FOR: Enterprise Architecture Professionals

The Forrester Wave™: Managed Print Services, Q2 2012

by Craig Le Clair, May 10, 2012

KEY TAKEAWAYS

Well-Balanced Leaders Drive The Market

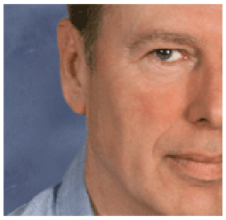
In Forrester's 16-criteria evaluation of managed print services (MPS) vendors, we found that Xerox, Hewlett-Packard, Lexmark, and Ricoh emerged as the strongest MPS offerings due to strong global deployment, complete support for office and production requirements, and integration with ITO support.

Strong Performers Offer Balanced Capabilities With A Bit More Focus

Strong performers Canon, Pitney Bowes, and Toshiba provide excellent core MPS capabilities with improved global deployments and fine-tuned project and change management capabilities.

MPS Will Continue To Evolve Over The Next Five Years

During the next five years, MPS platforms will incorporate advanced policy software, mobile solutions, business process management and case management, business rules, analytics, and integration with enterprise production platforms. Enterprises that maintain decentralized purchasing and management, without adopting MPS or aggressive self-management, will struggle to meet emerging print reduction and sustainability goals.



The Forrester Wave™: Managed Print Services, Q2 2012

Vendors Move Toward Mature Service Offerings

by Craig Le Clair
with Alex Cullen and Mackenzie Cahill

WHY READ THIS REPORT

While many offices look modern, unplanned and unmanaged use of printers, fax machines, copiers, and scanners leads to significant waste. Managed print services (MPS) are designed to help a business streamline the management of and thereby minimize costs associated with printing and imaging, offering services such as productivity enhancement and reduction of energy consumption. During the next five years, MPS platforms will incorporate advanced policy software, mobile solutions, business process management (BPM) and case management, business rules, analytics, and integration with enterprise production platforms. In Forrester's 16-criteria evaluation of MPS vendors, we evaluated offerings from Xerox, Hewlett-Packard, Lexmark International, Ricoh, Canon USA, Pitney Bowes, and Toshiba America Business Solutions, looking at their current offerings, strategy, and market presence.

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Notes & Resources

Forrester conducted vendor evaluations in the Managed Print Services market and interviewed seven vendors: Canon USA, Hewlett-Packard, Lexmark International, Pitney Bowes, Ricoh, Toshiba America Business Solutions, and Xerox.

Related Research Documents

Prepare For Paper Decline: Offload Output To Document Processing Service Providers
September 20, 2011

The Forrester Wave™: Document Output For Customer Communications Management, Q3 2011
September 14, 2011

The State Of The Document Processing Services Industry 2011
March 22, 2011

MPS: A GROWING MARKET WITH WINS FOR BUSINESS AND THE PLANET

While many offices look modern, unplanned and unmanaged use of printers, fax machines, copiers, and scanners leads to significant waste. Most enterprises possess an aging fleet of office machines, far too many equipment models, and a high percentage of non-networked devices; they also have decentralized purchasing and no programs for demand management to reduce print volume and create a green office.[1] Often, organizations have luxurious device allocations, with one printer for every two or three workers. Office optimization efforts of companies we talked to targeted 25% cost reductions and regularly achieved 15% to 20% savings. Many companies, rightly so, do not view fixing these problems as a core competency, and for these companies MPS feels right.

Forrester describes managed print services as service offerings, such as productivity enhancement and reduction of energy consumption, that are designed to help a business streamline its management of printing and imaging and thereby minimize associated costs. MPS offerings span the office, production, and mobile environment. MPS offerings must include a multiyear contract covering supplies and break-fix, with devices owned by the provider or customer, an optimization plan based on professional assessment, ongoing optimization, governance and change management, and remote monitoring for proactive management, and they must be supported by consolidated billing and reporting.

