



Vendor Landscape: Managed Print Services

Global scale and market presence differentiate MPS suppliers, but value propositions are converging

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REPORT NOTE:

This report has been written independently by Quocirca Ltd. During the preparation of this report, Quocirca has spoken to a number of suppliers involved in the areas covered. We are grateful for their time and insights.

Quocirca has obtained information from multiple sources in putting together this analysis. These sources include, but are not limited to, the vendors themselves. Although Quocirca has attempted wherever possible to validate the information received from each vendor, Quocirca cannot be held responsible for any errors in any information supplied.

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MPS Vendor Landscape

EXECUTIVE SUMMARY

Quocirca's evaluation of the main providers of managed print services (MPS) shows Xerox, HP, Ricoh and Lexmark leading the market. They have over a decade of experience backed by qualified consultants across the globe, making them suppliers of choice for large, complex multinational engagements. However, there is increasingly little to differentiate between the core MPS offerings, which is serving to level the playing field. As businesses move beyond the initial phases of their MPS engagements, it will be the ability to add further value through business transformation that will set the leaders apart from the challengers.

Leaders appeal to organisations with global needs	Xerox and HP continue to dominate the market in terms of overall global scale and market presence. Xerox is in a class of its own, with a mature enterprise MPS offering that extends to business process outsourcing (BPO) and IT outsourcing (ITO), strengthened by its ACS acquisition. HP's stronghold in the office printer market continues to boost its MPS business, and closer ties with its professional services arm is better leveraging its BPO/ITO capability. Meanwhile, Ricoh and Lexmark are both making strong progress. Ricoh's major investment in its global MPS infrastructure is paying dividends whilst Lexmark continues to gain new customers, particularly those needing to manage print across disparate locations or countries.
Strong performers are narrowing the gap	Strong performers, such as Canon and Konica Minolta, continue to globalise their offerings and move further up the value chain by embracing a services-led business model. Canon recorded impressive growth in Europe in 2011, more than doubling its customer base. Konica Minolta has also made significant progress in harmonising its MPS programme in the US and Europe. Its increased investment in its MPS infrastructure and its expansion of IT service partnerships should help it increase its presence in the mid-market where it has a strong focus.
MPS is moving beyond the preserve of large enterprises	MPS is no longer the preserve of larger enterprises, as more vendors develop packaged services to target the small and mid-sized business, often targeted via the channel. Whilst Xerox is ahead of the game with a strong set of services for its channel partners, others are catching up. HP's acquisition of Printelligent promises to expand its multivendor channel offerings, whilst Ricoh is also transitioning its channel partners to a services-led approach. The channel is not completely sold on MPS, and those vendors that are most reliant on channel partners will need to create a viable and simple proposition to compel them to fully embrace the MPS model.
Print security is a growing market driver	Organisations are only just starting to appreciate the risk that networked printers and MFPs can pose to confidential and sensitive information. MPS vendors are increasingly deploying secure or 'pull-printing', which uses authentication to ensure documents are only released to authorised users – at any printer in any location. As well as enhancing security, there are also tangible cost savings through minimising wasteful printing and promoting enterprise mobility. Quocirca expects security and associated offerings to become more integral to MPS engagements in the coming year.
The consumerisation of IT brings new opportunities	Although consumerisation, through the proliferation of smartphones and tablets, is considered a potential threat to printing, vendors report increasing interest in secure printing from mobile devices to help employees remain productive on the move. Most vendors offer some form of mobile print capability – sometimes a combination of hardware and cloud-printing software. With the need to print from mobile devices set to increase, MPS contracts should also track and monitor such printing. Some vendors, such as HP, Ricoh and Xerox, already offer mobile print services to their enterprise MPS customers.
Innovation and continuous improvement will shape next generation MPS	One of the most challenging aspects of MPS delivery is persuading customers to successfully innovate. Most providers emphasise innovation and continuous improvement in their offerings, but only a few of the leading providers communicate well as to how this provides business value. These providers are able to deliver direct, proactive and innovative partnerships and it is this capability that will be key in next-generation MPS engagements.

Conclusion

MPS remain an attractive means by which organisations of all sizes can drive cost efficiencies in their print infrastructure. However, today's market goes beyond device consolidation and cost savings to pursue business process transformation as businesses prepare to get greater value from their MPS engagements.

