[INTRODUCTION]

[0:00:05.0] DC: Today on The Print Report, was 2023 a good year for print? And what took the air out of the room? Welcome to The Print Report with Deborah Corn and Pat McGrew. All the print that's good for news.

[INTERVIEW]

[0:00:16.8] DC: Hey everybody, welcome to Podcasts from the Printerverse. This is Deborah Corn, your intergalactic ambassador. More specifically, we are here with The Print Report with Deborah Corn and Pat McGrew, I am Deborah Corn as I just mentioned and you are?

[0:00:32.0] PM: I think I'm Pat McGrew.

[0:00:33.1] DC: You are Pat McGrew. So, this is actually our last podcast that we are recording in 2023 and I always think it is a good exercise to look backwards before we move forward, and along those lines, let's look and see if 2023 was a "good year for print," however somebody might be measuring that. So, let's start with you.

[0:01:00.4] PM: So, look, for me, 2023 was a fabulous year for print and it came up from a lot of different vectors because I think we saw – you know, if I think about all the printers I've talked to over the course of 2023, very few of them were complaining more than usual. With printers, you always have to draw a box around what complaining means, right? So, there's no printer who is ever happy with how much work they're doing.

They always want more and they always want to pay less for paper and pay less for consumables and now, pay less for rent. Heck, they would rather not pay taxes. We get all of that but if you sort of take all of that out, solve for that, and go, "Okay, the actual baseline is, did they have a good year?" Were they doing work for customers, were customers bringing them new kinds of work? Were they making investments in new kinds of technologies to help them serve more of their existing customers and get new customers?

I can't remember a single printer I talked to that didn't have a cool story even if they didn't realize it was a cool story, right? They were looking at transaction and DM printers who have tickled their way into wide format and discovered that their customers need posters, "Hey cool," and also need all sorts of other work that they can serve with relatively low-cost investments and new equipment.

Wide-format people who have discovered the wide wonderful world of direct mail marketing and are coming to it without the biases that people who may have been doing DM for years and years and years have. Commercial printers who never even considered doing variable data work who had a customer, who really, really wanted it so they started scouting for options, and again, without the biases of somebody who has been in it for a long time, created whole new divisions of their businesses because now, they've created something that's a unique value proposition.

So, from my perspective, whether I was talking to European printers, Southeast Asian printers, Australian printers, Northern European printers, UK printers, Canadian printers, Mexican printers, Brazilian printers, Columbian printers – It was a brilliant year and they were thinking in an innovative way. It's like the COVID malaise had finally fallen off their shoulders and they were ready to get back into what makes them good.

[0:03:31.8] DC: Would you classify or are you able to classify the size of those businesses that you were speaking to what – that you have assessed in this goodness?

[0:03:44.4] PM: So, the weird thing is, it kind of hit all the different strata. Everything from sort of franchise class printers, where the turnover might be under a million, it might be 10 million turnover in a year. The franchise printers come in every size, shape, and description, right? Single storefront, out of their garage, all the way up to multi-sites. So, I don't remember talking to a franchise printer who was not having a good year for all sorts of different reasons.

A lot of the mid-tier printers, so five million to 20 million turnover, US dollars, right? Or the European or whatever your favorite currency is equivalent.

[0:04:20.5] DC: And then it is the most of those, right? Other than most of those.

[0:04:23.5] PM: There are more of those in any other class, right? Because many of them serve local niches. Some of them serve nationwide but in a niche where they're not actually serving, they might not even be delivering in their local zip code but they serve a niche, right? All the way up to the people who are multi-site folks, right? Who have printing plants in maybe five states? They maybe do distributed direct mail, maybe they're a book printer, right?

And book printers went crazy this year setting up satellite operations. In order to meet the new Amazon, you have to be close to a distribution warehouse requirement. So, a lot of the guys who have been serving Amazon for a long time, see the writing on the walls in terms of how fast they have to deliver from book completion to being at the warehouse.

