BEST PRACTICES

BEST PRACTICES FOR ASSESSING YOUR CUSTOMERS’ PRINTING NEEDS

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I HAD A “wow” moment the other day when I was reading Robert Palmer’s report on the Samsung dealer meeting he attended in September. Tod Pike, senior VP of Samsung’s Enterprise Business Division, said that out of all of the areas where Samsung competes, the firm is focused on two key product categories: tablets and printers.

That’s huge. Here’s a company that is No. 2 in tablet share worldwide, that makes arguably some of the best mobile devices on the market (I don’t need an iPhone 6 Plus when I have a Galaxy Note), and print is still a focus area.

It’s good to hear. After all, while Samsung certainly has a vested interest in keeping print alive, it’s arguably a bit more diversified than, say, me. If everyone suddenly stopped printing, I don’t have a line of phones or appliances to fall back on.

Samsung, of course, is far from the only company that continues to focus on print. In this issue, for example, you can find out what Toshiba has planned, some best practices from HP, and what all of the OEMs have going on in the color market. You’ll find best practices from all corners of the industry in this issue; from case studies to marketing tips to sales solutions. There’s information on the hardware and supplies market, and some insightful interviews with movers, shakers and innovators.

The best part? You can read it in print or electronically, because we embrace both. One might call that a “best practice.”

Sincerely,
Amy Weiss
Editor-in-Chief

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Industry Blogs

Insights and thoughts from members of the imaging industry

- 3D Printing Just Got Interesting by Amy Weiss
- What's Up with Pop Culture and Typewriters? – Weird Al, Tom Hanks and Printing by Jim Lyons
- Convergence: Insights into IT and Print Services by Dave Sobel
- Good Workflow Kills Paper by Greg Walters
- Jump Start Your Team by Steven Branstetter
- Mopria Research Reflects IT Managers Value Mobile Tech, Appreciate Print by Jim Lyons

Analyst Corner

The Imaging Channel's Chief Analyst Robert Palmer breaks down the big stories

- Samsung National Dealer Summit: Taking Aim at the Connected Enterprise
- Security Highlights HP's Increased Focus on Printing Solutions
- Is HP Gearing Up to Push Ink Subscription Services Into the Office?
- Distributed Printing and MPS Fueling Migration to A4-Size Hardware
- Science of Printing Lab Tour Demonstrates HP's Commitment to Inkjet Technology

The gapTCO Report

Each month gap Intelligence and The Imaging Channel bring you the gapTCO, an intuitive, graphical user experience designed to allow simple and easy analysis of the total cost of ownership of printer and MFP devices.

- Comparison of Four A4 Business Color Inkjet MFPs:
  Brother MFC-J870DW, Canon PIXMA MX532, HP OfficeJet 5740 and Epson WorkForce WF-2660.
- Comparison of Three A4 SOHO Color MFPs:
  Ricoh SP C252SF MFP, HP Color LaserJet Pro MFP M476dw and Samsung Xpress SL-C1860FW
- CPP Comparison of A4 Color Inkjet and Laser Printers:
  HP Officejet Pro X551dw, Brother MFC-L9550CDW and OKI Data C711dn

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We want to stay connected with you, and we love to hang out on Twitter! In addition to the @ImagingChannel Twitter feed, follow us individually: @atweiss (Amy Weiss), @palmerrg (Robert Palmer) and @OTGPublisher (Patricia Ames). We look forward to building a rapport with you both in print and online.

Miss an Issue of The Imaging Channel?

Hiro Kataoka,  
CEO of HoGo

For my September “Jim Lyons Observations” column, I looked at some of my recollections and analysis of document digitization — a process that has been with us quite some time, but still in some ways has not yet reached its “tipping point.” As is my habit, I combined a look at the past and present, while seeking insight into a future outcome.

Someone who started me on this recent quest, and helped fill in a number of missing pieces, is a longtime printing and imaging veteran, Hiro Kataoka. He is now CEO of HoGo, a company whose tagline, “Document Protection Simplified,” says a lot about what they believe to be the “unmet user need” that is holding up wider implementation of document digitization. Following is part of our conversation.

First, at a high level, what do you see going on with scanning and document digitization? It’s hardly a new concept, but it doesn’t seem to have fully arrived, either. While scanning has become popular for archiving and in some cases as a fax replacement, there is room for further adoption in the workflow of various industries. Two factors that have hindered digitization of paper documents are complexity and security. While scanning solutions are constantly improving, there is still room for improvement when it comes to ease of use and setup, particularly over a network.

Paper has inherent security advantages in its physical embodiment over digital data. A paper document cannot be easily modified without leaving evidence, and a piece of paper locked in a file cabinet is less likely to go viral than a file on someone’s thumb drive. Therefore, for digitization to be accepted in more sensitive applications, steps must be taken to control access and maintain traceability. This is an area that technology like Digital Rights Management (DRM) can help by protecting the digitized document itself to control who can view it, and keeping a “paper trail” of where the document goes.

On the other hand, there is a new opportunity for digitization that is now emerging: scan to mobile. While once we printed documents because they were easier to read than on a computer screen, and a file full of paper was easier to carry around than a computer, it is now a lot easier to carry around thousands of pages of documents on a tablet than as hard copy. This is where integration with cloud services for document storage and sharing will become critical.

Tell us more about HoGo, and the customer needs you are satisfying. HoGo is a company focused on improving the security and ease of use of online document sharing. We utilize DRM technology to secure documents so that even if a document is stolen, leaked, or lost it is protected from unauthorized use. While DRM has been in use for e-books in the past, we are applying the techniques to all documents, and integrating it with a cloud-based service to share and distribute protected files.

Our first product is a service called HoGo, which allows users to copy-protect and distribute PDF documents. Users create a free account on our website, upload their files, and then send them by specifying the recipient and permissions. The recipients can view the documents in a browser, or download and view them in our free HoGo Viewer for iOS, or using Adobe Reader on PC and Mac. The key differentiator is that PDFs sent with HoGo cannot be re-shared or forwarded because they are protected using DRM.

You moved from working in mobile printing, one of what many would see as the most promising area in our business, to HoGo, and digital rights management. Can you compare the opportunities, i.e. mobile versus digitization? While working on mobile printing, I came to realize that while the print industry had a very high level of interest in mobile printing, the temperature was much different on the side of mobile device and software vendors and end users, especially when it came to business use. While we saw a certain level of traction at certain enterprise-centric mobile companies, it occurred to me that mobile print was just a small piece of a larger puzzle, or opportunity.

I read recently an article where InfoWorld’s executive editor, Galen
Gruman, coins a phrase called “liquid computing” to refer to the current trend toward treating computing devices more as contexts where content is created, edited, or consumed. I believe that media devices such as printers, scanners, MFPs, and intelligent displays must be equal members in this ecosystem along with traditional personal computers, mobile devices, and in the future, the Internet of Things. (By the way, the network printers and MFPs of the early 2000s were really the first incarnation of the Internet of Things, featuring intelligent Internet connectivity and the ability to autonomously interact over the network.)

Anyway, getting back to my transition from mobile print to the document cloud … The glue that connects a scanner or printer to a user’s other computing contexts such as desktop/laptop devices and mobile devices is the Internet, and specifically a cloud. This is true for connecting content from one user to other users.

Cloud storage/file sharing services such as Dropbox, Box, Google Drive, Microsoft, Apple and others have popularized cloud services for connecting desktop and mobile devices, and allow users to share files (content) with each other. However, as seen with the celebrity iCloud hack, there remain serious holes in the areas of security and traceability — two must-haves for widespread business adoption.

Originally, my idea was to create a cloud service to allow “secure” sharing of documents (PDF, Word, Excel, PowerPoint) using DRM technology. The premise for this is to secure the content, not just the cloud. For example, if certain celebrities had applied protection to their compromising photos when storing them on iCloud, no one would be able to see the photos even if the files were stolen. So by integrating DRM into a document cloud solution, users can easily share documents between each other on multiple computing contexts including mobile devices, while maintaining control over who can see the documents and for how long. By securing the content, not just the cloud and network, the workflow around sensitive documents for business, legal, medical, and personal use can be made more efficient, safely.

When I mentioned what I was working on to some old colleagues in the imaging industry, they immediately suggested that we should integrate with MFPs for secure scanning and printing. While I was somewhat looking forward to moving into an industry away from imaging, it did not take long to come back.

So now, we are working on both server side (cloud-based) and client side (embedded, desktop, and mobile) to enable secure document sharing between MFPs, desktop/laptop computers, and mobile devices. We currently offer a freemium service in the U.S. and Japan that allows users to apply DRM and share PDF documents, and will be introducing a “pro” version that will expand that to Microsoft office documents as well. We expect to have MFP companies connecting to the service by early next year, and are also offering the technology in OEM form to companies that may want to provide their own document cloud service.

So in some ways, my transition may have been from mobile print to mobile scan and print by way of the document cloud.

