CreoScitex One Year Later: Poised for Market Domination?

By John Parsons

When Creo Products acquired the Scitex preprint division early last year, many wondered how the two former competitors would combine and whether they could devise a coherent strategy. We visited the company to find out.

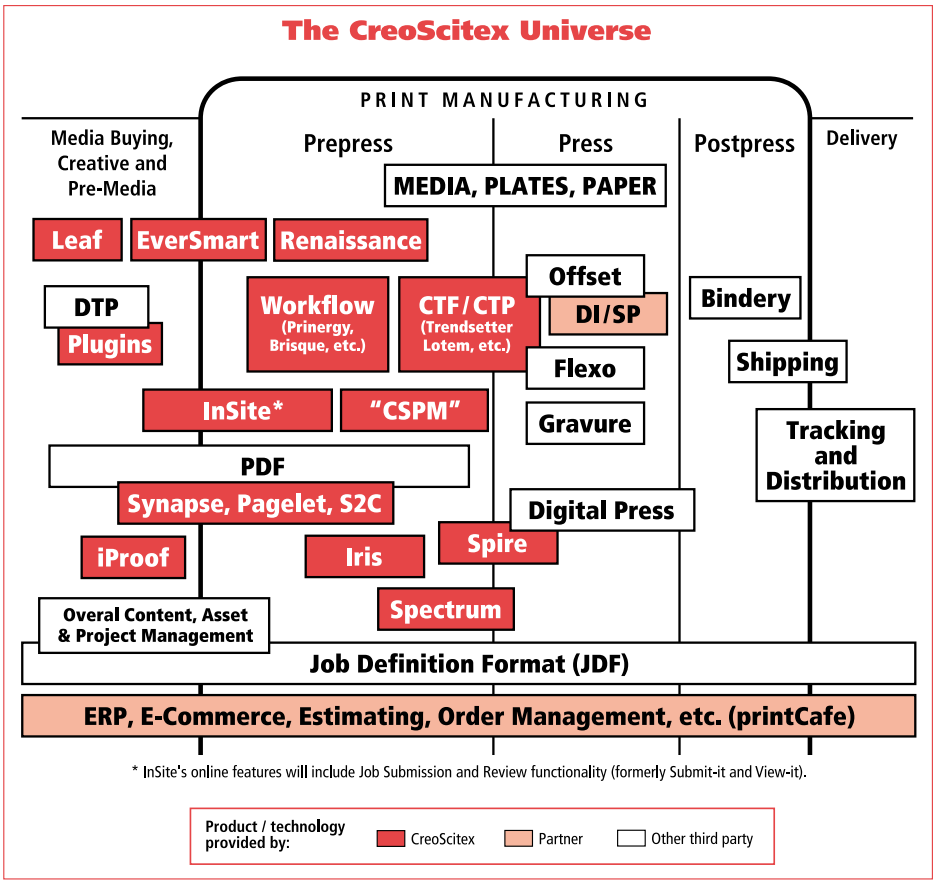
CreoScitex
3700 Gilmore Way
Burnaby, BC
Canada, V5G 4M1
Phone: 604-451-2700
Fax: 604-437-9891
www.creoscitex.com

Perhaps the earliest clues about the merger's success came from the combined company's impressive public launch at Drupa 2000. Now, a full year after the merger, CreoScitex is showing signs that it has addressed many of the early concerns and is poised to become a dominant player in the prepress market. (For our initial discussion of the merger and its implications, *see The Seybold Report on Publishing Systems*, Vol. 29, No. 11.)

The post-merger tasks have been formidable. To the casual observer, the two companies' product lines seem similar, particularly in CTP systems—Trendsetter and Lotem—and Adobe Extreme-based workflow—Prinergy and Brisque. (According to company spokesmen, product line duplication is less of an issue than many supposed, although this is truer for some product lines than others. See below.) In addition, both companies had significant worldwide sales, marketing, research and support organizations. Although staff reductions have purportedly been minimal, integrating the workforce has been no small undertaking. After a year of hard work, the issues of "Blue vs. Red" seem to have played themselves out, at least to outside observers.

