The evolving MPS landscape

European vendor analysis 2009

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Managed print services (MPS) offer organisations the opportunity to control costs, reduce the complexity of managing a heterogeneous infrastructure and improve business processes. With many organisations striving to do more with less, MPS can cut both capital and operational expenses. Now is the time to tackle the huge cost and productivity drain represented by an unmanaged print environment. MPS passes control of this complex infrastructure to the experts leaving an organisation to focus on its core business competencies.

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EXECUTIVE SUMMARY

Quocirca believes that the use of managed print services (MPS) will increase significantly over the next two years as organisations of all sizes focus on reducing the cost, complexity and risk associated with an unmanaged print environment. MPS is growing in adoption, particularly in larger organisations, and is increasingly characterised by out-tasked engagements where flexible services are tailored to business needs. Yet there is no one-size-fits-all approach, and for any organisation tackling spiralling print costs a multitude of considerations must be borne in mind before committing to, and developing, an MPS strategy.

- **Organisations must undertake MPS as part of a strategy to lower costs, manage complexity and reduce the risks associated with unmanaged multi-vendor environments**
  Unmanaged print environments represent a huge cost drain and are characterised by fragmented ownership, device sprawl and a mix of old and new technology. This results in poor visibility and control over what is printed, leading to excessive consumption of paper, toner and ink. MPS rationalises the print environment by minimising device proliferation through reducing user-to-device ratios. This simplifies management tasks, provides economies of scale in respect to managing supplies and maximises business uptime through proactive monitoring.

- **HP and Xerox dominate the MPS market and continue to reshape their MPS strategy**
  A maturing and consolidating market has increased manufacturers' focus on services as a vehicle to increase margins and long-term revenue opportunities. Xerox's recent acquisition of ACS, a BPO provider, is reflective of a market that is expanding to include business process transformation, and positions it well to offer a wider service portfolio to enterprises looking to automate paper dependent processes. Meanwhile HP has filled gaps in its product portfolio through its strategic alliance with Canon, enabling it to give MPS customers access to a broader range of devices. Much of HP's success has drawn on leveraging its strong relationships with IT decision makers, particularly in enterprises looking to outsource both their IT and print environments. Quocirca expects both vendors will strive to differentiate their offerings as the market becomes increasingly competitive.

- **Environmental assessments are increasing in popularity**
  Assessments which measure the environmental impact of an organisation's printing infrastructure are playing a larger part in many MPS tenders, with HP, Ricoh and Xerox all offering this type of assessment. While this is not always a primary motivator for investing in MPS, device consolidation and document workflow solutions can offer major reductions in energy and paper consumption.

- **Organisations should evaluate whether a single or multi-vendor strategy may deliver the best outcome**
  With little standardisation between software platforms and devices between manufacturers, a single vendor strategy will simplify management, streamline vendor relationship management and reduce the number of support contracts. However, there are inherent risks associated with using one service provider and a single vendor may not have the product range, specialisation or domain knowledge to handle all the requirements of an organisation. This can be addressed through a multi-vendor best-of-breed approach where an MPS provider may complement their own devices and solutions with those of competitors.

- **The benefits of MPS extend beyond office printing to improving business processes**
  Although significant and rapid cost savings can be made from rationalising office printing, consideration should also be to leverage existing investments in multifunction products (MFPs) which offer sophisticated document capture, management and archiving integration capabilities.

- **Despite cost-cutting success, organisations must ensure that they are not compromising on flexibility and innovation**
  While organisations will continue to find the value propositions of guaranteed cost reduction and access to skills compelling, they must ensure that contracts also allow for market shifts and changing business and customer needs. Long term MPS contracts need the flexibility to integrate with new technology to meet changing market and business demands.

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1   Introduction

Today's document output landscape incorporates not only printers, copiers and networked multifunction peripheral (MFP) hardware devices, but also software to enable these devices to perform as sophisticated document processing hubs and services to ensure that organisations operate a cost-effective, secure and reliable infrastructure. Despite the growth in digital communications, enterprise printed output continues to be widespread but few organisations have a true insight into the mounting costs of an often complex and distributed printing environment.

This is often a tangled mix of old and new hardware, requiring a myriad of different and incompatible software and consumables. Ownership is often fragmented across departments, locations or geographies and lack of centralised print management tools means that there is little or no visibility, or control, into usage and costs, let alone managing the issues that the inherent security risks of today's generation of advanced networked MFPs present to an information-rich organisation.

Balancing cost, complexity and risk

Organisations can no longer afford to ignore the costs of an unmanaged print environment—which are not only financial and environmental, but also raise significant security risks due to unsecured printing practices. With cost reduction imperatives high on the agenda, coupled with today's regulatory-driven business world, organisations are striving to balance cost, complexity and risk. Many are already addressing this balancing act in other parts of their IT infrastructure through desktop or server virtualisation.

Meanwhile, IT organisations, burdened by legacy IT infrastructure and unable to keep pace with fast changing skills and requirements, are realising that traditional in-house approaches to IT service delivery cannot effectively support a modern business. In response to this, a growing proportion of organisations are using external IT managed services providers. Leading organisations are now applying the same strategic focus to their print environment through adoption of a managed print service (MPS).

MPS provides an immediate way to reduce capital investments and cut operating costs, reduce the complexity of the print environment and improve business processes. Device sprawl is reduced through consolidation, while document workflow solutions can enhance paper-intensive workflows and security and compliance risks can be mitigated through authentication and auditing solutions that help control access to documents. Also, with fewer and more efficient devices to manage, energy costs are reduced, management is simplified and use of services such as automated supplies replenishment or proactive service improves business continuity.

