IDC MarketScape: U.S. Smart Multifunction Peripheral 2018 Vendor Assessment

Keith Kmetz
Max Pepper

THIS IDC MARKETSCAPE EXCERPT FEATURES: HP

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape U.S. Smart MFP Vendor Assessment

Source: IDC, 2018

February 2018, IDC #US43533617e
Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: U.S. Smart Multifunction Peripheral 2018 Vendor Assessment (Doc # US43533617). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC MarketScape assesses the major hardcopy vendors that provide "smart" multifunction peripherals (MFPs) to the U.S. marketplace. This study is an update to past IDC MarketScape research on this topic from 2013 and 2015. However, this analysis is not merely a review of hardware products. Instead, the analysis examines an entire smart MFP ecosystem in place for each competitor. This is led by the hardware offering but also adds the software, services, and go-to-market breadth and depth as well as the organization’s overall strategy that is vital to the market’s acceptance of the MFP offering.

Many of the same market trends and developments discussed in previous IDC MarketScape editions on this topic remain in place, but most vendors’ product and market activities have changed over time. The smart MFP is primed to become the de facto hardcopy device for the office, particularly as the hardcopy market’s transformation shifts to more software (leveraging the smart MFP architecture) and services (e.g., managed print/document/IT/workflow/security services). Important key success factors for this hardware platform hasn’t changed much over the recent past and still include:

- **Incorporating a complete MFP product portfolio of hardware, software, and services.** The smart MFP product line needs to span the spectrum of office document and information processing requirements across small and medium-sized business (SMB), enterprise, and key vertical markets. The vendor should also demonstrate how its entire MFP ecosystem (device plus software and services) will cater to the unique requirements of each customer target while demonstrating differentiation from the competition.

- **Presence in key software solutions categories to tie in with the MFP offering.** While the previous bullet point addresses the need for a general software ecosystem, it is equally, if not more, critical to have a specified set of offerings that target explicit opportunities. A general collection of software won’t be in keeping with the need to address customized customer requirements and will need to continuously evolve. At this point, vendors should be able to demonstrate a significant level of development beyond print and targeting workflow in all forms (paper and digital) in order to remain relevant. With respect to solutions, we see scanning/capture, document management, security, mobility/cloud, and output/device management as essential. Content management, data analytics, and overall management of unstructured data are evolving as part of such offerings as well. Last, the availability of free or low-cost apps has gained prominence as an avenue to add value for specific recurring workflows at a minimal investment.

- **A robust set of related services to work in conjunction with MFP hardware and software.** The vendor should also have an appropriate set of services that tie into the MFP and the business information requirements for customers. This has evolved from managed print services (MPS) to an array of services offerings, covering document, IT, workflow, and security.
▪ The vendor's current and historical market standing in the MFP market. While this may seem obvious, the vendor's historical and current market share position is significant. Although MFPs are expected to play an increasingly important role in the future of hardcopy and business processes, it is a fairly mature marketplace and mostly a replacement opportunity. As such, we don't typically observe wild fluctuations in market shares and shipment activity. This means securing current customer relationships with the latest MFP technology and winning occasional business from competitors will be the norm. However, we expect to see a strong correlation between the vendor's successes in its evolving software and services offerings and its smart MFP market positioning.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

The vendors selected for inclusion in this IDC MarketScape were determined to be among the prominent market participants for smart MFPs. This determination was made by a combination of analyzing historical market share data from IDC's quarterly hardcopy tracker and analyst opinion.

ADVICE FOR TECHNOLOGY BUYERS

We expect the smart MFP to be the future hardware foundation for document and workflow processing in the office. There will still be a future place for single-function printers and the like, but as the MFP continues to evolve from merely an output device for paper-based documents to a more sophisticated document and workflow processing tool, the smart MFP will take on a more prominent role in the market's transition to 3rd Platform technologies and the wave of digital transformation initiatives in the office of the future.

