Managed Print Services Landscape, 2017

A vendor analysis of the global enterprise MPS market

July 2017

Report Excerpt: Xerox

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

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

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Executive summary

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

A market in transition

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

Strong MPS market leadership group

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

Service delivery quality is the battleground for MPS

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

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

Security moves up the MPS agenda

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

An enabler for digital transformation

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

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

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

Future outlook

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

Methodology

End-user analysis

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

Vendor analysis

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

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

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

Definitions

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

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

- **Assessment** – a review of the current print environment to provide recommendations for rationalisation and an estimate of potential future savings. Assessments range from basic online assessments to full workflow assessments. Environmental impact analysis and document security assessments may also be included.

- **Optimisation** – device rationalisation and consolidation to improve user-to-device ratios, and development of print policies as part of a governance framework for a full enterprise MPS, including change management, deployment and transition.

- **Management** – continuous process improvement, business reviews, SLA monitoring, remote management and workflow improvement.

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

The MPS ecosystem

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

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

Market overview

A mature and evolving market

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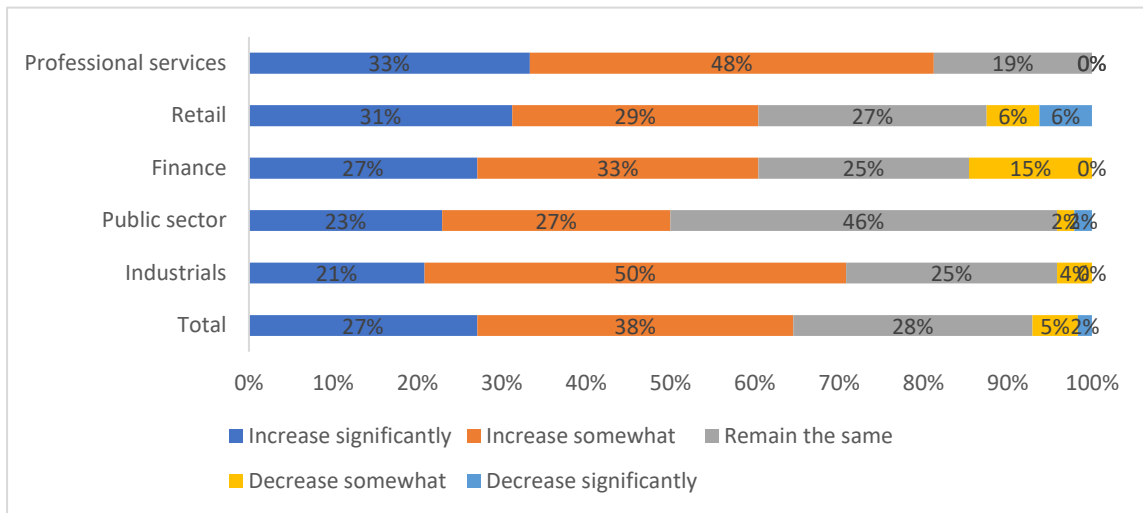

Figure 1. MPS budget plans over the next 12 months

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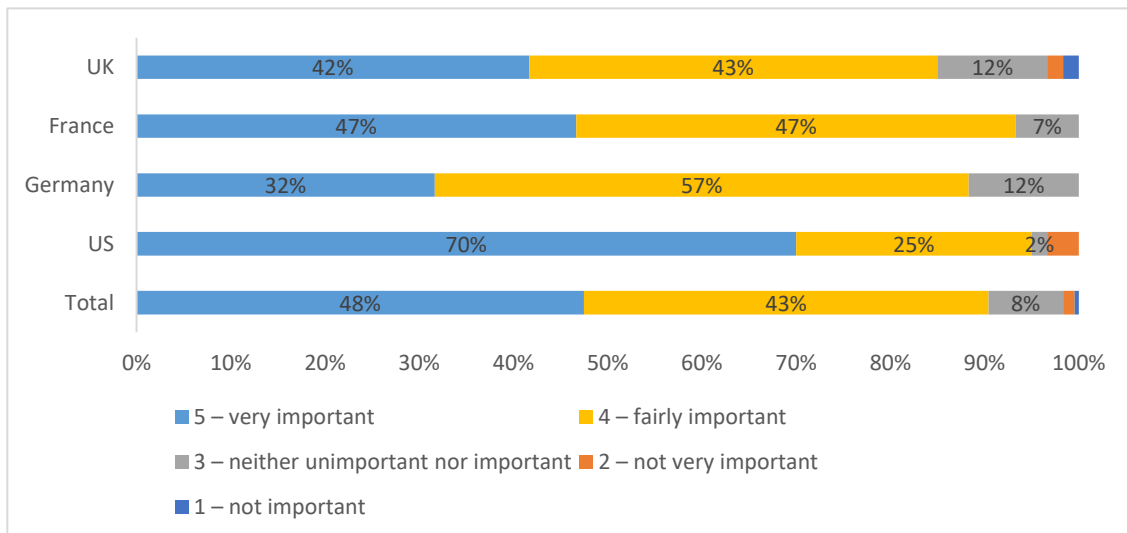

Figure 2. How important is paper to the daily business of your organisation?

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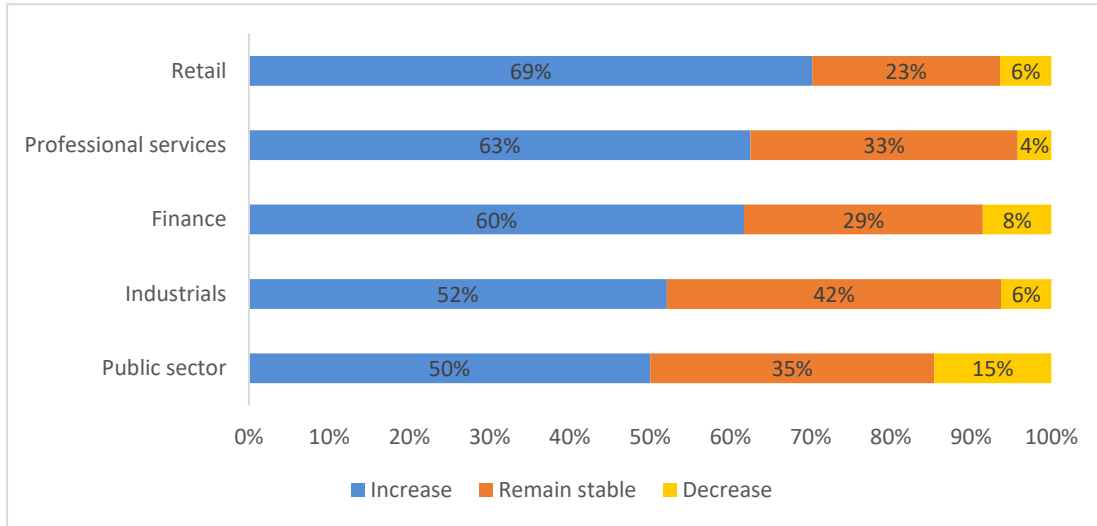

Figure 3. Over the next 12 months, how do you expect your organisation's colour print volumes to change?

