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Forces of Change

- *Mobility*
- *Green!*
- *IFRS* (*International Financial Reporting Standard*)

Areas of Impact

- **Mobility:**
 - *Pages*
 - *Access to Information*
 - *Process*
 - *User expectations*
- **Green:**
 - *Pages*
 - *Process*
 - *Use of applications (Duplex)*
 - *Recycle & Corporate (Your) responsibility*
- **IFRS:** (International Financial Reporting Standard)
 - *The Sales Process*
 - *End of Term Treatment*
 - *Early upgrades*

What about MPS?

- *MPS is not a trend; It's **more important** than that **it is a consequence of the trends.** (Both Mobility and Green initiatives)*
- *That however means “True” MPS not the “CPC printer program” of most dealers, or “sell my box program” of most manufactures*
- *MPS does not eliminate the need to understand applications it mandates it*

What about Cloud

Mobility is the result of cloud computing and is the trend that will impact the utilization and distribution of information

(Documents)

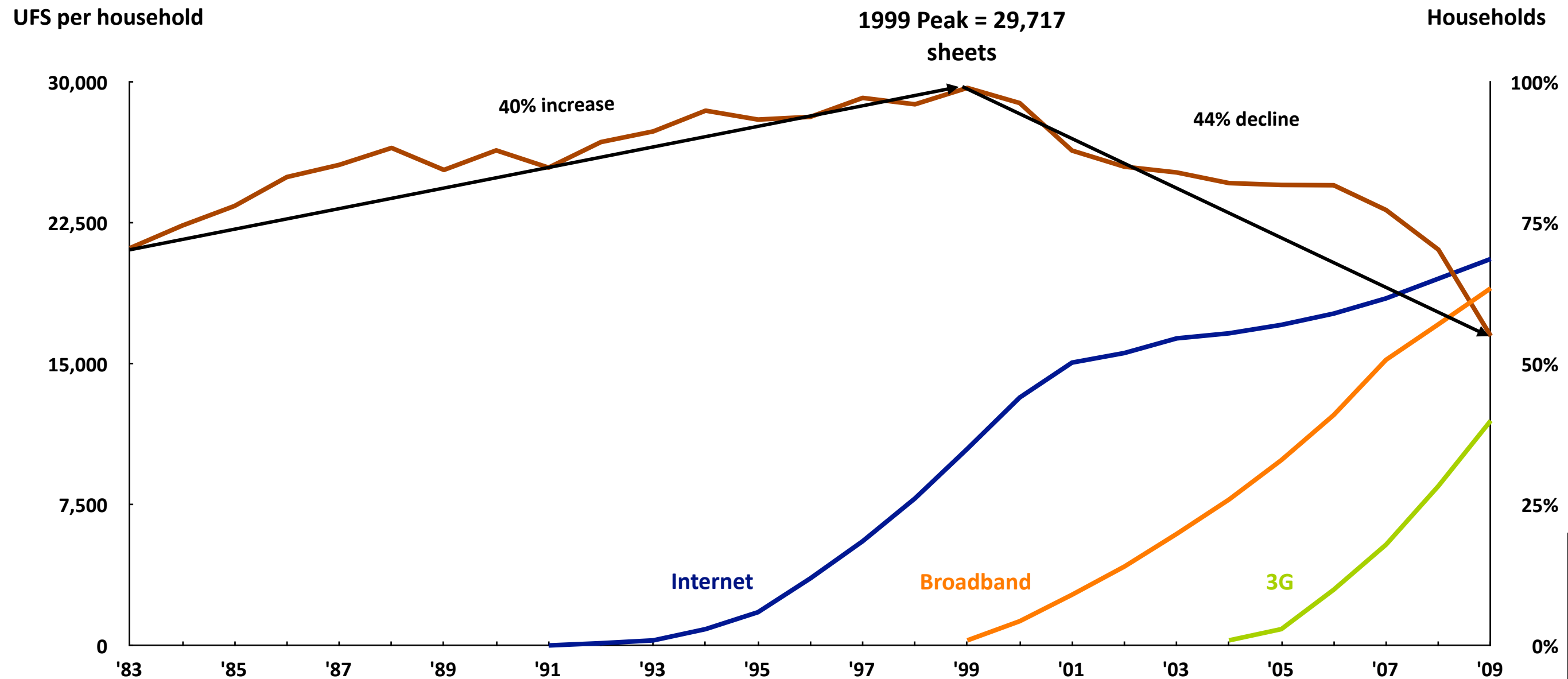




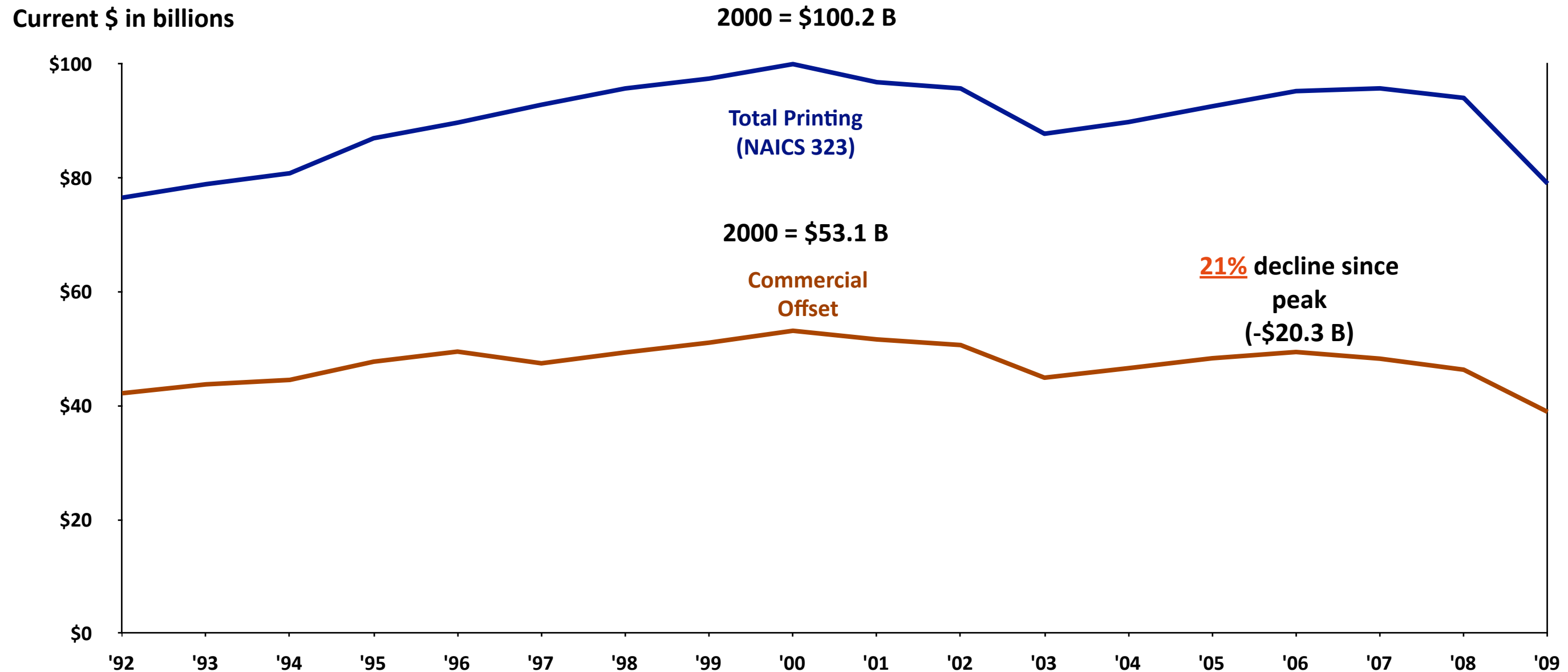
Mobility

Pages

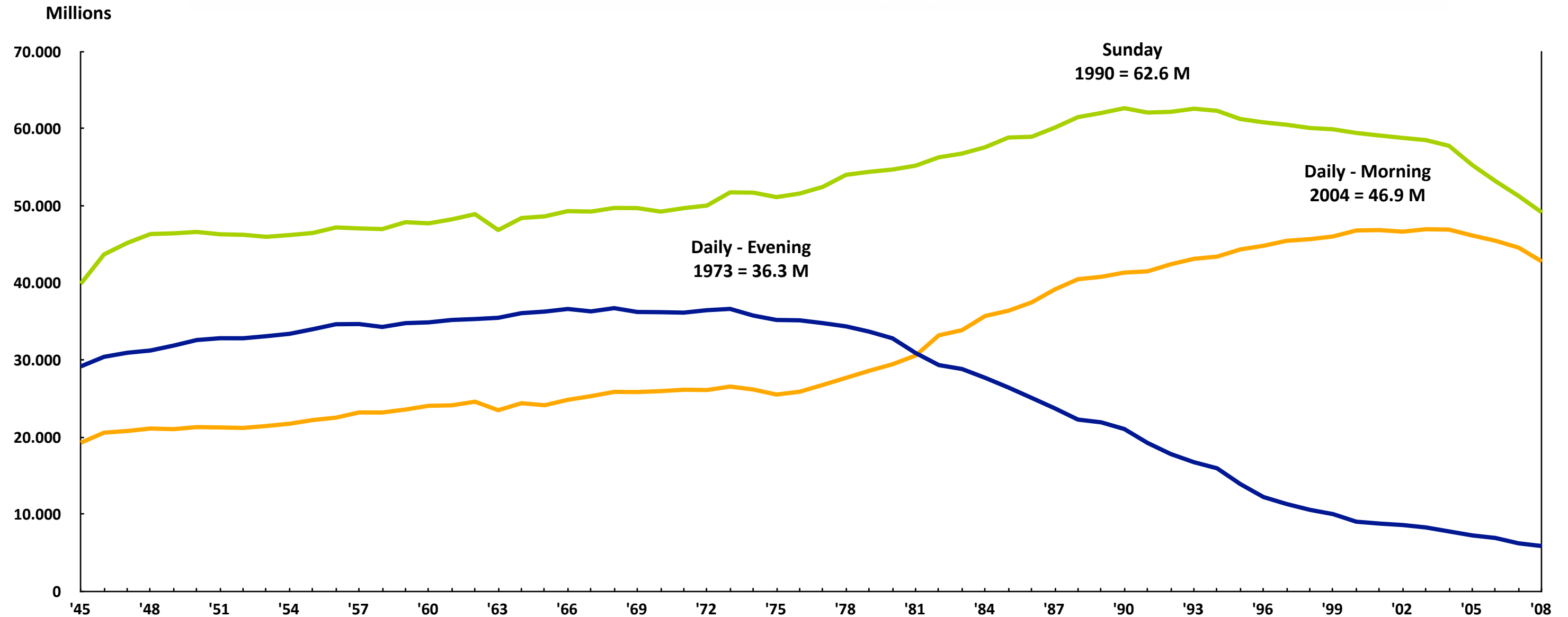
US Uncoated Free sheet Paper Per Household