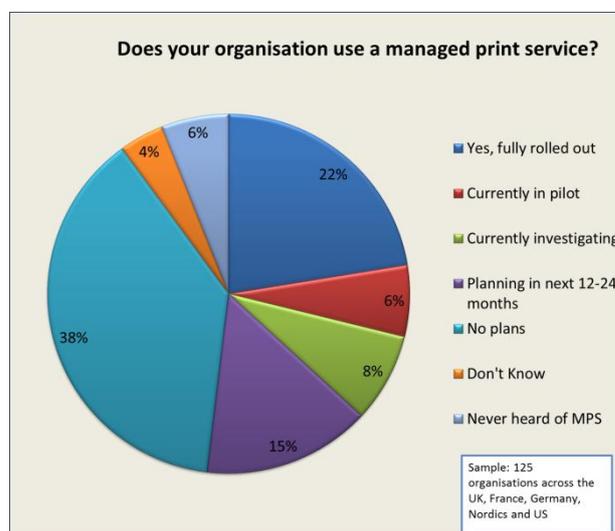


Introduction

Managed Print Services (MPS) continue to increase in maturity as providers expand and refine their capabilities. In a flat and commoditised hardware market, MPS is helping hardware vendors increase revenue and capture page volumes from both their own and third party devices. Whilst cost efficiency is always going to be the key driver, MPS is also a compelling way to reduce risk, improve sustainability and drive business improvement.

Growing market adoption

Businesses are increasingly turning to MPS to tackle the escalating costs and inefficiencies of operating complex and poorly integrated printer fleets. Quocirca research¹ amongst 125 businesses with over 500 employees indicated that 22% have fully rolled out MPS, with almost 15% planning to in the next 12–24 months. Adoption is much higher amongst larger organisations (1000+ employees) where 36% have already adopted MPS compared to 13% of organisations with between 500 and 1000 employees. Nevertheless, there is a strong interest in MPS in this mid-market category, with 30% either investigating or planning MPS. The mid-market is a ripe opportunity for MPS and many vendors are refining their MPS offerings to sell via their channel partners to encourage a transition from transactional hardware sales to contractual managed print services sales. Quocirca estimates that over half of enterprises will be using MPS by 2014.



Enterprises reaching second phase of MPS engagements

As some enterprises move to the second phase of their MPS engagements, they are increasingly looking for a more proactive stance from providers and more innovation. Consequently, leading MPS providers are placing greater emphasis on complementary capabilities such as print room and production services, business process outsourcing (BPO) and IT outsourcing (ITO) to maximise the value of an MPS engagement. As core MPS offerings become more commoditised, the major providers will continue to innovate and focus more on the delivery of business transformation.

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

Market drivers

There are a number of factors that are converging to drive interest in MPS:

- Security:** MPS provides the ideal opportunity to assess the potential risks of an unmanaged print environment and deploy the appropriate controls to mitigate such risks. Networked MFPs and printers are an integral part of the IT infrastructure with the same network vulnerabilities as any other networked device. These risks include potential data leaks through unauthorised access to printed documents in output trays, recovery of information stored on hard disks within print devices and the interception of queued print jobs. Quocirca's survey revealed that, whilst only 15% of respondents are concerned with data loss through MFPs and printers, 70% have suffered one or more accidental printing-related data breaches. Given the potential financial cost and brand damage caused by a data breach, organisations cannot afford to be complacent. Quocirca expects more MPS providers to offer security assessments and recommend embedded secure printing as an MPS component.
- Consumerisation of IT and mobility:** as employees become more and more mobile and work in an ever-wider range of locations and businesses find themselves supporting a diverse range of mobile platforms, some see it as necessary to extend the print infrastructure to the mobile worker. This need is reflected in Quocirca's recent study², which revealed that almost 60% of organisations say employees are interested in printing from their mobile devices. In order to ensure that mobile printing does not go untracked and is conducted reliably and securely, organisations need mobile printing to be included as part of a managed print environment. More vendors are developing mobile and cloud print capabilities. Quocirca expects this to be a growing part of MPS providers' services over the next year.
- Environmental drivers:** not only can MPS deliver significant cost savings and productivity improvements, it also has environmental benefits, helping a business reduce its carbon footprint. By deploying energy-efficient printers and multifunction peripherals (MFPs) and implementing responsible and secure printing practices, MPS enables organisations to cut energy usage, eliminate unnecessary printing and reduce waste. Along with hardware disposal and consumables



recycling, MPS can play a key role in an organisation's environmental strategy. MPS providers are increasingly offering carbon footprint analysis as part of their up-front assessment services.

