

EXCERPT

IDC MarketScape: Worldwide Managed Print Services 2010 Hardcopy Vendor Analysis

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IN THIS EXCERPT

This IDC Excerpt is taken from the IDC MarketScape report entitled, IDC MarketScape: Worldwide Managed Print Services 2010 Hardcopy Vendor Analysis, by Michael Orasin, (doc# 222872). All or part of the following sections are included in this Excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, and Figure 1.

IDC OPINION

This IDC study assesses a number of hardcopy vendors participating in the worldwide managed print services (MPS) market. Selection for the study was made by evaluating the vendors that had existing or are in the process of developing offerings. Managed print services has become a major influence in the hardcopy peripherals market. The majority of vendors are either aggressively investing in services that they have had in place for several years or, seeing the adoption trend, working to initiate competitive programs to remain relevant. Vendor strategy differences exist between those that have both direct and indirect channels and those that have indirect channels only. The vendor evaluation is based on IDC's MarketScape methodology, a comprehensive and rigorous framework that analyzes participating vendors relative to specific criteria and to one another. It also highlights the factors that are expected to be the most influential for short- and long-term success in this market. Key strategy success factors identified from this study include:

- ☒ All vendors realize that managed print services is a new profitability model based upon "annuity" services rather than traditional break/fix and supplies annuities. Hardcopy vendors have participated in the print services market for several years and have to hone their strategy and capabilities to meet the print management needs of customers, especially in large corporations, if they are to sustain their hardware market shares and take advantage of the MPS opportunity.
- ☒ Hardcopy device monitoring toolsets are just the ante to participate in this game-changing trend. To be successful, vendors need to offer proactive monitoring (onsite and remote) and support for heterogeneous environments, customer financing, and integrated services dispatch and billing systems. Both Xerox and HP have invested heavily in these capabilities as their market positions reflect.
- ☒ There are distinct differences in vendor requirements to address the market from a direct/indirect channels and global perspective. Companies that architect their delivery models to support direct and indirect channels will ensure brand consistency and protect/grow market share. Those with global reach will also protect and grow their market share.

- ☒ Other key success factors in the next three to five years will be a vendor's ability to reduce delivery costs and to expand its services portfolio beyond fleet management/optimization. Those with the resources to leverage technology to reduce costs will be advantaged. The vendors that can expand into related services spanning enterprisewide needs, such as business process document management, print procurement, and imaging/archiving, will be most successful.

IN THIS STUDY

This study is IDC's first vendor assessment of the worldwide managed print services market using the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in this growing market.

The following definitions distinguish between managed print services and basic print services. MPS is the subject of this MarketScape analysis covering vendor strategies and capabilities. Vendor revenue estimates used to determine the bubble size in the MarketScape graphic reflect managed print services plus basic print services, delivered direct from the manufacturers to their end customers.

In detail:

- ☒ **Managed print service** is a one or multiyear contract with a third-party provider for the outsourced management of a fleet of at least single-function printers or multifunction peripherals (MFPs); it may also include other hardcopy device types. Contract must include an assessment, rightsizing, proactive management, and on-going optimization of the printing and imaging environment. Features of this type of service include:

- ☐ Initial assessment (inclusive of solution design/optimization)
- ☐ Ongoing optimization of the hardcopy device deployment to maximize productivity and reduce costs
- ☐ Life-cycle management of printers, scanners, MFPs, and so forth (install, move, add, change, dispose)
- ☐ HC device and proactive hardcopy device repair and maintenance
- ☐ Supplies replenishment and proactive supplies replenishment
- ☐ Help desk support for hardcopy devices; technical support for hardcopy devices provided onsite and/or off-premise
- ☐ Education and end-user training
- ☐ Real-time hardcopy fleet usage monitoring and reporting
- ☐ Formalized reporting on operations (device utilization, fleet performance, and SLA/KPI metrics); reporting also includes consolidated billing and contract management

☒ **Basic print service** is a one or multiyear contract for a fleet of printers and/or MFPs with a third-party provider. This type of service must include the following:

- ☐ Hardware, supplies, and break/fix service bundle, or supplies and service bundle
- ☐ Remote monitoring of the hardcopy device fleet for the purpose of reducing costs or improving efficiencies for supplies, break/fix, and technical support
- ☐ Combined billing and reporting for all devices

Participation in the study was extended to hardcopy vendors that offer managed print services and basic print services. Excluded from the study were IT outsourcing companies that either offer print services as part of their IT services or subcontract those services to hardcopy vendors. Companies deciding not to participate in the study were scored using publicly available information and the analyst's knowledge.

This study is composed of two sections. The first section describes characteristics that IDC believes lead to success in the managed print services market. These characteristics are based on vendor surveys conducted for this study, IDC's buyer surveys, and analyst observations of best practices.

The second part of this study is a visual presentation of the resulting vendor analysis in a single bubble chart. This display concisely exhibits the quantified scores of the reviewed vendors along two axes — strategy and current capabilities — which determine if the vendor is a leader, a major player, a contender, or a participant. In addition, vendor market size and growth relative to the whole market are shown. This section also provides vendor summaries that discuss IDC's positioning of each vendor in the market along with commentary on strengths reflected in their scoring and opportunities for improvement.