The celebrity security snafu of August, 2014 is covered in a recent HoGo’s “tongue firmly in cheek” blog post here: http://www.hogodoc.com/blog/post/how-to-keep-your-nude-photos-safe

**IN SUMMARY**

With long-term resistance based on favoring paper, fears over security, and other points raised here, will digitization ever gain universal acceptance? Hiro Kataoka offers this summary.

1) **LACK OF SECURITY/TRACEABILITY AND USABILITY** are barriers to adoption of digitization
2) **BUT, THERE IS A NEW OPPORTUNITY** in scan to mobile
3) **WE [HOGO] ARE GOING THE DIRECTION** of Box [the cloud company] plus DRM [Digital Rights Management]
4) **DRM ALLOWS US** to protect the content, not just the network
5) **MFPs SHOULD BE PART** of the “liquid computing” ecosystem
6) **THE CLOUD IS THE GLUE** that connects scanning, printing, desktop, and mobile
The Imaging Channel had the opportunity to sit down with Toshiba America Business Solutions President and CEO Scott Maccabe and have a fascinating discussion involving buffaloes, unicorns, big stadium deals and the changing world of information consumption. Join me in the SpeakEasy.

We both graduated from the same University — University of Colorado, Boulder. Go Buffs! What was your major? Molecular Biology. It was a great school and there was a lot of excellent skiing involved.

I will admit that I had more fun than I should have, but I did graduate with an economics degree, so let’s talk a little about the economics of our industry. How would you assess your first year at Toshiba as President and CEO? I think that fortunately I’ve been at the reins when our organization is really on the uptick and doing well.

It’s a nice curve! Yes! We’ve been successful in MPS. We’ve been successful now for two years in digital signage. This last year, we’ve really had a focus on digital signage and we’ve been supporting it, and I think that’s been very successful. In addition, the depth of the relationship that we’ve been able to develop with Japan corporate has grown exponentially. Toshiba Corporation has two investigative investment arms — one in Japan and one in the U.S. In my previous role, I was a part of the U.S. investment arm. We took positions in several emerging technology companies. Now that I am overseeing Toshiba America Business Solutions I am able to create a bridge between our companies and leverage the investment holdings to find applications in our market. There is now an entirely different level of sensitivity within Toshiba corporate and my parent company, Toshiba Tec Corporation because I was able to create that bridge. Headquarters has realized that our dealer partners have access to hundreds of thousands of customers in all kinds of vertical markets. Toshiba has a large array of solutions that could be brought to our market. There’s a huge amount of energy from Toshiba corporate now pushing this at the Chairman and President level.

Are you seeing some trends in the channel? There is definitely a push towards solutions. As an example, Toshiba is investing in data analytics development companies and also has a cloud company that is developing storage-based cloud solutions. We’re now holding meetings where corporate is asking us how we can take these solutions to the market, because they are the R&D organization and don’t have the paths to the market that we do. We are now aligned to do that.

That’s the unicorn! You’ve been able to find those elusive synergies everyone always talks about but rarely realizes. What do you see as one of the biggest challenges right now that you are working with? I think there are so many different solutions in the market that one of the biggest challenges is really getting to our dealer base and helping them to understand which solutions are the right fit for them; to analyze how they line up with their needs and their skillsets. There are lots of partners and lots of options out there. It’s important to really step back and understand what the depth of those options is and how they fit or don’t fit with your organization and then understand what partners you should take to the dance. It’s also important to evaluate whether they are still going to be there to dance with you later. Dealers need to question whether the potential partner has good resources; do they have good R&D skillsets? If the partners don’t come from the IT space, for instance, they are going to need to go try to gain that knowledge — or buy it — and then try to integrate it without killing it and the creativity of it. That’s a completely different challenge to tackle. I think Toshiba has a distinct advantage longer term with our dealer partners because of our diverse and extensive background in IT as well as imaging.
So not only is it a challenge, it’s an opportunity for Toshiba. Correct.

Let’s talk a little bit about R&D, because it is vitally important in the bigger picture of staying ahead of the curve in a rapidly evolving channel.

Every R&D organization has a belief system that’s tied into the fact that their value is in what they create. The challenge is to link the voice of the customer and the marketing demand with the skillset to develop it. I have to tell you that Toshiba is a little bit unique – they aren’t as stoic of a Japanese R&D engineering organization as other ones I’m aware of, and they really want to understand what’s going to be successful and so they really do listen. I give kudos to our marketing organization. Corporate has been very aggressive in communicating that they want to have product development dynamically integrated with what we are seeing in the channel, and in making sure the messaging cycles back to driving the development in Japan. That’s a huge culture change, and that understanding and appreciation has reflected a representative value that the Toshiba R&D group has attached to our organization. They have confidence in our organization; they see the value in what we are doing. At our annual dealer event, LEAD, I had marketing and engineering development management leadership from Japan meet with our dealer partners so they could understand what is going on in the channel, and they continue to constantly engage.

That should end up being quite a strategic advantage. Given that many of the major OEMs in our channel are located overseas, there are some gaps that need to be bridged. Mastering a good flow of communication could be a huge differentiator. It translates into driving the voice of the market and the customer through Japan rather than Japan developing what they think is a need in the market and fulfilling it back, and maybe not aligning it appropriately.

Where are you investing the most in your company this year? We’re definitely expanding our professional services. We are looking at additional solutions that can be brought to market. We just recently announced our eBRIDGE CloudConnect application and are going to continue to expand on that. Most people might not realize that once you have this type of solution, you can get into predictive failure analysis and all sorts of other opportunities to really provide value to our dealers that they can then develop as a revenue stream to their customer base. We are going to continue to invest in doing the research and focus on these areas of opportunity.

Is it the intent that the solutions are packaged in a bundle with an equipment purchase, or could they also be sold on their own? Well, they can be both. To tell you the truth, that’s the kind of conversation we are going through right now. We just had a road show showcasing our e-commerce solution and capabilities. The feedback from the dealers indicated that they see these types of applications as a way to create revenue and offer a higher level of service support to their customers. You then have to balance what is offered as a part of your service package and what is offered for an additional fee. Our intent is to continue to evolve the sophistication of our products so that the applications can be something that we either market as part of the package or as a separate solution. Our solution can actually be part of our competitors’ platforms too. Right now we’d rather offer it as a competitive advantage for our hardware, but eventually it could be something that we sell to the general market. For instance, a dealer who is in an environment where he has machines in field (MIF) control could use the solution on the Toshiba MIF and also on competitor MIFs, which may allow him to be more successful.

It’s been a crazy six years or so in the channel — there has been a major recession, industry consolidation, contracting markets, converging channels and a decline in print volumes driven mainly by technology, just to name a few of the major factors influencing our market. Just the way information is now...
consumed in the U.S. in the past few years has changed dramatically. How does Toshiba corporate view what has gone on in the U.S. and its transition? It’s almost a dichotomy of influences because in Japan, they embrace technology even quicker than in the U.S. They have a really clear understanding that print volume in general is on the decline and it is completely concerning to them. They are very focused on looking beyond that market segment to understand the whole experience of information and content interaction, knowing that the print platform is one vehicle and information management and collaboration are another. Toshiba has experienced this on the computer side recently and they have experienced it in other technology platforms, so it’s not foreign to them.

Corporate is very engaged and very synchronized and very understanding of the dynamics of our markets and looking to find the best ways to help offset any declines. Toshiba corporate has a real sense of ownership with our dealer base. If you go back and look through the history of Toshiba, Toshiba as a corporation was built on partnerships, it’s a philosophy. They get the value of partnerships and really take it to heart that they’ve got to find solutions to keep the partners engaged.

Last year at your annual dealer event, LEAD, digital signage was the belle of the ball. How is that business developing for Toshiba? In the last six months digital signage has really taken off! As an example, we have one grocery partner that has over 2,000 stores. They understand the power of the digital signage opportunity and they really want to dial it in. It’s wonderful to watch the momentum in this space. But it is not just about the equipment. There’s another company that we are starting to take a financial position in that creates digital signage content and can serve as a content engine. That’s the key for digital signage, right?

Yes. You want to be able to protect the IP and you want to be able to control the development.

Where are you seeing the most traction right now in digital signage?

Our greatest momentum initially seems to have been in the sports and entertainment vertical.

I did see some press releases where you have secured some great stadium contracts.

We just inked a deal where we are the official electronics provider and a founding partner for the Staples center by AEG. As the exclusive supplier of digital signage and displays for the arena, Toshiba will supply Staples Center with more than 800 displays while receiving interactive digital signage, multimedia content, venue and affiliate product placement, as well as a comprehensive social media program with the Los Angeles Kings to enhance fan experience. AEG is the preeminent global sports management company; they are also going to build a half-billion dollar sports entertainment venue in Las Vegas tied to the MGM and we are working with them on that as well. We’ve seen a pick up in that space primarily because there was a lot of pent-up demand and a need to refresh.