Reviving a consolidated and mature market

Today's printer and copier vendors are all competing in a mature and relatively stagnant market, where services are key to capturing incremental revenue and increasing margins for both manufacturers and channel partners. Quocirca estimates that MPS adoption within large enterprises is just 20%, indicating that the market is still in its infancy with huge opportunities for organisations to reduce waste, costs and improve efficiencies through adopting MPS. For printer and copier vendors, MPS enables them to increase their "share of the wallet" as MPS contracts enable a vendor to manage both their own and competitive devices.

Quocirca expects the attractiveness of MPS to increase over the next two years as more organisations recognise the value that MPS offers, and vendors continue to promote and extend their MPS delivery capabilities. MPS will be expected to create business value in the same way IT is increasingly viewed. In a highly competitive market, only the vendors with a commitment for both low-cost delivery of high-quality services and the ability to drive business transformation will succeed. This report examines the trends that are impacting the enterprise MPS market and the ability for the leading vendors to increase their share. It discusses the main vendors' offerings, recent developments and the future outlook for this market.

2   Defining MPS

Quocirca defines a "managed print service" as the use of an external provider to assess, optimise and manage an organisation's document output environment in order to lower costs, improve productivity and efficiency while reducing risk. MPS allows organisations to reduce costs and improve efficiencies through rationalising the print environment, and also to leverage existing investments in MFPs while continually monitoring usage so that the optimised infrastructure continues to meet business needs.

MPS can take either a fully outsourced or out-tasked approach. A fully outsourced MPS provider acts as a single point of contact and takes full control of an organisation's document output environment. Fully outsourced providers may transfer staff to the organisation and agree to strict service-level agreements (SLAs) to establish performance levels. An out-tasked approach to MPS enables an organisation to retain some control through the selection of modular services.

Payment for MPS is generally on a usage basis, based on an assessment of print usage. Pricing models differ between utility pricing (pay for actual usage), or payment according to minimum volumes, with an excess payable if these volumes are exceeded. More innovative pricing models such as cost-per-seat are not as commonly used as in traditional IT services contracts, but are likely to become more popular for those using the same provider for both IT and the print infrastructure; for example through a systems integrator.

The drivers for using an external provider to deliver MPS are compelling. Nearly 85% of respondents in a recent Quocirca survey of organisations in the UK, France, Germany and the US identified cost reduction as their primary reason to use MPS. Organisations also cited allowing IT to focus on more strategic activities as a key driver, reflecting that most lack the in-house resources and expertise to keep pace with evolving user demands. Once freed from the distraction of managing and supporting printing, IT can focus on delivering more strategic value to the business.
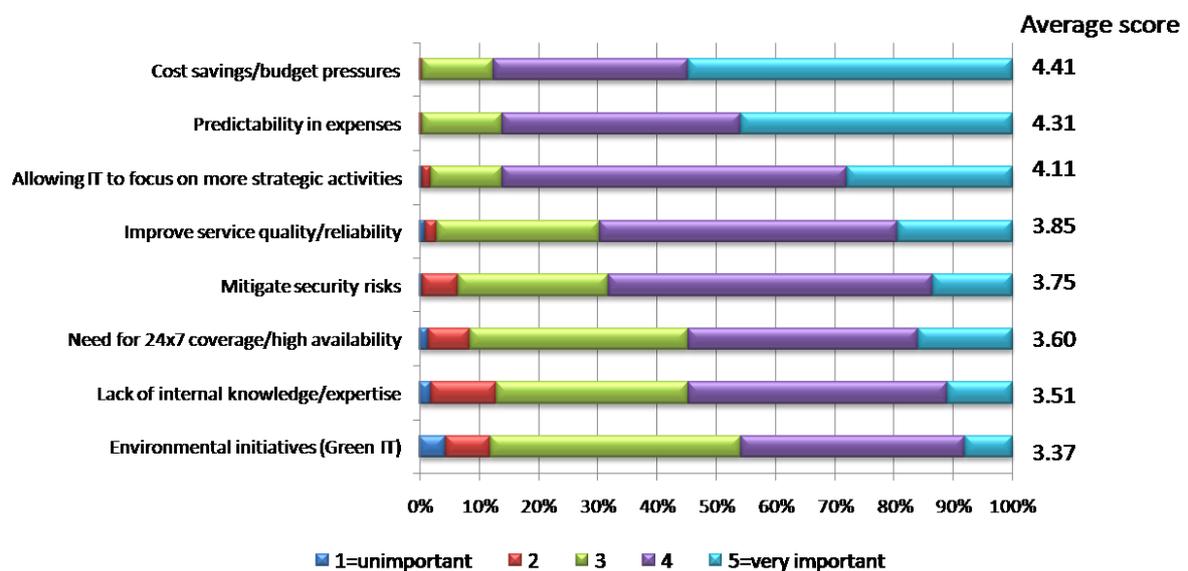

Figure 1: Drivers for considering or using an MPS (Source: Quocirca European study of 201 European respondents)

The benefits of MPS are manifold:

- **Lower costs and more predictable investment:** By taking advantage of MPS, companies are able to reduce a range of costs, such as the cost associated with unmanaged printing, as well as the IT costs to support devices. Transparency through cost-per-page or utility pricing allows costs to be far more stable and predictable. Device consolidation can also reduce the number of devices and therefore energy and paper consumption, as well as the cost of real estate taken up by multiple underutilised devices.
- **Access to experts:** MPS providers maintain a staff of experts to support their clients. Solutions are implemented quickly and seamlessly, without the company having to make additions to its own IT staff.
- **Increased flexibility:** The MPS provider offers a single point of contact and accountability for device management, service and supplies. Consolidated, regular billing, that includes services and consumables for all managed devices, simplifies reconciliation and accounting processes and provides an insight into actual print costs.

