



Managed Print Services Landscape, 2015

A vendor analysis of the global enterprise MPS market

July 2015

SUMMARY REPORT

This report examines the competitive landscape for MPS and discusses the key market drivers and trends that will shape future generation MPS engagements.

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EXECUTIVE SUMMARY

The managed print services market continues to gain momentum as enterprises seek to tackle escalating print costs and drive greater business efficiency. The market is relatively buoyant with 51% of organisations (either already using or planning to use MPS) indicating they plan to increase expenditure on MPS over the next year. Whilst broader workflow solutions are proving to be a significant differentiator, service delivery remains a key MPS market driver. Quocirca believes that continued investment to drive enhanced service performance through predictive analytics and a focus on consistent delivery through integrated back-end platforms is ultimately what sets the leading providers apart.

Market leaders characterised by mature offerings and enhanced workflow solutions portfolio

The tightly contested MPS market is characterised by a cluster of leaders, with Xerox remaining in the lead. Despite limited MPS revenue growth in the past year (mainly due to an already large base than other vendors), its leadership margin is boosted by its breadth of capabilities across office and enterprise printing. Other market leaders are HP, Ricoh, Lexmark and Canon with Lexmark showing strong growth and continued investment in and enhancement of both its MPS and ECM portfolio.

Strong performers provide complementary strengths

Konica Minolta has made significant progress since last year, with strong growth in MPS revenue, which has helped expand its market penetration. It has developed a strong holistic approach to its Optimized Print Services (OPS) offering supported by a growing focus on business process optimisation. Kyocera is emerging as a credible player in the market with its MDS proposition, which is primarily delivered through its dealer network. Particularly unique is its cloud services offering through its strategic relationship with KDDI and Telehouse data centres, where it offers a virtualised MPS model.

Security driving the MPS agenda

For the first year, security has risen to the top of the agenda with 75% indicating that this was an important or very important driver (average score of 4.01 out of 5). Overall 40% of organisations have completed a security assessment with a further 46% indicating an audit was underway. Overall 74% of organisations have deployed or are planning to implement secure print solutions (i.e. pull printing). Those using MPS are most likely to have deployed pull printing – 42% compared to just 14% of those not currently using MPS.

MPS is effectively driving paper to digital transition

Overall, 72% of respondents indicated that they have some paper free processes and are planning more. For those already using MPS, this rose to 74% compared to 57% that have yet to start MPS. Key to the transition to digitised workflow is better utilisation of smart MFP technology. Overall, 37% of organisations have a well-defined strategy that maximises the benefits of smart MFPs. Those using MPS are most confident about paper to digital integration - 77% compared to 56% of those yet to embark on an MPS engagement.

Analytics has potential to drive greater business value

Driven by the need to gain greater insight from the wealth of structured and unstructured data collected across an enterprise, the market for Big Data analytics continues to grow. Quocirca's survey revealed that overall, 45% of organisations using MPS plan to increase expenditure in this area. Providers recognise that through running large-scale engagements, there is a wealth of insight that can be uncovered about their customer businesses. As MPS moves up the value chain and becomes more focused on delivering strategic business impact, analytics promises to be the next key differentiator amongst leading MPS providers.



Table of Contents

METHODOLOGY	4
END-USER ANALYSIS	4
VENDOR ANALYSIS	4
DEFINITIONS	4
THE MPS ECOSYSTEM	5
MARKET OVERVIEW	5
RECOMMENDATIONS	10
VENDOR ASSESSMENT	12
VENDOR HIGHLIGHTS	14
MARKET LEADERS: XEROX, HP, RICOH, LEXMARK, AND CANON	14
STRONG PERFORMERS: KONICA MINOLTA, KYOCERA DOCUMENT SOLUTIONS	15
OTHERS: TOSHIBA	15



Methodology

End-user analysis

Quocirca conducted an end-user survey among senior IT managers with responsibility for decisions relating to a managed print service. Research was conducted in the UK, France, Germany, and the US, at 210 enterprise companies with 1,000 or more employees. Overall, 100 respondents were using MPS, 46 were planning to and 64 were not using or planning MPS. This survey was conducted by telephone and fielded during April 2015.

Vendor analysis

Quocirca has included the following MPS providers in this study: Canon, HP, Konica Minolta, Kyocera, Lexmark, Ricoh and Xerox. Vendor selection was according to:

- **Experience and skills in providing MPS services:** all providers had to demonstrate a strong record of delivering MPS.
- **Geographical delivery capability:** each provider was required to have the capability to deliver global services.

Each MPS vendor was requested to complete a written submission detailing its strategy, capabilities, and customer references to ensure key facts and figures were captured. These submissions were followed up with vendor interviews. The quantitative and qualitative inputs from the vendor research were analysed by Quocirca, in order to determine each vendor's score against a list of criteria for market presence and completeness of offering. Each score is on a scale of 1 to 5, where 1 is weak and 5 is very strong. This evaluation of the MPS market is intended as a starting point only. Please note that Quocirca's scoring is based on an un-weighted model although prospective buyers may wish to weight the scores to meet their own specific needs.

Definitions

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

MPS covers a number of service areas across three broad categories:

- **Assessment** – a review of the current print environment to provide recommendations for a rationalised print environment and provide an estimate of potential future savings. Assessments range from basic online assessments to full workflow assessments. Environmental impact analysis and document security assessments may also be included.
- **Optimisation** – device rationalisation and consolidation to improve user-to-device ratios and development of print policies to develop a governance framework for a full enterprise MPS, including change management, deployment and transition.
- **Management** – continuous process improvement, business reviews, SLA monitoring, remote management and workflow improvement.

These services fall under Quocirca's definition of MPS when the vendor takes over responsibility for delivery under a contract of three years or more in length. Such activities may also involve the transfer of people or assets to the vendor or provider.



The MPS ecosystem

The MPS landscape includes printer/copier manufacturers, systems integrators and software infrastructure vendors.

