

## Digital integration

All media are converging and will be digital in the next five years. That was the key point by ad:tech keynote speaker Brian McAndrews, president/CEO of aQuantive. His keynote was titled “The Digital Decade: What the Last Five Years Can Teach Us About the Next Five,” and Lynne Johnson, senior editor at FastCompany.com, interviewed him about how past developments will influence the future of digital media. His key points follow.

“I think we’ll be a lot closer to all digital in the next five years,” McAndrews said. “The market will be significantly larger, and our belief is that ultimately all media will become digital. The biggest medium of all—television—will become digital. The Internet is the beginning, but it is still one channel. I think what will happen is we’ll take our learning from the Internet and repurpose that for other media, specifically in video-on-demand,” he said.

He went on to forecast more sophistication in dynamic ad insertion into video and more analytics measurement and fragmentation. In addition, the Website will replace the 30-second commercial as the key brand engagement tool in the next five years. “Television will still be around but there will be more dynamic content and the Website will be the main way to engage consumers and most messaging will be aimed at driving people to the Website,” he said.

He sees more on-demand technologies in the next five years. “On-demand is important because consumers want it and they are demanding it, and the cable companies are responding to the consumer demand for control,” he said. Currently the economic model is subscription based, but consumers like free programming, and marketers and cable companies are working to develop more ways for dynamic marketing and ad insertion.

Marketers and content providers should focus on channel integration. “When we think about integration, it has to be relevant to other media channels. If we think about online video, we have to think of its interactivity with television. If we think about mobile, we have to think of how it is interactive with online.” This integration may take more work upfront, but it will give marketers more feedback in the end.

Digital becomes increasingly the seat at the table where you are informed much better about how the consumer will react and interact,” McAndrews said.

The user and the medium are integrating. Media and entertainment executives see the ability and eagerness of individuals to create their own content as one of the biggest threats to their business. 57 percent of the respondents to an Accenture survey identified the rapid growth of user-generated content (amateur digital videos, podcasts, mobile phone photography, wikis, and social-media blogs) as one of the top three challenges they face today. And, 70 percent of respondents to that survey said they believe that social media, one of the largest segments of user-generated content, will continue to grow, compared with only 3 percent of respondents who said they view social media as a fad.

Traditional media are under assault from their own audiences as those audiences interact with new media. However, it is not a one-size-fits-all media world. The audience is becoming conditioned to identify with a personality or expert or show rather than a big institution—a media conglomerate. Each reporter/columnist must provide more analysis, more insight, and more dedication to his or her trade to outperform the crowded stage of free content. Many journalists now have blogs to encourage feedback and discussion.

The media establishment is undergoing a significant overhaul of its business models, and this is driven by the customer, who is now involved in producing and marketing their own content. Within a few years the media business (both individual and conglomerate) will be making money on user-generated content. Digital integration has given the consumer and the audience the power to transform media.

### DID YOU HEAR?

- Ninety percent of male direct mail readers, age 18-34, read grocery store direct mail pieces, compared to 83 percent of female direct mail readers of the same age. Men in older age groups are less likely to read grocery store direct mail, while older women read increasingly more (Vertis Communications Retail Direct Mail survey).
- The nineteen largest cable and telephone providers in the US, representing about 94 percent of the market, acquired over 2.9 million new high-speed Internet subscribers in the first quarter of 2007. The top broadband providers now account for 56.2 million subscribers, with cable companies having over 30.7 million broadband subscribers, and telephone companies having over 25.4 million subscribers (Leichtman Research Group).
- In Spring 2007, 35 percent of content creators surveyed said they expected their spending on “printing for variable printed/1:1 personalized direct mail” to increase in the next 12 months (The Industry Measure).
- E-mail remains the most prevalent method of sharing images, as 3 billion images were shared via e-mail in the U.S. in 2006. Factoring in sharing conducted via Websites and social networks, well over 8 billion images were shared during the last calendar year, and a compound annual growth rate of over 8 percent is expected through 2011 (InfoTrends).
- Sheetfed offset printing is the most common form of printing in the U.S. accounting for 40 percent (or \$70 billion) of all printing. Web offset is nearly 30 percent of all printing (\$46.1 billion). There are about 40,000 printing plants, with 25,000 of them using sheetfed offset printing. About 4,100 plants produced web offset printing (Dr Ron Davis, PIA/GATF).

