



# Managed Print Services Landscape, 2017

*A vendor analysis of the global enterprise MPS market*

**July 2017**

## Report Excerpt

This report examines the competitive landscape for MPS and discusses the key market drivers and trends that will shape future generation MPS engagements. It also draws on new research conducted in June 2017. The survey covered organisations with over 500 employees using MPS in the UK, France, Germany and the US.

**The full report and research findings are available to purchase directly from Quocirca.**

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### REPORT NOTE:

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

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

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# Managed Print Services Landscape, 2017

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## Executive summary

Managed print services (MPS) remains a proven approach that enables businesses to acquire the skills and expertise they require to address the cost, complexity and risk of an unmanaged print infrastructure. While many MPS providers are repositioning MPS in the wider realm of workflow or process automation or content management, it is the minority of organisations that have embraced these broader services within their MPS engagements. However, these organisations are much more positive about the outcome of their MPS engagements. While most clients are content with their MPS relationships, many continue to voice the desire for a direct, proactive and innovative business partnership. As the market matures, the opportunity to drive greater business value through MPS, particularly in the context of digital transformation, is increasing. This customer-centric and strategic approach to MPS requires innovation, insight and industry expertise – areas in which MPS providers demonstrate mixed levels of performance.

## A market in transition

The market has seen a wave of consolidation in the past few years, with manufacturers scrambling to reposition their print businesses and respond to digital disruption. HP Inc. acquired Samsung's printer business for \$1bn in September 2016, while Xerox returned to its roots in January 2017 following the separation of its service business, now called Conduent. The Foxconn Technology Group acquired Sharp in August 2016, and Lexmark's acquisition by a Chinese consortium led by Apex Technology was completed in November 2016. MPS and associated solutions represent fundamental growth opportunities for all vendors, but in a commoditised and mature enterprise market it is becoming increasingly challenging to differentiate. Nevertheless, the market is relatively stable, with Quocirca's survey revealing that 65% of organisations expect MPS spend to rise in the coming year.

## Strong MPS market leadership group

The enterprise MPS market is characterised by a closely packed group of leaders: Xerox, HP Inc., Ricoh, Canon, Lexmark and Konica Minolta. All demonstrate a mature service portfolio, investment in their MPS platform, commitment to enhanced service delivery and an ongoing investment in analytics. Xerox leads due to its breadth and depth of capability across office to production print environments, and a strong vision for innovation around its ConnectKey MFP ecosystem. HP Inc. has moved security to the heart of its MPS strategy, offering one of the most advanced and comprehensive security-led technology and services portfolios. Lexmark has extended its predictive analytics capabilities to further enhance its proactive service delivery credentials. Konica Minolta continues to deepen its focus on digital transformation, with a highly-focused IT services-led proposition for midmarket businesses.

## Service delivery quality is the battleground for MPS

Given many organisations' continued reliance on printing (48% indicate that paper is important to their daily business), they are demanding more reliability and availability from their print resources. Improved service quality is the top reason for MPS adoption, cited by 42% of respondents, ahead of cost reduction, cited by 33%. MPS providers are performing well in this area, being rated on average 4.09 out of 5 for effectiveness.

Smarter analytics, automation and a proactive approach hold the key to service delivery excellence. Service performance can be enhanced through embedding analytics throughout the MPS engagement – from the initial assessment process to continuous monitoring. Some leading MPS providers are incorporating predictive analytics to provide insights on equipment, support operations and field technicians in order to optimise service delivery. Providers that fail to invest in analytics capabilities face the risk of failing to adapt to the more demanding 'as-a-service' economy.

## Security moves up the MPS agenda

Addressing cybersecurity risks is a top priority for many businesses, and has overtaken cost reduction as a top reason for MPS initiatives: 82% indicate that this was an important or very important driver (average score of 4.09 out of 5). Data losses remain prevalent, with 60% of organisations reporting at least one print-related data breach in the past year. Consequently, just 25% are completely confident that their print environment is protected from security threats – a clear opportunity for MPS providers. The level of security assessments varies by provider: HP Inc. stands out in particular for its Secure MPS strategy that incorporates a range of consulting services as well as broader IT integration with existing SIEM tools. Overall, 31% of businesses report they have completed a security assessment, with 65% citing threat protection as the major goal for an assessment.

## An enabler for digital transformation

Almost three quarters (72%) of organisations view MPS as an important driver for digital transformation, with 89% expecting it to be important within the next two years. MPS providers are making progress here – 78% of respondents say their current



provider is effective at providing solutions to support digital transformation. This is encouraging, as leading MPS providers have invested heavily in repositioning MPS for digital transformation. Clearly, MPS providers must deliver on their promises; most offer an extensive workflow solutions portfolio, backed by industry aligned consultants.

Despite the various company separations, most MPS providers have retained business process automation expertise. However, some are better positioned to address the complex needs of digital transformation than others. For midmarket organisations, the smart multifunction printer (MFP) will play an important role in information capture and automation. A comprehensive MFP platform can provide leapfrog opportunities for vendors – Xerox ConnectKey is a prime example. Success relies on channel engagement and a broad software ecosystem, but there is a significant opportunity for providers who can offer a simplified and customised approach for digitisation and set the stage for broader digital transformation initiatives.

#### Future outlook

The past year has seen significant market consolidation, and the coming year will reveal who will emerge unscathed and refocused. HP Inc. has already made strong progress, and is well positioned to disrupt and innovate in the market following its acquisition of Samsung. Quocirca expects it to continue to set the pace in the industry for innovation in technology and ‘as-a-service’ models. There remain significant opportunities for MPS providers, particularly those who can serve both the SMB/midmarket space and more lucrative large enterprise market. Although the core services of MPS are increasingly commoditised, the most successful MPS providers will be those that can develop a collaborative partnership with customers and drive business transformation through differentiated services.



# Methodology

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## End-user analysis

Quocirca conducted an end-user survey among senior IT managers with responsibility for decisions relating to a managed print service. Research was conducted in the UK, France, Germany, and the US, amongst 240 enterprise companies with 500 or more employees that are using a managed print service. For the purposes of this research, organisations with 500 to 999 employees are referred to as midmarket organisations and over 1,000 employees as large organisations. The survey was conducted online and fielded during May 2017.

## Vendor analysis

The following vendors participated in the study: HP Inc., Konica Minolta, Lexmark, Ricoh and Xerox. Vendors were selected according to the following criteria:

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

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

# Definitions

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

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

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

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



# The MPS ecosystem

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

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



# Market overview

## A mature and evolving market

MPS remains the prime growth opportunity for print manufacturers and their partners. Overall, 65% of organisations expect MPS budgets to increase over the next year. Large organisations are more optimistic: 36% expect MPS spending to increase significantly over the next 12 months, compared to 18% of midmarket organisations. By vertical, professional services and industrials lead the growth, with the public sector lagging (Figure 1). Regionally, budget expectations are mixed. While 42% of US organisations report that MPS budgets will rise significantly, this compares to less than 20% of organisations in the UK and Germany.

