

Computer to Plate in North American Newspapers

Impact and effectiveness of the Southern Lithoplate Alliance
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Research Brief

The purpose of this study is to provide an independent evaluation of the reaction of North American Newspaper customers to the initiative taken by Southern Lithoplate Inc. in March 2006 in offering an integrated Computer to Plate (CtP) solution. The program was based on a new partnership between Southern Lithoplate Inc; Screen (USA); Nela Inc; and leading workflow management systems suppliers, (Alliance).

Southern Lithoplate Inc., contracted with the Chesapeake Resource Group LLC (CRG) to provide a fact based assessment of the reaction to the initiative, and a qualitative measure of the degree of customer satisfaction delivered by the Alliance. The study is based primarily on personal interviews with these selected end users.

CRG is a ten year old, independent consulting organization, specializing in technology assessment, digital workflow, and Computer to Plate technology. The Principal researcher was David R. Lightfoot, who has previously delivered newspaper CtP research studies at NEXPO, SNPA, America East, ING, and other industry meetings. He may be contacted at drlight@toad.net.

Executive Summary

Our findings indicate the following key points:

- The newspapers sampled have demonstrated approval of the Southern Lithoplate initiative in creating the Alliance, and offering a new integrated CtP solution. The principal reason is that the Alliance is perceived to have expanded the options available to the newspaper, and as a result increased competitive pressure. The industry had been concerned that the wave of mergers and acquisitions of recent years had reduced the number of choices and made the procurement environment less competitive.
- In North America, the CtP technology choice is primarily between thermal and violet exposure technologies. Published market research data indicates that thermal is the preferred solution for newspaper and commercial printers. The acceptance of

Highlights

The responders commented positively regarding Southern Lithoplate's service and support.

the Alliance has undoubtedly been assisted by the fact that it offers an exclusively thermal solution.

- The Alliance offers a CtP solution integrating “best in class” products from each individual partner. Changes in technology may be absorbed more quickly in this model than in traditional alternatives. This is a consequence of the specialization, and the broader product lines, offered by each of the individual Alliance partners.
- In an industry that is performance driven, the credibility of the alliance has been reinforced by the reputation for the quality and consistency of the Southern Lithoplate thermal plate product line. The responders commented positively regarding Southern Lithoplate's service and support. While these benefits are well known to the customer base, CRG believes that there is an opportunity for promoting this awareness to a broader audience. A major PR initiative would enhance Southern Lithoplate's image as a significant player in the business.
- CRG recommends that the performance of the Alliance be subjected to periodic, quantitative measurement using a rigorous customer satisfaction survey instrument. This would enable the newspaper industry to better evaluate performance, and prove that the early results are sustainable over time, and through different circumstances.
- The launch of the Alliance has clearly been successful. CRG believes that there is significant marketplace opportunity, given the Alliance members maintain the quality and performance standards demonstrated thus far, as the industry expands its commitment to CtP and reduces its use of film and analog plate technology

2. Background

2.1 Plate Technology

Newspaper CtP plate offerings utilize different wavelength bands in the electromagnetic spectrum to create an image. These products have included photopolymer plates energized by the visible green and visible violet regions, respectively. Analog plates have been exposed directly to UV energy representing the Computer to Conventional Plate solution (CtCP). Thermal plates operate in the 830nm infra red region.

Highlights

CtP plates accounted for about half of this demand, and is forecasted to increase to more than 60% in 2010.

In particular, film is projected to decline relentlessly, and finally disappear by 2010.

Over the past three years in particular, the choice has been narrowed to two principal technologies, namely thermal and violet. Both solutions are viable and offer specific benefits. The relative acceptance of these two solutions has been reported on by Vantage Strategic Marketing, and projections for the future have been offered by Frank Romano for PIA/GATF. Their findings are summarized below.