Now we see in the retail space some significant growth happening and we are trying to take that and drive it further through the small and medium-sized business so we can really put together end-to-end solutions and turnkey packages for our dealers. Our dealers have more feet on the street, they’re more connected to the market segments and they are absolutely the best vehicle to drive this. It’s not that difficult of a solution set for them to naturally take in because it is an evolutionary product set. There is a quick path from learning and understanding the value proposition to successfully selling the product in the market. Toshiba can offer an additional layer of expertise to the sales process. We’ve asked our dealers to take a look at where they are most successful in their own market segments — which verticals? Where is there opportunity? We want to brainstorm with them on how we can put together solutions for their (Toshiba corporate) gets the value of partnerships and really take it to heart that they’ve got to find solutions to keep the partners engaged.
markets. We will assist in helping to target them together.  

I am constantly amazed at the ability of the dealers to become deeply entrenched in very specialized verticals. Yes and Toshiba can help them gain additional vertical expertise. As an example, Toshiba Medical is an entirely separate company within the overall Toshiba organization and they manufacture CT scanners and operate within very large health environments. We recently worked in partnership to secure a large contract in the retail vertical in supermarkets because of the scanning technology.  

Think about digital signage in the healthcare vertical. There are limitless opportunities for a better user experience when there is the ability to access information and have interactive communication. A lot of dealers are already active in the healthcare vertical and digital signage provides a whole new avenue of revenue generation within this vertical for them.  

If your customers were going to describe your company in three words, what do you think they would be?  
Supportive, easy to do business with, loyal. We try to bend over backwards to take care of our customers and we take it personally that they are happy. Truthfully, one of the most impressive things that and we’ll continue to grow together.  

Which word or phrase do you most overuse?  
“Mutually beneficial.” I can’t stop using it. It’s all about being mutually beneficial in everything we do. Both parties must get something out of it. Both parties have value in whatever the relationship is.  

So what are you most excited about going forward?  
Our annual dealer conference, LEAD, is coming up and it will be a great platform for us to be able to continue to take the end-user experience and our dealer-related end-user experience to a different level. The dealers will be able to engage with Toshiba manufacturing and also the solutions that we’ve created.  

What I am most excited about though is this evolution with digital signage. The opportunity is so compelling and interactive, to have vehicles to do that.  

I really think it is going to cross a whole new level of content creation, content interaction, and require different levels of content management. I don’t even think we are scratching the surface of it.  

As a member of the media world, anything that involves content creation makes me happy! And that’s what is going to facilitate business intelligence to an exponential level. It’s almost a self-fulfilling circumstance where it’s going to just continually be self-productive. Understanding where the message is coming from, understanding what’s behind the message is just as important as the actual message.  

The opportunity is so compelling and interactive. There are amazing efficiencies that can be realized when digital signage is incorporated into the business model. There are amazing efficiencies that can be realized when digital signage is incorporated into the business model. They can serve as additional personnel without all the costs associated with that.  

In the end, it’s still about communicating a message. Words and pictures are connecting points for human beings, it doesn’t matter what medium it is, the message has to be communicated and you have

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http://business.toshiba.com/
ONE OF THE most reliable ways to ensure a long, successful and mutually beneficial customer relationship is to provide offerings and services that scale to fit each customer’s needs. By serving customers well and generating a relationship built on trust, your business will be rewarded with steady profits over time. A key first step to creating this type of mutually beneficial relationship is assessing the business needs of your customer. By properly diagnosing a business challenge and providing the correct equipment and services to overcome that challenge, you will plant the seed of trust necessary in the best partnerships.

Of course, assessing business needs is not as simple as listening and taking notes. The needs of a customer vary, and their decision to buy will hinge in part on how well they

Best Practices for Assessing Your Customers’ Printing Needs

By properly diagnosing a business challenge and providing the correct equipment and services to overcome that challenge, you will plant the seed of trust necessary in the best partnerships. **BY THOMAS JENSEN, HP**
believe you understand their business. To separate yourself from the competition, you will need to seek out a deeper level of knowledge. The best channel partners will consult with several different points of contact within a customer’s company to immerse themselves in a customer’s business.

When selling services and devices related to printing, customers may not realize the opportunities associated with these systems. This leaves the impetus for educating the customer on the partner. The most productive and long-lasting relationships will be formed when you combine your own extensive knowledge of the products and services that you offer with a deep understanding of the customer’s business. Consider these best practices as you assess your customers’ printing needs:

**Research**
Before meeting with a potential customer, it’s important to know as much as possible about their company. If you aren’t familiar with the customer’s industry, investigate what special needs they might have. Their business might be cyclical or seasonal, like an accounting firm that has much greater printing needs in April than in September. Perhaps they are a large company, but their workforce is highly distributed in branch offices, as is the case with many banks or insurance agencies. These offices won’t need the ultra-high duty cycle machines that a more centralized enterprise of the same size would. Every business is different and will have unique needs that you should address upfront. Not only will the customer be impressed that you have gone through the effort of learning their business, but they’ll be more likely to trust you.

**Walk the floor**
No matter what type of customer you’re working with, it can be important to see their actual office and get a feel for how printing works in their space. You may immediately notice issues with their printing setup that will allow you to give consultative advice right from the beginning. Perhaps a large printer with a high duty cycle is tucked away in a production room where it is rarely used, while a less robust device is more accessible and thus, more commonly used. This can lead to service issues for the smaller device and a lack of efficiency for the larger one – facts that can be pointed out before even making a sale. You may also notice that the layout of the office lends itself to certain workflows, or see how different employee behaviors affect the printing system. It is likely that your sales contact will not know that she needs to provide this information, so you won’t know about these opportunities unless you ask to see the office in person.

**Search for new opportunities**
In getting to know your customers and their behavior, you will begin to see where they need a product or service that they’re not utilizing. It’s important to thoroughly analyze these opportunities so you can explain their full benefit when you propose a new device or service. Perhaps your customer has many employees that are mobile and work outside of the office. These employees may often run into the issue of needing to share information from their mobile device when they come into the office, but can’t print from the business’ current, otherwise fully functioning printers. It may not be responsible to propose upgrading the customer’s entire printer fleet to the most advanced, mobile-friendly devices. However, there are solutions that can add mobile capabilities to their printer fleet at a fraction of the price, and suggesting these is an example of providing true value to the customer, rather than pushing for the largest sale possible.

**Continue to gather knowledge**
As your customer relationship continues to grow, don’t stop
the listening process. Repeat the previous three steps, often. Regular site visits will not only keep you top of mind, but will help you offer solutions to business challenges as they arise. Look for clues and read between the lines when your customer is explaining what they like or dislike about their current system. If a customer complains that they continuously have to refill their toner cartridges or paper, help them understand that they may need a device with a higher duty cycle. Or perhaps you learn that the device is working perfectly fine, but your customer is irritated by purchasing and refilling consumables himself. The solution instead may be an automated service that will fulfill the customer’s supplies needs without needing to order it themselves. Continuously ask questions and search for solutions, only offering those that are best for the customer.

During the last year, HP conducted a study in which investigators were immersed in small business environments for a week. They observed that many of these small businesses either had too much or too little in the way of printing systems. We found that small businesses are especially prone to being sold on enterprise devices that are simply too complex for their day-to-day printing needs. When smaller, efficient imaging solutions are available packaged with many of the same business solutions, there is very rarely a need for a copier-sized MFP in smaller offices. In these cases, the small businesses were dissatisfied with their imaging solutions and the salespeople with which they were associated.

By using the best practices listed here, you can avoid similar issues with your customers. Pushing specific products or services reduces your business to a transactional model, rather than framing you as the consultative partner and valued advisor that you can be. Ultimately, your business will benefit from building these strong, trusting relationships with your customers.
WHERE DO YOU WANT TO TAKE YOUR BUSINESS?

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SVP, GM  
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St. Louis, MO
“What’s hot right now?” and the answer will be “Color.” Or, at least it should be. After all, the low-hanging fruit for MPS practitioners is now as abundant as water in a California reservoir and the 3D market is as far away from maturation as I am. But while growth in 3D and MPS rises and falls, respectively, the market for color devices is looking pretty good at present. Listening to the OEMs’ earning calls this summer and reading their quarterly financial results for the past couple of years, it’s clear that hardware manufacturers are experiencing some level of revenue growth from the sales of color hardware and supplies. While some have been more successful than others, in general, the OEMs have reported that they’ve been selling more color devices over the past couple of years.

As of this writing, all of the hardware vendors had reported their earnings through July. So, at the mid-point of the year, it seems that color is maintaining the head of steam it’s been building since the economy started to improve. While color remains in demand, things have changed a little over time. Japanese firms continue to report that their revenue is growing as the value of the yen tumbles to its lowest point in years. As the yen weakens and the dollar strengthens, signs are emerging that U.S. OEMs may be facing a competitive disadvantage. Hewlett-Packard and Lexmark have recently begun to clam up about sales of their respective color product lines and

Who’s Winning, Who’s Losing as Demand For Color Keeps Growing?

by CHARLES BREWER, ACTIONABLE INTELLIGENCE

ASK A PRINTER-INDUSTRY geek
news from Xerox about its color business in the last quarter was somewhat discouraging.

