

Analysis



Production Printing & Media



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Extending MGI's Market Impact: Introducing the Meteor DP8700 XL

Service Areas

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Introduction

On June 6th, MGI announced a new member of the Meteor family, the Meteor DP8700 XL. Capable of speeds of 71 A4/letter pages per minute and supporting up to a 13" x 40" format as a standard feature¹, the Meteor DP8700 XL joins a product family that includes existing 35- and 65 ppm members. The announcement of the DP8700 XL makes the Meteor product line even more competitive versus other production color print products. The Meteor family is just one of several MGI product families that will be covered in this white paper. Other MGI offerings include spot and flood UV coating units, finishers, and plastic card printers/finishers. This overall view of MGI's capabilities will help to position the company among the range of offerings in the digital production color space.

Key Findings

The key findings of this white paper are:

- MGI's announcement of the Meteor DP8700 XL elevates the Meteor product line in terms of productivity, resolution, and format.
- MGI is no longer "flying under the radar." Its expanded product line and distribution capabilities put it into direct competition with much larger digital print players, such as Canon, HP, Kodak, Konica Minolta, Ricoh, and Xerox.
- MGI's products provide a unique combination of printing, finishing, and value-added features. MGI's offerings meet user needs in a wide range of markets including book printing, commercial printing, in-plants, finishing, plastic card manufacturing, and other specialty segments.
- Over the past few years, MGI has added extensively to its distribution, support, and training capabilities and is committed to driving the benefits of a dealer/distributor model across a wide range of geographies.
- Recent MGI product announcements (JETcard and JETvarnish) indicate a growing focus on inkjet technologies that are integrated with other MGI strengths, such as robust feeding, imaging, and finishing technologies suited for a range of substrate weights and types.
- MGI's service policy for its Meteor products avoids the click charge model typically associated with digital printing

Recommendations

InfoTrends recommends:

- Print service providers should examine the range of MGI digital print, card, coating, and finishing offerings as they look to expand their capabilities by offering new application and value-added services to clients.

¹ Up to 40" is for automated production and is a standard feature in the U.S. (may vary in other regions); sheets as long as 47" can be fed manually.

- Competitors can learn a lesson from MGI about innovative design processes that make the most of digital imaging and feeding/finishing technologies.
- MGI should work to increase awareness among print-for-pay environments, in-plants, and print buyers who may not be familiar with MGI's capabilities, such as up to 71 ppm digital color printing, in- and near-line finishing, plastic card creation, and variable spot UV varnish.

About MGI

MGI Digital Graphic Technology (www.mgi-fr.com) is a publicly-traded² company with headquarters outside of Paris, France and offices in Melbourne, Florida (MGI USA) and Singapore (MGI Asia Pacific). Founded in 1982, MGI's digital printing and finishing solutions are targeted at markets such as commercial printers, plastic card manufacturers, government agencies, packaging firms, in-plant printers, newspaper printers, photo printers/labs, and book printers. Though a relatively small company compared to its market competitors, MGI has nonetheless unleashed an impressive number of product announcements, including seven new digital printing and finishing devices, since drupa 2008. These new offerings, which will be described in greater detail below, leverage innovative product designs using electrophotographic, inkjet, and finishing technologies. MGI has been recognized with nine international technological achievement awards.

MGI is dedicated to designing, developing, and manufacturing robust, versatile digital printing and finishing technologies. Research and development (R&D) is central to MGI's mission. The company's engineers leverage developments in electronics, information technology (IT), micro-mechanics, colorimetry, chemistry, and inkjet imaging. MGI notes that it invests 20% of its global turnover back into R&D.

For the imaging components of its products (whether electrophotographic or inkjet), MGI has sourced some print engine technology from third parties for its toner-based products, which it has then enhanced with many patented features to meet the requirements of its product specifications. One of the most notable enhancements includes the ability to handle non-paper substrates, heavy stocks, and sheets much longer than typically possible with digital print processes. The ability of MGI products to handle standard stocks (rather than requiring special digital sheets) is also a plus since it allows users to source familiar local stocks. Another important MGI development is a "pilot" system for the print engine. This pilot leverages a management system that includes a user-expandable substrate library. This system adjusts the imaging process for specific substrates and allows the Meteor products to change between substrates quickly.