- **Printer/copier manufacturers:** these vendors' programmes are generally tied to their product offerings, although multi-vendor support is often offered. Service offerings include assessment, design, implementation, and support services. They may also offer MPS programmes to their reseller partners. Vendors in this category include Canon, HP, Kyocera, Konica Minolta, Lexmark, Ricoh, Toshiba, and Xerox.
- **Systems integrators/resellers:** these are a channel to market for some printer and copier vendors, and may offer MPS as part of a wider managed IT services offering.
- **Independent Software Vendors (ISVs):** these provide software tools for use in the print environment. Examples include print management products such as Nuance Equitrac, Print Audit, FM Audit, and PrintFleet and secure printing products from Equitrac, SafeCom, and Ringdale. MPS providers often use such third party products to add value to a particular element of their MPS portfolio.

Market overview

Market momentum

The managed print services market continues to gain momentum as enterprises seek to tackle escalating print costs and drive greater business efficiency. The market is relatively buoyant with 51% of organisations (either already using or planning to use MPS) indicating they plan to increase expenditure on MPS over the next year. Quocirca estimates that almost 50% of large enterprises (over 1,000 employees) are now using some form of MPS, with stronger prevalence in very large enterprises. Overall, a further 20% are planning to use MPS within the next year, reflecting the growing maturity of the market. Whilst broader workflow solutions are proving to be a significant differentiator, service delivery remains a key MPS market driver. Quocirca believes that continued investment to drive enhanced service performance through predictive analytics and focus on consistent delivery through integrated back-end platforms is ultimately, what sets the leading providers apart.

On average, organisations have been using MPS for 3 years with an average of 23 locations and 6 countries covered by an MPS contract. The majority (64%) are in the second phase of their engagements – having optimised their fleet and now implementing document workflow tools. Overall, 70% operate a multivendor fleet managed by a single MPS provider (mixed fleet) reflecting the need for strong multivendor support capabilities at the outset of any MPS contract. However, almost 80% indicate that they intend to consolidate on a single brand. Operating a standardised fleet offers a range of efficiency benefits – for both IT management and end-users. Clearly those MPS providers that are able to offer the broadest hardware portfolio are best positioned to address the diverse printing and imaging needs of large enterprises.

Currently, the majority of respondents indicated that they use a hybrid MPS approach, retaining some print management tasks in-house. However, the fully outsourced approach is the one paying the most dividends. Overall, 90% of those using a fully outsourced service are satisfied or very satisfied with the management and performance of their print infrastructure, compared to 68% of those taking a hybrid approach. In fact, while overall respondents reported an average saving of 26% on the cost of printing over the past year through using MPS, it is those using a fully outsourced approach that report the highest savings. Almost 40% of this segment indicates savings of over 30% compared to 24% of those using a hybrid approach.

Certainly, with a full-outsourced approach, organisations can achieve significant cost efficiencies and the scale and experience of the MPS provider can go beyond what is available from internal resources. It can also enable an organisation to drive innovation and change by freeing up internal IT staff to spend on development projects that are more closely aligned to achieving business objectives. Whilst a hybrid approach can help an organisation retain some level of in-house control, it requires robust governance to ensure efficiency and consistent service level quality.

Security and cost are top drivers for MPS

Overall, for the first year, security has risen to the top of the agenda with 75% indicating that this was an important or very important driver (average score of 4.01 out of 5). Document security was rated the highest by professional service and financial sector respondents with government, despite their heavy reliance on printing, paying it the lowest priority. Unsurprisingly cost remains a top driver – particularly amongst organisations with more than 3,000 employees and those in the professional services



and financial sector. Clearly, despite many of these organisations transitioning to digital processes, the cost of printing is still a key challenge, which they are looking to mitigate through MPS. Service quality follows closely behind; improving service levels through better governance, SLA quality and reporting and analytics is now a key differentiator for the top MPS providers.

Notably, larger enterprises are also more likely to be using MPS to reduce paper usage and reduce environmental impact. MPS has a strong role to play here and increasingly, leading MPS providers are looking at this from a holistic view at the outset of every MPS engagement. With the appropriate workflow solutions and services supported by the latest smart MFP technology, MPS can help organisations make strong inroads in automating workflows and reducing wasteful and inefficient paper processes.