- **Business process improvement:** many large enterprises are now in the later stages of their MPS engagements and looking for additional benefits beyond the initial attractions of cost savings as a result of device consolidation. Workflow integration through document capture, routing and management software can help leverage investments in MFPs and enable these devices to become document processing hubs. Quocirca believes more organisations will be looking for such productivity improvements as they move beyond the first phase of their MPS engagements.
- **Production printing efficiency:** while most MPS engagements centre on the office print environment, there are significant further benefits to be gained by considering the wider enterprise print environment. Many document production processes are cumbersome and rarely integrated across the office and print room; for example, when jobs that could be done more cost-effectively in the print room are sent to office printers. Integrated workflow tools enable complex print jobs to be re-routed from office printers to the print room, ensuring better overall use of devices. Despite the different stakeholders for the office and production print, Quocirca expects to see an increase in integrated office and production printing MPS contracts as more vendors show thought leadership in this area.

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 multifunction 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 estimated potential future savings. Assessments range from basic on-line assessments to full workflow assessments. Environmental impact analysis and document security assessments may also be included.
- **Optimisation** – device rationalisation and consolidation to reduce user-to-device ratios, development of print policies to develop a governance framework for a full enterprise MPS, including change management and deployment and transition.
- **Management** – continuous process improvement, business reviews, SLA monitoring, remote management and improving workflow.

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.

Methodology

Quocirca has included the following MPS providers in this study: Canon, HP, Konica Minolta, Kyocera, Océ, Lexmark, Ricoh, Toshiba, Xerox, AUXILIO and M2. 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 services across multiple countries.

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. Full details are provided in section 10. To highlight the broadness of the MPS ecosystem, Quocirca has also included profiles of independent MPS providers, AUXILIO and M2.



The MPS ecosystem

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

- **Printer/copier manufacturers:** these vendors' programmes are generally tied to their product offerings, although multivendor 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, 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 desktop management offering. Systems Integrators that offer MPS include Atos Origin, Cap Gemini, CSC, SCC and IBM.
- **Software infrastructure vendors:** these provide software tools for use in the print environment. Examples include assessment and print management products such as 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.
- **Consultants:** these independent firms offer a vendor-neutral approach and may also focus on a specific geography, technology or market niche. Typically, their assessment and design services provide recommendations that are not tied to a particular manufacturer.

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 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/print room support:** print room/mail room services and integrated tools such as variable data printing and workflow.
- **Multivendor support and maintenance:** the vendor's ability to 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:** integration with third party products and services.



Figure 1 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.

