Enabling the Channel: Assessing Vendor MPDS Tools, Programs, and Strategies

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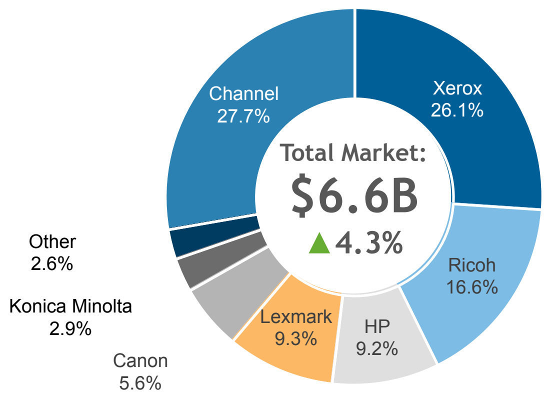
Agenda

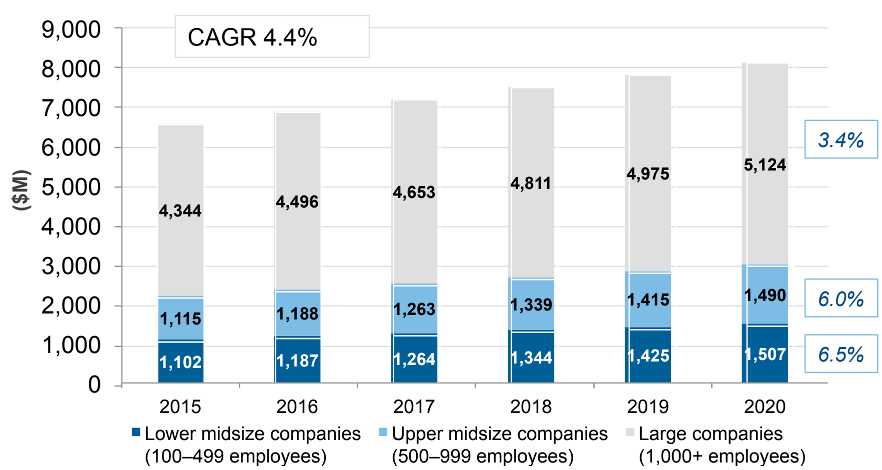
1. **MPDS Market Overview**
2. Customer Trends
3. Understanding the SMB Opportunity
4. Competitive Landscape
5. Q&A

U.S. Managed Print and Document Services 2015 Share Snapshot



- Market growth decelerated in 2015
  - Market maturity
  - Digital transformation
- Indirect channel share now higher than any other vendor
- Channel MPDS revenue up 9%

U.S. MPDS Forecast, 2015-2020



Source: *Worldwide and U.S. Managed Print and Document Services and Basic Print Services Forecast, 2015–2020*, May 2016

Commoditization of MPDS

- Land grab approach
  - Too many providers and not enough pages
  - Stealing pages does not grow the market
  - Competing on cost is a short-term, vulnerable position
- MPS is already commoditized at the low end
  - Basic fleet management services
  - Up-front assessments completed with little regard to impact on productivity
- SMB is now the prime target for MPS
  - Requires higher client value and channel engagement

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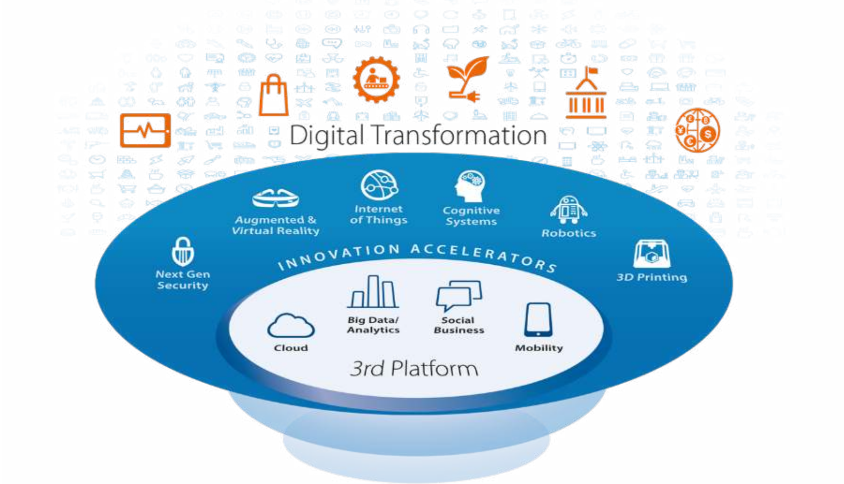
3rd Platform Drives Business Transformation