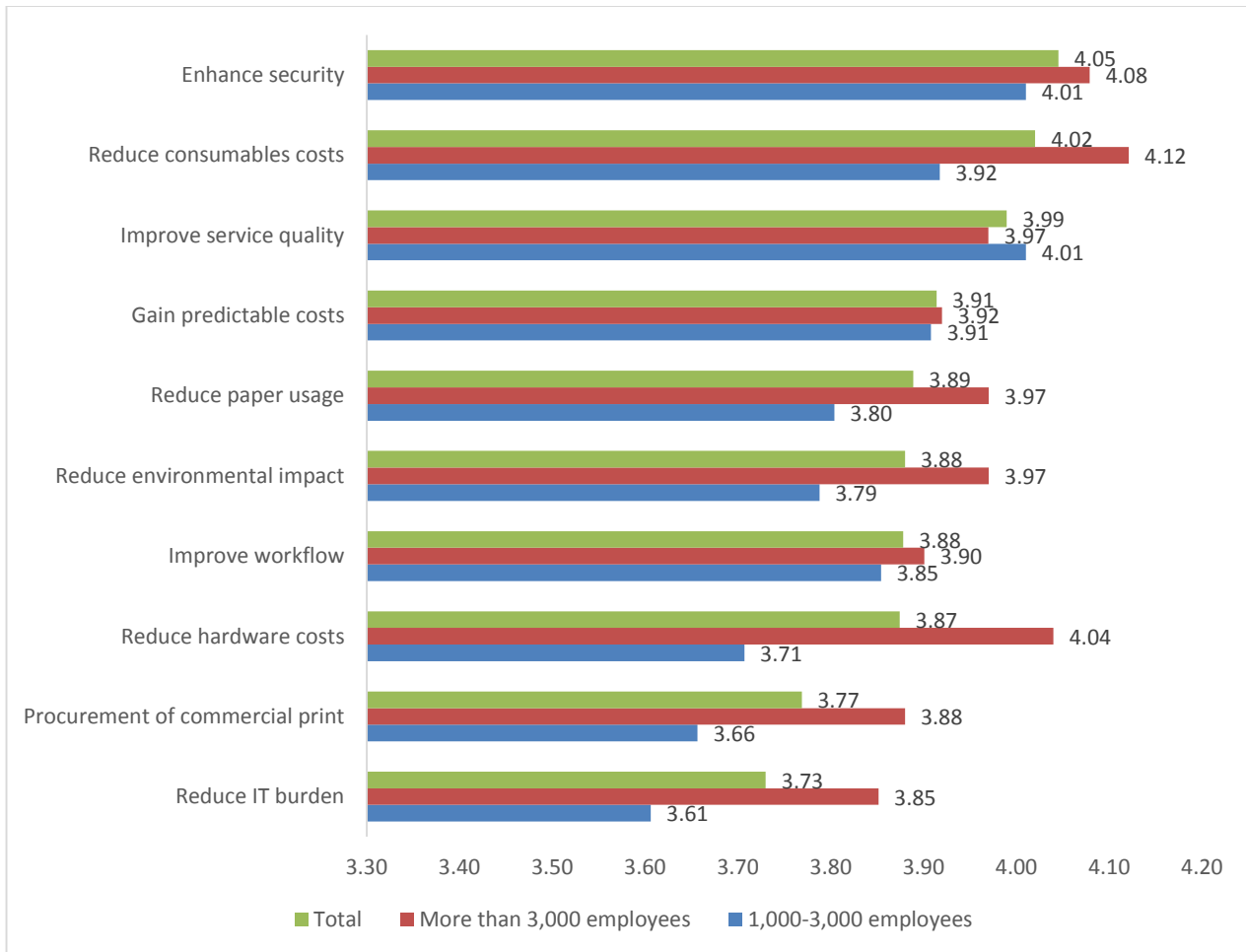


Figure 1. How important are the following drivers to your organisation in motivating a move to a managed print service?

MPS is successfully tackling paper to digital workflow

Overall, 72% of respondents indicated that they have some paper free processes and are planning more. For those already using MPS, this rose to 74% compared to 57% that have yet to start MPS. So how well is MPS faring when it comes to helping organisations transition to digital workflows?

A key consideration is the smart multi-function printer (MFP), which when effectively utilised is the foundation to bridging the paper and digital gap. With sophisticated document capture and routing capabilities, these devices can integrate directly with enterprise content management (ECM) and other systems such as enterprise resource planning (ERP). So, for instance, paper invoices or expense receipts can be scanned and routed directly to an accounts application from the MFP interface panel.

Quocirca’s survey revealed that overall, 37% of organisations have a well-defined strategy that maximises the benefits of smart MFPs, with 50% indicating that they understand the value of smart MFPs and are starting to exploit them. Notably, 46% of MPS users have a well-defined MFP strategy compared to just 14% of those that are yet to begin their MPS engagement.



Those using MPS are already reaping the benefits in their paper and digital workflow integration. Overall, larger enterprises are faring the best, with 87% indicating that their organisations are effective or very effective (average score 4.01 out of 5) compared to 65% of smaller enterprises (average score of 3.84). It is those organisations using a fully outsourced model that are likely to be most satisfied – 50% rated their ability as very effective compared to 26% of those taking the hybrid model. Business process optimisation expertise is a key success criteria for effectively automating paper dependent processes. Clearly those organisations using a fully outsourced approach are reaping the benefits from accessing the skills and expertise of a third party MPS provider.

There is a direct correlation between MPS usage and confidence in paper to digital workflow integration – 77% of MPS users indicate high confidence levels compared to 56% of those planning MPS (Figure 2). There are some industry variations; whilst financial services are the most confident, government and professional services lag behind. By region, just 48% of UK respondents believed their organisations were effectively integrating paper and digital workflow compared to 84% of US respondents.

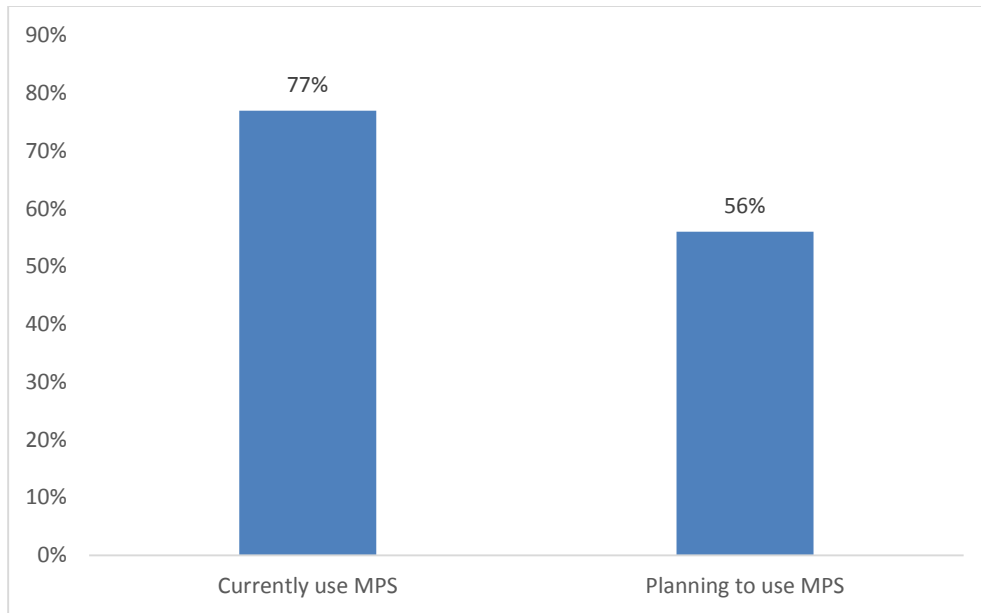


Figure 2. How effectively does your organisation manage and integrate paper-based information into digital workflows? (Rated effective or very effective)

MPS is certainly helping organisations tackle the paper trail, and as more organisations move to the business process optimisation stages of their engagements, Quocirca expects to see even higher confidence in this area.

