



AN A4 COMPLIMENTARY STRATEGY FOR TODAY'S MPS CONTRACTS

October 24th 2015
Fall Colors Retreat



- ▶ Introduction
- ▶ The PAST
- ▶ The PRESENT
 - ▶ The DATA
 - ▶ Case Studies
- ▶ The FUTURE
 - ▶ Where are you??

AGENDA



- James Buck “Jim”
- I have been in the Industry 22 years
- Beautiful wife Jill and five kids
- I work as North East Manager for Impression Solutions

INTRODUCTION



THE PAST



"Analog Days"

Copiers

- ▶ We sold copiers on Leases
- ▶ We sold maintenance contracts that typically included the consumables and all service.
- ▶ Very high margins on hardware and service!!
- ▶ FAB sale (Feature, Advantage, Benefit!!)
- ▶ Demo, Demo ,Demo

Printers

- ▶ Rarely touched or addressed. Forward thinking dealers might offer a printer line.
- ▶ Faxes were gaining popularity fast!!!

COPIERS WERE THE PRIMARY AND OFTEN THE ONLY FOCUS



"Intro to Digital"

Copiers

- ▶ We still sold copiers on Leases
- ▶ We sold maintenance contracts that included the consumables and all service.
- ▶ Still good margins on hardware and service!!
- ▶ Move to a consultative sale
- ▶ Tried to capture prints. Strategy to get rid of printers
- ▶ Consolidation of devices
- ▶ Move to central very expensive device with very low cost of operation
- ▶ Pencil Selling!!!!

Printers

- ▶ Commodity sales
- ▶ Very small margins
- ▶ Office Depot, Staples, CDW
- ▶ Dealers struggled to make money on printers in this environment

MULTIFUNCTIONAL DEVICES WERE THE PRIMARY FOCUS. CONSULTATIVE SELLING WAS BEING INTRODUCED



CURRENT MARKET SITUATION

MARKET SITUATION

High-volume output,
up to 100,000+
duty cycle

Advanced finishing
features



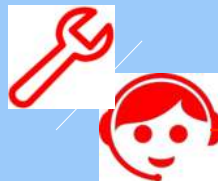
MARKET SITUATION



Historically
Highest device margins



Historically
Highest consumable margins



Historically
More profitable service and support

HISTORICAL SITUATION (A4 DEVICES)