As part of this research effort, we spoke with a number of end-user customers and asked what advice they would give to buyers of smart MFPs and related technologies. The following list provides a synopsis of the recurring themes in these interview questions:

▪ Set your goals and establish a process to accomplish these objectives. Several customers pointed toward having a plan that establishes what the needs are and being clear about what objectives the organization wants to accomplish with the effort. Several related suggestions highlighted the need for a comprehensive analysis of the business, company resources involved in the process, and the type of insights needed to make a good MFP business decision:
  ▪ MFPs with your business in mind. "Deploy devices that best fit business needs."
  ▪ Work with the customer's IT team. "Engage with the customer's IT team in the RFP and vendor selection process."
  ▪ Do a comprehensive analysis. "Look at everything, including the cost analysis of the cost per print and maintenance requirements."
  ▪ Going beyond a print analysis. "Go beyond printing toward a goal of adequately managing resources to drive down costs while being sensitive to environmental objectives."
  ▪ Go beyond price in the decision-making process. "Don't just go on price. Less expensive doesn't mean the best deal and most expensive doesn't mean a better product."
  ▪ Understand usage requirements. "What is the company trying to do, what are the current shortcomings with the current base of equipment, and what are the needs for volume,
color, and compatibility with certain applications (e.g., print to PDF, vertical-specific workflows), mobile printing, and so forth?"

- **Establish rightsizing goals and partners that can help you get there.** "Think big picture beyond merely consolidating and centralizing the fleet. Look at the innovation potential of your suppliers and align with those that can solve organizational information problems."

- **Longer-term analysis.** "Consider future solutions needs. Think about what other document and information challenges will need to be addressed in the short term and long term."

- **Lower costs by lowering outsourcing use and addressing the environment.** "Reduce dependency on outsourcing while addressing carbon footprint and reducing paper use."

- **Make sure your existing technologies are in sync with your MFP choice.** Several interviewees warned about making sure that critical organizational applications work well with the MFP acquisition decision. Over the years, IDC has heard a recurring theme around vendor selection being determined by a well-entrenched software application used in the organization. In these instances, the MFP had to work well with such applications in order to be considered in the bid. It usually doesn't work the other way around; that is, customers typically do not replace such applications with an alternative to work with newly acquired MFPs. The workflow is established and the MFP needs to seamlessly operate within this environment. The consequences of attempting to address this after installation are understood to be time consuming and painful to the organization. Further:
  - "Make sure the MFP works with the software your company uses."
  - "Deploy MFPs that fits with your business needs."
  - "Check specialty applications and make sure the device can run with them."
  - "Make sure the MFP works with any homegrown applications."
  - "Make sure they can set things up right the first time – it's too hard to clean up after the fact."

Overall, software is becoming a more important factor in the MFP acquisition decision-making process than earlier. There are two pieces to this assessment. One is the issue raised previously in which organizations require the MFP to work with their existing technologies, not the other way around. Second, we are hearing more about the availability of certain applications being an influential factor in the decision-making process. This will include not only seamless support for existing applications but also providing more capability for managing usage, cloud/mobile support, increased security, and so forth.

- **Standardize as part of a consolidation effort.** This standardization means not only trying to reduce the number of MFP suppliers the company works with but also narrowing down the number of models used from the preferred provider or providers. The assumption is that the customer and the supplier will gain simplicity of use and service benefits. Whether it's an MPS engagement or not, the feeling expressed in these comments was that it's not enough to just reduce MFP brands in use. The company should also strive to reduce the number of models that it will use from all remaining MFP vendors in the account in order to maximize bottom-line benefit.

- **Print is a people-based relationship business.** Customer interviews continue to clearly point out that print is a relationship business with valued employee assets. Comments reiterated that a positive sales and/or customer service experience that goes above and beyond expectation is usually a clincher for a new deal or is critical in securing a contract renewal. On the other hand, a negative experience in either area often sends the customer to alternative suppliers for RFPs and eventual brand switching. Specifically, this means:
  - "Service is the key. It's more than the technology, it's the people behind the technology."
"It's not just the MFP but the company and people behind it."
"The supplier's technical support is an extension of your IT department."
"Work with a vendor that has your interests at heart, not just on making the most money."

**Get references.** Businesses, especially SMB organizations, do not operate in a vacuum. Instead, many decision makers rely on information about technology and procurement from peers in their industry. These peers may be either internal resources at the company or externally sought. Several comments highlighted the considerable value gained from others who have gone through or are going through a similar vendor selection process. This advice included not only getting references from the potential supplier themselves but also proactively reaching out to trusted colleagues about technology and/or vendor advice.