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## SHORT TAKES: FACTS AND OPINIONS

According to a report from Media-Screen, broadband users spend an hour and 40 minutes online in a typical weekday (48 percent of their spare time) and more than half of that is spent accessing sites related to entertainment and communication. Search engines and social networking sites are gaining in popularity, says the report, influencing the same number of people as magazines and newspapers. 48 percent of younger users say they learn about new entertainment through community, video sharing sites, and blogs. Only 25 percent say they learn about new entertainment through television. Two online media activities—sending email and visiting Websites for personal reasons—are more popular than watching television. Other online activities: play online casual games, instant messaging, listen to MP3s, send text messages, and listen to Internet/online radio.

*Spare time is becoming spare indeed.*

A Poytner Institute study found that people who read news online have a greater attention span than those who read the news in traditional paper-based format. The study also found that people paid more attention to items written in a question and answer format or presented as lists, and preferred documentary news photographs to staged or studio pictures. By writing news stories in formats different from the traditional narrative, the story becomes more like a conversation. The Web has accelerated the rate at which we receive and absorb information.

*The Web is good for you!? So is chocolate, caffeine, and nicotine.*

The National Archives is the repository for nine billion documents, but only a small fraction are digitized and online. At thousands of smaller, local collections around the country, the bulk of the material is still on yesterday's media: paper, records, magnetic tape, and film of all kinds. Strapped for funding, archivists around the country are looking to private partners for help. Google has donated \$3 million to help start an effort led by the Library of Congress (LOC) that will digitize and share materials around the globe, and has also provided technical resources for digitizing various printed materials at the LOC. Google, on its own, is digitizing books wherever it can. Other companies and foundations, including Reuters, IBM, and the Mellon Foundation, have financed digitization projects around the world. Entire collections of political and cultural history are in danger of being forgotten by new generations of researchers and scholars. The Library of Congress archive of one million photo prints from *The New York World-Telegram & Sun* has seen only 5,407 items digitized. Of the 1.2 million images from *U.S. News and World Report*, the library has digitized 366. Its collection of five million images from *Look* magazine, from 1937 to 1971, has only 313 images digitized.

*Someday we will all be digital detectives.*

The death of Dr. Robert Adler, co-inventor of the television remote control, made us think how he ushered in the age of ad skipping, channel surfing, and time shifting. The TV remote did more than breed a generation of couch potatoes. It led to VCRs and DVRs, Web pop-up blockers, and do-not-call lists. It gave us the most significant contribution to consumer empowerment, which today is wreaking havoc on mass marketing and media. Time and attention are scarce commodities, and DVRs help us control and optimize video consumption. The TV remote introduced channel surfing—the random, passive shifting of focus and attention—which was our introduction to hypertext. Surfing is the most common activity on the Internet. The television remote allowed us to navigate a labyrinth of information and entertainment and the mouse is an extension of that remote.

*It may be said that the remote may actually bring us closer.*

Kevin Karstedt, of Karstedt Associates, says that today's inkjet technologies are going through a number of significant evolutions with regard to quality and performance. These changes will combine with advances in new jettable fluids and inks, improved materials handling, transport, finishing systems, and substrates that will lead to a new generation of cost effective printing solutions. These systems will have the potential to fill roles in package printing that cannot effectively be serviced today.