No finishing

High CPP/
Low dealer margins

No open API

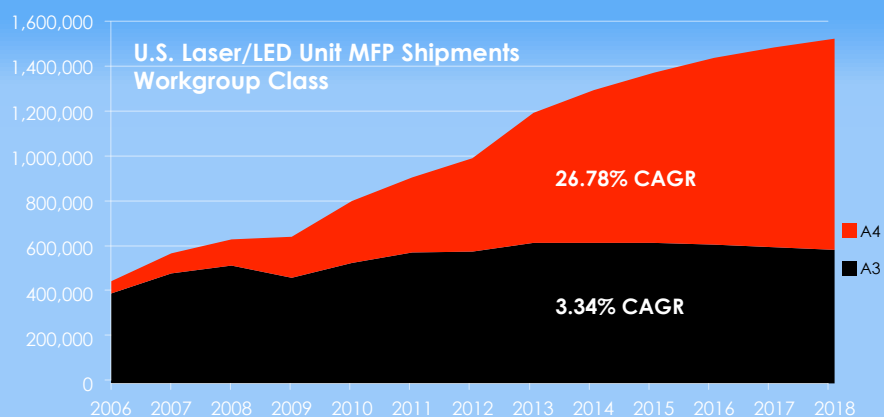
No touch panel

Low duty cycle

Limited functionality

MARKET SITUATION

Huge Growth Coming from A4 MFPs

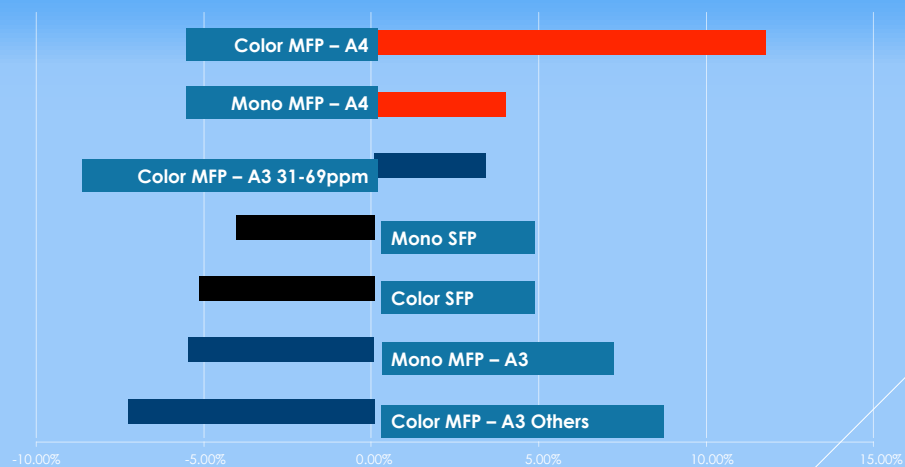


- ▶ U.S. shipments of MFPs in color 21-69ppm and mono 31-69ppm speed range
- ▶ Actuals for 2006 to 2013 and forecast for 2014-2018

Source: IDC Worldwide Quarterly HCP Tracker Format Forecast 2014 Q2

MARKET SITUATION

Page Volume CAGR 2013-2018



Source: InfoTrends, U.S. Single Function Printer & MFP Service and Supply Forecast 2013-2018

TODAY'S MARKET SITUATION

2%

Only 2% of output is at A3 size*
*InfoTrends

\$

A4s cost half as much as A3 devices




A4s take up much less space



A4s consume less power

MARKET SITUATION (NEW A4S)



Laser/LED Printheads

RADF Scanner

Print quality:
Up to 1200 x 600 dpi

Fast color/mono print and copy speeds

Finishing:

- Standard duplex
- 50-sheet inline stapler

Mobile print functionality

Advanced 9" touch panel UI with open API

Media flexibility:

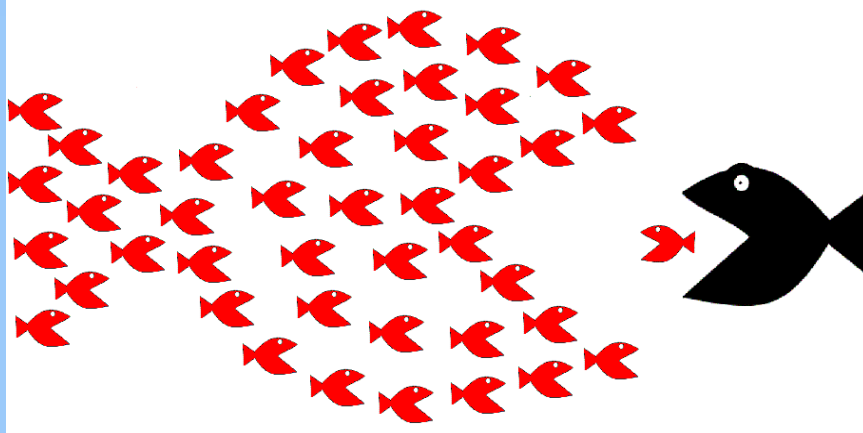
- Banners up to 52" long
- 253 GSM

Paper capacity:
Up to 2,630 pages

OPPORTUNITY

Q: As a dealer, how can you develop an A4 sales strategy without cannibalizing your customer base?

A: Focus on right-fitting your customers



PROFITABILITY MODEL

MAKING A4 COMPLEMENTARY TO YOUR BUSINESS

Proposal "A" (Competitive)	
Components	65ppm Color A3 MFP
Main Competitive Unit LDN (non-profit)	\$12,654.00
Paper Feed Cabinet	\$552.00
Finisher	\$654.00
Fax Kit	\$377.00
ES8473x (w/2 additional paper trays)	
OKI MPS3537mc+	
OKI MPS4242mcfx+ (Main Unit - "C")	
OKI ES5162	
Total Configuration Cost	\$14,237.00
Standard Leasing Applicable	Yes
60 Month Lease Based on 0.0192 Factor	\$360.66
Lease Yield - Sell Price	\$18,784.38
Dealer Gross Margin	\$4,547.38
Total Black and White Speed	65
Total Color Speed	65

Start with customer's
monthly budget...