**The acquisition process typically involves various stakeholders with a wide range of organizational objectives in mind.** The acquisition planning process will involve various parties throughout the organization. Throughout our interviews, we heard that the different perspectives of IT, purchasing, executives, and even users are all important in making the best decision for the organization:

- **IT** needs to make sure that the select MFP provider can work within an existing infrastructure of IT technologies. These devices need to work seamlessly with a variety of established software applications. IT should be responsible for making such checks before any decision is made.
- **Purchasing** will be involved in the contractual process of choosing a vendor. If this involves brand switching, a strong purchasing presence will need to deal with terminating existing contracts and securing a positive long-term commitment with the new or existing supplier. Terms and conditions of the contract will need to be closely scrutinized in order to make sure that it is a fair deal for all parties.
- **Executive** approval empowers an organization to make change that could be met with employee resistance. Executive buy-in for the plan is a key driver for implementation and removes many potential barriers associated with user objections.
- **Users** need to feel empowered as well, but for a different rationale than executives making a decision for the organization as a whole. Users “in the trenches” have the best grasp of the status quo – meaning knowing what problems and challenges need to be addressed. In addition, companies typically have in their employ multiple generations of workers using vastly different workstyles. Consideration for each should be noted and used by the committee and provider to determine the plan and make adjustments accordingly.

**VENDOR SUMMARY PROFILES**

This section briefly explains IDC’s key observations resulting in a vendor’s position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor’s strengths and challenges. Specifically, the following is examined in each profile:

- MFP offering review including breadth/depth of the line, positioning, and differentiators
- Software and services ecosystem review
- Go-to-market review inclusive of channel, company size targets, and vertical markets
- Competitor and channel perception of the vendor
- Overall assessment encompassing strengths and challenges
HP Inc.

HP Inc. is positioned as a Leader in this IDC MarketScape for U.S. smart MFP as the company has exhibited more attention around related technologies critical to maintaining its leadership position. The company's strategy and offering has led to an expanded portfolio but also an extended IT coverage that spans security, mobility, and cloud within the print ecosystem. A dual technology line of laser and PageWide technologies gives HP Inc. a unique and extensive product offering. HP Inc. continues to maintain and build upon its large channel network.

At the top of the list of activities during the past 12-18 months, HP Inc. made the bold move of acquiring Samsung's print business for $1.05 billion. This announcement, made in September 2016, was designed to attack the traditional copier market with a range of A3 MFPs utilizing Samsung engine technology. Rather than just OEMing the technology from Samsung, HP Inc. doubled down on the A3 market opportunity and bought the entire Samsung printing business. The acquisition was completed in October 2017.

Previous to the Samsung print business acquisition, the separation of HP Inc. and HPE has allowed HP Inc. to become smaller and nimbler in an effort to improve its market execution. The net effect seems positive. Recent HP Inc. financial announcements are trending in a more positive direction, and the company has started shipping a much broader range of A3 PageWide and LaserJet MFPs than it has ever had before. A complete portfolio of A3 products should put HP Inc. in a much stronger position to succeed in this segment in comparison to past attempts that offered a limited number of choices. HP Inc. is also seeing other print-related successes in its graphics business unit, 3D printing, managed print services, and building its Instant Ink subscription program with consumers. Last, HP Inc. is getting substantial opportunity to highlight its latest security capabilities as more market attention is being paid to heightened concerns over PC and printer data vulnerabilities.

Product Line

HP Inc. offers a comprehensive MFP line with both conventional LaserJet and evolving PageWide technologies. These models are not only split into A3 and A4 offerings but also managed and transactional devices.

HP Inc.'s managed A4 line consists of monochrome laser, color laser, and PageWide models. The monochrome range comprises 45ppm, 55ppm, 60ppm, 65ppm, and 75ppm devices, while the color models offer 40ppm, 45ppm, 50ppm, and 60ppm speeds. The color PageWide MFPs provide 50ppm speeds. The managed A3 portfolio includes monochrome MFPs at 25ppm, 30ppm, 35ppm, 40ppm, 50ppm, 55ppm, and 60ppm speeds; color MFPs include 22ppm, 25ppm, 30ppm, 40ppm, 45ppm, 50ppm, and 60ppm models; and PageWide MFPs include 40ppm, 50ppm, and 60ppm models. No prices are available on the managed models.