The document concludes with IDC's essential guidance to vendors in support of growth and improved offerings.

Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent the extensive research foundation used to study the market and specific vendors. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market.

SITUATION OVERVIEW

Introduction

Managed print services is gaining players and evolving into a codified offering. The term *managed print services* has caused some confusion in the market since various vendors have different capabilities that they are touting as MPS.

In response, IDC's MPS definition has been refined to emphasize proactive management of the customer's imaging/printing environment and continuous improvement of that environment. And, we differentiate MPS from basic print services. Please see the In This Study section for MPS and BPS definitions.

The rationale behind the definitions is to assign unique characteristics to each service enabling vendors, channels, and end users the ability to evaluate, track, and manage their business and contracts. Both managed print services and basic print services are marketed by direct and indirect channels. Hardcopy vendors sell managed print services to medium-sized and large organizations looking to transition management and support of their imaging and printing environment to a third party through an outsourcing contract. They also offer basic print services to customers in the SMB market. For the indirect channel, OEMs have developed both managed print services and basic print services offerings as well. The focus over the past two years has been primarily on basic print services, with managed print services being provided more selectively, that is, via larger indirect channels with the capacity and expertise to deliver this more complex offering.

FUTURE OUTLOOK

IDC MarketScape: Worldwide Managed Print Services Market Vendor Assessment

The IDC vendor assessment for the managed print services market represents IDC's assessment of which vendors are well positioned today through current capabilities and which have strategies best positioned to gain market share over the next few years. Positioning on the y-axis reflects the vendor's current capabilities as seen in its menu of services and how well aligned it is to customer needs. The capabilities category focuses on the company's product today. We look at how well a vendor is delivering and executing its chosen strategy in the market.

Positioning on the x-axis or strategy axis indicates how well the vendor's future strategy aligns with what customers will require in the next three to five years. The strategy category focuses on high-level strategic decisions and underlying assumptions about offerings, customer segments, business, and go-to-market plans for the next three to five years. We look at whether or not a vendor's strategy aligns with customer requirements (and spending) over the next three to five years.

Figure 1 shows each vendor's position on the x- and y-axis. Additionally, a vendor's market share is indicated by the size of the bubble, and whether or not the vendor is

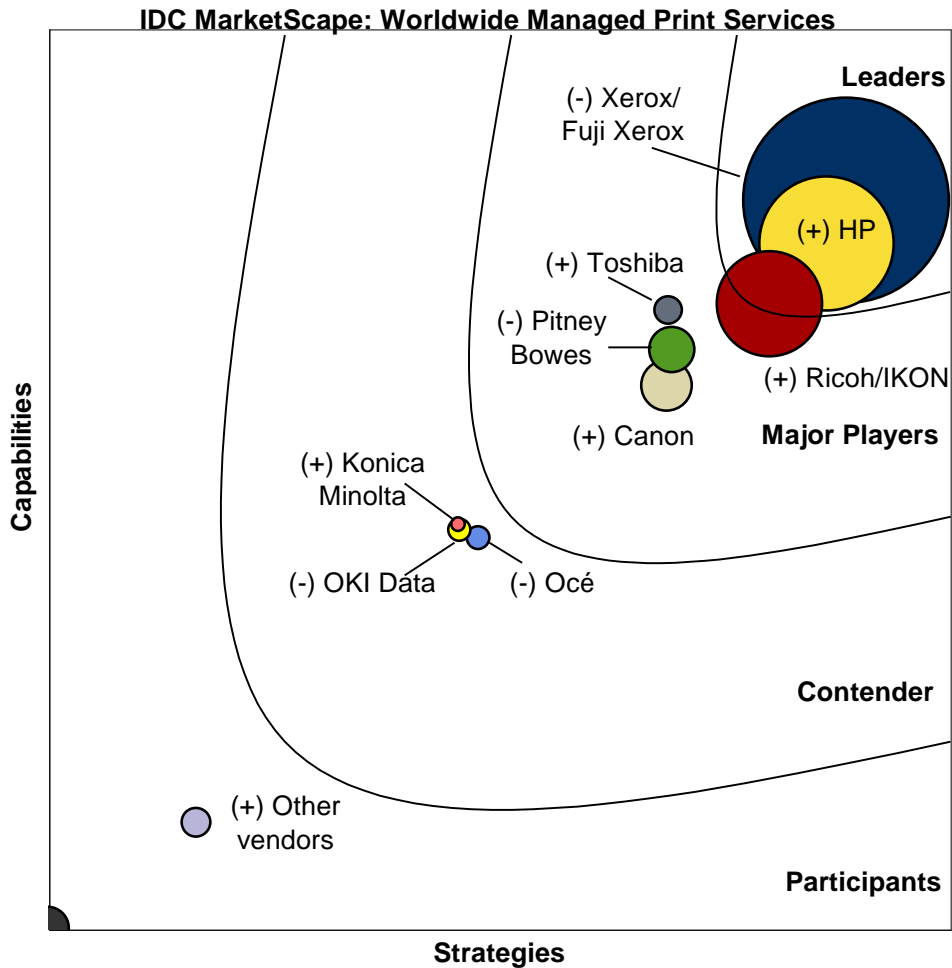
growing faster, slower, or even with overall market growth is indicated by a (+), (-), or () icon.