So, they're setting up satellite shops within a five or 10-mile radius of an Amazon warehouse in order to serve that very specific market, especially if they're making money in it, they don't want to stop making that money because it's very lucrative work. People serving Lightning doing some of the same things, some of the other platform-based printing operations doing the same thing.

So, that mid-tier, which is the bulk of printers worldwide definitely were working but even like 25 million to billions of dollars, those folks again, they've done a lot of cost-cutting, they've done a lot of staff layoffs, some of it is through attrition, some of it actual layoffs. They've done a lot of reengineering of their workflows, a lot of reengineering of their distribution platforms, and even those people were saying, I was just with a bunch of them last week, who are saying, "Yeah, 2023 has been sort of an interesting year for us because started off a little slow, we were a little bit worried."

The biggest platform guys were a little bit worried but then as the year rolled on, some of it was economic for those guys, right? They are much more sensitive to changes in the world stock markets and divorces and stuff. They're much more sensitive to interest rates and things because of how they finance. As they started to see that it looked like we were going to come in for a soft landing, and we weren't going to go into a recession, they opened up their purse strings and said, "Okay, let's make a little bit of automation investment."

These guys were investing this year in robotics and cobotics. A lot of new platform development in terms of job onboarding, prepress automation, and then on the delivery and distribution end, making new investments in order to streamline how they set things up for the cheapest delivery option, right?

So, instead of just saying, "Well, we've always worked with big brown trucks or big white trucks and blue and red on them, we're going to install a platform that's going to look for us for the best shipping options." They've gotten smarter about that as well, again, in a way to streamline. So, at every tier, they've all been making changes and anybody who didn't, anybody who sat back on their heels and said, "I've always had good customers, it's fine." Those are the folks who probably had an okay year but not the year they could have had.

[0:07:36.1] DC: So, obviously, we occupy different spaces in the printing industry and also, even in printers that we share in common in relationships, we have way different conversations. So, the conversations I had were a little similar to yours but I think I had more of the whining and complaining people because –

[0:08:01.0] PM: Well, they know that you'll be sympathetic.

[0:08:03.0] DC: Yeah, exactly.

[0:08:05.2] PM: And they know I probably won't be.

[0:08:08.0] DC: Well, you'll have your – because you're more of an assessment like, "How can we fix that?" and I'm more of, they're kind of taking a temperature with me to see if they're "normal" with everybody else. So, along those lines, many of the printers I spoke to were very concerned about their commercial print volumes going down, and just so you know I didn't enable people, I was like, "Well, what are you doing about that if you're just sitting back and waiting for orders to come? Hope you own the land?"

[0:08:43.2] PM: And we expect their volumes to go down but we expect them to bring more value so that they can charge more.

[0:08:49.6] DC: Or they have to go after different types of customers.

[0:08:54.2] PM: Absolutely.

[0:08:55.2] DC: Or, to what I've learned from you, "I'm sorry but the days of you having 10 customers that fill up your presses is over." If you can't have a hundred customers filling up those spaces, then you need to assess your workflow situation to get them in and out with this least amount of human touches as possible, so you can have margins in those small jobs. So, you do rub off on me.

I did not speak to people out of the United States about postal issues but in the United States, certainly, people are still very upset with the post office, the regulations, the prices keep going up, the service is not so great. So, I do agree with you in the assessment that many of them have started to look into alternative ways to ship and mail things. Not direct mail as obviously has to go through the post office but shipping, shipping things.

You know, using brokers or going through services or to your point, having a software that – like a Kayak that shows you the best rates, right? That's what you're talking about, like an Expedia for anybody out there. Workforce development is still a big problem in the printing industry and to that, a lot of people did get laid off last year.

[0:10:16.2] PM: They did.

[0:10:16.8] DC: Not for nothing, a lot of people died last year. Some of those newsletters coming into my inbox –

[0:10:25.8] PM: It's been a series of memorials, right? Yeah.

