

BERTL iTchat: Samsung UK's ambitious plans for B2B domination

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As a major player in the semiconductor, flat panel TV and mobile phone markets, Samsung has become one of the fastest growing global brands over the past five years. But now Samsung is turning its attention to its new growth engine – the printer business - to expand its share of the lucrative corporate market. Samsung has a bold mission – to become a top tier player in the global laser printer market by 2012, narrowing the gap between it and the market leader HP.

One of Samsung's advantages in developing its printer products is its ability to source many of its own hardware components, including processors, LCD panels, and memory chips, along with design and software. This enables faster go-to-market times, it claims, than its rivals. However, whilst Samsung is already a major supplier to many manufacturers in the industry, such as Ricoh, Xerox, Lexmark and Dell, Samsung's success in achieving its aggressive goal relies significantly on the success of it enhancing its brand within the competitive corporate market.

Samsung has already made some headway in growing its market share, emerging as the fastest growing company in the laser printing market. According to the IDC Worldwide tracker, in Q2 2008, Samsung claimed almost 31% share of the global colour laser multifunction market whilst its share of the colour laser printer sales reached 19.9% maintaining its second position in this market.

European expansion

In Europe, Samsung has seen rapid market growth – since 2001 its printer revenue has soared by a compound annual growth rate of 30% to reach \$550 million in 2007, and Samsung is targeting 52% year-on-year growth for 2008. Samsung has significantly outpaced market growth, in an overall market that has only grown by around 7% in the same period.

To support this quest, Samsung is squarely focusing on strengthening its B2B product and

solutions portfolio, developing its IT reseller channel and expanding its marketing organisation. Samsung has doubled the size of its European printing team since the beginning of 2008, with its new director Graham Long joining from HP.

In the UK, Samsung's printer team has grown from 17 to 43 and is now led by Geoff Slaughter, who brings with him 17 years experience in Canon where he most recently was director of its reseller channel. To support Geoff's role as director of the print division, Samsung recruited a string of senior executives from Canon, Xerox, Lexmark and Epson. Samsung UK has also recruited a raft of executives with experience in Canon, Xerox, Epson and Lexmark. This significant investment in resources will aim to increase Samsung's growth in both the business and consumer channels.

Strengthening B2B presence

Whilst Samsung will continue to strengthen its range of consumer models, the drive for profitability will come from the expansion of its corporate model portfolio. Samsung intends to focus on the following areas to expand its mindshare in the B2B market to develop its position as a total solutions provider of hardware, software and services.

- Channel development

In Europe Samsung sells exclusively through the channel via a network of 21,000 authorised resellers. Consequently, Samsung's success in the B2B market relies on the success of its partner ecosystem. Its resellers will require the expertise to engage with IT managers and be able to sell not only hardware, but solutions and services.

Samsung's channel strategy is to develop its reseller base for better engagement with the corporate market, to enable it to focus on SMBs, corporate and FT 1000 companies. As building its credibility in the IT channel is its key objective, Samsung aims to expand relationships with IT resellers as well as develop strategic pan-



European accounts with major distributors. In the UK, Slaughter also intends to target traditional copier dealers who are now selling printers as a result of the convergence in the print and copier technology. With the market already seeing the traditional copier centric model of pay-per-use being adopted by printer companies, Samsung will develop this approach with resellers to develop service annuity and ongoing revenue opportunities. Slaughter also recognises that in a market where service and reliability is fundamental, Samsung needs to build a viable service proposition for its channel.

- Solutions and open architecture

As well as widening its product portfolio to offer higher speed corporate printer products, Samsung is also actively investing in its open platform based on the JScribe open architecture. With most competitors already offering open environments which enable applications to be customised for corporate requirements, Samsung has recognised that this capability will be vital to its ability to address the potential needs for bespoke printing solutions in the corporate market. Samsung UK has also created a vertical market business, led by Glen Mason who has also joined from Canon. This will focus on developing a Samsung's offerings in both public and commercial sectors, building on Samsung's established strengths in the government, education and health sectors.

Meanwhile Samsung is also developing its European managed print services program to

address the growing need that organisations have to manage and control their print environment. This area is currently a work in progress, which Samsung UK expects to be able to roll out to the channel later in 2008.

Competitors waiting in the wings

Samsung's aggressive expansion of its UK printer team serves to signify that it is serious about capturing the leading share of the laser printer market. Slaughter admits it will take time to build out its channel, strengthen its supply chain and develop its service proposition to effectively compete in the corporate arena.

In a relatively static market, Samsung is well positioned to capture a larger slice of the pie, provided it can strengthen its corporate channel partner network and develop its product offering for business customers. Its managed print service capabilities will be key to providing a compelling service to corporate customers – and is an area where many of its main competitors such as HP and Xerox already have well established and credible programs. The smaller players will all have to demonstrate innovation and speed to remain players in the market, which may well dilute Samsung's efforts. Inevitably, its most formidable competitor HP is not likely to rest on its laurels. Having already strengthened its go-to-market strategy in the enterprise market, HP will undoubtedly fight to maintain the coveted top spot in the market.

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