US Printing Industry Value of Shipments, 1992-2008

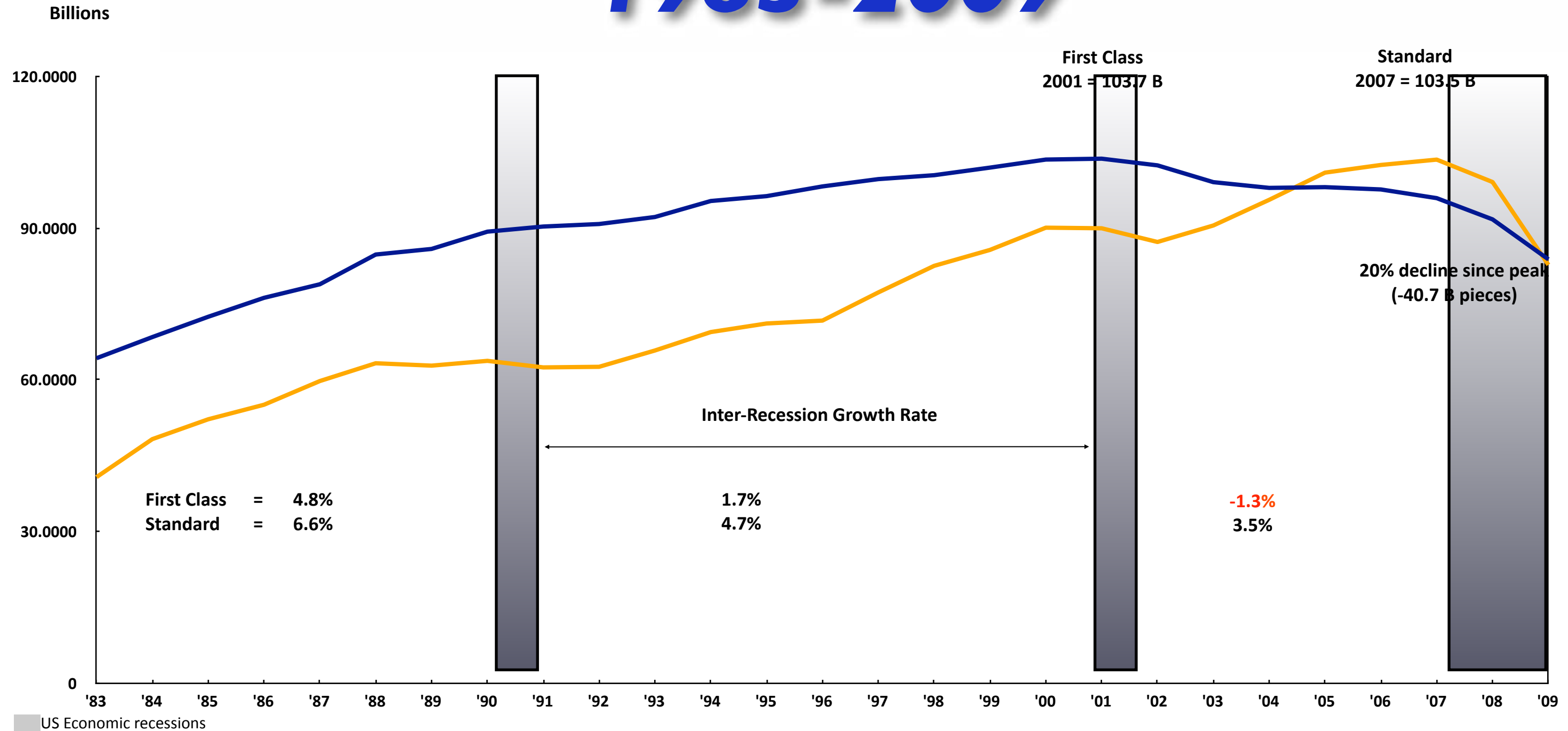


US Newspaper Circulation, 1945-2008



Source: American Newspaper Association

USPS Domestic Mail Pieces, 1983-2009



Sources: US Postal Service, InfoTrends

InfoTrends

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The Impact on Publishing

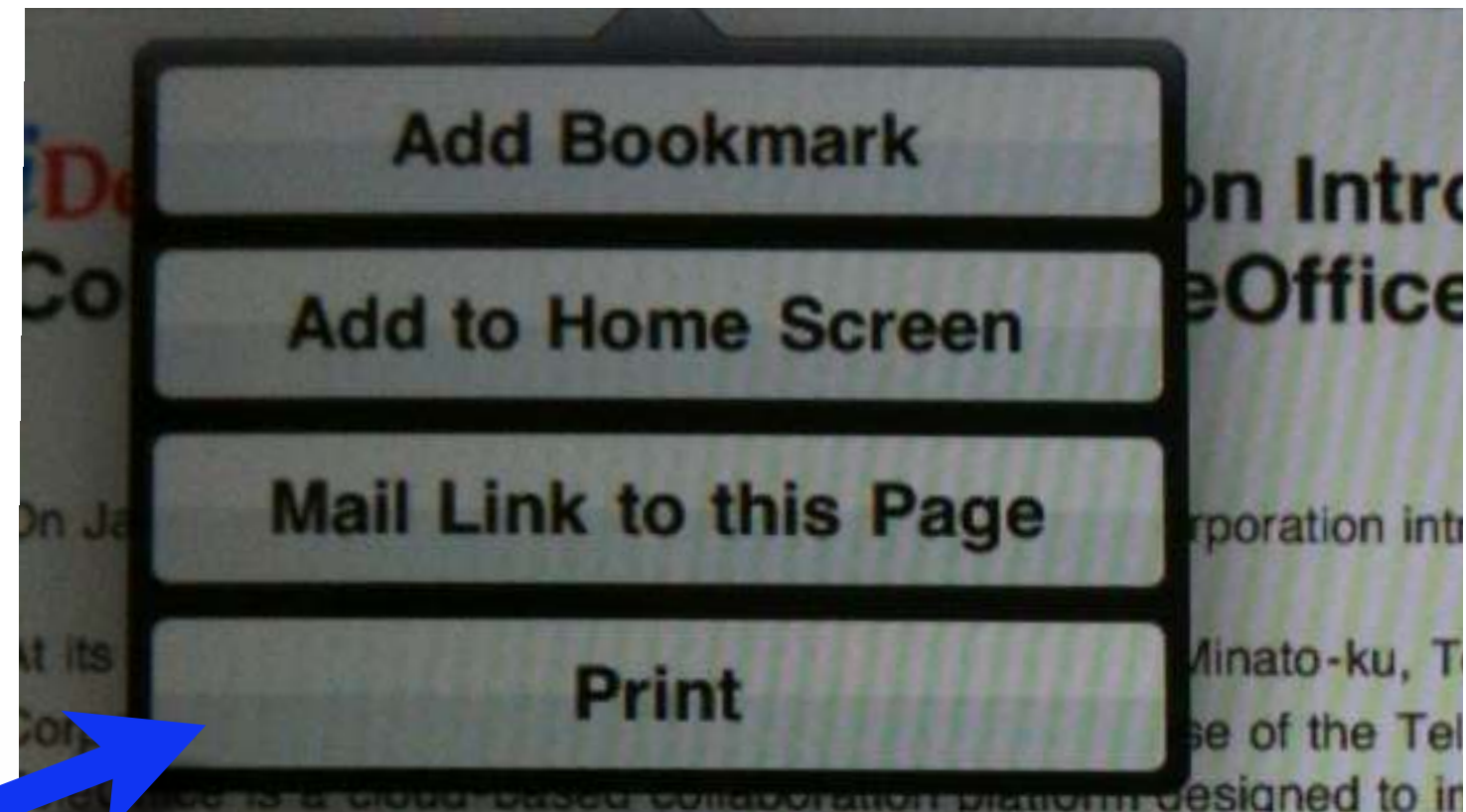
Since the Charts

- ***70 Million Tablets sold and counting***
- ***E-books out sell physical books 2:1***
- ***e-books up 169.4% print down 24.8%***

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One Contradiction

- Printing seems to be on the up swing when people have more access to information.
- It is in fact becoming imbedded
- This leads to complex jobs in smaller bites.



User expectation

- Graphical user interface
- Simplicity
- Give it to me now, and the way I want it
- Personalization is expected



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The Green Impact

- *Pages*
- *MPS*
- *Recycle, and corporate (Your) responsibility*

An aerial photograph of a large iceberg floating in the ocean. The iceberg is white and blue, with a small peak visible above the water line. The water is a deep blue. The text 'Account Management' is overlaid on the small peak, and 'Account Research & Knowledge' is overlaid on the large submerged part of the iceberg.

Account
Management

Account
Research & Knowledge

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IFRS ?

International Financial Reporting Standard

- *The Sales Process*
- *End of Term Treatment*
