

# Ricoh unveils plans to close gap on managed print services rivals

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## Quocirca Comment

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**Ricoh's first global press event was held on 20 January 2011 where it announced its plans to invest \$300 million over three years in its global managed document services (MDS) infrastructure. It has set an annual revenue target for MDS of \$3.3 billion by 2013.**

For a company that has stayed fairly quiet about its managed print service credentials so far, this is an ambitious target - if achieved, Ricoh expects to capture a third of the flourishing managed print services (MPS) market.

### **The need for managed print services**

With many businesses failing to understand the true cost of their print infrastructure, some are turning to MPS, which Quocirca defines as the use of an external provider to assess, optimise and manage the print infrastructure. MPS provides a way to consolidate the patchwork of brands, devices and consumables that characterise a typical unmanaged print environment.

Although it may seem paradoxical that MPS supports a "print less" approach, the revenue opportunity for a hardware vendor, such as Ricoh, comes from capturing pages from competitor devices, higher value colour output and longer term service contracts.

The MPS market opportunity is significant; Quocirca estimates that just 20% of large enterprises have adopted an MPS, although more are beginning to evaluate the benefits. Through use of centralised management tools and usage based pricing, businesses gain predictable and reduced costs, improved productivity through better workflow, and lower their environmental impact through using more energy efficient devices and less consumables.

### **A strategic approach to information management**

Ricoh delivers MDS through its direct business, with its strategy moving beyond traditional hardware driven MPS engagements, to cover all elements of the document lifecycle - encompassing document capture, processing, storage and output.

Ricoh's is positioning MDS around managing "information capital", this being one of a CIO's primary imperatives. This objective is clearly far-reaching as it focuses on increasing business productivity by looking at people, processes and technologies across an organisation.

This approach acknowledges that printing continues to play a significant role in business processes and that through better use of multifunction peripherals (MFPs), printers and document workflow tools, costs can be contained whilst also driving productivity.

### **Gaining market share**

Quocirca's recent "[MPS Comes of Age](#)" report identified Ricoh as having made significant strides in the development of its portfolio. In October 2010 it established global competency centres to standardise its offerings and ensure consistency across its global network which operates in more than 180 countries.

Its acquisition of IKON Office Solutions, a provider of office equipment and document services, has particularly enhanced its MDS capabilities and resources. Ricoh certainly now has the product and service portfolio to encroach on the market share of its main competitors in the MPS market - Xerox and HP.

Ricoh should be careful not to complicate its MDS offering, moving beyond the fundamentals of MPS at a time where many organisations are

just getting started. With any large outsourcing engagement, starting small and thinking big is crucial. Ricoh should not ignore the fact that many enterprises may be looking for less complex MPS projects that integrate easily with existing IT infrastructure and applications. These projects can of course be a first step to a wider and larger engagement.

#### **Unique differentiators?**

Ricoh claims two of its main differentiators are change management and vendor-agnostic infrastructure management. Ricoh's global change management approach is based upon Prosci's ADKAR® change management methodology.

Change management is certainly a critical component of any large MPS engagement, as replacing desktop printers with shared MFPs and implementing secure print solutions, for instance, necessitates changes in printing, copying and faxing habits. However, Ricoh is far from alone in offering change management for MPS – this is also a key offering from other vendors, particularly Xerox and HP.

When it comes to multi-vendor management, Ricoh's capabilities to manage devices irrespective of brand is not particularly unique as vendors such as Xerox, HP and Lexmark all do this to varying degrees.

Certainly at the initial stages of any MPS engagement, this capability is necessary to ensure that devices are not unnecessarily swapped out, and third party devices can continue to be used, monitored and serviced where necessary. Naturally, most vendors are

eventually looking to persuade their customers to standardise on their own equipment and a standardised environment is always going to be easier to manage and use from both an IT and end-user perspective.

#### **Challenges ahead**

Ricoh's announcement to accelerate its global managed document services expansion comes at a time when its main competitors are prolific in the market. Quocirca believes that 2011 will be a critical year for Ricoh, and the breadth and depth of its portfolio is certainly strong enough to challenge Xerox at the top end of the market.

Ricoh is squarely focusing its efforts on the CIO, many of whom do not have an insight into their escalating print costs. However, these CIOs will be familiar with outsourcing, and couching MPS in these terms can demonstrate how MPS can bring the same benefits of economies of scale, access to expertise as well as reduced financial and environmental costs.

The key challenge remains for Ricoh – and all other MPS providers - to educate the CIO on the impact of operating an unmanaged print environment.

While MDS certainly is a broader offering, it must start with a diligent assessment of the print environment. The basic premise not only behind MPS but of any investment – is being able to manage and measure usage and costs. Only then can the next step be taken to build innovation into broader engagements.

## About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first-hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

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