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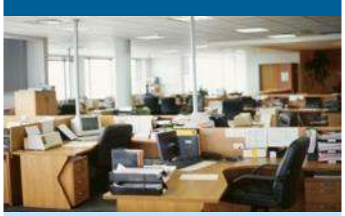
Office of the Past

Physical office space



Cubicles, Closed offices

Equipment

Desktop computers, telephones, fax machines, copiers, printers, typewriters, calculators

Mostly unconnected technology

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Office of the Future

Physical

- Shared, open space
- Transparency (glass)
- Remove walls, barriers to collaboration
- Hospitable, inviting
- A place to meet
- Office business hubs emerge

Workforce

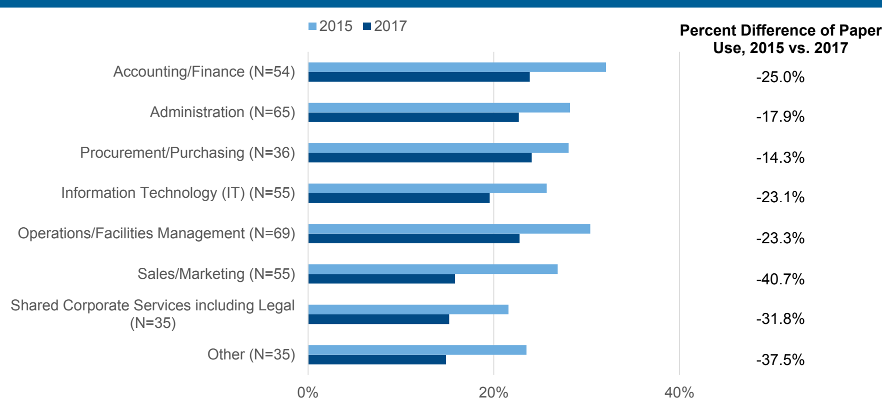
- Contracted or shared jobs
- Outsource non-core functions
- Multi-generational
- Man and machine co-exist
- Attract and retain workforce by enabling flexible workstyle, work/life balance, productivity gains

Technology

- Access is 24/7, not 9 to 5
- Customized to the user
- Analytics, sensors track the user
- Natural intuitive interfaces
- Technologies enable virtual work
- Mobility blurs work & personal
- Untethered wireless power

Over the next two years knowledge workers will see a significant drop in the number of paper documents used per week

MEAN SUMMARY 2015 vs. 2017 PAPER - What is your best estimate of the percent of all documents that you use each week that are in paper vs. electronic form, now and in the coming two years? PAPER ONLY SHOWN

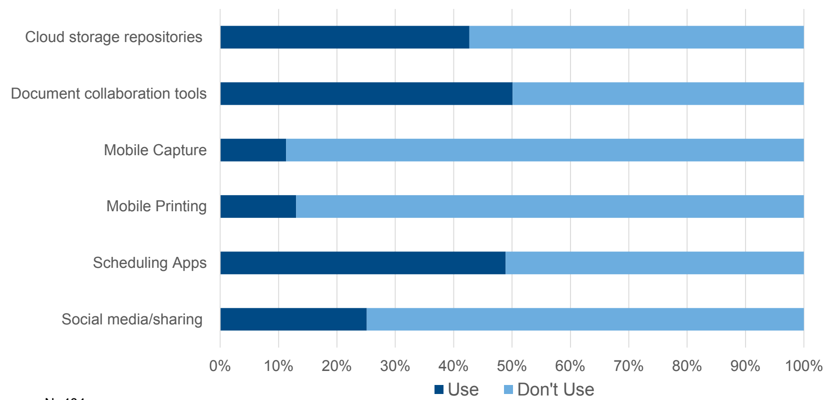


Base=All Respondents
Notes: Managed by IDC's Quantitative Research Group.; Data weighted by number of employment by function;
Use caution when interpreting small sample sizes.
Source: *Document Processes Survey*, IDC, December, 2015

IDC Survey Spotlight

What Non-Sanctioned Tools Are Knowledge Workers Using?