A good example of MGI's focus on production features is the Meteor line and its robust feeding and imaging capabilities. These products can run a broad range of paper weights

² MGI is listed on the Euronext/NYSE by the letters ALMDG.

(70 to 350 gsm) and envelopes, while also handling plastic sheets from 100 to 400 microns³ thick. This is facilitated by an air feed system and a double-feed detection capability. MGI's Vibration Reduction System (VRS) is a proprietary feature that was developed to enhance print quality on the Meteor line across its broad range of substrates. Another key feature is MGI's Infrared Lamp System (IRLS), which preheats substrates to prepare the print surface and facilitate high print quality. Features like VRS and IRLS exemplify MGI's approach to creating versatile units capable of a wide range of print applications, whether on paper or plastic, across many thicknesses and finishes. Most recently, with the introduction of JETvarnish and JETcard, MGI has extended into inkjet-based products, which use 100% MGI technology (with the sole exception of the inkjet heads).

MGI first came to InfoTrends' attention at ON DEMAND 1995, where the company exhibited its Digital Carte Master 12000. A brief look at the company's product announcements since then gives an excellent view of the product line evolution and expansion. A tabular summary of MGI product introductions is shown in Table 1. What stands out is how advanced feeding, imaging, and finishing technology (over a range of substrates) has been a hallmark of the company starting with products like the Digital Carte Master 12000 and 2400 in the mid to late 1990s. In 2001, MGI brought out advanced finishing capability in a standalone device with the UFA3. That same year, MGI expanded the application set of its product line with the introduction of the evolutiv A330, a forerunner of today's Meteor product line. More plastic card product introductions followed. In 2004, the first of the Meteor products, the DP30, was announced at drupa. This was MGI's first product that spanned the range of paper, plastics, and envelopes, bringing these digital print capabilities to the commercial print market. Additional products in the Meteor DP series came in 2006 (the DP40) and 2008 (the DP60 Pro). Now with the announcement of the DP8700 XL, MGI is providing Meteor capabilities at even higher speed.

The year 2009 marked the beginning of another new product era for MGI with the launch of JETvarnish, its first inkjet offering, which was followed in 2011 by JETcard. This is certainly an indication that MGI will be making additional use of inkjet as an imaging technology in future product generations.

In 2010, MGI announced its next generation standalone finisher, the DF360, which with a maximum format size of 14.2" by 29" underlines another key MGI trait: products that go beyond the typical 12" by 18" format characteristic of digital print environments. This extended format was brought to the Meteor series in the DP60, which has an optional maximum format of 13" x 40.15" and can handle up to 47" manually through the bypass tray. The Meteor DP8700 XL continues this heritage of extended format.

³ Up to 14 points in thickness for paper and up to 16 points for plastics

Table 1: A Brief History of MGI product announcements

Date	Product Name	Description
1995	Digital Carte Master 12000	A standalone single-color printer (offering seven possible spot colors) with an in-line slitter for business card, postcard, and other applications
1997	Digital Carte Master 2400	A process color printer for card applications with an in-line finishing unit capable of slitting, scoring, perforating, and cross-cutting
2001	evolutiv A330	A 6-ppm process color printer capable of formats up to 13" x 19" that was sold in multi-unit configurations with a MicroPress front end
2001	UFA3	Multi-function off-line finisher capable of slitting, scoring, perforating, and cross-cutting sheets up to 13" x 19"
2002	PlastiCard	Similar in concept to the evolutiv A330, the PlastiCard was a two color offering designed for plastic applications only
2002	PunchCard Pro	An automated standalone finishing unit for paper or plastic substrates capable of die-cutting sheets up to 13" by 19"
2003	PressCard Pro	A lamination unit for paper or plastic substrates that can handle thicknesses from 100 to 850 microns (4 to 34 mils) and sheets up to 13" by 19"
2004	Meteor DP30	A 30-ppm four-color printer capable of printing on paper, plastic, and envelopes at a maximum format of 12.25" by 18"
2004	Master City	An entry-level, four-color digital printer for paper applications with a maximum format of 8.5" x 14"
2006	Meteor DP40	A 35-ppm four-color printer capable of printing on paper, plastic, and envelopes at a maximum format of 12.25" by 18"
2007	UVarnish	Push-button, small footprint UV flood coater capable of handling sheets up to 14.2" by 20.5"
2008	Meteor DP20	A digital color photo printer with 4-in-1 capability (inline printing, lamination, cutting, and creasing)
2008	Meteor DP60 Pro	A 65-ppm four-color printer capable of printing on paper, plastic, and envelopes at a maximum format of 13" by 19" at launch (optional support for 13" x 40.15" automatically and 13" x 47" manually through the bypass tray was announced at Print 09)
2008	JETvarnish	Inkjet unit for spot UV coating capable of handling sheets up to 20" x 40" ⁴
2010	DF360	A standalone finishing module capable of creasing, perforating, slitting, cutting, and single- or two-sided lamination sheets up to 14.2" by 29"
2011	JETcard	UV inkjet plastic card printer supporting up to 6 colors/effects (including white) at speeds of up to 8,000 cards per hour with in-line coding and data verification (ISO CR-80 format / 3.36" x 2.12")
2011	Meteor DP8700 XL	The latest addition to the Meteor family provides up to 71-ppm throughput on paper, plastic, and envelopes at a standard maximum format size of 13" x 40.15" (up to 13" x 47" is possible manually through the bypass tray)

