

Slide 1



10.26.03

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SHAPING THE FUTURE OF PRINT MEDIA

The slide features a blue header bar with the date '10.26.03' in a red box. The main content is centered, showing the Heidelberg logo in blue with a shadow effect, and the tagline 'SHAPING THE FUTURE OF PRINT MEDIA' in a grey, sans-serif font below it. Red lines frame the central content area.

It's good to be back at Xplor. . . I'm glad to be here today, meeting again with our close friends and colleagues.

10.26.03

## Xplor 2003 Joint Technology Council

# Print is More than a Statement

### Trends and Successes in Customized Print Communication

**Wolfgang Pfizenmaier**  
President, Heidelberg Digital L.L.C.

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Whenever I encounter Heidelberg customers and industry friends around the globe, it seems that virtually everyone is aware of Heidelberg as a great press manufacturer and solutions provider with a huge reach into the commercial print media world.

What is less well known is that Heidelberg is gaining momentum in areas of print communication where other vendors have been traditionally dominant.

We have powerful solutions at work in sophisticated communication settings like data centers, transactional printing houses, and other environments where all kinds of variable, customized information is managed and output through print and electronic media.

For Heidelberg and its customers, the story is evolving fast. Our customers are proving that print is much more than a statement – it's a dynamic communication medium blending endless business applications with abundant personal appeal.

Trends and Successes 10.26.03

## Customers Are Driving the Trends

- **Convergence**
  - MICR Printing
- **Recipient-Oriented Printing**
- **Output Management**
- **Resource Consolidation**

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In a world where instant information and personalized communication streams are everywhere, we see printing firms quickly evolving into communication companies.

As a result, new trends are emerging in customized print communication.

Over the next few minutes, I'll point to a few of the trends at play today. The ones I've chosen here are particularly customer-driven...

They highlight areas where Heidelberg solutions are proving to be very effective....

And they can be illustrated by real-world success stories our customers have experienced in recent years.

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## Convergence

- Data Centers, CRDs, In-Plants are merging operations...
  - converging methods and technologies...
  - consolidating print volume...
  - and processing diverse data streams.
- A flexible migration path is crucial.



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The first trend in our sights is a broad one: It's the theme of Convergence. This is not a new concept, but we are seeing more evidence of it through the experience of customers who choose Heidelberg to be their migration partner.

Many of our customers are seeing the benefit of combining the established productivity of corporate reproduction departments with their IT print rooms and new IT-based capabilities, enabling them to create a multiplicity of dynamic new documents.

Thanks to this convergence, for example, a black & white production printing device can produce great quality output from traditional publishing workflows and mainframe oriented legacy applications – and also just as easily accept ultra-efficient PDF-based documents that are so prevalent today.

The slide is titled "Trends and Successes" and dated "10.26.03". The main heading is "Convergence in Action". Below this, there are two logos: "Hallesche Nationale" on the left and "HALLESCHER Private Krankenversicherung" on the right. A photograph of a man in a blue shirt talking on a phone is positioned on the left side. The location "Stuttgart, Germany" is written in the bottom right, along with the "HEIDELBERG" logo.

Here's a nice example of convergence in action. At Hallesche Nationale, we see a customer taking the approach of merging three print modalities into one. Previously they were running big volumes of insurance policy statements through offset, reprographic, and data center printing methods.

Now they are fulfilling the same jobs with Heidelberg's Prinect software suite and DataXceed Output Management Server, allowing them to output virtually any application onto one output device – the Heidelberg Digimaster 9110. The software solutions from Heidelberg enable a smooth integration of the 9110 into the existing environment and offer all necessary conversions required to print existing applications without modifications.

The net results for Hallesche Nationale have been dramatic. The same data center applications that in the past took them a full day with two operators, now can be done in only three hours with one operator.

The company has achieved a 50 percent headcount reduction in print operations thanks to these improved efficiencies.

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**MICR Printing is a subset of CONVERGENCE**

- Data centers and CRD's are positioned to expand their reach toward MICR.
- Check and voucher printing are natural extensions of their service.
- Flexible technology can handle the requirements of office documents, MICR printing, and various finishing techniques.



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Although electronic transfer of information is growing, MICR printing is an important segment in the print communications world.