Which of the following tools do you use in a non-company sanctioned capacity to help improve your time to complete a task?



N=404
Base=All Respondents
Notes: Managed by IDC's Quantitative Research Group.; Data weighted by number of employment by function; Use caution when interpreting small sample sizes.Source: Document Processes Survey, IDC, December, 2015

Buyer Insights: Missed Opportunities?

Buyers face continued pressure to reduce cost, increase productivity, however…

- Print and documents are still an often over-looked expense due to fragmented oversight
- Inefficient, outdated, highly manual document processes, though painful, may not be top of mind for decision makers
- There is low awareness of the potential opportunities for transformational improvements locked within these processes…
- … and equally low awareness that the MPDS provider that has optimized a fleet of imaging devices has the document domain expertise to enable business process improvements

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MPDS: Addressing Document Challenges in SMB

Digital Workflow
Capture & automation
Controlling ad-hoc scanning
Paper-to-digital conversion
Integration

Printing
Mobile print
Secure print
Making color more accessible
Managing devices

Security
Content accessibility
Share, store, collaborate
Distribution rights (DRM)
Regulatory compliance

Mobility

SMB

Inefficiencies tied to paper, mobile and system integration, and the relentless demand for access to information—when and where it is needed

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Barriers to Adoption of Advanced Services

- Some still focused on "core" managed print and document services
  - 62% of organizations in the U.S. are at the first three levels of print and document management maturity
- Document workflow is not a priority versus other 3rd Platform and digital transformation initiatives
  - Existing manual and/or paper-based document processes are well-established
- New buyer(s) changing decision making dynamics
  - Though MPDS is generally driven by IT and/or Procurement, LOB Buyer is key influencer for workflow investments

Redefining MPDS for SMB

Enterprise
Taking cost out of the system and creating an integrated content strategy

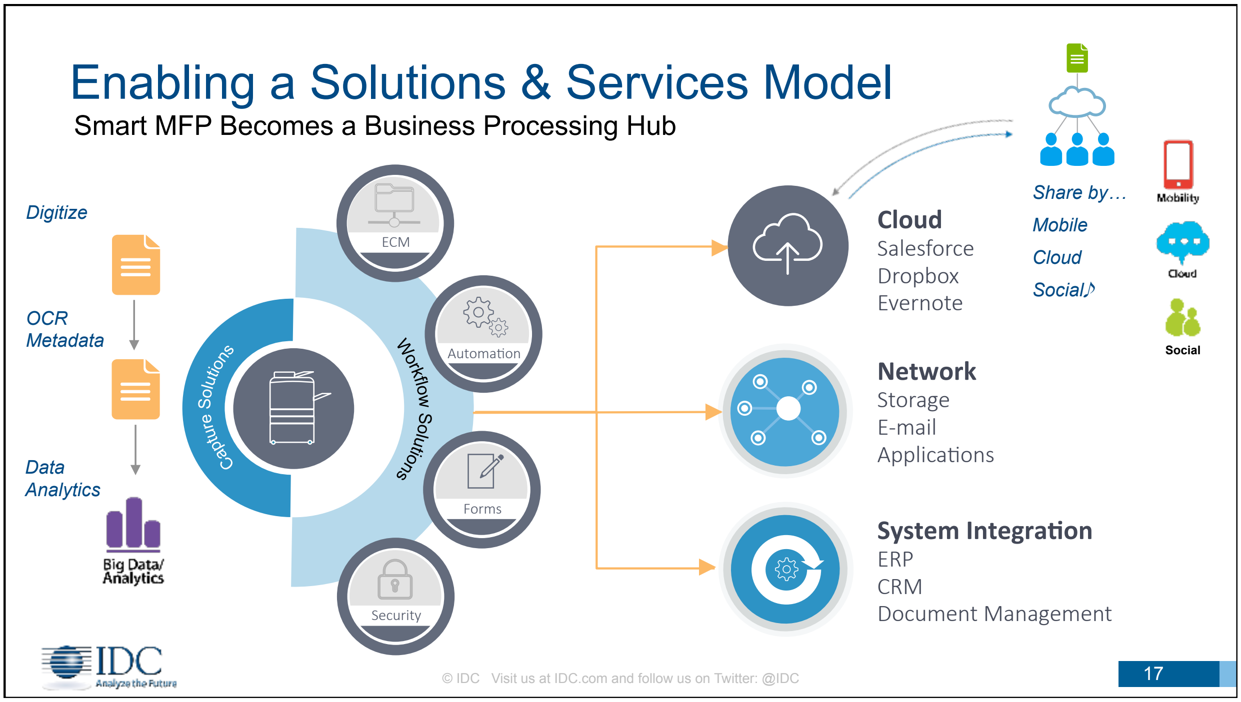
- Consolidating devices
- Eliminating print and printers
- Controlling and reducing color usage
- Reducing or eliminating paper consumption
- Reducing energy footprint
- Transition from paper to digital
- Content management
- Business process improvement