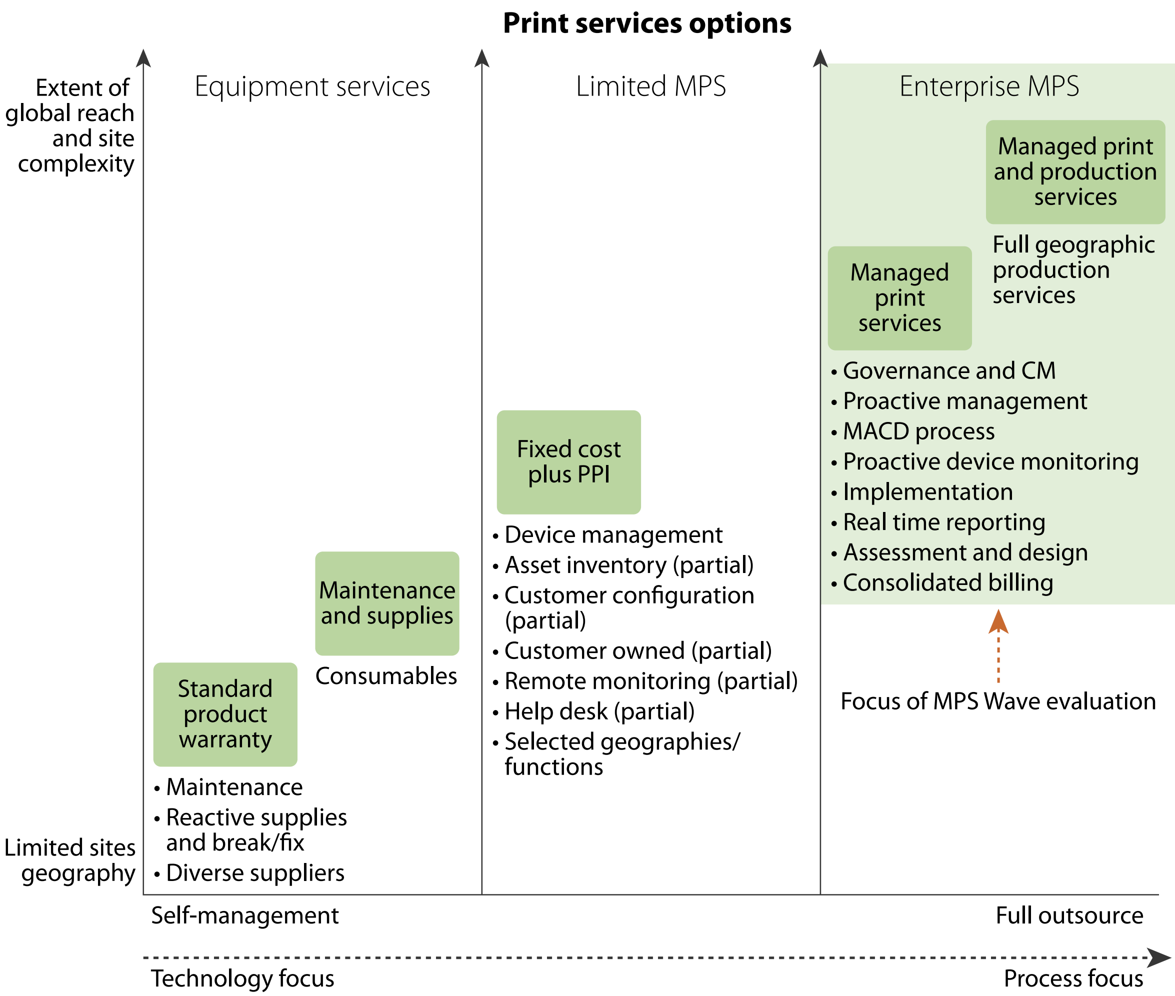
Forrester's review of the MPS market has found that:

- **MPS growth continues.** The primary reason for MPS growth is the abysmal self-management of office infrastructure and print efficiency, which for many firms translates into significant annual savings when MPS is deployed. Add to this the potential to improve business processes through integration of multifunction peripherals (MFPs) with office workflows, and it's easy to understand what's driving double-digit growth in MPS.[2]

- **Service offerings continue to mature.** Services have evolved from simple leasing and maintenance of equipment to complete fleet assessment and management, and services are marching toward production output and bundling with information technology outsourcing (ITO) offerings (see Figure 1).[3] MPS is also a shorter path to more sophisticated features such as print release, where an employee's badge is scanned before printing, beefing up security and reducing wasted pages; mobile print; and now even support for the home worker. These services are easier to implement as part of an MPS program than under self-management.

- **The consumption model aligns incentives properly.** Payment for many MPS programs is based on the output consumed by the customer (e.g., for every page printed), and this aligns incentives perfectly. For the first time, manufacturers and service providers actually want to provide less equipment — since they get paid only on output. The customer now has complete output information and becomes painfully aware of the print volume. The planet gets a break too — and receives a more sustainable system.[4] We recommend that the MPS provider purchase all equipment and take over leases with the new contract, as this accelerates optimization.

