

Q&A: Ron Petrucci

VP/GM shares a look at Katun & the dealer channel

Compiled by: Brent Hoskins, Office Technology Magazine

Recently, Office Technology magazine interviewed Ron Petrucci, vice president and general manager of the Katun North America Business Unit (Katun). Founded 43 years ago, Katun is a leading provider of OEM-compatible imaging supplies, photoreceptors and parts for MFPs, printers and other imaging equipment. The company serves 10,000 customers in 116 countries from its headquarters in Minneapolis, Minnesota, and from its dozens of additional locations worldwide.

Petrucci joined Katun in July 2018 to serve in his current role. He leads the office equipment and office supply channels in North America with a track record of increasing revenue and organizational profitability during his 25-year imaging industry career. Prior to joining Katun, he held leadership positions at several office technology industry companies, including Clover Imaging Group and Panasonic Office Imaging. He also served as president of both Kyocera Mita and Danka Ominifax. Petrucci holds a Master of Business Administration in marketing from Arizona State University.

Below are seven of the questions Petrucci was asked and his responses.

OT: Please provide an overview of Katun in terms of its history, scope and growth through the years, and its current range of product offerings.

Petrucci: Forty-three years ago, Katun emerged as the innovator for the aftermarket in the A3 arena. Since that time, it has become a worldwide leader. Today, the company is owned by GPI [General Plastics], based in Taiwan. We are a debt-free, very profitable organization.

In terms of product offerings, our core business is primarily toner and parts for the A3 and A4 business. We are also involved with surge protection, MPS software and a



number of other affiliations with companies that do statistical analysis for dealers, and we offer various programs tied into that. We also now handle a full range of OEM products, in both the A3 and A4 spaces.

In terms of the OEM-equivalent products that we offer, we have made many improvements over the years. We use our own proprietary testing methodology and have \$10 million worth of testing equipment. We have a 50,000-square-foot facility that is used for R&D and QC. That is how we differentiate ourselves; how we develop our products is unique to Katun. We have our own formulas and, with all of our testing, we do not release anything

until it meets OEM standards.

OT: The Katun website states that the company “pioneered and helped legitimize the imaging supplies aftermarket.” Please comment on that claim.

Petrucci: We were in uncharted territory 43 years ago, developing the first A3 aftermarket toners and parts. Over the years, we kept developing greater standards for ourselves. Today, our products have become the industry standard in the aftermarket, especially in the A3 arena. Katun is now a household name in the dealer community.

OT: What is your assessment of the growth and acceptance of the non-OEM parts and supplies market through the years? Has that level of acceptance plateaued?

Petrucci: Katun has seen dramatic growth for the last probably five years and, within that, there is a greater level of acceptance in terms of the Katun OEM-equivalent products. However, I think that with the economy and all the changes that have gone on, it just opens up the door for the dealers

who want to gain more profitability in their dealerships and, so, that acceptance is somewhat financially driven. Then, once it is proven, that acceptance grows in the form of “we should order more.”

Has it plateaued? No, I do not think so, because more and more dealers are still looking for ways to improve their businesses to make up for the loss of clicks and to just gain more profitability.

I ask dealers, “What is right for your dealership?” The manufacturers tell them: “Just use all OEM.” Again, the question is: “It is right for your dealership or not?” They are independent dealers, so they need to make independent decisions about what is right for their dealerships. So, again, no, I do not think it has plateaued, because dealers are always analyzing how they can improve their businesses and their profitability.

OT: What can you share about the range of support and educational programs/initiatives that Katun offers its dealer customers?

Petrucci: There are quite a few. One of them is our Katun Platinum Plus program. Within this program there is allocated financial support and an annual fund that the dealers can utilize for other investments in training and education. We also have a technical alliance program called K-TAP. Through that we offer product training — both detailed, in-person training and webinars for a dealership’s technical staff members.

We also send out educational documents. For example, we may send out an alert that certain firmware changes have occurred. Or, if there are changes within our products or improvements in the quality standards or testing of our products, we will send that information out to the dealer community.