- **More focus on business:** MPS providers are dedicated to printing and, more importantly, albeit indirectly, to the client, as client satisfaction is key to retaining the customer, and so ensuring constant revenues. MPS is an innovative and cost-effective alternative to managing the printing infrastructure with internal resources enabling an organisation to focus on core business concerns.
- **Enhanced security and compliance:** MPS providers can more effectively assess the potential security vulnerabilities and implement secure printing solutions that enhance privacy and provide audit trails against print and copy usage.
- **Increase environmental sustainability**: the use of more highly energy-efficient products, along with solutions for more efficient printing, can help reduce energy, paper and ink/toner consumption.

3   Making the MPS journey

Approaching MPS is not a simple task, and an organisation needs to understand where it is already positioned in terms of the journey to implement such a service. Figure 2 provides an overview of a maturity model that can be used to assess current capabilities and plan for the future.
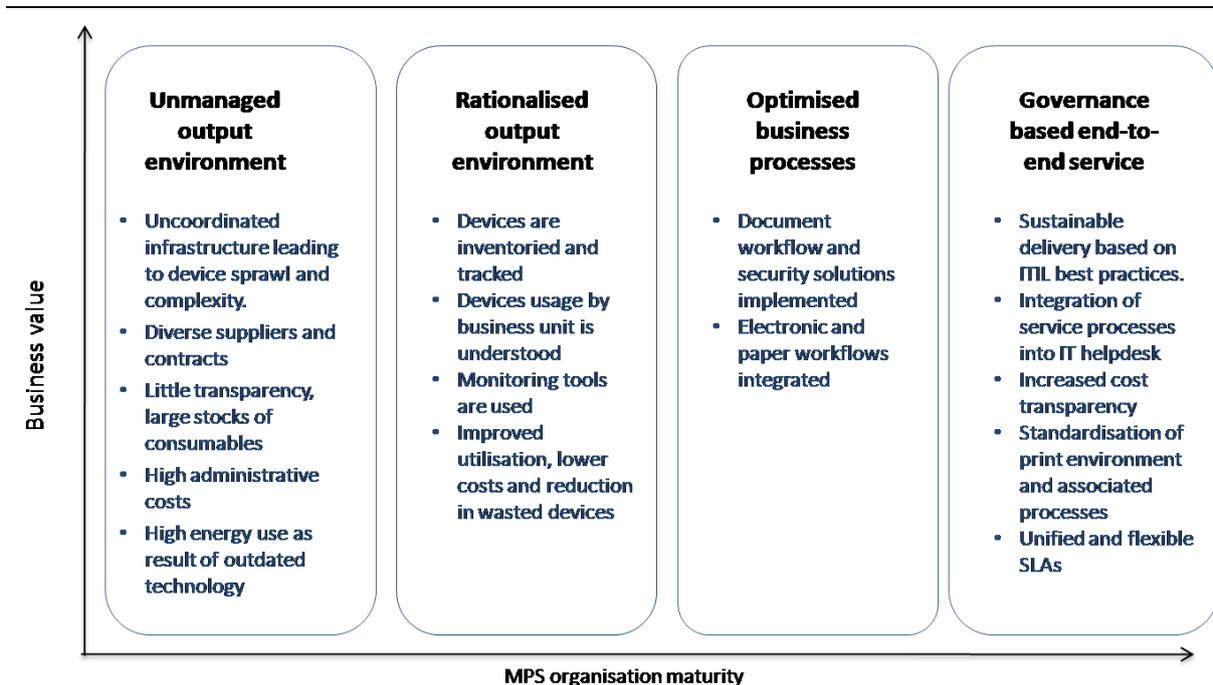

Figure 2: MPS maturity model

Quocirca recommends that organisations consider the following approach when moving to MPS:

- **Create a governance structure**

Any organisation embarking on an MPS journey should create an MPS governance structure to ensure that they are fully conversant with the benefits of MPS and the approach offered by their prospective supplier. Quocirca recommends a primary executive sponsor within the organisation supported by a broader executive council consisting of end-users and IT representatives. Such a council can monitor progress, validate the overall strategy, collecting metrics as regards adherence to the SLA and also provide an exit strategy or modify direction where required. Consideration should also be made to a multi-vendor or single vendor strategy.

- **Focus beyond cost savings**

While cost reduction is a primary motivator for implementing a managed print service, organisations should also balance cost saving guarantees against flexibility. Organisations need to continually adapt to shifts in customer preferences, technology and market changes to be positioned flexibly in a competitive

environment. For example, MPS may look to take advantage of next generation technology such as software as a service (SaaS), web-based technologies, open standards, cloud computing, business intelligence and ITIL-based process methodologies to ensure that business objectives continue to be met throughout the duration of the contract.

- **Move to a standardised environment**
While an MPS provider should offer multi-vendor capabilities at the outset in order to manage and monitor existing devices, ultimately moving to a more standardised environment reduces the cost of supporting, maintaining and managing a mixed vendor fleet, while streamlining vendor relationship management. This can also provide economies of scale with respect to both service and consumables costs.