Figure 1 Print Management Options Leading To Enterprise Print Services



60769 Source: Forrester Research, Inc.

MPS VENDORS REPRESENT A MIX OF STRENGTH AND FOCUS

Forrester included seven vendors in the assessment: Canon USA, Hewlett-Packard, Lexmark International, Pitney Bowes, Ricoh, Toshiba America Business Services, and Xerox (see Figure 2).

For inclusion in this evaluation, the enterprise MPS software solution must:

- **Support Forrester's definition of MPS.** There are many vendor service offerings that support office and printing equipment. Not all of these constitute MPS.

- **Have innovative solutions or significant market share.** We considered vendors on the basis of revenue, employees, and the size of their networks in terms of customers, partners, and installed base. Furthermore, we included providers that were innovators in developing new approaches to meeting MPS needs.

- **Generate strong customer interest.** Through Forrester inquiries, consulting, media requests, and ongoing conversations with players in the market, we developed an understanding of demand for the vendors and solutions included in this evaluation.

Figure 2 Evaluated Vendors: Product Information And Selection Criteria

Company name	Product name	Product version
Xerox	Xerox Enterprise Print Services	
Toshiba America Business Solutions (TABS)	Encompass Managed Print Services	Version 3.0
Ricoh	Managed Document Services	
Pitney Bowes	Pitney Bowes Managed Print Services	
Lexmark International	MPS	
Hewlett-Packard	HP Managed Print Services	
Canon USA	Canon Managed Document Services	iWEMC v3.1, imageWARE Remote UGW v4.1, uniFLOW v5.1

Vendor selection criteria
Support Forrester's definition of MPS. There are many vendor service offerings that support office and printing equipment. Not all of these constitute MPS.
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Source: Forrester Research, Inc.

MPS VENDORS IMPROVE MOBILE, GLOBAL, AND SUSTAINABILITY OFFERINGS

To assess the state of the MPS market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top MPS vendors. After examining past research, user-need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 16 criteria, which we grouped into three high-level buckets:

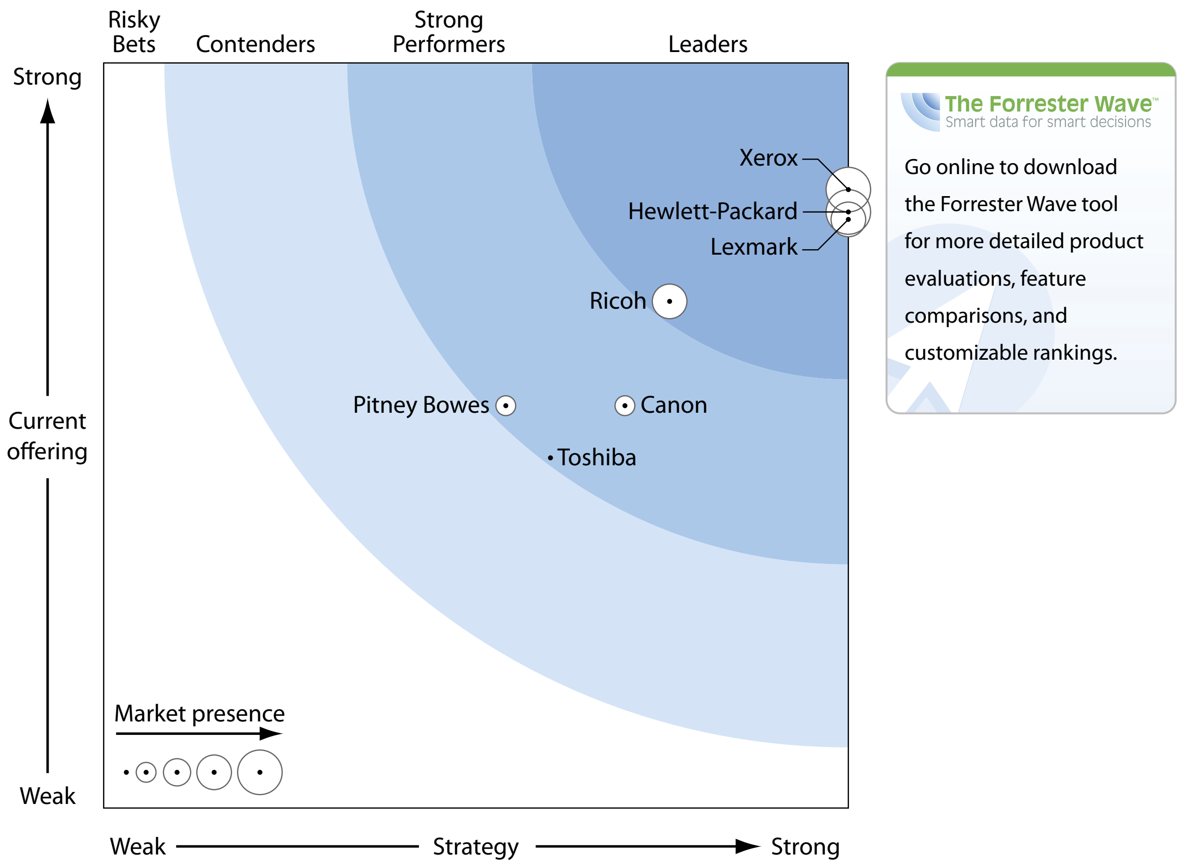
- **Current offering.** Forrester reviewed functionality across platform support, print policy software, mobility solution, global delivery, project management, sustainability, and other criteria.
- **Strategy.** We reviewed the vendors' market experience, organizational commitment, and planned enhancements for platform support, mobile and home worker solutions, and process integration, as well as their partnership approaches, corporate strategy, and target markets.
- **Market presence.** We looked at installed base, revenue growth, services, number of employees, and technology partners. We estimated numbers where vendors would not disclose actual figures.