I hasten to add, however, that it’s way too early to suggest that the market is moving away from hardware marketed by U.S.-based OEMs. One quarter does not a trend make. It could simply be that Japanese companies have had more color hardware introductions over the past year reporting that sales of their respective color office and production machines are up. Looking back, one sees that both of these companies also did pretty well in the color markets during 2013. In my estimation, Konica Minolta and Ricoh are currently making the most headway in various segments of the color space. Oki also reported during the summer that sales of its higher-end color LED printers and MFPs were up, which must be welcome news for nervous stakeholders. Oki’s gains suggest that it may finally be getting past the adverse effects of the scandal that has dogged the firm since 2012. Canon seemed to be keeping pace with its compatriots in the first three months of the year when it reported strong sales of its color hardware including A3 and A4 printers and multifunction machines. Things were not so good in Canon’s second quarter, however, when color copier revenue dropped a couple of points relative to the same period last year and color printer sales were essentially flat.

As noted earlier, hardware vendors on this side of the Pacific did not experience the gains that most of their Japanese rivals enjoyed this summer. Xerox’s color business slumped in the period between April 1 and June 30 with placements down in all of its color-equipment categories except one. Unit placements of A3 and A4 color multifunction devices dropped and revenue from color production machines in Q3 of this year did not keep pace with the year-prior period. The only bright spot in Xerox’s color business was the growing number of installations of entry-level color A4 printers. News of declining sales and placements of Xerox’s color machines was surprising. Its color business had been growing earlier this year following similar growth throughout 2013.

HP’s color business may also be showing signs of being under pressure. No one from the firm mentioned its color business during the mid-summer earnings call, which seems to me to be rather telling. Earlier this year, HP president and CEO Meg Whitman had boasted that sales of color laser MFPs were up last fall and the growth continued into 2014. Since then, she hasn’t spoken a mumbled word about HP’s Color LaserJet business. Whitman has, on the other hand, said on many occasions that HP’s business-class inkjet machines have done very well since their introduction last year. Perhaps Color LaserJet sales are suffering as a result of the success of the Officejet Pro X and Officejet Enterprise X lines. As the supplier of HP’s Color LaserJet print engines, this may also explain why Canon’s color business was off during the quarter, at least in terms of desktop color units.

Like HP, Lexmark executives didn’t mention sales of the firm’s color devices during their earnings call in July. As it has in the past, during the first quarter, the Lexmark executive team reported that sales of the firm’s higher-end color machines saw healthy gains so
the silence on the Q2 call was a bit conspicuous.

I understand that one quarter without a peep about color may not be a harbinger of disaster, but it will be interesting to see what HP and Lexmark share about demand for their respective color devices during the second half of the year. Not mentioning color seems odd given all the attention the companies have lavished on it in the past.

**Low-end color hardware**

Today, competition is fierce at the low-end of the color market. In the past year and a half, Brother, Canon, Dell, HP, Ricoh, and Samsung have all unveiled new low-end color single-function and MFP units. With print speeds ranging from 14 to 21 pages per minute for black-and-white and color jobs, these machines are admittedly somewhat slow but the price points are very reasonable. Single-function color printers start around $250 and the machines come loaded with a variety of connectivity options as well as support for mobile printing. With prices starting around the $350 mark, low-end color MFPs are also inexpensive and most have rich feature sets too.

Of course, the old razor-and-blade model is alive and well at the low end of the market. OEMs are looking to rake in as much as they can from consumables sales for entry-level devices. Most of the low-end color laser devices released since the start of last year are expensive to operate. Costing almost a nickel to print a black-and-white page and 24 cents for color output, Samsung offers color printers and MFPs that have the dubious distinction of being the most expensive to operate. Canon, Dell, HP, and Xerox are also marketing low-cost color laser hardware with high per-page costs.

Not all low-end machines have such high per-page costs, however. Brother, which has been taking share from various competitors at the low end of the market, seems to be willing to compete more on operating costs than most other vendors hawking low-end color gear. While the firm’s lowest-priced machines are expensive to operate, moving up market just a little in Brother’s portfolio provides a nice break in printing costs. For example, it costs 4.4 cents to print a black-only page and almost 18 cents to print a color page with Brother’s fully loaded HL-3170CDW, which debuted last year for about $280. For about $120 more, you can purchase the HL-L8250CDWT color printer, which prints a black-and-white page at 2.7 cents and a color page for 13.4 cents.

It’s interesting to note that Ricoh is now marketing a full line of low-end devices — monochrome and color — and these machines typically have operating costs lower than any machines in their class. For example, selling for about $600, the Ricoh SP C250SF, a 21-ppm print, copy, scan and fax device, is a bit pricy. It costs only 1.8 cents,
however, to print a black-and-white page with the machine and 8.9 cents for a color page.

**Got A4?**

As Ricoh has expanded its range of entry-level A4 products, it also recently refreshed its mid-tier MP C401 and MP C401SR, which Ricoh bills as less expensive and more compact alternatives to traditional A3 color MFPs for offices with limited space. The new A4 units are direct replacements for the Aficio MP C400 and MP C400SR, which Ricoh discontinued along with the Aficio MP C300 and C300SR. Like some of the firm’s recent A3 MFPs, the C401 and C401SR feature what Ricoh refers to as its “services-led” controller platform, which is designed to allow greater compatibility with new workflow solutions and services across various Ricoh devices.

Ricoh is not alone in its pursuit of the A4 space with technologies similar to those typically found on A3 units. In March of this year, Konica Minolta released the color bizhub C3350 and C3850, followed by the unveiling of the bizhub C3110 all-in-one in July. With these new machines, Konica Minolta boosts its A4 line’s print speeds and continues to enhance the feature sets. Like other recently released Konica Minolta A4 color machines, these latest bizhub offerings emulate the OEM’s A3 bizhub products in terms of setup and management, remote support and device management, and user interface. The new A4 units come with technologies such as an Emperon print controller and PageScope software, which debuted on higher-end A3 devices.

Sharp is also growing more active in the A4 color space. Since December, Sharp Imaging and Information Company of America has released three desktop A4 color MFPs including the MX-C250W, MX-C300W and MX-C301W, as well as the single-function MX-C300P color laser printer. All four of the new machines are based on the same new color laser engine, which Sharp developed in-house. They offer many of the same tools that ship with Sharp’s A3 units including Sharpdesk and Sharpdesk Mobile. The fully loaded MX-C301W supports Sharp’s Open Source Architecture (OSA) development platform, which allows for faster interaction with network applications from the display panel, as well as the Sharp Cloud Portal office document storage/sharing service. The device can support up to 1,000 user accounts, compared to 30 with the MX-C300W.

**Oh yeah?!**

As the copier folks are elbowing their way into various markets for A4 color devices, printer manufacturers are countering by attempting to further penetrate the A3 space with their machines. The always-formidable HP became particularly aggressive at the end of last year in the

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### Black and Color CPP of <$650

#### Color Laser MFPs Using OEM Cartridges

<table>
<thead>
<tr>
<th>Model</th>
<th>Black &amp; White CPP</th>
<th>Color CPP</th>
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<tr>
<td>Samsung Xpress C460FW</td>
<td>2.64¢</td>
<td>8.93¢</td>
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<tr>
<td>HP Color LaserJet Pro MFP M176/M177</td>
<td>2.03¢</td>
<td>3.03¢</td>
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<tr>
<td>Xerox WorkCentre 660SN</td>
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<td>Canon Color imageCLASS MF8580CdW</td>
<td>2.64¢</td>
<td>3.94¢</td>
</tr>
<tr>
<td>Lexmark CX310v/dn</td>
<td>2.58¢</td>
<td>3.49¢</td>
</tr>
<tr>
<td>Xerox WorkCentre 660SN</td>
<td>2.86¢</td>
<td>3.94¢</td>
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<tr>
<td>HP Color LaserJet Pro MFP M476nM476dn</td>
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<td>3.58¢</td>
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<tr>
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<tr>
<td>Dell C2660dnf</td>
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<td>2.58¢</td>
</tr>
<tr>
<td>Ricoh SP C250SF</td>
<td>1.83¢</td>
<td>2.58¢</td>
</tr>
</tbody>
</table>

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A3 color market. In November, the company deployed its Color LaserJet Enterprise M855 printer family along with the Color LaserJet Enterprise Flow M880 MFP line. The M855 A3 color laser printers replaced the aging Color LaserJet CP6015 family, which was introduced in 2008. In addition to being 5 ppm faster than its predecessor, the M855 family offers assorted mobile printing technologies on certain models such as ePrint, Apple AirPrint, wireless direct, and NFC tap-to-print capabilities. The Color LaserJet Enterprise Flow M880 series replaces both the Color LaserJet CM6040 family and the CM6030f. The line features HP’s Flow document management technology, which HP says is designed to streamline business processes and help boost productivity, down from enterprise-class machines to departmental devices.

Just weeks after unveiling its latest A3 Color LaserJet printers and MFPs, HP grabbed headlines in December when it named Sharp as its supplier of three color MFPs, the HP Color MFP S951dn, the HP Color MFP S962dn, and the HP Color MFP S970dn, as well as the HP MFP S956dn A3 monochrome MFP. The new machines, according to HP, will allow its “MPS customers to solve their need for higher-volume devices with a unified, single-vendor HP fleet.” The firm said its new Sharp-manufactured, HP-branded MFPs will be sold exclusively through HP Managed Print Service and HP’s Partner MPS agreements.