[0:10:27.7] DC: Yes, seriously, it started feeling like it was just a bunch of obituaries. I started to get a little upset, and by the way, these weren't all older people. Some of them were not so old. I mean, I don't recall if any were younger than me but they were around the same age. It's starting to concern me a bit when I see that because what I'm seeing are levels of leadership

missing and hopefully, you know, everything, there was this succession plan in place to think, something you taught me about disaster planning, that's pretty much a disaster if you didn't –

[0:11:05.5] PM: It is.

[0:11:06.0] DC: Know someone was going to unfortunately not be here next week and things of that. There were also a bunch of printers I spoke to, who said that they were phenomenally profitable this year, phenomenally, but they are extremely concerned because they feel like it was a blip on the radar, and from the beginning of the year to the end of the year, they started seeing that the volumes were going down and down again and the concern is now, these were bigger printers.

[0:11:42.0] PM: Right.

[0:11:43.8] DC: To the point you made, now, their concern is, "Uh-oh, where am I going to get my next group of customers from?" And they are specialized. You know, like at least they think that they do something really, really well and that's what they focus their business on and I was starting – I was like, "Well, are you going to consider diversifying? Are you going to?" And they're like, "It's not what we do."

So, we should probably have a discussion about that but I just want to mention two more things before we come back. I'm really excited, I would say, this is a good thing for the printing industry that they're finally looking at tools, tools to help them. Whether they're design tools, automation tools, or remote assistance, I don't care what it is but there are tools for customer services, tools to help them organize.

Tools to help them offer more services and I mean, digital tools, not necessarily equipment. However, in the printers, I did speak with this year, they were way more open to buying and at least, getting back to the, "We need to start thinking about equipment."

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[INTERVIEW CONTINUED]

[0:13:36.4] DC: Now, I will say this as a statement and then pose it as a question to you. Of the printers that I spoke with, some of them bought some things but they had been looking at them for a while and this was the year that they wanted to pull the trigger on them. Others were still shopping around because, in the back of their mind, they know that drupa is coming next year and like everybody else, you don't want to buy the iPhone 8 when the 9 – and then you buy the 8 and then two months later, the 9 is out and it's got all new features and functionality.

So, that's my assessment of the year. I would say, it was good in some aspects, and in other aspects, it needs significant improvement but at least, everybody's talking and gathering again, and by the way, when I say "gathering" it does not have to be face-to-face. I just mean that people are gathering and collectively looking at the industry and how we could all move forward together. So, I think that's super important.

[0:14:35.1] PM: So, look, the reality is, and I think most printers know this, if you have a relationship with a vendor or if you're in conversations with you know, a competitive vendor if you're trying to look at all your options, they've already told you everything that will be announced at drupa and when any announced product at drupa might actually be available to you. The truth is that when you do a drupa announcement, you're typically talking about stuff that won't be available for anywhere from 12 to 24 months.

So, waiting for drupa to make a buy decision for your current needs might be penny wise, pound foolish, right? You know, to borrow Ben Franklin's phrase. At the end of the day, you have a financial reality that you have to hit. If you have already had the thought that it's time to upgrade a piece of equipment or add another piece of kit to your floor, you probably need to carry

through with that now knowing that in 18 months, you're going to be having that same thought again if you've been successful, right?

Waiting for drupa to buy is maybe not your best path. Using drupa as a strategic platform, this is where the vendors are going to bring their stories and their roadmaps and some technology demonstrations behind closed doors in most cases, of the things that will be coming in the future, and that's where you get your chance to leapfrog your competitors.

[0:16:08.2] DC: Yeah.

[0:16:08.6] PM: By getting access to that information but waiting to actually sign a check or arrange for financing. There was some discussion among printers that they would just wait out the interest rate hikes and wait for them to start to come down. The truth is, at any given point in time, interest rates are a crap shoot anyway and what interest rate you're going to get, whether it's prime plus two, prime plus four, prime plus eight, that's negotiable between you and your bank or you and your financer.

If that piece of kit you are looking at financing, is going to bring you opportunities you don't have today, allow you to produce work faster, unlock more capacity in other equipment that you have, that interest rate should be the least of your problems.

[0:16:55.3] DC: Is it possible to put in contacts, let's just say I'm going to buy this – your newest model of your press that you have right now but should you make an announcement at drupa, I want to get on that list and get my press upgraded.

