

IT Analysis – Channels to MPS success

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Current economic pressures have put renewed focus on technology consolidation within businesses. Although often overlooked, the print environment can be a source of huge cost which can be easily be brought under control through using a managed print service (MPS).

Revitalising printing with MPS

The printer and multifunction (MFP) market is characterised by falling prices and shrinking margins. In this increasingly commoditised market, selling services is the key to capturing new revenue for both manufacturers and resellers. For customers, an MPS is a way of reducing capital investment and lowering the ongoing costs associated with inefficient printing practices, such as the cost of purchasing and storing consumables, costs related to high paper usage, as well as reduced productivity as a result of printer downtime.

Managed print services range in depth and scale and may be offered either through the reseller channel or direct by the manufacturer. An entry level MPS offers a way to purchase printers combined with supplies, maintenance and support through an all-inclusive contract. This type of service is typically offered through the channel, and dependent on their capabilities, resellers may also offer print environment assessments and device consolidation consultancy.

At the other end of the scale direct programmes from vendors like Xerox and HP offer a range of services to assess, optimise and manage the print environment. Whilst large enterprises are the focus of manufacturers' direct MPS programmes, it is the lucrative mid-market served predominantly by the channel where resellers have most to gain.

The channel opportunity

Downward pressure on printer hardware prices means that resellers need to differentiate their offerings by selling more software and services.

This allows resellers to add value through initiatives like offering print assessments or document workflow solutions. Entry level MPS contracts are often cost-per-page contracts where customers sign up to a contract that includes consumables, service and support. So rather than the traditional purchasing model where a customer may purchase consumables from different suppliers, an MPS approach allows the reseller to benefit from an ongoing supplies revenue stream.

The printer market is served by a mix of traditional copier and IT-driven printer resellers. The transition to selling MPS is different for each of these. Copier resellers typically have the infrastructure in place due to the traditional financing models for copiers, often sold on "click" contracts. Whilst copier resellers have often sold via the facilities or procurement departments within organisations, an MPS offers them the opportunity to connect with the IT department. IT departments may be more familiar with certain brands such as HP, Lexmark or Samsung and also expect strong networking integration expertise.

Meanwhile printer resellers are characterised by extensive product ranges and IT expertise, but may not have the service capability or infrastructure to sell cost-per-page contracts. It is attracting these resellers to the MPS fold which is probably the most challenging for manufacturers.

Vendor channel programmes

The channel convergence taking place is a market driver for printer manufacturers, and many are actively developing their channel programmes to help their resellers navigate these often uncharted MPS waters. Unsurprisingly vendor programmes are usually focused on managing their own devices, with inherent limitations for multi-brand resellers, but it can provide resellers with a simple and straightforward packaged service which enables

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them to make the switch to MPS reasonably quickly.

Many printer manufacturers are packaging their managed print service tools for the small and medium (SMB) market. Some programmes require remote monitoring for automated meter reading, which has traditionally been a manual task carried out by the customer. As well as enabling regular billing, automatic meter reading also enables supplies replenishment to be proactively managed meaning that customers can receive consumables before they notice they have run low, and before productivity is impacted. Remote monitoring also enables proactive maintenance. Ultimately MPS should make sense for any reseller that wants to enhance its customer relationships, whilst building annuity revenue streams and bringing in higher margin business.

Two of the most advanced vendor programmes are those from HP and Xerox. HP Smart Printing Services (SPS) uses the resources and skills of its HP partners to supplement its own. The SPS offering consists of two different blocks of services: break/fix support and supplies are delivered by HP under a proprietary agreement. Hardware, financing and other service elements required are delivered by the partner under a linked, but separate contractual agreement. In the EMEA region HP is aiming for 60% growth, illustrating the importance of MPS to its channel efforts.

PagePack is Xerox's principal channel service offering in Europe, based on cost-per-page model. The contract covers hardware support, maintenance and supplies (excluding paper), 24/7 access to consumable ordering tools, Smart eSolutions (automatic meter reading) and hardware support and maintenance. It also offers Office Productivity Advisor tools which calculate document costs and its SAVE (Self-Assessment Value Estimator) which enables resellers to promote the benefits of PagePack contracts over traditional non-contract purchasing.

Other vendors are also increasing their emphasis on managed print services for their channel partners. The Lexmark Value Print programme

provides certified resellers with a range of tools, support and training to help them sell an MPS. Meanwhile Kyocera UK has launched KYOprint Pack which is an all-inclusive service that enables customers to purchase a device with all consumables, preventative maintenance kits and service included. KYOprint Packs are valid for a specific number of pages, and expire when that number of pages has been printed. This is unlike some other MPS contracts where the customer is charged for a certain number of pages per month regardless of whether they are printed.

Ricoh UK launched its @Remote partner programme in Autumn 2008, and since then over 30 dealers have signed up for the programme which offers automated meter reading along with supplies management capabilities.

Multivendor management and the hybrid reseller

With many companies operating a heterogeneous printer fleet, those resellers hoping to truly exploit the opportunity of managing a customer's complete print environment must use generic print management tools which offer consistent functionality across printer brands. PrintFleet, for instance, offers a hosted and reseller-hosted remote print monitoring solution. The benefit of using this type of tool is that resellers do not need to invest time in learning and installing a range of different vendor proprietary tools.

Meanwhile, the need for resellers to be able to connect with IT decision makers as well as offer service capability has led to the emergence of the "hybrid reseller" which combines the service skills of copier resellers with the technology expertise of IT resellers.

[XMA Solutions](#) is a good example. XMA is a specialist supplier of IT hardware, supplies and services, and has been focusing on managed print services for five years with customers predominantly in the public sector and education markets. XMA offers print management consultancy such as document assessments and hardware and software deployment for a range of printer brands. XMA is also an HP Smart Printing Services partner and is actively

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embracing the managed print services opportunity.

When it comes to the IT infrastructure, managed services have already been accepted as the way to reduce the cost and time of managing IT in-house. Printing is as much an integral part of the IT infrastructure as other networked devices, and using a third party to manage any element of the printing environment is a start to making efficiency gains and reducing costs.

Nevertheless, there is still a significant learning curve for resellers who are yet to make the shift to a service-based approach. The MPS transition requires new skills and resources, and printer manufacturers need to nurture existing channel partnerships as well as develop new ones to compete effectively in a market where MPS is the key to reviving their fortunes.

Whilst vendor proprietary tools are certainly a good way for resellers to get started with managed print services, generic tools should also be considered by those resellers who have the resources to manage multivendor environments.

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.

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