The HP-Sharp alliance, of course, got chins wagging about the future of HP’s partnership with Canon. Although HP is upbeat about its 30-year relationship with Canon, it would seem, at the very least, these days the partnership is under more pressure than it has been in years. As noted earlier, for over a year, HP executives have been singing the praises of their business-class ink machines to all who will listen. These machines are bound to erode the LaserJet installed base, which cannot be welcome news for Canon. Then HP forms an alliance with Sharp, which, if successful, will eventually take even more business from Canon.

Although we didn’t see any color A3 machines from HP’s archival Lexmark in the past 12 months, Oki is another printer manufacturer that is expanding its selection of A3 devices. In September 2013, the firm released a unique A3 color LED printer based on a new engine with five color imaging stations, which enable the use of either clear or white toners in addition to black, cyan, yellow, and magenta. The C941dn was released along with the C931dn and C911dn, which feature a traditional CMYK toner set. In June, Oki released two new A3 color LED multifunction devices that will be available exclusively through the office-equipment dealer channel. The ES9465 and ES9475 are part of the OKI Executive Series. The new machines are the latest products from a joint Oki-Toshiba Tec agreement penned in 2012, and replace the CX3535 and CX4545, which were among the first machines to be launched after the partnership was announced.

Color me happy
Regardless of any summertime slump certain OEMs may have endured, hardware manufacturers as a whole will obviously continue to bet big on color for the foreseeable future. One trend that is bound to continue — if the economy remains on track — is lots more new color devices will hit the market during the second half of this year and during 2015.

As we move through the remainder of 2014, it will be interesting to see what steps, if any, U.S. OEMs will take if they continue to experience flagging demand for their color units and feel the need to respond. HP, Lexmark, and Xerox all reported decent profits this summer so they could give up a bit of margin if they’re inclined to spark sales by lowering prices. On the other hand, the Japanese firms also seem to have a bit of room to trim pricing so the potential for less expensive hardware exists during H2.

Another thing to watch as we move through the next few quarters is how successful the various copier firms are in their attempts to take share in the A4 color market. Obviously, the battle for the space is on, and I’d say that right now the copier folks are gaining. You can bet, however, that printer manufacturers will not yield share easily. So far, I don’t think the printer firms have been overly successful in their effort to take share in the A3 space so perhaps they’ll double-down on A3 in reply to the bets copier companies are making on A4.

One thing is for certain, there is a lot of activity in the color markets these days — and that’s a good thing! While the industry is not what it once was, plenty of life remains in that old market and currently color is the liveliest of all.
Welcome to the LED Connection!

An industry first that has everyone raving—the ES9465 and ES9475 copier-based A3 LED MFP devices are now available! OKI has combined wide-format color MFP functionality with the advantages of OKI LED technology to create a 4-in-1 device that delivers faster print/copy speeds, bolder high-definition output and smarter use of technology. Key features include:

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Learn how the ES9465 and ES9475 with OKI LED technology can light up your bottom line! Visit okidata.com/ESLaunch for more product information and to contact an OKI Data representative.
As businesses become more conscientious about how to contribute to the common good, corporate social responsibility (CSR) best practices make their way into the conversation. A growing trend, CSR still remains relatively ambiguous to many business decision-makers. It is time to unpack the highly popular term “CSR” and understand where best practices are headed, how they’re evolving, why CSR is growing in popularity, and perhaps most importantly, how it benefits customers in the imaging industry.

CSR serves as an umbrella category to encompass all that an organization does to maintain and improve their standards for how they treat the environment and people. There is often at least one person, if not a team of people, focused on CSR best practices throughout every aspect of a business from product to service, supply chain to culture, and more.

The bottom line is, organizations and the people working for them increasingly care about CSR because they personally care about the health of their people and the environmental impact generated from business operations. As a result, the common thought becomes, “If we improve our organization’s CSR, we can improve our performance, operationally and financially.” This idea continues to be represented almost universally throughout the business world — predominately within the Fortune 500 business community, which positions its CSR program as an integral part of its business brand and overall reputation. Go to any Fortune 500 company’s website and you are sure to see significant content about their commitment to CSR.

Where are CSR best practices headed in our industry?

Since CSR touches all aspects of a company, let’s first answer the question: Where are CSR best practices headed in the print industry? While there are many to choose from, there are three significant initiatives currently growing in popularity and demand:

- **The reduction and reuse of materials**, specifically the association between carbon and manufacturing and distribution, as well as efforts to reduce carbon emissions associated with operation of a product.
- **The development of technology solutions**, particularly in software and storage systems, to optimize workflows (e.g., migrating paper-based systems to digital) while reducing the environmental impact associated with paper-based systems and improving the employee experience.
- **The emergence of automated solutions** that measure and improve CSR efforts and performance as a means to streamline the work required to collect,
The evolution and popularity of CSR best practices

What is trending now may eventually become refined to a gold standard across all businesses, and that is when we will see best practices emerge. As a service provider to customers, not only does a business become responsible for establishing and delivering solutions that meet a customer’s CSR goals, but it can also be viewed as a competitive advantage, introducing innovation and new opportunities to advance their solution. This business model is appealing to customers seeking the latest and greatest innovations that grow with their business while being environmentally thoughtful.

Industry original equipment manufacturers (OEMs) are focusing on material sourcing, reducing waste and being more conscientious in business acquisitions. They are monitoring the industry trends and identifying opportunities to gain a competitive advantage by improving their service and product offerings — which in the end, benefit the customer. Here are a few examples of companies implementing CSR programs in response to customer demand:

Konica Minolta has developed environmental technologies that manufacture products using sustainable plastics, sourcing materials disposed of by the public (e.g., plastic bottles or water coolers). They are also introducing remanufactured multifunction printers (MFPs) in Japan and have begun to place eco-reporting directly on the control panel of their devices. These are just a few of the many initiatives that nod to a CSR program, again that is driven by customer interest and demand.

Likewise, Toshiba introduced a new MFP that can erase paper for reuse up to four times and, in turn, claims it can reduce the system’s total carbon emissions by 57 percent.

Hewlett-Packard (HP) seeks to reduce energy consumption on its devices by using packaging with recycled content or Forest Stewardship Council (FSC)-sourced fiber, enabling easy recycling of old ink and toner cartridges, and automating sleep mode on printers and MFPs.

Lexmark acquired Perceptive Software, a leading business process management (BPM) software solution provider, a few years ago for $280 million. Today, the Perceptive Software division is becoming an increasingly more significant part of Lexmark’s revenue and it’s no secret that the growth within the division runs parallel to the demand for workflow solutions moving the offline world to the online world. This can be seen, in part, as a direct response to consumer demand to print less.

The list goes on and on. The reality is, without this focus and reaction to customer demand, service providers (dealers and OEMs) are subject to competitive weakness. At the same time, those focused on “what’s next” are continuing to innovate and deliver leading-edge CSR solutions that strengthen, evolve and often automate CSR best practices.

What’s next in CSR and how does it benefit customers?

One perspective is that there is a common theme that runs through many of the trends, products and solutions already outlined and described: CSR best practices focus on reduction and/or improvement of cost baselines and workflows.

Often it’s helpful to look at where we’ve come from to better understand where we’re going.

Apart from the examples which are current in today’s marketplace, we saw great improvements surface about 10 to 12 years ago with the introduction of monitoring software from leading companies like PrintFleet, FMAudit and Netaphor. The ability to monitor and ultimately automate operational workflows for supply ordering, meter collection, service dispatch and billing represented a paradigm shift and significant overall improvement in the context of managed print services for MPS vendors and, moreover, their customers. This shift touches CSR since automation through technology reduces energy, which impacts the social and environmental footprint of an organization.

While these software solutions, along with similar products, still serve as the backbone for MPS, new solutions have emerged and evolved to further refine an MPS solution with respect to CSR. Applications like Print Audit, ROI Manager and PaperCut provide solutions that reshape print behavior, volume and cost. This can be done via “shadow monitoring” or be programmed so that “rules-based printing” enforces and mandates outcomes that change print behavior, while achieving reduced baselines for volume and cost. Again, these solutions speak to CSR.

Before, organizations had to manually enforce print policies to reduce their financial, operational and environmental footprint. While baselines for printing may be reduced, organizations continue to print. Forecasts for declines in office printing exist, but they aren’t as drastic as many believe. Gartner forecasts a total of 3.3 trillion pages to be printed in offices globally in 2016. That represents a 7 percent
reduction in printing against recent market figures. While a reduction in paper consumption is forecast, that number still represents an enormous market and an enormous environmental footprint which CSR teams are left to measure, while creating means to reduce printing or minimize the negative effects of printing.

With the evolution of MPS and emerging emphasis on CSR, we have seen a rising demand for reporting. To keep it simple, let’s call it “green reporting.” Green reports are a prerequisite in many MPS enterprise solutions – a requirement that continues to trickle down in the marketplace. Reporting then becomes a requirement for a device, in terms of paper/energy consumption, for a vendor, for a sales rep to meet the customer’s request. Once the report is delivered, the report then becomes a benchmark for action.

