IDC Sales Intelligence Workshop

The Small Format Printer Market
Agenda

- Getting the bigger context: Understanding the printer market
  - Key trends shaping the markets into which you sell
  - Predictions for where the market is going

- Improving sales conversations: Understanding today’s buyer
  - Shifts in the IT buyer landscape
  - Who you are selling to and why they care
  - Business concerns of today’s buyer

- Knowing where to sell: Finding and developing opportunities
  - Questions for identifying pain points and opportunities to sell
  - Building trust: Demonstrating an understanding of the buyer’s perspective

- Knowing how to sell: Positioning your team for sales success
  - Tying your offerings to buyer needs to establish clear value
  - How you can best position yourself against the competition
Background and Market Context

Getting the bigger context: Understanding the printer market
Today’s Marketplace

US Unit Shipments by Device Type (K)

Industry trends point to a maturing market. However, pockets of growth are available and should be key targets.
Today’s Marketplace
US Page Volume by Device Type (B)

Like hardware shipments, the market’s annuity, represented by the number of pages produced on these devices, is also maturing. The page volume decline is slower than the hardware decline and there’s more identifiable growth pockets here as well.
Today’s Marketplace

US A3 and A4 MFP Shipment CAGRs (2015-2020)

Product transitions are evident…from monochrome to color and A3 to A4.
Digital Transformation of Document Workflows

Maturity Distribution Across Stages

- **Ad Hoc**: 34.01%
  - High costs are prevalent and security is limited. Workflows are driven by inefficient manual data entry.

- **Opportunistic**: 31.3%
  - Image-only capture is deployed, connected to CM Systems.
  - Some level of cost reduction is achieved from digital archiving, reducing time for locating archived content.

- **Repetible**: 15.4%
  - Content extraction indexing and categorization are automated.
  - Workflow digitization provides greater levels of agility. Businesses begin to realize cost saving and production improvements.

- **Managed**: 12%
  - Integration of 3rd Platform technologies driving engagements.
  - Customer maintain long term relationship. Provides vendor competitive edge, resulting in long term financial benefits.

- **Optimized**: 7.4%
  - Full automation across all departments.
  - Ultimate level of workflow efficiencies achieved across all departments.

Nearly two thirds of businesses are at stage 1 or 2 of maturity for how they manage document workflows. This is a strong statement of how many companies remain paper-centric and a selling opportunity for vendors who can help clients manage the transition while preserving hard-copy capabilities.
Looking Ahead: *IDC Predictions*

**2017**
- **Smart MFPs** will be the foundation for a majority of enterprise office printing solutions driven by a focus on the user experience and access to greater functionality.
- Companies will save over $1.5 billion worldwide on **supplies and paper** as a result of paper reduction initiatives.

**2018**
- Nearly 100% of major brand owners/manufacturers will use digital print processes to produce some portion of their consumer-facing **packaging**.
- More than a quarter of SMBs will contract with a provider for **outsourced print and document services**, aided by the transition to cloud delivery models and channel fulfillment.
- Leading regulated companies increase print availability and adopt real-time analytics to drive **multi-channel delivery** to meet compliance goals and varying customer expectations.
- 1/3 of software suppliers in **digital signage** will be consolidated by larger stakeholders trying to invest in software and services that tie-in with 3rd platform technologies.

**2019**
- Nearly a third of all organizations will engage with a vendor in a contractual relationship for **print security**.
- 2/3s of businesses document **workflow** strategies will leverage 3rd platform technologies to re-engineer how regulatory compliance and security concerns are resolved.
- We expect almost all new document **compliance** regulations to stipulate electronic format as an acceptable medium.

