

# THE BOWNE LEGACY

*To meet the demands of a changing marketplace, the 233-year-old financial communications company is embracing digital technology.*

BY E.M. SICOLI

**T**HE PANORAMIC VIEW of the East River from David J. Shea's corner office at **BOWNE & CO. INC. (BNE)** provides a feeling of tranquility amid downtown Manhattan's hustle. From this vantage, the boyish-faced chairman and CEO is leading his company through dramatic change. His goal, he says, is to reinvent Bowne through several key acquisitions — and some divestitures — into a global communications and business services powerhouse.

Along with competitors **R. R. DONNELLY & SONS CO. (RRD)**, **BROADRIDGE FINANCIAL SOLUTIONS INC. (BR)** and a host of regional players, Bowne has moved decisively to meet customer demands during the past decade. Digital technologies have increased client expectations for flexibility and quick turnarounds, Shea explains. He points out that Bowne's core financial services customers increasingly file electronically, as regulatory changes have led to enhanced reporting requirements. He adds that many clients need electronic distribution and high-volume mail services.

“Our culture has helped us stay in business for over 230 years. Our employees proactively seek knowledge on the needs of our clients, allowing us to evolve with the changing times,” says Shea.

Already calling itself a leading provider of shareholder and marketing communications services, Bowne can handle the entire document life cycle, from the moment content is created until documents are composed, printed, filed and distributed, the CEO notes. As a result, the company has increased its client base and its revenues. For example, revenues from digital printing made up 14 percent of Bowne's 2007 \$850.6 million sales, compared with 6 percent in 2004. Thanks to recent acquisitions, first-quarter 2008 digital sales rose to 21 percent of revenues.

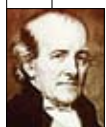
## A STORIED COMPANY

In 1775, a year before the U.S. was established, Robert Bowne launched his namesake company to sell printing materials, quills, furs, pitch pine boards and cutlery and added actual printing a few years later. An early founder of the Bank of New York along with Alexander Hamilton, Bowne once hired John Jacob Astor at the then respectable sum of \$2 a week. Although the company became known for printing financial documents during its early years, the first official rule book for the National Association of Baseball Players, among other publications, also came off Bowne's presses. The company prospered over the next generations, keeping the presses rolling through wars and economic downturns.

In earlier days of its history, Bowne adapted to changing technology, as it is doing now. When Linotype machines were first invented, it hired skilled operators to run them. In 1934, when the SEC was established, the company began printing prospectuses for public companies. As technology advanced, Bowne moved to computerized typesetting and printing.

Since the 1990s, Bowne has branched out to nonfinancial printing and database management, on-demand printing and digital print technologies. Bowne devoted an in-house team to assist with the compliance requirements of the Sarbanes-Oxley Act so clients did not have to hire staff with specialized knowledge. “Our people set us apart from the competition,” says Shea, noting that Bowne gets involved in the writing, formatting, typesetting, composing and filing of regulatory paperwork for 20 percent of public companies and about two-thirds of investment-management firms in the U.S.

When he became president in 2004, “folks perceived Bowne mostly as a printing company,” Shea recalls, but he recognized that clients were eager for help with the steps that took place from the point documents were conceived and edited to the final stages of distribution — services that fall under the rubric of “business communications.” He'd joined Bowne's Business Solutions division six years earlier as executive vice president and had worked his way up through the executive tiers. “When I was overseeing our marketing and business communications division,” Shea says, “we felt that if we invested in business communication, we could continue to grow profitably in an up cycle or a down cycle.”



**1775** Robert Bowne opens Bowne & Co.

**1784** Robert Bowne joins other men of business to found the Bank of New York.

**1879** The company has one of New York's first telephones installed.



**1884** Bowne begins using the cutting-edge Linotype machine.

**1934** The company begins working with the SEC as corporate disclosure becomes mandatory.

**1941** During World War II, Bowne's presses run around the clock to print application blanks for defense bonds.

**1966** Bowne makes its first acquisitions: bindery Garber-Pollack Co. and printer Redler Inc.

**1983** The company implements cold type, also known as computerized typesetting.

**1984** Bowne is the first public company to join the SEC's EDGAR program.

Years of serving clients who needed outsourced business solutions worked to his advantage. He had arrived at the company in 1998 when Bowne acquired Donnelly Enterprise Solutions Inc. (a former unit of R. R. Donnelly), where he had worked as vice president of the Eastern Region. Shea, who earned a marketing degree from Fordham University, also held several management positions at **IBM CORP.** (IBM).