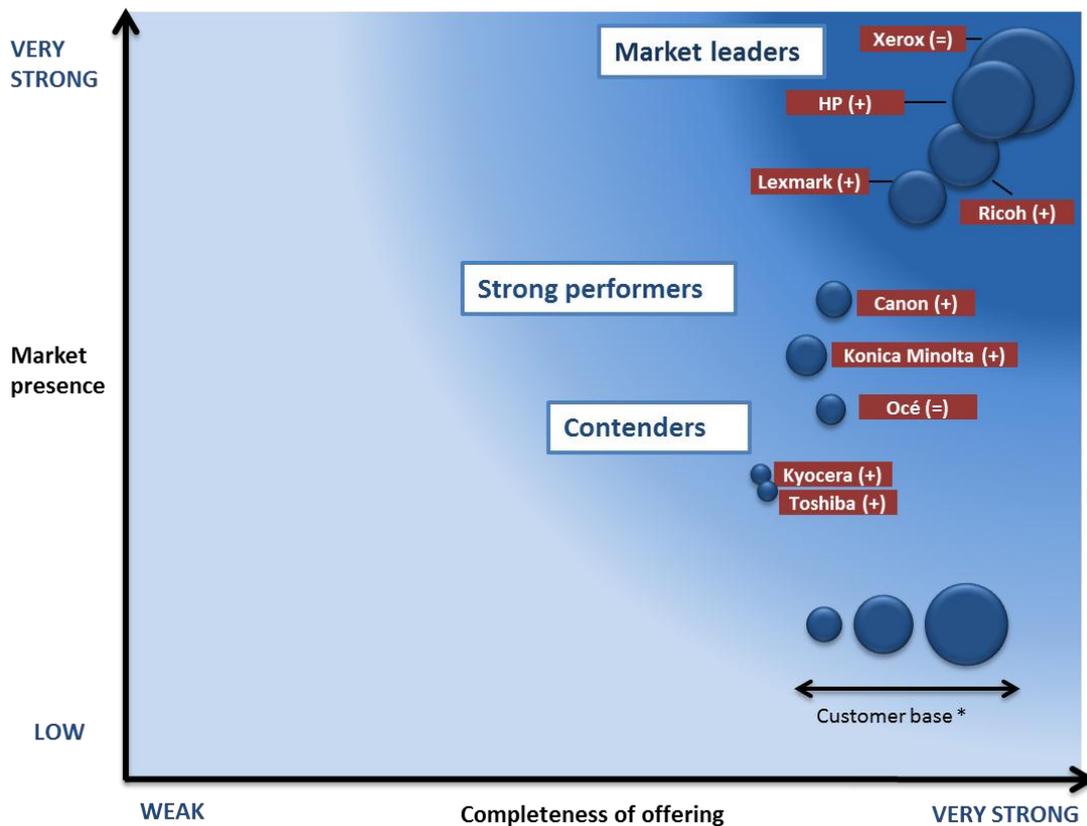


Figure 1: Quocirca MPS vendor positioning

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



Vendor highlights

Market leaders: Xerox, HP, Ricoh, Lexmark

Market leaders possess diverse strengths and wide global presence. Xerox and HP lead the pack due to their global scale, organisational breadth and depth of capability. Lexmark and Ricoh are catching up fast, both having made significant progress in the market in 2011.

- **Xerox:** Xerox is a long-established provider of MPS, with a broad range of services, a mature global delivery infrastructure and extensive market presence. Xerox has a strong value proposition and vision, as well as strength in extended services such as business process outsourcing (BPO) and IT outsourcing (ITO), strengthened by its acquisition of ACS in 2010. Integration of these capabilities will be a key focus for Xerox in 2012. It also offers a strong focus on continuous improvement and innovation, along with solid plans for growth. Its enterprise print services (EPS) offering is one of the most mature, integrating all major on-site and off-site print environments, including office, production, off-site commercial and mobile printing. It offers extensive skills and breadth of expertise across assessment and design, implementation, change management and ongoing reporting. A strong strategy for the continued refinement of its Xerox EPS offering should ensure it continues to appeal to global and multi-region enterprises looking to rationalise disparate enterprise-wide print management practices.
- **HP:** HP articulates a strong MPS strategy along with a strong vision for security and mobility. With one of the broadest product ranges in the industry, from low-end consumer printers to production presses, it also scores highly for its geographical reach and broad partner ecosystem. HP's comprehensive MPS offering leverages its strong product range and its broad software portfolio to offer a solid mix of technical expertise, strategy consulting and continuous management. Its vast integrated go-to-market infrastructure and IT and network integration expertise sets it apart from some of its competitors. HP scores highly for its deployment of software solutions, indicating that 75% of its direct MPS contracts include software, whether it is security, mobility, job accounting or document workflow. This positions it well to drive business transformation for its customers. To capture wider opportunities, HP is expanding its MPS portfolio beyond the office into the printing of commercial documents and marketing-related workflows and material as well as production printing.
- **Ricoh:** Ricoh offers a strong customer-centric adaptive MPS approach, with broad global reach. It has rapidly expanded its market position, particularly helped by its acquisition of IKON in 2008, which has significantly enhanced Ricoh's MPS capabilities and resources. Its global reach is supported by 5 regional competency centres, which serve the 180 plus countries it is present in. Since April 2011, Ricoh has signed more than 10 global customers, including one that operates in more than 70 countries. Its document lifecycle approach addresses the entire information structure and is a strong option for business process transformation engagements. Ricoh also offers flexible pricing models to drive greater levels of service transparency. Ricoh particularly stands out for its change management methodology, having now trained over 400 employees as certified change management professionals. Ricoh is building a worldwide IT infrastructure management service, based on its established capabilities in Japan. Ricoh expects to start promoting its IT services globally during the course of 2012.
- **Lexmark:** Lexmark has emerged as a leading, well-established player in the MPS market, having offered MPS through its services organisation, Lexmark Global Services (LGS), for over twelve years. Lexmark has a solid service offering and strategy, particularly excelling in delivering scalable services from SMBs to large enterprises. Whilst Lexmark serves all sectors, it has particularly strong vertical expertise in retail and financial services, by virtue of a robust range of industry specific solutions. Its offering is also characterised by a strong global delivery model and a promising mobile print offering. A large proportion of Lexmark's business involves multi-country MPS implementations, and this capability for distributed delivery is a key strength. This makes it a good choice for enterprises operating a distributed printer fleet across multiple locations or countries. Lexmark's acquisitions of Perceptive Software in 2010 and Pallas Athena in 2011, along with its strong software customisation capabilities, positions it well to deliver integrated business process management.