Our evaluation uncovered a market in which (see Figure 3):

- **Xerox, HP, Lexmark, and Ricoh lead the pack.** Xerox, HP, Lexmark, and Ricoh were the Q2 2012 MPS leaders, confirming the full commitment by their corporate senior executives to MPS. These leaders were able to combine strong global support with strong, balanced capabilities.
- **Canon, Toshiba, and Pitney Bowes are strong performers.** Strong performers Canon and Toshiba provide excellent core MPS capabilities with improved global deployments and fine-tuned project and change management capabilities. Pitney Bowes — the strongest independent (non-equipment manufacturer) MPS provider — rounded out a very strong field.

We encourage readers to use this evaluation of the MPS market as a starting point only; you should view detailed product evaluations and adapt the criteria weightings to fit your individual needs through the Forrester Wave Excel-based vendor comparison tool. Because many clients have made existing investments in part of MPS, and because of the noted differences in different segments of the MPS market, Forrester blended criteria across three use case segments: 1) structured output; 2) interactive output; and 3) on-demand output. As a result, enterprises should use the custom features of our Wave model to emphasize the use case area of interest — where the goal may not be complete enterprise coverage.

Figure 3 Forrester Wave™: Managed Print Services, Q2 2012



Source: Forrester Research, Inc.

Figure 3 Forrester Wave™: Managed Print Services, Q2 2012 (Cont.)

	Forrester's Weighting	Canon	Hewlett-Packard	Lexmark	Pitney Bowes	Ricoh	Toshiba	Xerox
CURRENT OFFERING	50%	2.70	4.00	3.95	2.70	3.40	2.35	4.15
Platform support	15%	1.00	3.00	3.00	5.00	3.00	5.00	5.00
Print management software	10%	5.00	5.00	4.00	3.00	4.00	3.00	4.00
Global delivery	10%	4.00	5.00	5.00	1.00	2.00	1.00	5.00
Mobile printing	10%	4.00	5.00	5.00	1.00	3.00	3.00	5.00
Project management	10%	3.00	3.00	4.00	4.00	4.00	2.00	3.00
Change management and environmental alignment	10%	3.00	4.00	4.00	2.00	4.00	3.00	3.00
Proactive support	5%	4.00	3.00	4.00	3.00	3.00	2.00	4.00
Technology and solution ownership	5%	4.00	5.00	5.00	1.00	5.00	2.00	5.00
Integration of ITO support with MPS	5%	1.00	5.00	3.00	1.00	3.00	0.00	5.00
Integration with business processes	10%	2.00	2.00	5.00	1.00	2.00	2.00	2.00
Enterprise print support	10%	0.00	5.00	2.00	5.00	5.00	0.00	5.00
STRATEGY	50%	3.50	5.00	5.00	2.70	3.80	3.00	5.00
MPS market experience	40%	5.00	5.00	5.00	3.00	5.00	3.00	5.00
MPS strategy	30%	3.00	5.00	5.00	3.00	3.00	3.00	5.00
Organizational commitment	30%	2.00	5.00	5.00	2.00	3.00	3.00	5.00
MARKET PRESENCE	0%	2.00	4.50	3.50	2.00	3.50	1.00	5.00
MPS revenue	50%	2.00	4.00	3.00	2.00	3.00	1.00	5.00
Enterprise engagements	50%	2.00	5.00	4.00	2.00	4.00	1.00	5.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR PROFILES: MPS TARGETS GLOBAL, MOBILE, AND REPORTING