With his vision in place long before he became CEO in January 2007, Shea began researching small companies that had the technology and expertise Bowne needed. In 2006, Bowne purchased the marketing and business communications division of Vestcom International Inc., a provider of personalized material such as welcome kits for 401(k) plans. In 2007, Bowne bought Alliance Data Mail Services

## BY OUTSOURCING SOME COMPOSING WORK TO INDIA, BOWNE CREATED A MORE FLEXIBLE BUSINESS MODEL.

Corp., which specializes in one-to-one marketing communications and technology tools that help clients monitor the status of projects in real time. And in April 2008, the company purchased the digital print business of Rapid Solutions Group, which prepares marketing and business communications solutions for clients in the financial services and health-care industries.

Even as it shifts focus, Bowne remains committed to increasing its market leadership position in financial communications, as demonstrated this past July by its acquisition of Capital Systems Inc., the fourth largest financial communications provider in New York.

Shea also expanded Bowne's global footprint by purchasing St. Ives Financial, a financial printer with offices in London, Luxembourg



and Tokyo; and GCom<sup>2</sup> Solutions Inc., a producer of financial administration and reporting software for investment managers in the U.S., the U.K. and Luxembourg. The acquisitions of GCom<sup>2</sup> and technology from PLUM Computer Consulting Inc. enhanced Bowne's services for the investment-management industry, an area where Shea sees significant potential as reporting requirements become increasingly complex.

Shea notes Bowne has spent about \$110 million on acquisitions since 2006, which should result in an overall increase in annual revenue of about \$250 million. He expects to continue looking for acquisitions that fit his growth strategy, but a priority is integrating recent purchases into company operations. Of great importance is instilling Bowne's attitude of superior client service, says Shea. Employees are prepared to jump in a car or fly thousands of miles to deliver documents for a last-minute order. "It doesn't matter if the documents are being prepared in India or Phoenix," he says. "If it is Christmas or the middle of the night, our folks are empowered to get clients the documents they need."

To remain ahead of customer requests, the 3,800-person company is ramping up hiring in growth areas. This year, Shea estimates a 50 percent increase in staff at Bowne Translation Services, which assists in translations used in

financial, legal and corporate communications projects. He is also hiring dedicated sales staff for Bowne Virtual Dataroom™. Introduced in 2005, this service provides banks, law firms, corporations and private equity clients with a secure online meeting place to view all the documents involved in an acquisition simultaneously from any location with Internet access.

Intent on keeping the company focused on its new mission, Shea sold outsourcing provider Bowne Business Solutions and Bowne Global Solutions, a software localization business. The company returned the value to its investors through a share repurchase program.

Shea says Bowne, which recently downsized some staff areas as a result of streamlining operations, reduced its manufacturing plants from 18 to 12 and its composing plants from 13 to five. Bowne has also begun consolidating its digital facilities. In late 2007, a manufacturing facility in South Bend, Ind., became the company's first with both digital and offset capabilities, and additional sites are following suit. To increase efficiency, Shea points out, the company has outsourced about 40 percent of its composing work to trusted partners in India. "We've created a more flexible operating model," he says.

## INVESTING IN THE FUTURE

As shareholder communications increasingly goes electronic, Bowne says it is well positioned to continue its digital pursuits. Noting that proxy statements must now include more information on executive compensation, Shea also sees opportunities in the governance arena.

The CEO clearly views digital communications solutions as the key to Bowne's future. "We see an opportunity to work with clients to post information on their Websites," says Shea. "Companies are looking to us to help them grow and improve their operational effectiveness." Fortunately, those are areas he knows well. ■

LUKE KNIGHT

**1999** Bowne lists on the NYSE. It is the first public company to file SEC documents in HTML format.

**2002** The company prepares for corporate compliance with the Sarbanes-Oxley Act.



**2005** Bowne launches Virtual Dataroom and is the first public company to file earnings in XBRL format. It relocates headquarters to 55 Water Street.

**2006** Bowne makes the first of its modern acquisitions: the marketing and business communications division of Vestcom International.



**2007** David Shea becomes CEO. Bowne ePOD™ lets issuers send proxy materials electronically. The company merges offset and digital printing to create an integrated distributive print platform.

**2008** Bowne completes its sixth acquisition in a two-and-a-half-year span.