⁴ JETvarnish was introduced at drupa 2008 with a 14" x 20" format. At launch the production model had a 20" x 29" format. The 20" x 40" format was introduced in 2010.

Product Line Overview

We will start our exploration of MGI's products with a look at the Meteor series.

Meteor DP Series

There are now three models in the Meteor product line: the DP40 Pro, the DP60 Pro, and the new DP8700 XL. They share some key features in common but are differentiated by factors such as speed, format, substrate support, technology features, and options.

Table 2: Specifications of Today's Meteor Product Line

	DP40 Pro	DP60 Pro	DP8700 XL
Max. speed (per hour)	1,050 sheets 2,100 A4/letter	1,600 sheets 3,900 A4/letter	2,280 sheets 4,260 A4/letter
Max. speed (per minute)	17.5 sheets 35 A4/letter	26.7 sheets 65 A4/letter	38 sheets 71 A4/letter
Print resolution	Up to 1,800 dpi 200 lpi	Up to 2,400 dpi 200 lpi	Up to 3,600 dpi 270 lpi & stochastic
Front end system	Internal Fiery RIP	Fiery Pro 80	Fiery Pro 80
Max. substrate size	12.25" x 18"	13" x 26" (std.) 13" x 40.15" (opt.) 13" x 47" (manual)	13" x 40.15" (std.) 13" x 47" (manual)
Toner	Dry toner, oil-free and laser-safe	Dry toner, oil-free and laser-safe	Dry toner, oil-free and laser-safe
Supported weights (paper)	60 to 300 gsm	70 to 350 gsm	70 to 350 gsm
Supported thickness (plastic)	Approx. 8 to 12 pt. 210 to 320 microns	4 to 16 pt. 100 to 400 microns	4 to 16 pt. 100 to 400 microns
Input (sheets)	Tray 1: 500 Tray 2: 500 Tray 3: 2,500 (A4) Large capacity loader: 2,400	Three 500-sheet trays High capacity loader: 3,000 Total: 4,500 sheets	Three 500-sheet trays High capacity loader: 3,000 Total: 4,500 sheets
Output	Jogging table	High capacity stacker (up to 6,000 sheets)	High capacity stacker (up to 6,000 sheets)
List price	\$119,995	\$245,995	To be announced
Price includes:	System with RIP	System with RIP and high capacity stacker	System with RIP and high capacity stacker
Monthly duty cycle (A4/letter)	200,000	600,000	600,000
Differentiators	Entry level Meteor system	Speed, resolution, format, heavier weight and thick stock support, VRS, ILS, climate control system, high capacity stacker	All DP60 items plus higher speed, resolution, and format
Other (options)	EnvelopExpress 2,400 dpi scanner	EnvelopExpress	EnvelopExpress Pro

Note: Sheets are A3 (11" x 17") for the purpose of describing speed

Figure 1: The Meteor DP8700 XL**Figure 2: EnvelopExpress Pro**

There are a number of features that are common to all of the Meteor products:

- **Paper, plastic, and envelopes** – All of the Meteor products support a broad substrate range including papers, plastics, and envelopes.
- **Laser-safe** – MGI's laser-safe printing ensures that the printed output can be run through a digital printer or photocopier (for applications such as letterhead or envelopes) without melting, ghosting, or otherwise ruining the image on the page
- **Feeding technology** – The feed systems, though they vary to some extent across the product line, all build on common MGI technologies that use robust air-feed systems
- **No click charges** – MGI's service policy is based on consumption of consumables, not per-page charges