The transactional A4 line also includes the three imaging technologies. The monochrome MFPs range, priced from $1,800 to $5,500, comprises 45ppm, 55ppm, 60ppm, 65ppm, and 75ppm devices. The color laser models, priced from $2,200 to $6,750, have 40ppm, 45ppm, 50ppm, and 60ppm speeds. The PageWide MFPs, priced from $700 to $2,800, are 40ppm and 50ppm models. The transactional A3 portfolio includes monochrome MFPs at 40ppm and 50ppm speeds, priced from $3,600 to $11,000; color MFPs at 30ppm and 45ppm, priced from $4,300 to $9,300; and PageWide MFPs of 35ppm, 45ppm, and 55ppm speeds, priced from $2,900 to $9,621.

Chief accomplishments during the past year include:
The launch of its latest A3 portfolio
The introduction of HP Smart Device Services (1.0) to drive cost efficiency for dealers with the ability to diagnose before dispatching a technician, remediate problems remotely, improve supplies management, collect and bill printers with device discovery technology, and on-demand training for service technicians (HP Inc. reports that dealers can expect to reduce service costs by 17% and as high as 30%. HP Inc. envisions building an ecosystem that enables a "devices never go down" user experience.):

- HP Inc. has already announced Smart Device Services (SDS) 2.0 and will be launched in the spring of 2018. SDS 2.0 offers the following enhanced capabilities:
  - **Part failure prediction**: Monitors device components and provides chance-of-failure predictions to help optimize service calls and parts planning
  - **Enhanced diagnostics**: Provides scanner dust detection, print engine failure sensor for core engine issues, and improved problem analysis capabilities for unresponsive devices
  - **Fleet optimization**: Offers remote remediation actions of USB-connected devices and expanded HP Inc. fleet support
  - **Enhanced collection and billing**: Continues improvement of data collection agent (DCA) reliability to detect and notify when DCA or devices go offline, and detect when a printer’s serial number is cleared
  - **Device health alert**: Provides ability to select which events trigger real-time alerts, detect when long-life consumables' (LLCs') service counts are not reset after replacement, and “Report A Problem App” on the device control panel for end users to proactively communicate with the reseller when printing problems occur. HP Inc. estimates that this will result in a further 7% in service costs through:
    - **Optimized services visits**: Optimizing trips across multiple devices and customers
    - **Optimized parts management**: Automatically adjusting parts inventory (orders and stocks)
    - **Improved data collection agent reliability**

- A refreshed managed MFP line
- The introduction of its tablet-like user interface
- The inception of its premier partner program for its managed A3 portfolio (This roster numbers approximately 500 dealers worldwide.)
- The launch of “The Wolf” security marketing campaign (HP security IP includes technologies such as Sure Start, white listing, and runtime intrusion detection. In addition, HP Security Manager is a tool to help customers maintain a high-security environment as well as security services [e.g., Printer Security Advisory Services and Print Security Advisory Retainer Service].)

Other key technology advances include the development of HP JetIntelligence toner cartridges that offer significant improvements in first-page-out time, device size, energy consumption, and print quality as well as HP FutureSmart OS that enable new capabilities available through software firmware so that users do not need to replace currently used hardware.

**Software and Services Ecosystem**

HP Inc.'s new workflow optimization platform, HP Solutions Hub, aims to help channel partners provision and deploy solutions for managing paper workflows as quickly as digital workflows across all
company sizes, providing a vast array of opportunities for HP Inc. partners to differentiate their offering and extend BPS customer engagements.

**HP Solutions Hub** is an open cloud and mobile-centric architecture with fleet deployment tools and access to software connectors and templates for transforming HP Inc. multifunctional printers to support custom workflows, particularly for paper-intensive workflows in healthcare, legal, and financial services (e.g., healthcare workflow that optimizes patient care and reduces readmission rates). The software development kit features an open platform architecture designed to support demands in vastly different business environments in terms of scalability, level of customization, and workflow integration into existing customers’ ecosystems. Mobile secure access is a key feature as is traditional secure sign-in to context-sensitive information. It is due for launch in spring 2018.