- **Take advantage of IT service management best practices**
Consider how well service management processes align with ITIL best practices. Integrating service management into existing helpdesk processes and use of proactive monitoring can improve device down time and increase user productivity. Use of ITIL also provides improved control of SLA performance and enhanced management information reporting capabilities.

- **To outsource or out-task?**
Determine if a fully outsourced approach or out-tasked approach best addresses business needs. While a fully outsourced approach passes full control of the printing infrastructure to the service provider, an out-tasked approach enables a significantly higher degree of control to be retained by the customer allowing it to use the service in the way most appropriate to its business needs. Figure 3 provides a framework for a typical MPS engagement:

Consultation
- Identify business case
- Identify stakeholders

Assessment
- Multivendor analysis of print infrastructure
- Identify current status and potential cost savings
- Consider physical devices as well as business process requirement
- Create optimisation plan - recommend future design and solution options

Optimisation
- Implement changes in print infrastructure and associated processes
- Installation and deployment
- Solutions integration
- Implement new pricing
- Change management

Management
- Managing the infrastructure
- Ongoing ROI through fleet uptime, support and supplies management
- Single point of contact
- Visibility into usage trends, device utilisation, expenditure

Maintenance and support
- Break fix
- Online/telephone support
- Supplies delivery
- Ongoing optimisation of infrastructure

GOVERNANCE
- Project management
- Review meetings
- KPI/SLA measurement

Figure 3: Framework for MPS

4   The competitive landscape

The overall vendor landscape is characterised by printer/copier manufacturers, systems integrators, software infrastructure vendors and consulting/audit firms.

- **Printer/copier manufacturers:** These programmes are tied to vendor product offerings and include assessment, design, implementation and support services. Vendors may also offer channel MPS programmes through reseller partners where capabilities exist. Vendors in this category include Canon, HP, Konica Minolta, Ricoh and Xerox.
- **Systems integrators/resellers:** These are often a channel to market for printer and copier vendors, and may offer MPS as part of a wider desktop service offering or green IT service strategy. Vendors in this category include Atos Origin, Cap Gemini, CSC and IBM.
- **Software infrastructure vendors**: These provide software tools for assessment and optimisation of the print environment. Examples include NewField IT's Asset DB, EKM4's Insight II, Levi Ray and Shoup's (LRS) enterprise output management toolset and products from PrintAudit and PrintFleet.
- **Consultants**: These independent firms offer a vendor neutral approach and may also focus on a specific geography, technology or market niches. As independent consultants do not sell hardware, their assessment and design services provide recommendations that are not tied to a particular manufacturer. NewField IT and Perform IT offer such independent assessment services.

The maturity of services in the above categories and in Figure 4 varies significantly and it can sometimes be confusing as to what is exactly covered by different vendor offerings. An organisation must therefore be clear about its requirements and its understanding on what various providers are offering.
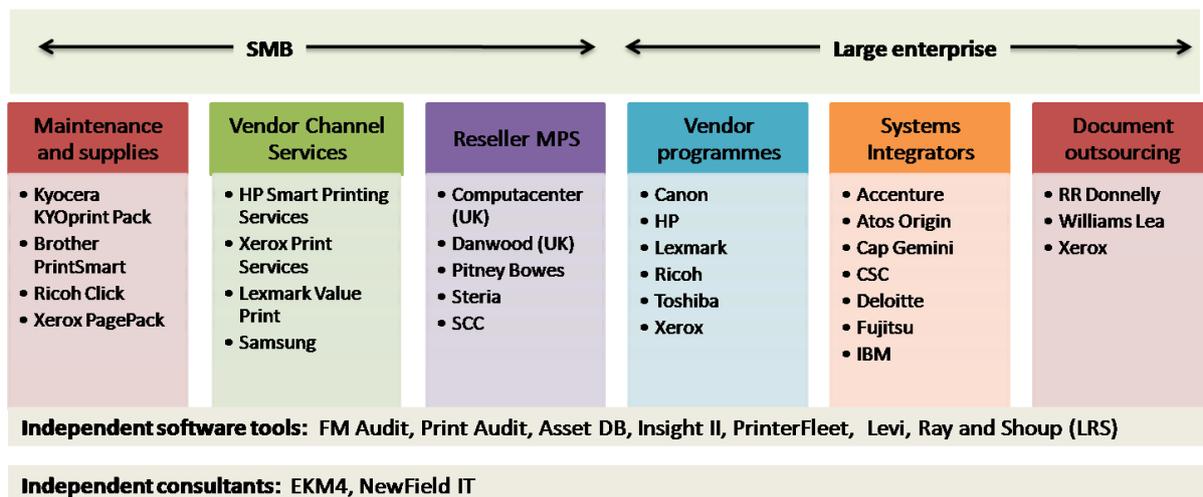

Figure 4: The MPS Ecosystem

Please note that the above list of MPS providers is not intended to be exhaustive, but highlights some of the key players in the market in 2009.

5   Quocirca vendor positioning

Figure 5 below represents Quocirca's view of the competitive MPS landscape for printer and copier vendors that are delivering MPS to large enterprises, primarily through their direct channels. A vendor moves to the right hand of the scale as the breadth of its MPS capabilities become more expansive. Indirect MPS services (even where based on a vendor's own services) introduce greater variability due to the value-added services each channel can bring to the mix, and as such have been omitted from this graph. Quocirca has developed a separate positioning analysis for the channel MPS landscape.