While the Forrester Wave graphic — which summarizes the evaluation — may seem to indicate little differentiation among the leading vendors, in reality that is not the case. The ratings across individual criteria differ, with each vendor having a unique set of strengths, weaknesses, and approach to the business.

Well-Balanced Leaders Drive The Market

The leaders are particularly well balanced across use all case areas, have strong market presence, and have excellent strategies to meet emerging MPS needs. The leaders are as follows:

- **Xerox Enterprise Print Services (EPS) extends office print to corporate print centers.** Xerox has an extremely well-balanced offering, with strength across all categories, including platform support; global deployments; ITO support; and, in particular, enterprise support. Xerox EPS is well positioned to offer a hybrid on- and off-site service and is well suited for an MPS market that will evolve to include production as well as office equipment as office devices improve performance and production centers struggle to maintain relevance.[5] Xerox's market reach has been enhanced through integration with ACS's ITO business, expansion to many partners in the small and medium-sized business (SMB) space, as well as partnering with global delivery — such as with CSC, HCL, and others. Xerox will manage competitors' existing devices and bring in non-Xerox devices as needed as part of optimization.

- **Hewlett-Packard aggressively pursues MPS.** HP received top scores for global delivery, mobile solutions, print policy software, enterprise, and ITO support. As a manufacturer, an ITO and business process outsourcing (BPO) provider, and a very focused managed enterprise solutions group, HP leverages a large and growing installed base of printers and MFPs to win managed services business, and with HP Services (formerly EDS) it can provide outsourcing for the network, the desktop, and the data center and target enterprises that need the full extent of HP's services. Global reach, top environmental solutions, and a comprehensive approach to MPS ensure HP a top spot in the market. HP's partnership with Canon in North America and Europe, the Middle East, and Africa (EMEA) for category 5 and 6 MFP devices extends HP's MPS device portfolio.

- **Lexmark focuses on workforce automation.** Lexmark has provided MPS for 12 years and received top scores for integration with business processes, print management software, mobile solutions, and project and change management. Their focus is streamlining business processes and providing workflow solutions to print less. Lexmark's acquisition of Perceptive Software in 2010 and Pallas Athena in 2011 (BPM and case management) will help Lexmark continue its focus on point-of-service (PoS) applications for key verticals such as retail, pharmacy, and healthcare, as well as build an independent enterprise content management (ECM) and BPM capability.[6] Even before acquiring Perceptive and Pallas, Lexmark had more than 100 applications that run on MFPs to provide document management functions. While many MPS initiatives focus on device consolidation models, Lexmark Global Services starts with print policies driven by print "use cases" that define how users print. Lexmark has MPS installations in more than 60 countries and has invested in global infrastructure using one consistent system for all MPS operations globally.

- **Ricoh has a strong mix of capabilities with enhanced device monitoring.** Ricoh has strong direct channels worldwide for delivering MPS. Surveyed enterprises noted Ricoh's strong execution and responsiveness to out-of-scope tasks such as security integration challenges. Continued focus on change management, improved device management, and extending services beyond MPS to office workflows and document management will ensure strong growth in MPS.[7] The MPS unit was often the low-cost option for enterprises surveyed. Ricoh's acquisition of Ikon, a strong consulting organization with workflow and software-based services, has strengthened this former soft spot in Ricoh's portfolio. Ricoh scored well for enterprise print support; approximately 40% to 60% of its contracts include print/print production (depending on region, with the US at 60%). Ricoh has more than 10,000 badged employees onsite at 2,500 sites and multiple facilities where it outsources production print.