Service quality, security and cost remain top drivers for MPS

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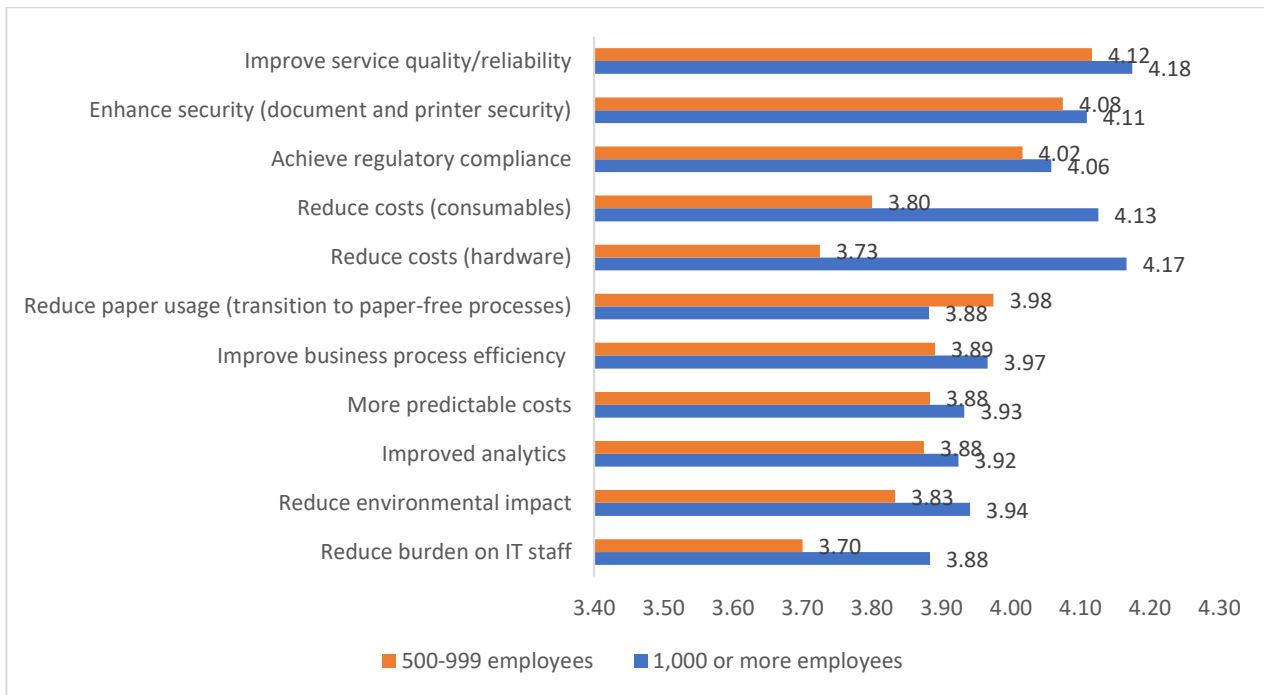

Figure 4. How important are the following business benefits to your organisation in relation to managed print services? (Average score on a scale of 1 to 5 where 1 = not important and 5 = very important)

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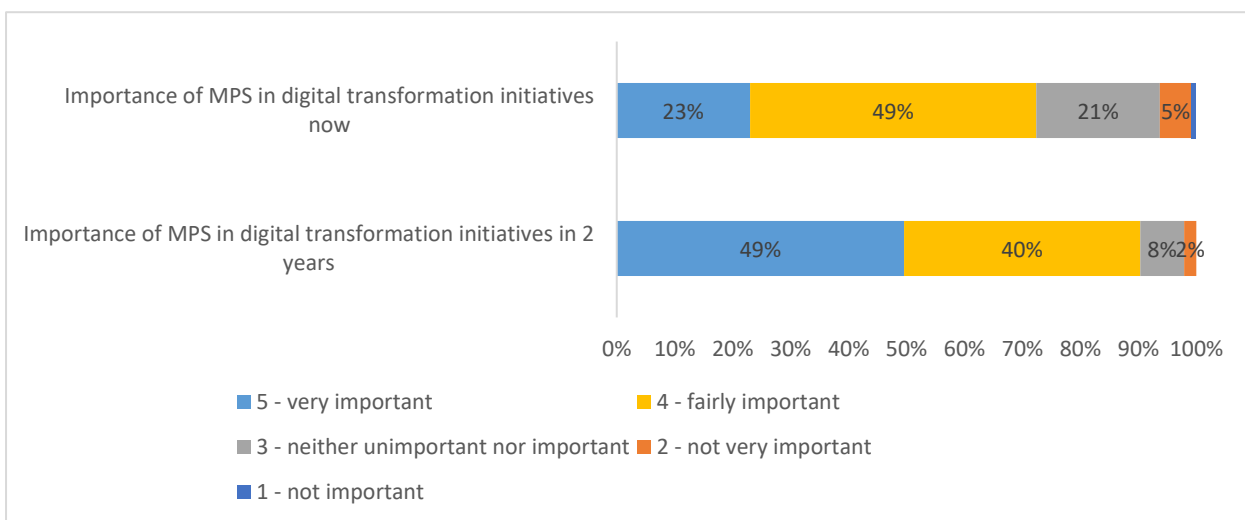

Figure 5. The importance of MPS in an organisation's digital transformation initiatives over the next two years

