

The State of the Office Equipment and IT Reseller Channel in 2021: US Results for BTA

2021 – The Year of Strategy and Growth

August 2021



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Our Presenters Today



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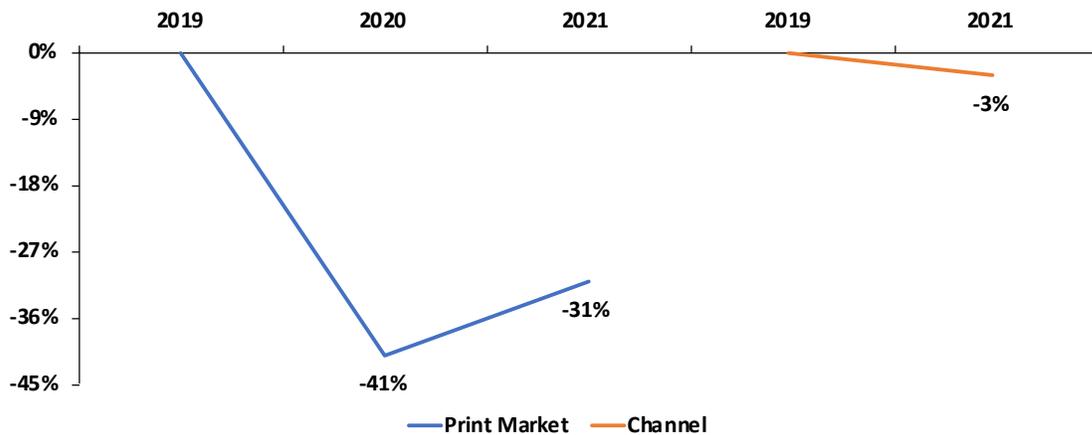
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Director Office Group



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Channel Revenue Outperforms the Print Market*



* US Value of electrophotographic hardware, supplies and service

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2021 Set to be Year of Growth for the Channel



48% of Office Equipment Dealers said they are likely to acquire in the next **12 months**

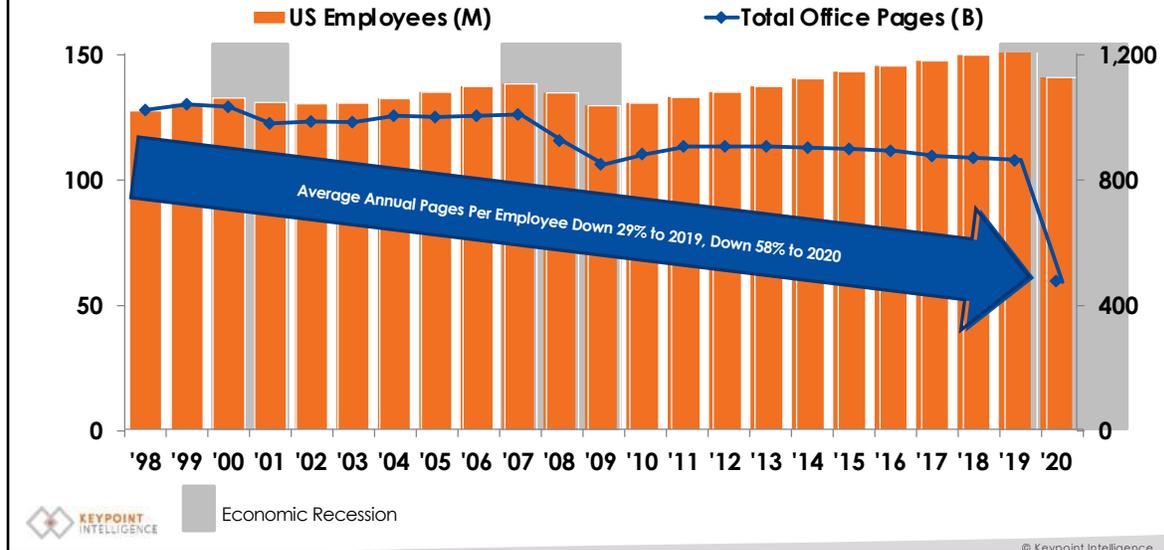
- ◆ Medium-sized companies between 50-250 employees said to increase technology spend
- ◆ Strong investment in e-commerce
- ◆ Acquisition behavior amongst the channel to be active
- ◆ Revenue goals look positive