**2020**
- **Mobile print** will be a standard feature and will cease to exist as a distinct product category.
Looking Ahead: *Digital Transformation is disrupting the printer marketplace*

- Increasingly mobile workforce
- Deliver the right content to the right people at the right time – and via the preferred medium
- Dynamic regulatory environment
  - Friend or foe to paper?
- Security challenges escalate
- Business innovation provides competitive advantage

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Looking Ahead: The Office of the Future shapes the print opportunity landscape

**Physical**
- Cubes & offices replaced by...
  - Shared, open space
  - Transparency (glass)
  - Remove walls, barriers to collaboration
  - Hospitable, inviting
  - A place to meet
  - Office business hubs emerge

**Workforce**
- Separation of work and play...
  - Contracted or shared jobs
  - Multi-generational
  - Man and machine co-exist
  - Attract and retain workforce by enabling flexible workstyle, work/life balance, productivity gains

**Technology**
- Largely unconnected...
  - Access is 24/7, not 9 to 5
  - Customized to the user
  - Analytics – sensors track the user, work
  - Natural interfaces are intuitive
  - Collaborative technologies enable work virtually
  - Mobility blurs work & personal
  - Untethered wireless power
  - Print will have a role, but...
Looking Ahead: Multifunction Printers can play a significant role in the Office of the Future

Prediction: By 2018, Smart MFPs will serve as the foundation for a majority of enterprise office printing solutions driven by a focus on the user experience and access to greater functionality.
Today’s Printer Marketplace

Key Takeaways

- Your job isn’t getting any easier
  - The printer market is maturing
  - Mature markets get little attention from many buyers
  - Digital Transformation shifts emphasis away from paper-based processes
  - Work environments are undergoing dramatic change that render some older technologies obsolete
Today’s Printer Marketplace

Key Takeaways

- There is still plenty of room to grow your business
  - The market is not falling off a cliff; the decline is slow and it’s still a HUGE marketplace
  - There is consistent churn of the installed base
  - Given it’s centrality to many business functions, new advances in printer functionality will continue to be a significant selling opportunity for the foreseeable future

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Today’s Printer Marketplace

Key Takeaways

- Understanding market dynamics is key to your success
  - Hidden opportunities to improve efficiency and reduce costs can make you an important business productivity partner
  - Software management solutions help IT interconnect various functions and gain control of the printing environment, allowing you to earn their loyalty
  - Digital transformation and the office of the future present new opportunities to sell high-value solutions
  - Software integration and services increasing matter more than hardware
Key Buyer Roles

Improving sales conversations: Understanding today’s buyer
Today’s tech buyers are smarter and more self-educated than ever

The success of thought leadership and content marketing has created a **hyper-educated buyer** that delays engagement with sales. To succeed in this shorter selling window, sales professionals must speak their language and know what is of interest to them...

- What are the key market trends driving IT purchase decisions for buyers like me?
- How are changes in print services affecting business outcomes in my industry?
- How can I take advantage of 3rd platform technologies?
- How can the technology we’re considering affect my bottom line?
They’re also a whole lot more diverse

The changing nature of today’s buying teams means that salespeople are now facing a new audience. To speak to these teams, they must understand the perspective of functional leaders (e.g., CMO, CSO, CFO) and industry-specific buyer personas.

Today’s buyers are different, often coming from outside of traditional IT

- Line-of-business (LOB) buyers are now at the table 80% of the time and control 60% of the budget
- They view technology from a 3rd platform perspective and care less about tech and more about the business value it can bring
- They expect solutions and how they are sold to be tailored to the needs of their industry and/or their functional role

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Shadow IT (LOB Funded)</td>
<td>17%</td>
</tr>
<tr>
<td>Business Projects (LOB Funded)</td>
<td>23%</td>
</tr>
<tr>
<td>Joint IT &amp; Business Projects (LOB Funded)</td>
<td>20%</td>
</tr>
<tr>
<td>Joint IT &amp; Business Projects (IT Funded)</td>
<td>20%</td>
</tr>
<tr>
<td>IT Projects (IT Funded)</td>
<td>20%</td>
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</tbody>
</table>

Source: IDC 2015 Line of Business Study
Q: Which type of provider do you believe is best suited to automate and optimize your company’s business document processes?

