

DC: Today on the Print Report. Breaking news.

PM: Fiery is acquired by Epson, what do you need to know?

[INTRODUCTION]

DC: Welcome to the Print Report with Deborah Corn and Pat McGrew. All the print that's fit for news.

[INTERVIEW]

[0:00:18.2] DC: Hey everybody, welcome to this special episode of the Print Report. Some breaking news. Seiko Epson Corporation is pleased to announce that Epson has entered into an agreement with affiliates of Siris Capital Group, including Electronics for Imaging, which we all know is EFI, on September 19th, 2024, to acquire all interest in Fiery LLC, a US-based company, which is the leading provider of digital front-end servers and workflow solutions for the print industry.

The acquisition is expected to close within 2024, like, very soon, subject to necessary regulatory approvals and other customary closing conditions. After the acquisition, Fiery will become part of the Epson Group, retain its current name and organizational structure, and continue to operate from its existing offices. Now, today, Pat sent me an interesting Skype and she said, "Did you see that Epson acquired Fiery?"

And that to me is like a giant red flare of a signal that there's some breaking news because Pat doesn't usually alert me to technical things, which led me to believe that there could be people out there who might not understand what the ramifications are and quite frankly, there was nobody better to explain this to everybody than Pat McGrew. So, I'm going to sit back, take it away Pat McGrew.

[0:02:06.0] PM: So, Deb, one of the reasons I signaled you is because we know a lot of printers between us, and many of them own devices that have Fiery front ends. They may be wide

format devices, they may be production print devices, they may implant devices, they may be commercial devices. Fiery is everywhere and Fiery grew out of EFI, it was – really, a lot of the development for Fiery has been done over decades and it's one of the reasons that it's hard to walk into a shop that doesn't have some device being driven by Fiery.

Whether it's the end-of-the-aisle MFP or it's a giant production press, they serve everything, and Fiery does a really good job of making it easy for people to use their products, right? They're known for sort of green button approach to things, make it easy. So, when I read that the press release had come out, that the Epson acquisition of Fiery was a real thing, one of the reasons I wanted to alert you was because I figured you'd probably start getting emails from people going, "Oh my God, what's going on? How was it really going to affect my life?"

The really good news for almost everybody involved in this process is that it's really not going to change your life and one of the reasons for that is that Epson is making the acquisition of Fiery to really expand their global portfolio. If you start to think about what you know about Epson, you probably only know about 10% of what is really Seiko Epson Corporation. They are a massive organization and they've got fingers into an awful lot of pies.

And one of the reasons for that is because they consider themselves a technology company, and they seek out the best technologies, and then they relicense those technologies. So, it's not like they're acquiring Fiery to take it off the market and hide it and make it, you know, make it disappear in our marketplace. Actually, the acquisition has more to do with the fact that they recognized the value and the technology, the RND that's been put into those digital front ends, and to some extent, they see opportunities to expand that technology into other markets where Fiery might not have truly played.

So, that's one piece of really good news. The other thing is that the current end, at least, near-term intentions are to keep the current staff, right? So, Toby Weiss running Fiery is going to keep on running Fiery that the teams that you know, if you've ever had to demonstration from Giselle, if you've ever met any, you met Marcello and you're looking at Impress, any of those things, you're still in really, really great hands because that team is going to stay intact.

The interesting thing might be that as Epson starts to look at the possibilities of Fiery, they may actually start to provide more funding to allow Fiery to expand their staff, deepen their RND bench, and move into these other markets that Seiko Epson sees as potentials for them. So, if you are currently sitting in your shop with a device that's got that little Fiery logo on it, you are fine, you have nothing to worry about.

If you're one of the Fiery partners, and that is an awful lot of original equipment manufacturers, OEMs, right? A lot of people license Fiery technology, the thing for you is to take a couple of steps back, take a couple of deep breaths, and reach out to your contact at Fiery. I think the answer you're going to get is, honestly, nothing changes, our relationships stays the same. It is most likely that it's, you know, two or three years of watching Seiko Epson and Fiery figure out what their next-gen opportunities are going to be.