[0:17:10.7] PM: No, so a lot of these things can't be upgraded physically.

[0:17:13.6] DC: No, just mean like, a lot of times, like a printer will say, "Okay, X manufacturer, take this model back, give me your new one," and then there's an exchange of – I've spoken to plenty of people who leverage their old technology.

[0:17:29.7] PM: No, those deals get done all the time. Typically, they're don is sort of letters between the parties, not part of a physical contract because the contract is for a specific device,

and especially if it's being financed, the finance company owns that machine, not you. So, they get to decide whether you can actually release it for trade or not and whether they're even going to finance a new machine if you decide you want it.

Now, if you're paying cash, totally different conversation, right? And there are printers who do pay cash for million-dollar equipment, multi-million-dollar equipment, and they have a different leverage point and a different conversation. Some equipment when you buy it can be upgraded on the floor. We call it a suitcase upgrade.

[0:18:12.3] DC: Yeah, instead of a forklift upgrade, you taught me that. Yeah.

[0:18:15.8] PM: Yeah, instead of a forklift upgrade and so, in those cases, there are conversations that can be had. When I worked for vendors, we had those conversations all the time but remember, no upgrade happens overnight. It's not plant a seed, pour water, and Jack and the Beanstalk, you know, the beanstalk pops up. So, most upgrades are weeks to months-long to implement.

[0:18:39.9] DC: No, but I'm just saying, like if they announce something at drupa, it might not even be available for, you said, you know –

[0:18:44.9] PM: For another two years. You know, it can be two years. So, I think, especially if you have a good relationship with your primary vendor and some secondary vendors, you're already in the know about all of that, and if you don't have a good relationship with your current vendors because you hate them, go find another vendor who is more culturally in sync with you and have those conversations because they're used to it.

They are used to having those conversations and making those deals. Nobody gets insulted, if you as the printer, as the buyer says to your vendor or your perspective vendor, "Hey, you know, I'm interested but I'm not interested in using my capital in this particular way at this time. What else can you do for me? Do you have a lease-to-buy option, do you have a subscription?" You know, some people are buying presses on subscription now.

[0:19:37.2] DC: Genius, whoever is doing that, genius.

[0:19:40.7] PM: Right? And we actually, when I worked for a vendor back in the early 2000s, we actually did that and we just never talked about it.

[0:19:49.6] DC: I love it.

[0:19:50.5] PM: We had a bank that would work with us to do that and basically, the customers paid on what was effectively a click charge even, we call it the super click that embodied the sort of rental or lease cost of the machine as well and it also had some financial benefits, you know, it wasn't a capital asset so it didn't pack your PNL in a certain way but have those conversations.

[0:20:14.6] DC: Exactly, that is exactly what has to happen. Like, before this podcast, I said, "Help me help you," you know? It falls under that category. If there's a manufacturer, you're not selling, you're not selling enough, and you know that you've got the goods, you know you got the right people in the field, you know you've got the right material, then start thinking out of the box and I love the subscription model.

[0:20:39.9] PM: And remember, machines are only going to get more expensive. I know we would all like them to get cheaper but the technology we're putting into these machines to help streamline workflows, to make them run faster, to give them greater capacity and a smaller footprint, to dry faster, to remoisturize faster, to handle the sheets more elegantly with fewer jams.

[**0:20:59.1**] **DC:** To have less of an environmental footprint.

[0:21:01.6] PM: To be more sustainable, right? All of those things don't come for free. There's RND behind it that has to be paid for. So, I'm sorry, your presses are not going to get cheaper and because of that, we do have to get more creative in how we finance people's access to this equipment that can make them more productive.

[0:21:21.2] DC: Yeah, and also, get more creative on how to feed the beast once you have it.

[0:21:26.1] PM: Exactly.

[0:21:26.2] DC: You know, really start, you know, that's my lane. "Hey printers, crazy ideas for you." You know, go out and see if you can manifest it, I'm not the one who can manifest it because I don't work in a print shop.