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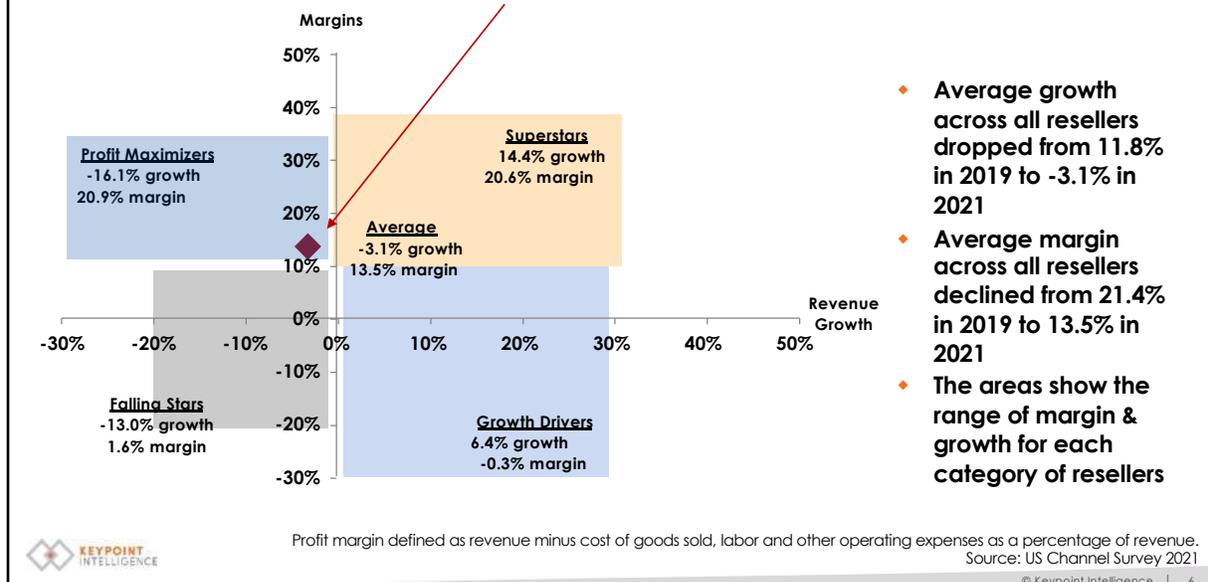
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US Employment and Office Environment Page Volume



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Resellers Fall into Four Performance Categories



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What the Super Star Resellers are Doing Right

	Super Stars	All Resellers
Highest revenue (mean)	\$22.5M	\$17.3M
Largest employee-wise (number of FT staff)	167	126
Most likely to target large businesses (% of customer's)	33%	21%
Deriving more revenue from non-print related services	63%	57%
Highest rate of expansion into IT Services, Cloud & Security		
Have an e-com store	61%	52%
Extended MPS contracts to include home users	85%	73%
Embraced Smart Workplace faster		
Actively added a brand during the pandemic	68%	50%

Top Threats: Digital Conversion, Competition from Internet, and the Economy



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Resellers Reacted Quickly to Pandemic Conditions



50% of respondents added a brand during the pandemic

- ◆ Added brands to take advantage of higher margins, better programs, and availability of products and supplies
- ◆ Further expansion of IT services, cloud solutions, and single function scanners
- ◆ Staying in tune with customer needs by providing support for their customers' work from home users
- ◆ Creative business modeling to include support for WFH users in MPS contracts