MPS is closing the print security gap

Overall, 65% indicated that their organisations plan to increase expenditure in IT security. This is encouraging for the MPS market as there is still a significant opportunity to enhance the security of what is often the weakest link – the print environment. Whilst enterprises reporting document security as a top driver for moving to MPS, there is still a significant opportunity to close the print security gap. Information – whether it resides on paper or electronic format represents a vast array of customer insight, customer insight, employee knowledge, business intelligence and innovation. Left unsecured, this information can pose a huge legal and reputational risk.

Organisations are waking up to the potential security risks that moving to a shared MFP environment poses. However, there are regional variations - whilst 40% of UK respondents indicated they were concerned with data loss through unclaimed output, this rose to 56% in the US.

Overall, 70% reported at least one data loss in the past year, with losses being slightly more prevalent in organisations with over 3,000 employees. The US shows the highest level of data loss – 82% indicating paper-related data losses compared to 42% of UK respondents. However, the picture could be worse in the UK with 16% not knowing the level of data loss at all (Figure 3). By vertical, the highest incidence of data loss was reported in the government sector, with only 20% indicating no data loss compared to 40% of financial service respondents.



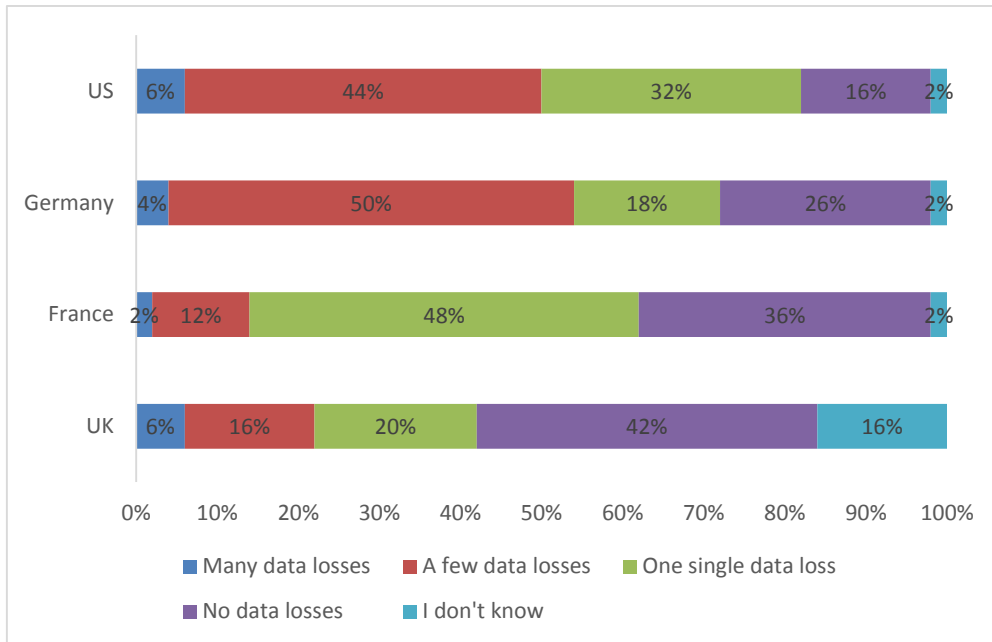


Figure 3. What level of paper-related data losses through printers/MFPs has your organisation had in the past 12 months?

Clearly, this all points to the need for full document security audits and the implementation of secure print solutions. Overall 40% of organisations have completed a security assessment with a further 46% indicating an audit was underway. Organisations in the US and France are most likely to have completed a security assessment, reflecting a higher priority attributed to document security. Overall, 74% of organisations have deployed are or planning to implement secure print solutions (i.e. pull printing). Those using MPS are most likely to have deployed pull printing – 42% compared to just 14% of those not currently using MPS. Despite a lower incidence of data loss, UK respondents have deployed pull printing at the same levels as other regions. There is a variation by industry, with the majority of financial services leading in their deployment and the government sector lagging behind. (Figure 4)

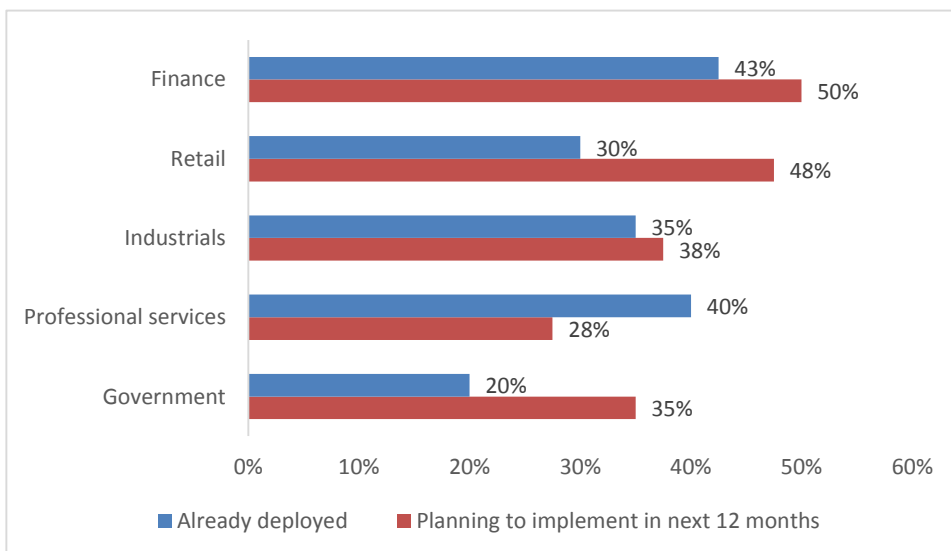


Figure 4. Has your company deployed or plan to deploy pull printing?