Strong performers: Canon, Konica Minolta

- **Canon:** Canon indicated significant growth in its global MPS customer base in 2011. Canon is making strong investments in its global service delivery infrastructure with MPS now playing a central part in its sales strategy. Each Canon region now has dedicated MPS business development managers that support large and complex cross-border contracts. Its global approach is supported by its well-established direct service organisation and service partners, who are required to perform to stringent SLAs. A strong differentiator for Canon is its uniFLOW print management platform, which enables management and reporting on all scanning, copying and printing across both desktop and mobile print environments. Since the majority acquisition of Océ in 2010, it is actively promoting the benefits of the combined Canon and Océ hardware portfolio to drive potential integrated MPS opportunities.
- **Konica Minolta:** Konica Minolta has continued to focus on integrating its MPS offering across the US and Europe to provide a more seamless, consistent experience for customers. It has successfully expanded its mindshare in the MPS market and has transitioned from being a relatively niche regional player to a global provider, having secured a number of global MPS customers in 2011. Konica Minolta should continue to gain the scale needed to be competitive for multiple global deals but, for now, it has a far stronger presence in Europe and North America than elsewhere, particularly in central Europe. Konica Minolta is actively pursuing joint IT infrastructure services opportunities, having made a number of acquisitions including All Covered Inc. in the US and Koneo in Sweden. Currently, IT services are being rolled out on a region-by-region basis and give Konica Minolta the potential to expand its MPS footprint, particularly in the midmarket.

Contenders: Océ, Kyocera Document Solutions, Toshiba

- **Océ:** Océ has a long-established service offering, including improving document management processes, providing document outsourcing services, mail/print room management, printer fleet management and creative services. Although its position in the market has been impacted by low profitability in the past year, it continues to add to its MPS customer base. The US accounts for around 60% of its MPS business, whilst in Europe it has a particularly strong presence in both Germany and the Netherlands. It has developed a cohesive MPS offering, based on its established assessment, transition and operations phases. Following the majority acquisition of Océ by Canon, Océ's multivendor approach is now transitioning to a combined Océ and Canon portfolio. Océ's strong presence in the print room provides it with good opportunities to extend these contracts to wider MPS engagements. This will undoubtedly be boosted by the joint Océ and Canon portfolios, which will also help Océ attract new MPS customers. Océ operates in a highly competitive market, where it could be challenged to match the scale and infrastructure of some of the major enterprise MPS providers. However it has some strong customer references, which demonstrate its maturity in MPS delivery.
- **Kyocera Document Solutions:** Whilst other major vendors have been stealing the MPS limelight, Kyocera Document Solutions has spent the past two years evolving its managed document services (MDS) offering. Although it remains limited in terms of market presence as a relative latecomer to the MPS market, it has a strong strategy for moving its business forward through both its strong channel network and direct global accounts teams to reach larger enterprises. Its global approach will deliver a unified approach across US and European markets. It has developed strong multivendor management capabilities through using best of breed print management tools, and provides a hosted service with low entry-level costs for its dealers. Overall, Kyocera Document Solutions is a good choice, primarily for European MPS deals that that require local or regional delivery. With a broader product range planned for the coming year, and plans to unify its offerings globally, Kyocera Document Solutions will be one to watch for the coming year.
- **Toshiba:** Toshiba has a mature MPS offering in the US, which it extended to Europe with the launch of its pan-European Managed Document Services (MDS) strategy in July 2010. It has a stronger presence in the US than in the European market, although it has now aligned its European and American MPS strategies and is expected to align them for the rest of the world over the course of 2012. It has developed a modular MPS portfolio that includes multivendor support. Toshiba's MPS offering is scalable from five devices upwards, making the service particularly good for SMBs. Toshiba is highly reliant on its channel partners to sell and deliver MPS and its success in the European market therefore relies on it developing a strong proposition for its channel. Toshiba does not have the scale or infrastructure to match its competitors, and needs to focus on a stronger, more visible, strategy for the future.



