Seat Based Billing (SBB)
FOR MANAGED PRINT SERVICES

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Agenda

- Why Seat Based Billing (SBB)?
- Risk Factors
- Required Tools/Elements
- Building SBB Pricing
- Other Diversification Options
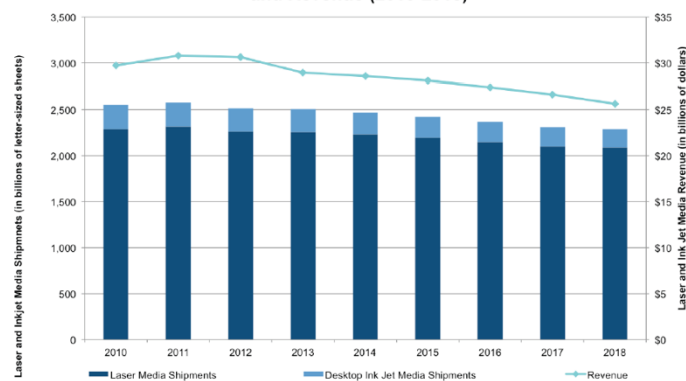- Conclusions & Next Steps

Section 1: Why Seat Based Billing?

What's wrong with CPP?

Why Seat Based Billing?

According to Photizo:

Figure 1: Worldwide Laser and Desktop Ink Jet Media Shipments and Revenue (2010-2018)

Source: Photizo Group, Supplies Forecast 360, August 2014

Why Seat Based Billing?

Unified Billing Platform

Why Seat Based Billing?

Dealer/Customer Alignment

Why Seat Based Billing?

Capture the Magic

True "Win/Win"

Section 1: Why Seat Based Billing?

Capture the Magic

A new definition?

" *Seat Based Billing (SBB) for managed print is a flat-fee which is billed per end user per month and covers support for all print enabled devices used by each end-user. This may entail supporting locally connected printers, desktop printers, multi-function devices, scanners, fax machines and an all related consumables, service, parts, and software.* "

Risk Factors

Risk # 1: Big Ranges in Per User Revenue:

" According to Photizo's 2014 MPS Forecast, the global average annual price per MPS user was approximately $195 (U.S. Dollars), with a low of approximately $176 and a high of approximately $293. This translates to roughly $15 - $24 per MPS user monthly. "

(Paying Too Much for MPS, Photizo Group, 2015)

Risk Factors

Risk # 1: Mitigating Big Ranges in Per User Revenue:

Risk Factors

Risk # 2: Color Printing Unleashed!

Risk Factors

Risk # 2: Color Printing Unleashed!

- Governance Software

Risk Factors

Risk # 2: Color Printing Unleashed!

Possible Contract Caveat:

Risk Factors

Risk # 3: Volume overages/abuse

• Already an "Open Bar"

Risk Factors

Risk # 3: Total volume overages/abuse

Possible Contract Caveat:

Risk Factors

Risk # 4: Untracked Users/Seats

Required Tools/Elements

Device Monitoring software not enough

Building A Seat Price

Initial User, Document & Device Assessment

Building A Seat Price

Details required to do a good SBB Assessment:

- <u>Device Centric Information:</u>

Building A Seat Price

Details required to do a good SBB Assessment:

- <u>User Centric Information:</u>

Building A Seat Price

Details required to do a good SBB Assessment:

- Document Centric Information:

Building A Seat Price

Details required to do a good SBB Assessment:

Here are some rules you could focus on to drive SBB savings without interfering with customer workflow & convenience:

- Move high cost pages to low cost devices
- Convert color to mono where possible
- Increase duplex
- Decrease waste/abandoned pages

Building A Seat Price

Here are some of the traditional elements you could include as you do today in your CPP model:

- Toner & other consumables
- Service
- Parts
- Meter & toner management software

Building A Seat Price

Why stop there? Under SBB you can "layer" the seat with so much more!

- Hardware
- Document Management software
- Workflow software
- MITS (Managed I.T. Services)
- Coffee & water services
- Digital signage & display
- What ever you can think of!

Building A Seat Price

Continually Look For Ways To "Layer the Seat"

- This will provide a powerful way to grow your share of customer wallet.