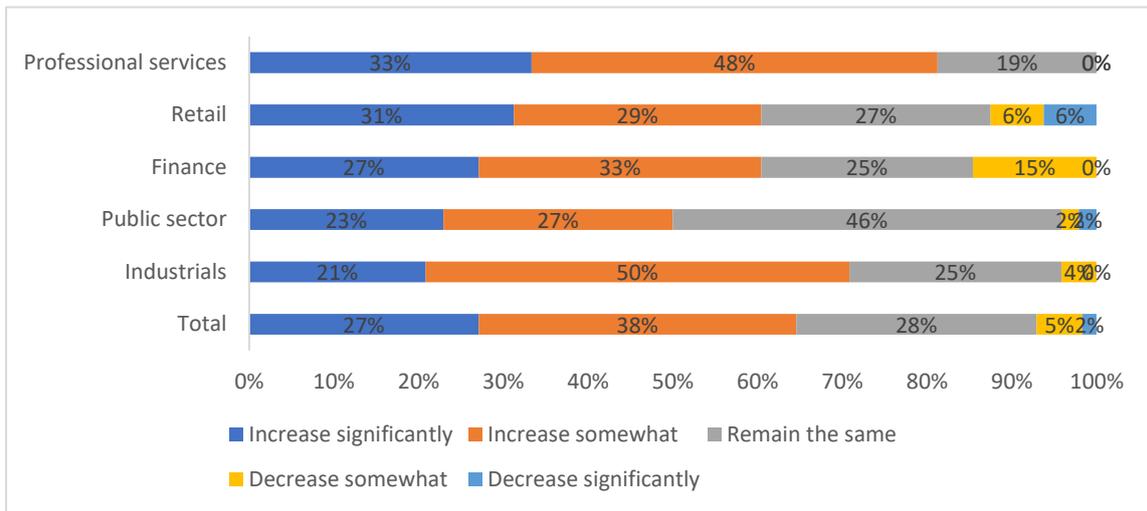


Figure 1. MPS budget plans over the next 12 months

One of the key drivers for MPS is the continued reliance on paper-based business processes. Almost half of respondents in Quocirca’s latest survey of organisations using MPS indicate that paper is very important to their daily business (Figure 2). Larger organisations are more likely to report paper as very important (55%) than midmarket organisations (40%). By industry, the public sector places the highest importance on paper (54%) and a staggering 70% of US organisations agree paper is very important, more than double the percentage of German organisations (32%). This dependence on paper is not only costly – both in financial and environmental terms – but also inefficient.

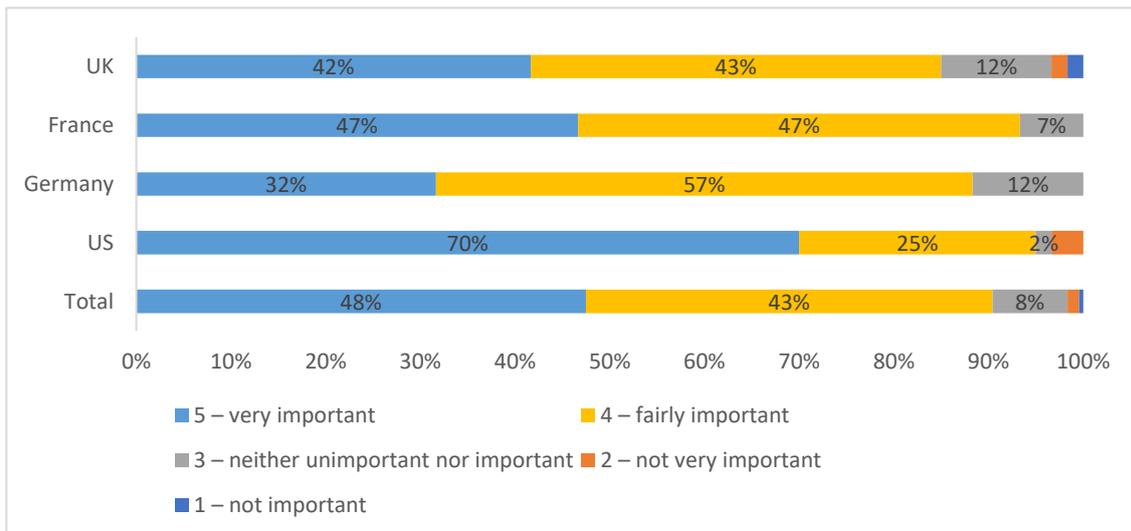


Figure 2. How important is paper to the daily business of your organisation?



Alongside the continued reliance on paper documents is an ongoing increase in colour printing. The availability of more affordable and sophisticated networked colour multifunction MFPs means that many organisations can produce high volume and high value colour documents in-house rather than using external print providers. However, without effective print policies to manage colour print usage, consumables costs can escalate. This remains one of the top reasons that organisations turn to a managed print service. Overall 57% of organisations expect colour print volumes to rise over the next 12 months, with this most prevalent in the professional services and retail sectors (Figure 3).

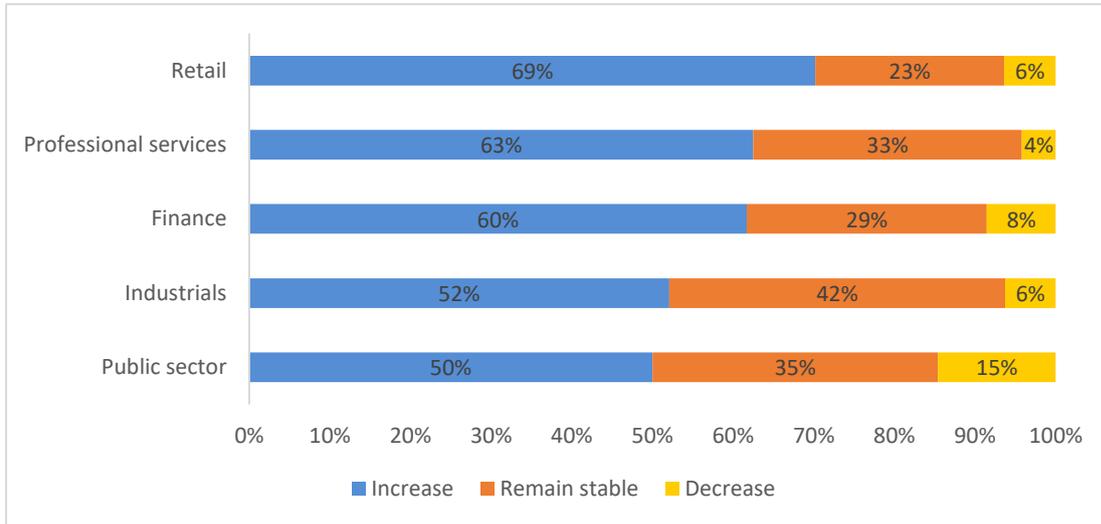
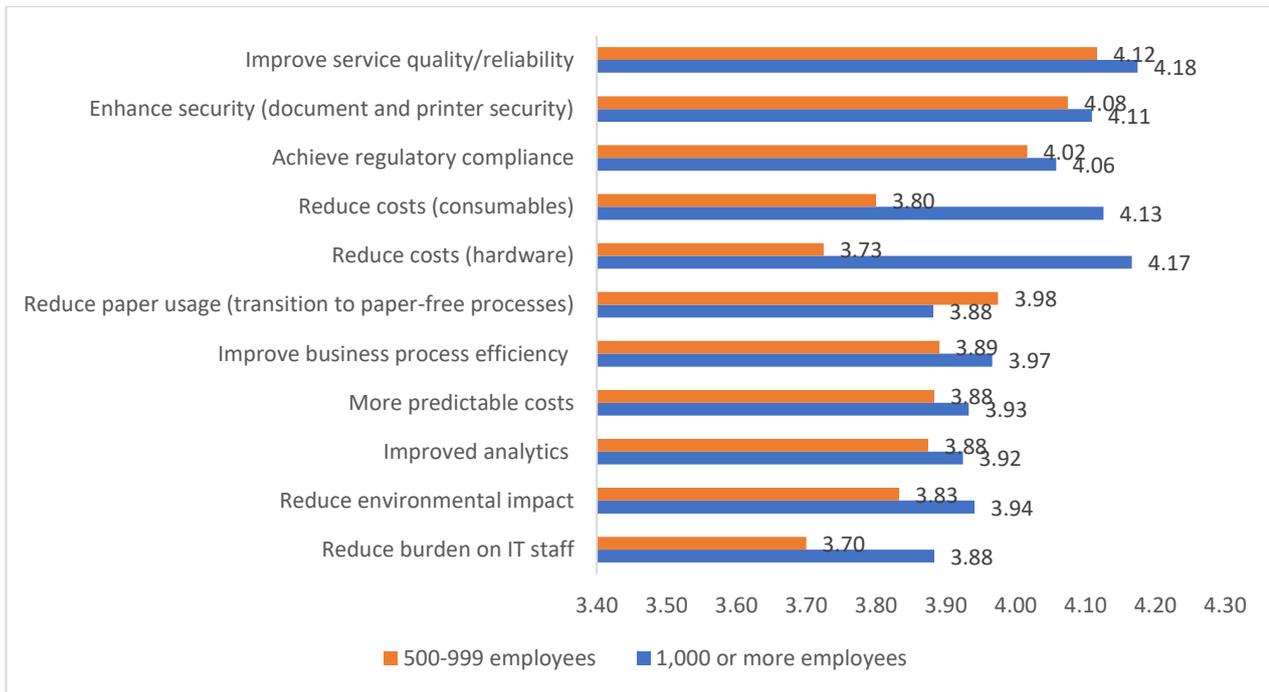