A few shadows remain. The recent departure of several former Scitex executives has led to speculation that the merger is becoming more of a takeover. CreoScitex president and COO Mark Dance disagreed. "Any time a merger of this size occurs, there will be changes," he said. "We have seen several staff members leave the company for a variety of reasons. We of course wish them well." In addition to management changes, a number of former Scitex staff members have departed for other companies, including Presstek and Shira.

The cooling of the economy in many sectors has apparently not had dire consequences for the company so far. Although Creo Products' stock is low, earnings and revenue have met or exceeded expectations, according to Dance. The company is watchful, but staff reductions are not anticipated and overall confidence remains high. A high percentage of revenue (12%–13%) is still devoted to research and development.



Product overview

The big picture can be summed up in a simple, sublimely confident statement. According to Dance, the goal is "to compete in every area where CreoScitex can be number one." Given the broad array of graphic arts products[1] now being offered, the claim is not surprising.

The Scitex acquisition produced a number of interesting product groups, often without overlap. Scitex Leaf cameras, for example, have no Creo counterpart. Creo's Renaissance copydot scanners complement Scitex's EverSmart line of CT scanners, for the most part. (A version of Creo's copydot software may eventually be an EverSmart option, for low-volume situations where a Renaissance is not warranted.) The Scitex Iris line, which had no Creo counterpart, is the company's product for continuous-tone proofs.

In some cases, products that had been marketed as directly competitive were repositioned to be less so in the eyes of prospective customers. Both the Creo Spectrum and Lotem Proof were aimed at the high-end dot-proofing market. In the CTP realm, the Trendsetter and Lotem lines were formerly sold against one another, and their differences were minimized. Now, those differences are highlighted, because the devices are offered to ostensibly different market segments.

When the two companies merged, a number of future competitive development projects were canceled. For example, with the acquisition of the Lotem line, Creo's plans for small-format, automated CTP devices were no longer necessary. As a result, the small B2 Trendsetter introduced at Drupa was dropped in favor of the Lotem 400. Thus far, relatively few existing products have been discontinued, although there have been exceptions, such as the Lotem XL (duplicated by the Trendsetter VLF). The engineers who were released from canceled projects have been transferred to new projects for the most part, Dance said.

The Leaf C-Most Back. Leaf's new digital back for Hasselblad, Mamiya and Contax cameras will contain a 6.6-megapixel CMOS array and will offer a 3 frame-per-second capture speed.

New markets within graphic arts are also clearly a CreoScitex goal. This is clear from the acquisition of creative and on-demand printing application developers, as well as a number of investments and strategic partnerships. At GraphExpo, the company's demonstration of its SP Plateless digital offset printing technology fired the imagination, although users will still have to wait for products. (See *The Seybold Report on Publishing Systems*, Vol. 30, No. 3.) Direct imaging on press is also an active endeavor. At present, Heidelberg, Komori, MAN Roland and Karat are using CreoScitex's imaging head for their direct imaging products, although the field is still dominated by Presstek.

Perhaps the best way to understand the entire strategy (as outlined in the diagram "The CreoScitex Universe," on p. 16) is to review the product groups in order.