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[0:21:37.3] PM: If what you're doing isn't helping you grow, let McGrewGroup help you fix that. Better sales talk tracks, more compelling print samples, and winning more close strategies can be yours. With decades of experience and transaction, direct mail, and commercial print, as well as your marketing expertise, we can help with business and production strategies, CCM advice, and develop your content. McGrewGroup is ready to help you grow, expand, optimize, and thrive. Drop us a note on LinkedIn or at our website, mcgrewgroup.com.

[INTERVIEW CONTINUED]

[0:22:15.3] DC: In the intro of this podcast, you said, "And topics that took the air out of the room." So, can you elaborate on that, please?

[0:22:23.5] PM: So, have you ever heard of ChatGPT?

[0:22:25.8] DC: I am a bit familiar with ChatGPT.

[0:22:30.0] PM: I have done more presentations to printers in the last nine months talking about generic artificial intelligence and machine learning technology rules-based automation, which kind of rolls up under that, which I've been talking about for 20 years but people are finally listening. I have done more presentations about building the right prompt strings in a generative technology, whether it's ChatGPT, Bard, heck, Google Duet.

I mean, whatever it is you might be using because it was one of those topics that caught the attention of everybody. It was the brands, it was your customers, your local nail salon, as well as the bigger franchise players as well the big platform players, everybody wanted to talk about AI

in some way and ChatGPT for some reason specifically. Well, I think mostly just because people recognize the name or DALL·E, the open AI platform for –

[0:23:27.6] DC: Art creation, yeah.

[0:23:29.1] PM: Yeah, for art creation and that's actually now embedded in Shutterstock too.

[0:23:32.8] DC: Oh, I didn't realize that.

[0:23:34.4] PM: Yes, so I've been having fun with it. So, the reason I say it takes the air out of the room is because there has not been a presentation that I have done, which was ostensibly supposed to be about this totally different topic that didn't end up with somebody asking, you know, the first question that would pop up after the presentation, "So, can you tell us a little bit about how AI is going to work in that workflow thing or in you know, content generation or in art generation or in code development or in profile configuration or in sentience testing or in…"

You know, pick a list of 20 topics that I've been asked about in the last nine months and the problem with it, the reason I say it takes the air out of the room is that people latch on to ChatGPT or you know, GPT technology as some sort of panacea, kind of the way I remember like in the 80s when we were first doing variable data and people thought that somehow variable data was going to be magic.

That somehow, you were just going to point your insurance policy composition engine at this giant IBM, CICS database and it was just going to know how to pull customer data out of it and create a custom piece, right? The fact that there are terabytes and petabytes of programming required to make that magic happen, it took years for people to finally click to the fact that it didn't happen by itself.

GPT and other AI-based technologies are amazing. They can be amazing helpers but they don't happen by themselves. It takes a skilled operator to actually bring that technology to a problem we're trying to solve, especially in the print industry where we have centuries of legacy not to mention decades of digital legacy that now we're trying to streamline and automate in more appropriate ways for the business markets we're trying to serve.

You can't take your niece or nephew who had a couple of online AI courses and throw them at your business and say, "Make it AI." Yeah, and I have heard that exact phrase come out of printer's mouths.

[0:25:59.4] DC: Well, that's like when social media first came out, it was like –

[0:26:02.4] PM: Exactly.

[0:26:03.0] DC: "I've got a niece who could do my tweets." I'm like, "Really? What does she know about the printing industry or about communicating with customers?"

[0:26:10.1] PM: And social media took the air out of the room for a while, right? It just made it to the point where you couldn't breathe because you were trying to chase a rainbow that just really wasn't going to be within your reach without a little bit more work than you were willing to put into it. So, this year, I mean, ChatGPT certainly took the air out of the room. The other thing that took the air out of the room is the word automation.

Kind of separate from the ChatGPT conversation, just this concept, we've been talking about automation in the print industry for decades.

[0:26:41.6] DC: Oh, you have been.

[0:26:42.8] PM: Yeah, well, and a lot of my friends.