And all that while you're going to be very well taken care of. However, it might be an opportunity for you to let the Fiery team know if there are things that you're working on that might be relevant to this relationship with Seiko Epson as they're starting to look at other market segment opportunities. So, if you're a printer, you're in golden hands. If you're a vendor/partner of Fiery's, have a conversation and let them know the things that are in your roadmap because there might be some opportunities that you haven't actually had a conversation with Fiery about.

[0:06:42.4] DC: Okay, can I ask you some Deborah questions now about all of this?

[0:06:45.3] PM: Sure, you can.

[0:06:46.2] DC: Okay. So, first of all, you're right. Every – I thought, I literally thought Fiery was the computer. I thought the computer on the front of a press was called a Fiery. I didn't even know –

[0:07:01.8] PM: It's a logo.

[0:07:03.7] DC: But I'm just saying, like, I didn't know that it was a digital front-end until I started hanging around with you. I just thought everyone had a Fiery on their press because what do I know? I used to just go on a zillion press checks and I would see it there and I just thought it

was part of that. So, you're right, it's completely ingrained in the printing industry. Here's the weird thing. In my current thinking/thought process at the moment, I can only recall seeing Epson at the sign shows, and the wide format shows.

Maybe I've missed them at the commercial print shows but I'm just saying that that's going to – it might be a weird place for printers looking for digital front-ends for – do they work on the wide format too? Like, I think I'm a little confused about all of that.

[0:07:57.5] PM: Right. So, think about this, one of the reasons you would have seen Epson at wide format sign display shows is because Epson has a – just a platinum reputation, right? For color proofing –

[0:08:12.2] DC: Yes, of course.

[0:08:11.9] PM: So, almost every commercial printer, right? Almost any commercial print shop you walk into has Epson devices for color-proofing, right? –

[0:08:21.7] DC: They also make a lot of tchotchkes, like, they were doing like a lot of printing on premiums and stuff like that at the last sign show.

[0:08:28.8] PM: Well, Epson had – the Epson manufacturer's heads, right?

[0:08:31.5] DC: Yeah.

[0:08:32.0] PM: So, they sell print heads, those print heads sometimes are in production devices like a screen, right? Sometimes they're on a wide format device like the Epson wide format devices, there was a number of other OEMs.

[0:08:42.1] DC: There was a power there, it was everything.

[0:08:44.8] PM: And, that they can print on just about anything and they actually sell their print heads to people who make bespoke equipment to do customized times [inaudible 0:08:55.4] – you're talking about tchotchkes and you know, all sorts of three-dimensional types of print

object. Yeah, absolutely, Seiko Epson is in those universes but that's the print headpiece of the universe, right?

[0:09:07.4] DC: Okay.

[0:09:07.7] PM: So now, now, let's think about what it does – what does it take to get ones and zeroes, that data of a print file to a print head. That intermediate piece is a digital front-end, right? And a digital front-end in the wide format space is sometimes bundled with the wide format device but very often, it's not. Very often, when you buy one of the big roll-fed devices or one of the big flatbed devices, you're given a menu of things that you might buy as a front-end.

You might buy a Fiery front end, you might buy somebody else's front end. There's all manner of options. Now, for all of those people who have Fiery front ends, again, you know, no panic, step back, life is just fine for you. Epson understands the value proposition of the Fiery front-end and they've been working with it for a while, so that's one of the reasons they were interested. If you are outside of the wide format space, you see the Fiery front ends more often than you probably think about Epson, right?

Because Epson never went into the market really as a provider of production, ink jet equipment. Instead, they supply their heads to people who – and at various times, they've supplied Ricoh and Canon and all manner of people, and a lot of the people who build bespoke inkjet devices, right? And a lot of mid-sized devices because when you buy an Epson head, it's a very high-quality head.

It's, you know, well-documented, easy to work with, but you would still need a front end to drive it, right? So, we wouldn't normally see them at a lot of the shows we go to at the big Epson brand, right? Because it's more likely you would see them at a label expo show, you were just a label expo –

[0:10:58.1] DC: An imaging show photography.