The Creo-Heidelberg Joint Venture

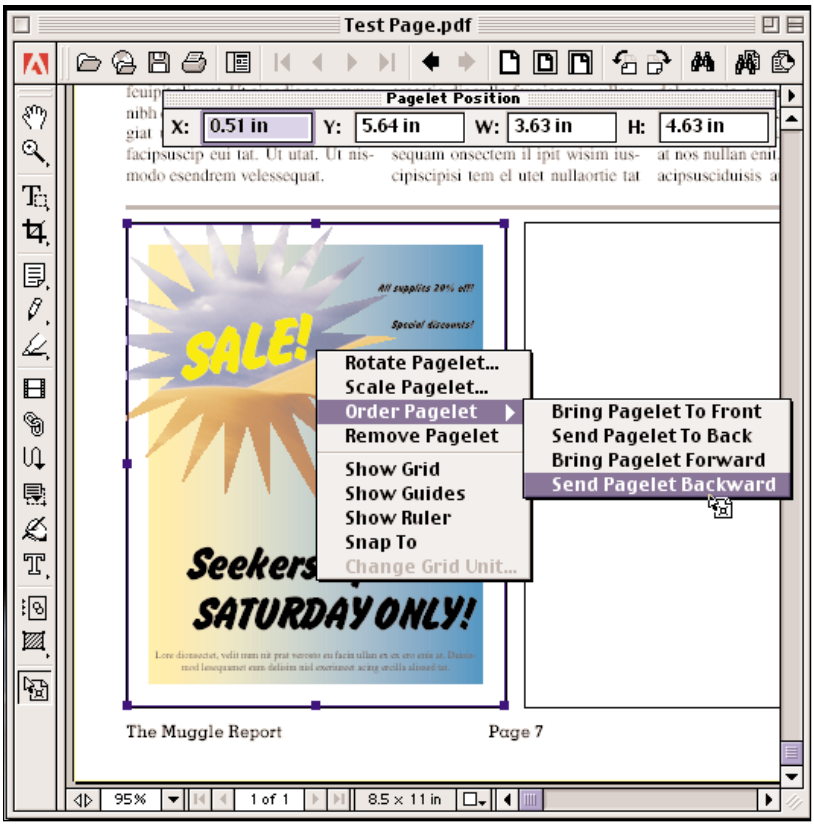
Before the Scitex acquisition, Creo and Heidelberg had embarked on a joint venture to develop the Trendsetter and Prinergy product lines. Begun in 1997, the agreement has borne fruit, and both partners have had success selling—independently—the resulting products. In May 2000, the joint venture was moved to an OEM agreement. According to CreoScitex, most of Prinergy's technology is theirs. Under the terms of the OEM agreement, both companies will be entitled to offer the current version (2.0) of the workflow system.

Arguably, cooperation on Prinergy is still mutually beneficial, and it may well survive the companies' realignment. Brisque, however, is not part of the OEM agreement, which will make future cooperation tricky. Trendsetter development is another matter. Heidelberg's Trendsetters are manufactured in Heidelberg's Kiel plant, while CreoScitex's are made in Vancouver. Once the OEM agreement is over, both parties are generally expected to make new alliances and take separate, competitive approaches to CTP.

Input devices

Before the merger, Creo's input devices were limited to the high-end copydot scanners, the original Renaissance, and the recently introduced Renaissance II. Aimed at publication and catalog producers, and at other printers with a high need to digitize existing film separations, the products still fulfill a strong, albeit highly specialized demand. The Scitex product lines of Leaf cameras and EverSmart scanners rounded out the company's offerings in the high-end creative and color prepress markets, respectively.

[1] The graphic arts market is not the sole target of parent company Creo Products, according to Dance. Although declining to name specific fields, he indicated that Creo might eventually branch out into other technology markets. One such venture, Creo Ltd. in Israel, is exploring the possible use of Creo's technology to create a printed circuit board imaging system.



Assemble this! Pagelet lets users place PDFs from multiple sources into another PDF document, without resorting to the original page-layout files. Since the elements of the placed files are "frozen" (and presumably have the correct fonts embedded), the assembler can place ads and other files without worrying about text reflow or other issues.

The Leaf product line, including the Cantare and Volare studio camera backs, has enjoyed a significant share of the high-end market. In the second half of 2001, the company will release a new C-Most back, designed for medium format cameras from Hasselblad, Mamiya and Contax.

A new North American distribution channel agreement for Leaf was consummated in January, with CreoScitex and Mamiya forming Leaf America. The company's relationship with Sinar ended in December 2000.

The scanner lines remain essentially the same as before the merger. A notable exception is the plan to include a modified version of the Renaissance copydot software with some EverSmart models, for users with low-volume copydot workflows. CreoScitex will continue to expand the EverSmart color scanner offerings, although as we go to press, no new products have been announced.

Creative applications

The tradition of providing applications for the creative side of the market goes all the way back to Scitex Visionary, a modified version of Quark XPress introduced in 1988. Strictly speaking, most of these applications have not been creative programs *per se,* but production-savvy plug-ins or Xtensions for existing, mainstream products. Pre-merger examples have included plug-ins for photo masking and workaround fixes for Quark's handling of blends and colorized images.

Since the merger, CreoScitex has continued the tradition of supplying specialized software for image and document creators. By acquiring Intense Software last year, it obtained a number of Photoshop and Illustrator enhancements, including the versatile Powertone and Silvertone plug-ins. But the ongoing focus has been on enhancing production.

