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COMPETITIVE ANALYSIS

IDC MarketScape: Worldwide Managed Print Services 2011 Hardcopy Vendor Analysis

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IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC MarketScape: Worldwide Managed Print Services 2011 Hardcopy Vendor Analysis by Holly Muscolino (Doc # 232135). All or parts of the following sections are included in this excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance, and Synopsis. Also included is Figure 1.

IDC OPINION

This IDC study assesses 11 hardcopy vendors that are participating in the worldwide managed print services (MPS) market. Vendor selection included vendors with existing and developing MPS programs. This assessment discusses both quantitative and qualitative characteristics that explain success in this important market. Growth of print services will continue to escalate as companies of all sizes recognize the savings and efficiencies that can be realized under such programs, and vendors compete aggressively to expand market reach and gain share. Though the MPS market is still growing, it is becoming increasingly competitive as additional players enter the market. It is also maturing, with some components rapidly entering the realm of commodity. Key strategy success factors identified from this study include:

- **Consistent delivery, regionally, multinationally, and/or globally.** "Consistency" refers to uniformity of products, services, and pricing; standardized training of sales and support personnel; seamless infrastructure for ongoing customer management; and globally integrated sales force and billing at regional and global levels.

- **Professional services capabilities around both horizontal and industry-specific document processes.** This means having the business process and vertical expertise to understand a customer's pain points and then craft the best combination of technology and services to meet real customer requirements.

- **Support for an indirect channel.** Support includes training, business development, and marketing support in addition to the products and services portfolio.

- **Offerings beyond fleet management and the office.** Offerings include management of production print facilities and in the commercial purchase of print.

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- **Technology to address a range of customers' security requirements.** Solutions should extend to mobile and remote workers.
- **IT capabilities and/or partnerships.** Access to IT management capabilities through partnerships can provide access to a broader customer base.

IN THIS STUDY

This study is IDC's second annual vendor assessment of the worldwide managed print services market using the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in this important and growing market.

This study is composed of two sections. The first section describes characteristics that IDC believes lead to success in the managed print services market. These characteristics are based on vendor surveys conducted for this study, IDC's end-user surveys, and analyst observations of best practices.

The second part of this study is a visual presentation of the resulting vendor analysis in a single bubble chart. This display concisely exhibits the quantified scores of the reviewed vendors along two axes — strategies and current capabilities — which determine if the vendor is a Leader, a Major Player, a Contender, or a Participant. In addition, vendor market size (as determined by direct MPS and BPS revenue) is indicated by the size of the bubble, and growth relative to the whole market is shown as a "+" or "-" symbol. This section also provides vendor summaries that discuss IDC's positioning of each vendor in the market along with commentary on strengths reflected in their scoring and opportunities for improvement.

The document concludes with IDC's essential guidance to vendors in support of growth and improved offerings.

Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent the extensive research foundation used to study the market and specific vendors. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape graphic, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability. Market weightings are based on vendor surveys and interviews, end-user surveys and interviews, and the input of a review board composed of IDC experts in the market.

Definitions

The definitions that follow distinguish between managed print services (MPS) and basic print services (BPS). MPS is the subject of the sections of this MarketScape analysis covering vendor strategies and capabilities. However, vendor revenue estimates used to determine the bubble size in the MarketScape graphic reflect *both* managed print services and basic print services revenue. This revenue was generated from products and services delivered *directly* from the manufacturers to their end customers as well as MPS- and BPS-related revenue derived from products and service delivered via an indirect channel.

Both basic print services and managed print services must include the following:

- **Contract scope** refers to third-party management of a group or fleet of printers and/or MFPs (may also include other device types such as scanners).
- **Contract length** is multiyear.
- **Environments** cover distributed office environment and may include in-plant, CRD, or datacenter in addition to office environment; however, contracts that include *only* centralized facilities are excluded.
- **Coverage** includes one of the following product and service combinations:
  - Ink/toner and maintenance/repairs
  - Ink/toner and maintenance/repairs plus printer/MFP hardware (purchases and leases)
- **Consolidated fleet billing** refers to a single bill for at least consumables (ink/toner), maintenance, and repairs (break/fix) for all the printers/MFP fleet of devices under management. Billing may have a hardware component.
- **Fleet usage monitoring** tracks print/copy volumes. The service includes a remote monitoring solution while acknowledging the fact that non–network connected machines would require manual monitoring.