2.2 Global Market Research Findings

In June 2006, Vantage Strategic Marketing (VSM), published their latest worldwide report of “direct to” technology investment and consumables usage. Among its main findings, VSM reported that demand for offset printing plates increased by 5% in 2005 to approximately 540 billion square feet. This growth was driven by growth in markets such as China and India and increased use of color and shorter print orders. *CtP plates accounted for about half of this demand, and is forecasted to increase to more than 60% in 2010.*

VSM confirmed the dominant technology was thermal, which accounted for 70% of CtP plate consumption in 2005. Sales of plate-setters rose 10% in 2005. Two thirds of all CtP platesetters were thermal machines. Even in Europe, the largest market for plate-setters, VSM indicated that thermal machines outsold those of violet by 2 to 1.

2.3 PIA/GATF forecasts

The December 2006 issue of GATF World magazine, in an article entitled “Into the Future” by Frank Romano, makes a number of projections covering key areas of the printing industry equipment and consumables. *In particular, film is projected to decline relentlessly, and finally disappear by 2010.* It is virtually gone in most printing plants. Newspapers are the last holdouts, and Romano points out that newspapers are moving to CtP now.

3. Methodology

As is well known, newspapers are experiencing rapid changes. Advertising revenues are under pressure, and circulation figures are shrinking. Newspapers are responding by working on their online offerings, and considering commercial printing opportunities. Analog technology is giving way to digital technology, and the conversion of newspapers to Computer to Plate is in the rapid growth phase.

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The integrated offering represent “Best in Class” technologies based on quality, reliability, and value.

After comparing the program with all the alternatives, the newspaper market has reacted favorably to the total value proposition delivered by the Alliance.

Because of these rapidly moving changes, the methodology used in this research was almost entirely based on personal interviews. Since the objective was to evaluate the impact and performance of the Alliance, the interviews were conducted principally with newspapers that have made the decision to contract with the Alliance.

This paper therefore is limited to providing a snapshot of the industry’s response to the initiative. In that sense this paper provides a performance review, and the findings provide a benchmark for evaluating progress and reactions in the future.

4. Special Thanks

The author gratefully acknowledges the cooperation afforded by all the persons contacted, and the fact that they provided their time and answered all questions without reservation.

5. Detailed Findings

5.1 Birth of the Alliance

As indicated above, the Alliance includes Southern Lithoplate, Screen (USA), Nela, and selected workflow management systems suppliers. Southern Lithoplate makes the claim that the individual components of the integrated offering represent “Best in Class” technologies based on quality, reliability, and value. Southern Lithoplate selected NEXPO 2006 as the platform to launch the Alliance.

Prior to this initiative, Southern Lithoplate was known for its line of analog plates and digital litho plates. These commitments to provide turnkey solutions to the market, has propelled Southern Lithoplate from a manufacturer and supplier of consumables into a full provider of integrated CtP solutions.

Customer commitments that immediately followed Southern Lithoplate’s NEXPO launch represented a key early indicator of industry confidence and support. According to Steve Mattingly, Vice President Sales & Marketing at Southern Lithoplate, “there have been CtP commitments made by more than 19 publishing companies to date, with dozens of newspapers now in the final preparation stages for installation. After comparing the program with all the alternatives, the newspaper market has reacted favorably to the total value proposition delivered by the Alliance. The results speak for themselves”.

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“We also know from experience that Southern Lithoplate is willing to go the extra mile to help us solve problems”

Now, that one call can be made to Southern Lithoplate, you have all the benefits of an integrated offering without all the overhead.

Daniel Paris, Commercial Printing Director of The Idaho Press Tribune, a member of the Pioneer newspaper group, stated that “we committed to this program because we liked the concept of the Alliance and we wanted to go with a plate solution that was selected by the bulk of the market, which was thermal. The support that we have received from Southern Lithoplate, Screen USA and Presteligen has been excellent, and we are pleased with the performance of our CtP system”.