- Quarterly reviews will become great opportunities to introduce new opportunities

Building A Seat Price

Step #1: Understand Current Scenario

- Revenue/User
- GP/User

Building A Seat Price

Current Scenario:

# Employees	# Devices	Monthly Mono PE	Avg. Mono CPP	Monthly Color PPE	Avg. Color CPP	Avg. Mono Page Cost	Avg. Color Page Cost
150	38	500	0.015	150	0.06	0.01	0.045
REVENUES:							
Monthly Mono Revenue	**Monthly Color Revenue**	**Total Monthly Revenue**	**Monthly Per User:**				
$1,125.00	$1,350.00	$2,475.00	$16.50				
GROSS PROFIT:							
GP Mono	**GP Color**	**Total Monthly GP**	**Per User GP**				
0.005	0.015	$712.50	$4.75				

Building A Seat Price

Step #2: Apply Print Governance Rules To Drive Savings

After Print Audit 6 Rules:

| Color To Mono %	Waste Reduction %			
25%	30%		70.00%	
			537.5	
Monthly Mono Revenue	**Monthly Color Revenue**	**Total Monthly Revenue**	**Monthly Per User**	
$846.56	$708.75	$1,555.31	$10.37	
GROSS PROFIT:				
Monthly Mono GP	**Monthly Color GP**	**Total Monthly GP**	**GP/User**	**Net GP Loss/User**
$282.19	$177.19	$459.38	$3.06	$1.69

Building A Seat Price

Step #3: Apply Revenue From Print Governance Tools

Print Audit Rules Revenue:

	Per/Unit/Month	# of Units:	Total	GP%	GP Value	GP/User
Rules	$0.50	150	$75.00	90%	67.5	0.45
Accounting	$0.50	150	$75.00	90%	67.5	0.45
Secure	$0.50	150	$75.00	90%	67.5	0.45
Embedded	$20.00	10	$200.00	50%	100	0.666
		Total:	$425.00		302.5	2.016
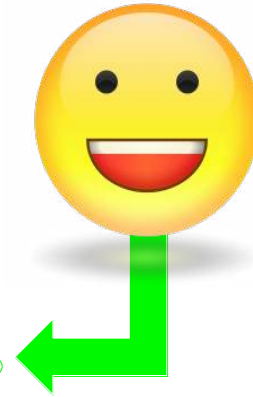
Building A Seat Price

Customer Savings:			Dealer GP Improvements:		
Current State Spend	$29,700.00		GP/User	$5.08	
Future State Spend	$23,763.75		GP/User Increase	$0.33	
			GP % Increase	6.48%	
Savings	$5,936.25				
% Savings	19.99%				
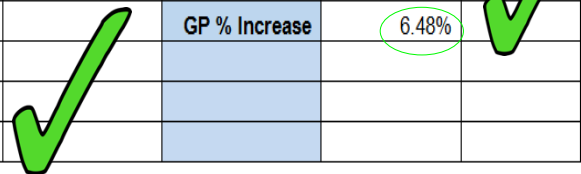
Big Data Analytics
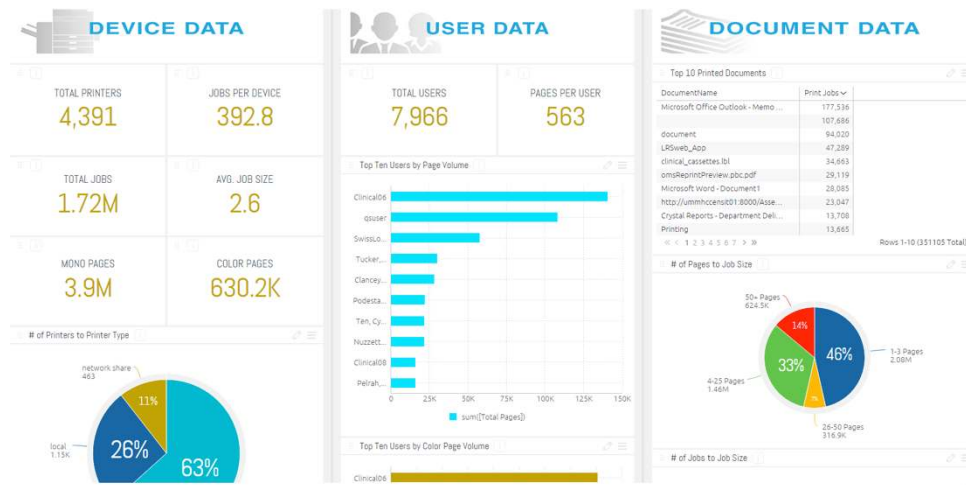
Conclusions & Next Steps

Conclusions:

- Pages are in decline and CPP pricing will only lead to reduced revenues

- Competition has led to CPP margin pressure and is getting worse

- Billing in CPP hasn't really allowed us to look much past the page

- SBB allows us to explore additional revenues and products that we can "layer on" to the seat

- SBB allows for decreased revenues while increasing gross profits

Next Steps

- Start with existing customers to build expertise

- Investigate other offerings you can "layer" on to the SBB price

- Contact Print Audit to learn more to get *"Essential Guide To SBB for MPS" and "SBB Calculator"*

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