What differentiates the members of the Meteor family? As you move up to the DP8700 XL, what stands out are the larger standard format and the higher print speed and

resolution. To a great extent, the DP8700 XL builds on core capabilities of its predecessor, the DP60 Pro. These include VRS, IRLS, the climate control system, 4,500-sheet maximum paper capacity, the high capacity stacker, and 600,000 A4/letter impression monthly duty cycle. Both devices have EFI's Fiery Pro 80 front end and benefit from EFI's Fiery Command Workstation.

At 4,260 A4/letter pages per hour (the equivalent to 71 A4/letter pages per minute) the Meteor DP8700 XL is now MGI's flagship product. The "8" in the product name is also symbolic. It represents the 8-bit capability and thereby underscores the higher resolution and halftone screen ruling.

Market Competition

In a sense, because of the ability to handle plastic, envelopes, and paper substrates equally well, the Meteor products have no direct competitors since most other products focus almost exclusively on paper substrates. This is one of the reasons why making a direct comparison between the Meteor family and other products in the 30 to 80 page per minute speed band can be deceiving.

There are plenty of color copier/printers in that speed range with prices below \$100,000. Typically, though, they lack the duty cycle, format capability, and substrate support of the Meteor series. As you move up to more robust color digital print engines, such as Canon's imagePRESS, Konica Minolta's bizhub PRESS, Ricoh's Pro C720 and C901, Xerox's DocuColor 7002 and 8002, and the Xerox 800, the duty cycle and list prices become more comparable.

The next level of digital cut-sheet print engines, products such as HP's Indigo, Kodak's NexPress, and Xerox's iGen provide higher volume capability, but at a higher price tag. Yet even for this class of device the ability to print on plastic, paper, and envelopes is a differentiator, as is the extended length substrate support of the DP60 Pro and the DP8700 XL. For those who are focused more exclusively on paper output only, the speed of the DP60 Pro is a little slow in comparison to other offerings.

This is why the increased speed of the DP8700 XL significantly improves MGI's competitive positioning. MGI makes the point, and it is a strong one, that its digital print products provide a good complement to offset for a variety reasons, including the substrate flexibility, the extended format, and the robust duty cycle. The fact that they also provide economic short runs, quick turnarounds, and personalization only adds to the value. The Meteor family is also well complemented by MGI's other offerings for coating, feeding, and finishing.

Strengths, Weaknesses, Opportunities, and Threats

When looking at any new device, InfoTrends discerns the product's strengths, weaknesses, opportunities, and threats (SWOT). These factors are summarized in the Table below.

Table 3: SWOT Analysis of MGI's Meteor Product Family

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • The ability to handle a very broad application set • High resolution image output • Flexibility to print on a wide range of papers, envelopes, and plastic • Support of extended sheet lengths (DP 60 Pro and DP 8700 XL) • Robust feeding capability • Broad substrate range (weight and thickness) • Laser-safe technology • Envelope feeding via EnvelopExpress and EnvelopExpress Pro options • No click charges 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Lack of an upgrade path • No fifth color capability
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Leveraging its expanded distribution channel • Improving the visibility of MGI products in the market • Promoting other MGI products, such as finishing and plastic card printing to Meteor sites • Expanded product offerings for toner and inkjet lines 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Expanded format on some higher-end products (the Kodak NexPress SX platform and the Xerox iGen4 EXP) • High-speed and capable low-cost color digital printers for paper applications

Other MGI Product Offerings

In addition to its digital color printing offerings in its Meteor series, MGI has other products that fall into three general categories: finishing, color inkjet printing, and UV coating. These products are summarized in Table 4.