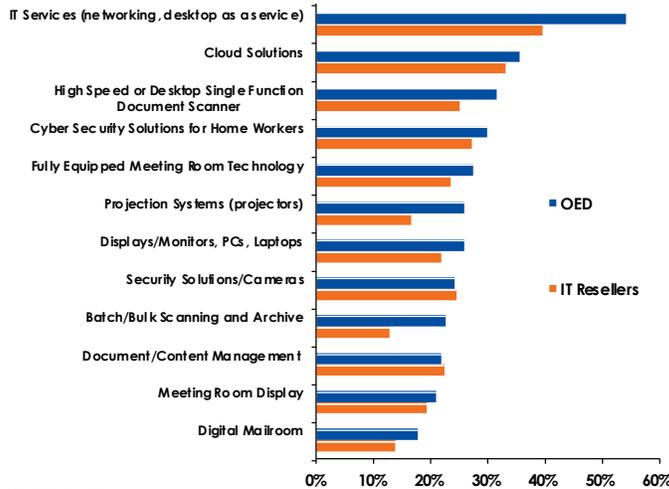


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IT Services are Strong

Q23: Have you added any of the following items due to the pandemic?



On product/service areas unrelated to print:

- › Resellers adding services to accommodate remote work
- › OE Dealers report having added offerings more frequently than did IT Resellers
- › This probably means that OE Dealers scrambled to add non-print offerings that a suddenly changed market with WFH required
- › We do not assume that IT Resellers were slower to add these product / services
- › Instead, many likely already offered these products/services



N = 309
Source: US OG Channel 2021

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Work from Home is Here to Stay



55% of resellers stated A4 all-in-one devices were in high demand for WFH users

- ♦ A4 all-in-one devices (inkjet and laser), A4 printers, and standalone scanners were highly sought after for WFH users
- ♦ WFH users seek devices that are reliable, easy to use/operate, and secure
- ♦ Dealers overwhelmingly report that they have extended their support to WFH users via virtual connection for diagnosis, or a preset scheduled time to deliver/support devices in person

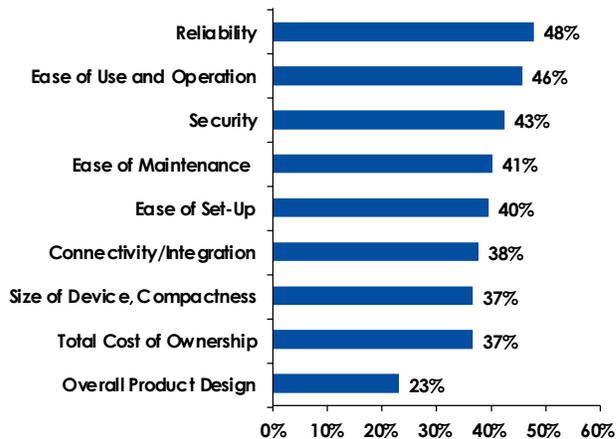


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Keep it Simple for Home Users

Q31: For work from home users, what features are most important to your customers?



- ◆ “No problems” come through loud and clear when dealers consider product features (attributes) for WFH users
- ◆ Dealers can't afford to spend excessive time on individual user problems
- ◆ WFH users lack product expertise and awareness to security concerns
- ◆ Devices must be secure



N = 309
Source: US OG Channel 2021

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Rethinking Workspaces and Places



60% of OED's said their customers are actively planning to change their print environment

- ◆ The new office print environment will be transformed to adjust for a downsize of total number of devices
- ◆ A trend shifting away from centralized office print to more distributed print
- ◆ Watch for these devices to change as well, a move to A4 and color looks to unseat traditional A3 products
- ◆ Reliable devices that are secure and smart, not only to operate but that will allow for remote maintenance, service, healing

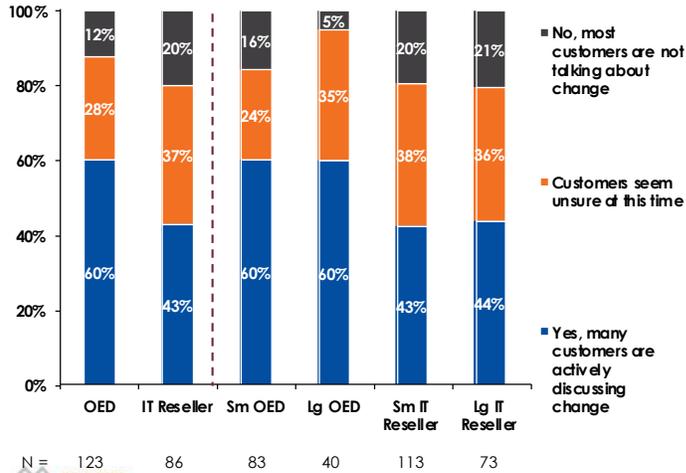


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Office Equipment Footprint will Change

Q32: For office locations, after the pandemic, are your customers actively planning to change their print environment?