The hallmarks of next generation MPS

MPS has the potential to play a key role in delivering strategic business value. Not only does MPS save money, but it can also mitigate risk, promote enterprise mobility, improve environmental credentials and transform business processes. As MPS increases in maturity, businesses will be increasingly looking for further value from their MPS engagements. This will put more pressure on MPS providers to deliver true business value and transformation.

Quocirca expects the next generation of enterprise managed print services engagements to be characterised by the following:

- **Partnership based:** a successful managed print service partnership depends on quality, scale and flexibility, along with capabilities and experience. It is vital to identify and build a trust-based partnership between the customer and MPS provider and partner with a company that can leverage its scale and experience. This may begin with an initial standardisation of services that will provide consistency and then a roadmap of innovation that will take the business forward. This requires that the MPS provider to be fully supportive of its customers' business goals.
- **Creating business value:** the prime driver for first-generation MPS is the need to control costs. As businesses move to second-generation MPS engagements, there is a need to leverage existing investments to create more business value. A true next-generation MPS looks beyond the hardware to examine the entire document workflow and lifecycle and identify ways to change or improve these over time. This requires a full assessment of existing processes and the deployment of document workflow services that leverage investment in networked MFPs, which can operate as sophisticated document processing hubs. The implementation of software such as secure printing, document capture or document routing can minimise paper usage, significantly enhance document security and improve employee and overall business productivity.
- **Transformational service delivery:** whilst cost efficiency will grab the headlines, service quality must be at the forefront of any MPS decision. To differentiate delivery, MPS providers must be able to guarantee delivery of SLAs and provide extensive and sophisticated levels of ongoing monitoring and support. Continuous review of MPS agreements and operational SLAs is key to ensuring that the originally defined outcomes continue to meet the business' strategic needs and, if not, to decide on how best to deliver more relevant ones.
- **Sustained change management:** effective change management will be the cornerstone of successful, next generation MPS relationships. This requires a collaborative effort between the customer and MPS provider. Whilst transition planning and vendor delivery capability are key elements of an MPS, change management and communications are critical to gaining employee support and achieving the desired outcomes. Sustained change management means demonstrating top-down support and showcasing successes of initial MPS deployments.
- **Innovation:** as businesses move to the next phase, they will expect to derive substantially greater business and transformative value from their MPS agreements, driving innovation, not just operational efficiency. Although MPS can free an organisation's in-house resources to innovate, it is ultimately the relationship with the MPS provider that can drive the most innovation. Its access to wider resources, geographic coverage, research and technology development can be vital in helping businesses develop and evolve.

Conclusion

MPS has a key role to play in delivering strategic business advantage, enabling business transformation as well as saving money. MPS providers must be able to articulate a clear strategy on how they can support their customer's business transformational goals on an ongoing basis. It will be those providers that will be in the best position to strengthen their MPS business, by helping their customers contain costs, improve efficiency and support ongoing innovation.

Further Reading

¹ Closing the Print Security Gap: <http://www.quocirca.com/reports/624/closing-the-print-security-gap>

² The Mobile Print Enterprise: <http://www.quocirca.com/reports/653/the-mobile-print-enterprise>



Competitive summary

Key: ● Full support ◐ Partial support ○ No support

	Canon	HP	Konica Minolta	Kyocera	Lexmark	Océ	Ricoh	Toshiba	Xerox
Assessment									
Basic assessment	●	●	●	●	●	●	●	●	●
Advanced Assessment	●	●	●	●	●	●	●	●	●
Environmental assessment	●	●	●	●	●	●	●	●	●
Security assessment	●	●	●	●	●	●	●	●	●
Implementation									
Deployment planning	●	●	●	●	●	●	●	●	●
IMAC/D	●	●	●	●	●	●	●	●	●
Project management	●	●	●	●	●	●	●	●	●
Support									
Centralised help desk	●	●	●	●	●	●	●	●	●
On-site support	●	●	●	●	●	●	●	●	●
Service portal	●	●	◐	○	●	●	●	●	●
Remote monitoring and supplies management									
Full multivendor remote monitoring	●	●	●	●	●	●	●	●	●
Proactive supplies replenishment	●	●	●	●	●	●	●	●	●
Continuous Improvement									
Change management	●	●	●	●	●	●	●	●	●
Ongoing SLA monitoring/review	●	●	●	●	●	●	●	●	●
CRD/print Room Services									
CRD/print room	●	●	◐	○	●	●	●	○	●
Document workflow solutions									
Industry solutions	◐	●	●	●	●	●	●	○	●
Third party solutions portfolio	●	●	●	●	●	●	●	●	●
Complementary Services									
Business Process Outsourcing (BPO)	◐	●	○	○	○	●	●	○	●
IT Outsourcing	○	●	◐	○	○	○	●	○	●