Encouragingly, 77% of organisations feel that MPS has delivered on its goal to enhance document security. Quocirca believes that security assessments and solutions are now a core requirement for any MPS engagement. Buyers should closely evaluate not only the detail of any security assessment but also the hardware and software technology, to ensure that document security is robust across the entire printer fleet.

Innovation through analytics

Driven by the need to gain greater insight from the wealth of structured and unstructured data collected across an enterprise, the market for big data analytics continues to grow. Quocirca's survey revealed that overall, 45% of organisations using MPS plan to increase expenditure in this area. As MPS moves up the value chain and becomes more focused on delivering strategic business impact, analytics promises to be the next key differentiator amongst leading MPS providers. They are recognising that through running large-scale engagements, there is a wealth of insight that can be uncovered about their customer businesses. Whilst most providers offer standardised reporting or ad-hoc reports, these may often only describe the current or historical situation. However, the most advanced providers, such as Xerox and Lexmark, have developed expertise in the area of predictive analytics.

Gaining insight into the future through predictive analytics, predictive modelling and forecasting and optimisation enables organisations to understand what could happen in the future and anticipate likely scenarios so they can plan more effectively. In the most effective engagements, providers apply their domain and industry expertise to enhance operational delivery through pre-defined service level agreements (SLAs) and key performance indicators (KPIs).

Through predictive analytics, proactive service is enabled and device uptime and availability improved. Through deeper analysis of workflows, recommendations can also be made with respect to workflow optimisation. Quocirca believes that leveraging analytics supported by strong industry expertise will be key to driving new levels of insight and innovation across MPS engagements in the long term. Additionally, as printer and smart MFP become a connected part of the internet of things (IoT) landscape, using data collected by these devices offers vendors' further opportunities to improve efficiency, develop new products and services and innovate.



Recommendations

Overall, the top criteria for vendor selection are pricing, SLA quality and references. However, the relative importance of each criterion varies by region, with the US and Germany showing a higher priority to most criterion than the UK and France.



Figure 5: How important are the following factors to your organisation when selecting an outsourced MPS provider?

Given that the requirements for an MPS provider will vary by industry and business need, Quocirca recommends the following broad criteria to evaluate when selecting an MPS provider:

- Breadth and depth of assessment services.** A detailed assessment is the foundation an effective MPS and should take a holistic view of all print related processes. At the minimum, this should include a full document assessment which analyses print usage across the enterprise. Additional services to consider should include environmental and document security assessments, which are now more common. Workflow assessments at the outset are critical for identifying business process optimisation opportunities. A comprehensive assessment will ensure the greatest opportunities for cost savings and productivity improvements over the long term of a contract.
- Scale of offerings.** Many organisations may be using a variety of providers for their print, IT and business process services. However managing multiple service providers can also be costly and complex. For maximum efficiency, look for a provider with a comprehensive suite of services which cover office and production printing, IT services and business process automation. Consolidating through a single supplier that has a compelling value proposition across these services can offer a range of benefits including driving cost savings from increased supplier efficiency. Such potential providers should be financially strong and have global capability, scalability and proven performance.
- Strong multivendor support.** Most print infrastructures are heterogeneous environments comprising hardware and software from a variety of vendors, so MPS providers should have proven experience of working in multivendor environments. A truly vendor-agnostic MPS provider should play the role of trusted technology advisor, helping an organisation select the technologies that best support their business needs. Independent MPS providers should also have partnerships with a range of leading vendors, giving them visibility of product roadmaps and emerging technologies.



- **Industry and process expertise.** In addition to helping customers improve the efficiency of their print infrastructure, leading MPS providers can help them drive business transformation and increase employee productivity as well as supporting revenue growth. An MPS provider should understand the customer's business and be able to advise them on solutions that can be implemented to improve business performance, extend capabilities and reach new markets. Industry specific workflow solutions which integrate with key business processes such as HR, legal and, finance and accounting are becoming a key differentiator for MPS providers.
- **Integrated and secure mobile strategy.** The continued growth in enterprise mobility along with the broader use of shared MFP technology poses a range of security risks. Look for an MPS provider that offers a range of security solutions from both a hardware and software perspective supported by robust auditing capabilities.
- **Flexibility.** Businesses will always want to engage with MPS in a variety of different ways. Look for an MPS provider that offers flexible contracts in terms of the commercial offering, contract terms, staffing and delivery location. Some organisations may want to standardise on a single vendor's equipment and software, while others may prefer multivendor environments. Some may want a provider to take full control of their print infrastructure while others may only want to hand over certain elements; and some may want to mix new technology with existing systems so they can continue to leverage past investments. Leading MPS providers offer flexible services that are able to accommodate such specific requirements. Flexible procurement and financial options are also key, with pricing models designed to allow for changing needs.
- **Mature service level agreements and governance.** MPS providers must be willing to meet performance guarantees through contractual SLAs, with financial penalties for underperformance. They should also understand the controls needed to meet increasingly complex regulatory requirements. SLAs have to be flexible, and the MPS provider must use predictive analytics to be able to advise on future needs with sufficient notice – and to offer a range of different approaches based against the customer's own risk profile, balancing risk, cost and perceptions of added business value. Continuous improvement and best practices focus must be integral to the MPS provider and inherent in the expectations set out in the contract. Much of this relies on comprehensive analytics and reporting across print related business processes. Any need to enact on any financial penalties should be regarded as a failure of both parties; the provider for not providing continuous advice, and the organisation for not maintaining a degree of due diligence on the provider's activities.
- **Consistent global service delivery with local support.** Global delivery capabilities offer many advantages, including rapid implementation in new locations and the ability to effectively manage engagements across multiple countries. However, it is also important that a provider has local resources with knowledge of the relevant regulatory and legal requirements. Check whether an MPS provider uses standard delivery processes across all locations and how multi-location teams are organised and collaborate.
- **Full service transparency.** Consistent service delivery is built on consistent processes that employ a repeatable methodology. Look for access to secure, web-based service portals with dashboards that provide real-time service visibility and flexible reporting capabilities.
- **Alignment with standards.** An MPS provider should employ industry best practices; in particular aligning with the ITIL approach to IT service management. ITIL best practices encompass problem, incident, event, change, configuration, inventory, capacity and performance management as well as reporting. Support for ITIL will lead to easier integration of the MPS service into existing systems, such as the help desk function.
- **Innovation.** Leading MPS providers must demonstrate innovation. This may include implementing emerging technologies and new best practices and continually working to improve service delivery and reduce costs. Choose a partner with a proven track record of innovation. Do they have dedicated research centres or partnerships with leading technology players and research institutions? Consider how a prospective MPS provider can contribute to a company's innovation and business transformation strategy. Bear in mind that innovation within any outsourcing contract may come at a premium – this is where gain-sharing models may be used.

