

## **EXCERPT**

# IDC MarketScape: Worldwide Managed Print and Document Services 2013 Hardcopy Vendor Analysis

Holly Muscolino

Terry Frazier

## IN THIS EXCERPT

The content for this paper is excerpted from the IDC Competitive Analysis Report, IDC MarketScape: Worldwide Managed Print and Document Services 2013 Hardcopy Vendor Analysis, by Holly Muscolino and Terry Frazier, (Doc # 242217). All or parts of the following sections are included in this Excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance and Learn More.

## **IDC OPINION**

This IDC study assesses nine hardcopy vendors that are participating in the worldwide managed print and document services (MPDS) market. Vendor selection included vendors with existing and developing MPDS programs. This assessment discusses both quantitative and qualitative characteristics that explain success in this important market. The MPDS market is at an inflection point, particularly in the developed, enterprise markets. In those markets, penetration is relatively high, and it is becoming increasingly difficult for vendors to differentiate core fleet optimization services and supporting technologies. However, hardcopy vendors have the opportunity to increase differentiation and create new annuity streams by developing services portfolios that impel enterprise customers to higher levels of print and document management maturity, resulting in greater benefits for those customers. In addition, vendors can continue to expand both core and advanced services into the midmarket and into emerging markets. Additional strategy success factors identified from this study include:

- A holistic and integrated approach to MPDS delivery, including office, production, and external print; extending all services to remote, home, satellite, and branch workers; and enabling access to all services from mobile devices
- □ The ability to leverage new technologies such as the cloud, mobility, big data, and social media to develop new document management solutions and business models
- □ Development of professional services capabilities around both horizontal and industry-specific document processes
- Extension of direct capabilities to the indirect channel, including training, business development, and marketing support in addition to the products and services portfolio

Filing Information: July 2013, IDC ##242217e\_Lexmark , Volume: 1

BuyerPulse Analysis: Managed Print and Document Services: Competitive Analysis

- □ Continued expansion into emerging markets such as Eastern Europe, Asia/Pacific, and Latin America
- A focus on operational excellence, which includes consistent delivery of services at regional and global levels and through both direct and indirect distribution channels

#### IN THIS STUDY

This study is IDC's hardcopy vendor assessment of the worldwide managed print and document services market using the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in this important and growing market.

This study is composed of two sections. The first section describes characteristics that IDC believes lead to success in the managed print and document services market. These characteristics are based on vendor surveys conducted for this study, IDC's end-user research, and analyst observations of best practices.

The second part of this study is a visual presentation of the resulting vendor analysis in a single bubble chart. This display concisely exhibits the quantified scores of the reviewed vendors along two axes — strategies and current capabilities — which determine if the vendor is a Leader, a Major Player, a Contender, or a Participant. In addition, vendor market size (as determined by direct MPDS revenue) is indicated by the size of the bubble. This section also provides vendor summaries that discuss IDC's positioning of each vendor in the market along with commentary on strengths reflected in their scoring, as well as opportunities for improvement.

The document concludes with IDC's essential guidance to vendors in support of growth and improved offerings.

### Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent the extensive research foundation used to study the market and specific vendors. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape graphic, on a detailed evaluation of each vendor, publicly available information, end-user experiences, and the input of a review board composed of IDC experts in the market in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

The evaluation process involves several steps, including the following:

- Business briefings are conducted with each vendor to learn about each group's growth, sales, marketing, customer service, and offering strategies as well as background information about business performance, offering differentiators, and

