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Fund and Find Success

By Kim Crowley

How to Make Money with a Flatbed

Bringing It In House

Classic Graphics' foray into large format printing began in 2005. Initially the Charlotte, NC shop outsourced work through an outside screenprinting service, but after two years the value of bringing large format work in house became very apparent.

The shop's equipment investments include an HP Scitex TJ8550 printer with an inline Fotoba International cutter, HP Designjet L25500 printer, HP Designjet Z6100, and a brand new Durst Rho 900 flatbed printer from Durst Image Technology US LLC.

Complementary finishing devices include a new Advanced Greig Laminators, Inc. 64i laminator, a T-100 fabric welder from Miller Weldmaster Corporation, and a Zünd America, Inc. L-3000 digital die-cutting finishing device.

Sales have grown about 40 percent in the four years since Classic Graphics brought large format work in house. "It allowed us to do business with not only new companies, but new departments within our existing customers," shares Pagan.

The company produces direct to board work in both short and long runs. The shop runs two eight hour shifts with four employees presently, and set a goal of running a 24 hour shift by the final quarter of 2011.

Pagan says that any print provider can justify and profit from a flatbed purchase, and they don't need to start by spending \$500,000. "Starting small and getting your feet wet is the easiest way." Adding Throughput

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DGI, located in Burlington, MA, delivers unique large format digital printing, graphics, and photo imaging with over 15 years experience.

The shop uses an EFI VUTEk PressVu 200/600 UV flatbed to print retail graphics, self-standing displays, point of purchase (POP), window graphics, directional signage, trade show graphics, exterior signage, and specialty substrate requests. Equipment runs approximately 12 hours a day, however, at times DGI runs around the clock, depending on workload.

DGI recently purchased an Océ Arizona 550 XT hybrid flatbed to upgrade its capabilities and offer clients superior quality and additional throughput in a reasonable-sized footprint.

“All of our equipment decisions are made in an effort to provide clients with the best possible image quality in a timeframe that works for their needs,” states Fairbanks. The Océ Arizona 550 XT runs two four- by eight-foot sheets of media simultaneously or substrates up to 96x120 inches, maximizing throughput.

In DGI's case, it added a high-end, high-productivity flatbed printer to support and boost incoming work. Fairbanks explains that ROI can be calculated in several ways, but sometimes it goes beyond the numbers. “We needed to add new clients along with providing existing clients with a higher quality print in tighter timeframes. Sometimes we need to be reactive and proactive at the same time. That was the scenario that substantiated the upgrade of our flatbed capabilities,” he says.

Digital and Offset Additions

A new 98-inch Durst Rho 900 flatbed was recently installed at The Meyers Printing Companies, Inc., based in Minneapolis, MN. Despite the weakened economy, Meyers is making significant capital investments in business. The company's overall investment in equipment and software this year will approach 10 million dollars, with the addition of other devices, which include 65- and 81-inch litho printers from Koenig & Bauer AG (KBA) and a Zünd cutter. “We've remained profitable even during the economic slowdown by adding to our business and experiencing a steady sales growth,” says Mark Dillon, VP, Meyers.

In business since 1949, Meyers operates out of a 183,000 square foot building with three divisions—retail market, card group, and label group. Meyers' retail group is engaged in appealing to shoppers with POP work, signage, and dimensional displays, as well as designing and prototyping permanent displays. It is this group in particular that works with flatbed printers.

A new Durst Rho complements Meyers' existing EFI VUTEk flatbed, adding increased size and eight-color technology for accurate, high-quality corporate color reproduction and flesh tones as well as fine line printing.

The decision to purchase new equipment comes as Meyers takes a hard look at the numbers. “We look at what we would have to sell based on the cost of the equipment, and if we think the market will sustain that. We have some idea of what we can charge and what the market is willing to bear. It's a matter of crunching those numbers,” says Dillon.

Meyers looked at numerous combinations of equipment investments—in some cases keeping just to digital presses and alternately looking at litho. Ultimately, buying the Durst digital and the litho KBAs made the

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best sense.

“The digital presses have gotten much faster, allowing for quantities in the hundreds,” says Dillon. Meanwhile, “the litho presses have become so efficient, with the makeready on them faster with all of the computer controls. It doesn’t take as much time to set up the press, so the gap between litho and digital has narrowed,” explains Dillon.

Parallels can be made in other market segments as well. Dillon says the company is experiencing a similar bridge between digital and litho in its narrow format label business.

Opening the Wallet

Flatbed printer manufacturers sell from a variety of channels with varied purchase options. There are direct sales and third party avenues to be explored. A variety of lease and finance possibilities are available and some vendors allow trade ins as well. CET Color accepts purchase orders, as well as trade ins. Most of their accounts lease, but CET does self-finance on occasion.

HP offers HP Financial Services, but customers have many options beyond this, including their bank or other leasing services, says VanHorn.

Mutoh revamped its leasing and financing, with new programs, including an online leasing option.

“Outright purchase is the best, but that takes cash,” states Bill Grambsch, sales manager, Polytype America Corp.

Integra’s Lewin agrees that most people prefer cash transactions due to the finance industry’s current state. “Interest rates are still favorable, however credit remains tight. A lot of financial institutions require personal guarantees that most people are reluctant to supply. The issue that needs to be addressed is whether to protect a cash position with a lease or bank loan, or potentially pay the equipment off faster with a cash transaction and protect credit lines,” he suggests. Integra offers flexible leasing and custom payment plans.

Grambsch adds that bank financing offers more flexibility than a lease for early buyouts. Polytype partnered with Danforth Capital for customer leasing needs.

Making a Profit

How do PSPs justify their flatbed purchase and make money after such a large financial outlay? A shop needs to have enough incoming print work to meet or, hopefully, surpass its monthly payment on its equipment.

“The typical breakeven point—the point at which a print owner has made enough money to pay the monthly payment—in an 18 day work month is measured in a few hours per day. The variation is based on the type of work produced and speed and cost of the printer,” acknowledges Mike Wozny, strategic marketing manager, EFI.

Consider the work transferred over to a flatbed and completed in less time by printing direct and eliminating

some finishing; the work brought in house rather than outsourced; and the additional work that can be claimed as well. With that in mind, "Océ can show customers printing two to three hours a day, five days a week, an ROI in less than 120 days," states Rodney Mucenski, VP sales display graphics, Océ.

CET's flatbed printers start at just about \$80,000. With that price point in mind, "any customer who prints and mounts 1,000 square feet per month of vinyl can justify the purchase of our printer through the ROI," according to David Cich, VP of sales and marketing, CET.

Fund and Find Flatbed Success

There are true, measurable benefits to buying a flatbed printer. A PSP can bring in previously outsourced work, extend the offerings to new substrates and projects, and eliminate waste and labor associated with mounting.

An entry-level flatbed fits the bill for those just starting out. Higher duty, more robust options fit with established shops whose current flatbed workload demands more capacity.

It's not a purchase made lightly. PSPs leap when they know their workload will be easier to handle, grow exponentially, and be more profitable with a new or additional flatbed printer.

[Click here to view the *Make Money with Flatbeds* Target Chart - an all-inclusive information resource!](#)

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