[0:10:59.9] PM: An imaging show or photography, absolutely.

[0:11:02.3] DC: I mean, that's how I know them, a hundred percent.

[0:11:04.3] PM: And also, architectural and –

[0:11:06.2] DC: Very high-end, yeah.

[0:11:07.8] PM: They do a lot of – and also, blueprints.

[0:11:12.2] DC: Yeah.

[0:11:12.1] PM: They sell heads into the blueprint space, these architectural blueprint space a lot. So, I mean, it's not surprising that you would kind of maybe not know Epson as much in the production side, even though they may be under the covers. Very often, you know, in our industry, we – the Fiery logo may be on the front-end on the DFE, which is why you see it but we almost never put the logo of the company supplying the heads on the inkjet presses.

Sometimes, you know, HP makes their own heads so it's theirs, Kodak makes their own heads so it's theirs. Screen buys from Seiko Epson, Ricoh has had relationships with Epson but also supply their own heads. So, everybody's got stuff going on, right? But I think that the thing to realize is that this acquisition I think is a really good one for Fiery because it assures a revenue infrastructure and a financial infrastructure for them that is not vested in private equity.

And private equity ownership in our industry, it's an interesting middle stage as technology is moving through but at the end of the day, I always feel a little bit more secure when technology is owned by a company that actually has the financial resources to continue the RND and invest in developers and invest in moving that technology to market and for private equity, that equation is a little bit different than it is when you've got financial powerhouse like Seiko Epson behind it.

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[INTERVIEW CONTINUED]

[0:13:53.8] DC: Okay, another just sort of related question to this again. So, I had also asked you when you told me the news, I thought that Fiery had been – was owned by EFI and you said it was but they undid that. So, for the last couple of years they've been independent I'm assuming and now that they're being acquired by Epson, here's – this is why I was asking about the shows, is there a Fiery booth I've just never seen because it's not something I'm looking for?

[0:14:28.4] PM: Oh, yeah.

[0:14:29.9] DC: Okay.

[0:14:30.5] PM: Yeah, there'd be Fiery stands, yes.

[0:14:31.9] DC: So, Fiery will have their own booths at let's say commercial shows.

[0:14:36.8] PM: Yes, there was a huge one at drupa, it was great. They had a beautiful stand at drupa.

[0:14:41.2] DC: Yeah, I didn't – I definitely saw Epson. I didn't see that. Okay, again, just wouldn't be something I was looking, looking for. Okay.

[0:14:52.1] PM: No, you wouldn't have been but I actually spent about three hours in their stand, yeah.

[0:14:55.8] DC: I'm sure you did.

[0:14:56.6] PM: They were the ones roaming around with the red t-shirts that said, "Workflow is Your Superpower."

[0:15:01.2] DC: Oh, I did see those shirts, for sure.

[0:15:03.5] PM: Yeah, yeah, that was Fiery.

[0:15:04.5] DC: Okay, so here is – you said this in the beginning but just to reiterate, what might people be confused about or freaking out about and you're here to say, don't? I mean, I think it's a little lofty that none of the team will change. It seems a little crazy to me. Usually, they, you know, you really don't think so? Okay, no problem.

[0:15:32.1] PM: I think that it's most likely, it will stay pretty much the way we know it. I mean, you know, Toby might want to retire or something here but –

[0:15:41.3] DC: I'm just – you know what? I shouldn't even project that because I mostly deal with marketing people. When people come and take over, it's usually the marketing people, they're like –

[0:15:48.5] PM: In marketing, it very often does, yeah –

[0:15:50.4] DC: "Thank you for playing, move along." But you're right, technology people with the relationships with the customers, that would be crazy but – so that's probably one of the things I would be freaking out about if I needed service.

[0:16:03.4] PM: I wouldn't expect a change in the way Fiery markets itself because again, Seiko Epson is a technology company. They understand their lane and they understand when they make these kinds of acquisitions that there is a different kind of marketing you do with the

product set like Fiery and with the assets that Fiery has them, what you do with inkjet printheads, right? Or MFTs or other things.

