggles with workforce recruiting and image problems.

#### **Enhancing Customer Experiences with Automation**

Communication buyers are under enormous pressure to reduce costs and maximize the return on their communication investments. This presents an opportunity for print providers to offer customers more automated tools and processes to better access, manage, create, and control print production and spending.

At the same time, customers expect smooth and transparent experiences with their print providers — from job quotes to submission to delivery — that automation can facilitate. Print providers that invest in enhancing customers' overall service experience can build strong client relationships not easily threatened by price competition.

Making it easier for print customers to place orders, submit jobs, monitor work status, control branding, and better manage spending eases their anxiety and enhances their experience in working with a provider. Print service providers that invest in enhancing customers' overall service experience can build stronger client relationships that are less likely threatened by price competition.

Building strong customer relationships goes beyond delivering high-quality print products and includes the client's entire experience in working with an organization. Automation can improve customer experiences, as its use can improve quality, turnaround speed, delivery, and color consistency and provide real-time job status visibility/connectivity — all key customer demands.

#### 3. NAVIGATING CONTINUING SUPPLY CHAIN SHIFTS

A major business lesson from the past two years is to never take supply chains for granted. Disruption anywhere in the chain can have profound, prolonged consequences.

The disruptions caused by COVID-19 have been so severe that they will continue well into 2022. Other supply chain disruptions will likely follow, whether from yet another variant of the virus, a cyberattack, political upheaval, a natural disaster, or something equally unsettling.

Print providers can protect against supply chain shifts by taking two steps.





First, elevate the importance of supply chain management, giving it the same attention as sales, operations, finance, and other mission-critical functions. Consider implementing the following as best practices:

- Diversify suppliers and regularly communicate with all to anticipate disruptions, explore alternatives, and avoid panic buying and hoarding.
- Share information with clients to minimize surprises and disappointments. The sooner customers are aware of supply shortages, the sooner they can consider proposed production alternatives, extending lead times, etc.
- Manage the cash conversion cycle so that building inventory in anticipation of shortages doesn't stress operating cash flow.
- Maximize agility by repeatedly asking questions such as: How are supply chains looking? Are there signs of trouble? If there are, where are they and what are we going to do about them?

The key is to develop and have standard operating procedures in place to manage supply chains, so as to not just react during supply disruptions.

The second step is to use a robust supplier relationship management (SRM) platform. An SRM tracks what's happening from the first mile to the last mile of the supply chain. With these systems, essential data resides in one place, not in spreadsheets and paper files scattered across the company, providing a complete view of what's happening, where trouble may be developing, and how to stay ahead of the trouble. Websites such as <a href="https://softwareconnect.com/supplier-relationship-management/">https://softwareconnect.com/supplier-relationship-management/</a> compare functions and ratings of popular SRMs.

Learning about the Internet of Things, advanced analytics, artificial intelligence, and blockchain is also important because these technologies will transform the supply chain.

- Oracle Corporation defines the Internet of Things (IoT) as "the network of physical objects 'things' that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet." The ability to place sensors in almost any physical product provides unprecedented tracking as it moves through the supply chain.
- Data analytics structure and organize the massive quantity of data IoT sensors collect, helping users make sense of it and act on it.
- Artificial intelligence technologies learn as they are exposed to more data, greatly enhancing pattern recognition, analysis, and forecasting.
- Finally, blockchain, which is a secure, decentralized (no person or group has control) digital ledger, will transform the supply chain by helping "participants record price, date, location, quality, certification, and other relevant information," according to Deloitte.

Prior to COVID-19, print providers assumed materials would be available when desired and in the quantities desired. It's time to scrap that assumption and begin elevating and digitizing supply chain management.





#### 4. LABOR, TAKE ACTION TO ATTRACT WORKERS

Attracting and hiring staff is an ongoing challenge for print service providers, and that challenge is intensifying as longtime workers begin to retire.

According to a recent NAPCO Research survey of *Printing Impressions* readers on workforce status, close to 60% report finding skilled production workers is one of their biggest operational challenges, while respondents expect that, on average, 21% of their skilled workers will retire in the next five to 10 years.

Results from a 2021 PRINTING United Alliance survey of print providers tells a similar story, as 69% reported trouble hiring staff. Of the 230 commercial printers participating in the survey, 41% say a shortage of labor will be a significant challenge this year.

Digital printing can ease hiring challenges, as newer digital presses, like the varioPRINT iX inkjet color digital press, require fewer operators and are easier to operate than offset presses. The level of training required for digital press operators is less than offset presses. For most respondents (59%) participating in the *Printing Impressions* survey, the hardest position to fill was offset press operator. Operators of toner, inkjet, and wide-format digital devices, for example, ranked lower on the list of the most difficult positions to fill.