- key market trends. The briefings are initiated with a request to deliver the briefing based on a standard set of questions. The briefings are used to score the strategy sections of the IDC MarketScape.
- Reference interviews with three customers from each participating vendor gauge the customers' experience working with the vendor and the overall complexity of the project. Customer reference interviews are built around a standard set of questions. Analysts are trained and encouraged to probe for further details as warranted during the reference interviews. Customer reference interviews are used to score different elements of the capabilities section of the IDC MarketScape.
- A demo is presented by each vendor based on a distributed demo guide (for more information, see <a href="buyerpulse.box.com/s/gucr4k1z9mgvgdum63m1">buyerpulse.box.com/s/gucr4k1z9mgvgdum63m1</a>). The purpose of the demo is to assess the creativity and technical capabilities offered by the vendor in both basic and advanced scenarios across the spectrum of categories that make up an offering or portfolio of related capabilities in MPDS. Vendors are encouraged to show key differentiators if their area of specialization in a particular category is underrepresented in the demo guide scenario. The demo is used to score the offering capabilities section of the IDC MarketScape.

#### Changes from the Previous IDC MPS MarketScape

Please note that the methodology and scoring subcriteria definitions used in this 2013 IDC MarketScape are different than the methodology and definitions used in *IDC MarketScape: Worldwide Managed Print Services 2011 Hardcopy Vendor Analysis* (IDC #232135, December 2011). Therefore, while a comparison between the two documents can be informative from a trends and direction perspective, it is not possible to make a direct comparison between the scoring in the 2011 document and the scoring in this research.

#### Additional changes are as follows:

- ☐ The revenue used to determine the size of each vendor's bubble on the IDC MarketScape graphic is that vendor's direct MPDS revenue. The 2011 document used the vendor's combined managed print services (MPS) and basic print services (BPS) revenue.
- Océ is evaluated as part of Canon, since that acquisition is complete and integration is well underway. The 2011 document evaluated the two companies separately.

Another important change is that we are referring to the market as "managed print and *document* services" rather than "managed print services." This reflects the growing trend toward services that manage electronic as well as printed documents.

Print and document management refers to policies, processes, and technologies that govern document life cycle from creation and capture through workflow and management to production and delivery of both print and electronic documents.

#### Definitions

The definitions that follow distinguish between managed print services (MPS) and basic print services (BPS), as delineated in IDC's managed print and document services forecasts and analysis. MPS is the subject of this IDC MarketScape analysis covering vendor strategies and capabilities. Vendor revenue estimates used to determine the bubble size in the IDC MarketScape graphic reflect *managed print services only*. This revenue was generated from products and services delivered *directly* from the manufacturers to their end customers.

Both basic print services and managed print services must include the following:

- Contract scope refers to third-party management of a group or fleet of printers and/or MFPs (may also include other device types such as scanners).
  Contract length is multiyear.
  Environments cover distributed office environment and may include in-plant, CRD, or datacenter in addition to office environment; however, contracts that include only centralized facilities are excluded.
  Coverage includes one of the following product and service combinations:

   Ink/toner and maintenance/repairs
   Ink/toner and maintenance/repairs plus printer/MFP hardware (purchases and leases)

  Consolidated fleet billing refers to a single bill for at least consumables (ink/toner), maintenance, and repairs (break/fix) for all the printers/MFP fleet of
- □ Fleet usage monitoring tracks print/copy volumes. The service includes a remote monitoring solution while acknowledging the fact that non-network

devices under management. Billing may have a hardware component.

In addition, managed print services must include the following:

connected machines would require manual monitoring.

- Detailed up-front assessment: Provider analyzing a sample of the organization's actual print/copy usage and recommending an output strategy for optimization with defined goals
- □ Fleet usage analysis/reporting: Ongoing analysis, reporting, and recommendations against predefined goals
- Ongoing optimization: Ongoing optimization with proactive management using the provider's resources to continuously manage the environment toward contract goals

☐ Governance: Established business rules and/or a formal change management program with education and incentives to get employees and their managers to achieve and sustain contract goals for printing and document workflows

Each IDC MarketScape is centered on vendor offerings. Organizing each offering into the appropriate IDC MarketScape is based on features shown during the demo, supplemented with an optional survey. This assessment includes both features from the demo guide and differentiating features shown as part of an extended demo. In addition, feedback from customer and partner references is used as supplemental validation.