PDF rules! One of the core tenets of Prinergy (see below) is the viability of PDF as a universal prepress file format. Unfortunately, document creators have almost unlimited ways of producing PDFs that *cannot* be used by prepress. PDF Seps2Comp, a product originally developed by Intense, addressed some of these issues, by allowing users to combine PDF separations (generally more prepress-friendly than most composite output) into viable composite format.

The larger issue of reliable PDF creation has been addressed by a number of vendors, including Enfocus with its Certified PDF workflow. A new CreoScitex product, Synapse, scheduled for release this spring, will attempt its own comprehensive approach to the problem.

Synapse uses data sets called "Directives" to control how PDF files are created. Directives, which are created by the service provider, contain not only Distiller Job Options files, but also Quark XPress settings, if applicable, and PitStop profiles and actions. Multiple users can share Directives on a server.

The product uses Distiller to process PostScript files into PDF and, like Distiller, can use hot folders. More significantly, however, Synapse also comes as an Xtension for XPress or as a Desktop Printer for other applications, making viable PDF creation available to less sophisticated users. The basic product will cost about $900,[2] and the "Pro" version—which allows the creation of Directives—is priced around $1,300. An advanced bundle, including Enfocus PitStop, PDF Seps2Comp and other products, will cost about $1,500.

Although Synapse can create prepress-specific PDF files, it does not yet generate ANSI-standard PDF/X-1. A CreoScitex spokesperson said that this feature would not be implemented until later this year, when the new PDF/X-1a format is ratified.[3]

Pagelet. One new CreoScitex product has identified what many would have deemed improbable: a new product category for PDF workflow. Dubbed Pagelet, the application is neither a page-layout application nor an imposition product. Instead, it allows users to place PDF files (as non-editable graphics) within other PDF documents.

The implications of Pagelet are significant. Previously, publications and other document producers dealing with PDF files from multiple sources could copy and paste PDF content into other PDFs, but with serious drawbacks. Pasted elements could not be grouped, and subsequent moving or editing of multiple elements was risky and time-consuming. By placing

[2] We questioned CreoScitex about the price of Synapse, which seemed high for a single-license consumer product. A spokesperson indicated that printers, recognizing the cost savings of error-free PDFs, would probably purchase the product for a significant number of their "problem" customers.

[3] PDF/X-1 is a prepress-specific subset of PDF, but is based on PDF version 1.2 (Acrobat 3). The next iteration will be based on version 1.3 (Acrobat 4).

PDFs as un-editable blocks of art—similar to the use of EPS files in page-layout environments—the process becomes manageable. Partial-page ads, for example, can be added to a publication without using the native page-layout files, and without the associated risks of text reflow.

The placed PDF files are embedded, not linked, and the resulting file can be thoroughly verified for consistency in PitStop. However, to fix a problem in an embedded PDF, its original must be edited separately and then re-placed on the main page.

Pagelet is certainly not a replacement for imposition software, nor does it challenge Quark or Adobe on the page-layout front. At about $250, it fills in a missing piece for document assemblers working in PDF.

Workflow systems

When Brisque and Prinergy, two of the three major Adobe Extreme workflow systems, came under common ownership, a number of wags asked if there would be a "Brisquergy." From the outset, however, it was clear the Scitex product, with its strengths in raster-based workflow, did not duplicate much of Prinergy's vector-based PDF emphasis. Furthermore, each system's ties to specific imaging technologies (Dolev/Lotem and Trendsetter, respectively), guaranteed that the two digital front ends (DFEs) would retain their separate identities for the foreseeable future.

What has happened during the past year is a logical "cross-pollination" of technologies between the two systems. To allow Brisque-based systems to output to Trendsetters (or other non-Scitex devices), a Screen2Go module was developed. Similar modules include PS2Go and PDF2Go. Some system components, such as Prinergy's trapping solution, SuperTrap, were released as stand-alone products.

This article will not detail the basic functions of Prinergy or Brisque, which have been described in past issues. (*See The Seybold Report on Publishing Systems, Vol. 29, No. 7*, or search the Seybold Reports Web site for either product.) Instead, we will focus on new developments; especially those that purport to bring the two environments closer together, or advance their overall functionality.