Strong Performers Offer Balanced Capabilities With A Bit More Focus

Strong performers have well-balanced offerings, in some cases have more focused geographic areas, and may partner for production or ITO services, but may be a lower-cost option. These are as follows:

- **Canon emphasizes people, direct MPS support, and creative design.** Canon Business Solutions is the primary vehicle for MPS delivery and scored well for print policy software and strong direct coverage for global deployments, and it is working to standardized service delivery across operating units. This is a big change for Canon, which has been traditionally very dealer focused and decentralized with more than 300 operating units. Three main areas anchor Canon's MPS offering. First is "customer-centric" design, such as innovative floor plans to support a remote or satellite workgroup or integrating MFP features with SharePoint. Second is staffing for both onsite and offsite work. Third is a blended focus on technology, tools, and processes that provide detailed reporting for device utilization, cost analysis, and user behavior.

- **Pitney Bowes is a manufacturer-agnostic MPS provider.** Pitney Bowes received the top score for platform support as well as for production print services. Independents (non-manufacturers) such as Pitney argue that manufacturers can reduce office devices but are hopelessly addicted to high-margin consumables, and therefore manufacturers will be slower to reduce print volumes. But in 2009 Ricoh merged with Ikon, the strongest independent at the time, and it seemed that independents — without revenue from manufacturing print devices and consumables — could not sustain business in MPS. Pitney Bowes Managed Print Services, however, appears to break this logic, with more than $500 million in active MPS contracts that use its Intelligent Output Solutions to optimize the output of printed documents and accelerate the migration from print to digital documents.

- **Toshiba continues strong multibrand support.** Toshiba's MPS program began more than ten years ago and grew out of a document analysis program — a good starting point for where MPS is headed. Toshiba emphasizes an open strategy and received the top score for platform support. It has an open approach for print management tools and support where customers can make best use of what they have augmented by a variety of third-party products, such as FMAudit to manage the environment. Toshiba shines in the planning stages, with three internally developed assessment models for the environment, office equipment, and business process that excel at data collection, as well as the ability to synthesize to create reports. Toshiba is particularly strong for environments with a high percentage of HP, Lexmark, and Toshiba products. Global support is improving — but, currently, North America and Western Europe are the sweet spots. Toshiba is strong for customers' office document printing, with little emphasis on the production or ITO environment.

SUPPLEMENTAL MATERIAL

Online Resource

The online versions of Figures 2 and 3 are Excel-based vendor comparison tools that provide detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- **Product demos.** We asked vendors to conduct demonstrations of their product's functionality. We used findings from these product demos to validate details of each vendor's product capabilities.
- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with several of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of questionnaires, demos, and discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

1 While many offices look modern, their use of printers, faxes, copiers, and scanners is often unplanned, unmanaged, and hiding significant amounts of waste and environmental harm. For a review of office device inefficiencies, please see the May 24, 2011, "Save Money, Go Green, And Be A HERO By Shining A Light On The Office" report.

2 Forrester reviewed industry trends for MPS in March 2011. This research shows the MPS market growing steadily. See the March 22, 2011, "The State Of The Document Processing Services Industry 2011" report.

3 "Managed services" is an umbrella term that describes third parties that monitor and maintain computers, networks, and software. The term "managed" implies an ongoing contract to make the equipment run at a certain quality level and keep software up to date. For office equipment, managed services do not include people. They do include the equipment, consumables, technology, monitoring, and maintenance. So what advantages do they bring?

4 Office printing is a true environmental glutton. Forrester has written on this subject in the recent review of the office. Please see the May 24, 2011, "Save Money, Go Green, And Be A HERO By Shining A Light On The Office" report.

5 Xerox has already begun to leverage its global presence to provide several large, multinational enterprises with a solution that links all three document processing services (DPS) segments. For a description of these segments, see the March 22, 2011, "The State Of The Document Processing Services Industry 2011" report.

6 In June 2010, Lexmark announced that they had acquired Perceptive Software, one of the fastest growing ECM providers in the market. With the acquisition, Lexmark builds upon and strengthens their portfolio with document imaging, document management, workflow, and records/information management (RIM) offerings in both on-premise and hosted/software-as-a-service (SaaS) environments. The Perceptive ECM software platform is designed for easy configuration/integration with a large number of enterprise resources planning (ERP), customer resource management (CRM), and line-of-business applications, and the adaptable workflow enables users to access and work with content according to their assigned tasks and activities. With these added capabilities, Lexmark now has a complementary software business that is aligned with its existing industry-focused value proposition.

7 In March 2011, Ricoh introduced @Remote Enterprise Pro along with the @Remote Connector option, a server-based fleet management software application that extends Ricoh's Intelligent Remote Management System capabilities. The @Remote Connector option helps organizations see their population and utilization of devices through a dedicated online portal, allowing for IT departments to monitor and manage their fleet.

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