The following criteria have been used:

- **Market impact assessment:** based on factors such as the size and maturity of the company, installed base, partnerships and channel control, global footprint and investment strategy.

- **Completeness of offering:** based on factors such as the range of assessment tools, reporting, print room support, document workflow integration, centralised help desk and flexibility/modularity of offering.

Please note that the size of bubble is based on estimates of customer base in the relative environments.
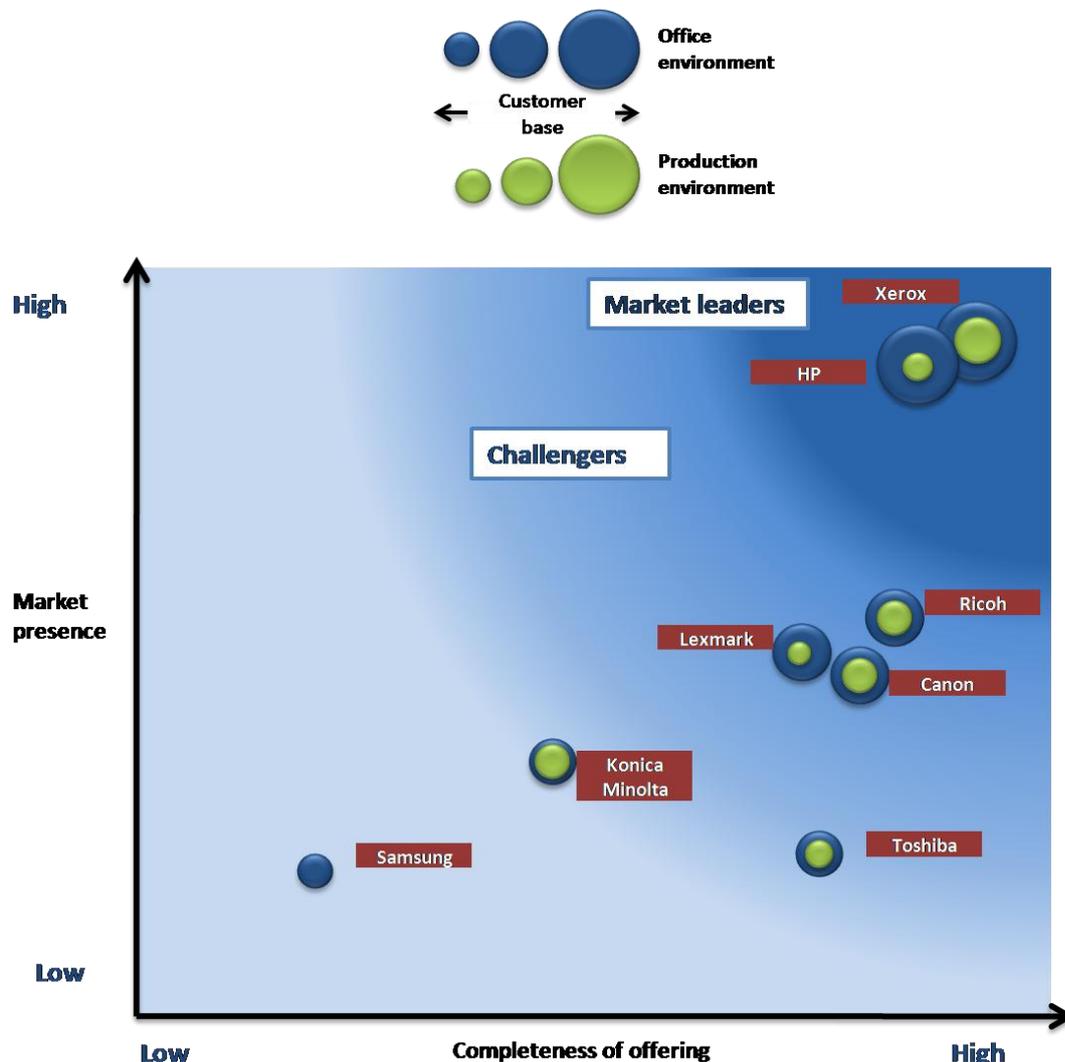

Figure 5: Quocirca MPS Vendor Positioning 2009 - Europe

5.1 Market Leaders: HP and Xerox

HP and Xerox continue to dominate the MPS market through their enterprise MPS offerings. However, both companies have different approaches due to their respective heritage as IT and copier companies. HP focuses on a set of modular services delivered as an out-tasked approach, whereas all Xerox MPS engagements are fully outsourced with the vast majority managing multi-vendor environments.

HP's IT integration excellence and global delivery drives market impact potential
HP's success in the MPS market has primarily been due to leveraging its strong relationship with the IT department and its continued stronghold in the printer market. Its wide product range from laser printers to MFPs means it has a range of product offerings for all office environments which is further complemented by its widely deployed print management tool, Web JetAdmin. HP has recently addressed gaps in its product portfolio through its strategic alliance with Canon, which now provides it with access to mid to light-production devices, which was previously lacking.

HP is looking to MPS to stimulate growth in its printing and imaging group, which saw revenue decline more sharply in the last quarter than some other divisions. Revenue from the group dropped 23% in Q2 2009 to US$5.9 billion, compared to a drop of 3% in revenue for HP as a whole. In 2009, HP has continued to develop its MPS offerings and refine its strategy in order to accelerate growth of its MPS business, which grew by 70% in 2008 compared to 2007.