MICR applications are being re-distributed to departments they haven't been situated in before, converging with Print-on-Demand and other jobs in CRDs and Data Centers.

It makes good sense for providers to invest in systems that can execute their existing job streams and embrace new check printing applications - both with equal high quality.

Heidelberg's Digimaster 9110m is a perfect example of a flexible, empowering technology. A unique feature of the system enables it to tackle MICR applications with ease and then just as easily switch toner stations to produce regular output, eliminating the need for two machines to handle two kinds of printing.

The 9110m just won BERTL's "Best of the Best" award for outstanding innovation and design this summer!

We have customers right now that have integrated the 9110m into their networks with outstanding results.

The slide features a blue header with the text 'Trends and Successes' and a red date box '10.26.03'. Below the header, the title 'MICR Printing in Action' is displayed in red. The 'Dye & Durham' logo is on the left, and the 'dd DYE & DURHAM' logo is on the right. The location 'Toronto, Canada' is written in blue, and the 'HEIDELBERG' logo is at the bottom right. The background is a blurred image of a printing press.

Our Canadian customer Dye and Durham prints tens of millions of impressions each year, and has invested in a full suite of Heidelberg products centering around the Digimaster 9110 and 9110m systems. The latter machine's MICR toner, special fonts and characters are employed to produce a variety of financial transactional documents.

The company is thrilled with their results. They sent MICR samples to an independent consultant, whose tests showed the quality of the MICR on the Digimaster was better than their previous system.

Quite often, the MICR machine is easily switched to regular toner to partner with the other Digimaster in handling Dye & Durham's high volume applications like legal papers, education course materials, and much more. They get the best of both worlds from this machine.

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## Recipient-Oriented Print Models

- **Collate and print versus print and collate**
- **Diverse materials bundled for the end recipient.**
  - Letters, inserts, reply forms, membership cards, etc.
  - Offset shells, personalized elements
  - Different stocks and substrates
- **Print and assemble directly into one envelope**
  - Less points of failure in the process
  - Reduced postage
  - Better customer service

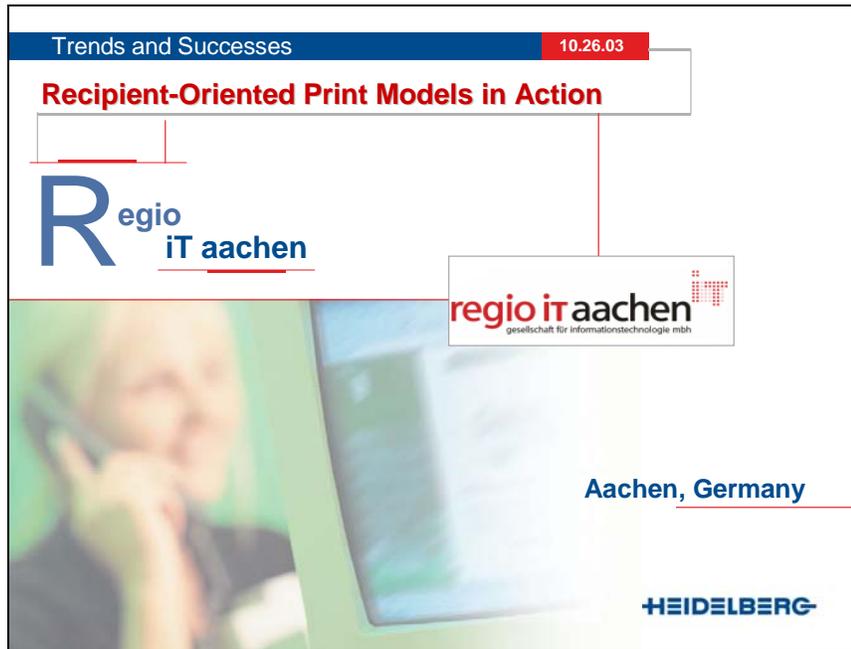


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The experience of our customers proves there is growing demand for high-volume cut-sheet transactional print jobs. Our customers are coming up with new variations in this domain all the time.

Naturally, a large percentage of cut-sheet transactional jobs involve pre-printed pieces done on conventional offset presses. These shells are run through digital presses to undergo creative variation, and in turn they are complemented by other print pieces done on various paper substrates.