Another decision made immediately after the NEXPO announcement was made by The Watertown Daily Times. Print quality was high on their list of expectations from the conversion to CtP. “The Southern Lithoplate CtP solution has enabled us to hold a finer dot, reduce dot gain, and provide improved print quality. We are now able to print halftone screens of 110 dpi. The system is very reliable and we have not experienced any problems. We also know from experience that Southern Lithoplate is willing to go the extra mile to help us solve problems” stated Greg Thrams, Production Director.

CRG’s view of the significance of the Southern Lithoplate initiative is that the integrated CtP offering has historically been the sole province of single source suppliers, who retained ownership and control of the supply of the system, including hardware, software, consumables and service. This traditional approach claimed the benefit of a single telephone call for service; but it also dictated a dependent relationship between the customer and the supplier. This has changed. Now, that one call can be made to Southern Lithoplate, you have all the benefits of an integrated offering without all the overhead.

5.2. So why did Southern Lithoplate take this step and what are the customer benefits?

According to Chairman Edward A. (Trip) Casson III, Chairman and CEO, “Southern Lithoplate’s success has been built on our ability to listen closely to our customers and then meet their developing needs, especially as their business models have been forced to change so quickly due to the rapid transition to a digital world.”

Southern Lithoplate acknowledges the benefit of an integrated CtP offering in which the component products work together to create a seamless solution. An advantage

Highlights

We were impressed with the ability of the Alliance to answer our questions in-depth without undue sales pressure.

to the customer is that they do not have to research all possible combinations, and subsequently act as their own integrator. The paradox was that existing integrated offerings meant surrender to virtual total dependence on a single supplier over long-term periods, with the result of a reduction in market competitiveness.

Southern Lithoplate's initiative has changed this paradigm. Now, newspaper production and purchasing leaders, who had previously expressed concerns about the disappearance of long term suppliers through acquisition, applauded the alliance as offering more choice and opening the market.

A favorable endorsement of this strategy comes from **Jeff Guay, General Manager of the Press Journal Printing Company of Louisiana, Missouri**. Jeff stated, "We visited NEXPO (2006) to make a decision on CtP. After looking at a number of alternatives we concluded that Southern Lithoplate's solution offered the best overall value, and the thermal solution would be the long term technology of choice for newspapers. We were impressed with the ability of the Alliance to answer our questions in-depth without undue sales pressure. We have now installed Screen Trueflow and the PlateRite News 2000 plate-setter imaging Southern Litho Viper 830® thermal plates"

5.3. The Southern Lithoplate "Best in Class" answer

The essence of the new strategy is to give newspapers more choice and maintain, if not increase, market competitiveness on all product lines, while fully enjoying the benefit of integration.

The initial hardware products in the integrated offering are Screen USA's PlateRite thermal imaging devices, Nela's plate management equipment for punching, bending, and delivering plates, and Southern Lithoplate's OEM thermal plate processing systems.

Screen (USA) is a subsidiary of Kyoto, Japan based, Dainippon Screen Manufacturing Co., Ltd., one of the world's two largest suppliers of CtP platesetter equipment. Screen (USA) is the market leader for their thermal plate recorders for the 4, 6, and 8 up commercial print markets. For newspapers, Screen (USA)

Highlights

And, it can run with any workflow available on the market that drives 1 bit tiff.

For cold web print production, the Viper 830® is the CtP printing plate of choice in North America.

provides and supports their PlateRite News 2000 plate-setters capable of outputting 84 broadsheets per hour. Devices with additional speed are soon to be announced. Screen's plate-setters employ 64 channel laser diode exposure technology, which incorporates built in redundancy even if a laser diode fails. Screen's solution provides thermal quality and consistency and claims the best overall cost of ownership for laser life. The PTR News 2000 is available with Screen's TrueFlow News workflow management system. It supports Screen's Spekta hybrid AM/FM screening. *And, it can run with any workflow available on the market that drives 1 bit tiff.*

Nela is a leading supplier of register and punch-benders, transportation and stacking systems for newspaper and commercial print customers. For newspapers, Nela offers punch-benders in three categories. These are standalone and inline three point register punch-benders, in line vision punch-benders, and semi-automatic punch-benders that are frequently used as back-up equipment. Southern Lithoplate and Nela have built a migration path from three point bending technology to vision bending.