Lexmark

Lexmark has retained a leadership position in Quocirca's review of the MPS market in 2011. It is a well-established player in the MPS market, having offered MPS through its services organisation, Lexmark Global Services (LGS), for over twelve years. In 2010, Lexmark's worldwide MPS growth was more than 40% and European growth was more than 50%. Underlining its strong execution and operational capabilities, Lexmark reports that its MPS renewal rate was 100% in 2011.

Global presence

In the past 24 months, Lexmark has secured 23 new MPS contracts with Global/Fortune 500 customers, displacing incumbent providers in each case. Whilst Lexmark has a strong presence across many industries, it particularly dominates retail where it has 9 of the top 10 global retailers. It is also strong in financial services where it has 8 of the top 10 global banks as customers. A large proportion of Lexmark's business involves multi-country MPS implementations, and this capability for distributed delivery is a key strength. Multi-country Lexmark MPS customers currently include BASF (50+ countries), Cummins (55+ countries), an international bank (34 countries), a top European bank (61 countries), a top 10 worldwide bank, a leading international law firm (41 countries), a top technology company (35 countries) and a global European-based bank (29 countries).

Flexible services

Lexmark provides a suite of flexible and modular MPS services that enable it to scale offerings to small and large organisations. It therefore offers services ranging from the most basic contracts to fully outsourced MPS engagements. Lexmark's global MPS operations are based on a mature technology platform and infrastructure based on the ITIL standards, which helps ensure consistency of delivery.

Strong investment

Lexmark continues to invest in its software and MPS business. This includes the \$280m acquisition of Perceptive Software in 2010 and \$50m acquisition of Pallas Athena in 2011, which provide Lexmark with additional capabilities in content and business process management, respectively. Quocirca believes that the integration of these BPM capabilities will help drive further value for Lexmark's MPS customers, enabling them to transform business processes by harnessing the document and image workflow capabilities of their MFP fleet. In addition to these investments, Lexmark continues annual spend (\$34m in 2011) on its MPS infrastructure, including enhancements to its global system to manage end-to-end MPS services.

Mobile printing support

Lexmark has also made major investments in its mobile printing platform and its integration with other Lexmark services such as Print Release, offering both on-premise and on-demand cloud-based services. As mobile devices such as smartphones and tablets proliferate in the workplace, MPS providers will need to offer some level of mobile printing support. In particular, Quocirca believes that providing a unified view of print usage for mobile and desktop printing, as is possible with Lexmark's Print Release, will be key to winning further MPS contracts.

Lexmark has performed well in an increasingly competitive MPS market, boosted by its multi-country MPS delivery capabilities. As such, it remains a strong contender in the MPS market and Quocirca expects its business process expertise to help it further expand its MPS penetration in large enterprise accounts.

Lexmark MPS Summary

- **Approach:** Multiple offers available from basic MPS through to fully outsourced service
- **Target market:** Lexmark provides MPS to both Enterprise and SMB customers around the world. Notably it has a large number of international, large multi-country MPS engagements.
- **Geographical coverage:** Lexmark Global Services has presence in over 170 countries worldwide
- **Route to market:** Lexmark sells MPS to large enterprises via its direct sales and operations teams and indirectly through authorised channel partners.
- **Alliances:** Lexmark has global partnerships with IBM, Dell and Fujitsu and also partnerships with large systems integrators.
- **Devices under management:** More than 750,000
- **Customer base:** Lexmark has more than 85 global MPS customers (organisations with > 5,000 employees, MPS services provided globally and where the customer operated in 25 or more countries) and over 400 direct MPS customers in Europe.