Ultimately, businesses are looking for more than reliability and cost reduction from their MPS provider. Today they also want access to technologies that can increase productivity and collaboration and give them a competitive advantage as well as help with business transformation.

By ensuring a provider demonstrates the key characteristics above before committing, organisations can make an informed choice and maximise the chances of a successful engagement.



Vendor assessment

Quocirca has created a vendor scorecard for each MPS provider, based on a range of criteria that determines an overall score for market presence and completeness of offering. Each score is on a scale of 1 to 5, where 1 is weak and 5 is very strong. This evaluation of the MPS market is intended as a starting point only. Please note that Quocirca's scoring is based on an un-weighted model although prospective buyers may wish to weight the scores to meet their own specific needs.

Market presence criteria

- **Enterprise customers:** the strength of the vendor's European enterprise customer base.
- **Strategy:** how comprehensive is the vendor's MPS strategy, the quality of its overall value proposition and its evolutionary vision for MPS?
- **Maturity of offerings:** how long has the vendor been active in the market; how developed are its offerings?
- **Geographic reach:** a vendor's geographic reach, either directly or through partners or channels.
- **Overall financial strength:** a vendor's overall financial position and assessment of the scope for future investment in its MPS offering.
- **MPS revenue and growth:** European MPS revenue and growth over the past year.
- **Market credibility:** the effectiveness of vendor initiatives to promote its brand, increase awareness of its service offering and influence market development. Also includes the clarity, differentiation and internal/external consistency of the vendor's market messages.
- **Alliances and partnerships:** The strength of the vendor's partner and alliance network.
- **Investment and dedicated resources:** The vendor's investment in its MPS portfolio, resources, and its innovation that will add improvements in approach, process, or service offering.

Completeness of offering

- **Modularity of services:** the flexibility and scalability of the service portfolio to provide a customised offering.
- **Breadth and depth of service offering:** the range of services available, including complementary ones such as business process outsourcing (BPO), IT outsourcing (ITO) and document process outsourcing (DPO).
- **Help desk capabilities:** centralised help desk capabilities and integration, remote diagnostics and support.
- **CRD/production printing:** print room/production printing services to support high volume printing requirements.
- **Multi-vendor support and maintenance:** the vendor's ability to service and support third party products.
- **Mobile printing support:** capabilities to support mobile workers, either through mobile device printing or pull printing/authenticated secure printing.
- **Document workflow integration:** range of solutions to support document capture, routing and integration with ECM systems.
- **Industry solutions:** capability to offer industry software solutions in key vertical markets and industry alignment of sales force

Figure 6 represents Quocirca's view of the competitive landscape for printer and copier vendors that deliver enterprise MPS. A vendor's market position is indicated by the size of the bubble, based on estimates of customer base. An indication of the growth in each vendor's position is shown by a (+), (-) or (=). The following categories are used to reflect a vendor's position:

- **Market leaders:** vendors that lead the market in both strategic vision and depth of service offering. Leaders have made significant investments in their service portfolio and infrastructure and are supported by strong delivery capabilities.
- **Strong performers:** vendors that have established and proven offerings supported by demonstrable customer success.
- **Contenders:** vendors that have service offerings that are currently being aligned on a global or European basis. Contenders are typically investing in resources, infrastructure and partnerships to expand market coverage.
- **Emerging:** vendors that are in the process of developing MPS offerings or offer MPS on a regional basis.