One of Creo's original strengths, especially for the large commercial printers who first adopted CTP, was its job-management system, PlateMaster. A precursor to Prinergy, it used a robust Microsoft SQL database environment to coordinate multiple job components and tasks. That knowledge was applied to the development of Prinergy's relational database, based on Oracle. After the merger, the Prinergy database and its production management capabilities became the logical starting point for an underlying, centralized control infrastructure, code-named "CreoScitex Production Manager" (CSPM). The company is now seeking non-proprietary methods of integration with other systems and processes, notably the emerging Job Definition Format (JDF). When it is released, CSPM will extend job-management capabilities for both Prinergy and Brisque users and, presumably, integration opportunities for PrintCafe and other vendors.

Online approvals. InSite's Job Submission feature will allow users to view and approve online PDF versions of jobs and pages. Low-resolution PDFs can be downloaded, annotated in Acrobat 4, and uploaded. The InSite database will track PDF versions, job status and user comments.

The Web we weave. Like several other workflow vendors, CreoScitex is developing logical ways to provide customers with useful data from its workflow systems and to extend prepress into the print buyer and creative space, via the Web.[4] The resulting product, InSite, will be an option for both Prinergy and Brisque, with costs starting at $20,000. Originally announced last year and demonstrated at Drupa and Seybold San Francisco, it has been significantly revamped, adding remote proofing, soft proofing (using technology acquired from Carmel Graphics) and collaborative approvals. When it is released in June 2001, the new InSite will purportedly give printers and customers a common venue for managing print projects.

InSite will run completely behind the printer's firewall, since CreoScitex has categorically stated it will not become an ASP. Job files (in PDF or CT-LW format) can be uploaded and viewed, and job ticket and status information can be entered directly. Print buyers will log in, view their jobs and job status—even down to the page level—and perform various query and approval tasks. When needed, users can download a low-resolution PDF, annotate it in Acrobat[5] and upload the annotated PDF to the server, which tracks PDF versions and related user actions. PDF annotations can be viewed online, and can be supplemented by general comments in HTML fields.

For more interactive collaboration, InSite will also feature a soft proofing environment based on the "View-It" technology acquired from Carmel Graphics. Like similar offerings from RealTimeImage and others, the feature displays a rasterized version of the page,

[4] Prepress system vendors have taken different approaches to Web development. Dainippon Screen has used the Web to control virtually all aspects of its PDF-based Trueflow system. Agfa has declined to put Apogee on the Web, but instead announced the yet-to-be-released Delano system for print Customer Service Representatives (CSRs).

[5] The PDF annotation process in InSite is based on Acrobat 4, which requires that annotations be made locally. When asked, a CreoScitex spokesperson said the engineers were considering a future implementation of Acrobat 5, which will allow direct, online annotations and avoid the cycle of repeated PDF downloading and uploading.

Collaboration. Being "on the same page" is literally the purpose of the Review feature of InSite. Comments can be made, simultaneously or at different times, and the "owner" retains overall control of the page. Interactive viewing of separations is also possible.

and provides browser users with a series of tools for measuring (via a densitometer), marking and typing comments. Up to eight users can view and comment simultaneously, although only the designated "owner" can perform certain functions or share tasks, such as document zoom and rotation. All users can see all comments made, and a separate chat window is available.

As with the other modules, a Review session is recorded in the InSite database, along with other document submission and approval tasks. The Java-based feature requires Internet Explorer 5, and connection speeds of 56k or better are recommended.

