

The New Office Battleground

Building a Successful Business for the Future of Office Print

Robert Palmer
Research VP, Imaging, Printing, and Document Solutions
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What is The New Office Battleground?

The global pandemic accelerated change across the market



Less reliance on traditional revenue categories



New opportunities emerge with a greater IT-orientation



Channel must adapt to new market conditions

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IDC Research and Methodology



Primary Research Studies

- Future of Work
- IT Spending
- Buyer Trends
- Print Security and Cloud Adoption



Market Sizing and Forecasts

- Hardcopy Peripherals Forecast
- BPS/MPDS Forecast
- IDC Tracker



In-Depth Interviews

- Channel Partners
- Key interview quotes
- Profiled to show responses from top performing dealers



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Survive, Thrive, or Fade Away

What Is Key to Achieving Success in the Evolving Office Market?



Transformation



Diversification



Adjacencies



Differentiation



Source: Future Enterprise Resiliency & Spending Survey - Wave 11, IDC, December, 2021; N=858

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Survive, Thrive, or Fade Away

How Well Do You Know Your Customers?

🔍 Customer-Centric Model



“

“It’s all about relationships. We’ve been around a long time, and we have no concerns about print going away.”

“Go back to the basics that made you successful in the first place.”

“Don’t think about what customers want...ask them.”

”



Source: Future Enterprise Resiliency & Spending Survey - Wave 11, IDC, December, 2021; N=858

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Top 5 Industry Trends Impacting Office Print

📍 Hybrid Work /Reimagined Office

☁️ Modernization/Cloud

🔒 Security and Zero Trust

💡 AI-Infused Technologies

🌱 Sustainability




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Remote/Hybrid Work

Organizations are clearly moving toward flexible work models



45% of organizations say that remote and hybrid work models will be an embedded part of **accepted work practices** for many industries.


85% of organizations worldwide invested in the physical work environment, despite low occupancy rates in the last 3 years.




“Almost all businesses we touch are remote at some level...80% are using some form of hybrid.”

“Hybrid changed the work environment. The whole country is a blend.”

“Hybrid is something that all businesses will have to embrace at some level. It’s not going away.”





Source: IDC Future Enterprise Resiliency & Spending Survey - Wave 11
Source: IDC's 2023 Future of Work survey

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Top Technology Challenges for Supporting Hybrid

Customers identify **support issues**, **security**, and **customer experience** as most challenging