- *Early upgrades*



Lessee Accounting

| US GAAP Today | | Accounting as Proposed | Likely Outcome |
|-----------------------------|--|---|---|
| Lease Classification | Either an operating lease or capital lease | All leases on balance sheet under ROU model, except scope exclusions & short term leases | Proposed on-balance sheet treatment confirmed |
| Lease vs Service | Conveys a right to use PPE for stated period | Conveys a right to use specified asset(s) for stated period | Still evolving |
| Term | Non-cancelable period only, unless economic compulsion | Longest possible term more likely than not to occur including explicit and implicit options | Renewals that are reasonably assured |
| Variable Payments | Generally included only when incurred | Include all estimated lease payments based on probability weighted expected outcome | Payments that are reasonably certain (further guidance to come) |
| P&L Impact | Operating leases expense recognition is straight line vs Capital lease expense recognition based on constant periodic rate of interest | Amortization and interest expense, with higher expense in earlier years | Further Guidance to come |
| Reassessment | Only if change in terms with extensions/ renewals treated as new agreements | Reassessed at each reporting date for significant changes (term/ estimated payments) | Further Guidance to come |

Bottom Line

- *Leases will have more transparency*
- *They will be on the balance sheet*
- *The days of selling the monthly payment are coming to an end*
- *CFOs will consider cost curve, and book value when considering financial impact*
- *Selling “Value” becomes more valuable*

Rules for Success

- *First, diligently study your opponent's success so that you can align your strategy perfectly with what's being practiced by the competition.*
- *Second, ignore everything your competitor is doing and make up new marketplace rules as you uncover customer improvement opportunities.*
- *Third, be willing to exit profitable businesses before a disruptor takes it away from you.*
- *Forth, remember that only has-beens and also-rans worry about rules contradicting themselves.*

The Question today is; Are you Fearful of the Future?

Not really. This is what fear looks like



Watch out for the Holes

Kimberley Big Hole - South Africa



Apparently the largest ever, hand-dug excavation in the world,
this 1097 meter deep mine yielded over 3 tons of diamonds
before being closed in 1914.

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Watch out for the Holes

Bingham Canyon Mine, Utah



This is supposedly the largest man-made excavation on earth.

Extraction began in 1863 and still continues today, the pit increasing in size constantly..

In its current state the hole is 1½ miles deep and 2.5 miles wide.

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Watch out for the Holes

And the really terrifying one!



This is the famous 'Rat Hole'.

**It is capable of swallowing trillions and trillions of U.S. dollars annually
Never to be heard from again. Reputed to be full of at least 535 assholes.**

Let's Talk!

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