For MPS, the following capabilities are evaluated across the group of offerings:

- Assessment: Evaluating the current state of an enterprise including device and end-user statistics, device locations, end-user print and document workflow requirements, and remote user requirements (Assessment may include centralized facilities and external print spend.)
- □ Design/optimization: Solutions to migrate enterprise to optimized document workflows, including paper-to-digital transition
- □ Device and supplies management: Tools for day-to-day management of the print environment including device monitoring, print tracking and accounting, remote management, proactive service and supplies monitoring, and life-cycle management of devices
- Security: Tools deployed for information and document security including authentication, pull printing, hard drive management, and secure disposal of devices
- Mobility and remote users: Support for mobile print and scan, as well as support for home, branch, and mobile workers
- ☐ Governance and change management: Education and marketing programs as well as technology to inform/train users and modify printing behavior
- □ Reporting and analysis: Reporting tools (e.g., device usage, SLA, incident reporting) as well as formalized procedures for responding and acting on results

Most of these offerings have features in common that were covered via an online capabilities survey and may not be part of the demo guide.

## SITUATION OVERVIEW

### Introduction

The managed print and document services market continues to grow, mature, and evolve. Growth of print and document services continues to escalate as companies of all sizes recognize the savings and efficiencies that can be realized under such programs. Furthermore, cloud-based applications, mobile devices, and the increasing socialization of business applications are contributing to rapid changes in requirements for imaging and output, providing opportunities for services beyond the core fleet optimization activities.

The combined worldwide managed print services and basic print services market grew from \$25.1 billion in 2011 to \$27.9 billion in 2012 at a year-over-year growth rate of 11.1%. Worldwide, MPS grew from \$10.8 billion to \$11.8 billion at an 8.9% CAGR. BPS growth was more robust, growing from \$14.3 billion to \$16.1 billion at a CAGR of 12.8%. We expect growth to continue as managed print and document services vendors compete aggressively to expand market reach and gain share, both through their direct sales organizations and via channel partners.

## **FUTURE OUTLOOK**

# IDC MarketScape: Worldwide Managed Print and Document Services Market Vendor Assessment

The IDC vendor assessment for the managed print and document services market represents IDC's evaluation of which vendors are well positioned today through current capabilities and which have strategies that will allow them to gain market share over the next few years. Positioning on the y-axis reflects the vendor's current capabilities and how well those capabilities are aligned to customer needs as well as how well a vendor is delivering and executing its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in the next three to five years. The strategies category focuses on high-level strategic decisions and underlying assumptions about offerings, customer segments, business, and go-to-market plans.

Figure 1 shows each vendor's position on the x-axis and y-axis. Additionally, a vendor's market size (as determined by direct MPDS revenue) is indicated by the size of the bubble.

Positioning on the grid is broken down into various groupings that reflect the combined view of a vendor with respect to both strategies (x-axis) and capabilities (y-axis). The groupings are defined as follows:

△ Leaders are companies that have led and continue to lead the market in both breadth of offering and strategic intent. These companies have made the

- investments in service portfolios, go-to-market enablement, and delivery capabilities that set them apart from other vendors.
- Major Players are companies that have established and proven offerings in the market and have demonstrable success in delivering and delighting customers. These companies are "shadowing" the Leaders and exert competitive pressures via new capabilities, channel initiatives, and other differentiable capabilities that raise the bar for all vendors in the market.
- □ Contenders are companies that have defined managed print and document services capabilities but have delivery resources, technology infrastructures, and go-to-market coverage that are still being developed.
- Participants are companies that are in the process of developing a managed print service program or have initiated limited releases.

