

Quocirca Comment

The battle for channel MPS heats up: HP and Xerox make small acquisitions that promise a big impact

Louella Fernandes, Principal Analyst

Xerox's acquisition of NewField IT, a UK based print consultancy and software solution provider follows hot on the heels of HP's acquisition of Printelligent, a US-based managed print services (MPS) provider. With both HP and Xerox looking to expand the penetration of MPS to SMBs and midmarket organisations, the acquisition of these companies provides the additional capabilities that both companies need to ensure higher penetration rates. This market remains a largely untapped opportunity for channel partners to capture on-going service revenue opportunities in an increasingly commoditised hardware market – the acquisitions enable both vendors to approach SMBs via the channel with a services-led model that provides distinct business value to the customer.

Xerox and NewField IT

Xerox's acquisition of NewField IT cements a long-established relationship between the two companies. NewField's flagship AssetDB technology already underpins the assessment and optimisation capabilities for the Xerox Partner Print Services (XPPS) platform. NewField's pedigree as a print assessment provider is well recognised across the industry with most printer and copier vendors having used Asset DB in varying degrees to support assessment of print environments and optimised MPS designs. Asset DB covers the complete gamut from graphical floor-plan based data collection to future state design of an optimised print environment. Although Xerox's purchase of NewField IT could be dismissed as a small acquisition, it certainly has the potential to make a significant impact of Xerox's channel-led MPS revenue.

Xerox is keen to replicate its success in the enterprise MPS market across the SMB and midmarket, which currently has a relatively low

penetration of MPS. However, success in these channel-led markets is highly reliant on resellers' resources and skills to sell and deliver MPS quickly and effectively. The Xerox Print Partner Services (XPPS) hosted MPS infrastructure was developed over a year ago to provide channel partners with a set of tools to manage every element of an MPS contract – including sales pursuit, device discovery, optimisation and service delivery. Quocirca believes that the acquisition of Newfield IT will enhance Xerox's credentials to deliver a comprehensive set of MPS tools for multivendor resellers far beyond the basic MPS packages currently on offer from its competitors.

While the technology benefits of the acquisition for Xerox are clear, less clear is how NewField IT will continue to operate as a vendor-neutral provider of software and services. Its existing relationship as an assessment provider for HP and Ricoh, for instance, must surely be at risk – and even more so given HP's acquisition of Printelligent. Meanwhile, NewField IT intends to continue providing independent consultancy services to end-users, abiding by its established code of conduct which states that it will remain objective and not supply or promote the products of those hardware vendors that license its technology. Vendor-agnostic assessments are a critical part of any MPS engagement and NewField IT has long been offering these as an independent provider. However, it remains to be seen how effectively it can continue to preserve its independence when delivering vendor-neutral recommendations for MPS device optimisation.

HP and Printelligent

HP's almost simultaneous announcement to acquire Printelligent has levelled the playing field between the two vendors. Although XPPS had recently been the only cloud MPS platform available to multi-brand resellers enabling them to manage a multivendor environment, HP's

latest acquisition of Printelligent will now provide HP channel partners a wealth of scalable multivendor MPS capabilities.

With Printelligent, HP has acquired an established MPS provider which has been offering MPS since 1993 through a network of MPS channel partners across the US. Printelligent assets will enhance HP's assessment and optimisation capabilities and its MPS sales and services expertise infrastructure, along with HP's cloud-based InCommand platform will enable HP to now deliver a set of differentiated MPS solutions and services via the channel. Whilst the acquisition of Printelligent will certainly bolster HP's channel MPS capabilities in the US, it may take some time to provide a similar set of services to its European channel, particularly given Xerox's strong MPS presence in this region.

Market outlook

The majority of SMBs and midmarket organisations currently purchase printer hardware and consumables on a transactional basis which creates a huge opportunity for hardware vendors to encourage customers to adopt a contractual approach to buying "printing" rather than "printers". Consequently the market for MPS in the SMB and midmarket is moving beyond the simple single brand, basic service which essentially wraps hardware with supplies, maintenance and support. Whilst HP and Xerox will continue to offer these basic services for businesses that need it, the real cost saving – both financial and environmental – comes from a detailed assessment and optimisation of the printer environment – from both a hardware and workflow perspective. Channel partners therefore need simple and flexible tools and an infrastructure that they can tap into to sell, deliver and manage MPS on an on-going basis.

The market to sell MPS to SMBs and midmarket organisations is still wide open and vendors must provide their channel with a simple and effective MPS cloud platform that can deliver remote monitoring, consolidated billing, supplies and service and reporting across a multi-vendor

environment. For now SMBs are most likely to be more receptive to basic services, whilst the midmarket organisations stand to benefit most from more complex and value-based MPS propositions.

Although Xerox had a head start in providing an MPS infrastructure for its channel partners, HP has made a smart acquisition which will help it catch up and strengthen its presence in this market, particularly as it can exploit its strong relationship with the IT channel. Now that both vendors have the infrastructure and tools to provide their channel partners, success will ultimately be linked to how well these vendors engage and train their channel to deliver MPS to their customers.

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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