Print vendors are *not* seen as strong partners to help buyers automate and optimize document processing. This is a perception that can easily be turned around, opening up selling opportunities.
What to do in this changing landscape? Preserve existing relationships while branching out

- Purchasing and IT are still key relationships
  - Purchasing professionals still want to control your access and will thus require ongoing nurturing
  - IT departments will play a bigger role as customers move toward software managed services and seek to improve security

- The lines-of-business will be where can find opportunities to grow
  - Demand for specific printing technology/features will be driven by specific business considerations
  - Identifying those opportunities will require engaging with the various departments and understanding key factors that printing needs
    - Workflows that require hard copy output
    - Mobile workers who are not yet supported by the existing environment
    - Disconnected devices that inhibit efficiencies
    - Security needs that require technology upgrades
Key Buyer Roles

Purchasing

- Where to find them
  - Purchasing departments
  - May be found in IT

- Primary business concerns
  - Reducing cost
  - Ease and flexibility of purchase options
  - Preserving exiting investments

- Purchase decision drivers
  - Acquisition cost
  - Consumables cost and availability
  - Projected duty cycle and lifecycle cost
  - Availability of product through multiple channels
  - Product lifecycle duration
Key Buyer Roles

**IT**

- Where to find them
  - IT (central)
  - Operations
  - Regional/Departmental IT

- Primary business concerns
  - Keeping internal customers happy
  - Minimizing support requirements
  - Maximizing self-help options for users
  - Network & device security
  - Ease and x-platform capabilities of management software

- Purchase decision drivers
  - Ability to fit into existing network architecture
  - Support for key features (e.g., remote device support)
  - Performance
  - X-platform compatibility
  - Security standards compliance
  - Product reliability

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Key Buyer Roles

Lines of business

- Where to find them
  - All departments (general consumption)
  - Marketing (heavy consumer)
  - Sales (heavy consumer)
  - Engineering & design (heavy consumer of special format printers)

- Primary business concerns
  - Specific to job function
  - Business agility and speed
  - Devices transparent to task (ease of use)

- Purchase decision drivers
  - Features
  - Output quality
  - Output speed
  - Product reliability
Opportunity identification and development

Knowing where to sell: Finding and developing opportunities
Guidance on identifying and developing account opportunities

- Seek a deep understanding of the purchase drivers for each customer
- To help develop a buyer-centric approach, ask yourself the questions customer should be asking themselves...
  - How can we reduce costs? How can we work smarter?
  - How do we enable mobile access to print services?
  - How can we better manage security? How about compliance/regulatory issues?
  - How is unconnected technology impacting our productivity?
  - How can we enhance the user experience with technology?...customized, analytics, collaborative?
  - How can we be competitive/nimbler/faster with innovation?
  - How can we bring all the parts together for documents and other business info reqs?
  - How can we transform our business in line with the changes taking place in our industry?

Looking Ahead: Multifunction Printers can play a significant role in the Office of the Future

Prediction: By 2018, Smart MFPs will serve as the foundation for a majority of enterprise office printing solutions driven by a focus on the user experience and access to greater functionality.
Guidance on identifying and developing account opportunities

- Do your homework in advance of customer interaction
  - Google and LinkedIn searches to reveal current account and/or point of contact issues
  - Leverage each point of contact to develop an understanding of account-specific purchase drivers
  - Where are the purchasing centers of power for print? We typically see...
    - Purchasing (contracts)
    - IT (networking)
    - LOB (how work gets done)
Identify new buying centers of power and expand your account dev plan

- Seek to understand which departments and/or job roles have a high need for printing
- Remember: line-of-business buyers now control the majority of IT spending, but...
- Things may be different as it pertains to print
  - **Is purchasing still the center of print purchasing power?**
  - **What role does IT play in setting standards for print?**
  - **How can you help interconnect diverse print priorities (LOB) across different departments?**
Questions that can identify pain points and opportunities to sell

- Is there a need to replace existing equipment?
- Is there a need to support mobile device printing not currently being met?
- Is your printing environment secure? Does it meet compliance/regulatory needs?
- Do you have appropriate knowledge about the use and costs of the print environment? Do you have analytics?
- Are you balancing print and digital workflow? Are you employing appropriate management and optimizing it?
- What about the user experience; is the capability of the solution being leveraged to its optimal level?
Key talking points

Knowing how to sell: Positioning your team for sales success
To create a compelling buyer experience, you must demonstrate an understanding of the buyer’s perspective and provide the information they seek

- **Leading with a product pitch will fail; start by talking about industry- or job-specific business issues**
  - Self-educating customers no longer need or want the basic information they can find online
  - Line-of-business buyers don’t care about technology per se – they are looking for solutions that have business value