*Thirty years ago, they said inkjet was the technology of the future. Are we there yet?*

## EDSF REPORT

Editor-in-chief: FRANK J. ROMANO, EDP

Editors: Toby Cobrin, EDP; Roberta McKee, EDP; Jeanne Mowlds, EDP; Sidney F. Huttner, Univ. of Iowa  
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**EDSF**

The Electronic  
Document Systems  
Foundation

608 Silver Spur Road, Suite 280  
Rolling Hills Estates, CA 90274  
USA  
Tel: +1-310-265-5510  
Fax: +1-310-265-5588  
[info@edsf.org](mailto:info@edsf.org)  
[www.edsf.org](http://www.edsf.org)

## DOCUMENT COMMUNICATIONS TRENDS

As part of EDSF's ongoing research to identify trends in the document communications industry, a team of consultants at **Doculabs** and faculty at the **University of Illinois at Chicago** conducted a survey that examined three main themes: changes in overall budgets for document communications, electronic document delivery, and the use of digital color. This survey distinguished between types of data-driven document communications: those focused on transactional service fulfillment (statements, bills, and explanations of benefits) versus marketing communications (such as solicitations, promotional campaigns, and response marketing). Among the main findings are the following:

- Budgets for paper-based communications increased modestly, with over 43 percent of respondents indicating that they expect a slight increase (about 10 percent) in paper-based communications. This expected growth will be fueled primarily by overall business growth and marks a significant departure from findings in 2005 and 2006, respectively, where only 33 percent and 32 percent of respondents expected a slight increase.
- Firms are stepping up their electronic document delivery efforts, with more than 50 percent of the firms making more than half of their documents available over the Internet. However, only 8 percent of respondents deliver more than half of their documents exclusively electronically.
- Firms have changed how they promote electronic document delivery, many of them now offering financial incentives to their customers. Financial incentives have become the preferred mechanism for convincing customers to switch to electronic document delivery. This is a remarkable change from 2006, when companies were more passive about promoting their electronic efforts, relying primarily on advertising.
- Companies continue to grapple with managing both print and electronic modes of document communications. Print costs have remained largely flat even though firms are experiencing slight increases in electronic delivery. It is mainly legal and regulatory compliance requirements and security/privacy concerns that inhibit the move to exclusively electronic delivery.
- The use of digital color is expected to grow for both marketing and transactional documents. While the use of color in transactional documents lags behind marketing communications, this is likely to change in future years. Expect a gradual shift to color in service-fulfillment documents, as more than half of the respondents indicated plans to increase their use of digital color by 5 percent or more in the future. The reasons for this intended shift were the impact of color on customers and management's willingness to increase investment levels.

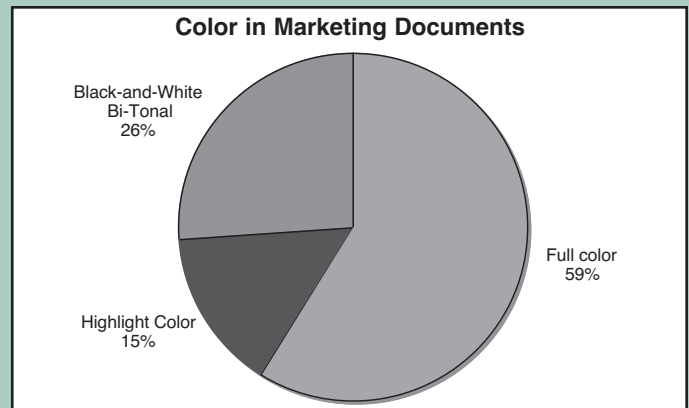
The primary findings of this year's study are consistent with those of years past. Yet, looking closely at the data, there are subtle implications for the future of the document communications industry:

- While budgets for document communications are flat or slightly increased, a growing number of firms expect their budgets for transactional documents to decline. This is perhaps a leading indicator that there is a latency period between the time users come to regard electronic documents as a complement to paper and the time when electronic document delivery is applied exclusively. Whether this latency period is 6 months or 36 months becomes a key metric for the industry to monitor.
- Offering financial incentives to encourage electronic document delivery and suppress print may result in a net positive eco-

nomic impact for mailers. A one-time \$10 incentive is attractive, if it will convince customers to use electronic delivery exclusively—when compared to the cost of many \$0.40 mailings over the life of the relationship with the customer.