Figure 3. Over the next 12 months, how do you expect your organisation’s colour print volumes to change?



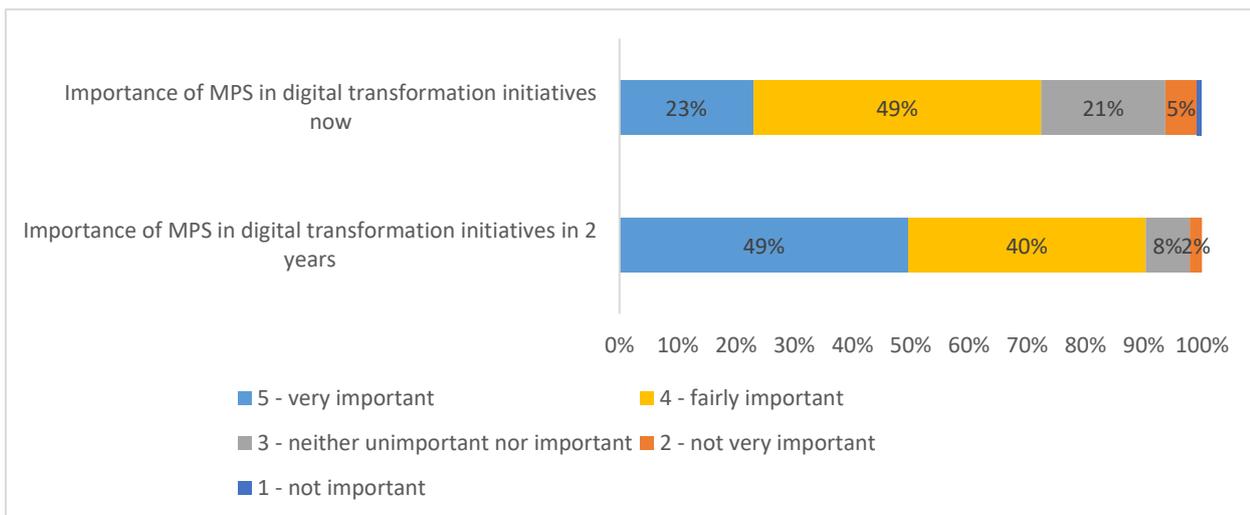
**Service quality, security and cost remain top drivers for MPS**

Overall, service quality is the top-rated driver for MPS adoption, followed by security and compliance. While cost reduction is a top driver for larger organisations, midmarket organisations rate security, compliance and digitisation above cost reduction (Figure 4).



**Figure 4. How important are the following business benefits to your organisation in relation to managed print services? (Average score on a scale of 1 to 5 where 1 = not important and 5 = very important)**

Notably, paper to digital workflow efficiency is moving higher on the agenda as many organisations look to accelerate their digitisation initiatives. MPS providers have a key role to play here – many have enhanced their workflow automation products and services to address the needs of businesses of all sizes. Organisations clearly recognise that MPS can positively contribute to digital transformation over the coming years. Over 70% believe it is important now, rising to almost 90% believing it will be important in two years (Figure 5). MPS providers should exploit this opportunity by working with customers to develop a roadmap that incorporates document workflow technology and solutions, from assessment and consultancy to ongoing and proactive management.



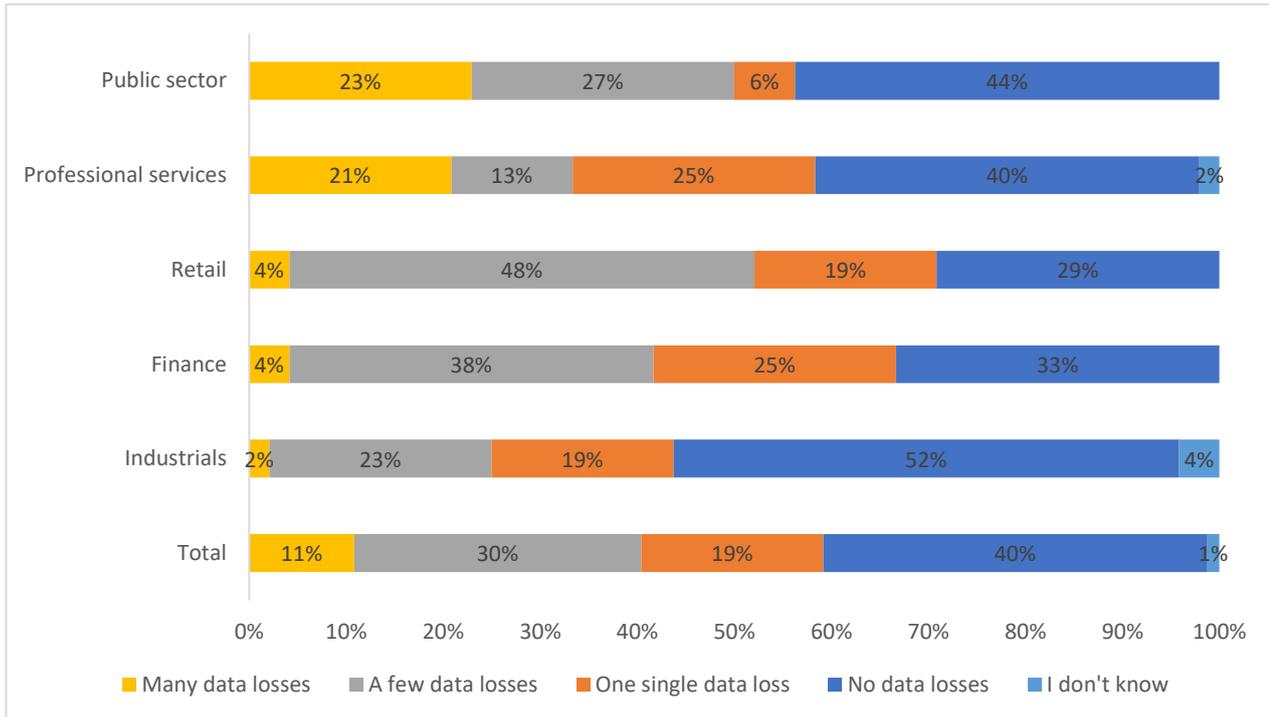
**Figure 5. The importance of MPS in an organisation’s digital transformation initiatives over the next two years**



A key starting point is to leverage existing investments in smart MFP technology for document capture and routing into enterprise systems. While smart MFPs can certainly support the better integration of paper and digital workflows, organisations need to ensure that MPS providers can offer broader business process expertise. This requires a comprehensive assessment of business processes to identify which can be optimised to drive the most efficiency and cost reduction. Any organisation looking at MPS providers for this capability needs to carry out a careful evaluation not only of their workflow automation solutions portfolio, but also implementation and industry expertise – across both front-end and back-office processes.