Table 4: MGI Product Line Overview

Product	Category	Description	Price
Meteor DP40 Pro	Color printing	A 35-ppm color digital print product with a range of substrate capabilities	\$119,995
Meteor DP60 Pro ⁵	Color printing	A 65-ppm color digital print product with a range of substrate capabilities	\$245,995
Meteor DP8700 XL	Color printing	A 71-ppm color digital print product with a range of substrate capabilities	To be announced
EnvelopExpress	Feeding	An optional envelope feeder for the Meteor DP40 and DP60	\$21,595
EnvelopExpress Pro	Feeding	An optional envelope feeder for the Meteor DP8700 XL	To be announced
DF360	Finishing	A multi-function finisher that can laminate, crease, perforate, slit, and cut	\$65,995
PressCard Pro	Finishing	An industrial lamination unit capable of laminating up to 2,500 cards per hour	\$69,995
PunchCard Pro	Finishing	A semi-automatic die-cutting unit capable of punching up to 8,500 CR-80 format cards per hour	\$34,450
JETcard	Color inkjet printing	A UV inkjet-based printer capable of printing 8,000 plastic cards in up to six colors/effects with coating; JETcard also does in-line encoding and data verification ⁶	530,000 Euros/\$750,000
JETvarnish	UV coating	An inkjet-based UV coater for spot coating applications at formats from 8" x 11.8" up to 20" x 40"; optional monochrome print capability	\$249,995
UVvarnish	UV coating	A UV coater for full coat applications at formats ranging from 5.5" x 11.4" up to 14.2" x 20.5" with extended length possible as an option	\$54,994

The view that emerges from the snapshot in Table 4 shows a company dedicated to providing value-added capabilities beyond just digital print on paper, which is typically what most vendors today provide to their customers. MGI extends this value-add mindset through the addition of plastic and envelope printing in the Meteor series, plus versatile finishing in the DF360, PressCard Pro, and PunchCard Pro. Much of this speaks to the

⁵ In some geographies, MGI markets a version of the DP60 called the DP60 Paper, which is not intended for plastic substrate applications as it lacks the advanced feeder of the DP60 Pro.

⁶ In-line encoding refers to the process of writing data to a plastic card's magnetic strip. This encoded information then goes through a data verification process.

ability to expand a print service provider's application set. Thick and plastic substrates open up a range of applications, such as book covers, posters, point of purchase, badges, and identity cards. With the ability to print on pre-cut plastic cards, encode, and UV coat, JETcard consolidates multiple functions into a single device. With its first inkjet offering, JETvarnish, MGI took on UV spot coating and made sure that it would accommodate a 40" offset format while also providing variable print capabilities⁷. With JETcard, MGI has taken its inkjet offerings into color print on paper and plastic using four to six colors (including white), coatings, or effects. It is this kind of innovative versatility that defines MGI's products. Other areas of MGI's inkjet development include a process color UV inkjet printer called the JET 7540 that it developed for a French company's calendar personalization and production application. The JET 7540 supports a 29" wide sheet.

Figure 3: DF360 (top), JETvarnish (middle), and JETcard (bottom)