Interestingly, HP Inc. has introduced the Solutions Hub only a year after it launched its JetAdvantage On Demand platform. Like Solutions Hub, the JetAdvantage On Demand platform is a SaaS marketplace and management portal for HP Inc. and third-party printing and imaging applications, but it was targeted at both end users and channel partners. According to HP Inc., JetAdvantage On Demand is being phased out and will migrate to the Solutions Hub platform.

HP Inc. says that Solutions Hub is designed for ease of deployment and lowering the hurdles associated with cloud-based software provisioning, leveraging what HP Inc. refers to as an "Androidlike" interface similar to that used in the Samsung Smart UX. Because it is based on an open systems architecture, Solutions Hub offers the ability to scale more broadly, both locally and regionally. Another difference is that Solutions Hub is a reseller platform only.

HP Inc.’s solutions offerings include on-premise and cloud-based applications and are centered on a number of categories:

- **Management** (HP Web JetAdmin, HP JetAdvantage Insights)
- **Security** (several HP Inc. software and services offerings as well as LRS, Nuance, Celiveo, Pharos, and Troy third-party offerings)
- **Cost allocation** (HP Access Control, HP Insights, SafeCom, Equitrac, Celiveo, and Pharos)
- **Mobility** (HP JetAdvantage Connect, PrinterOn, and St. Joseph’s)
- **Capture** (HP Digital Sending, HP Capture and Route, and HP Embedded Capture as well as Hyland, Ephesoft, and Udcox)

One recent solutions revelation is HP Roam. HP Roam, offered in both enterprise and SMB configurations, is designed for anywhere, anytime secure access. It enables mobile workers to print at any time, from any location, and from any device. Print jobs can be submitted to the cloud as content is created and then prints can be retrieved securely from print locations at the office, at home, or at public sites without having to worry about device-to-printer compatibility or connectivity. This solution, which incorporates PrinterOn technology (part of the Samsung acquisition), will be launched in spring 2018 in developed markets, where adherence to local data protection requirements is already in place, and sold through channel MPS providers initially. It has been designed to be simple to deploy, requiring little training and service costs. It will enable partners to expand and differentiate their MPS offering, providing them with new services and revenue opportunities.

In addition, there are hundreds of third-party solutions that are HP Inc. tested and sold to augment the HP Inc. solutions portfolio. While too many to list, the categories under its solutions partner program include:
- Device management
- Print management
- Device extension
- Fonts and bar codes
- Security
- Mobility
- Output management
- Capture and workflow
- Forms automation
- Managed fax
- Host printing

HP Inc. also provides a number of apps for specific applications in the areas of security, management, capture, and mobility.

Besides managed print services, HP Inc. also offers Print Security Advisory Services and Workflow Advisory Services. The print security services offering is designed to help customers develop a cohesive print security strategy. The workflow advisory services consist of two programs: HP Workflow Needs Analysis and HP Workflow Discovery. The needs analysis is the initial step to identify, analyze, and improve upon an existing business process with actionable recommendations. The workflow discovery is a consultation that evaluates paper- and document-intensive processes, identifies inefficiencies, and offers recommendations for improvement.

**Channels and Customer Targets**

HP Inc. sells its MFPs through one of the industry's broadest indirect channel roster. This includes over 1,100 dealers, nearly 10,000 IT resellers, approximately 100 distributors, 6,000 retail locations, and 50 or so VARs/systems integrators. The indirect channel partners garner 80-85% of HP Inc.'s print business. In addition, HP Inc. employs about 500 direct sales reps.

These multiple sales channels are mapped to customer segments based on company size and industry:

- Print-focused, direct corporate sales teams for large companies (e.g., 10,000+ employees) are assigned by vertical. These salespeople sell transactionally and contractually.
- PC and print-combined commercial sales teams for midsize companies (e.g., 1,000-9,999 employees) sell in partnership with channel partners. This team is supplemented by an MPS specialist sales team to pursue new contractual print opportunities.
- SMB and midmarket-sized companies are also served by HP Inc.'s channel partners.