How can you reduce your impact, if not offset it? A significant part of the green report can be automated by companies such as PrintReleaf by determining a customer’s paper footprint. It provides an automatic means for the customer to offset their impact by reforesting their consumption through reforestation projects around the world. The forests are then audited and the trees verified for survival. While this is only one solution, it’s a solution that is signaling the next big thing in CSR: the continuous improvement and reduction of a customer’s environmental impact through automated, green reporting.

From day-to-day office printing to the graphic print industry and beyond, the need for printing remains alongside the need to satisfy the CSR demands and wants of all stakeholders. By employing some of the print industry’s CSR best practices, MPS providers, both OEMs and dealers, who embrace current market demands and focus on adopting proven CSR solutions will be well positioned to win more customers while giving back to the environment and its people.

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soldiers on despite a continued onslaught of dire predictions from pundits and naysayers — both inside the industry and out. A quick Internet search today reveals hundreds of articles forecasting the death of paper, the death of printing, or the paperless office. Most of these predictions deal with issues surrounding a rapidly evolving workforce that is increasingly younger, more mobile, and technology savvy. Digital and mobile technologies have fostered more efficient and effective ways for working with information, and knowledge workers have become less dependent on paper.

Despite these trends, printing remains a viable and important business function. While office print volumes are declining in some market segments and geographic regions, they are growing or steady in others. Most research firms are predicting single-digit declines in office print volumes over the next five years. So, print is not going away anytime soon ... but it is evolving. And there are other factors disrupting the office printing market: economic pressures, IT spending and implementation policies, the consumerization of IT, cloud services, and the shift from transactional printing to contractual print services. The impact of these trends shows up not just in a reduction in print volume but also in areas such as hardware design, go-to-market strategies, business model transformation and, yes, even consumable supplies.

Like most printer/MFP OEMs today, HP is continually updating and adapting its supplies business to keep pace with changes occurring in the printing environment. As we all know, supplies sales is the engine that keeps the printing business churning, and that certainly holds true for HP. Based on its third-quarter earnings released in August, supplies accounted for 66% of total revenue from HP’s printing business.

According to Michael Borg, portfolio lead and strategic business manager for HP’s LaserJet Supplies, the focus for HP has always been on the customer. “Our strategy has largely remained intact,” he explains. “It has always been to provide that overall value — to allow customers to focus on their business and not on printing.” Borg says that the core value proposition of HP supplies centers on five key areas: affordability, reliability, quality, environmental leadership, and consistency in each of those areas.

Protecting turf
Protecting its aftermarket supplies business has always been a high priority for HP, as it is for all OEMs. The firm continues to stress the importance of genuine HP supplies, an issue that has become even more visible with the continued transition to MPS. HP cites data from Photizo suggesting that service providers conduct four times as many service calls when using non-HP supplies as compared to branded supplies. “They also found that one-third of service providers...
replaced maintenance kits more often,” Borg says of the study, which was commissioned by HP.

Reducing down time and service costs is crucial when it comes to building a successful and profitable service model. Of course, third-party supplies are a big part of the equation for many MPS providers seeking to reduce costs. Nevertheless, Borg argues that managed print providers need to consider the long-term impact to the overall contract value and profitability. “It may cost them less up front to go with non-HP supplies but it is just not worth it because of the extra service required,” he proclaims.

In some ways, it is interesting that HP does not seem to put as much external marketing emphasis on the importance of branded supplies when it comes to MPS engagements. According to Andy Binder, vice president and general manager of LaserJet Supplies and Installed Base, this is mostly related to the difference in customer engagement. Transactional sales require communications to the mass market, which typically involves a much broader PR campaign and communications effort. With MPS customers it is more of a one-on-one sales process — whether that is direct or through the channel. “Genuine HP supplies is a big part of the core value in our MPS offering,” he explains. “The reason you don’t hear a lot about that externally is because it is part of the sales process that exists with each individual customer.”

The Qualified Supplies Partner Program

One of the more intriguing changes in HP’s overall strategy is the recent decision to transition its supplies distribution from “authorized” resellers to “qualified” resellers. According to Steve Sakumoto, VP and general Manager for HP Supplies Sales in the U.S., the move will become effective in November and is designed to address confusion in the market while improving the overall buying experience for HP supplies.

Sakumoto notes that HP’s Qualified Supplies Partner Program is actually an extension of a strategy that began a few years ago when the firm moved to its Authorized Reseller program. Prior to that, HP supplies were sold through open distribution, and there were basically no restrictions in place for reselling HP supplies. “All you had to do was call one of our distributors and you could set up to sell HP supplies,” Sakumoto explains. “Unfortunately, this had blossomed into a broad spectrum of resellers.”

According to Sakumoto, 80 to 90 percent of HP’s supplies sales was dominated by professional resellers, but the rest was comprised of “thousands” of marketers who often positioned third-party or clone products as branded HP supplies. “When it comes to the transactional business, what we had found is whether you shop at a local retailer, commercial reseller, or online, there is usually a sophisticated buying agent that is acquiring supplies,” he says. “But they were easily bamboozled by the broad array of supplies out there.”

Sakumoto explains that the abundance of products and pricing options has led to confusion in the market and buyers are often misled. “They might buy a product that they thought was HP but it would be a refilled product or a clone product,” he says. “They also might get a broad range of prices. The customer buying experience was awful.” As a result, HP moved to its Authorized Reseller program a few years ago as a way for resellers to at least register their business with HP. The Qualified Supplies Partner Program is designed to provide even further clarity.

Qualification criteria

Under the new program, resellers will be required to meet all of the following eligibility criteria in order to purchase printing supplies for resale purposes to end user customers:

- Must be an active reseller with a HP U.S. Partner Agreement (HP PA) in place
- Must have a minimum of $15,000 for six months shipments for HP supplies, or $50,000 six months minimum shipments for all HP products
- Must have a fully functional company website, a physical address for conducting primary business operations (i.e. no P.O. Box), and a phone number—all of which are reflected on the company website and matches the HP PA information.
- Must appropriately use HP brand trademarks, messaging,
and marketing materials, and present the HP supplies portfolio to customers in accordance with such guidelines:

- Must be in good standing with all other applicable HP policies

The $15,000 minimum is probably the most significant aspect of the Qualified Reseller Program. Clearly, this is a way for HP to guarantee that its resellers are purchasing branded supplies. Although this move might result in a thinning out of some small-scale resellers, HP is not concerned about restricting its distribution or geographic coverage. “The quota is so low we will still have thousands of resellers,” Sakumoto says. “We will still be well distributed to the farthest corners of the U.S. and with multiple resellers.”

The qualified reseller program could also be viewed as a means for HP to restrict sales of third-party supplies, but HP says that should not be the case. “This quota is so low it should not impact that,” Sakumoto says. “Reman is integral to the industry and the volumes have stabilized for that so we don’t see this swinging the pendulum one way or the other.”

Indeed, Sakumoto says that HP fully supports the sale of third-party supplies as long as resellers are not positioning those products as branded HP supplies. “If we thought that some would have to make dramatic changes to their business in order to sell HP supplies, we would have some concerns,” he says. “But the product assortment from genuine to third-party is already established, as are the buying run rates. The customer is the one who chooses if they want to spend a little more money to buy HP branded or whether they want to put up with the other potential issues for the right to purchase third-party supplies at a lower price.”

According to HP, the Qualified Supplies Partner Program should benefit HP, its supplies resellers, and the customer. The intent is not to further restrict the use of third-party supplies but rather to eliminate confusion in the market. “We feel there is no lack of choice or availability of product,” Sakumoto says. “We are just asking resellers to put their best foot forward if they are going to sell HP. We think that the whole experience — from using the supplies to procuring and buying supplies should be superior when buying genuine HP products.”

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WE ARE IN THE MIDDLE of an evolution. Not only are we transitioning our businesses into reputable managed IT services providers, but our customers are evolving as well. More and more, buyers are rejecting our sales team’s offers to educate and inspire with meaningful insight, but why? It’s because we’re not sharing our message in the same language the prospects are speaking … digital. In this two-part series, we’ll examine the top B2B social business tool you can use to gain market share and grow your bottom-line sales.

In Darrell Amy’s July 2014 article, How to Overcome the Number One Sales and Marketing Issue Facing Our Industry, he mentioned that the bottom line is this: If you are not one of the companies involved in the online part of the research process, you won’t get invited to the second part of the process. According to Laura McLellan of Gartner, 91 percent of sales revenue is coming through buyer’s new online buying process in support of this digital language. We’ve already established that cold calls are significantly less effective today than 10 years ago. So how can you reach these digitally savvy prospects? We begin with LinkedIn.

LinkedIn — the basics

Before we can even begin to tap into this powerful B2B tool, we have to begin with your own LinkedIn profile. Whether you are a CEO or a sales rep, you have to dress the part from a digital perspective. Back when pounding the pavement was still an effective tactic for prospecting, you put on a nice pair of dress pants, a freshly pressed shirt and a handsome tie, right? You would never dream of arriving to a prospect’s door wearing anything less professional. Currently, you’re in a critical stage of your dealership’s evolution. The transition to a managed IT services provider is one that requires a level of sophistication and professionalism. You need to be positioned as the expert in the IT field. Experts are professional and represent themselves well, online and offline.