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

The security imperative

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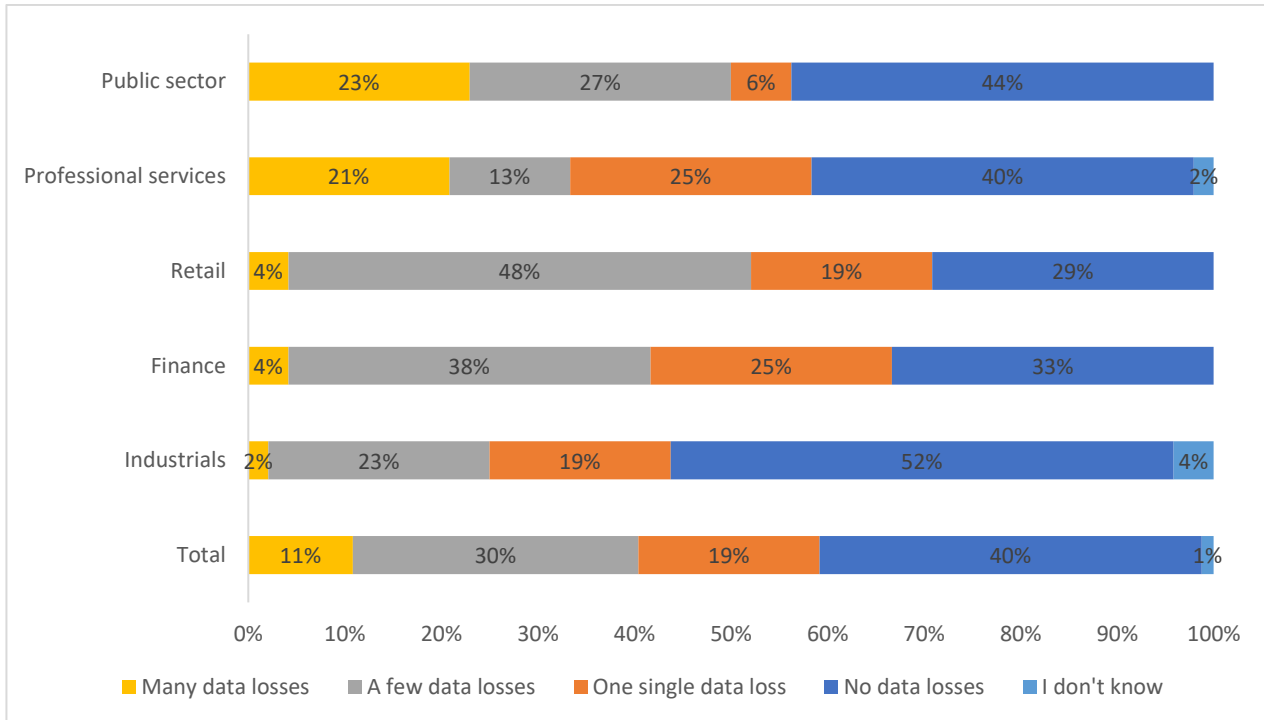
Figure 6. Data loss through insecure printing practices

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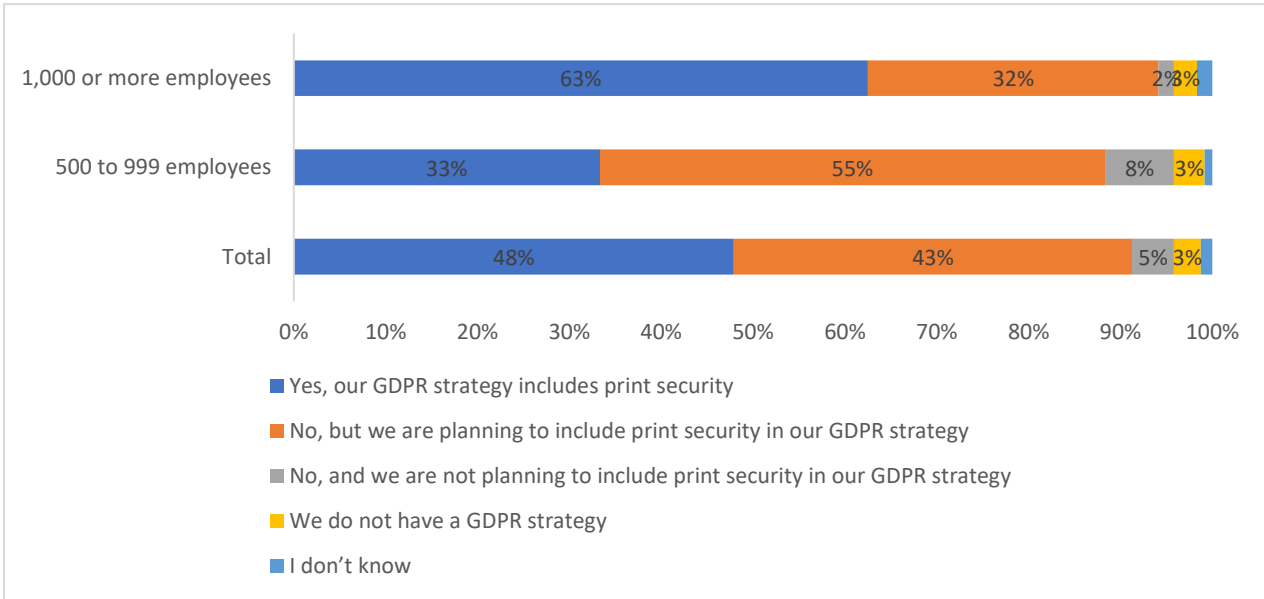
Figure 7. Has your organisation included print security within its strategy for GDPR compliance?

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

The starting point should be a comprehensive security assessment – vital in today's evolving threat landscape. Such assessments vary in depth and scale. Overall, 31% of organisations indicate that they have completed a security assessment, with a further 57% indicating it is underway (Figure 8).
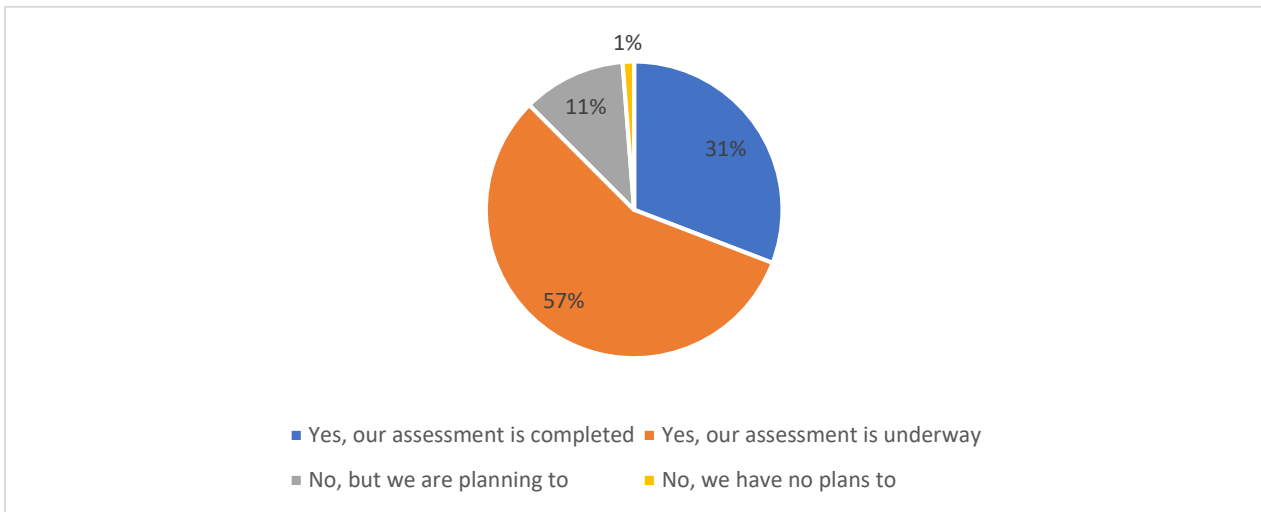
Figure 8. Has your organisation conducted a security assessment of its document processes across its print environment?