Strategies for recruiting and hiring staff should start with current and past employees. Surveys and one-on-one interviews with staff can support identifying the best strategies and tactics for hiring and employee retention.

Here are questions to consider asking:

- What attracted employees to the company? Were their initial expectations met?
- If an employee left the company, why did they leave?
- Which factors (salary, health plan, PTO, culture, job satisfaction, etc.) do employees value the most and why?
- What about their work is most rewarding?
- Why have employees stayed? What most appealed to them?

*Printing Impressions'* survey respondents identified the following actions were successful in finding and retaining employees:

- Professional recruiting services
- Recruiting via LinkedIn and other social media sources
- Offering an internal training and development program
- A monetary bonus program
- A formal apprenticeship program

- Ongoing outreach to high school career advisors and community colleges
- A mentoring program
- A referral bonus program
- Cross-training staff
- Employee recognition programs
- Spot incentives based on performance





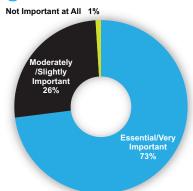
## 5. PRINT WILL CONTINUE TO PLAY A KEY ROLE IN A MULTICHANNEL WORLD

Print will continue to play a fundamental role in supporting organizations in customer outreach and mission-critical business activities. Marketers and communication buyers have many media options to select from and digital print use will remain strong for the following reasons:

- It offers a high level of credibility. Anyone can send an email. Organizations that use print send a message that they are legitimate operations. A Marketing Sherpa survey validates the trust print delivers. When asked what media channel they trust the most when looking to make a purchasing decision, 82% (the top response) said print.
- Digital printing enables more organizations to use print. Digital presses removed previous cost and quantity barriers preventing organizations from using print.
- Personalization yields results. In addition, digital presses can print images and text that are unique to an audience of one. This means marketers can focus budgets on sending printed communications with relevant offers, images, and formats that are appealing to individual recipients. Print users participating in NAPCO Research's most recent *Annual Print and Supply Chain Commercial Print Investment and Purchasing Service* survey reported a 12% increase in response, on average, when using personalized printed materials compared to those not personalized.
- Digital fatigue is real. Consumers' attention for video ads and social media has waned as a result of COVID-19. In the early days of the pandemic shutdown, people had extra leisure time to consume digital content, leading to oversaturation. According to an SG360° 2021 survey of consumers, 75% reported the number of digital ads they see daily is overwhelming. Print can be a remedy for cutting through the "digital clutter" and re-engaging customers.

Organizations value print and rely on their providers to advise them on best practices for using it. According to a NAPCO Research survey, close to three-fourths of respondents want their print sales reps to show them the ways to use print to achieve desired results (Figure 5). This presents an opportunity to educate customers on how they can maximize their use of print.

#### Figure 5: Show Customers the Best Way to Use Print



Q. How important is it for your print rep to: Show the Best Way to Utilize Print n=230 Print Buyers and Influencers

Source: Print in the Eye of the Buyer, NAPCO Research/Canon U.S.A. 2020



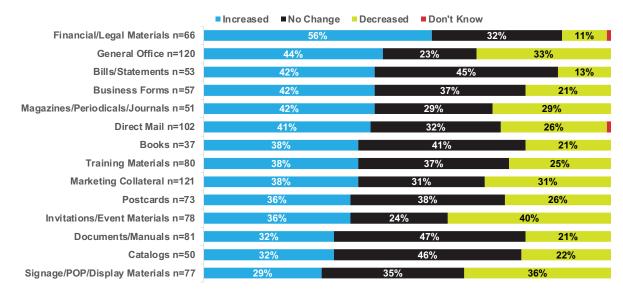




#### 6. SOLID DIGITAL PRINT OPPORTUNITIES LIE AHEAD

2022 will offer opportunities for advancing digital printing demand and use. Overall, the outlook for print demand looks strong. While many organizations initially reduced their use of print in the early days of the COVID-19 pandemic, usage returned. A 2021 NAPCO Research survey of communication buyers and influencers highlights the resilience of print applications during the pandemic. As shown in Figure 6, respondents reported application volumes were mostly increasing or staying the same.





Q. Of the print applications you influence or purchase, how has the COVID-19 pandemic influenced print volume?

Base = Communication Buyers and Influencers

Source: Enhancing the Print Customer Connection, NAPCO Research/Canon U.S.A. 2021

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As the economy reopens, print sales are returning. Commercial printers participating in PRINTING United Alliance/NAPCO Research State of the Industry research surveys report increases in print sales, quote activity, and work on hand.