[0:16:29.9] DC: Yeah, but the printers aren't freaking out about the marketing. They're freaking out about, "Who do I call?" Right?

[0:16:35.5] PM: Right, the good news here is that – so, Fiery, to go back to your EFI question, so EFI grew as a company in several different directions. It grew, Fiery was sort of the base product, right? It was the base digital front end that Efi Arazi, he started developing decades ago, and it is remarkable that it has had such staying power and developed so many different value propositions because it has so many different things it can do.

They've added the Fiery IQ piece to helping in workflow management, they've added things that are relevant to sign and display people, they've added things that are relevant to production people, they have a really good plan, roadmap really for the last two decades but it got so big it almost became unmanageable, and so as the software pieces as they were making software acquisitions, which they were, they bought a lot of corrugated software.

They bought a lot of other print MIS pieces, they bought proof and approval pieces, they bought all sorts of pieces, and then on top of that, they really went wholesale into the inkjet development business, right? With the zooming and with their wide format inkjet. So, at a point, the decision was made that the company had more value in pieces than it did as a whole and was more manageable.

So, they were very smart, they found themselves some really smart private equity people who understood and could guide them through the separation processes and so EFI kept the hardware, the inkjet output, the Reggiani for apparel, kept all of that. Fiery got a box drawn around it, this is the digital front end and the workflow that supports that digital front end, and here's eProductivity Software, which now rolls out all the stuff like Monarch and PrintSmith Vision, and all that, and Pace.

And now, with Tharstern having been pulled into it, so all those pieces come in, right? So, they've done a good job, the private equity people did a really great job, Siris, did a great job of

helping them define those things, and then again, as a good private equity company does, they start to figure out, “Okay, now, how do we ensure the longevity of these things we’ve made an investment in to get our investment back, right?”

Because private equity doesn’t want to be generally in the business of running a company long-term. They want to find the golden nuggets, they want to help it add value so it grows in value from their investment, and then they want to find a new owner that gives them a profit margin so that they can go invest in the next thing. That’s typically how it worked and in this case, the box drawn around Fiery was very nicely gerrymandered to make sure that the right pieces were there.

The team that was there has largely been there for quite a long time and so the people who are setting up the roadmaps figuring out what the next gens look like, they know what the plan is, and because of the work that was done with the private equity team and the Fiery team, Seiko Epson knows what that roadmap is and that’s fundamentally what they’re investing in.

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[0:20:14.0] PM: McGrew Group can help you with assessments, RFP reviews, education content, and surveys, plus our consulting practice to offer guidance on your best business workflows and integrations. McGrew Group is ready to help you grow, expand, optimize, and thrive. Drop us a note on LinkedIn or at our website, mcgrewgroup.com.

[INTERVIEW CONTINUED]

[0:20:40.7] DC: Okay, if I may have one more question, and I just want to preface this with I can’t help but I’m a New Yorker, so I have my skeptical, you know, aspect about me in all ways and you know, if you are going to make a deal like this, there’s got to be something really good in it for you. So, maybe this is a two-part question but I’m going to keep it a one-part question for right now.

Is there a scenario where if I’m, let’s say, looking – I’ll just use a wide format show only because that’s where I’ve always seen Epson, right?

[0:21:12.9] PM: Sure.

[0:21:13.3] DC: Is there a scenario where I'm in one manufacturer's booth looking at their equipment and, "Huh, I want to make sure my Fiery, my current Fiery thing is going to work with this," do I have to walk over to the Epson booth where there's also wide format equipment to talk to the Fiery people? Or –

[0:21:33.8] PM: No, not usually.

[0:21:35.5] DC: The other manufa – you know what I'm saying? Like, that's the weird – do you understand what I'm asking you like –

[0:21:41.1] PM: Yeah, I understand this –

[0:21:42.3] DC: It seems like it's stacking the deck and Epson's –

[0:21:47.3] PM: If you're a wide format person, you're already used to talking to multiple controller sellers, right? So, you may have a relationship with Fiery and you use Fiery for everything you do but we often walk into a wide-format shop that has three or four controllers sitting in their server room and hook up different controllers depending on the kind of work they're doing and it's all just soft switches, right?