Such combinations result in a trend toward what we call “Recipient-Oriented” applications. If you want satisfied recipients, you need to put all your diverse materials into one envelope and make it convenient for them. That calls for production of different stocks and content to be knit together in one efficient process.



An inside look at Heidelberg's customer Regio iT reveals progressive applications being done this way with great success. The company produces an array of applications for local government and utility agencies throughout Germany.

Heidelberg enabled Regio iT to achieve a recipient-oriented approach by bundling a smooth workflow with extremely reliable platforms capable of inputting, printing, and finishing all the various documents their customers need.

The flexibility and modularity of the Digimaster 9110 and the DataXceed software allow the customer to take full advantage of reduced postage and keep their end clients satisfied at the mailbox.



Output Management is a trend brought about by mergers of different print operations – data centers and publishing houses, for instance.

It's an IT-oriented trend. To manage all their jobs, companies are transitioning from mainframes to client servers and enterprise resources.

Heidelberg customers are adopting a new model of connectivity that unites the data source, the output path, and everything in between – no matter whether we're talking about:

- Legacy data streams or PDF and new open standards
- Print or electronic media
- Production color or black & white
- Devices in the same location or in different sites

All of this requires control by a common intelligent Output Management platform.

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### Output Management across platforms and devices

- A robust print production environment can be managed by single point of control.
- Open standards, efficient architecture enable use of older proprietary formats jobs easily.
- Heidelberg offers a creative blend of its own developed solutions and third party combinations.



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In a transactional print environment, taking Output Management to its full potential involves high levels of customization, integration of third party software, and technologies for confirmation of data integrity, automatic reporting of job and machine performance.

When you get to that level, you're really talking about the fulfillment of an Automated Document Factory (ADF) concept. Heidelberg is aggressively working with a host of partners along these lines.

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**Output Management across Networks**

**A**laniz, LLC

Mt. Pleasant, Iowa USA

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Our customer Alaniz, LLC in Iowa is developing a striking example of Output Management in action. This fast-growing company runs huge volumes of personalized direct mail pieces for commercial and non-profit clients across the U.S. Their jobs combine full color offset work with digital monochrome, inkjet and other printing methods.

Alaniz had initially made a major investment in six Digimaster 9150i systems. They worked in lockstep with Heidelberg's Professional Services group to customize a system that integrates transactional print data into their documents, and in the process, truly maximized the industry-leading capacity of these machines.

The results for Alaniz have been so outstanding that they are now in the process of installing 18 more Digimaster 9150i machines in their network. This tremendous investment reflects their business model for the future: an expanding print communications network, across multiple locations, that is truly optimized to serve their customers.

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**Resource Consolidation**

**Eliminating excess resources while retaining and even *increasing* capabilities to deliver more efficient and cost-effective service.**



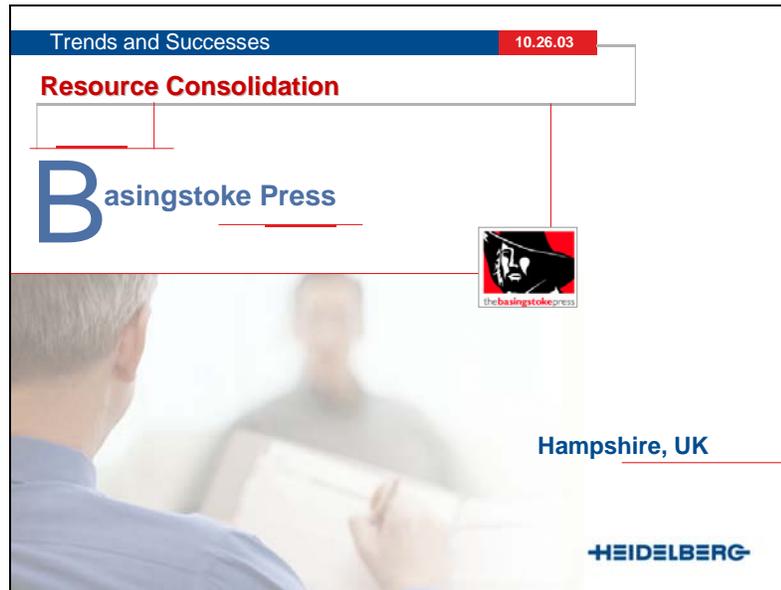
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At a number of Heidelberg's customer sites, we are seeing something of a trend emerging, which I would call Resource Consolidation.

