

**BTA West Conference**  
August 1, 2013

# **Business Model Strategies For Growth**

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# Introduction and Background

## Xerox History with Dealer Channel

- Direct culture, agents and GIS

## Xerox Indirect Channel Focus

- Top priority as business strategy for growth

## Xerox Authorized Dealer Program

- North American Reseller Division top priority

## Personal Background and History

- Business VS Technology
- A different perspective on the industry and no commercials



# Business Model Strategies for Growth

Industry Trends and Direction

Business Model Options for Growth

Making the Right Decision



# Industry Trends and Direction

## Industry Trends

### Page volumes are declining

- Electronic document flow, electronic forms, smart devices
- Less HW sales and related service and supplies revenues



### Managed Print Services

- Is it driving opportunities, or driving page volume decline?

### Does the “Cloud” = Opportunities?

- document flow, document storage and mobile print

### The Post-1990 Generation

- Future impact to page volumes



## What do the Trends Suggest?

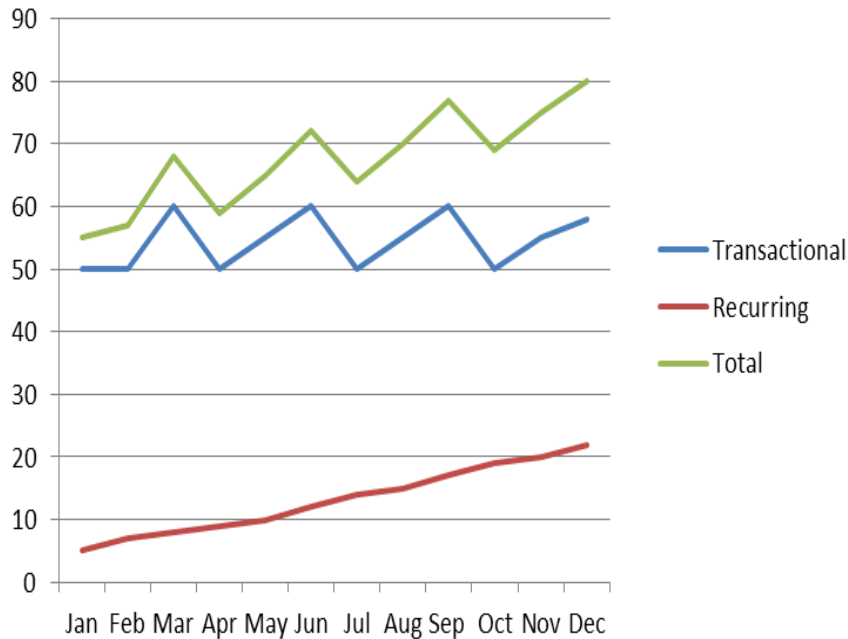
- Business is always changing

# Business Model Options to Consider

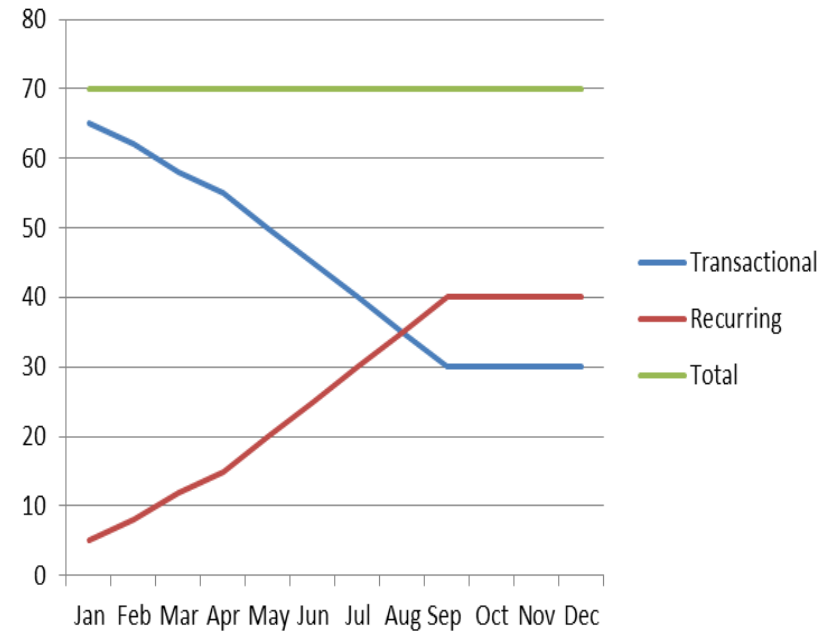
## The Importance of Recurring Services Revenue