In addition, managed print services must include the following:

- **Detailed up-front assessment:** Provider analyzing a sample of the organization's actual print/copy usage and recommends an output strategy for optimization with defined goals
- **Fleet usage analysis/reporting:** Ongoing analysis, reporting, and recommendations against predefined goals
- **Ongoing optimization:** Ongoing optimization with proactive management using the provider's resources to continuously manage the environment toward contract goals
- **Change management:** A formal program with education and incentives to get employees and their managers to achieve and sustain contract goals for printing and document workflows

SITUATION OVERVIEW

Introduction

The managed print services market continues to grow, mature, and evolve. However, as more and more service providers jump on the MPS bandwagon, there are almost as many definitions of MPS as there are providers. In response, in the 2010 IDC MarketScape MPS vendor analysis (see *IDC MarketScape: Worldwide Managed Print Services 2010 Hardcopy Vendor Analysis,* IDC #222872, April 2010), we introduced a definition of MPS that emphasizes proactive management of the end customer's imaging and printing environment and continuous improvement of that environment. In 2011, we introduced one additional component to the definition: change management, which we define as "a formal program with education and incentives to get employees and their managers to achieve and sustain contract goals for printing and document workflows." (See the Definitions section.) We expanded the definition because both MPS vendors and their customers have consistently told us that consideration of the human facet of an engagement is critical to achieving and sustaining contract goals.

We further differentiate MPS from basic print services, or BPS, which is a bundled offering without the proactive continuous improvement of a customer's printing and imaging environment. The rationale behind the definitions is to provide vendors, channels, and end users with the ability to effectively evaluate, track, and manage their business and contracts.

Growth of print services will continue to escalate as companies of all sizes recognize the savings and efficiencies that can be realized under such programs and vendors compete aggressively to expand market reach and gain share. IDC expects both the MPS and BPS markets to continue to see healthy expansion.

IDC MarketScape Vendor Inclusion Criteria

Participation in the study was extended to hardcopy vendors that offer managed print services and basic print services. Excluded from the study were IT outsourcing companies that either offer print services as part of their IT services or subcontract those services to hardcopy vendors. Companies deciding not to participate in the study were scored using publicly available information and the analyst's knowledge.

FUTURE OUTLOOK

IDC MarketScape: Worldwide Managed Print Services Market Vendor Assessment

The IDC vendor assessment for the managed print services market represents IDC's evaluation of which vendors are well positioned today through current capabilities and which have strategies that will allow them to gain market share over the next few years. Positioning on the y-axis reflects the vendor's current capabilities and how well those capabilities are aligned to customer needs as well as how well a vendor is delivering and executing its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in the next three to five years. The strategy category focuses on high-level strategic decisions and underlying assumptions about offerings, customer segments, business, and go-to-market plans.

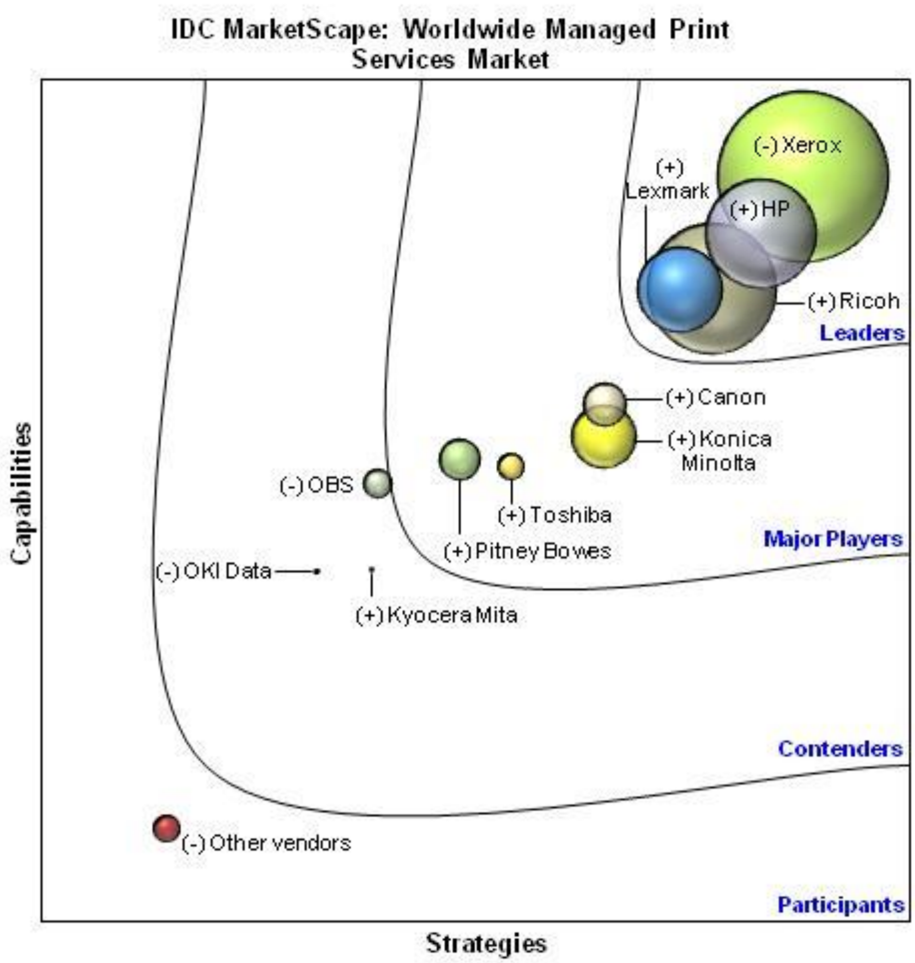
Figure 1 shows each vendor's position on the x-axis and y-axis. Additionally, a vendor's market size (as determined by direct MPS and BPS revenue) is indicated by the size of the bubble. Whether or not the vendor is growing faster than, slower than, or even with overall market growth is indicated by a (+), (-), or () icon, respectively.