Southern Lithoplate offers two lines of thermal plates. For cold web print production, the Viper 830® is the CtP printing plate of choice in North America. These are negative working plates imaged with a thermal laser outputting at a wavelength of 830 nm. The plate offers a run length of 250,000 impressions out of the box, which is more than adequate for most newspapers. These plates are shipped and imaged without slip sheets, representing a major convenience for prepress. The majority of users confirm that Viper 830 plates require less water, and therefore less ink on press.

For commercial quality work, Southern Lithoplate offers their Cobra 830TN line. These high quality plates also provide a run length of 250,000 out of the box, and this run length can be extended to over a million impressions by post baking. These plates are most often interleaved.

A typical example of a larger client using both types of plates is the **Ottawa Citizen in Canada**. This newspaper runs over 300,000 broadsheet size plates per year representing a combination of Viper 830 plates for the newspaper editions, and

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“We are impressed with the resolution of the plate”

Southern Lithoplate understands that the management of workflow constitutes a key consideration in the conversion of a newspaper operation from analog to digital technology.

Cobra plates for a Commercial Print product line. “We have been happy with the performance of both types of plates and the support provided by the supplier” stated **Glen Gilbert, the Citizen’s Pre-Press Superintendent**.

Two other large plate users are the **Calgary Herald in Canada** and the **Honolulu Advertiser, owned by Gannett**. The Calgary Herald prints with Southern’s Viper 830 plates on Goss Metroliner presses, and uses approximately 200,000 double wide plates per year. **Marty Cramer, Pre-Press Manager** stated, “we like the consistency in quality of the plates. The difference in uniformity of parameters such as dot gain is vastly improved over our former analog system”. The Honolulu Advertiser prints with thermal Viper 830 plates on a two year old Regioman press line. “We are impressed with the resolution of the plate” stated **Alan Six, Pre-Press Manager**. “We are able to hold open extremely small reverse dots. We like the fact that the plates can be shipped to our location without slip sheets. Overall we are very satisfied”.

5.4. Conversion to CtP requires a digital workflow management system

Southern Lithoplate understands that the management of workflow constitutes a key consideration in the conversion of a newspaper operation from analog to digital technology.

Because of the variety of existing work flows, and the broad range of legacy equipment installed in newspapers, this area requires a flexible, pragmatic approach. Accordingly, Southern Lithoplate included workflow management software from the leading independent suppliers: PolkaDots, Prestelligence, ProImage America, and Screen (USA’s) TrueFlow News.

PolkaDots Software is known for developing and supplying cost effective, flexible and automated workflow solutions for the Harlequin RIP. Newsflo 2.0 newspaper production workflow brings integrity of the true RIP Once, Output Many (ROOM) to all levels of newspaper production. Southern Lithoplate packages are called NewsFlo and NewsFlo Lite.

Prestelligence, with its Southern Lithoplate package NewsExtreme SN product provides the marketplace with the next generation software for film and CtP

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This means that editorial and production personnel can switch seamlessly between these operations without hassle. This a major benefit for us”.

production workflow environments. The system is designed for efficient high speed throughput with a user friendly interface that makes complicated workflows easy to manage.

Prestelgence workflow software is installed at the Idaho State Journal. Justin Smith, Director of Information Technology Systems indicated that the software was installed for use with three newspapers in that region. “We particularly liked the simple, clean user interface which was uncomplicated and easy to learn” stated Justin. When asked what he would say to his newspaper peers, Justin commented “software and product pricing is changing so fast today, that each new decision should be evaluated on its merits at the time of the decision”

ProImage America has achieved the leading share of the market for their workflow solutions tailored to each individual newspaper’s needs regardless of CtP output technology. ProImage enjoys a reputation for excellent technical support. Their specially designed workflow package, designed for use with Alliance customers has been introduced with the product name “Blaze”.