Time and time again, I arrive to a CEO’s LinkedIn page when researching a product or service to find that of “The Dude” in “The Big Lebowski.” You would never dream of prospecting door to door in a bathrobe and dirty T-shirt, so why is it, do you think, that business professionals have
unfinished, sparsely populated LinkedIn profiles? This is your digital first impression and the prospect will see “The Dude” in your incomplete LinkedIn profile if it’s not properly maintained. It’s time to take you shopping for your digital attire.

Here are the bare minimum basics for every professional’s LinkedIn page:

1. **A pleasant profile picture.** This doesn’t have to be a posed corporate image, just one that shows you and you alone (this is not the place for a profile shot of you with your dog unless you’re a groomer). Have a cropped image from the shoulders up and make sure it looks like you, not a Glamour shot type of image.

2. **A relevant professional headline.** This means don’t just put “Sales Manager” on your headline. This tells the world not just your title, but who you are in your career. Titles don’t have the same meaning as they used to. Take a step back and think about what you do for your customers. Your headline attracts people to you. Here’s an example of a simple, clear headline: “Digital Marketing Strategist — Providing Marketing Guidance to Independent Office Technology Dealers.” It’s clear and to the point. You can now figure out quickly what I do for you. Your headline attracts people to you. Here’s an example of one that’s a bit more ... muddy: “Co-Founder and President at AB Solutions.” The name of the company is comprised of two initials and has no context as to what challenges this person can solve for you. If you list yourself as a “Sales Manager,” that doesn’t speak to your purpose. If you list yourself as “Sales professional providing managed IT services to mid-sized law firms,” well, now you’ve captured my attention.

3. **A well-crafted summary.** This is an area where you can complement your SEO initiatives and beef up the visits to your profile, thus spreading the word about your IT services. Use your summary to highlight the brand that is YOU and the story that is your technologically forward-thinking company. It’s not always about the company, but you can sprinkle in facts and insight about your offerings. It is primarily about your expertise as a professional. It’s the story of your journey thorough your career. Be sure you’re able to incorporate keywords into the summary so you get the Google “brownie points.” Keep in mind, you only have 2,000 characters in this space, so make them count. They go fast!

4. **Experience should be more about capability and less a dictionary definition of the perfect job description.** Experience matters. We’ve all heard this before. But in the case of your LinkedIn profile, it’s pretty darn important. Do not just list your title and company with no summary of what it all means. As a prospect, I want to know what challenges you’ve faced, what opportunities you’ve conquered, your successes, and how resilient you are in tough spots. I’m entrusting you with my IT — my customers’ confidential information in some cases — and I want to know you have the chops to back me up. If you’re not comfortable bragging about yourself, bullet out your list. Bullets can keep it concise and easy to digest for the person researching.

5. **Build your digital credibility with recommendations.** I worked for a copier dealer company in a past life. One of the founders had a deep understanding of the value of customer service and had the testimonials to prove it. Every wall in the building was lined with these framed testimonial letters to showcase their credibility and allow others to see their customers’ endorsements. It’s exactly the same with online recommendations. Not everyone will enter your building to see the walls lined with these recommendations. They have to be translated into your buyers’ language — in digital form. You have to give and receive. I like to give my clients recommendations on LinkedIn for two reasons. 1) I typically only like to work with wonderful people and I’ve never had an issue offering words of praise to these folks, and 2) it evokes a positive feeling in those I recommend. It happens even with me personally when I receive a recommendation. “Oh how nice! Susan Smith gave me a recommendation!” It goes a long way. Think of your best customers and then, selectively,
write them recommendations. Then ask your best customers for a recommendation in return. It’s flattering to be asked to write a recommendation. It’s a win-win. Don’t be shy. Ask trusted people in your network to write you a LinkedIn recommendation. Line your digital walls with testimonials.

6. Build your digital credibility with connections. Expanding on your credibility, you should be connecting with other well-respected people in the digital community. It’s not about being connected to all the people you work with, it’s about connecting to people you’ve met at networking events or conferences who could lend value. Connecting with people you don’t know is tricky, but one word of advice would be to make sure your connection request states a compelling reason to make the connection. The generic message LinkedIn auto-populates is impersonal and shows you had no real thought behind the connection. Find a commonality, something you can offer them and then make the connection. If you receive a request to connect from someone you have not met and they have not included a personal message explaining the request to connect, you can always reply, inquiring as to what prompted the connection. It could lead to a viable lead.

LinkedIn is a digital connection to your buyers. You can’t be in front of your clients and prospects every day in person, but you can be in front of them socially, in the space where they’ve begun to focus attention — online. LinkedIn has so many fantastic features for you when looking to enhance your online digital presence. However, the points above will at least begin to shape your profile into a reputable and trustworthy digital persona for your prospect.

In the next article, we’ll focus on how to use your refined profile to connect with prospects and convert them into qualified leads for your dealership.

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EDUCATION: easily one of the hardest professions on the planet. On top of the enormous challenge of preparing students for productive, rewarding lives for decades to come, every school district faces the same mundane operational challenges that any organization does. One of those operational challenges is cost-effectively managing people, processes and equipment — especially when it includes thousands of users in dozens of locations.

For example, I work at the Metropolitan Nashville Public Schools (MNPS), a large school district in Nashville, Tenn., comprising 80,000 students and 10,000 staff in nearly 140 schools. Each school has traditionally been granted significant autonomy for managing document output. As a result, most of our schools had a mix of centralized network devices and standalone printers, causing inefficiencies to spiral out of control.

Take, for instance, the standalone printers littered throughout classrooms within the district. Many teachers had purchased these personal printers out of their own pockets because the schools’ equipment wasn’t meeting their needs. Eventually, we found these printers, along with school-owned printers, to be outdated and inefficient.

Because there were only spotty records to determine which printers were the district’s responsibility and which were personal printers, maintenance became increasingly difficult for our IT staff. Many maintenance issues weren’t even reported. As a result, printers sat inoperable for service issues as minor as toner replacement. The district struggled to control centralized printing, too. More specifically, we struggled to control unauthorized and excessive usage.

Since paper is still an integral part of the educational experience, district leaders realized that new output devices were needed. We also knew that new printers alone wouldn’t quell escalating replacement and operating costs. So, MNPS issued an RFP for what we really needed — a new document management strategy throughout the district. All three vendors that responded to the RFP claimed they could deliver up to $1.5 million in savings. But, when pressed on exactly how they would deliver those savings, the answers were generally vague and unrealistic.

One vendor stood out to us, however, and they welcomed the opportunity to provide the specifics of their efficiency strategy. Ricoh Americas Corporation proposed a detailed, comprehensive scope of work, including interviews, plant maps and Web surveys customized to meet the specific requirements of each school.

Ricoh explained to us that their strategy for MNPS was based on their mission to help every customer achieve information mobility — the condition of having instant access to the right information in the right form on the right device for the task at hand. They believe if a customer is working too hard to get at their own information, as we appeared to be, something needed to and could be fixed.
**Solution**

The Ricoh team knew it couldn’t garner an accurate assessment of the existing document management environment from afar. As a result, school visits were planned to better assess the district’s needs. Working together we also developed a detailed, customized survey to determine the needs of print users in the district.

The survey helped identify what users wanted. A comprehensive assessment of the existing print environment helped determine what they needed. Findings also highlight what we were actually spending on document management. Armed with this information, we looked to develop a new, more efficient output strategy immediately.

To start, the on-site Ricoh team used asset mapping software on a portable tablet device to locate and catalog existing assets. It also deployed its @Remote device management software to monitor fleet activity and to compile raw data on existing networked printers. As a result, the team was able to provide detailed pricing for both new equipment and supplies for deployed devices. The report also detailed surprising usage trends across the district. For example, the color printers were used at an alarming rate during the lunchtime hours, indicating teachers could possibly be using them for personal reasons.

The next step was to demonstrate how transitioning to centralized, shared printing could quickly improve service and reduce operating costs. Ricoh recommended we replace all inkjet classroom devices with hub printing. This new approach would enable the district to regulate how many printers were deployed and ensure proper maintenance on the devices. More importantly, we would be able to manage operating costs much more accurately.

New digital MFPs with print, fax and scan capabilities were placed in strategically located work rooms. Color output was limited to color-designated MFPs. Inkjet printers and standalone fax machines were eliminated, and older monochrome laser printers were marked for gradual phase out. In addition, we implemented the Ricoh TRAC Web-based reporting tool to help us more efficiently manage people, space, assets, and document management functions. For example, administrators can use it to track asset utilization and chargeback costs.

**Results**

Overhauling print environments for 138 schools didn’t happen overnight. First, we conducted a pilot program with seven schools, including two high schools, two middle schools, two elementary schools and a magnet school. Initial print efficiency varied significantly between the schools.