- **Trust and the belief that your voice is worth hearing needs to be earned**
  - Salespeople must demonstrate an understanding of the market beyond their own products and services
  - Knowing the technology decision drivers for LOB buyers and how technology implementation affects business outcomes is vital

- **Referencing 3rd party content demonstrates a broader perspective**
  - Vendors who bring expert opinions to customers and prospects will be rewarded
  - Buyers still need to be educated, but the nature of that education must reflect today’s marketplace and be tuned to the industry and role-specific needs of each buyer
After you’ve built trust by asking the right questions and identifying key needs, position yourself as a solution partner

- Tie your value proposition to customer-specific purchase drivers
- Tie technology architectures/features to industry trends than help the buyer prepare for the future
- Build and sell complete solutions...
  - Hardware
  - Software
  - Service
  - Channel support
Leverage a broad perspective on print and 3rd party insights to build trust

- To demonstrate a broader perspective, track and understand market trends and talk about them
  - Cite market research and industry best practices
  - Benchmark: Be able to talk with customers for 15 minutes without referring to your own product
Leverage a broad perspective on print and 3rd party insights to build trust

- Bring insights about printing that can be tied to customer purchase decision drivers
  - Business productivity consultant
  - Ask questions that identify pain points and opportunities to sell
  - Be able to talk about the business value of identifying and addressing hidden inefficiencies

Buyer Insights: Missed Opportunities?

Buyers face continued pressure to reduce cost & increase productivity (i.e., transform), but...

- Print and documents are still an often over-looked expense due to fragmented oversight
- Inefficient, outdated, highly manual document processes, though painful, may not be top of mind for decision makers
- There is low awareness of the potential opportunities for transformational improvements locked within these processes...
- ... and equally low awareness that the print provider has an optimized fleet of imaging devices & has the document domain expertise to enable business process improvements
# Essential Guidance

*The traditional market*

<table>
<thead>
<tr>
<th>Advice</th>
<th>Implication for Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Still a huge market for hardware &amp; supplies</td>
<td>• Stay motivated and persistent</td>
</tr>
<tr>
<td>• Hardware transitions continue…A3 to A4; mono to color; SFP to MFP</td>
<td>• Make inquiries about older equipment coming off lease</td>
</tr>
<tr>
<td>• Customer is typically replacing not adding hardware…</td>
<td>• Move up the “permission to play” hierarchy</td>
</tr>
<tr>
<td>• …but there is a huge installed base to churn</td>
<td></td>
</tr>
<tr>
<td>• More differentiation with software/services…further entrenches the provider with the customer</td>
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## Essential Guidance

### Digital transformation & office of the future

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<tr>
<td>• Need to be thinking about how to succeed in an increasingly “less-paper” market</td>
<td>• Think outside of traditional frameworks</td>
</tr>
<tr>
<td>• Breeds opportunity, but it’s different than the traditional offering</td>
<td>• Be creative! Conduct brainstorming sessions as part of sales team meetings</td>
</tr>
<tr>
<td>• Identify appropriate adjacencies that may or may not lead to print (e.g., digital signage, document &amp; content management, mobility/cloud, IoT, security)</td>
<td>• Don’t get ahead of the demand curve…print will be around for a long time!</td>
</tr>
<tr>
<td>• Appropriate pace of transformation is critical…balance with core market</td>
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## Essential Guidance

**Selling to the line-of-business buyer**

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<tr>
<td>• Increased LOB role means potential for multiple owners and adds complexity to selling process</td>
<td>• Don’t make assumptions: Seek to understand where the centers of purchasing power are for print?</td>
</tr>
<tr>
<td>• Business drivers vary from different LOB managers</td>
<td>• Identify the critical purchase decision drivers</td>
</tr>
<tr>
<td>• Priorities shifting from managing print to gaining worker productivity</td>
<td>• Focus on how you can add business value and help customers improve their bottom line</td>
</tr>
<tr>
<td>• Need help in transforming their business in order to compete</td>
<td>• Become a business value consultant that can speak to customer needs, not just a copier/printer sales rep</td>
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</tbody>
</table>