

EXCERPT

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

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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

- ☒ 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
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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:

- ☒ Web-based capabilities survey is completed by each vendor to characterize the scope of each vendor's core technology portfolio, as well as to highlight solutions that the vendor considered to be primary differentiators.
- ☒ 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 buyerpulse.box.com/s/gucr4k1z9mgvgdum63m1). 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 devices under management. Billing may have a hardware component.
- Fleet usage monitoring** tracks print/copy volumes. The service includes a remote monitoring solution while acknowledging the fact that non-network connected machines would require manual monitoring.

In addition, managed print services must include the following:

- 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 MarketScope is centered on vendor offerings. Organizing each offering into the appropriate IDC MarketScope 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
- ☒ **End-user support:** End-user training programs and help-desk capabilities as well as tools to support end-user reporting and control
- ☒ **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.

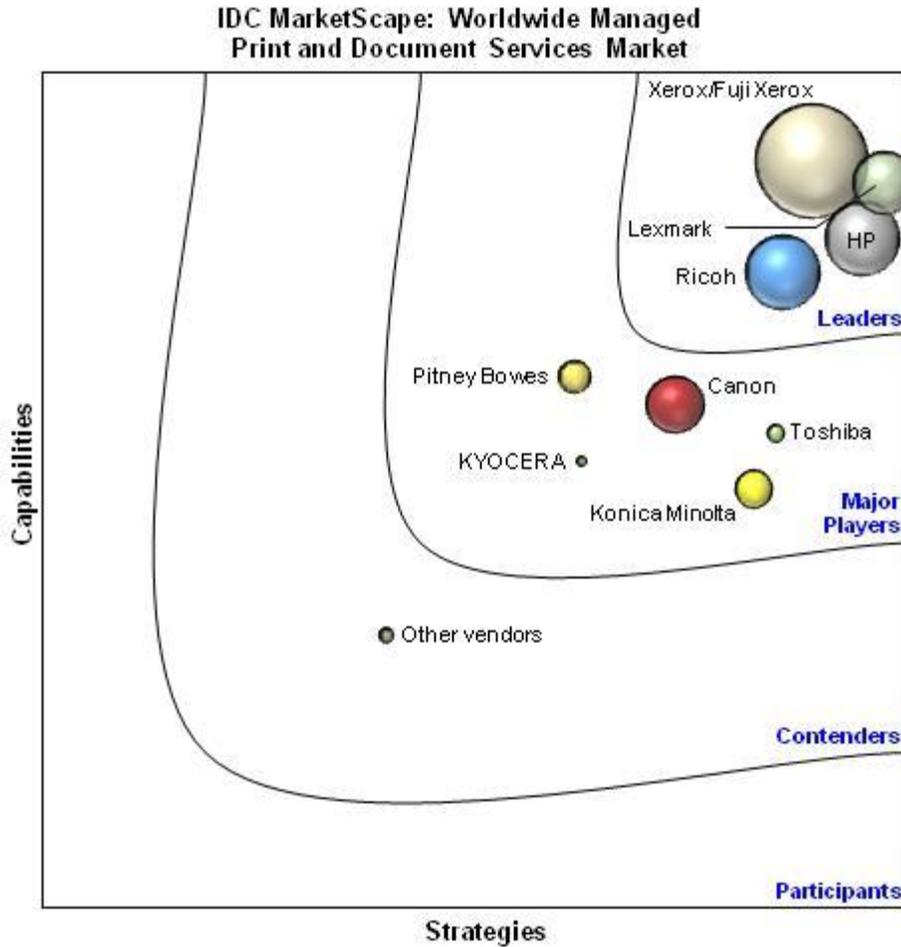
- ☒ Major Players are companies that have established and proven offerings in the market and have demonstrable success in delivering and delighting customers. These companies are "shadowing" the Leaders and exert competitive pressures via new capabilities, channel initiatives, and other differentiable 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 in-depth 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



Source: IDC, 2013

Vendor Summary Analysis

HP

HP is a Leader in our IDC MarketScape for managed print and document services. HP is a United States-based global information technology company headquartered in Palo Alto, California. The company was famously founded in 1939 in the garage of cofounder David Packard. Today, HP has more than 330,000 employees worldwide and revenue of \$120 billion.