MPDS

SMB Customers
Save time and drive productivity in all areas of the business

- Managing devices
- Simplifying print management
- Make color more affordable and accessible
- Automating processes
- Reduce the burden on IT staff
- Improvements in workflow
- Consolidating vendors

In SMB: print is viewed less as a cost center and more as a component of a broader set of document-related processes



Enabling a Solutions & Services Model
Smart MFP Becomes a Business Processing Hub
Digitize
OCR Metadata
Data Analytics
Big Data/ Analytics
Capture Solutions
Workflow Solutions
ECM
Automation
Forms
Security
Cloud
Salesforce
Dropbox
Evernote
Network
Storage
E-mail
Applications
System Integration
ERP
CRM
Document Management
Share by…
Mobile
Cloud
Social
Mobility
Cloud
Social
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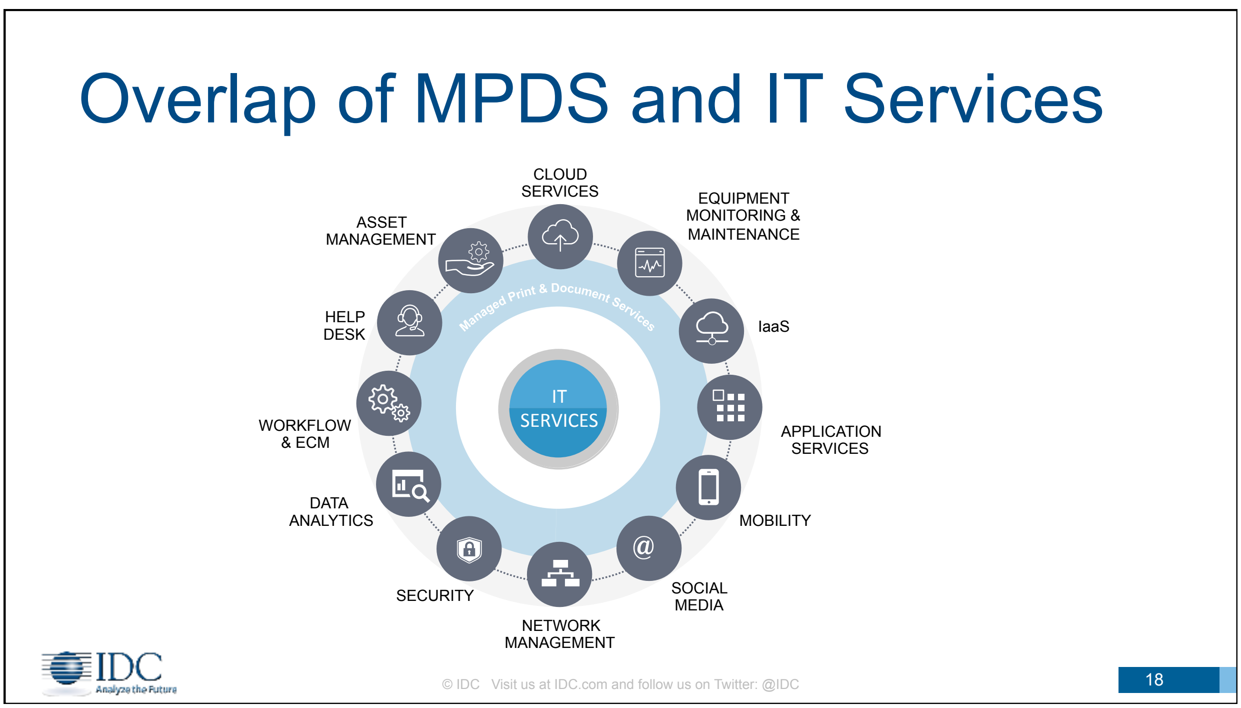