In a nutshell, it means doing more with less. Sometimes even much more with less.

Print communication providers are finding out that they can expand their capacity to produce documents while reducing their system footprints.

You need very productive technologies to make it happen, and Heidelberg has delivered strongly in this area.



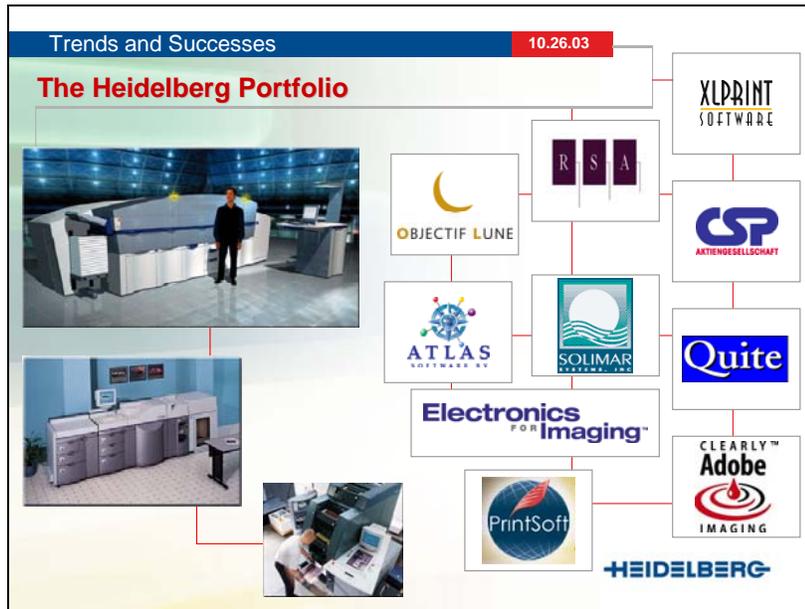
Basingstoke Press, near London, UK, replaced 16 digital machines from other manufacturers with nine Digimasters - five 9110 and four of the new 9150i.

The company employs litho, color digital and black and white digital facilities, running many jobs with more than one technology.

Basingstoke wanted to lower its cost base, increase efficiencies, and be well positioned to handle variations in volumes.

According to sales and commercial director Tony Gardiner, "We believe we can probably get 20 percent more sales from our existing customers with this upgrade and the investment will provide new sales opportunities."

"The workflow is so much better that we believe we will get 80-90 percent utilization out of the machines rather than the current 50-60 percent."



With demands for dynamic personalized information and customized document management growing all the time, providers across the spectrum need solutions that can run day and night, handling high volumes of variable output at unprecedented turnaround times.

They need tools that enable document design, different levels of variable information, multiple data streams and page description languages, and support Web-and print-based document delivery.

Heidelberg has developed a powerful arsenal of solutions that deliver results in these areas.

And we've assembled a stellar supporting cast of third party partners to leverage the utmost capabilities of our offerings.

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We've won a lot of top industry awards lately with these products, but the greatest reward of all is the knowledge that our customers are using them successfully, coming up with creative new ways of working, and even driving new trends of their own.

They are definitely proving that print is much more than a statement!

Thank you very much.

Slide 17



10.26.03

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SHAPING THE FUTURE OF PRINT MEDIA

The slide features a white background with a black border. At the top left, there is a blue horizontal bar. To its right, a red box contains the date '10.26.03'. A red line starts from the top right of the blue bar, goes right, then down, then left, then down, then right, forming a partial frame around the logo. The logo itself consists of the word 'HEIDELBERG' in a bold, blue, sans-serif font with a stylized 'H' and 'G'. Below the logo, the tagline 'SHAPING THE FUTURE OF PRINT MEDIA' is written in a smaller, grey, sans-serif font. A red line starts from the bottom right of the tagline, goes left, then up, then left, then down, then left, forming another partial frame around the tagline.