The Hickory Daily Record, Hickory, North Carolina part of the Community Newspaper group of Media general of Richmond, Virginia, is in the process of installing ProImage workflow software for use with Alliance equipment and plates. Matt Hadley, Director of IT for Media General Publishing stated “Within Media General we have installed NewsWay workflow software in The Richmond Times Dispatch, Richmond, VA, which is a metro newspaper site, and NewsWay Lite in a The Opelika-Auburn News, Opelika, AL, which is a community newspaper site. We like the fact that both versions have the same look and feel in operation. This means that editorial and production personnel can switch seamlessly between these operations without hassle. This a major benefit for us”.

TrueFlow News, a Screen USA product, is in itself an experienced supplier of workflow products for commercial printing applications, and has adapted its workflow package for use with its PlateRite newspaper plate-setter. Interestingly, the Screen PlateRite news machine may be driven by all of the aforementioned workflow applications.

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There is no compelling reason to link these decisions or to buy everything from a single source.”

“Our initial decision was based on comparing the Total Cost of Ownership (TCO) of all the alternatives.”

An article in the September 2006 issue of *Newspapers & Technology* entitled “How to Plot Workflow in Newspaper CtP solutions” authored by this consultancy, presents the case for the separation of the workflow from the plate setting system. The article concluded, “It isn’t necessary to have the same vendor provide both the workflow software and the CtP output technology. There is no compelling reason to link these decisions or to buy everything from a single source”.

In reviewing the total system, the Alliance claims to offer “Best in Class” products with one call to Southern Lithoplate. According to Steve Mattingly, Vice President Sales & Marketing for Southern Lithoplate, the message to the customer is, “You have a choice, and a system, that will be optimized for the benefit of your specific needs. The fact that components of the system can be upgraded over time to allow for technology changes, without compromising the performance of the system, imparts a unique level of flexibility”.

5.5. The Value Equation

“Southern Lithoplate anticipated that the collaboration among the partners would lead to a significant reduction in selling and administrative expenses, and that increased volumes would help maintain, or lower the cost of the capital equipment for Alliance customers. It is noteworthy that the cost of CtP solutions overall have significantly decreased since NEXPO.

Since Southern Lithoplate’s CEO “Trip” Casson announced the \$0.55 per square foot thermal CtP plate at the PAGE COOP NEXPO 2003 Symposium, the financial justification for CtP has been reinforced, and the technology battles have been fierce and passionate.

For example Landmark Community Newspaper Group, headquartered in Kentucky, has installed CtP in three of their daily newspaper operations. **Joyce Ford, LCNI Corporate**’ is responsible for monitoring the financial performance of these systems. **Ford** commented, “Our initial decision was based on comparing the Total Cost of Ownership (TCO) of all the alternatives. We determined that thermal was clearly superior. Now we have a proven Return on Investment (ROI) on all our units. We found that all our systems either met, or exceeded, the planned ROI. One

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The Alliance partners have committed the coordination of their efforts to provide a seamless integration between the components.

ROI was 21% in the first year alone. We are even more excited now as Southern has recently informed us of their new customer loyalty pricing strategies that will enable us to accelerate our transition to CtP even faster over time.”

5.6. So how does the Alliance work?

Southern Lithoplate provides the leadership role of overall project manager and coordinator. The Alliance partners have committed the coordination of their efforts to provide a seamless integration between the components.

As a result of its long term relationships with hundreds of North American newspaper customers, Southern Lithoplate is often the first supplier to be consulted regarding a conversion to CtP. Southern Lithoplate, in consultation with its chosen partners, meets with each customer, listens to their requirements, needs and wants, and then provides a configuration of products from among the offerings that more closely satisfies your need.

Representatives of the Alliance visit the customer site to confirm facility specifications and product configuration, and to present a business solution. Once the solution has been confirmed, Southern Lithoplate conducts a pre-installation survey and supervises the program from order entry through installation, startup of the system, and post installation satisfaction on the performance of the system.

Routine service and problem solving calls are made directly to the Alliance partner involved. This procedure ensures the fastest response by the most qualified resource.