- ♦ Larger dealers who tend to serve larger companies are more likely to report that their customers are looking for change
- ♦ This finding is consistent with the IT Decision-maker survey among companies whose print equipment is under outside management
- ♦ Research is suggesting that larger companies may be planning for a socially distanced office environment

N = 123, 86, 83, 40, 113, 73
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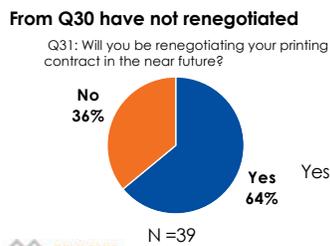
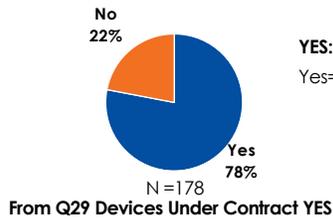
Source: US OG Channel 2021

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US Expected Changes in Office Environment for Devices Under Contract

Q30: Have you renegotiated your printing contract to better reflect your printing during the pandemic?



YES: Have or will renegotiate

Yes=138

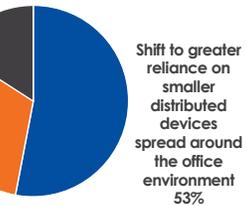
Yes=25

92% of those whose devices are under contract have or will renegotiate

Q32: You indicated that you have or will renegotiate your contract with your print service provider to adjust for changes in your office needs. What changes have you or will you seek?

Generally downsize our total print capacity with a similar mix of both
16%

Shift to greater reliance on more centralised/high volume devices
31%



Shift to greater reliance on smaller distributed devices spread around the office environment
53%

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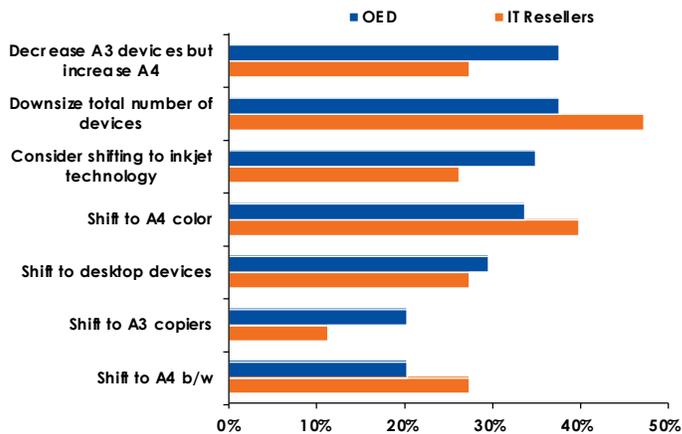
Source: US OG IT DM 2020

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How will Print Environments Change?

Q33: You said customers are actively discussing change, how will they change?



N = 154 Respondents whose customers are actively discussing change to their print environment
Source: US OG Channel 2021



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- ◆ **Dealers are strongly reporting that customers are either looking to**
 - › downsize their print environment or
 - › shift proportionally to greater reliance on A4 devices
- ◆ **These changes suggest an expectation for**
 - › less printing in the office or
 - › A more distributed print environment (socially distanced office)

Recommendations

- ◆ **Embrace the Remote Worker as a target group**
 - › Products that are secure, reliable, easy to use/integrate
- ◆ **Have a solid e-commerce strategy**
 - › Offer a platform that can support your channel business and their business
- ◆ **Growth is coming from “New/Smart” areas, prepare for this next stage**
- ◆ **Partner with other resellers to reach new customers**
 - › A4
 - › UCC
 - › IT Services



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Q & A

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