HP has $4.2 billion under MPS contracts worldwide, and has developed 25 services, ranging from design and discovery through to sustainability. Although HP has not made any major changes to its already comprehensive portfolio, it has simplified some infrastructure processes, such as supplies delivery, which guarantees even more timely and traceable shipments to customers and also costs HP less to administer.

HP's most recent initiatives include HP Printing Payback Guarantee and HP PagePlan, both of which provide more compelling reasons for enterprises to use MPS to control the cost of enterprise printing. With its Payback guarantee, HP is following the Xerox approach of guaranteed cost savings, which have become ever more important in the current economic climate. Quocirca believes that this, when combined with continued investment and partnerships in the area of environmental assessments and document workflow, demonstrates HP's commitment to expanding its MPS capabilities.

HP's acquisition of EDS provides a further string to its bow, providing HP with a significant opportunity to widen its MPS footprint, particularly in the public sector and healthcare industries. Similarly, its acquisition of Exstream software, which provides document automation software, provides HP with a further product to help reduce enterprise document costs. HP has now incorporated its graphics art solutions into its MPS portfolio, and it estimates that around 30% of its contracts include the management of HP large format printers.

HP clearly has the products and partnerships in place to extend its MPS reach, and it has proven global delivery capabilities to enable it to deliver multi-regional MPS. With the market becoming increasingly characterised by a range of offerings from different vendors, HP's latest Printing Payback Guarantee initiative is a commendable and astute move to distinguish itself from the majority of its competitors, and to offer a comparable offering to its main competitor, Xerox. HP also offers a robust range of solutions (both its own and third party) to support document workflow improvements that are a vital part of improving business processes. Nevertheless, Xerox remains its most formidable competitor and, while HP has the capabilities, services and experience to manage the office environment, its lack of print room and document outsourcing capabilities may lessen its appeal to organisations looking to manage the complete enterprise document environment.

Xerox's depth and breadth of services and established portfolio reinforces its lead in the market
Xerox today has the widest range and most established set of managed print services offerings, covering SMBs to large enterprises, and office printing to production printing. Xerox's key strength lies in its extensive support network and centralised help desk facilities which ensures it can deliver multi-vendor management on a global scale. With Xerox Printing Services (XPS) as its latest channel MPS offering, Xerox has recognised the untapped opportunity for delivering MPS to businesses in the mid-market. These businesses face the same cost reduction imperatives as large enterprises and will also be facing the same spiralling costs associated with an unmanaged print environment.

Key to Xerox's success is its proven methodology to provide organisations with a documented strategy of how to achieve cost savings in the range from 10% to 30%. Xerox is clearly driving a strategy whereby it can help businesses reduce costs and improve productivity without the need for capital expenditure. The challenge will be getting this message out to businesses of all sizes, which may still be overlooking the print environment as a major source of cost in comparison to other facilities or IT areas. However, Xerox is well positioned to deliver MPS to enterprises and medium-size businesses alike due to the breadth and depth of its portfolio.

For large enterprises, Xerox offers a fully outsourced approach, estimating that approximately 90% of engagements are fully outsourced. Today, it manages over one million devices, more than 50% of which are third party devices. It has deployed MPS to over 5,000 customers globally using the same processes and tools, ensuring a consistent customer experience and delivery. Its global delivery capabilities are well illustrated by deals such as its recent five-year contract to manage the global operations of Procter and Gamble.

Xerox is able to offer extended services to its MPS offerings, including CRD and mailroom outsourcing, document process outsourcing and business process outsourcing. The latter will be further strengthened with the recent acquisition of ACS, a US based BPO provider. As such, it continues to offer the broadest MPS portfolio in the market today. Its strongest and growing competitor remains HP, which, with EDS, now has the opportunity to challenge Xerox in some larger enterprise engagements. Xerox will therefore need to ensure that it maximises its relationships with its alliance partners and continues to promote its key competitive strengths—multi-vendor management, global delivery and an established and proven MPS portfolio for large enterprises.

5.2 Challengers: Canon, Lexmark, Ricoh

The vendors in this category all offer end-to-end managed print services, although they tend to have a lower existing installed base of customers. However, each is actively developing and enhancing its go-to-market strategy and should be considered based on product portfolio as well as services capabilities. These vendors all offer a strong set of services, robust remote monitoring technology and project management capabilities.

Canon's MPS business expands
Since the launch of its Pan-European MPS business in 2007, Canon has continued to expand its MPS business, which experienced double-digit growth in 2008 compared to 2007. MPS continues to be fundamental to driving sales growth targets for Canon's office imaging devices. Canon's flexible approach to MPS covers both out-tasked and fully outsourced engagements. The majority of Canon's engagements are not fully-outsourced and Canon intends to move up to 60% of its corporate customers to an MPS engagement by 2010.

Canon positions its MPS offering as a flexible partnership/cooperation model, providing tailored solutions and services for individual customer needs. Its modular portfolio covers consultancy and implementation, management, end-user services, maintenance and support, and print room services that are enhanced through implementation of core solutions such as e-maintenance, eCopy and Uniflow. Canon's MPS is underpinned by the use of an ITIL service management framework and encompasses consultancy, systems integration and extended services (helpdesk to helpdesk, change management, such as communication with and education for end-users, and continual service improvement).

While its direct model is its primary route to market, Canon still needs to build its alliance partner network to deliver MPS through the channel to broaden the accessibility of its services. Although some Canon sales organisations have teamed up with local IT service providers and system integrators, Quocirca believes that Canon should potentially consider partnering with a strategic IT service provider to offer managed print services as part of wider IT infrastructure optimisation projects.