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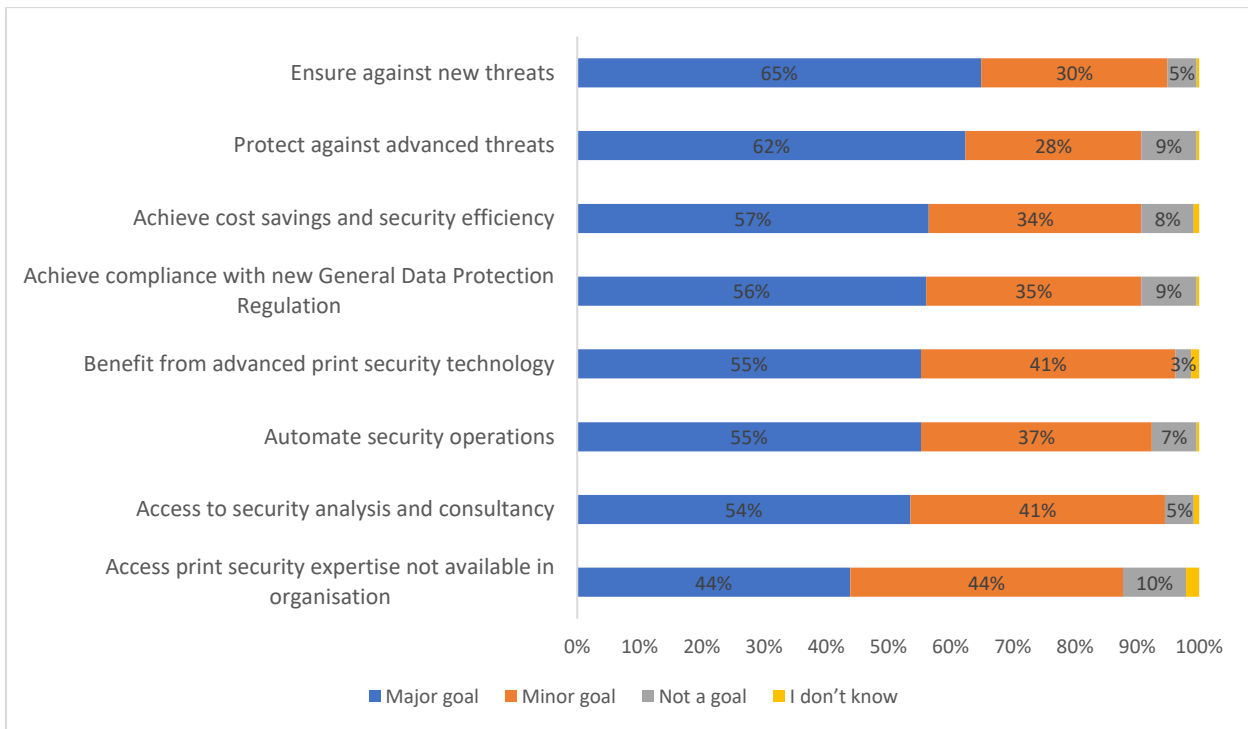
Figure 9. Which of the following are a major or minor goal for a security assessment of your organisation's document processes?

MPS provider performance

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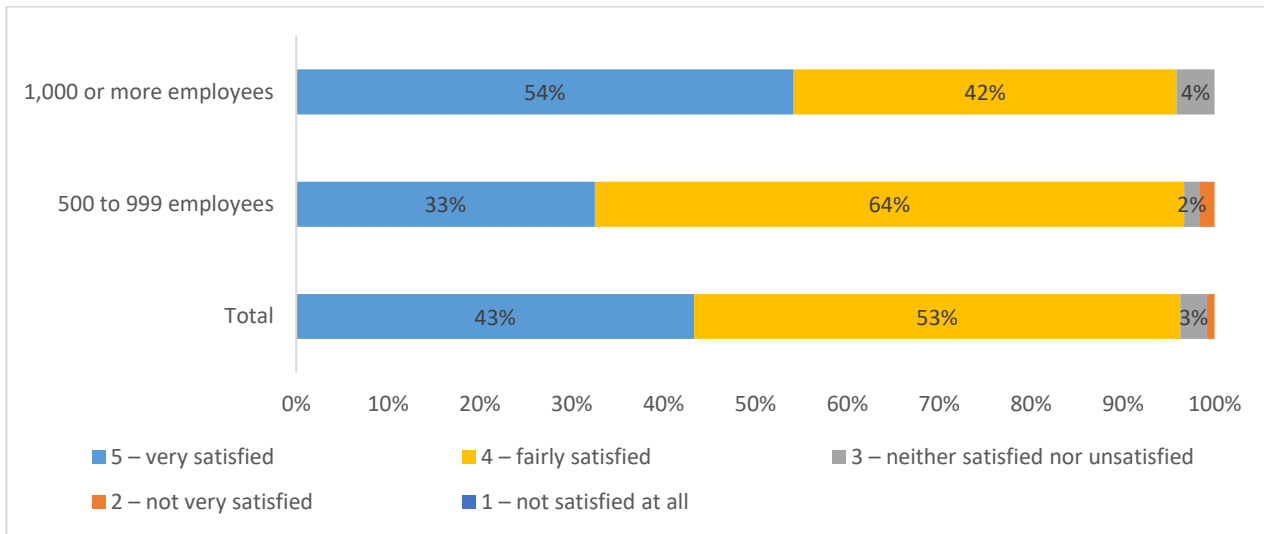
Figure 10. MPS satisfaction levels