The company is organized into seven reporting segments:

- ☒ Personal Systems (formerly known as Personal Systems Group or PSG)
- ☒ Printing (formerly known as the Imaging and Printing Group or IPG)
- ☒ Enterprise Services
- ☒ Enterprise Group
- ☒ Software
- ☒ HP Financial Services (HPFS)
- ☒ Corporate Investments

HP goes to market via both direct and dealer channels, typically determined by the size of the end customer. Direct sales efforts focus primarily on targeted enterprise customers, with enterprise, midmarket, and SMB customers serviced by partners. HP is heavily investing in both its direct and its channel outreach. HP is able to leverage the sales reach of its HP Enterprise Service organization, with focus on BPO and ITO. Likewise, it has economies of scale in its ability to combine its sales efforts from a Printing and Personal Systems (PPS) perspective. Its dealer channel is dominated by IT resellers and VARs rather than office products dealers, and the company intends to focus its MPDS partner delivery around those resellers with experience in delivering document management solutions. HP is also expanding its channel reach through strategic relationships with companies like Staples Advantage. (Staples Advantage is the business-to-business division of Staples.)

For 2013 and 2014, HP is focusing on accelerating the sales of its MPDS suite. A major component of this acceleration is an internal restructuring of the Printing and Personal Systems groups to increase communication and collaboration across the services spectrum, inclusive of R&D investments. Along with this structural change, the company is focusing on expanding its PPS industry solutions footprint as well as enhancing, standardizing, and accelerating service delivery in its direct and indirect go-to-market efforts.

HP's MPDS offering, which is branded HP Managed Print Services, is positioned as part of a broader IT services offering. According to the company, HP's key differentiators are anchored in a customer-centric approach and include:

- ☒ **Strategic partner:** HP has IT heritage and expertise — breadth of technology, including computing technology and not just printers; understanding of IT integration; delivery of end-to-end workflow; and commitment to business results.
- ☒ **Automation and intelligence:** HP's proactive, predictive support and network fleet management capabilities deliver uptime and reliability; workflow optimization targets industry and business processes for increased ROI.
- ☒ **Scale and flexibility:** HP is able to deliver end-to-end solutions within enterprise and SMB computing environments that demand cloud, mobility, security, and information management/big data solutions — from corporate offices to branch and home offices.

- ☒ **Delivery:** HP believes that the account delivery management role is key to ensuring a superior customer experience: providing strategic guidance, proactive insights, and ongoing reporting as to how to best achieve ROI.

The Offering

HP's offering is very strong. Though certain components of its channel MPDS program have only recently been introduced to customers and partners, these components were impressive during our demonstration.

HP's assessment process is robust, and includes an in-depth evaluation of devices as well as end-user requirements and workflow. HP conducts four types of end-user interviews, including a Web survey and in-depth interviews with key stakeholders, intended to capture end-user attitudes, knowledge levels, and challenges. HP also uses the interviews to identify productivity gaps and business processes that may be refined or reengineered. (Though additional assessments were not demonstrated, HP indicates that they are also part of the portfolio, including industry benchmark, security, environmental, and discovery and design.)

Device data is collected using HP's Web Jetadmin solution and can also be imported from competitive data collection tools. The data is added to the HP Imaging and Printing Assisted Assessment (IPAA) tool prior to onsite manual collection. IPAA runs on a tablet PC and allows HP personnel to graphically map device data to a floor plan.

IPAA can automatically create a future state design using a one-to-one replacement or optimized replacement strategy. The design can then be manually modified. Replacements are either automatically or manually mapped on the new, optimized floor plan. Real contract data is incorporated with HP's own database to model TCO at the device level. The savings achieved by various scenarios can be viewed. The end-user report includes the current state and future state analysis as well as environmental impact.

In February 2012, HP launched the HP Imaging and Printing Security Center (IPSC), which centralizes and automates the process of keeping devices in compliance with an organization's security policy. The solution can be augmented with a print security assessment service that gathers security and compliance data and provides recommendations to develop a security plan and policy. HP IPSC can then be used to automatically monitor and manage the fleet to maintain the secure configuration.