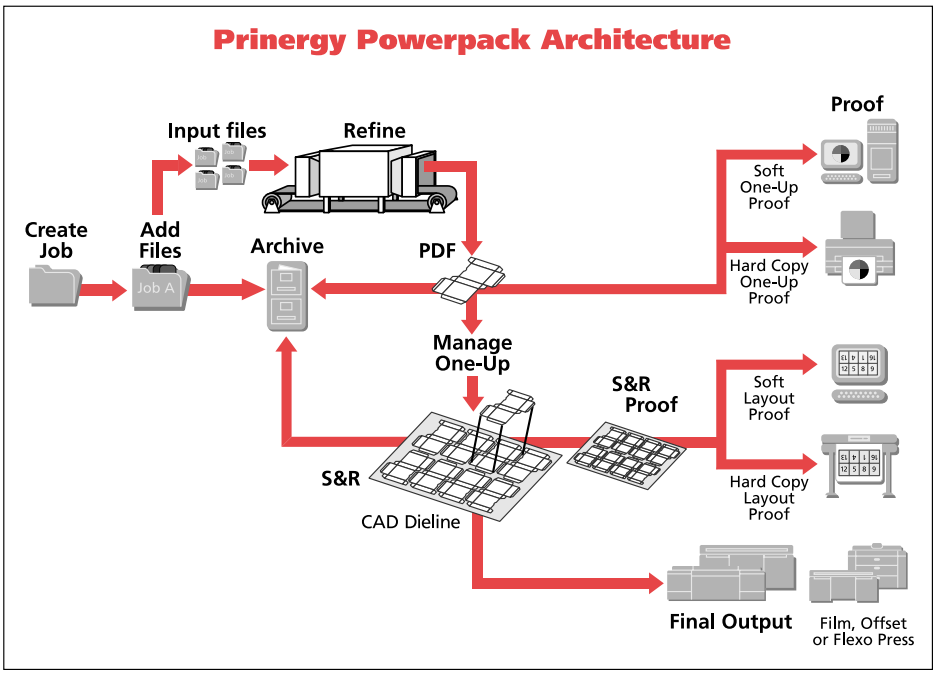
E-commerce, ERP and PrintCafe. CSPM and InSite are just the beginning of CreoScitex's extensions into overall workflow arenas. As a major (and continuing) investor in PrintCafe, the company is developing partnerships designed to expand its influence beyond the prepress department, or even beyond overall printshop management. Future versions of InSite, we were told, will be more closely integrated with PrintCafe's e-commerce, ERP and business-management applications. When JDF becomes official,[6] we can expect it to be integral to a number of CreoScitex integration efforts outside the traditional boundaries of prepress workflow.

Packaging workflow

Although Barco dominates the packaging market, both Creo and Scitex had begun working with a small number of flexography customers prior to the merger. The Creo ThermoFlex and the Scitex LotemFlex lines remain essentially the same. Most of the post-merger changes have occurred in the area of workflow.

As with commercial printing, CreoScitex has two "legacy" systems for packaging: Prinergy Powerpack and Brisque Extreme Pack. The latter, with its "RIP once, output many" architecture, will continue to be supported. It uses Packaging Control Format (PCF) files from its own StepOne application, as well as Barco's QuickStep and ArtWork Systems' ArtPro. The PCF files are preflighted, trapped and then sent to designated "final output" processes, including contract proofs, imposition proofs and LotemFlex or other flexographic output. While this post-RIP approach is well established, it appears that CreoScitex's main efforts favor the PDF approach.

Prinergy Powerpack, announced at Drupa, will be a classic implementation of the Adobe Extreme architecture. Incoming job files are "Refined" (*i.e.*, Normalized) and the resulting PDF's are viewed, managed and modified as one-up versions of the job. Trapping is done with the packaging-specific version of SuperTrap, which includes the ability to modify trap shapes, and the results can be proofed and archived. The step-and-repeat process is integrated with CAD dielines, and the resulting flats (also archived) are sent to various proof and final output tasks. Manufacturing decisions, such as deciding what com-



[6] CreoScitex is an active member of CIP4, the governing body responsible for JDF.

bination of one-up jobs will be used for a particular run, can be made on the fly. Archiving is easier to manage, according to CreoScitex, because the volume of data, in both one-up and step-and-repeat PDFs, is significantly less than in a post-RIP environment.

Another significant aspect of Prinergy Powerpack is its use of InSite. A packaging-specific version of the online environment will be available when Powerpack ships, according to Ron Shahar, CreoScitex's director of packaging solutions. As with the commercial printing version, job submission, approvals and on-screen collaboration will be possible, as well as tools for packaging planners. Prinergy Powerpack is expected to be shipped in the latter half of 2001, and pricing will start at $70,000.