Although there are gaps in MPS provider performance across all criteria, the most notable gap is in global delivery (Figure 11). Consistent global delivery can be challenging and complex, requiring common governance and operational processes. Leading providers continue to invest in global MPS platforms to support consistent delivery, but actual performance can vary widely by region. MPS is also failing to deliver in the area of proactive collaboration and communication. With MPS engagements entering third or fourth generation, developing proactive relationships is essential to creating a strong partnership for increasingly demanding clients.
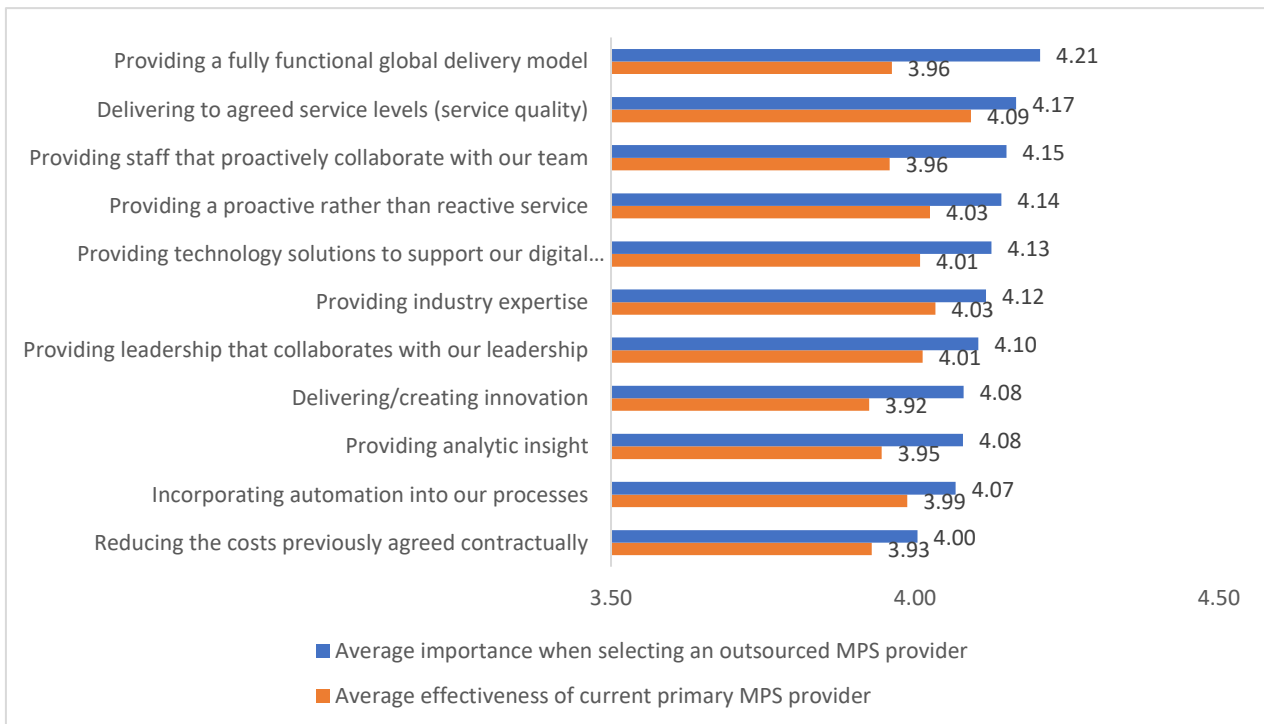
Figure 11. Importance of criteria to selection of MPS provider/Effectiveness of MPS provider (Average score, where 1 = not important/not effective and 5 = very important/very effective)

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

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

Buyer recommendations

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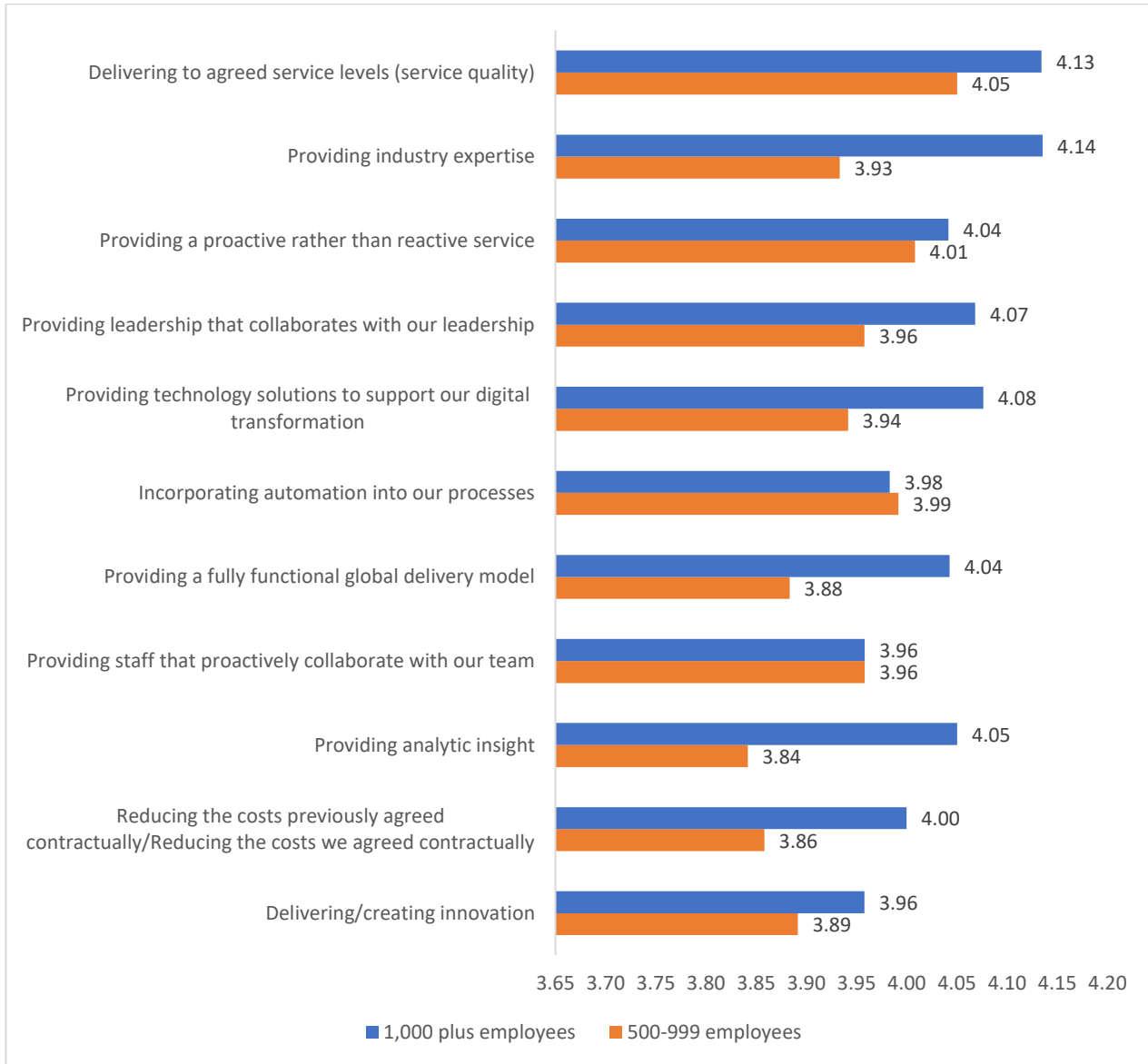yond device-centric contracts focused on fleet optimisation, the most effective MPS contracts leverage data analytics and industry expertise to drive better business performance.