IT support for remote workers

Security across endpoints, network, applications, and cloud

Technology consistency to employees across sites

Secure remote access to data, applications, and content

Managing multiple devices and operating systems

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52%

2

48%

3


42%

4

38%

5

30%

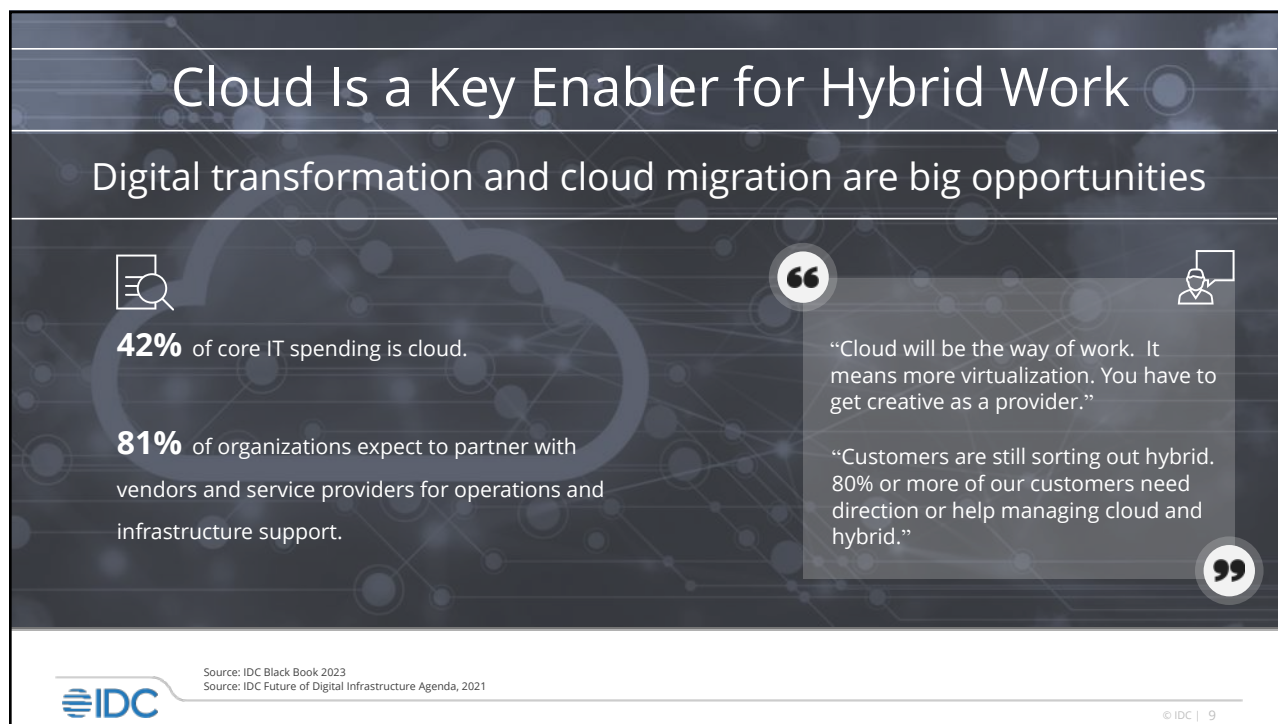


Source: IDC Future of Work Survey, May 2023

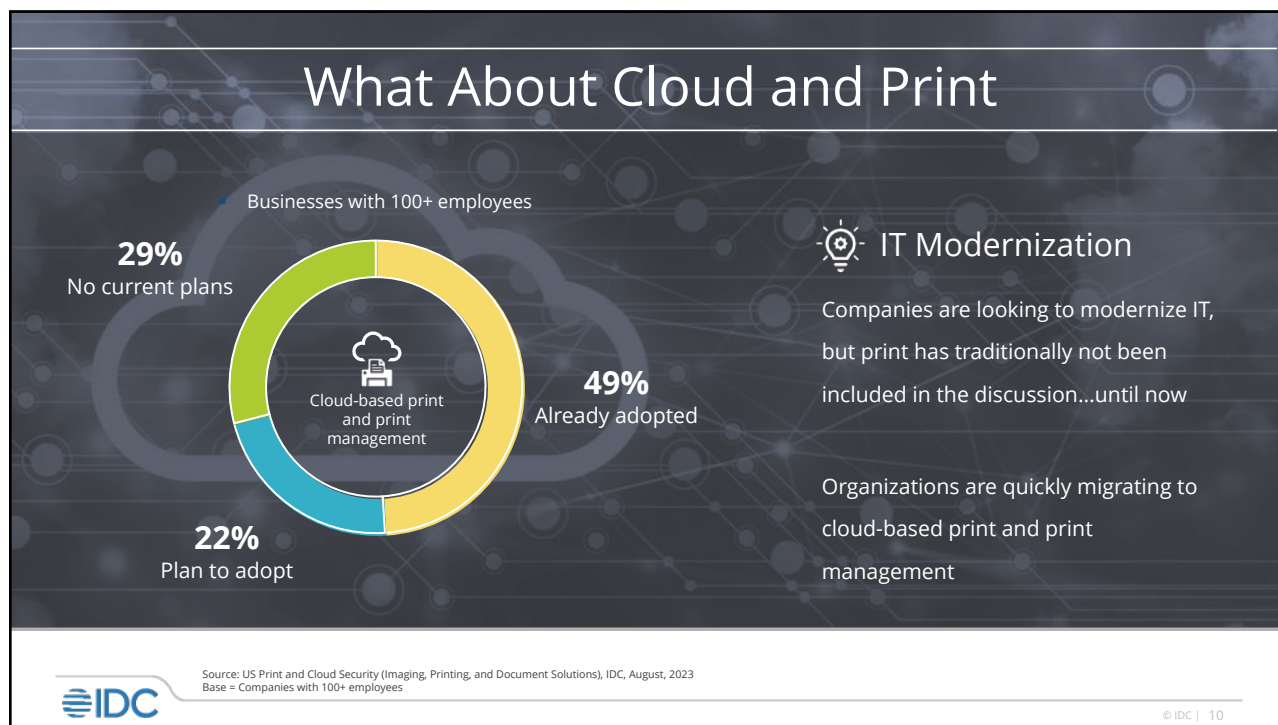
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Cloud is the Future of Print

Benefits of shifting print infrastructure to the cloud: **security, support, modernization**



Source: US Print and Cloud Security (Imaging, Printing, and Document Solutions), IDC, August, 2023
Base = Respondents indicated that organization have already adopted a cloud print solution or are planning to do so

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In Fact...Cloud is the Future of Business

The blending of IT and print will drive the market forward



The entire IT infrastructure is moving to cloud, so print will naturally have to follow.