19

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Next, based on .
0192%, 60-month
lease, calculate sell
price...

20

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Finally, determine...

Cost

Profit

21

MAKING A4 COMPLEMENTARY TO YOUR BUSINESS

	Proposal "A" (Competitive)	Proposal "B" (OKI)
Components	65ppm Color A3 MFP	Two ES8473x (35ppm) Color A3 & MPS3537mc+
Main Competitive Unit LDN (non-profit)	\$12,654.00	
Paper Feed Cabinet	\$552.00	
Finisher	\$654.00	ES 8473 - Convenience stapler
Fax Kit	\$377.00	Included in ES 8473x
ES8473x (w/2 additional paper trays)		\$7,798.00
OKI MPS3537mc+		\$1,699.00
OKI MPS4242mcfx+ (Main Unit - "C")		
OKI ES5162		
Total Configuration Cost	\$14,237.00	\$9,497.00
Standard Leasing Applicable	Yes	Yes
60 Month Lease Based on 0.0192 Factor	\$360.66	\$360.66
Lease Yield - Sell Price	\$18,784.38	\$18,784.38
Dealer Gross Margin	\$4,547.38	\$9,287.38
Total Black and White Speed	65	107
Total Color Speed	65	105

Lower cost

Higher profit

22

MAKING A4 COMPLEMENTARY TO YOUR BUSINESS

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Paper Feed Cabinet	\$552.00		
Finisher	\$654.00	<i>ES8473 - Convenience stapler</i>	
Fax Kit	\$377.00	<i>Included in ES8473x</i>	<i>Included in MPS4242</i>
ES8473x (w/2 additional paper trays)		\$7,798.00	
OKI MPS3537mc+		\$1,699.00	\$1,699.00
OKI MPS4242mcfx+ (Main Unit - "C")			\$4,099.00
OKI ES5162			\$899.00
Total Configuration Cost	\$14,237.00	\$9,497.00	\$6,697.00
Standard Leasing Applicable	Yes	Yes	No
60 Month Lease Based on 0.0192 Factor	\$360.66	\$360.66	\$321.48
Lease Yield - Sell Price	\$18,784.38	\$18,784.38	\$16,743.75
Dealer Gross Margin	\$4,547.38	\$9,287.38	\$10,046.75
Total Black and White Speed	65	107	126
Total Color Speed	65	105	77

23

MAKING A4 COMPLEMENTARY TO YOUR BUSINESS

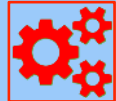
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24

MFP SUMMARY



Right-fit customers makes stickier customers



Customer is more efficient
► Increased productivity



Less burden on dealership
Backup units in cases of downtime



The alternate choice close
Providing options for your client to decide

25

WHY SHOULD YOU SELL PRINTERS??



WHERE IS THE HIGHEST OPERATIONAL
COST IN YOUR DEALERSHIP??

WHERE IS THE HIGHEST OPERATIONAL
COST IN YOUR DEALERSHIP??

Labor!!!

VERY HIGH MARGINS WHEN DONE CORRECTLY!!

1. While Printers are viewed as a commodity when sold correctly we can make a lot of money
2. Sell a service not a box!!
3. Do your Homework and truly analyze what a customer is paying to operate their current fleet
4. Find the pain points (Selling 101)
5. Lay it all out on a spreadsheet
6. Validate spend with the end user



CPP MODEL FOR PRINTERS AFTER VOLUME IS KNOWN

	36	48	60	72	84
Lease Rate	0.0237	0.0247	0.0189	0.0156	0.0137
Monthly Volume					
Hardware Margin	20%				
Service Margin	50%				

The minimum I recommend is 40% for service and toner.