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

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

- **Help them improve business performance –** In addition to helping customers improve the efficiency and security of their print infrastructure, an MPS provider can help them drive business transformation and increase employee productivity. MPS is not just about reducing costs and mitigating risks – the right MPS partners will also have a vested interest in supporting a customer's revenue growth. Today's MPS proposition should be designed around specific business outcomes, whether these are more revenue, enhanced customer service or faster innovation. As such, an MPS provider should understand the customer's business and be able to advise them on solutions that can be implemented to improve performance.

- **Offer a broad portfolio of managed services –** Organisations that use multiple providers for their print and IT services often find that managing them can be costly and complex. For maximum efficiency, organisations should look for a provider that has a comprehensive suite of services covering office and production printing, IT services and business process automation. As businesses look more to 'as-a-service' options for software implementation, MPS providers with strong expertise across both on-premise and cloud delivery models will be better placed in the market.

- **Provide consistent global service delivery with local support –** Global delivery capabilities offer many advantages, including rapid implementation in new locations and the ability to effectively manage engagements across multiple countries. However, it's also important that a provider has local resources with knowledge of the relevant regulatory and legal requirements. MPS providers must use standard delivery processes across all locations, and also standardise how multi-location teams are organised and collaborate.

- **Make proactive continuous improvements** – An MPS provider must go beyond a break/fix model to offer proactive and pre-emptive support and maintenance. As well as simple device monitoring, it should offer advanced analytics that can drive proactive support and provide visibility into areas for ongoing improvement. Analytics is now a critical technology differentiator for improving the outcomes of an MPS engagement. Not only does it improve operational performance on an ongoing basis, but it can also support long-term strategies for business efficiency improvement, through helping the client to understand existing document and business processes. Organisations should demand increasingly strong analytical capabilities from their MPS provider, supported by strategic business reviews to ensure that the MPS contract continues to deliver on agreed service level expectations.

- **Guarantee strong multi-vendor support –** Most print infrastructures are heterogeneous environments comprising hardware and software from a variety of vendors, so MPS providers should have proven experience of working in multi-vendor environments. A true vendor-agnostic MPS provider should play the role of trusted technology advisor, helping an organisation select the technologies that best support its business needs. Independent MPS providers should also have partnerships with a range of leading vendors, giving them visibility of product roadmaps and emerging technologies.

- **Be flexible –** Businesses will always want to engage with MPS in a variety of different ways. Some may want to standardise on a single vendor's equipment and software, while others may prefer multi-vendor environments. Some may want a provider to take full control of their print infrastructure while others may only want to hand over certain elements. And some may want to mix new technology with existing systems so they can continue to leverage past investments. Organisations should look for an MPS provider that offers flexible services able to accommodate their specific requirements. Flexible procurement and financial options are also key, with pricing models designed to allow for changing needs.

- **Be accountable –** Organisations need greater accountability from their MPS providers, to help them meet the increasing demands from shareholders, regulators and other stakeholders. A key differentiator for leading MPS providers is the ability to ensure strong governance of MPS contracts, and act as a trusted, accountable advisor, making recommendations on the organisation's technology roadmap. MPS providers must be willing to meet performance guarantees through contractual SLAs, with financial penalties for underperformance. They should also understand the controls needed to meet increasingly complex regulatory requirements.

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- **Provide full service transparency –** Consistent service delivery is built on consistent processes that employ a repeatable methodology. A buyer should look for access to secure, web-based service portals with dashboards that provide real-time service visibility and flexible reporting capabilities.

- **Align with standards –** An MPS provider should employ industry best practices, in particular aligning with the ITIL approach to IT service management. ITIL best practices encompass problem, incident, event, change, configuration, inventory, capacity and performance management as well as reporting.

- **Innovate –** MPS providers must demonstrate innovation. This may include implementing emerging technologies and new best practices, and continually working to improve service delivery and reduce costs. Businesses should choose a partner with a proven track record of innovation, and which has dedicated research centres or partnerships with leading technology players and research institutions. They should also consider how a prospective MPS provider can contribute to the organisation's own innovation and business transformation strategy. Innovation within any outsourcing contract may come at a premium, however – this is where gain-sharing models may be used.

Vendor assessment

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

Market presence criteria

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

Completeness of offering

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

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

- **Market leaders:** Vendors that lead the market in both strategic vision and depth of service offering. Leaders have made significant investments in their service portfolio and infrastructure, and are supported by strong delivery capabilities.
- **Strong performers:** Vendors that have established and proven offerings supported by demonstrable customer success.
- **Contenders:** Vendors with service offerings that are currently being aligned on a global or European basis. Contenders are typically investing in resources, infrastructure and partnerships to expand market coverage.
- **Emerging:** Vendors that are in the process of developing MPS offerings, or which offer MPS on a regional basis.
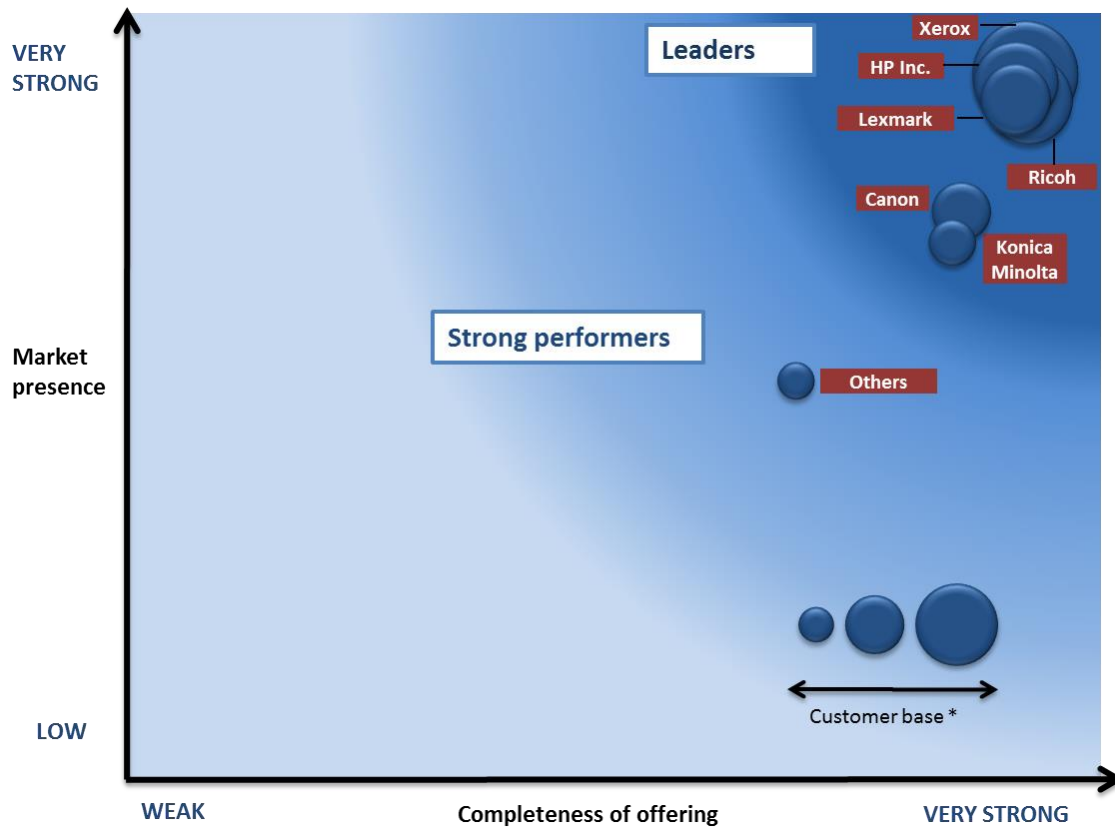
Figure 13: Quocirca MPS vendor positioning