**The security imperative**

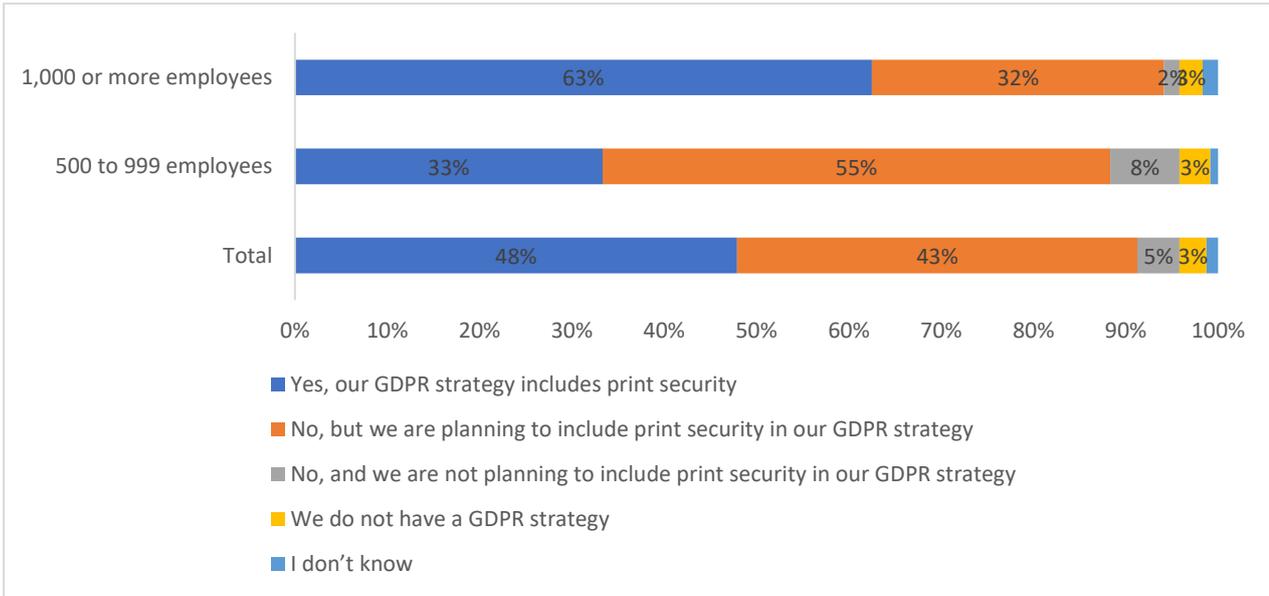
The constantly changing security threat landscape is creating the need for MPS providers to be more innovative with both their technology and services. Data loss remains prevalent through insecure printing practices – overall, 60% of businesses report at least one data loss, with this figure rising to 71% in the retail sector (Figure 6).



**Figure 6. Data loss through insecure printing practices**

Print security risks are manifold and complex – encompassing device, document, network and user security. With the EU GDPR regulation coming into force in May 2018, there is further impetus to ensure that print security is not overlooked in the wider information security agenda. According to the research, larger organisations have already made steps in this direction (Figure 7).

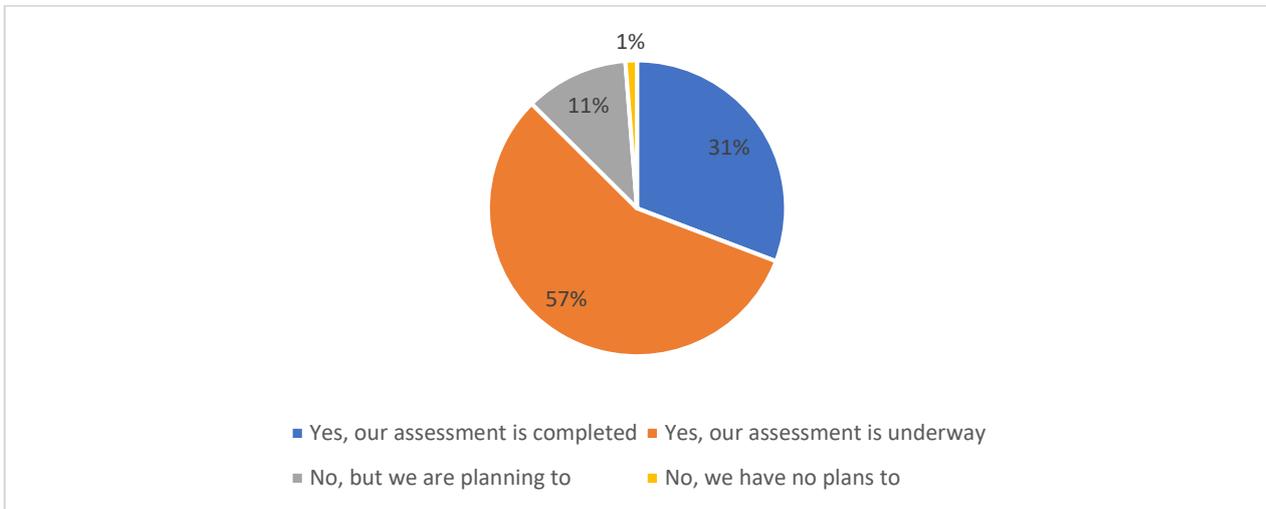




**Figure 7. Has your organisation included print security within its strategy for GDPR compliance?**

Quocirca advises caution here, as GDPR is a complex topic to navigate and few MPS providers will have the relevant expertise beyond the traditional approach to print security. GDPR compliance involves a raft of data protection measures, of which print security is just one element.

The starting point should be a comprehensive security assessment – vital in today’s evolving threat landscape. Such assessments vary in depth and scale. Overall, 31% of organisations indicate that they have completed a security assessment, with a further 57% indicating it is underway (Figure 8).



**Figure 8. Has your organisation conducted a security assessment of its document processes across its print environment?**

Security assessments vary in depth and scale, encompassing recommendations for device, network and user security along with proactive monitoring of the print infrastructure. The reasons for a security assessment vary depending on an organisation’s security needs. However, the top cited reason is to ensure against new threats (65%), with 56% indicating that GDPR compliance was a major goal in choosing to conduct a security assessment (Figure 9).