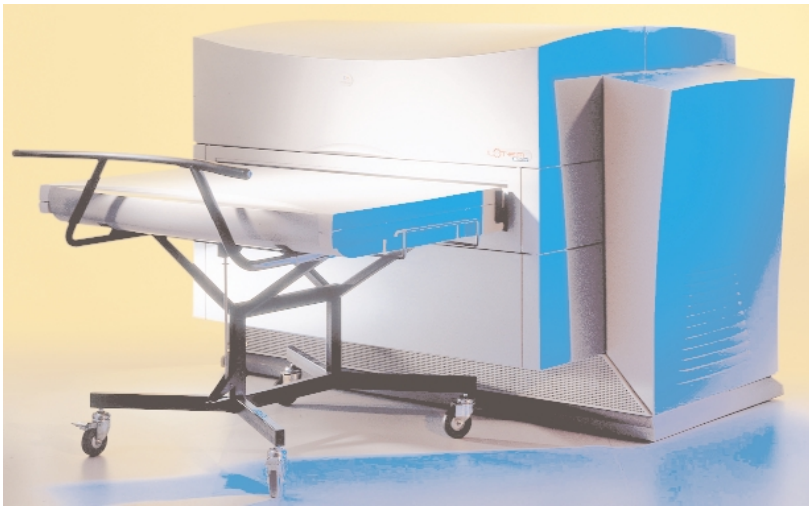
Output devices

The final piece of the CreoScitex puzzle, output devices, is arguably the best-known aspect of both companies. The Iris and Spectrum proofing devices, as well as the Dolev, Lotem and Trendsetter lines, have been covered extensively in past issues. More recently, the company released the Canon 8500-based iProof device for the creative and agency market. However, the biggest news has been in "convergence" products and the company's foray into the print-on-demand market.

The Spectrum product line was Creo's response to the need for high-end proofing in a filmless CTP environment. In addition to stand-alone Spectrum proofers, most Trendsetter models can have a Spectrum proofing option, allowing proofs and plates to be generated from the same machine. In the latter half of 2001, CreoScitex expects to release a Spectrum option for the Lotem.

CTP Manager Joe Vossburgh emphasized the company's strategic product direction, which will eventually bring the two product lines together. Automation, now more prevalent in the Lotem line, will be implemented in the Trendsetter. A new product, the Lotem Quantum, scheduled for release in June, will bring Creo's thermal SquareSpot technology to the Lotem line. However, according to Vossburgh, there are no plans to retrofit existing Lotems, nor to augment the Trendsetters' automation features (which he felt were well suited to the market) with the more extensive automation features found in the Lotem line.

Future CTP devices are planned for smaller print operations, Vossburgh said. These will include smaller, 4-up devices for entry-level and lower-volume users. The company will undoubtedly focus on complete turnkey systems, patterned after the current PS/M-Lotem combination now offered to smaller shops at $135,000.



Lotem 800 Quantum. The first amalgamated product from the merged company, the Quantum adds SquareSpot technology and Spectrum proofing to the Lotem's automation.

On-demand printing is also a major initiative for the company. CreoScitex's Spire servers, for the Xerox DocuColor 100/130CSX and DocuColor 2000CSX devices, incorporate a number of Scitex technologies, including Full Auto Frame trapping, APR (automatic picture replacement, Scitex's version of OPI), spot color controls and an optimized RIP, into their on-demand offering. Other features, such as job ticketing and variable-data handling, have made the company a serious contender in this market. One interesting feature of Spire is its Gallop mode, enabling it to RIP and print the same file simultaneously, which is particularly suited to high-volume, variable information printing. Revenue increases for Spire products have been substantial, according to a company spokesperson.

Conclusion

One year after the merger, CreoScitex has moved aggressively into new markets, by acquisition and partnerships, while maintaining enviable positions in its traditional scanning, workflow and output markets. The company will need all of these strengths to pursue its next goals. Adoption of CTP by smaller printers will require more than just good hardware. It will take the right combination of price, tangible value and support—attainable but certainly not inevitable—to woo this economically beleaguered market. Other sectors, like packaging and on-demand printing, will bear watching as CreoScitex readies its big guns.

The merged company's first year has established it as the 2,000-pound gorilla of the prepress and CTP world, with an imposing presence in related markets and a clear concept of overall workflow. Competitors' hopes of a crippling struggle between Red and Blue factions have proven insubstantial, or at least irrelevant to the business at hand. Management shuffles notwithstanding, CreoScitex is a serious force to be reckoned with. **TSR**