This sentiment understands that all technologies, including the provision of print, will be required to embrace cloud as the future of computing.

“

“We’re moving to the cloud. It’s about supporting the IT infrastructure, not about new placements.”

“We’re moving to the cloud, but clients don’t view it as cloud. It’s really just about accessibility.”

“We’re doing more cloud services, not just for print, but for security.”

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What Happens to the Office Print Fleet?



Rationalize fleet to support a distributed model

- Fewer centralized, A3-size machines
- More distributed workgroup devices (A4) positioned at the point of need
 - Desktop and fully configured console models
- Influx of desktop (inkjet and laser) machines installed in home offices
- Lower average monthly volume per device

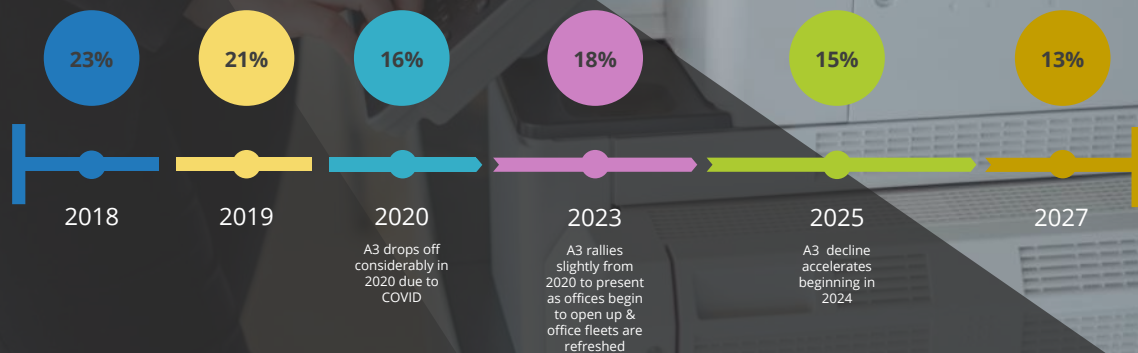


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Hybrid Work Policies Accelerate A3 Decline

A3 Laser MFP Unit Penetration (%)



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Are Successful Dealers Selling More A4?



As supply chain is normalized, channel partners expect to pursue A4 more aggressively.

Leading with A4 means revamping business models and compensation plans to incent sales of solutions and value-add services.

“

“We have a whole section of our warehouse dedicated to A4. We’re expecting a print metamorphosis where customers will print less.”

“A4 is 40% of our hardware business now & we expect it to reach 60%.”

“Volume dictates it. A3 has to be ‘right-placed’ to be profitable. Right now, A3 isn’t running at intended levels.”

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MPS for the Masses

Hybrid and fleet redesign is fueling interest in print-as-a-service



75% of businesses that currently buy on a transactional basis say they are likely to consider MPS or some other form of contractual print service in the future.

32% of customers currently under MPS plan to add support for WFH employees in the next contract cycle

“

“We’re expecting fleet redesigns with fewer people per device. Not true MPS, but hybrid – MPS for the office & ancillary services for home offices.”

“Volumes are down, but we are making up for it with our MPS business. MPS is up 35% this year.”

“We changed our focus & put in a new compensation plan to grow MPS.”

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Source: IDC MPS Benchmark Survey, 2021

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Factors Driving Shift to Print-as-a-Service

Top Business Priorities for the Print and Document Environment



Source: US Print and Cloud Security (Imaging, Printing, and Document Solutions), IDC, August, 2023
Base = All respondents

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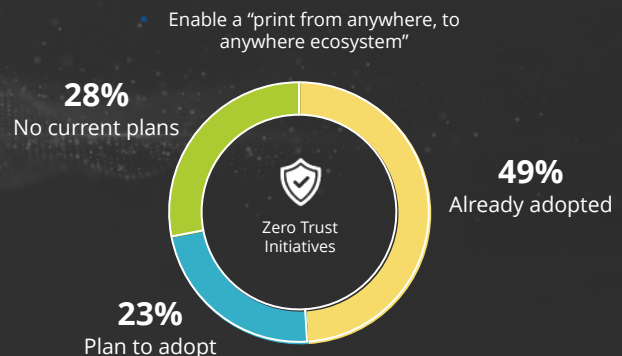
Identity is the New Perimeter

Ensuring that print fits within a Zero Trust Framework



72% of businesses say that keeping pace with security issues has become challenging due to the ongoing shift to hybrid work.

