OEMs Discuss IssuesWith Off-Lease MFPs

s noted in this space in the October 2024 issue of Office Technology, there is a growing challenge that, if not properly addressed, could result in the MFP and single-function printer remarketing



industry no longer being sustainable. The problem is likely to be faced in the next five to seven years. That could result in leasing companies and dealers scrambling to find new ways to manage the disposal of MFPs and printers once leases end/at end of life.

I first shared this following the Lease Equipment Return Summit, hosted by the Business Technology Association (BTA), Sept. 23, 2024, in San Antonio, Texas. I attended, along with former BTA general counsel, now BTA ambassador, Bob Goldberg, and 2024-25 BTA President Adam Gregory. Also present were representatives of five leading office equipment leasing companies, as well as a representative of an MFP remarketer.

The conversation continues. On March 6, a second Lease Equipment Return Summit was held, this time in Orlando, Florida. I attended along with Bob and Adam, the MFP remarketer representative and one of the leasing company representatives present at the first meeting. This time, however, the primary group of attendees were representatives of seven MFP OEMs.

The remarketer told attendees that there was a day when only 1% to 1.5% of all returned MFPs and printers were sent to a recycler. "It will be 50% or more within the next five years," he said. "Today, 85% of A4s are recycled. Only 15% are resold." He also noted that leasing companies have increased commissions to remarketers and "that helps some, but we need to think about five years from now. This is more about planning for

the future than avoiding a current crisis."

The problem is multifaceted, but largely has to do with the significant rise of A4 MFPs in the workplace and the resulting ever-increasing quantity of A4s coming off lease. Coupled with that, the remarketer stated, is the important reality that "at the end of lease, A4s are at the end of life." Adam told the group that at his dealership, a very high percentage of A4s coming off lease have no value.

At the first summit, it was suggested that it may become necessary to charge an additional fee on leases upfront in order to pay remarketers a fixed fee (rather than just a commission on the sale value) to cover the costs associated with recycling, and everincreasing warehousing and labor costs.

At the second summit, there was some pushback on the idea. As one OEM put it: "For those out there today trying to sell a box, I'm not sure we want to charge another fee." Another OEM stated: "I don't think one thing is going to be the solution. It's going to be a bunch of things."

Whatever the ultimate outcome, the OEMs have a role to play. Bob asked of the attendees: "OEMs put these [A4s] into distribution; don't they have an obligation at the end, too?" While no definitive solutions were determined at the summit, the OEM attendees agreed that it is a matter that needs to be addressed and resolved. They indicated that they would escalate the dialog by way of furthering the discussion within their individual companies.

"The issue of equipment facing end of life and no clear disposal track is of great concern," Bob said to attendees in an email following the summit. "Clearly, the industry recognizes the issue." BTA has plans to host a third summit, inviting additional interested parties. Stay tuned.

- Brent Hoskins

Office Technology

Executive Director/BTA Editor/Office Technology

Brent Hoskins brent@bta.org (816) 303-4040

Associate Editor

Elizabeth Marvel elizabeth@bta.org (816) 303-4060

Contributing Writers

Christina Catenacci, voyAlge strategy Inc. www.voyaigestrategy.com

Tommy Cooke, voyAlge strategy Inc. www.voyaigestrategy.com

Greg Goldberg, BTA General Counsel Business Technology Association

Jenna Miller, Emerald Strategic Marketing www.emeraldstrategicmarketing.com



Business Technology Association

12411 Wornall Road Kansas City, MO 64145 (816) 941-3100 www.bta.org

Member Services: (800) 505-2821 BTA Legal Hotline: (847) 922-0945

> Valerie Briseno Marketing Director valerie@bta.org

Brian Smith Membership Sales Representative brian@bta.org

> Brooke Barker Administrative Assistant brooke@bta.org

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FLASHBACK



The association's magazine cover 49 years ago this month
— the NOMDA Spokesman, April 1976.