Monthly Hardware Lease

Model	Machine Cost	Margin %	Margin \$	Sell Price	Toner Yield	Toner Cost	Toner Margin	Toner CPP	Maintenance Kit	Mkt Cost	CPP After Initial 300/500%	36	48	60
P3-2100DN (42ppm)	\$ 485.00	20%	\$ 97.00	\$ 582.00	12500 \$ 54.65	\$ 27.13		0.006558	300,000 \$ 168.95		0.00056337	\$ 16.99	\$ 18.38	\$ 10.65
P5-4200DN (52ppm)	\$ 689.00	20%	\$ 137.80	\$ 826.80	21000 \$ 58.45	\$ 29.23		0.004175	500,000 \$ 183.50		0.000367	\$ 24.14	\$ 20.42	\$ 15.13
M-3540ids (42ppm)	\$ 1,100.00	20%	\$ 220.00	\$ 1,320.00	12500 \$ 54.65	\$ 27.33		0.006558	300,000 \$ 168.95		0.00056337	\$ 38.54	\$ 32.60	\$ 24.16
M-3550ids (52ppm)	\$ 1,350.00	20%	\$ 270.00	\$ 1,620.00	21000 \$ 58.45	\$ 29.23		0.004175	500,000 \$ 183.50		0.000367	\$ 47.30	\$ 40.01	\$ 29.65

TOTAL CPP

Model		1000	1500	2000	2500	3000	3500	4000	4500	5000	7500	10000****	
FS2100	36	0.0235526	0.0178875	0.015005	0.0133555	0.0122238	0.011414	0.010887	0.0103343	0.00906	0.008884	0.0086	8233
	48	0.0209333	0.0161415	0.013745	0.0123086	0.0113488	0.010665	0.010123	0.0097523	0.00803	0.008475	0.008	6250
	60	0.0172085	0.0136588	0.011883	0.01081824	0.0101082	0.009681	0.009233	0.0089238	0.00709	0.00732	0.007	5000
	72	0.0156372	0.0126109	0.011098	0.0101898	0.0095844	0.009152	0.008828	0.0085756	0.0067750	0.00747	0.007	4367
	84	0.0146315	0.0118705	0.010545	0.00974735	0.0092189	0.008836	0.008544	0.0082387	0.006415	0.007481	0.00736	3971



COKER COLLEGE



Coker College Hartsville SC

- Incumbent Ricoh/Lanier
- Fleet size 23 A3 MFP's
- Approximately 200k per month volume 2.4 million a year



- ▶ I had displaced a Konica Minolta dealer 4 years previous
- ▶ Dr. Carter had left school and we now had a new President
- ▶ New President and CFO decided to go to bid
- ▶ Specs created off of current fleet (My Work)
- ▶ I asked to do a study on the printers as I knew margins would go out the window with the new Copier RFP
- ▶ I needed a differentiator!!
- ▶ Discovered each department/school had their own budget for office needs, not copiers, this was owned by procurement
- ▶ Very few departments kept any records at all for their printers and consumables
- ▶ I found out that paper was ordered from procurement
- ▶ Went back to procurement and asked about annual cut sheet, 8 and a half by eleven purchases. I found out Coker ordered 6 million sheets of paper the previous year!!!!
- ▶ They use 500k per month and I was fighting over less than half the volume, 200k.

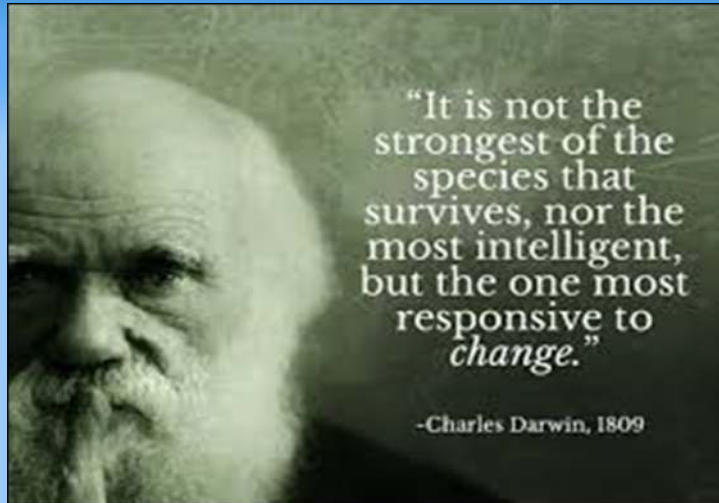


► This is going on in every one of your accounts!!