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

Vendor Profile: Xerox

Quocirca opinion

In January 2017, Xerox completed the separation of Conduent Incorporated. Post-split, Xerox has emerged as a more focused and energised company, committed to growing its market position. The foundation of its strategy is providing the technology and services to help customers improve communication and collaboration in today's evolving digital workplace. Key areas of strategic focus include strengthening its leadership in managed document services, increased SMB market coverage and expanding its share in the digital colour production market. Quocirca believes that Xerox is well positioned to execute this strategy. It has a mature and broad product and service portfolio which addresses the needs of businesses of all sizes. In particular, it is sharpening its focus on the SMB market through a comprehensive range of channel-led services and solutions.

Maintains leading position in MPS market

In Quocirca's evaluation of the MPS market, Xerox retains a leadership position by virtue of its global scale and mature and comprehensive MPS portfolio. Its broad range of MPS offerings encompasses office printing, production printing and workflow automation services. It provides a single global delivery platform, backed by dedicated global delivery centres, that offers standardised services for both Xerox and third-party products.

Xerox's MPS model continues to be centred around three main stages: Assess and Optimise, Secure and Integrate, and Automate and Simplify. Xerox's assessments are particularly sophisticated – ranging from quick basic assessments to detailed, interactive and predictive user-based analytics. Worthy of note are Xerox's Document Analytics and Process Analytics services, which evaluate paper-intensive processes and identify opportunities for digitisation and automation, providing the foundation for more detailed workflow assessments.

Xerox has enhanced its workflow automation services and solutions with a range of horizontal and vertical solutions, along with its newly integrated Workflow apps on ConnectKey devices. It has also expanded its range of industry-led workflow automation software and services. Xerox industry solutions cover insurance, healthcare, banking, manufacturing, retail and higher education. Critical to its success will be the expansion of Xerox's professional service capabilities in this space, given the complexity and diversity of digital transformation initiatives.

Commitment to innovation

Clients are demanding increasing levels of innovation from their MPS providers. Xerox addresses this through its strategic business reviews with MPS clients, which include developing an innovation roadmap. In the past year Xerox has enhanced its quarterly business review (QBR) and client engagement tools, which help it to personalise innovation recommendations based on trend analysis.

Xerox continues to pursue innovation to develop new revenue streams beyond its core business. It has a long history of innovation, with global research centres that include Palo Alto Research Center (PARC) and Xerox Research Center of Canada as well as engineering for product development in locations throughout the globe.

One prime example of innovative technology, born out of the Xerox Research Centre, is the Xerox ConnectKey platform. Developed in 2013, this has now come to fruition with its latest product launch of the AltaLink and VersaLink MFP devices. ConnectKey promises to be a key enabler for workplace productivity connected to the Smart MFP, providing an ecosystem of dedicated apps and cloud and mobile connectivity. Xerox will continue to work closely with PARC to develop further smart and intelligent workflow tools and solutions.

Deeper security focus

Security is core to Xerox's MPS engagements, within which it establishes processes to proactively manage security roles and responsibilities, policies and standards. On-site security assessments include security awareness and training, information security, site physical security, network security and IT security compliance. Over the coming year Xerox will be working to expand its managed security services footprint to the midmarket, through its channel partners.

At a device and user level, Xerox has built a broad range of authentication, reporting and monitoring tools, along with intrusion prevention capabilities. In particular it has expanded its security services through the Xerox Print Security Audit Service and its Secure Print Manager suite of solutions (both Xerox and partner solutions). These offer analytics, secure printing and control and reporting. Xerox's Print Security Audit Service now includes automated device setting remediation, as well as advisory services that provide support for the creation of security policies for customers, and detailed reporting. In addition its ConnectKey software offers advanced security features, leveraging its partnerships with Cisco and McAfee. Capabilities include malware protection and content security, available on its VersaLink devices.

Summary

Xerox has a long track record of delivering MPS, excelling in a range of areas such as global delivery, multivendor support and comprehensive analytics and reporting. It continues to expand its security solutions and services offerings which will be vital in a market increasingly driven by security concerns. With a growing workflow automation services and solutions portfolio, backed by dedicated industry experts, it is strongly positioned to support the digital transformation initiatives of larger organisations. However, Xerox should ensure that its workflow automation portfolio does not become over complicated as many MPS customers are at the early stages of integrating MPS with broader digitisation initiatives. ConnectKey holds great promise as a key enabler for workflow automation for both SMBs and large enterprises.

Quocirca believes that the new Xerox has put a stake in the ground to reinforce its lead in the MPS market. Now is the time for it to deliver new industry leading initiatives. By leveraging its strong R&D heritage, such as PARC, Xerox has a real opportunity to innovate across its technology and service portfolio. This will require vision across multiple technologies such as AI, IoT, security and digital workflow to really cement Xerox as a leader in the industry.

Strengths and opportunities

Strengths

- **Broad services portfolio.** Xerox has a mature, proven and globally consistent MPS offering. It has developed a broad set of assessment, security and workflow tools and services which are key to differentiation. It particularly excels in large complex MPS engagements, and is also an established leader in channel-led MPS services for the SMB market.
- **Scalable offerings.** Xerox's MPS offerings are modular, and affordable for SMBs as well as large organisations through variable costing models and pay-as-you-go services. The ability of Xerox to leverage its extensive business and partner network gives the company a strong advantage in reaching the SMB and midmarket space.
- **Comprehensive reporting and analytics.** Reporting is a key strength, with Xerox offering more than 50 standard KPI/SLA reports. Its sophisticated Business Intelligence Platform provides interactive and globally consistent reporting across all areas of enterprise print for multiple sites and countries. Reporting supports Xerox's Global Service Delivery Model, which reviews operational performance and identifies areas for innovation.
- **Strong and integrated production print services.** Xerox has a long track record in supporting production printing through onsite document production, external print procurement, mail management and cross-media publishing. This makes it a strong choice for large enterprises looking to gain efficiencies in enterprise-wide printing.
- **An expanding digital transformation proposition.** Xerox has a mature portfolio with ConnectKey, DocuShare and discrete workflow automation offerings. Continued expansion of its portfolio (both horizontal and vertical) is helping Xerox to deepen its business process-centric MPS engagements, which should be further supported by its new industry aligned sales force.