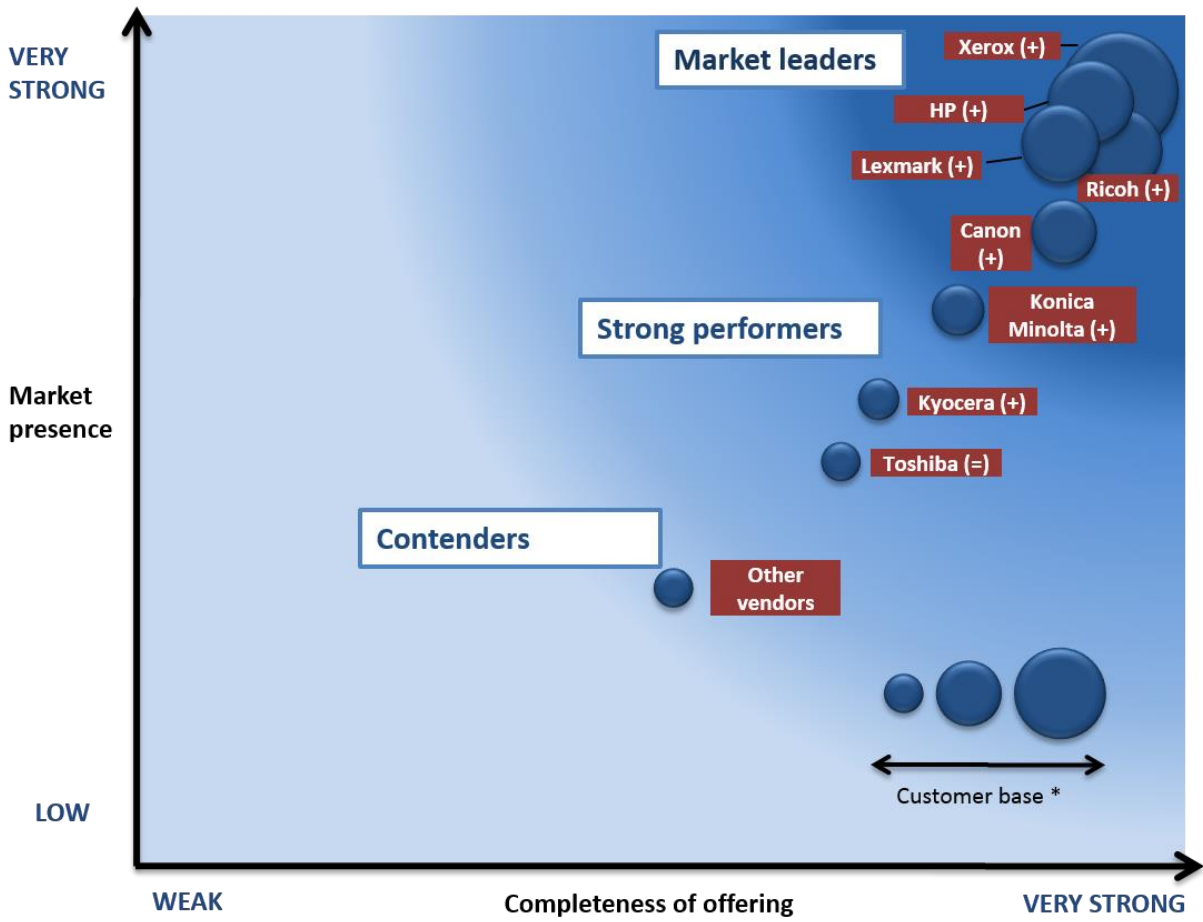


Figure 6: Quocirca MPS vendor positioning

* Customer base: Please note that enterprise customer figures and estimated devices under management have been considered when determining customer base bubble size.



Vendor highlights

Quocirca has seen the MPS market gaining maturity and emerging from first and second generation offerings, leading to improvements in all vendors' offerings as new functions and capabilities have been added to the core offering, as well as through BPO and ITS services. Many of the vendors are also investing heavily through acquisitions and adapting their portfolio to changes in the overall IT market, such as bring your own device (BYOD) and mobility.

Market leaders: Xerox, HP, Ricoh, Lexmark, and Canon

Market leaders possess diverse strengths with a wide global presence and have prioritised their efforts and investments to win in this highly competitive marketplace. Prospective buyers will find these providers differ in their individual strengths by industry, geography and service line but all articulate a strong MPS proposition for enterprise customers.

- Xerox:** Xerox's strategy to reposition itself as a services company remains on track. It retains its overall leadership position in the market due to its broad and mature MPS portfolio that it continues to enhance with value added solutions services. An early leader in the market, its key strength is the depth and scale of its service offering which encompasses office printing, production printing and workflow automation services. Its services revenue now represents more than half – 54% - of its total revenue. In December 2014, Xerox agreed to sell its information technology outsourcing (ITO) business to ATOS in order to focus on higher value services. This will enable it to strengthen its service portfolio and also improve service margins. Xerox is now taking a more vertical approach to its services business, organising its go-to-market resources into 6 global industry business groups. This new industry alignment, supported by a strong industry workflow automation portfolio will be critical to its success in deepening its customer relationships. A key strength for Xerox has always been its strong analytics and reporting capabilities, which are vital to the success of any MPS engagement. With tighter synergies between its document outsourcing and BPO businesses, Xerox is well positioned to capture greater mindshare as enterprises look to more business-process centric MPS engagements.
- HP:** HP remains a leader in the MPS market, supported by a strong end-to-end hardware and software and services portfolio. It offers one of the broadest product ranges in the industry, from low-end consumer printers to production-class web presses. HP is the only MPS provider that also provides personal systems professional services for HP desktops, laptops, tablets and other mobile devices as a complete end-user workplace services offering. It continues to strengthen its MPS business with an ever-expanding range of software solutions and multi-vendor support to meet a broader range of mobility, security and document workflow needs. Its partnership with Sharp has boosted its production printing offerings. It has also invested heavily in its MPS offering for channel partners to expand its penetration in the SMB and midmarket. Its Enterprise Content Management (ECM) offering holds strong promise for the future if HP can deepen the synergies with the future Hewlett Packard Enterprise and leverage the synergies between MPS and broader business process automation engagements. Whilst HP intends to maintain strong agreements between the two companies post separation, Quocirca will be watching the split carefully to see how successfully HP carries forward it's overall managed services portfolio.
- Ricoh:** Ricoh is in the midst of transformation, actively streamlining its company structure to accelerate growth across a number of markets and shifting focus to what it calls "workstyle innovation". It has maintained its position as a leader in the MPS market, boosted by its global scale, unified service and delivery infrastructure and effective approach to business process automation. Today it has over 4,000 engagements with in excess of 1 million devices under active management on a global basis. In September 2014 Ricoh announced eight new service lines which include MDS, Production Printing Services, Business Process Services, Application Services, Sustainability Management Services and Communication Services. Leveraging Ricoh's 5 step adaptive model, this service expansion is supported by a broad range of technology and solutions, enabling it to address a broad range of enterprise needs not only to better manage the document infrastructure, but also to optimise business processes, drive productivity and lower environmental impact. Ricoh is taking the right direction to change perceptions of its brand and develop broader services capabilities. With a broad array of services, it is now competing in many new markets and should focus on building its credibility in a few core areas and partnering with best of breed providers in others.
- Lexmark:** In recent years, Lexmark has consistently expanded its global position in the MPS market. Its strategy continues to go from strength to strength, buoyed by further acquisitions (Kofax and ReadSoft) in the business process automation space. It now offers one of the broadest MPS and ECM portfolios in the industry and is successfully integrating its go-to-market approach. Meanwhile, its new brand identity emphasises its strategy to expand its position as a serious player in the enterprise software and services market. Lexmark's strategy is to continue to focus on a number of key areas. These