Lexmark delivers global MPS supported by industry-specific solutions
Lexmark offers a comprehensive range of managed print services under the banner of Distributed Fleet Management. This service is delivered directly through its global services organisation and through its alliances with Dell, IBM and Fujitsu. Lexmark has been well established in the MPS market for over ten years with hundreds of MPS contracts running globally—including Coca Cola Enterprises, Boeing and, most recently, BASF. Lexmark is committed to delivering MPS to support its "Print Less" strategy, which focuses on the higher returns that can be made from improving business processes and reducing output volume. Despite a strong set

of offerings, its MPS market presence is relatively low in Europe and many prospective non-Lexmark customers may not be aware of Lexmark as a credible MPS provider.

Ricoh refreshes MPS approach following IKON acquisition
Ricoh has made significant strides in developing its MPS positioning during 2009, building on its existing technology and leveraging the capabilities gained through its IKON acquisition. Although Ricoh has been offering MPS for some time, its marketing strategy in Europe is more cohesive than in previous years, the positioning clearly centred on an end-to-end lifecycle approach for MPS customers. Ricoh's MPS revenue in 2008 reached €108.6 million, including the IKON acquisition.

Ricoh is pushing its global services organisation to support MPS delivery across multiple countries. This will position Ricoh well in the future to compete more effectively with other established global MPS providers such as Xerox, while also offering multi-national organisations the true benefits of a global MPS engagement. Ricoh has a number of global customers that have taken advantage of these capabilities, demonstrating Ricoh's ability to effectively address multiple country requirements. Ricoh has also made a number of significant investments to support its MPS initiatives. Most notable is its alliance with IBM to integrate support for Ricoh MFPs with IBM Tivoli systems management products. This provides the capability for IT managers to manage Ricoh devices along with other IT equipment (such as PCs, servers, networks) through one management console.

Although Ricoh offers multi-vendor support capabilities, Ricoh's broad product range also positions it well to offer a standardised product range from office to the print room and enable customers to benefit from the simplified management associated with a single vendor environment

Ricoh's challenge, as with many vendors in this space, is to build awareness of the benefits of MPS and educate those already familiar with the benefits of Ricoh's specific offering. Ricoh has already had success in the manufacturing and professional services verticals, and it is capitalising on the untapped MPS opportunities in these areas. Ricoh's repositioning of its MPS offerings is well underway, so the execution over the coming year will be crucial to Ricoh's overall success—both in terms of building awareness of its service portfolio and capabilities and in refining its go-to-market approach. Although Ricoh focuses on its global capabilities, there is still some lack of consistency with messaging between Europe and the US, which may confuse potential customers, particularly when presented with the more clearly articulated global strategies from competitors such as Xerox and HP.

5.3 Others: Konica Minolta, Samsung and Toshiba

Konica Minolta's iDOC consulting niche offering
Konica Minolta's iDOC managed services offers a cohesive range of services from assessment to deployment. However, its services are focused primarily on Konica Minolta products and, whilst a service such as the CS Remote Care diagnostic system is a robust tool for remote maintenance and support, it is only applicable in a Konica Minolta environment. For businesses that have already standardised, or are planning to, on a Konica Minolta bizhub environment however, the iDOC service would leverage and make the most of this investment and enable the full benefits of the CS remote care, remote support and maintenance system to be realised.

Samsung's channel led MPS programme at embryonic stage
In Europe, Samsung continues to expand its "CTRL P" campaign, which is now in its second phase. This campaign supports Samsung's ambitious plans to grow its footprint in the corporate space. Samsung's printing business has seen rapid growth in recent years, now ranking second to HP in the worldwide and European laser printer shipments markets. It posted $550m of revenue in 2008 and is growing at an annual rate of 15% year-on-year. Now snapping at HP's heels in terms of volume market share, Samsung is banking on its recent launch of document workflow and print management solutions to move it further up the corporate value chain.

Despite beginning its MPS journey later than most of its competitors, Samsung has launched a cohesive set of multi-vendor MPS tools for channel partners that will enable them to assess a customer's print environment and track printer status and consumables usage. In Europe, Samsung is testing the market by running a series

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of customer pilot engagements in conjunction with its channel partners. This will enable Samsung to determine if its MPS tools should be further enhanced in response to customer and channel requirements.

Samsung recognises it will take time to build out its channel, strengthen its supply chain and develop its service proposition before it can be seen as a credible MPS player. For now though, these tools are a step in the right direction and show Samsung's serious intentions to capitalise on its growth in the corporate arena.

Developing channel trust is likely to take some time as Samsung needs to demonstrate it really will help channels build business without disrupting existing channel/customer relationships. Since MPS channel programs are a relatively new concept, it is apparent to Quocirca that Samsung will need time to develop a formula and a go-to-market model that works. With competitors much further along in recruiting the higher end channels needed to sell and implement sophisticated MPS concepts, Samsung certainly has its work cut out.

Toshiba's MPS 3.0 strategy yet to take hold in Europe
The Toshiba MPS programme began in 2002 with the creation of assessment tools, product and training programs for Toshiba dealers and its direct sales force. Since 2002, Toshiba has introduced a number of enhancements to its MPS programme. In 2009, it introduced its MPS 3.0 program that incorporates a new service capability for dealers, as well as a range of security assessments, new applications and environmental services into its MPS offering.