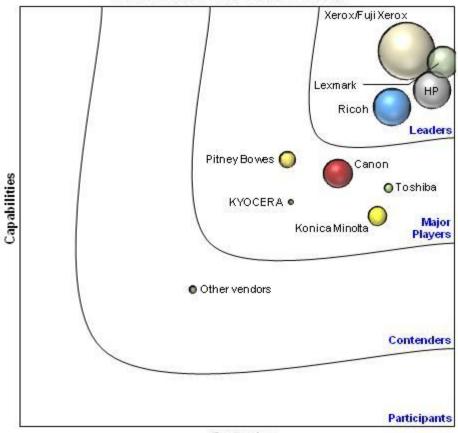
Based upon the final scores (on the x-axis and the y-axis), we make the following high-level observations about the various players (see the Vendor Summary Analysis section for more detailed vendor analysis):

- △ Leaders in this managed print and document services IDC MarketScape assessment have scored the highest among all players in the strategies and capabilities categories. All have robust portfolios and well-defined go-to-market strategies targeting growth globally, across company size and through both direct and indirect distribution channels.
- Several vendors are Major Players. As Major Players they have demonstrated indepth knowledge of the market, the trends impacting the market, and how to leverage those trends for sustained growth.
- ✓ Vendors ranked as Contenders have programs that effectively address some, but not all, of the key trends and success factors at play in the market.

## FIGURE 1

IDC MarketScape Worldwide Managed Print and Document Services Vendor Assessment

## IDC MarketScape: Worldwide Managed Print and Document Services Market



Strategies

Source: IDC, 2013

# Vendor Summary Analysis

## Lexmark

Lexmark is a Leader in our IDC MarketScape for managed print and document services. Lexmark International Inc. is a global company headquartered in Lexington, Kentucky. The company operates in more than 170 countries globally. The company was founded in 1991 when IBM spun off its printer and printer supplies operations. Today, Lexmark has more than 12,000 employees worldwide, with 4,000 based in the United States and more than 8,000 located in Europe, Canada, Latin America, Asia/Pacific, and the Middle East and Africa. 2012 revenue was \$3.8 billion.

Lexmark has made a number of significant acquisitions since 2010, including Perceptive Software (content management), Pallas Athena (business process management), Brainware (intelligent capture), Acuo (clinical) and Access Via (retail signage.)

Lexmark goes to market via both direct and dealer channels, typically determined by the size of the end customer. Dedicated MPS direct sales efforts focus primarily on enterprise customers; dealer sales efforts focus primarily on midmarket and SMB customers. Depending on the particular customer and level of sophistication required, Lexmark may vary the sales approach as appropriate. The company also goes to market with large enterprise IT partners such as IBM, Dell, and Fujitsu.

Lexmark brands its MPDS offering as Lexmark Managed Print Services. According to Lexmark, its key differentiators are:

- ☑ Global capabilities Lexmark's global system and infrastructure run on the same platform and provide the same tools and capabilities regardless of location, worldwide. The company also utilizes a consistent Six Sigma methodology globally and trains its professional services teams worldwide. This enables a globally consistent result, including consistent reporting and analytics across the enterprise.
- Operational execution Lexmark tracks its performance with ongoing customer satisfaction surveys; the company reports a 96% MPS renewal rate for the past five years.
- Solutions Lexmark's extensive set of industry-specific and business process solutions encompass both front-office and back-office processes.
- Core technology ownership A wholly owned set of core technology provides end-to-end document and image management. This combination of imaging expertise coupled with capture, content, and process management provides holistic solutions to customers' business problems.
- ☐ **Industry expertise** Lexmark is vertically aligned by industry, providing deep vertical industry and business process knowledge and expertise.

#### The Offering

Lexmark's offering is among the most comprehensive of the vendors we evaluated. Lexmark deploys its assessment methodology during three phases of the MPDS engagement: assessment (presales), site survey (implementation), and continuous improvement (steady state.) The pilot looks at a sample of the organization that is representative of the entire organization and provides a data-based TCO estimate that is validated with the client.