In addition, we run a variety of promotions and incentives that go out monthly. For example, if a dealer has not ever ordered a certain product from Katun, the dealer will get discounts on the front end to try it. There are always promotions that we are doing to enhance dealers’ profitability.

OT: What do you see as the primary challenges for office technology dealers today? In what ways is Katun helping dealers address some of those challenges?

Petrucci: The dealer community has done an effective job at managing chaos in recent years, as we went from the COVID-19 pandemic to supply-chain issues. Beyond that, there are a lot of challenges that are ongoing. For example, there are now more people working from home and schools

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are doing remote learning, so many people are not printing as often. The level of clicks is not coming back to where it was in 2019.

So, there is a lot going on with dealers today, which involves rightsizing, efficiencies and operations. What does a dealer do in terms of trying to effectively do a good job for his (or her) customers when, today, the customer is paying \$250 for a lease and — with inflation

and increased lease rates — pays \$350 after an upgrade? It becomes a major issue.

There is a finite number of elements the dealer can work with — equipment, parts and toner. So, from our side, in order for dealers to be more effective and increase their profitability, we have counseled and worked with them to blend their OEM purchases more effectively with Katun purchases. That allows them to increase their profitability and assists in the areas where their margins are squeezed and the clicks are being reduced.

Through the pandemic and with the challenges mentioned earlier, some dealers who had never ventured into the OEM-equivalent marketplace were forced to because they did not have product. When they did so, they found out that, at least from the Katun standpoint, these products worked just like those from the OEM. There was a revelation in terms of the dealer community that not only do you get these massive discounts, but it works. Previously, some technicians, service management and executive management likely thought: “Yes, it’s more affordable, but it’s not going to work.” Now they found, with certainty, that it does work. So, within that, the dealers are increasing their margins and their profitability.

The other thing that Katun has played a big role in is through the acquisitions within the marketplace. Katun plays a massive role in the ROIs for the dealerships that are acquiring. So, they acquire, plug in and blend Katun into that equation, and the profitability of the dealership they have just acquired changes. So, they recoup or get their return on investment much more quickly by blending in Katun.

OT: Based on your many years in the industry, what is your assessment and observations of the strengths of the dealer channel today?

Petrucci: The dealer community, in my opinion, is as strong as it has ever been. In fact, I would say stronger in terms of the core competencies within dealerships. Plus, dealers are expanding and diversifying into other areas that will increase their profitability and increase the scope of

their dealerships. That is what I see.

The other thing that I see is a lot of consolidation. There is a model for that, which is not atypical, perhaps, within a mature industry. However, I think smaller dealerships should stay the course, sticking to their formulas and within those formulas. Whatever the niches they are operating in, they should stick to them and grow their businesses accordingly.

There are variances in the marketplace — very large dealerships and some that are very small. Some of the smaller ones are being acquired. However, I think there is room in a capitalistic market for these smaller dealerships to grow effectively. If we look back at the Danka and IKON days, many people said: “Oh, the small dealerships are dead. How do we compete against some of these larger firms?” It has been proven that you certainly can do that and grow your business effectively.

OT: What significant changes do you believe we will see in the industry and the dealer channel in the months and years to come?

Petrucci: Some of the trends we are seeing today will continue for a period of time — that is in both consolidation

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and diversification. I think security is a strong area that will continue to grow. What I think we do not see enough of today — and this is the magic formula — is the practice of taking a look at the core competency of a dealership. What products or services are there in the marketplace that will complement a dealership’s core competencies? I think that is naturally where the dealer channel is going to flow.

Years ago, I was president of Danka Omnifax, a facsimile company. We could see email was coming in and so forth, so we looked at our core competency at that time. We had nationwide service and centralized billing. What could we plug into that to make us successful in the future? I think the same scenario holds true with the dealer community today in analyzing where dealers can go and how they can be successful. Dealers should look at their core competencies and determine which products fit best for them. ■

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