HP's change management program is similar to that of other vendors. The company offers a five-step Management of Change (MoC) program to clients that is "culturally consistent" with the clients' environment. The steps are assess, plan, create, communicate, and evaluate. HP has developed a customizable set of MoC assets including presentations and emails for employees and executives, worksheets, FAQs, posters, blog articles and social media templates, and planning and status reports. The program begins well ahead of deployment and is tied to the print policy and governance structure.

HP supports its clients worldwide via its nine Remote Management Centers, which are within HP's Centers of Excellence. These centers are enabled by HP's Smart Decision Suite (SDS) infrastructure. SDS has two missions:

- ☒ **Maximize customer intelligence** — Provides data and analytics at global or regional levels, including fleet data, environmental savings, performance against SLAs, and a broad range of reporting capabilities
- ☒ **Minimize customer intervention** — Preventative maintenance, service alerts, and supplies management

Customers can see graphical views of end-user behavior compared against internal and external benchmarks, enabling users to make adjustments that facilitate ongoing improvements. Quarterly business reviews are supported by analyses that quantify the value of certain activities (e.g., pull printing).

In June 2013, HP introduced the Express Decision Portal (EDP), a comprehensive set of tools that will enable its indirect channel partners to effectively deliver MPDS. The infrastructure is based on technology obtained in HP's May 2011 acquisition of Printelligent. Its goal is to provide a standardized execution platform for partners, lower the barrier to entry to MPDS, and create a consistent experience across the customer base.

EDP allows separate, permission-based views for HP channel management, partners, and customers. The partner toolset includes proposal and quote generation, deal profitability assessment, business analysis and reporting tools, and invoicing and customer onboarding/change management. One unique feature is a customizable graphical pricing and margin analyzer that enables the partner to view several pricing scenarios. End users can use the EDP to submit and track service requests, track contract performance, and access fleet information around page volume, device utilization, and life-cycle management. HP also provides extensive marketing support for partners. (Though the partner toolset is impressive, since it has just been introduced, it was considered under HP's strategies score rather than HP's capabilities score.)

The Customer Perspective

In customer interviews, HP received high marks for enterprise partnership and the ability to proactively and positively minimize management oversight.

According to a technology operations manager for one of the largest United States-based advertising agencies:

They really spend the time to understand the nature of the business, what the needs are, where their solution could fill a void or make enhancements, then show you how that solution would be implemented. By doing that, you are making the people at corporate and the local level feel as though you are working with a partner and not a vendor.

HP's capability as a trusted outsource partner was highlighted by one well-known, United States–based media company:

The good thing about it is that I don't think about printing anymore. I don't think about the printers.

As part of the MPDS implementation, the company received access to a portal where managers can analyze the fleet based on device, print type, or geography. However, this component of the solution is seldom used due to HP's continued efforts to monitor the fleet and offer suggestions for improvement.

The quality and effectiveness of HP's ongoing reporting and optimization was highlighted by more than one customer. The company was noted for innovative use of charts and reports that help customers get a quick yet thorough view of both utilization and service response, and enable productive decision making during business reviews.

Business Assessment

HP is clearly committed to its MPDS program and has a clearly articulated strategy for growth in the market. The company is enhancing its infrastructure to support customers globally, both through direct delivery and through channel partners. HP has recently focused on scaling and enhancing capabilities in its partner MPDS program to improve its competitive position in the midmarket.

HP's positioning of MPDS as part of a broader IT managed services offering is unique in the marketplace and makes good sense given the company's heritage. HP is well positioned to leverage its investments in cloud, security, and mobility, as well as acquired IP like Printelligent, Autonomy, and ArcSight, to enhance and deliver value to MPDS customers. We would expect the next step to be expanding its offerings for specific vertical and line-of-business clients beyond printing systems to include personal systems.

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)
- ☒ *IDC's Worldwide Outsourced Document Services Taxonomy, 2013* (IDC #239978, March 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 MarketScope: 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 MarketScope 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

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