Overlap of MPDS and IT Services
CLOUD SERVICES
EQUIPMENT MONITORING & MAINTENANCE
IaaS
APPLICATION SERVICES
MOBILITY
SOCIAL MEDIA
NETWORK MANAGEMENT
SECURITY
DATA ANALYTICS
WORKFLOW & ECM
HELP DESK
ASSET MANAGEMENT
Managed Print & Document Services
IT SERVICES
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Canon

Market approach

1. Blended A3/A4 hardware approach
2. Focus on centralized environments but promotes balanced deployment
3. Information Management Services key pillar of B2B strategy
4. Customer journey: optimize print to automate processes
5. Print-centric approach to document workflow

SOLUTIONS

- Strong mix of owned IP and partner solutions
- MEAP platform supports broad range of partner solutions
- Technology to address digital transformation

KEY ASSETS

Cloud and mobile solutions around capture and print management
- uniFLOW
- Netaphor
- Therefore
- MDS Cloud
- Strong partner portfolio

PROGRAMS

- Good lead generation programs aimed at solving business process pain points
- Vertical programs to educate channel and provide sales support

VERTICALS

Dedicated subject matter experts focused on
- Education
- Healthcare
- Legal
- Financial Services
- Manufacturing

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HP

Market approach

1. Distributed A4 approach but… that is changing
2. Focused on optimizing centralized environnments but…
3. Economies of scale and combined strengths of Printing and Personal Systems businesses
4. Holistic approach to MPDS with focus on end-to-end process improvement
5. Blending of IT and print with focus on security

SOLUTIONS

- Moving toward open systems and partner solutions
- JetAdvantage platform
- JetAdvantage On Demand (cloud portal)
- Broad partner portfolio

FOCUS

- Lead with security (device, network, content, and print)
- Strategic focus on MPDS in SMB
- Channel enablement through cloud solutions

Channel assets

PROGRAMS

- Partner recruitment
- Market Development Funds (MDF)
- Sales enablement and training
- Global Partner Conference (GPC)
- New partner programs

VERTICALS

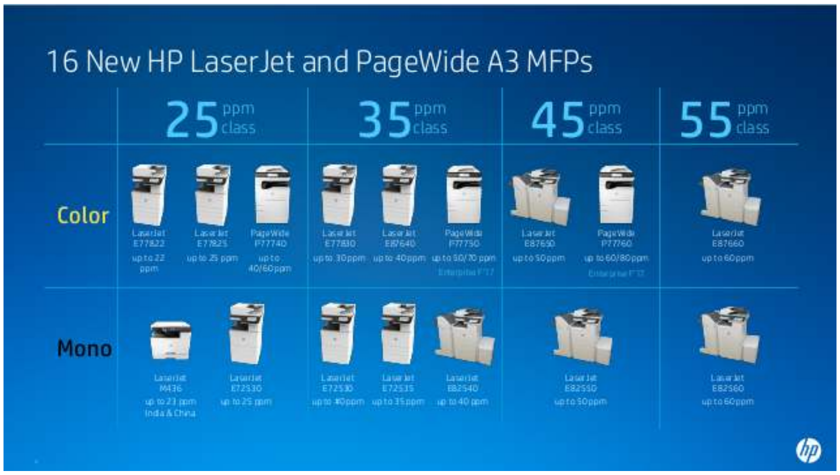
Programs to drive vertical expertise to the channel:

- Financial services
- Healthcare
- Manufacturing
- Communications
- Public sector
- Professional services