⁷ Either variable spot coating or optional monochrome digital printing

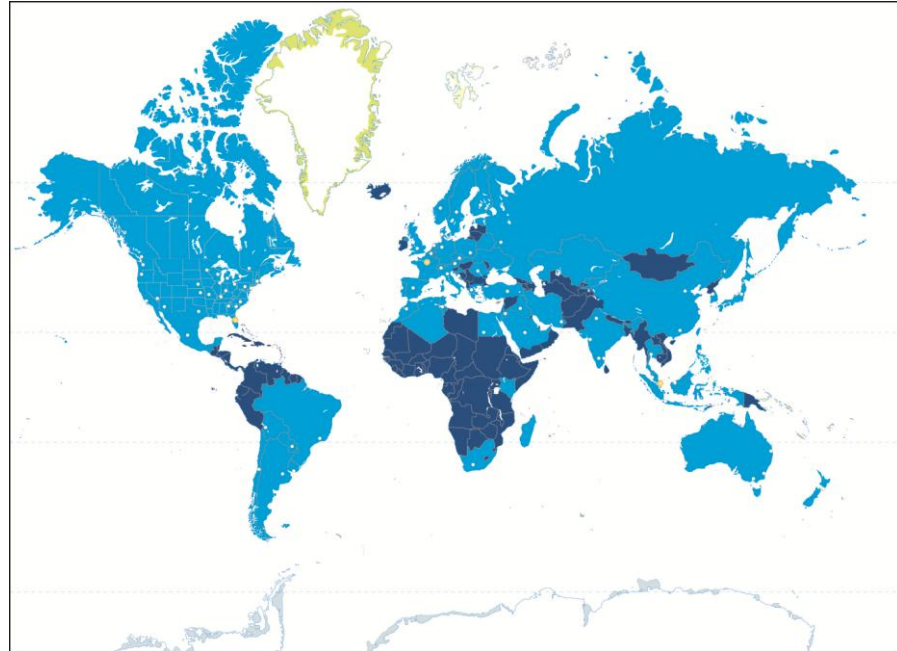
Customer Success Stories

MGI has done a nice job of highlighting its success stories on its Website for products such as the Meteor DP60 Pro, EnvelopExpress, JETvarnish, UVarnish, PressCard Pro, and PunchCard Pro. It is easy to follow which customer success story highlights which products. For more on these stories, see the MGI Website at <http://www.mgi-fr.com/en/s1-success-stories/>.

MGI Distribution, Service, and Support

Except for France, MGI relies on distribution partners to handle sales and technical support in most parts of the world. As of early June 2011 MGI has built a channel covering 62 countries around the world. There is no overlap between MGI's direct and indirect channels. Wherever they have a dealer, they do not sell direct.

Over the past few years MGI has been expanding its distribution network and has recently announced partnerships throughout the United States and Canada as well as in many other countries, including Australia/New Zealand, Brazil, Eastern Europe, Egypt, Germany, Malaysia, Mexico, the Netherlands, Poland, Russia, and Spain. It added about two dozen new partners between drupa in 2008 and IPEX in 2010. Many of MGI's distribution partners are also agents for well-known brands such as Heidelberg, KBA, Komori, Ryobi, and Standard. MGI sees a strong synergy with its product portfolio and that of distributors that sell offset presses and finishing equipment. The MGI product set is very complementary and provides new digital capabilities.

Figure 4: MGI's Worldwide Presence

Note: Light blue shading indicates coverage by distribution partners; dark blue shading represents areas covered by MGI directly. Tan dots are the European and U.S. corporate locations. White dots indicate partner locations.

The technicians for MGI's distribution partners are technically qualified and certified by MGI, and receive ongoing support and training. MGI also has a "shadow" program in which an MGI representative "shadows" a dealer in the field, whether for installations, service visits, or open houses. The sales representatives also go through a comprehensive training program and receive ongoing training and support from the team, as well. MGI partners also benefit from MGI phone support, video conference, and Web cam service tools that allow remote diagnosing to address common service issues without requiring an on-site service call. Some customers choose to partake in advanced training that allows them to do more sophisticated service tasks on their own. All MGI products come with a one-year limited warranty.

MGI's service policy for its Meteor products avoids the click charge model typically associated with digital printing. Customers pay for the prints they make, paying for consumables as needed, and are not bound by contracts or minimums.

MGI believes that its dealer/distributor network is a competitive advantage because of the knowledgeable local support, the strength of existing client relations, and the high level of customer service that they can provide. It sees its channel as a true extension of MGI. Other companies have acquired distribution channels to accomplish similar goals, but there is certainly a motivational difference between channels that offer what they believe to be best-of-breed products from multiple vendors and those that are focused on selling their own offerings.

InfoTrends' Opinion

The announcement of the Meteor DP8700 XL is significant not only because it extends the Meteor product line to new levels of productivity and format, but also because it puts the industry on notice that MGI is expanding its product line and distribution capabilities in a way that puts them into direct competition with much larger companies, such as Canon, HP, Kodak, Konica Minolta, Ricoh, and Xerox. MGI's value proposition combines printing, finishing, and value-added features in ways that no other vendor is currently doing. With the expansion of its dealer/distributor model, MGI's distribution, support, and training capabilities have expanded across a range of geographies—and they are not finished. MGI's recent announcements of JETcard and JETvarnish, as well as the JET 7540, show how the company is developing expertise in inkjet technologies, which build on MGI strengths in feeding, imaging, and finishing technologies suitable for many weights and types of paper and plastic substrates. Since the mid-1990s, MGI's historic progression has been impressive, and there is little doubt that the company will extend this innovation in the coming years.

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About the Author

**Jim Hamilton**

Group Director

jim_hamilton@infotrends.com

+ 1 781 616 2100 ext. 101



Jim Hamilton is Group Director of InfoTrends' Production Printing & Media Consulting Services. Mr. Hamilton is responsible for market research, providing forecast analysis, supporting the consulting service, and creating analysis reports.

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