[0:26:45.0] DC: You got me talking about it for God's sake, yeah.

[0:26:47.7] PM: This year, we actually saw a lot more companies at every level at the lower, mid, and high level actually implementing more automation and sometimes doing it really, really badly. If you automate bad practice, you still have bad practice. I know that's surprising.

[0:27:12.0] DC: Well, garbage in, garbage out, right?

[0:27:13.9] PM: But I grew up in that generation of garbage in, garbage out, right? That's part of my DNA but for many organizations, weirdly, organizations that should know better, they made decisions to automate processes that were bad to start with. What that does is cost you more money instead of less. So, then what happens as the printer gets mad at the automation, whether it's the vendor who's come in to help them or the professional services team or their own IT department, depending on how they're trying to do the implementation, they get mad at them because it's not better.

Well, it's not better because you didn't let us analyze where the problems were and automate to fix the problems.

[0:27:55.4] DC: Because that's not the way we do things around here, Pat.

[0:27:58.8] PM: The direction you gave us was, "Here's what we want you to automate," and they directed the automation at bad practices. The better vendors would refuse to do it.

[0:28:08.7] DC: Okay.

[0:28:09.4] PM: But you can always find somebody who will.

[0:28:11.9] DC: Always, you could always find somebody to give you and tell you whatever you want, I agree. Okay, those were good topics. Looking into 2024, I can't believe it's this year all of a sudden.

[0:28:24.5] PM: A few weeks away.

[0:28:25.2] DC: Well, today, I have to do something on December 16th and I'm like, "Oh, God, that's so far away and then I was like, "Wait a second, that's next weekend." So, I had a little freak-out moment this morning, I had a reality check, looking into next year, what is something that you think if the industry is not thinking about in a concentrated and purposeful manner – and I mean the industry

I mean the topics that are coming to us in articles, the experts, the research, the analysts, what is out there that we all need to collectively be aware of, get on the same page in some manner, and move forward together? It's a big question but if anyone could answer that's you, Patricia.

[0:29:15.7] PM: So, there's two vectors for me in the umbrella of that question. One is a practical one, one is that I still don't find a critical mass of printers who are thinking about finishing and delivery in their operations and because they don't, they make a lot of printing mistakes that cause a lot of waste, which is not sustainable, which cost them money that they've never accounted for.

I know of printers who don't actually do their yearend reconciling until January of the next year as they are trying to file their taxes and that is the first time they find out that they actually lost money in the previous year because every job that came through was printed at a higher cost than the estimate that they used to cost the job out to a client and there are a lot of reasons that happens.

But one of the biggest contributors to waste in the print industry is failure to prep the print file for the finishing you're actually going to use or to invest in finishing that will provide maximum efficiency for those new presses that you invested in. So, if you've got presses you invested in over the last two or three years but your finishing equipment is 20 years old, definitely not the most efficient operation out there, and yet, we walk into that all the time.

So, for me, it's that as an industry, we need to start vocalizing the power of finishing as a differentiator and the requirement to make your finishing an equal partner in the products that you sell to your customers. It can't be all about the press, it needs to be about what it takes to bring the job in and get it out onto the loading dock for delivery and the finishing piece of that, whether it's inline finishing or near line finishing or you send it out for finishing, needs to be an equal part of that.

We ask printers all the time, "Can you tell us what amount of waste you had with printed sheets or rolls in the last 30 or 60 days?" Some printers can tell us and when we look at the numbers, we go, "Why did you think that was okay? Why did you not investigate why, job after job, you

were throwing entire rolls or palates of paper away because of misprinting barcodes for the finishing or because it was the wrong orientation and couldn't go through your finishing?"

And they kind of sit back and they get real defensive but they really don't have an answer and alternatively, you have the printers who can't even tell you that. They don't even know how much waste it is, they just know much paper to buy, and when you say, "Well, didn't you notice that you were buying 50% again as much paper as you were actually printing for sale?"

[0:32:13.4] DC: Or getting paid for.

[0:32:14.8] PM: Or getting paid for. Well, really?