Consumer research studies also point to print's strength. A 2020 consumer survey conducted by Valassis Communications — a marketing solutions provider and direct mail printer — revealed that compared to before the coronavirus pandemic, 31% of approximately 2,000 respondents are more excited to receive physical mail, while 34% are spending more time reading marketing or promotions that arrive in their home mailbox.

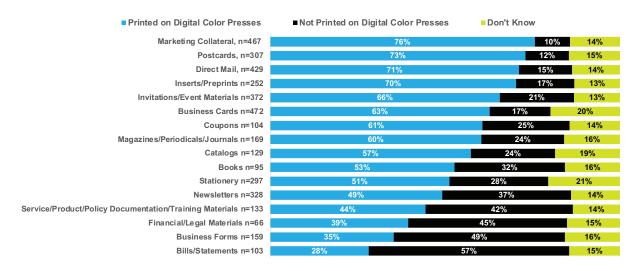
In a different Valassis consumer survey, 46% of 1,000 respondents said they are more interested in deals, coupons, or promotions than they were before the pandemic began.





Sales-and-marketing-focused printed materials are applications where digital printing excels via its ability to personalize messaging and target promotions, but opportunities for digital printing exist across all print application areas. Survey results from NAPCO Research's study *Adding Value to Digital Printing* show the breadth of applications printed on digital presses (Figure 7). Most common applications brand owners and marketers print on digital color presses are marketing collateral, postcards, direct mail, inserts/preprints, event materials, business cards, coupons, publications, catalogs, and books.

# Figure 7: Commercial Applications Printed on Digital Presses



Q. Of the print applications you influence or purchase, which ones are printed on digital color presses?

Base = Brand Owners/Marketers that purchase or influence printing Source: Adding Value to Digital Printing, NAPCO Research 2019



## 7. VIRTUAL SELLING IS HERE TO STAY, TIME TO MASTER THE TOOLS

The efficiency, success, and widespread use of virtual sales meetings are cementing its continued popularity, even as businesses and organizations begin returning staff to offices.

Videoconferencing platforms, such as Microsoft Teams and Zoom — which are so ubiquitous they are frequently used as verbs — became business communication and social lifelines at the start of the COVID-19 pandemic when in-person interactions came to a halt. As the masses have become comfortable with virtual meetings, it is likely that they are here to stay.

In a recent McKinsey survey, a majority of B2B companies reported that while they expanded remote selling in response to the pandemic, they expected it to be a more permanent shift. The survey found that two-thirds of respondents believe that this type of selling can improve sales effectiveness.





Virtual sales calls offer a variety of benefits, including savings in time, costs, and travel expenses. Virtual sales calls take less time compared to face-to-face meetings, which is attractive to customers and prospects. Also, assembling all essential customer decision makers and stakeholders for a virtual call is usually easier than organizing an in-person event, as people can log in from anywhere.

In addition, because virtual meetings can result in organizing sales calls faster, it can potentially shrink the sales cycle.

Given the opportunity that virtual selling presents, improving staff's digital sales skills and investing in the right technology and software are essential. Training sales reps on mastering the nuances of this newer selling environment and ways to make meetings engaging can maximize virtual selling success.

Even though online collaboration tools are part of the fabric of the business world, using these systems in place of in-person sales calls is a more recent phenomenon. Virtual selling is different than in-person selling, so it is important to understand the tools. Keeping customers interested and engaged requires understanding the features of a collaboration tool used for sales calls. For example, knowing how to seamlessly screen share, show videos, or use highlighting features improves the meeting experience for sales prospects.

Given the increased use and acceptance of online sales calls, it is important to update or establish best practices for hosting these events. Here are recommendations to consider:

- **Learn system features and practice them.** In advance of a sales call, practice using the tools of the collaboration platform.
- Make sure participants know how to access the meeting. Nothing kills momentum at the start of a meeting like an extended delay because people need to download software, can't get their live stream camera to work, or can't get into the meeting. In advance of the meeting, send an email to participants with instructions and let them know if they will need to download any software or adjust any settings prior to the call.
- **Use visual aids to guide conversations.** Use screen sharing to present materials, so attendees can literally "be on the same page." In addition, minimize presentation length and make presentations interactive.
- Always include an audio dial-in option. Videoconferencing requires a stable internet connection that may not be available to all. Include an audio-only option for those who may not be able to access the video option.
- Invest in sales staff training and coaching to enhance virtual selling skills. Train sales staff on tools and best practices. Host online sharing sessions where reps can exchange ideas and amplify what is working best.