HP Attacks Copier Market…Again

- Acquires Samsung's entire printing business
- Launches massive A3 portfolio
  - PageWide and laser
  - Smart Device Services (cloud tools and infrastructure)
  - Analytics
- Channel engagement
  - Restructuring partner programs
    - Managed Print Specialist program
  - Huge investments in service/support infrastructure
  - Service readiness for contractual support

HP's New A3 Portfolio



Konica Minolta

Market approach

1. Blended A3/A4 hardware approach
2. Developing vertical programs that include HW, SW, professional services, MPDS and IT services
3. Strength in IT services (All Covered acquisition)
4. Pushing the channel to expand beyond print with managed content services, managed marketing services, IT Outsourcing
5. Building out complete MPDS infrastructure

SOLUTIONS

- Broad mix of partner and owned IP
- Solutions well integrated across multiple verticals and business functions
- Strong MFP and back-office integration

KEY ASSETS

Portfolio built around key solutions for print management, capture, and workflow

- KM Dispatcher
- OnBase
- Kofax
- Square 9
- Nintex

Channel assets

PROGRAMS

- Managed IT Services
- Workplace of the Future
- Packaging and supporting vertical solutions for the indirect channel (EnvisionIT)

VERTICALS

Vertical focus for the channel:

- Architecural
- Distribution
- Education
- Financial services
- Government
- Healthcare
- Manufacturing

Lexmark

Market approach

1. Balanced deployment hardware approach
2. Industry expertise and vertical alignment, including sales force and GTM strategy
3. Established global infrastructure
4. Broad software portfolio including intelligent capture, BPM, ECM in addition to MPDS infrastructure
5. Strong in business process workflows

SOLUTIONS

- Broad portfolio of hardware, workflow, and print mgmt. solutions
- Well-developed global service and support infrastructure
- Back office integration

KEY ASSETS

Information management in five core competencies
- Capture
- Content management
- Output management,
- Search analytics
- Workflow and case management

Channel assets

PROGRAMS

- Strong industry sales and support expertise
- Vertical-specific and horizontal solutions marketing programs
- Demand generation
- Channel marketing
- Content creationt

VERTICALS

Deep industry expertise and targeted verticals:
- Retail
- Banking
- Financial services
- Healthcare
- Manufacturing
- Government

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Ricoh

Market approach

1. Strong commitment to MPDS and transition to services
2. Legacy of centralized services, including mailroom, CRD, datacenter
3. Growth of ITO organization and merged MPDS/ITO offering (mindSHIFT)
4. Continued focus on digital workplace transformation
5. Emphasis on automating workflows and customization of marketing assets

SOLUTIONS

- Extensive solutions portfolio around print management, capture, workflow, and content management
- Partner-delivered and owned IP

SERVICES

Organized its managed services portfolio into specific service lines:
- MDS
- Production printing
- Business process
- Sustainability mgmt.
- Communication
- Workplace services
- IT infrastructure

Channel assets

PROGRAMS

- CHAMPS program provides a common set of tools and infrastructure
- Programs for prospecting, selling tactics, and demand generation solutions

VERTICALS

Core competencies and expertise in key verticals:
- Insurance
- Banking
- Retail
- Manufacturing
- Pharmacy
- Energy

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Xerox

Market approach

1. Balanced deployment hardware approach
2. Services-led strategy remains top corporate priority
3. Focused on service delivery excellence both on a regional and global scale
4. Partnered with numerous ISVs for solutions that are well integrated
5. Packaging platform-based MPDS solutions and services for the indirect channel

SOLUTIONS

- Personal and Office Productivity Solutions
- Industry Workflow Solutions
- Cloud and mobile
- Extensive portfolio verticalization

KEY ASSETS

- ConnectKey platform
- Document Analytics
- Workflow Assessment
- Print Awareness Tool
- Digital Alternatives collaboration tools
- Content Management
- MFP Workflow Application Customization Services

PROGRAMS

- Partner Solutions Playbook for customer engagement
- Sales support services include tools, training, and resources to create personalized solutions

VERTICALS

Channel-specific focus in key targeted vertical markets:

- Real Estate
- Insurance
- Healthcare
- Legal
- Transportation

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Thank You

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