Lexmark's tools collect and analyze device usage data. That data is combined with site information and customer and contract data to generate a color-coded site map that is used in a variety of assessment and optimization activities. Lexmark maintains its own reference database for TCO data. Data collected from a site survey is captured on a tablet device. The solution is cloud enabled, so multiple people can

collect data in multiple geographies simultaneously. Lexmark develops a set of "deployment principles," based on a set of mutually agreed rules and criteria, that address industry-specific and LOB-specific challenges.

The site survey looks at the entire enterprise, and the deployment principles are applied to develop the future state design. The toolset can show the capabilities of replacement devices to help the Lexmark analyst make replacements decisions. The tool generates a graphical presentation for the customer along with proposed floor plans.

During the continuous improvement phase, Lexmark provides benchmarks so the organization can understand how it compares with its peers. Analysts continue to look at user behavior and fleet performance to identify ongoing savings opportunities.

Lexmark's security solutions are similar in functionality to those offered from other vendors. The company offers a suite of standard security solutions that can scale from the small business to sophisticated secure network environments. Security can be facilitated through Lexmark's Markvision Enterprise device management software. (Outside of this IDC MarketScape evaluation, Lexmark has also discussed a solution based on its enterprise content management software that enables users to capture and store copies of each document that is scanned, printed, copied, or faxed.)

Lexmark believes that change management begins during the assessment phase and continues throughout the project into steady state. It creates a specific, customized communication plan for each client, as well as a coaching plan and toolkit that provides talking points for managers. The plan details actions managers need to take and provides communications to support those actions.

Technology reinforcement is available via standard defaults and popup windows that can inform, warn, and/or deny. During steady state, Lexmark deploys user surveys to understand adoption of new behaviors.

Lexmark has invested heavily in a single global infrastructure to manage its MPDS sites worldwide. The system is hosted by Lexmark, but a data collection monitor resides behind the customer's firewall and pushes data out. The solution supports proactive consumables replenishment and services as well as analytics for ongoing optimization.

The Lexmark Web Portal provides real-time access to customer information, global reporting, defined reports, and ad hoc ability to query and sort information at a detailed level. Customers can use the portal to enter supplies, service, and change requests. The solution provides a graphical view of all key performance indicators (KPIs) and provides access to a document library.

Lexmark Fleet Manager (LFM) is designed to enable Lexmark partners to provide managed print and document services. The tool includes assessment capabilities, consumables management, and services ticketing and supports both Lexmark and non-Lexmark devices. LFM provides multiple methods for data collection for both networked and nonnetworked devices. One such option is for the data collector to reside as an embedded application on an MFP installed in the end-user locations.

Device data and alerts are captured and automatically transmitted to the LFM server, giving the partner enhanced visibility and reporting capabilities.

The LFM solution can integrate with the partners' ERP systems. It is configurable, so it can reside behind a partner's firewall if desired. With this configuration, Lexmark does not have access to the partner's data.

In addition to the toolset available via the LFM program, Lexmark provides sales, operations, and technical support. The partner maintains the customer relationship. Sales support includes sales training, collaterals, and a program portal. Operations support includes Lexmark services, training, and dedicated resources. Technical support is available through Lexmark's technical support center. Lexmark has earned the CompTia Trustmark for LFM 2.0.

#### The Customer Perspective

In customer interviews, Lexmark received high marks in a number of important areas, including business process integration, software offerings, and quality of personnel.

According to a United States-based consumer products firm:

It [the people] would be exceptional. That was one of the biggest reasons why we chose them. They were actually not the lowest financial bidder in the RFP. There was one other competitor that was more competitive from a financial standpoint, but we felt that Lexmark had better people.

According to a midsize U.S. banking firm:

The other key variable was the ease of programming aspect that I focused on. So from that perspective, the software in terms of programming and the capability was much more flexible and robust in that we could build workflows with some guidance and still bring it to [our proprietary banking] platform with Lexmark. So that was much more attractive.