Close to half of HP Inc.'s print business is in the <100 employee segment, with the rest almost evenly split between midsize companies (100-999 employees) and larger enterprises (1,000+ employees). Key verticals are financial, healthcare, manufacturing, and public sector.

**Competitor and Customer Perspectives**

We spoke with two large enterprise-sized HP Inc. print customers.
The first customer is a nonprofit company with approximately 5,000 employees. This customer has been an HP print customer for two years. HP Inc. won the RFP process with a focus on customer service, costs, pull print and scanning solutions, and flexibility and managed services. Pull print and scanning were very influential on the decision-making process for security reasons and cutting paper consumption as stipulated in the RFP. The relationship continues to be good with quarterly business reviews for monitoring and recommendations. The meetings are also used to review service calls and related issues.

The second customer is a $40-billion organization with 57,000 employees worldwide. The customer had several brands of MFPs in use and wanted to consolidate as part of a global agreement. While other brands are still in use, the company expects to eventually switch many of these models over to HP Inc. in the years ahead. The customer mentioned the critical need for MFP hardware to work seamlessly with the SafeCom cost accounting solution. While there were some initial bugs in the implementation process, things are now running more smoothly.

In the vendor interview process, IDC asked all participants the following question: “Which MFP vendors provide the most competition for your company?” HP Inc. was one of the vendors mentioned most often in the responses.

**Strengths**

HP Inc. is recognized as the de facto industry standard for printing, managed print, workflow, and security. Its brand and marketing bandwidth is among the strongest in the industry. The company is recognized as a full IT provider with technologies available outside of print. Its acquisition of Samsung's print business brings more print-specific technology in-house and negates a legacy dependency on an outside engine provider. The company’s financials are trending in a positive direction after several periods of a struggling performance. A new print security focus and initiative is broader and deeper than most as it goes beyond conventional print device access and hard drive protection. The solutions and services portfolio continues to evolve and expand.

**Challenges**

While the company continues to tout its dual-line office printing strategy, it remains to be seen whether the company’s PageWide technology will gain significant traction in the office market. As an acknowledged industry leader in print, the company is the target of all other competitors. There is a substantial installed base of HP Inc. print equipment in use that competitors are keen to displace.

**Consider HP Inc. When**

HP Inc. is one of the few leading print vendors that can provide a number of technologies inside and outside of print. Channel partners and customers find such a portfolio desirable for one-stop shopping. The company’s strengths in print, brand, marketing, and R&D are hard to beat, so buyers can feel confident in sourcing technology from the acknowledged market leader.

**APPENDIX**

**Reading an IDC MarketScape Graph**

The IDC MarketScape vendor analysis model for the U.S. smart MFP market is designed to provide an overview of the competitive fitness of the vendors participating in this market. For the purposes of this
analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute 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 three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

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

- **Leaders** are vendors that have led and continue to lead the market in both breadth of offering and strategic intent. These companies have made the investment in service portfolios, go-to-market enablement, and delivery capabilities that set them apart from the rest of the market. All have robust product portfolios supported by an array of software and services. These smart MFPs can be acquired via well-defined go-to-market strategies that include targeting SMBs, enterprises, and key vertical opportunities through a balanced array of channels.

- **Major Players** are vendors that have established and proven offerings in the market and have demonstrable success in delivering and delighting customers. These vendors 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. Several vendors are Major Players. They have demonstrated a significant position in the market with an in-depth knowledge of the market trends as well as an understanding on how to leverage these trends for sustainable growth.

- **Contenders** are vendors that have defined smart MFP offerings but are still developing delivery resources, technology infrastructure, and go-to-market coverage. MFP Contenders should not be discounted because of their current status as each of these vendors show strengths that make the vendor a viable market player.

- **Participants** are vendors that are still developing a smart MFP portfolio or have limited releases. As the MFP product portfolio develops for these vendors, we expect to see more intense competition in this market.