Southern Lithoplate is kept continuously informed of progress by the partner. If there is a need for escalated service, Southern Lithoplate responds to resolve the issue.

5.7. What will be the strategic impact of the Alliance?

Discussions with various business leaders indicate that they understand and welcome the strategic initiative taken by the Alliance. **Stephen Schroeder (Assistant General Manager/Director of Technical Services) of Page Cooperative** stated, “we are constantly searching for ways to make the operations of the members of our Cooperative more efficient and cost effective. A portion of our membership does

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“The initiative by Southern Lithoplate was not expected, but it will result in increased choices for the industry”.

not have the resources, or time, to evaluate all CtP alternatives in-depth. The fact that Southern Lithoplate, and the Alliance, has taken this initiative offers the Page Cooperative additional choice.”

David Lord, President of Pioneer Newspapers in Seattle, Washington, reiterated his expectation that suppliers would adopt a business strategy that leveraged hardware to sell consumables. This approach also provides the supplier with the opportunity to develop a long term relationship with their customers based on service and support. “The initiative by Southern Lithoplate was not expected, but it will result in increased choices for the industry”.

Community Newspaper Holdings Inc. of Birmingham, Alabama owns 89 daily newspapers produced in 62 newspaper production facilities. The group is at the beginning of their conversion to CtP, and so far have converted three newspapers using Violet CtP technology followed by two newspapers to Thermal with the Alliance.

One of the CNHI properties is **Pharos Press, located in Logansport, Indiana**. This operation prints five daily newspapers, six weeklies, as well as commercial products. “We have been able to cut back on water on press, and we are using less ink” stated **Randy Houle, Production Director**. “I like the fact that our supplier is willing to make the customer’s problem their own problem and respond accordingly.”

Vince Cribb, Vice President of Production of the South Georgia Media Group of CHNI described a relatively new CtP installation running Polkadots software, a single Screen (USA) plate-setter and Nela plate bending equipment at the Valdosta Daily Times in Georgia. Because of the variety of products printed, and the subsequent changes in web width size and paper stocks, he noted that registration was an important issue. Registration had improved significantly with the new system. In response to a question regarding performance, Vince stated, “I am extremely content with the entire system and the integration. I am extremely pleased with the consistency, quality and economics.”

Highlights

“While the economics are vitally important, the decision to do business with suppliers ultimately comes down to trust.”

The early returns indicate that the requirements are being met, and the new customers are satisfied.

According to Tom Shafer, Corporate Vice President of Production at CNHI, “the Alliance represents another solid supplier of Thermal CtP solutions.” When asked about the significance of the Alliance to the industry in general, Tom stated “while the economics are vitally important, the decision to do business with suppliers ultimately comes down to trust. That is trust that the Company will survive, and provide continuing support and service. We have trust in Southern Lithoplate.”

6. The bottom line

The newspaper industry requires solutions that provide improved quality, lower costs, higher speeds and efficient workflow. Many small newspapers are now converting to CtP. Typically these newspapers can only justify the investment in a single digital plate-setter, and backup is provided by a legacy image-setter. This means that there is the additional requirement for a very high level of reliability with the plate-setter.

Southern Lithoplate, in conjunction with their Alliance partners, have taken the bold step of offering the newspaper industry an integrated CtP solution designed to meet these needs. The early returns indicate that the requirements are being met, and the new customers are satisfied. The customers have the expectation that this circumstance will continue.

As the customer base expands, CRG recommends that Southern Lithoplate institute a periodic quantitative measurement of customer satisfaction to put the result on a scientific basis and prove that these early indicators are sustainable.

The North American newspaper market values long term relationships. Our interviews indicated that Southern Lithoplate has been successful in maintaining customer satisfaction over an extended period of time.

The emergence of the Alliance is accelerating the rate of conversion to CtP in North American newspapers, with the welcome result that newspapers are gaining the benefits of improved print quality, more efficient operations, and cost savings.