## 8. PRINT IN THE EYE OF THE BUYER: ACTING ON CUSTOMER PRIORITIES

Today's buyers are technology savvy and have communication options beyond print. They also face intense pressure to demonstrate returns on their communication investments. Given these factors, print providers must pursue methods to position their operation and services as the best alternative to competitors.

NAPCO Research's *Print in the Eye of the Buyer* study uncovered the following essential buyer priorities and decision influencers for print providers to consider and incorporate in customer engagement, retention, and sales strategies.

- A majority of respondents (86%) specify the print processes and/or brands of printing devices used to produce their print work. This finding indicates buyers are familiar with printing processes and technology.
- More than half of respondents want to learn more about digital printing, color quality and consistency, and better ways to prepare print files. Offering customers and prospects education in these areas can position a print provider as a partner, build stronger customer relationships, and improve production efficiency.
- The survey asked respondents to pick three reasons for selecting a print provider. While quality, pricing, and creativity were the top three, other important criteria included innovation, excellent customer service, broad service offerings, and strong technical capabilities. This survey result highlights the areas where print providers should focus attention.
- More than two-thirds of respondents preferred to work with print providers that are G7 certified. This response underscores the importance of print providers having processes in place to deliver consistent color across their various products and platforms.
- Survey respondents identified online outreach, in-person events, and printed marketing materials as the most common ways they find print providers. The top two ways respondents find providers are internet searches and online advertising. This finding, along with a little over a quarter of respondents finding providers on social media, points to the importance of print providers having an online presence to attract prospects.
- Referrals from others and industry associations are also ways print buyers reported finding providers. Asking satisfied customers to provide referrals to other companies or introductions to other units in their organization can also open sales opportunities. In addition, join the same industry associations as customers or prospects.



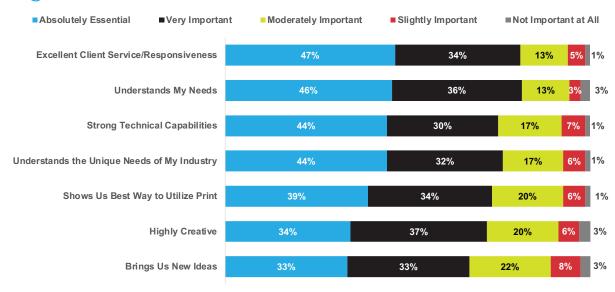


#### **Customer Responsiveness Is Vital**

The *Print in the Eye of the Buyer* research revealed that strong personal connections with customers are imperative, especially for sales staff. The survey asked print buyers and influencers to rank the characteristic they valued in their print provider representatives (Figure 8).

Attributes that buyers deemed essential or very important are excellent customer service and responsiveness, knowing their needs, possessing strong technical capabilities, understanding their industry, and showing the best ways to use print. Addressing these factors creates positive customer experiences that promote loyalty, customer retention, referrals, and recurring work.

Figure 8: Attributes Customers Value



Q. How important is it for your print rep to possess/demonstrate the following characteristics? n=230 Print Buyers and Influencers

Source: Print in the Eye of the Buyer, NAPCO Research/Canon U.S.A. 2020

Excellent customer experiences go beyond taking print orders and include offering ways to improve clients' results or make their jobs easier. Enhanced customer experiences are essential to keep print buyers returning for more print services, today and tomorrow.





## 9. OPPORTUNITIES ARE EXPANDING, BUT MARGIN FOR ERROR IS SHRINKING

The challenge for print providers is not a lack of opportunity but choosing the best opportunities to pursue. The right choices contribute to sustainable competitive advantages. The wrong choices deplete resources, fragment operations, and undermine core capabilities.

Carefully analyzing how well an option fits an organization's expertise, strengths, and circumstances will increase its odds for success. It is important to select options that fit and pass on those that don't — no matter how much buzz they are creating in the marketplace.

Assessment and business modeling tools can help guide and analyze decisions. Three effective options are the Cagan Opportunity Assessment, Lean Canvas, and the Product Opportunity Evaluation Matrix (POEM).

#### **Cagan Opportunity Assessment: Answer 10 Questions**

The Cagan Opportunity Assessment, created by Marty Cagan, Silicon Valley Product Group, is based on 10 questions. The first nine questions require precisely defining an opportunity, its potential, and actions necessary to realize that potential, while the 10th requires deciding based on the answers to the first nine questions. The questions are:

- 1. What problem will we solve/value will we deliver?
- 2. For whom will we solve that problem?
- 3. How big is the opportunity?
- 4. What alternatives are out there?
- 5. Why are we best suited to pursue this?
- 6. Why now?
- 7. How will we get this product to market?
- 8. How will we measure success?
- 9. What factors are critical to success?
- 10. Given the answers to questions 1-9, is the opportunity a go or no go?