66% of businesses have identified print security spending as a high priority within the next two years.



Source: US Print and Cloud Security (Imaging, Printing, and Document Solutions), IDC, August, 2023
Base = All respondents

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Platform Ecosystem to Drive Solutions



Shift to Cloud

The cloud enabled organizations to operate during the pandemic. This will continue as hybrid work models are broadly adopted.



Digitalization

Paper and manual practices create obstacles for business process efficiency. Digitization efforts will focus on the ability to provide users with access to content, workflow and business processes anywhere at anytime.



Security

Security and privacy regulations continue to evolve, requiring specific expertise.



Hybrid Working

Hybrid working has extended who needs to be connected to specific processes and technology.



AI Technologies

AI-infused technologies will fuel workflow automation and improved service delivery. But there are broader applications for technologies like generative AI in print.



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Building a Profitable Solutions Business

Unique comp plan and different business measurements



Modified Comp Plan

- Specific software sales compensation model based on percentage of revenue or gross margin
- Dedicated specialists required
- Measurable targets should be different from core
 - Innovation/new business as opposed to P&L based
- Partnerships are important

“

“There’s no annuity revenue stream, so we need to compensate them enough to get the lead and then to get the professional services team involved.”

“Hardware sales team can’t make the transition from hardware to software.”

“The salesperson always works with a specialist.”

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Sustainability as a Buying Criteria

Must be baked into the dealer value proposition



77% of organizations identify “meeting environmental goals” as either important or very important when considering factors for moving to MPS.



Sustainability

Companies want to partner and buy from those suppliers that share their social and environmental views

Businesses looking for help in achieving measurable sustainability outcomes



Source: IDC MPS Benchmark Survey, 2021

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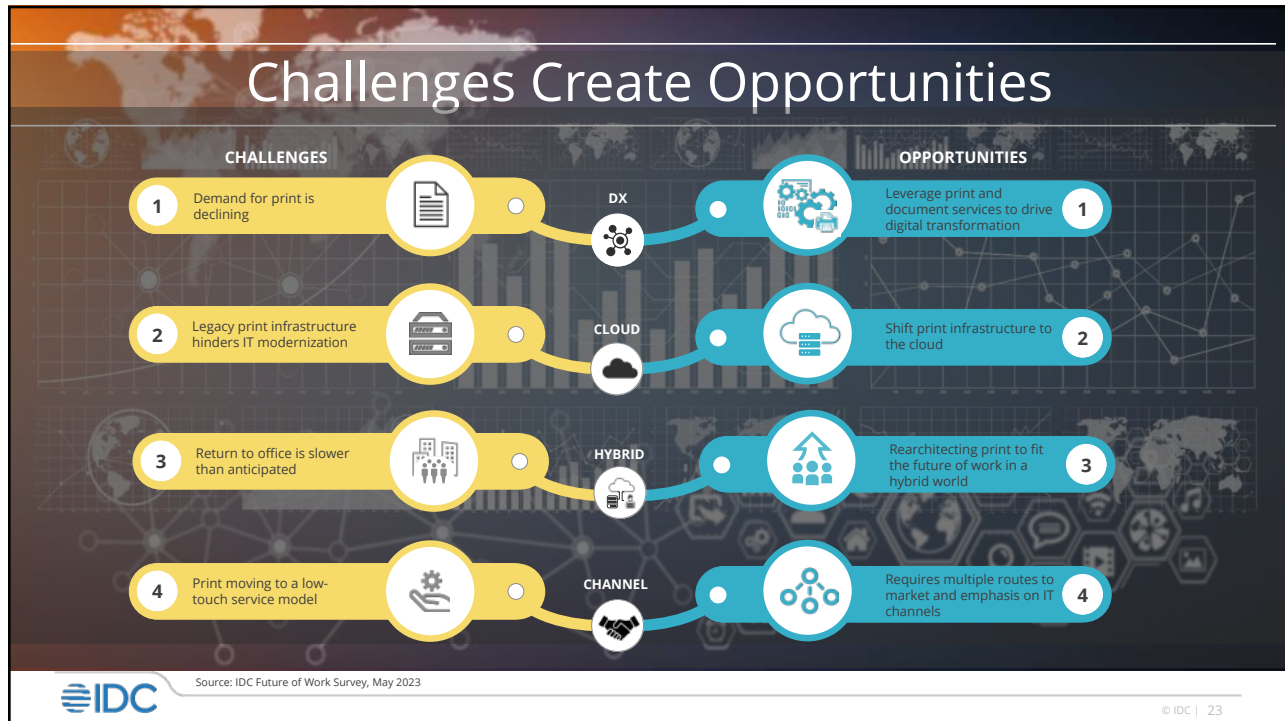
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Conclusions and Recommendations