Positioning on the grid is broken down into various groupings that reflect the combined view of a vendor with respect to both strategies (x-axis) and capabilities (y-axis). The groupings are defined as follows:

- Leaders are companies that have led and continue to lead the market in both breadth of offering and strategic intent. These companies have made the investments in service portfolios, go-to-market enablement, and delivery capabilities that set them apart from other vendors.
- Major Players are companies that have established and proven offerings in the market and have demonstrable success in delivering and delighting customers. These companies are "shadowing" the Leaders and exert competitive pressures via new capabilities, channel initiatives, and other differentiable capabilities that raise the bar for all vendors in the market.
- Contenders are companies that have defined managed print services capabilities but have delivery resources, technology infrastructures, and go-to-market coverage that are still being developed.
- Participants are companies that are in the process of developing a managed print service program or have initiated limited releases.

FIGURE 1

IDC MarketScape Worldwide Managed Print Services Vendor Assessment



Note: Vendor revenue estimates used to determine the bubble size in the MarketScape graphic reflect both managed print services and basic print services direct revenue. This revenue was generated from products and services delivered *directly* from the manufacturers to their end customers. This approach impacts the size of the bubble for vendors that primarily deliver MPS through indirect channels.

Source: IDC, 2011

Based upon the final scores (on the x-axis and the y-axis), we make the following high-level observations about the various players (see the Vendor Summary Analysis section for more detailed vendor analysis):

- Leaders in this managed print services IDC MarketScape assessment have scored the highest among all players in both the strategic and capabilities categories. All have robust portfolios and well-defined go-to-market strategies targeting growth globally, across company size and through both direct and indirect distribution channels.

- Several vendors are Major Players. As Major Players they have demonstrated in-depth knowledge of the market, the trends impacting the market, and how to leverage those trends for sustained growth.
- Vendors ranked as Contenders have programs that effectively address some, but not all, of the key trends and success factors at play in the market. These companies should not be discounted because of their current status. Each company has demonstrable strengths that make it a viable player. In addition, each company is aggressively pursuing growth in this market.
- Vendors ranked in the "other" category such as Dell, Sharp, Samsung, Brother, and Epson are working on developing their managed print services capabilities. IDC expects that as these programs grow and mature, the market will see increased competition.

Vendor Summary Analysis

Xerox/Fuji Xerox

Xerox, along with its Asia/Pacific partner Fuji Xerox, continues to rank highly in our evaluation, achieving top scores in both strategic outlook and current capabilities. Xerox is ranked as a Leader in our IDC MarketScape analysis. Scoring on the offering strategy and capabilities criteria were particularly strong. Business strategy scoring is strong but a bit lower than other scores.

A services-led strategy is a top corporate growth priority for Xerox, and MPS is a critical element of that strategy. Xerox has developed a continuum of services to serve companies of all sizes through both a direct and an indirect distribution channel. In 2010, the company launched its Xerox Partner Print Services (XPPS) program for channel partners, which includes training and mentoring along with business development, marketing, services, and support. The company continues to develop and ramp up this program.

Consistent global delivery capabilities are a key differentiator for Xerox, and the company continues to buildout its infrastructure for global support, including support for indirect channel partners.