[0:32:17.1] DC: Well, if you buy paper, you should have more profits than the paper costs you, right? I mean, that's –

[0:32:23.3] PM: You kind of think so.

[0:32:24.5] DC: Well, I mean, I don't even do math and I can figure that out.

[0:32:27.2] PM: But it brings me to the other vector, which is smarter conversations in our industry that are education-related. So, an awful lot of people who run printing companies today, they're not financial experts. They don't have a drop-dead accounting background, they may not even have an accountant on staff. They are just, you know, they're using QuickBooks or they're using Zero and they're trying to make ends meet.

You know, as long as there's money left over at the end of the month, we're good. We make payroll, life is excellent. If I don't have to move money from my personal savings account or my IRA to make the payroll, life is even better, right? The problem is they don't have the information that they need to make smart decisions. Some of the bigger vendors actually offer that help to the people they're trying to sell equipment to but they don't offer that help to people at every level, right?

So, if you are on the lower mid-tier or you're on the lower tiers of being a print provider, there's probably nobody reaching out to you to help you understand a very simple accounting concept, cost of goods sold, and this relates to what we were just talking about. Do you actually know what it costs you to print a job for sale? And most people can't come up with those numbers. They think that if they use an estimating program, the estimating program knows all, right?

Well, the estimating program only knows what you tell it and if the last time you updated the information in the tables, that the estimating program uses was 18 months ago, my favorite was five years ago, the odds that you are costing correctly are not good, which means you are year on year taking your business into oblivion. Whereas, if you are being very attentive to everything you buy, the contract you sign for the toner and the ink and the solvents and the cleaning supplies and the maintenance on your machines, that's part of your cost to goods sold.

Your substrates that you buy, your warehousing costs, your delivery costs, every line item that you're vendors are charging you now like they're not only charging you for the paper but they are charging you a fuel charge for the delivery of the paper. Are you accounting for that? Odds are, you're not.

[0:34:41.1] DC: No way are they.

[0:34:43.0] PM: So, labor cost. Labor costs go up every single year, minimum wage rates go up, the tax rates change, every county and municipality has their own changes to the labor rates, those are impacting your costs to goods sold. Your rent or your mortgage, whatever the interest you're paying on financial debt, those are all part of your infrastructure costs that need to be accounted for so that you understand what not you need to make every single month.

Now, there are really smart printers out there who can tell you off the top of their head what the cost to print a job is in their shop per square foot. They are that good but they are rare. They are very – usually their father was an accountant. They're really, really rare people. The vast majority of printers are lacking basic financial education to help them be the best business they can be to cost things correctly and to get them out of the mode of chasing the lowest phrasing in order to get work.

[0:35:44.6] DC: That actually fits nicely with the subject that I wanted to talk about, which is user groups and local organizations and local peer groups.

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[INTERVIEW CONTINUED]

[0:36:32.9] DC: I hope that in 2024 we have a return of the user groups in the biggest way possible. I truly believe in any situation the way forward is always together, to work together, to learn from each other, and I understand you know, there's some things printers want to talk about and some things that they don't want to talk about but everybody has that under control but to not be part of a local organization, I'm not talking about a national organization.

Do what you want with those things but a regional, a local group, a user group related to the technology that you have if you're not – you need – sorry printers out there, I know you don't like to say when we say need and stuff, my suggestion is for you to please look into these things. There is value in these groups, there is value in these smaller dedicated subject matter conferences.

I have never met anybody who's walked away from one of those things saying, "That was a complete waste of my time." More so, they say, "I didn't know that. I met a new partner, I met someone I can…" you know, whether it's, "They have something I don't have and we created a relationship" or "I didn't know" – I've been in conferences, what people didn't even know that that functionality in their software was there until somebody else asked the question about it and it changed their entire life.

So, I really hope that everybody out there looks for the closest organization, the closest event, a smaller event, a traveling event, dedicated subject matter, conferences, organizations, and really gets involved. The other thing I wanted to mention, now I'm going to mention too, but I'm sorry about that, is related to what you just said in a way. There are privacy and sustainability laws coming that will affect the printing industry in massive, massive, massive ways and I would not purchase anything until I understood both if I would be able to use it in two years, you know?