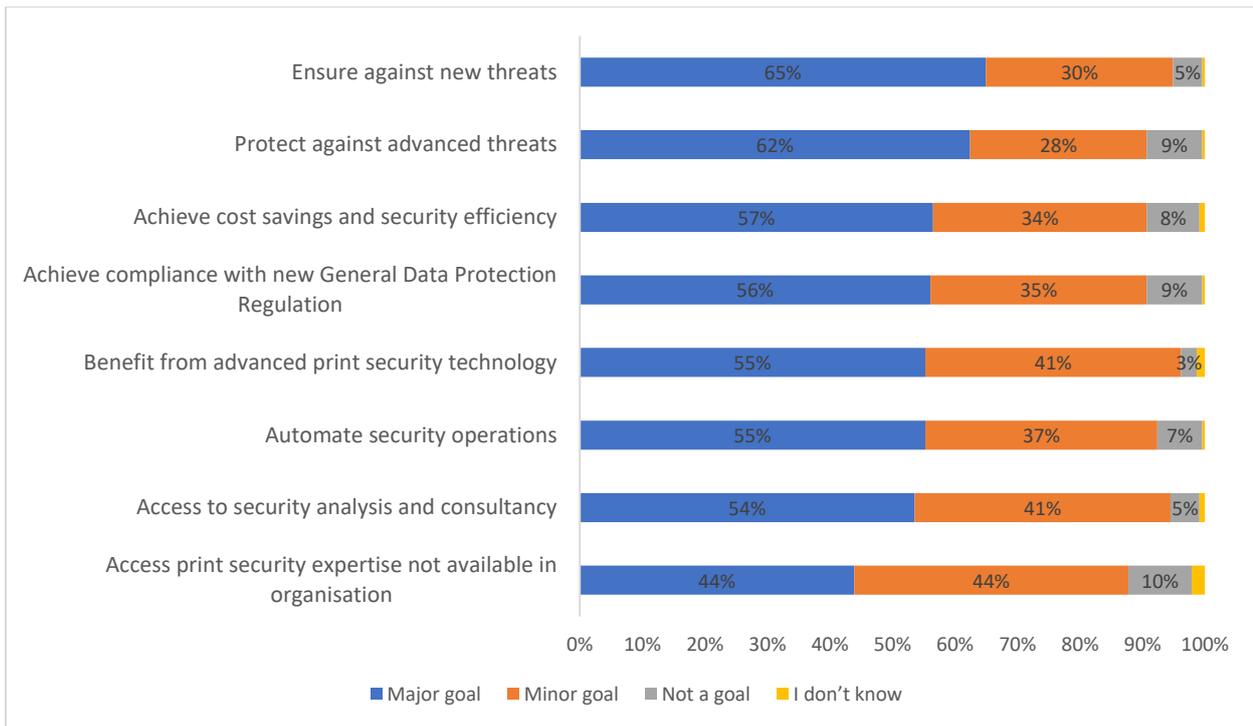
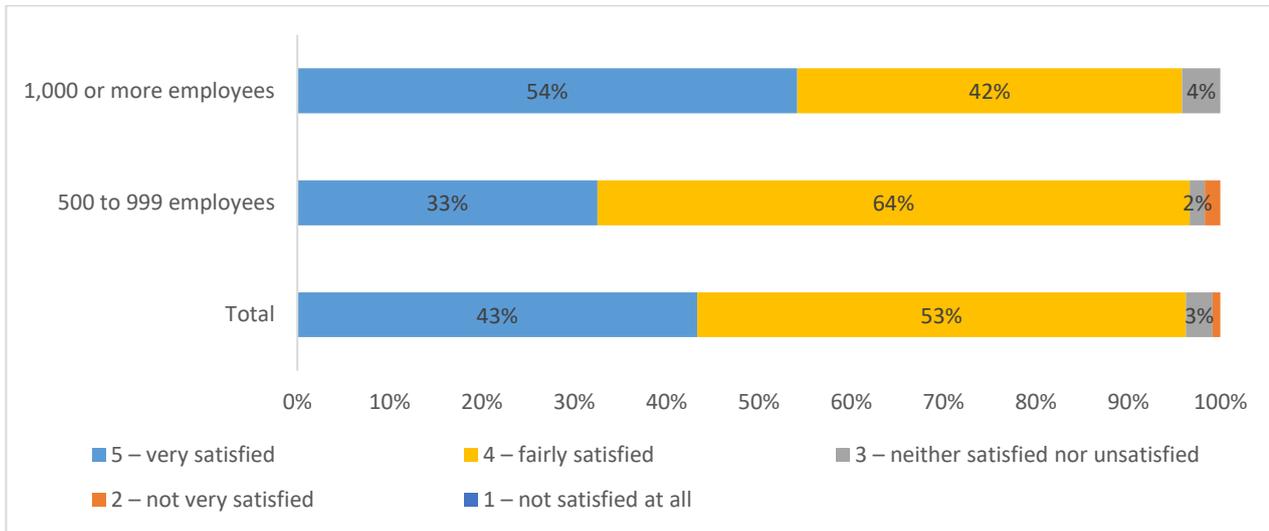


Figure 9. Which of the following are a major or minor goal for a security assessment of your organisation’s document processes?



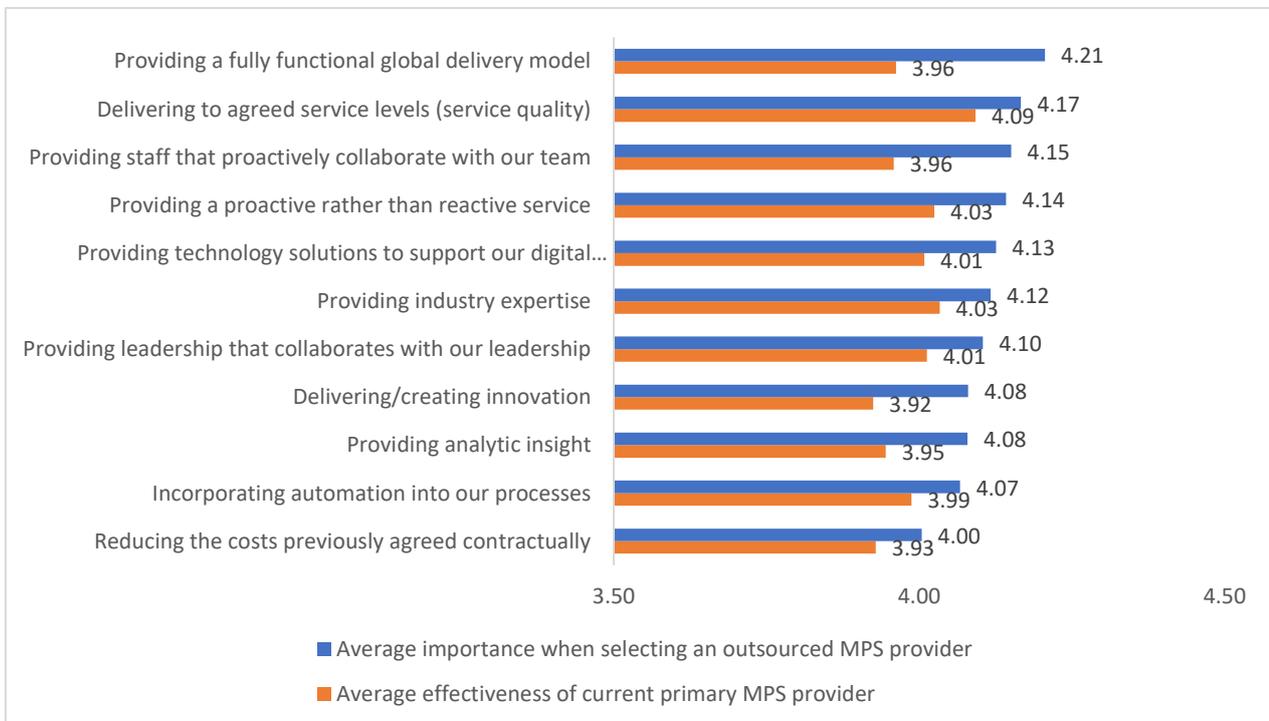
**MPS provider performance**

Overall, satisfaction levels with MPS providers are relatively high – 43% of businesses indicate that they are very satisfied and 53% fairly satisfied with their MPS provider. Larger organisations demonstrate higher satisfaction rates, as do those that have moved beyond consolidation and optimisation to incorporate measures to support business transformation (Figure 10).