Xerox recognizes that customers are looking to address business priorities beyond simply reducing print costs, and it utilizes its Xerox Office Services (XOS) tool suite and Xerox Extensible Interface Platform (EIP)–enabled MFPs as well as third-party offerings to provide business process workflow and vertical solutions for its customers. The company also leverages the vertical and business process expertise resident in the ACS acquisition. Xerox believes that one of its key differentiators is the ability to deliver sustainable cost savings over the life of a contract. The majority of Xerox's Enterprise Print Services (EPS) engagements result in the reengineering of the business process workflows, primarily in the United States and Western Europe.

A long-time provider of centralized print and mailroom services, Xerox has invested in enhancing its centralized print offering and linking it into the office to make the print room easily accessible to the office worker. These capabilities extend to the mobile and remote worker environments to truly manage all of a customer's print spend. Xerox leverages its Xerox Premier Partner network of printers for the production of commercial print.

In 2011, Xerox acquired NewField IT, and it is leveraging NewField's assessment tools to streamline the assessment process. Also in 2011, Xerox and Cisco announced an alliance that made Xerox's MPS and mobile print offerings more available to the midmarket by enabling Cisco's vast reseller channel and integrating print usage tracking into Cisco routers/switches.

Because Xerox is the largest MPS provider with high penetration in large enterprises, growth opportunities for Xerox include continued expansion of its direct and indirect channel programs, with a specific focus on growing its base of small and midsize customer organizations as well as continued expansion of its Alliance program through partners like Cisco and HCL. Another opportunity is to extend its enterprise business process services beyond the United States and Western Europe. Finally, we expect to see continued integration between Xerox's print-related services and the BPO/ITO capabilities offered by ACS.

ESSENTIAL GUIDANCE

As noted previously, there are a number of key trends emerging in the dynamic MPS marketplace and, in many cases, these trends translate into factors for vendor success. These, in turn, drive our essential guidance for hardcopy vendors:

- **Ensure consistent delivery, regionally, multinationally, and/or globally.** Cost and productivity efficiencies are to be gained by standardization for both provider and customer. Consider that consistency refers to uniformity of products (both hardware and software), services and pricing, standardized training of sales and support personnel, seamless infrastructure for ongoing customer management, globally integrated sales force, and billing at regional and global levels. Furthermore, these programs should extend to both direct and indirect distribution channels.

- **Develop professional services capabilities around both horizontal and industry-specific document processes.** This means having the business process and vertical expertise to understand a customer's environment and pain points and then craft the best combination of technology and services to meet real customer requirements. While customizable, these solutions should be built upon a standard toolset for consistency and cost-effective deployment.

- **Extend direct capabilities to the indirect channel, including training, business development, and marketing support in addition to the products and services portfolio.** Cloud computing architectures are enabling cost-effective deployment of even sophisticated capabilities.

- **Expand the MPS program's focus beyond fleet management and the office.** Additional sources of print "pain" reside in production print facilities (CRD/copy center, datacenter, mailroom) and in the commercial purchase of print. Vendors should adopt a holistic view of printing and related costs for further optimization and customer value.

- **Leverage technology to address customers' security concerns.** A continuum of solutions may be required to address a range of security requirements. Solutions should extend to mobile and remote workers.

- **Develop IT capabilities and partnerships.** While we don't recommend that all print services vendors also become IT outsourcing providers, access to IT management capabilities through partnerships can provide access to a broader customer base. The office equipment channel in particular would benefit from such access.

All vendors should continue development of their services portfolio, particularly in areas that provide greater differentiation and/or address the specific recommendations, while considering the optimal go-to-market strategies and delivery mechanisms for specific target markets. The MPS market is still growing, but it is also maturing with some components rapidly entering the realm of commodity. Vendors should leverage traditional strengths, as well as develop new competencies, to develop a foundation for moving into more complex service arenas.

LEARN MORE

Related Research

- *Hardcopy Device Usage — Digitization of Paper-Based Workflows, By Company Size* (IDC #231333, November 2011)

- *Worldwide and U.S. Document Solutions 2011–2015 Forecast* (IDC #230756, October 2011)

- *Worldwide and U.S. Outsourced Print and Document Services 2010–2014 Forecast and Analysis* (IDC #224913, September 2010)

- *Managed Print Services — Global Market and Provider Analysis* (IDC multiclient study, December 2009)

- *Managed Print Services By Vertical Industry and Company Size: Penetration Rates, Cost Savings, Decision Making* (IDC #218107, April 2009)