Toshiba's MPS incorporates all product types and brands and its MPS programme has been the fastest growing part of its overall product and service portfolio. Toshiba continues to invest in its MPS programme with plans for continued enhancements to position this as a strategic initiative. Today, Toshiba's MPS programme is more developed in the US than in Europe, where it also now has an agreement with HP to distribute their products to MPS customers. Toshiba is now actively developing its proposition and positioning in Europe based on its success in the US.

Recent developments in Toshiba's latest MPS offerings include:

- Enhancements to assessment and e-commerce fulfilment tools to support MPS.
- A new Eco calculator that includes, as part of the MPS assessment, the energy, carbon footprint and waste improvement as part of the MPS assessment.
- A new security assessment that is also part of the MPS toolset. This advises a customer where their biggest security risks are and ways to address them.
- Additional partners to support its multi-vendor MPS strategy.

6 Future outlook

Quocirca believes that several trends will shape the MPS landscape during the next three years.

- **The mid-market opportunity for MPS will gain momentum**. Manufacturers will continue to develop and enhance MPS tools and support for resellers. In a highly commoditised market, where margins are thin, resellers cannot afford to ignore the potential for additional revenue that MPS offers along with the potential for longer term customer relationships. The challenge that remains for all vendors trying to deliver MPS through channel partners is training resellers to move to a solutions and services-led model. With many resellers still operating a hardware sales approach, this is no easy feat and is further compounded by the fact that vendors are all offering their own flavour of MPS for their channel partners. Therefore MPS channel tools need to be simple and flexible to operate, such as through SaaS delivery, which will lower the cost of entry for those resellers that have so far been reluctant to dip their toe in the MPS waters.
- **Systems integrators (SIs) will be a major channel for manufacturers looking to extend their reach.** For SIs, MPS provides certain credibility to offer MPS as lead-ons or add-ons to wider outsourcing or integration deals. Yet printing expertise and reputation will continue to be a heavily weighted element of buyers' selection criteria when engaging with external MPS providers. Vendors will seek to extend their service capabilities—such as through document outsourcing or business process outsourcing (BPO)—and will look to best of breed implementation deals that involve their own and

their competitors' products. Quocirca believes that with the lines between IT outsourcing, business process outsourcing (BPO) and managed print blurring, the MPS market as a discrete sector which focuses on the printing infrastructure management will be eclipsed by a wider services market dominated by vendors with combined ITO, BPO and managed print capabilities.

- **Independent solutions vendors and consultants will continue to add value to pre-sales MPS engagements.** With specialist vertical market and technology expertise these vendors can offer unbiased assessment advice through multi-vendor discovery, audit and also remote monitoring tools.

- **Environmental and security assessments will become an integral part of evaluating MPS requirements.** Green audits and assessments, which evaluate the risk vulnerabilities in an unmanaged environment, will enable further cost, productivity and efficiencies for any organisation. This will also expand the use of document workflow and secure printing solutions, which many manufacturers will leverage their partner ecosystem to deliver.

- **Successful MPS vendors will exploit evolving technology.** Virtualisation, Web 2.0, service oriented architectures and cloud computing will continue to expand the boundaries of the enterprise leading to new cost and management challenges for IT. Future MPS approaches must adapt to such evolving business needs beyond cost reduction imperatives. Services offered on a shared basis, being managed and operated from the cloud, will enable far more organisations to participate in cost-effective MPS services, with the printer and MFP asset base being far more effectively managed by vendors and channel alike via hosted, managed services being provided via the internet.

- **Business process transformation will shape enterprise MPS in the long term**. Many large enterprises have already invested in sophisticated multifunction peripheral (MFP) technology yet are not fully harnessing the capabilities of these devices as document processing and information management hubs. MPS vendors who can deliver integrated enterprise document workflow solutions which leverage existing investments will be best positioned to support business process transformation needs. This will also expand the opportunity for selling their own and partner products which add value such as document capture/routing or follow-me or secure printing solutions which can offer further opportunities for cost savings and improved efficiencies.

Looking to next year, execution will be fundamental to how all vendors capture further market share. Some large organisations have reached the point where they now not only understand what MPS is and why it is necessary, but they are also beginning to deploy pilot projects. MPS continues to be the spark that is relighting the printing industry and manufacturers will maintain a laser-like focus to beat each other's offerings.

The MPS market leaders have made it clear they mean to move beyond the delivery of service focused purely on print into broader IT and business process services. As compliance and business process improvement initiatives proliferate, Quocirca expects that this area will continue to be the driving motivation behind acquisitions and vendor go-to-market initiatives over the next two years.

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With worldwide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first-hand experience of ITC delivery, who continuously research and track the industry in the following key areas:

- Business process evolution and enablement
- Enterprise solutions and integration
- Business intelligence and reporting
- Communications, collaboration and mobility
- Infrastructure and IT systems management
- Systems security and end-point management
- Utility computing and delivery of IT as a service
- IT delivery channels and practices
- IT investment activity, behaviour and planning
- Public sector technology adoption and issues
- Integrated print management

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption—the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business-orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a proactive primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long-term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, Dell, T-Mobile, Vodafone, EMC, Symantec and Cisco, along with other large and medium-sized vendors, service-providers and more specialist firms.

Sponsorship of specific studies by such organisations allows much of Quocirca's research to be placed into the public domain at no cost. Quocirca's reach is great—through a network of media partners, Quocirca publishes its research to a possible audience measured in the millions.

Quocirca's independent culture and the real-world experience of Quocirca's analysts ensure that our research and analysis is always objective, accurate, actionable and challenging.

Quocirca reports are freely available to everyone and may be requested via www.quocirca.com.

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