- Still, electronic delivery will have only a nominal impact for the next several years as firms address legal and compliance requirements and security/privacy issues. Electronic delivery is far from being the “silver bullet” for reducing document communications costs.
- Surprisingly, the use of digital color did not accelerate in the past year; rather, color volumes are increasing incrementally, slowly eroding black-and-white volumes. Consumer demand may speed this trend, however, as many customers use color print in their homes and in the office and will expect to see color in the transactional communications they receive.

The findings of this year's survey suggest that while the document communications industry is changing, the rate of change is slower than anticipated. Looking ahead, spending levels will continue to rise in the short term (1 to 3 years) as a result of increased use of color and limited electronic adoption. In the 3- to 5-year horizon, however, document communications budgets may begin to decline slowly as the cost of color drops considerably and the adoption of electronic delivery increases.



*Document Communications Industry Trends: 2007 Survey Results* is available at [edsf.org](http://edsf.org).

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## BEND IT LIKE PAPER

Sony has developed a razor-thin display that bends like paper while showing full-color video. In a video of the 2.5-inch display Sony has released, it played on a screen that is only 0.3 millimeters, or 0.01 inches, thick.

Although flat-panel TVs are getting slimmer, a display that's so thin it bends in a human hand marks a breakthrough. "In the future, it could get wrapped around a lamppost or a person's wrist, even worn as clothing," Sony spokesman Chisato Kitsukawa said. "Perhaps it can be put up like wallpaper." Tatsuo Mori, an engineering and computer science professor at Nagoya University, said some hurdles remained, including making the display bigger, ensuring durability, and cutting production costs. The display's pliancy is extremely difficult to imitate with liquid crystal displays and plasma display panels—the two main display technologies now on the market.

The display combines two technologies: Sony's organic thin film transistor, which is required to make flexible displays, and organic electroluminescent display. Other companies, including LG Philips LCD and Seiko Epson, are also working on a different kind of "electronic paper" technology, but Sony said the organic electroluminescent display delivers better color images and is better suited for video. In a meeting in 2006, Chubachi boasted Sony was working on a technology for displays so thin it could be rolled up like paper. He predicted that the world would stand up and take notice.

## MERRY METRICS

Ratio of an igloo's circumference to its diameter = Eskimo Pi  
1 millionth of a mouthwash = 1 microscope  
Time between slipping on a banana peel and hitting the pavement = >1 bananosecond  
Time to sail 220 yards at 1 nautical mile/hour = >knotfurlong  
Two doctors = a paradox  
Half of a large intestine = 1 semicolon  
1,000,000 aches = 1 megahurtz  
Basic unit of laryngitis = 1 hoarsepower  
Shortest distance between 2 jokes = 1 straight line  
453.6 graham crackers = 1 pound cake  
1 million-million microphones = 1 megaphone  
2 million bicycles = 2 megacycles  
365 days = 1 unicycle  
2,000 mockingbirds = 2 kilomockingbirds  
1 kilogram of falling figs = 1 FigNewton  
1,000 milliliters of wet socks = 1 literhosen  
1 millionth of a fish = 1 microfiche  
100 rations = 1 C-ration  
2 monograms = 1 diagram  
4 nickels = 2 paradigms  
2.4 statute miles of intravenous surgical tubing at Yale University Hospital = 1 IV League  
A short parking enforcement officer or gas reader = a metermaid or meterman

# EDS<sub>f</sub>

The Electronic  
Document Systems  
Foundation

608 Silver Spur Road, Suite 280  
Rolling Hills Estates, CA 90274-3616

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