**Figure 10. MPS satisfaction levels**

Although there are gaps in MPS provider performance across all criteria, the most notable gap is in global delivery (Figure 11). Consistent global delivery can be challenging and complex, requiring common governance and operational processes. Leading providers continue to invest in global MPS platforms to support consistent delivery, but actual performance can vary widely by region. MPS is also failing to deliver in the area of proactive collaboration and communication. With MPS engagements entering third or fourth generation, developing proactive relationships is essential to creating a strong partnership for increasingly demanding clients.



**Figure 11. Importance of criteria to selection of MPS provider/Effectiveness of MPS provider (Average score, where 1 = not important/not effective and 5 = very important/very effective)**



Midmarket enterprises tend to show lower satisfaction rates across a range of criteria compared to larger organisations (Figure 12). They are less satisfied in a number of areas, particularly solutions for digital transformation, global delivery, analytical insight and cost reduction. This reflects to a certain extent the fact that larger organisations are potentially further along in their MPS engagements, but also clearly points to the need for MPS providers to deliver products and services to address the needs of midmarket enterprises.

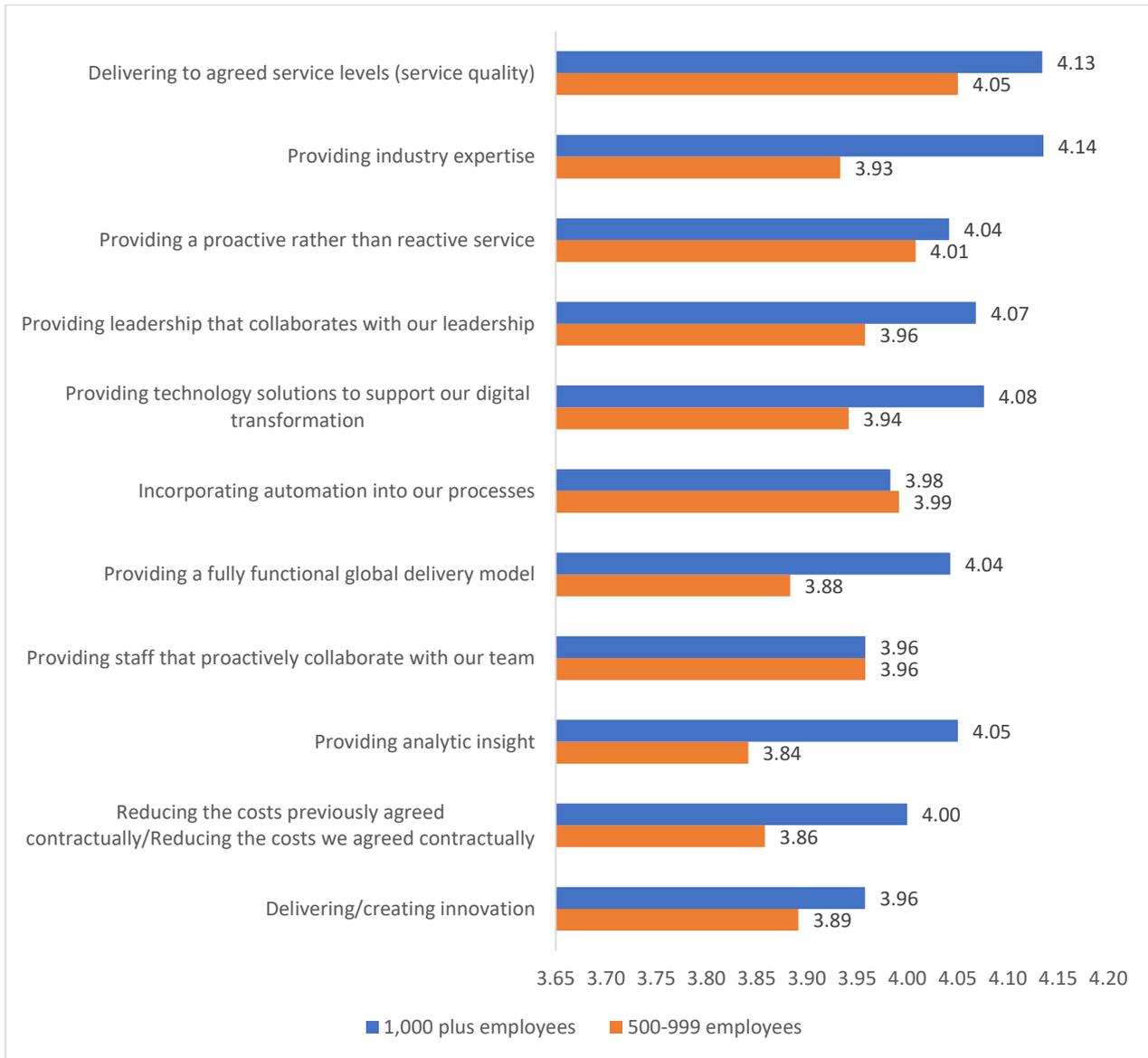


Figure 12: Effectiveness of MPS provider (Average score, where 1 = not effective and 5 = very effective)



# Buyer recommendations

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MPS is perhaps one of the forerunners of the 'as-a-service' model that is gaining popularity across businesses of all sizes. Having evolved beyond device-centric contracts focused on fleet optimisation, the most effective MPS contracts leverage data analytics and industry expertise to drive better business performance.

As the market continues to mature, organisations need to look for providers that can meet higher expectations around improved service delivery and longer-term business efficiency. MPS providers need to make the transition from high quality service delivery to innovative and proactive partnerships with their customers. As MPS enters the realms of business transformation, contracts will become increasingly complex and involve a wider range of stakeholders.

When shortlisting and selecting MPS providers, buyers should seek vendors that possess the ability to:

- **Help them improve business performance** – In addition to helping customers improve the efficiency and security of their print infrastructure, an MPS provider can help them drive business transformation and increase employee productivity. MPS is not just about reducing costs and mitigating risks – the right MPS partners will also have a vested interest in supporting a customer's revenue growth. Today's MPS proposition should be designed around specific business outcomes, whether these are more revenue, enhanced customer service or faster innovation. As such, an MPS provider should understand the customer's business and be able to advise them on solutions that can be implemented to improve performance.
- **Offer a broad portfolio of managed services** – Organisations that use multiple providers for their print and IT services often find that managing them can be costly and complex. For maximum efficiency, organisations should look for a provider that has a comprehensive suite of services covering office and production printing, IT services and business process automation. As businesses look more to 'as-a-service' options for software implementation, MPS providers with strong expertise across both on-premise and cloud delivery models will be better placed in the market.
- **Provide consistent global service delivery with local support** – Global delivery capabilities offer many advantages, including rapid implementation in new locations and the ability to effectively manage engagements across multiple countries. However, it's also important that a provider has local resources with knowledge of the relevant regulatory and legal requirements. MPS providers must use standard delivery processes across all locations, and also standardise how multi-location teams are organised and collaborate.
- **Make proactive continuous improvements** – An MPS provider must go beyond a break/fix model to offer proactive and pre-emptive support and maintenance. As well as simple device monitoring, it should offer advanced analytics that can drive proactive support and provide visibility into areas for ongoing improvement. Analytics is now a critical technology differentiator for improving the outcomes of an MPS engagement. Not only does it improve operational performance on an ongoing basis, but it can also support long-term strategies for business efficiency improvement, through helping the client to understand existing document and business processes. Organisations should demand increasingly strong analytical capabilities from their MPS provider, supported by strategic business reviews to ensure that the MPS contract continues to deliver on agreed service level expectations.
- **Guarantee strong multi-vendor support** – Most print infrastructures are heterogeneous environments comprising hardware and software from a variety of vendors, so MPS providers should have proven experience of working in multi-vendor environments. A true vendor-agnostic MPS provider should play the role of trusted technology advisor, helping an organisation select the technologies that best support its business needs. Independent MPS providers should also have partnerships with a range of leading vendors, giving them visibility of product roadmaps and emerging technologies.
- **Be flexible** – Businesses will always want to engage with MPS in a variety of different ways. Some may want to standardise on a single vendor's equipment and software, while others may prefer multi-vendor environments. Some may want a provider to take full control of their print infrastructure while others may only want to hand over certain elements. And some may want to mix new technology with existing systems so they can continue to leverage past investments. Organisations should look for an MPS provider that offers flexible services able to accommodate their specific requirements. Flexible procurement and financial options are also key, with pricing models designed to allow for changing needs.
- **Be accountable** – Organisations need greater accountability from their MPS providers, to help them meet the increasing demands from shareholders, regulators and other stakeholders. A key differentiator for leading MPS providers is the ability to ensure strong governance of MPS contracts, and act as a trusted, accountable advisor, making recommendations on the organisation's technology roadmap. MPS providers must be willing to meet performance guarantees through contractual SLAs, with financial penalties for underperformance. They should also understand the controls needed to meet increasingly complex regulatory requirements.



- **Provide full service transparency** – Consistent service delivery is built on consistent processes that employ a repeatable methodology. A buyer should look for access to secure, web-based service portals with dashboards that provide real-time service visibility and flexible reporting capabilities.
- **Align with standards** – An MPS provider should employ industry best practices, in particular aligning with the ITIL approach to IT service management. ITIL best practices encompass problem, incident, event, change, configuration, inventory, capacity and performance management as well as reporting.
- **Innovate** – MPS providers must demonstrate innovation. This may include implementing emerging technologies and new best practices, and continually working to improve service delivery and reduce costs. Businesses should choose a partner with a proven track record of innovation, and which has dedicated research centres or partnerships with leading technology players and research institutions. They should also consider how a prospective MPS provider can contribute to the organisation's own innovation and business transformation strategy. Innovation within any outsourcing contract may come at a premium, however – this is where gain-sharing models may be used.



# Vendor assessment

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

## Market presence criteria

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

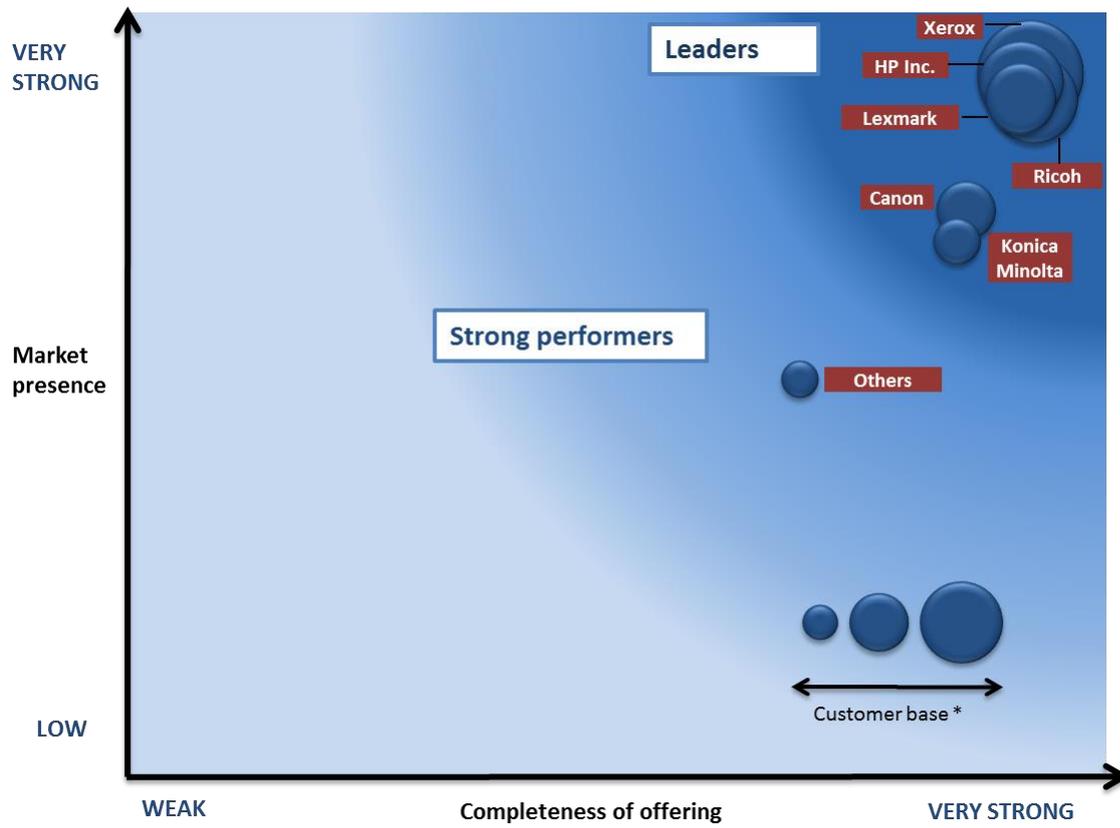
## Completeness of offering

- **Modularity of services:** The flexibility and scalability of the service portfolio to provide a customised offering.
- **Breadth and depth of service offering:** The range of services available, including complementary ones such as business process outsourcing (BPO), IT outsourcing (ITO) and document process outsourcing (DPO).
- **Helpdesk capabilities:** Centralised helpdesk capabilities and integration, remote diagnostics and support.
- **CRD/production printing:** Print room or production printing services to support high volume printing requirements.
- **Multi-vendor support and maintenance:** The vendor's ability to service and support third party products.
- **Reporting:** The breadth and depth of capabilities to provide analytics and reporting.
- **Business process automation:** Capabilities and expertise for business process automation – both software solutions and business process services.
- **Document workflow/ECM integration:** Range of solutions to support document capture, routing and integration with ECM systems.
- **Industry solutions:** Capability to offer industry software solutions in key vertical markets, and industry alignment of sales force.

Figure 13 represents Quocirca's view of the competitive landscape for printer and copier vendors that deliver enterprise MPS. A vendor's market position is indicated by the size of the bubble, based on estimates of customer base.

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





**Figure 13: Quocirca MPS vendor positioning**

*\*Customer base: Please note that enterprise customer figures and estimated devices under management have been considered when determining customer base bubble size. Please refer to vendor profiles and scorecards for detailed information.*



# Vendor highlights

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## Market leaders: Xerox, HP, Ricoh, Lexmark, Canon and Konica Minolta

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

### Xerox

Following the separation of Xerox and Conduent Inc, Xerox has emerged as a more focused and energised company, committed to growing its market position. The foundation of its strategy is providing the technology and services to help customers improve communication and collaboration in today's evolving digital workplace. Key areas of strategic focus include strengthening its leadership in managed document services, increased SMB market coverage and expanding its share in the digital colour production market.