I mean, we see brands moving away from certain embellishments. We see certainly there's a lot of talk about that in the industry about sustainability and all of those things. Soon, it's not going to be just something you market on or something that you wish to happen. It is going to be a finable, perhaps legal situation that you might find yourself in if you are not just aware of what is coming and how you can best prepare to be there when it happens and not catching up in that moment. So, those are my topics I believe or I hope that printers, really any industry delivers on next year.

[0:39:45.9] PM: Be aware of the people that you serve as a printer and their constraints. So, if you serve the transaction or the direct marketing industry, pay attention to accessibility.

[0:39:59.5] DC: Oh yeah.

[0:40:00.5] PM: What I mean by that is the ability for someone who has some sort of disability to interact with the communication you are trying to get to them and it has been the law of the land for any transaction-related document for decades and violated hourly by every organization out there. Well, we're starting to get the stirrings that DOJ is going to start enforcing that accessibility.

[0:40:29.1] DC: Just for everyone not in the United States, that's the Department of Justice.

[0:40:32.3] PM: Yeah, Department of Justice and accessibility is a global thing. There are European standards, there are Asian standards, there are US-Canadian standards, everybody has standards based on ISO specifications, and what that means is offering alternatives to a typical printed or e-delivered piece. So, if it's e-delivered, can a screen reader make its way through it correctly and it's correctly.

There are a lot of accessibility tools in the market that actually produce non-accessible pieces, which is kind of counterintuitive but they simply don't do the job that that's needed. So, one, if you are in any area where you're communicating with an individual, named individual, you are already bound to these requirements. You might want to be the smart partner to the customers you work with if they are not providing accessible versions of documents.

[0:41:30.3] DC: Right, and be proactive, exactly.

[0:41:32.9] PM: Be the smart guy in the room, right? Be the smart person in the room. So, then you mentioned you know, privacy and data compliance. Every state in the US has their own rules, just because we can, and there are more and more of them coming and some of them have been in sort of practice mode for the last five years. California is typically seen as the leader in pushing things out.

But one of the things that they are doing is they are actually adding even new legal layers to – I think you know, you think about buying a mailing list, which none of us thought about years and years and years but today, there is some risk associated with that if you don't know that that list is legal in all 50 states, right? And the territories, don't forget the territories because they count too. You can't just mail anything you want to Puerto Rico.

You've got to play by the rules everywhere and there is a new data handshake between the EU and the US. So, we're basically, we are required to be compliant with their laws too. That data handshake happened in July and that now is finally being enforced. If you are in the business of buying lists and selling that as a service to someone, you have new layers of risk. If you are a commercial printer, you might say, "Oh, well, I just print posters for the local movie theater. I'm good."

Yeah, kind of but you still have requirements to safeguard the data of anything that is bought from you. So, don't think that you aren't a potential hack victim or phishing victim because if somebody can wiggle their way into your accounting database, they can pick up a whole lot of data about you and your customers and then sell that on the open market including to your

competitors, so you have some data security requirements as well. No one is held harmless from this.

[0:43:23.3] DC: Patricia, thank you so much for a really informative conversation. I always look forward to our time recording these podcasts. I believe we're going to keep it going in 2024.

[0:43:37.0] PM: We got plans.

[0:43:38.1] DC: We will be doing live print reports from Drupa next year. By the way, if you are exhibiting at Drupa and you want to get in on having Pat and me come over and see you and also do a post-show podcast, which in many ways I think is the most important, you know, what happened at the show and how we're all moving forward together. So, please get in touch. Until next time everybody, have a great rest of the year. Print long and prosper.

[END OF INTERVIEW]

[0:44:13.1] DC: Thanks for listening to Podcast from the Printerverse. Please subscribe, click some stars, and leave us a review. Connect with us through printmediacentr.com, we'd love to hear your feedback on our shows and topics that are of interest for future broadcasts. Until next time, thanks for joining us, print long, and prosper.

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