► We are in a mature, not dying, industry. We need to adapt to the changing market place.





- ▶ Buyers are smarter and with the internet shopping is expected.....
- ▶ Make it difficult to shop by selling a service!!
- ▶ Educate your customers

► In many ways we need to “Get Back to the Basics.”

1. Analyze (entire output arena)
2. Validate true costs (don't forget depreciation of owned devices and replacement of old devices budget)
3. ONCE FINAL MONTHLY SPEND IS DONE AND AGREED TO
4. Work the numbers backwards to see what we can do (lay everything out on a spreadsheet even when you do not initially see an opportunity)
5. Sell printers the same way as you have sold copiers forever!!



► Be different in your approach!!




► Final Story, I promise!!!




- Midwestern school district
- Four schools: Primary, Intermediate, Middle and High School
- 2,700 students
- 200+ administrators and teachers

CUSTOMER BACKGROUND

THE CHALLENGE

- 
- Aging mixed print fleet
 - IT staff struggling to maintain and manage fleet
 - Device downtime affecting staff productivity
 - Costly print environment
 - No output control mechanism in place
 - Devices placement didn't align with needs
 - No centralized purchasing system in place

THE SOLUTION

- 
- Conducted fleet assessment and found:
 - A decreased need for expensive A3 devices (<7%)
 - Excessive amount of color output (unknown origin)
 - Inconvenient placement of copy devices



■ Replaced or repurposed existing devices

- MPS5502 placed throughout school
- A3 devices placed only in main office and networked for teacher access

THE SOLUTION



■ Installed **PaperCut MF™**

- Better visibility of print environment to ensure access and usage are in line with district goals
- Single user authentication for better awareness of color usage
- Print costs now charged to proper budgets

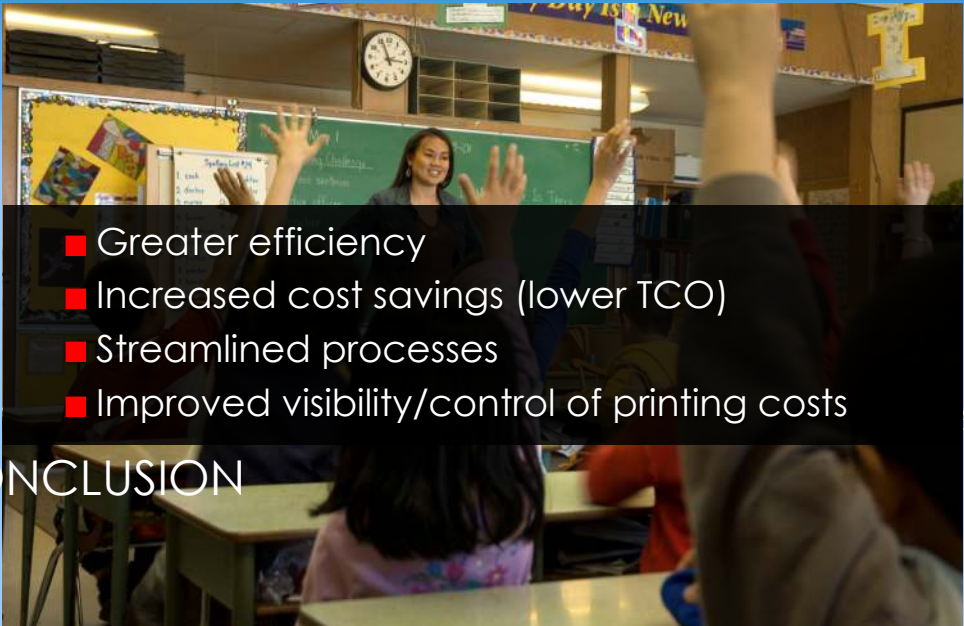
THE SOLUTION



■ Installed Remark® Test Grading Solution

- Allowed teachers to administer bubble chart tests cost-effectively, quickly and easily from the MPS5502

THE SOLUTION



■ Greater efficiency
■ Increased cost savings (lower TCO)
■ Streamlined processes
■ Improved visibility/control of printing costs

CONCLUSION

*Thank
You!*

Questions?

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