**Observations in This IDC MarketScape Graphic**

This U.S. smart MFP market segment is defined by distinct clusters. While this IDC MarketScape is similar to what was depicted in the past, we do notice some tightening between the leaders and other market players. Major players and contenders are closing the gap between themselves and the established market leaders.

In the first group, Canon, HP Inc., Ricoh, Xerox, Konica Minolta, and Lexmark continue to battle for market leadership. All these vendors show market leadership qualities, but often in different forms (e.g., market shares, transformational efforts, an established infrastructure to support customers in the
new market). Based on this IDC MarketScape figure, with considerable overlap between these vendors, we expect to see supremacy in the future market to be hotly contested between them. It remains a very tight battle and we anticipate that the market leaders will fiercely protect their established customer base while aggressively targeting vulnerable competitive account opportunities.

In the next cluster, Kyocera, Sharp, and Toshiba all show signs of being major influencers in the current and future smart MFP opportunity. While there is a distinct separation between this group and the Leaders, these three players have demonstrated solid momentum that bodes well for an established market position in the future, particularly as it becomes increasingly shaped by adjacent opportunities outside of traditional MFP offerings.

Finally, the last cluster consists of Brother, Dell, Epson, and OKI Data. These vendors' overall presence in this MFP segment is relatively small, but the directional status of this group of market participants varies widely. Brother and Epson have just begun their journey in this market category, so we anticipate an expansion of products, services, and solutions targeting this opportunity. On the other hand, Dell and OKI Data appear to be seeking alternative routes to market success.

**IDC MarketScape Methodology**

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.
Market Definition

IDC's definition of a smart MFP is as follows:

▪ The MFP incorporates the print function and at least one or more of the document functions — copy, fax, and scan.
▪ The MFP is network ready and/or internet ready.
▪ The MFP has a customizable graphical user interface (e.g., touchscreen) panel.
▪ The MFP has an open embedded platform that allows the MFP to be programmed to perform customizable functions (e.g., addressing specific customer workflows). These functions are driven by software that is either embedded or server based (e.g., inside the firewall or in the cloud) applications.

This study excludes consumer-oriented inkjet MFPs as well as single-function printers of any kind. However, business inkjet (solid or liquid) devices that meet these criteria are included.

LEARN MORE

Related Research

▪ IDC Analyzes the Latest Vendor Strategies in Place for the Anticipated Print Market Transformation (IDC #US42884517, July 2017)
▪ IDC MarketScape: U.S. Smart Multifunction Peripheral 2013 Vendor Assessment (IDC #245058, December 2013)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of a number of vendors participating in the "smart" MFP market. The IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assess vendors relative to one another and to those factors expected to be most conducive to success in a given market during the short term and long term.
This study assesses a number of vendors participating in the U.S. smart MFP market and is made up of two key sections. It starts with a graphical depiction of multiple vendors into a single bubble chart format. This display concisely illustrates the observed and quantities scores of the reviewed vendors along the strategies and current capabilities axes. The strategies axis represents a three- to five-year future perspective, while the capabilities axis represents current product and go-to-market execution. This standing determines whether the vendor is a leader, a major player, a contender, or a participant in the U.S. smart MFP office market. It also depicts the vendor's market size (as determined by current market share) by the size of the bubble.

The remaining portion of this section offers IDC's assessment on the most critical success factors in the smart MFP market and guidance to the buying community for such products. The section goes on to provide individual analysis for each company participating in this market.

The second section of the study is provided in the Appendix. This portion of the study offers all the background analysis on using the IDC MarketScape graphic, research methodology, market definition, and capabilities/strategies criteria.

"While the transformation of the printing industry is shifting to services and solutions, the 'box' still serves as the vital foundation for a total document and workflow processing tool. We believe that 'smart' MFPs will be that critical document management and workflow component to enable differentiation and significant added value to adopters of this technology," said Keith Kmetz, vice president of IDC's Imaging, Printing, and Document Solutions programs. "This study identifies the leaders, major players, contenders, and participants that make up the current smart MFP landscape and reflects on the strategies and capabilities needed to be successful."
About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com

Copyright and Trademark 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. IDC and IDC MarketScape are trademarks of International Data Group, Inc.

Copyright 2018 IDC. Reproduction is forbidden unless authorized. All rights reserved.