Vendor Scorecard

Market Presence		
Criteria	Details	Score
Customer base	Currently Lexmark has more than 85 global customers (organisations with >5,000 employees, MPS services provided to them globally and the customer operates in 25 or more countries) with 410 MPS customers in Europe (greater than 5,000 users). It currently has over 750,000 devices under management.	4.5
MPS strategy	Lexmark continues to expand its MPS business and its suite of offerings is scalable across all company sizes. Its strategy is particularly focused beyond device consolidation towards business process optimisation, which will be enhanced by the acquisition of Perceptive and Pallas Athena.	5
Maturity of offerings	Lexmark has been offering MPS through its global services division for more than 12 years so it has a well-established global infrastructure, particularly for serving multi-country customers.	5
Geographical reach	Lexmark Global Services is present in over 170 countries. The largest part of Lexmark's business is outside the US and it has specific customers that, individually, have MPS installations in over 80 countries.	5
Financial stability	Overall revenue was \$4.17bn in 2011 compared to \$4.2bn in 2010. According to Lexmark, its ratio of operating profit to revenue is one of largest in the print industry and its business continues to generate large amounts of cash flow year after year.	4.5
MPS revenue and growth	Lexmark's worldwide MPS growth was more than 40% and European MPS growth was more than 50%. Lexmark has won new business with 23 Global 500 companies in the past 24 months and continues to retain its customers, claiming a 100% renewal rate in 2011. The total contract value of Lexmark's MPS business is over \$5bn.	5
Brand awareness	Despite its strong credentials as an MPS provider, Lexmark has generally had a lower profile in the market than some of its leading competitors because it does not invest in advertising. However, Lexmark is now more actively driving awareness of its MPS capabilities on a global basis.	3.5
Alliances and partners	Lexmark also has global partnerships with Dell, Fujitsu and IBM. It also has alliances with IT providers, system integrators and teams with channel partners and copier dealers to provide MPS to SMB and other large accounts. Lexmark has such relationships across Europe.	4
Investment/MPS resources	In addition to its \$280m acquisition of Perceptive Software in 2010, it acquired Pallas Athena, a BPM provider, for \$50m in 2011. Lexmark continues to invest every year (\$34m in 2011) in its MPS systems infrastructure.	5
Final market presence ranking	VERY STRONG	4.61

Completeness of Offering		
Criteria	Details	Score
Modularity of services	Lexmark provides a suite of flexible and modular MPS services that allows it to easily adjust its service offerings from small organisations to the largest global organisations.	5
Range of services	Lexmark offers a full range of services for managing a distributed fleet environment, and is particularly suited to multi-location engagements. Lexmark has added to its BPO capabilities with its acquisition of Pallas Athena.	4.5
Help desk capabilities	Lexmark provides many variations of help desk services. These include outsourcing the complete function to Lexmark, Lexmark manning the output portion of the help desk and customer training to reduce help desk calls.	5
CRD/print room support	Lexmark offers production and commercial print, both directly and through third parties.	3
Multivendor support	Lexmark provides maintenance service and multi-vendor support for other manufacturers' products including maintenance services. Over 30% of devices under Lexmark management are third party devices.	5
Remote monitoring	Lexmark provides proactive maintenance and support including continuous monitoring of the output environment allowing for remote diagnostics, trouble-shooting and remote fix. Lexmark estimates that it handles almost 90% of MPS incidents proactively.	5
Mobile printing support	Lexmark has made major investments in its mobile printing platform and its integration with other Lexmark products and services such as Print Release, offering each on-premise and as an on-demand service via the cloud. These offerings are part of Lexmark's MPS offerings and they are integrated into related Lexmark MPS Services and reporting.	4.5
Document workflow	Lexmark owns the technology for the hundreds of industry and horizontal solutions it provides to the market, along with third party partner products such as Ringdale and Pharos. The Perceptive acquisition also adds further workflow solutions, BPM software and enterprise content management (ECM) capabilities.	5
Final completeness of offering ranking	VERY STRONG	4.63



About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, 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.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures for demonstrable business value in any implementation. The capability to uncover and report back on the end-user perceptions in the market enables Quocirca to provide advice 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 pro-active 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 the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Konica Minolta, Ricoh, Xerox, EMC, Symantec and Cisco, along with other large and medium-sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at <http://www.quocirca.com>