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Thriving in a Mature Market

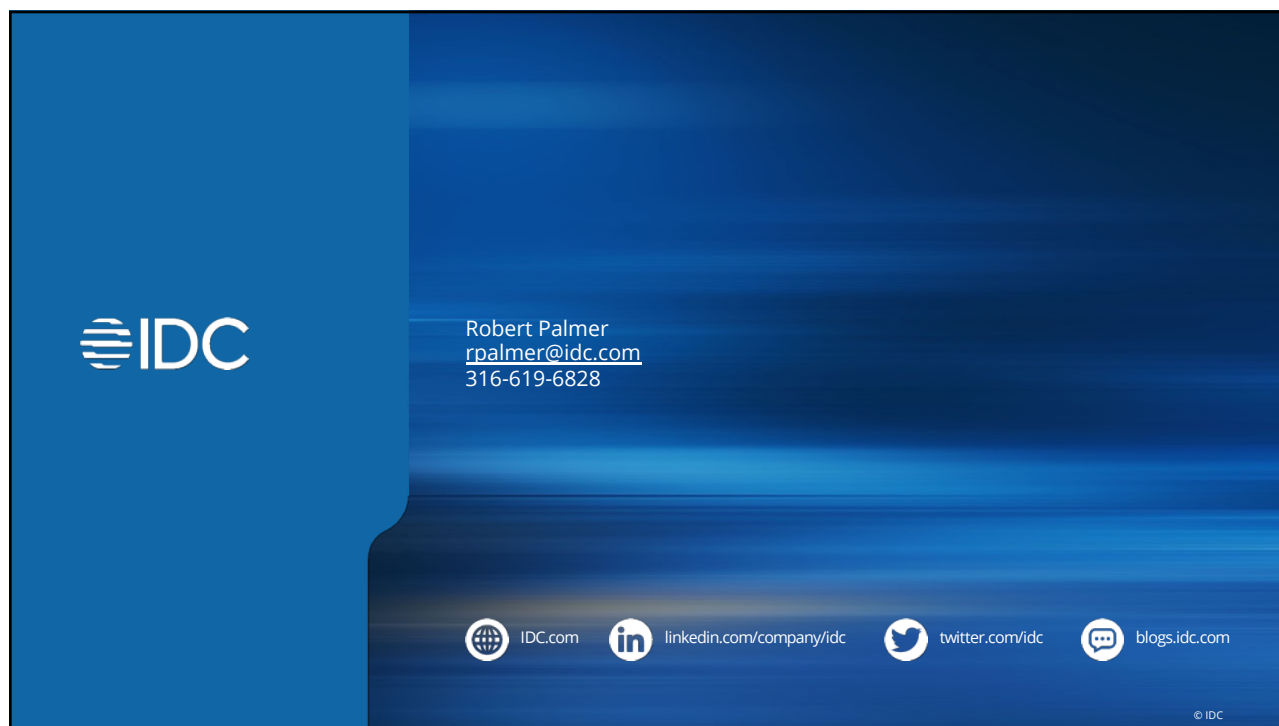
Path to Success

- Print remains a solid opportunity...but it is changing
- Can be used as a seed by the channel partner to explore greater business potential
- Transition away from the “click” to explore more opportunities in solutions and subscription services
- It all starts with the customer relationship

“The client is more technology aware than ever & more versed. They are selecting ‘who’ not ‘what.’ It means we have to understand the client and what they need more than ever.”

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