Lexmark's ability to make significant contributions to the bottom line through business process support was highlighted by one large banking firm that requested anonymity:

Lexmark really made a difference in our New Account creation workflow, resulting in savings of more than \$1 million per year.

Customers routinely rated Lexmark as excellent in customer service and support. In almost all cases, Lexmark won accounts despite not being the lowest bidder in the RFP process, highlighting the transformative value a well-engineered MPS solution can bring to a business that is willing to engage the right vendor as a business process partner.

### **Business Assessment**

Lexmark's high MPDS retention rate, glowing customer reviews, and continued program growth reflect the company's strong technology portfolio, robust

methodology, and execution excellence. Lexmark must continue to innovate and remain aware of its (much larger) competitors, which are rapidly catching up with new global infrastructure and renewed focus on delivery excellence.

## **ESSENTIAL GUIDANCE**

Organizations that are evaluating current or prospective managed print services vendors should look beyond the printing devices and related technology that is being deployed. Ensure that the vendor comprehends the organization's specific business objectives and has the capacity to meet those objectives. Understand the scalability and scope of the offering. Ask the vendor to provide a road map for ongoing optimization and continuous improvement. And finally, look for a record of managed print services operational excellence.

As noted previously, hardcopy vendors have the opportunity to increase differentiation and create new annuity streams by developing and deploying services portfolios that impel enterprise customers to higher levels of print and document management maturity, resulting in greater benefits for those customers in terms of cost savings, employee productivity, and even top-line revenue growth. In addition, vendors can continue to expand both core and advanced services into the midmarket and into emerging markets.

#### LEARN MORE

#### Related Research

- Worldwide and U.S. Managed Print Services and Basic Print Services 2011 and 2012 Vendor and Channel Shares (IDC #241884, June 2013)
- □ IDC Maturity Model: Print and Document Management (IDC #241441, June 2013)
- Worldwide and U.S. Managed Print Services and Basic Print Services 2013–2017 Forecast (IDC #240851, May 2013)
- Worldwide and U.S. Managed Print Services and Basic Print Services 2012–2016 Forecast Update and Analysis (IDC #238570, December 2012)
- Worldwide and U.S. Outsourced Document Services 2012–2016 Forecast (IDC #234570, May 2012)
- Worldwide and U.S. Managed Print Services and Basic Print Services 2012–2015 Forecast and Analysis (IDC #233453, March 2012)
- □ IDC MarketScape: Worldwide Managed Print Services 2011 Hardcopy Vendor Analysis (IDC #232135, December 2011)

### Synopsis

This IDC study is the third vendor assessment of the managed print and document services market using the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in this growing market. This study is composed of two sections. The first section describes characteristics that IDC believes lead to success in the managed print services market. These characteristics are based on vendor surveys conducted for this study, IDC's buyer surveys, and analyst observations of best practices. The second part of this study is a visual presentation of the resulting vendor analysis in a single bubble chart. This display concisely exhibits the quantified scores of the reviewed vendors along two axes — strategies and current capabilities — which determine if the vendor is a Leader, a Major Player, a Contender, or a Participant. In addition, vendor market size and growth relative to the whole market are shown. This section also provides vendor summaries that discuss IDC's positioning of each vendor in the market along with commentary on strengths reflected in their scoring and opportunities for improvement. The document concludes with IDC's essential guidance to vendors in support of growth and improved offerings.

"The managed print and document services market continues to mature and evolve, offering customers greater value and challenging vendors to continually evaluate and enhance their product and services portfolios," said Holly Muscolino, research director for Document Solutions. "This study identifies the IDC MarketScape Leaders, Major Players, Contenders, and Participants that make up the current MPS landscape and reflects on the strategies and capabilities needed to be successful

#### Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights.

Copyright 2013 IDC. Reproduction is forbidden unless authorized. All rights reserved.