Positioning on the grid is broken down into various groupings that reflect the combined view of a vendor with respect to both strategy (x-axis) and capabilities (y-axis). The groupings are defined as follows:

- ☒ Leaders are companies that have led and continue to lead the market in both breadth of offering and strategic intent. These companies have made the investments in service portfolios, go-to-market enablement, and delivery capabilities that set them apart from other vendors.
- ☒ Major players are companies that have established and proven offerings in the market and have demonstrable success in delivering and delighting customers. These companies are "shadowing" the leaders and exert competitive pressures via new capabilities, channel initiatives, and other differentiable capabilities that raise the bar for all vendors in the market.
- ☒ Contenders are companies that have defined service capabilities falling into either managed print services and/or basic print services but have regional coverage. As contenders, they are investing in delivery resources, technology infrastructures, and go-to-market coverage to meet the services demands of their customer base.
- ☒ Participants are companies that are in the process of developing managed print service program or have initiated limited releases.

FIGURE 1

IDC MarketScape Worldwide Managed Print Services Vendor Assessment



Note: Revenue used to determine bubble size is based upon managed print services and basic print services revenue, both of which are delivered directly from the hardcopy manufacturer.

Source: IDC, 2010

Based upon the final scores (on x- and y-axis), we make the following high-level observations about the various players (please see the Vendor Summary Analysis section for more detailed vendor analysis):

- ☒ Joining the leaders in the IDC MarketScape assessment is Ricoh/IKON. Both companies had successful services offerings prior IKON's acquisition by Ricoh. The combined company has aligned their various strengths reflected in scoring in this study. A unique differentiator for the company is a formalized change management component of its MPS delivery framework that works to facilitate the implementation. IKON's penetration and infrastructure for the midsize market is also a competitive advantage.

Vendor Summary Analysis

Ricoh/IKON

Both Ricoh and IKON separately have deep expertise in the managed services market. Ricoh, through its aggressive acquisition strategy has been able to capitalize on both its internally developed services and those obtained from Lanier. In addition, Ricoh, through its InfoPrint arrangement, has been working closely with IBM to align several of its embedded MFP programs with IBM software architecture initiatives that have yielded enhanced print monitoring capabilities. IKON has been a force in managed print services leveraging a hardware-agnostic approach to services from its inception.

Ricoh is ranked a leader in the IDC MarketScape analysis. The combined strengths of both companies helped in delivering high scores in the IDC MarketScape assessment. The combined company's overall strategic road map and current functional capabilities reflect a deep understanding and well thought out set of offerings to help both companies be successful now and into the future. Integrated services and portfolio planning across both companies is evident and should yield positive market traction in the future. The combined company's delivery infrastructure is both mature and coalescing well, leveraging a number of internally developed delivery frameworks and third-party integration software for device management. The combined company has adopted the phrase "MPS and beyond" as its go-to-market byline signaling its pursuit of non-print focused services.

Areas of opportunity for the combined company include promoting output services beyond fleet management such as production print and a broader set of offerings for non-print document services. Additionally, IDC believes the combined company needs to establish a single brand recognition around Ricoh that reflects the combined strengths of Ricoh and IKON.

LEARN MORE

Related Research

- ☒ *Managed Print Services — Global Market and Provider Analysis* (IDC Multiclient study, December 2009)
- ☒ *Business Process Workflows by Customer Segment: Paper-to-Digital Conversion Rates and the Role of Scanning Versus Other Digitization Methods — An IDC Hardcopy Usage Analysis Presentation* (IDC #221173, December 2009)
- ☒ *Scan Drivers — What Is Driving Scan Volume? An IDC Hardcopy Usage Analysis Presentation* (IDC #217950, April 2009)
- ☒ *Managed Print Services By Vertical Industry and Company Size: Penetration Rates, Cost Savings, Decision Making* (IDC #218107, April 2009)

Synopsis

This IDC study is the first vendor assessment of the managed print services market using the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in this growing market.

This study is composed of two sections. The first section describes characteristics that IDC believes lead to success in the managed print services market. These characteristics are based on vendor surveys conducted for this study, IDC's buyer surveys, and analyst observations of best practices.

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The document concludes with IDC's essential guidance to vendors in support of growth and improved offerings.

"Managed print services is a game-changing trend that will have significant impact on the hardcopy market well into the future," said Michael Orasin, research manager for Hardcopy Software and Services. "This study identifies the leaders, major players, contenders, and participants that make up the current MPS landscape and reflects on the strategy and capabilities needed to be successful."

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