include a specific focus on industry specific MPS, expansion of industry specific and horizontal solutions, intelligent MPS, cloud enabled services, analytics, enhanced proactive services, mobile capture and print, and intelligent capture. Lexmark has developed a strong proposition for connecting print and digital information and addressing the unstructured information challenge. Although its business process automation capabilities and industry alignment will be key to its success in broader MPS engagements, its mature MPS infrastructure and proactive capabilities are just as important in driving efficiencies and improving service delivery for new and existing customers. With competitors moving to expand focus on industry workflow solutions, Lexmark will need to ensure it maintains its reputation in this space by avoiding any complexity that may result from a very broad and diverse portfolio.

- **Canon:** Canon's presence in the MPS market continues to gather momentum. In Europe, its MPS revenue grew by 20% in 2014 compared to 2013. This growth was boosted by Canon's strong push in the SME and mid-market segments along with some significant global MPS wins in 2014. In the UK, Canon leveraged its strong position in the public sector, with many additional new and large contracts signed in the healthcare and public sector markets. Canon has developed a mature set of MPS offerings targeted at businesses of all sizes. This comprises a broad end-to-end hardware and software portfolio supported by an expansive and loyal partner network. It continues to develop its offering, particularly investing in its MPS platform to further enhance its delivery and support capabilities. It is also actively expanding its mobile print and cloud services that offer advanced device management.

Strong performers: Konica Minolta, Kyocera Document Solutions

- **Konica Minolta:** Konica Minolta continues to strengthen its position in the MPS market by enhancing its Optimized Print Services (OPS) program and adjacent service offerings. Its global MPS revenue grew by 65% in 2015. Europe remains its dominant region, accounting for around 50% of MPS revenue. It is a company in good health, with both its hardware and services business growing. For the fiscal year 2015 (ending March 2015), sales for its Business Technologies group rose by 10%. Its future roadmap to 2016 is focused on capturing further production-print volume, further developing its managed IT services proposition and portfolio, increasing revenues with its Managed Content Services which includes a range of ECM applications, more technology acquisitions, an expansion of its MFP product portfolio and also developing its 3D printing offerings. In 2014 it established Business Innovation Centres in each of its 5 key regional markets of North America, Europe, Asia Pacific, China and Japan as part of its shift from traditional hardware sales models to the provision of services and solutions. Konica Minolta is making great strides with its MPS strategy – both through direct and indirect channels. Its IT infrastructure management services are particularly a strong differentiator in the midmarket and its robust hardware and software portfolio is a key strength in supporting what is now a relatively mature MPS offering. Based on this year's performance, Quocirca expects Konica Minolta to move into a leadership classification in the next year.
- **Kyocera Document Solutions:** Kyocera showed further growth in its MPS business in 2014, particularly in the European mid-size business space, which it targets through its indirect channel. Kyocera Document Solutions has spent the past two years evolving its growing MPS offering, known as Kyocera Managed Document Services (MDS). It still has some progress to make in accelerating its services and software strategy, which to date has seen most success in Europe. European MPS revenue grew by 32% in 2014, and now accounts for over 40% of its global MPS revenue. Kyocera now manages over 200,000 devices in Europe, more than doubling its devices under management from 2012. A key differentiator for Kyocera is sustainability, through its long-life ECOSYS technology, which is known for high reliability, low total cost of ownership (TCO) and reduced environmental impact. Kyocera is actively repositioning its MDS strategy and is seeing growing interest as a result of strong integration with its hardware and software portfolio. A significant opportunity for Kyocera is to more fully leverage its strategic partnership with KDDI Telehouse and build on the success of its cloud printing services in the UK. This approach to the virtualisation of MDS is fairly unique in the market and mid-market customers stand to gain both cost efficiency and productivity improvements through this approach to managing their print infrastructure.

Others: Toshiba

- **Toshiba:** Toshiba has an established MDS offering in the US and Europe although its strategic approach differs by region. Quocirca views Toshiba as a contender in the MPS market, having made reasonable progress in expanding its offerings in the US and Europe. It is a major supplier of A3 MFPs and works with partners such as HP, Lexmark and OKI to fill the gap in its A4 portfolio. Although it can provide MPS directly, the majority of its MPS business is managed through its broad dealer network, particularly in the US. Its Encompass MPS brand is well established in the US, while its European strategy, based on a sustainability message, is less mature. In Europe, its "ECO-MDS" leverages the Toshiba Carbon Zero Scheme, Managed Energy Services and its ECO-MFP product. Particularly unique is its e-STUDIO306LP MFP paper reusing



system, which prints documents in erasable toner and erases documents for reuse – making more effective use of paper. This is alongside its Energy Manager software, which allows IT administrators to easily implement policies for energy usage profiles on PCs and Toshiba MFPs. Based on a long established Carbon Zero CO2 offsetting initiative and optimised Eco-settings for regular MFP products, Toshiba has brought these elements together to form its ECO-MDS offering. In Europe, Toshiba currently focuses primarily on the retail, healthcare, public sector and education vertical markets and now plans to target unified MPS contracts including barcode printers and MFPS for the manufacturing and logistics sectors. From a solutions perspective, Toshiba offers a broad range of both proprietary and third party solutions. This includes the Toshiba e-BRIDGE Fleet Management System (EFMS) which offers device management, Toshiba e-Follow for document accounting and Toshiba e-Bridge Print and Capture for mobility and workflow.



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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 and its real usage in the markets.

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, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium-sized vendors, service providers and more specialist firms.

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