Any question may uncover an obstacle that stops the effort in its tracks. Moving forward requires overcoming identified obstacles.





#### **Lean Canvas: One-Page View**

Lean Canvas captures on one page (the canvas) the positives and negatives of an opportunity. The page is divided into nine blocks. Each block pertains to an issue that must be evaluated to determine if an opportunity is worth pursuing. Key considerations for each block are listed as bullet points. The blocks and the order to address them are as follows:

- 1. Problem to be solved/value to be delivered.
- Customer segments/target markets.
- 3. Unique value proposition. Why the target markets will buy from us.
- 4. Solution. Exactly how we will make clients' lives easier/create value for them.
- 5. Channels. How we will reach our target markets.
- **6.** Revenue streams. All sources of revenue the opportunity will generate.
- 7. Cost structure. All the operational and capital costs, including the monthly burn rate, to develop the opportunity.
- 8. Key metrics. How performance will be monitored.
- **9.** Unfair advantage. Specific attributes and capabilities (not generics such as quality and timely delivery) that support our unique value proposition.

The Lean Canvas method is most effective when a project team rigorously debates each block, challenges assumptions, and digs deep for factors that are often overlooked.





#### **POEM: Creates a Report Card for Options**

The Product Opportunity Evaluation Matrix (POEM) creates a report card for evaluating options. Each option is assessed and graded on five filters, or subjects: customer, product/service, timing, finance, and competition/team fitness. A company that is well positioned on an aspect gets an A or B, while if poorly positioned a D or F, and somewhere in the middle, a C. An overall grade for an option is calculated by averaging grades across all five filters. The go/no-go decision is based on the overall grade.

Criteria for the customer filters include:

- Identify the customer base. Don't count on the "if we build it, they will come" strategy.
- The customer base is substantial. Is the opportunity big enough to justify development costs?
- Have access to the market and understand which communication methods will be most effective.

Examples of product/service filters include:

- The product/service addresses an essential customer need. It is necessary, not just nice to have.
- Understand how clients will benefit from this product/service and can clearly communicate the value proposition.
- The product/service integrates well with core offerings. It will enhance what a company does and not be a distraction that undermines core capabilities.

Of course, POEM is only effective if grades are accurately assigned, and organizations abide by the results. Inflating grades to justify an opportunity is pointless. Having the discipline to pass on opportunities with low grades, no matter how much buzz they are creating or how well others are doing with them, is paramount to successfully using this model.

Also, watch out for opportunities with low grades in even one filter, because weakness in one can overwhelm strength in the others. A poor grade in a filter does not necessarily mean abandoning the opportunity; it means do not pursue it until raising the grade.

Each of these tools takes a little different approach to opportunity evaluation. Any of the three can make the difference between diversifying and diversifying profitability.

#### FINAL THOUGHT

2022 presents many opportunities for print service providers to thrive and prosper. Preparing for the year ahead is essential and will increase a printing company's chances of making the best decisions. Carefully evaluating investments in operations, equipment, staff, and market expansion better positions an organization to navigate the best course in a changing competitive landscape.







# WHO WE ARE

#### **ONAPCO**RESEARCH

NAPCO Research crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision-making.

NAPCO Research can help with:

- Business goal prioritization
- Opportunity discovery
- Market segmentation
- Landscape insight
- User needs and wants
- Product features and functionality
- Content marketing strategy
- Sales strategy and tactics
- Market conditions
- Benchmarking
- Industry trends
- Brand awareness

Contact <u>research@napco.com</u> to talk with our analysts to find out how we can help you with your research needs.



# WHO WE ARE

### Canon

CANON SOLUTIONS AMERICA

At Canon Solutions America, our mission is to improve workflow efficiency and document processes for organizations of all sizes and industries. We demonstrate this mission by earning the No. 1 position in total inkjet market share, both in the U.S. and worldwide, and also lead market share for web-fed inkjet. Through our cutting-edge technologies and media support, we know that no matter the application, we'll have your solution. Canon prides itself on bringing innovative inkjet solutions to market and supporting those solutions with robust customer training and a renowned reputation for 24/7 service and support. Canon recently won Keypoint Intelligence's "Outstanding Innovation Awards in Production Print" for their contributions in the production inkjet space.

To learn more, visit pps.csa.canon.com or email us at <a href="mailto:productionprint@csa.canon.com">productionprint@csa.canon.com</a> or call us at 1-877-623-4969.