Ricoh started with maps of the current state of printer usage and projected the optimal future state. The team visited with principals at each school and walked the hallways to determine the best printer placement strategy.

Ricoh used its proprietary PCS Director software to accurately track usage at each device in every school. It provided centralized management and reporting for printing, copying and scanning so the district could reduce waste, curb excessive usage and allocate proper resources moving forward. For the first time, users would need to provide authentication directly at the device to gain authorization to approved functionality. It even allows our IT staff to set limits for individual users or groups.

Previously, print expenses were primarily the responsibility of each school. With centralized printing, our operation is now more strategic. The district pays for the devices, toner and maintenance costs, and ensures optimal efficiency with strategically located, cost-effective devices. This new approach has worked exceptionally well for us to date. The next step is to leverage the district print shop for more efficient printing. This initiative includes the implementation of a Web-based job submission and ticketing system to streamline the process and improve accuracy.

Working with Ricoh, we’ve implemented this new centralized printing and monitoring at about 30 MNPS schools, each using a mix of legacy and new devices. On average, there are two large high-speed MFPs and one smaller MFP at each location.

We are already seeing significant cost reduction for devices and printing across the district. We estimated that about 100 devices have been removed from our fleet. With default duplex printing and authentication controls, the district is projecting to reduce paper costs by at least 30 percent. All devices are equipped with “sleep mode” to adhere to environment stewardship initiatives. Some schools are leveraging an electronic portfolio through SharePoint to reduce costs even more. And the schools will continue to work with a professional services team to monitor service calls and assess operations to identify trends and best practices moving forward.

This coordinated strategy to streamline district document output management means one less headache for busy educators. It also means potentially more money that can be directed toward the bigger challenges that professional educators face: preparing the next generation to create a better world.
Remanufacturing Managed Print: LMI’s Total Solution Evolution

by AMY WEISS

IF YOU WATCH ENOUGH Animal Planet you’ll learn that certain creatures have amazing skills of adaptation, allowing them to excel in any environment, no matter how harsh. Extra-long limbs to access food sources out of reach to competitors, extra-large ears to hear both predators and prey better than the rest, the ability to store reserves of water or food — these adaptations are not about mere survival. Rather, these animals have developed in ways that allow them to excel, to thrive, and to gain an edge over their competitors.

In many ways, business is not terribly different from the animal kingdom. There’s the fight to survive, heavy competition, and a food chain with very little room at its peak. To reach the top of that chain and maintain position, companies must also adapt, develop skills and abilities that set them apart from the competition, and the ability to use those skills in ways others may be unable to.

This brings us to LMI Solutions, a Phoenix-based solutions provider that has developed in ways that its founder, Gary Willert, may not have imagined back in 1997. But then again, he may have — Willert is a visionary who has brought this cartridge remanufacturing company to the forefront of the managed print and services industry.

In 1997, LMI was a cartridge remanufacturer with seven employees, producing around 1,000 cartridges and servicing 10 customers per month. Today it is a true solutions provider, with an industry-leading managed print program, approximately 700 dealership customers, and two recently acquired printer remanufacturing companies, Global Printer Services and Printersdirect. And yes, LMI is still a cartridge remanufacturer, producing around 150,000 cartridges per month.

It’s a long road from there to here, but LMI proved early on that it was going to be able to travel that road successfully, as one of the first cartridge remanufacturers to really embrace managed print in the days when cost-per-page (CPP) was still largely the realm of the copier dealer.

“There was a learning curve all around in those days when it came to CPP. Someone would have a cheaper price, so they’d switch, and realize not all cartridges are created equal. It wouldn’t necessarily be lesser quality; sometimes the yield was poor. One customer switched away from us for two or three months and when they came back, they said it seemed like the other company was filling (the cartridges) half full. That was an extremely important lesson in the CPP and MPS environment, that the dealer is responsible for those costs,” said Willert.

LMI’S HEADQUARTERS in Phoenix
Willert didn’t just take those lessons and keep them to himself, however. Instead, he used the information to create a program to help dealers sell managed print.

“We’d get calls asking how to do this, how to get into it, and we realized everyone was looking for that information. So we put together a program. We put together the device monitoring software that we used, then started developing the PageTrac TCO program. It evolved into training, with online modules and the Peak Performance solution to give reps not only training but marketing material — tools to attack the market and be successful,” said Willert.

Tools for success

Today, LMI offers a comprehensive suite of tools to enable its customers to not only survive, but to excel. The LMI MPS Advantage is the company’s “MPS in a box” solution that includes consulting, sales training and marketing, print management software, and supplies.

The components of the program are numerous and impressive. For instance, Peak Performance 2.0 includes a series of training videos, marketing materials including email templates and lead generation videos, and a mobile sales pitch kit app available on the iTunes store. PageTrac Software is LMI’s total MPS solution, providing MPS dealers automatic remote monitoring, device discovery, meter reads, supplies fulfillment, service dispatching, meter collection and billing software. LMI’s PageTrac TCO Calculator is a web-based application that helps dealers understand their true costs when proposing a new MPS program to their customer. It includes a proposal generation tool that integrates with the PageTrac software to use the dealers’ actual costs to generate proposals.

“We want a long-term relationship with our customers,” said Willert. “We provide ongoing support. We have experts who have gone through MPS before, who have run programs at dealerships and will let them know what they need to focus on, ideas for comp plans, things of that nature. We want them to grow their business, and as they grow their business we’ll grow ours. We take that very seriously. We’ll do anything for our customers. We’ll do cartwheels—whatever it takes to be successful.”

Along come printers

One of the latest offerings LMI has for its customers is the remanufactured printer. In the summer of 2014 LMI surprised the industry with a pair of back-to-back acquisitions of printer remanufacturing companies. In June, LMI acquired Madison, Wis.-based Global Printer Services, an 18-year-old company with distribution centers in Minneapolis and Las Vegas. In July came the acquisition of Atlanta-based Printersdirect. It would seem LMI was now able to offer the trifecta: remanufactured printers, remanufactured toner, and the managed print programs to tie them all together. But is it as simple as that?

What’s involved in adding a remanufactured printer to that MPS program?

“Printers fall in line with solutions selling,” explained Willert. “Once you get that account, it’s just one more way to improve your profitability. It’s a long-term opportunity.”

The opportunities are truly immense when you think about the logistics. Cartridge remanufacturers benefit most from older printers with a large install base — the company uses the HP 4000 series as an example, saying they are the most in-demand line of cartridges even though the machines themselves are no longer sold new. They are, however, sold remanufactured, and the opportunities for a dealer placing, for example, a remanufactured...
HP 4250 in a managed print environment soon become clear. Of course, just as with a cartridge, a printer can’t simply be resold — there’s work that must go into it before it can be placed with a customer. “We truly rebuild the printer into like-new condition,” Willert said. “There are only a handful of people with that ability. You really have to do things to the printer to make it look like new. It costs a little money.”

It’s a worthwhile investment, however, and Willert stands by the results obtained by LMI’s dealers. “We’ve seen companies using a lesser quality product at a lower price, and when they switch over to us their profitability on MPS contracts increases dramatically.”

**Breaking ground while staying true to its roots**

LMI is not resting on its laurels following its two latest acquisitions. Willert is always planning what’s next, and thinking about new ways to grow. “It could be new products, new systems, new software — maybe an acquisition,” he said. “I never want to be closed in to not looking outside our industry. There could be ideas out there that could be implemented, even within our dealer group. That’s how a lot of them have gotten into managed services.”

Managed services — the ultimate crossover. The managed print industry talks about it regularly and there is some success in both directions. “There are a number of VARs that have bought into managed print,” Willert said. “Typically the biggest ones, the ones with more infrastructure in place, have made it happen. We’ve had good success in that channel, but there’s still more the industry could have in general. A lot of (managed service providers) are still shying away from the print side, saying it’s a waste of time, something they don’t want to know much about.” It’s a common complaint among managed print providers, and if it’s surprising that a cartridge remanufacturer has made more headway than many, maybe it shouldn’t be — not when that remanufacturer is LMI.

“We’re still making our money on cartridges at the end of the day,” said Willert, who says 99-plus percent of the company’s cartridges are remanufactured in-house. “Very little is outsourced,” he said. “We’re very particular.”

As with many companies in the remanufacturing industry, environmental benefits are a big selling point for LMI. The company offers a “Zero-Landfill Sales Kit” that promotes the environmental benefits of remanufacturing to customers while closing the loop for LMI with a return program for empty cartridges. It’s another ideal fit for the printer business as well, since the environmental benefits of using remanufactured printers fit right in with the company’s “Greener Print Strategy.”

So the opportunities in the managed services and supplies and hardware markets are all well and good, but do they all add up to opportunities in the managed print market? Yes, says Willert. “One dealer said that just one out of 20 customers they talk to know what managed print is,” he said. “It’s becoming more commonplace, but the opportunity is still there. So we’ll continue to devote time and energy and money to making them successful.

“We want to continue on, do our thing and service our customers,” said Willert. “There’s a bright future for everyone.”

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**BEFORE AND AFTER:** remanufactured printers are LMI’s newest addition.

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