- Adds value to customer
- Predictable, consistent revenue & profit
- Subsidizes transactional business sales cycles
- Rule of 78 - \$1 net new revenue/month = \$78 annual revenue

### Modest Investment



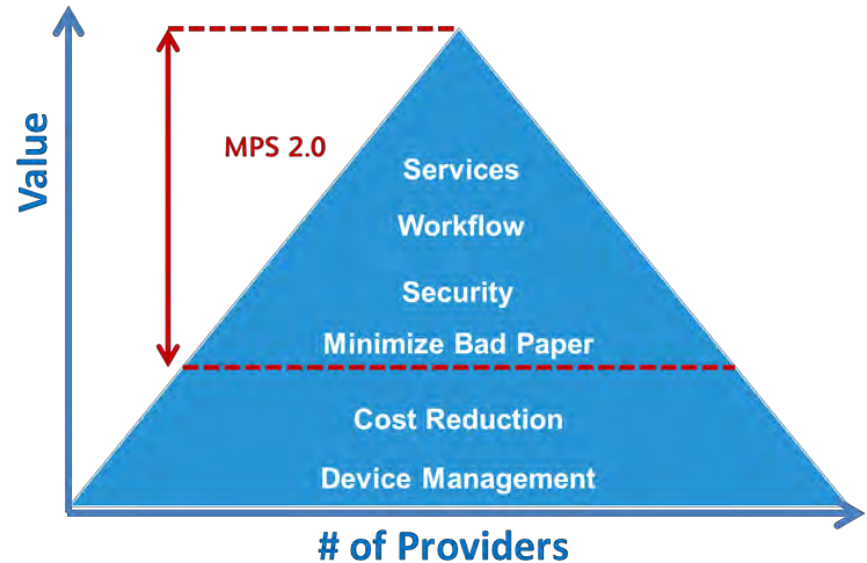
### Aggressive Investment



# Business Model Options to Consider

## Managed Print Services

- At an Inflection point
  - Risk of commoditization
  - Requires differentiation to grow
- MPS 2.0
  - Analysis, optimization, security
  - IT, BP Services
  - Pure services play?



## Managed IT Services (MSP Model)

- 84% of US decision makers want 1 provider for print & IT
- Potential threat to MPS providers
- Dealer advantage (26% MPS providers are MSPs)

## The Cloud

- Early entry, right customer requirements
- Document management, mobile print
- Established cloud solutions (IaaS, SaaS, Data Protection)



# Making The Right Decisions For Your Business

1. Is your current business sustainable, given industry trends?
2. Do you need to adopt a new business model or develop new offerings?
3. What model should you adopt, or what offerings should you add?

## Loss Aversion



## Value Attribution



## Diagnosis Bias



# What is the Right Decision?

## Exit Strategy

- Growth, acquisition, or hold steady

## Customer Base

- Relationships, vertical markets expertise

## Competition and Market Size

- Weaknesses to leverage
- Strengths to minimize
- Large VS Small Market dynamics

## Access to Capital and Talent

- Money, people, and tools





# Conclusions

## Our industry is changing

- Embrace it and move forward

## Recurring Services Revenue Is Key to Success

- Build your business strategy around it

## Stick to The Facts

- Don't be Swayed!

## Choose a Business Strategy That Fits With:

- Your Exit strategy
- Your customers
- Your Budget