It is just how you map it in terms of the workflow, so it's very likely that, especially in the wide formats sign and display context, that you are already comfortable with working with multiple types of controller servers, and if you bring a new piece of wide format equipment in, the question you ask the vendor you're buying from is not, "Do you support Fiery?" it's, "What do I have to hook up so that my Fiery drives your machine?"

[0:22:44.4] DC: And you don't have to walk yourself over to the Epson booth just to get that.

[0:22:48.2] PM: No, because it again, it's typically all soft switching these days. You're not – you know in the old days you have to move cables. You're not going to do that anymore. Now, it's just soft switches.

[0:22:58.3] DC: I have nothing against the Epson booth. It's actually really cool that they were printing on sneakers.

[0:23:02.0] PM: They always are.

[0:23:02.7] DC: They were printing on sneakers, I loved all the apparel that they were doing. It was beyond, you know, beyond the stuff that you would think of that could be printed by one of those amazing imaging machines.

[0:23:13.8] PM: Yep.

[0:23:14.1] DC: Okay, this is really the last question I promise you. I know Fiery, I knew Fiery from advertising days. I didn't know obviously what it was but I knew the name and I had seen it, I saw it all over the place, which means that it was pretty prevalent because you know that I am – didn't even know that there was Fiery booths at trade shows but I know – knew even though I thought it was the computer as the front end of the press, I still knew of it.

Most people you talk to, they know what Fiery is. So, how does this acquisition help them gain more market share in a market that they pretty much dominate already, right? Like, where – how does this expand things or does it just make the system itself, the software, and the programming better because they have this corporate, this giant corporation behind them now?

[0:24:14.8] PM: So, just because Seiko Epson bought Fiery doesn't make anything better. It does provide a level of security, right? So, it provides a really massive financial infrastructure that didn't exist when Fiery was held by private equity, right? And it –

[0:24:34.5] DC: Does that help current customers stop thinking I need to switch to another system before the end comes?

[0:24:40.7] PM: I mean, I – yeah, because one, the end is not going to come, and two, switching isn't actually an option for a lot of people who are running Fiery front ends. In many cases, the Fiery front end is bolted onto the marking engine, and so you don't have any control over it but at the end of the day, what it does is build an infrastructure that allows Fiery to continue to innovate for them to do.

We want them to get faster in their processing speeds. We want them to get more comfortable and to continue to build roadmaps to the new styles of printing that will come along, right? Printing, print technology does not stay still, the DFEs have to keep up with it, and that takes investment. So, if you want to think of it this way, what Seiko Epson's acquisition of Fiery does is build the box spring under the mattress that gives it the support, so that we can all rest peacefully.

[0:25:47.1] DC: Okay, and just to wrap this up, I mean, this is squarely in your area. Do you want to give some call to action? If there's anybody out there that needs your help, would they need your help with any of this?

[0:26:00.4] PM: So, at the end of the day, this is all really in Fiery's court, but you know, we're always happy, here at McGrew Group, you know, we are happy to do assessments for you. We're happy to help you do strategy, we're happy to help you figure out, you know, if you're buying the right equipment for the kind of business you want to be running.

But in this particular case, this acquisition of Fiery by Seiko Epson is one of these things where as a printing company, you look at your shop, you figure out where you've got Fiery, you talk to the vendors who have sold you those solutions, and then you wait for guidance from them if you need any because frankly, your world should not change.

In the best situation, two years from now, you start to find that your processors are running faster, your updates are providing more value to you, and you get to travel that roadmap because you're already a Fiery customer but it's not a cause for panic. It is basically, just sit back and watch.

[0:27:06.2] DC: Thank you so much, Pat McGrew, for joining me for this breaking news episode of the Print Report. Until next time, everybody, Fiery long and prosper.

[END OF INTERVIEW]

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[END]

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'Fiery to be Acquired by Epson': <https://www.prnewswire.com/news-releases/fiery-to-be-acquired-by-epson-302252489.html>

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