Xerox has maintained its leadership in Quocirca's evaluation of the MPS market. Its global scale and mature and comprehensive MPS portfolio give it unique advantages across both office and production print environments. It has a long track record of delivering MPS, excelling in a range of areas such as global delivery, multi-vendor support and comprehensive analytics and reporting. It continues to expand its security solutions and services offerings which will be vital in a market increasingly driven by security concerns.

In particular, the ConnectKey platform holds great promise as a key enabler for workflow automation for both SMBs and large enterprises. With a growing workflow automation services and solutions portfolio, backed by dedicated industry experts, Xerox is strongly positioned to support the digital transformation initiatives of larger organisations. However, it should ensure that its workflow automation portfolio does not become over complicated as many MPS customers are at the early stages of integrating MPS with broader digitisation initiatives.

### HP Inc

HP Inc retains a leading position in the MPS market, and continues to expand its software and services portfolio for both its direct and channel routes to market. It has developed a comprehensive and scalable product and service portfolio to address the needs of businesses of all sizes, as they move along their MPS journey. HP is uniquely positioned as a global MPS provider with strong IT credentials.

It has one of the broadest product ranges in the industry, from low-end consumer printers to production-class web presses, and is the only MPS provider that can leverage its own IT and network technology to deliver a complete 'everything-as-a-service (XaaS)' model across printing and PCs. In addition, HP demonstrates ongoing innovation and expansion of its hardware (both its LaserJet and PageWide Array ranges) and software portfolio. Meanwhile, a market leading vision and strategy enable it to deliver advanced security solutions and services and reinforce its IT credentials in an increasingly commoditised market.

HP's MPS portfolio continues to go from strength to strength. As the market matures it is well positioned to drive greater business value in its enterprise engagements through enhanced security assessments, analytic-led strategic reviews and delivering a longer-term solutions roadmap. Its overarching 'as-a-service' strategy is enabling it to extend its service and software portfolio to SMB and midmarket customers, which will also value HP's credentials for managing both print and PC environments. The acquisition of Samsung will give HP further momentum; not only in extending its A3 portfolio but also the potential to expand innovation around printing apps, where Samsung has invested heavily so far. Customisation of MFP integrated document workflows should be an area that HP builds on, as this will help further differentiate its products and position them beyond print, as workplace productivity hubs.

### Ricoh

Ricoh continues to boost its MPS market position, supported by a mature service portfolio, strong global delivery capabilities and broader focus on IT services and business process automation. It persists in enhancing and accelerating its global strategy alignment in order to enrich its global services and solutions portfolio.

Over the past few years, Ricoh has repositioned itself as a global provider of technology and services to address the changing demands of the modern workplace. It is one of the few providers that can address optimisation opportunities across the workplace, including office printing, the IT infrastructure, production printing and digital mailroom automation.



Ricoh's well-established managed document services (MDS) proposition is part of a broader service line that encompasses eight services in total, including business process services, application services, workplace services and IT infrastructure services. In particular, Ricoh continues to build out its IT service capabilities, having integrated a number of IT service acquisitions made in previous years.

It is well positioned to address the diverse needs of both enterprises and SME customers by virtue of a comprehensive range of scalable services, of which MPS is one key element. However, with its continued service line expansion, Ricoh will need to ensure that it does not create complexity in its service portfolio for enterprise customers who increasingly require simplicity in their dealings with large outsourced providers.

### **Lexmark**

Lexmark has undergone significant change in the past year. In November 2016, it was acquired by Apex Technology and PAG Asia Capital for \$3.6 billion. In May 2017 Thoma Bravo, a private equity firm, announced it had entered into a definitive agreement with Lexmark International Inc. to acquire Lexmark's enterprise software business, which is made up of three primary brands: Kofax, ReadSoft and Perceptive Software. Upon closing of the transaction, Perceptive Software will be sold to Hyland Software Inc., an existing Thoma Bravo portfolio company. The Kofax and ReadSoft businesses will create a single, newly independent Thoma Bravo portfolio company under the Kofax brand.

Lexmark continues to expand its MPS offerings, particularly in the area of analytics. It possesses a strong technology set and has built expertise across many industry sectors including financial services, healthcare, higher education, government and manufacturing. Lexmark estimates that it has more than 4,000 customers worldwide, with approximately one million devices under management. It offers a range of scalable service offerings, through partners and direct, which can be adapted and implemented across small and large organisations.

In particular, Lexmark excels in providing effective management across highly distributed customer environments, in addition to centralised operations. This proposition appeals principally to large enterprises operating across multiple locations. A key strength for Lexmark is its global operational capabilities, with a single-system infrastructure that offers MPS customers visibility and consistency in reporting across their fleet of devices on a country and global basis.

Although it is unclear exactly how its new owners will drive Lexmark's MPS business forward, all indications are that Lexmark will continue to invest in and execute on the MPS strategy that has resulted in year on year MPS revenue growth.

### **Konica Minolta**

Konica Minolta continues to improve its position in the market. It is investing heavily to build its credentials beyond MPS, setting its sights on becoming a leading global IT services provider. Over the past year it has shifted its strategy to focus on how its services and solutions address the convergence between MPS and IT services. Much of the emphasis of its marketing strategy has been on the impact of digital disruption in the future workplace. It continues to deepen its footprint in the market, with a strong focus on integrated sales which encompass both MPS and IT services.

Its most notable launch in the past year is the Workplace Hub platform. This represents the next phase in Konica's Minolta's strategy to position itself as an IT services provider that addresses the needs of the evolving workplace. Konica Minolta describes Workplace Hub as a next generation IT management ecosystem, integrating hardware, software and services into a single platform. Workplace Hub includes a multifunction printer, data storage, server, Wi-Fi access points and hybrid cloud to provide a standardised model for managing IT resources.

Konica Minolta's strong reputation for service delivery is boosted by an expansive direct sales force and loyal channel network. Its Workplace Hub platform signifies a new direction for the business as it works to reposition itself as an IT service provider. For this to be a success it will need to build a broader ecosystem, and work closely with the major partners already on board to stimulate a true third-party marketplace of applications. This will help ensure that the Workplace Hub can add real business value.

### **Canon**

Canon has a mature service offering that can address the complete requirements of the office and production print environments. Its MPS platform is based on a proven set of proprietary technologies that includes UniFLOW, Netaphor, e-Maintenance and IWMC. In order to expand the reach of its services, Canon has developed a comprehensive information management portfolio to support its MPS customers as they move towards broader document and business process automation. A particular strength is Canon Business Services, which is highly focused on helping organisations capitalise on the opportunities of digital transformation by enabling them to gain efficiencies in back office processing while optimising customer engagement and interactions. Canon positions digitisation, security and compliance, automation and multi-channel communications as key to its business process automation approach. Although it has a strong technology and service portfolio, it lacks an effective marketing and communications strategy to drive broader awareness of its strong credentials in this space.



### Strong performers: Kyocera, Sharp and Toshiba

Vendors in this category include Kyocera, Sharp and Toshiba. While all vendors offer a comprehensive MPS service portfolio, this varies significantly by region, which means they lack a consistent global approach. These vendors primarily focus on the SMB market and as such are highly reliant on channel engagement to drive their MPS business forward.



## About Quocirca

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