Opportunities

- **Strengthening security messaging.** Xerox is developing a strong range of security solutions and services and should elevate awareness of some of the key technologies used, particularly around its McAfee partnership. Xerox is currently the only print vendor to partner with such a best-of-breed security vendor, and it should maximise the opportunity to build differentiation around a DLP (data loss prevention) or content security proposition. Additionally, Xerox offers a comprehensive multi-layered managed security framework which should be more deeply positioned as central to its overall MPS proposition.
- **Innovation.** ConnectKey is a prime example of innovation that has come to fruition. Xerox is well positioned to drive further innovation across this software ecosystem in areas such as IoT, AI and more to address the evolving needs of the digital workplace.

MPS strategy

Xerox's MPS portfolio addresses the entire print landscape, from office to production printing. Its established MPS model is based on three stages:

- **Assess and optimise.** This first stage focuses on providing customers with an accurate baseline of their current spending for both Xerox and non-Xerox office and production printing environments. The assessment methodology has been expanded to include not only device usage but also tracking of user print behaviour – for instance what types and volumes of documents are printed and at what time. Data is analysed using Xerox's AssetDB and CompleteView Pro toolset in order to identify inefficiencies, and help customers minimise costs and environmental impact as well as improve the productivity of their employees. An optimised environment is designed, which can include both Xerox and non-Xerox devices depending on cost, security, sustainability and functionality.
- **Secure and integrate.** This phase focuses on securing and integrating the recommended print environment, encompassing security, mobile printing and print server and print queue management. Xerox offers a robust set of tools to control and secure a customer's print environment. Xerox ConnectKey multifunction printers (MFPs) support

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McAfee's whitelisting technology to detect and prevent unauthorised access of MFP files. In addition, ConnectKey MFPs incorporate Cisco TrustSec, for intelligent access control. Xerox has also established key partnerships with YSoft (security), EFI (public printing), Elatec (card readers), CA (print server monitoring), and Cisco (energy management), as well as Atos (print server management).

- **Automate and simplify.** This phase drives further productivity improvements by reducing or eliminating unnecessary paper. Xerox designs and deploys smart workflows to capture, route, store and retrieve documents by leveraging its content management solutions. Key partnerships include Hyland (industry solutions across horizontals and verticals), TIS (intelligent capture) and Xerox's own DocuShare. Xerox is able to address a range of workflow requirements through three key offerings: personal and office workflow solutions, industry workflow solutions and managed document services.

Partnership strategy

Xerox has a multi-channel approach, working with channel partners for SMBs, alliance partners for larger enterprises, and a direct sales force for selected large enterprises.

- **Alliance partners**. Xerox works with a number of strategic IT partners including Cisco, HCL, TCS, CGI and Atos. It also has regional partnerships with companies including CompuCom, SMS, DecisionOne in North America and Computacenter and T Systems in Europe.
- **Channel-led MPS.** For the SMB market Xerox Partner Print Services (XPPS) is delivered entirely by channel partners and acquired channel partners (e.g. Veenman in the Netherlands, Concept Group in the UK and IBS in Ireland). Xerox reports that it now has hundreds of partner organisations actively selling XPPS globally including Xerox concessionaires, multi-brand document technology providers, managed service providers and corporate resellers. Its XPPS programme includes formal sales training and also a coaching and mentoring programme with Xerox MPS specialists and Xerox Assessment Services specialists to ensure the partner's transition to services is seamless.

MPS infrastructure

Xerox's MPS offering leverages the ongoing development of its infrastructure platform and continued expansion of its global delivery network. Highlights include:

- **Global delivery.** Xerox has dedicated global MPS delivery centres, with European hubs in Dublin and Lisbon staffed by a dedicated, full-time delivery team of approximately 350 people. These are supported by local resources designed to provide a standard service across countries. Significant in-country service delivery teams supplement this regional delivery model. The European centres are part of a larger global infrastructure able to provide 24x7 'follow-the sun' support to global customers.
- **Help desk integration.** The Xerox Service Desk incident management tools can be integrated with customer helpdesks to enable more efficient incident management, and increase the Service Desk transparency between client and vendor helpdesks. Additionally, Xerox has developed a new API into the Xerox Service Manager tool that enables partners to integrate device, billing and incident status information into their own systems in support of service provision to their clients.
- **MPS service portal.** All Xerox MPS customers can gain access to any element of their service through a bespoke service portal. Xerox also provides customers with an e-commerce platform that enables them to request additional services.
- **SLA and reporting.** Xerox provides globally consistent reporting across all areas of enterprise print for multiple sites and countries. Monitoring is conducted in real time, against both individual incidents and rolling performance within the contracted measurement periods to ensure SLA compliance and support over performance levels. Xerox offers more than 50 standard KPI/SLA reports to customers. As part of the Xerox Global Service Delivery Model (GSDM), it offers annual, quarterly and monthly business reviews. These focus on both operational performance and the identification of opportunities for innovation.
- **Billing.** Xerox offers a range of pricing options that include all-inclusive utility-based pricing and component-based billing (e.g. equipment and services, plus click) models. Billing can be delivered at various levels, from local through to consolidated global billing. Customers typically receive one invoice per month for each of the countries where they take the service, with Xerox acting as the billing and management agent for each of the existing device contracts. Channel MPS customers are billed directly by the partner, with most partners having the capability to offer the customer consolidated billing.

Service offerings

Xerox addresses the full enterprise print environment, with a broad set of services that adapt to MPS maturity. Services range from fleet management and optimisation to business process optimisation, driving efficiency of document-intensive processes. Offerings include:

- **Full range of assessment services.** Xerox has developed a suite of assessment services to address the different levels of MPS maturity in an organisation. Assessments range from quick, assumptive-driven assessments to full, fact based assessments with the flexibility to create a blended approach to support varying customer requirements. These include:
  - o **MPS Maturity Assessment**. This free consultancy service includes a short assessment to help define a client's MPS maturity and develop an appropriate MPS roadmap.

- o **Device Analytics.** This captures volume, financial and sustainability data, allowing a future state to be designed that will deliver both a reduced total cost of ownership and environmental benefits for the client.
- o **User Analytics** analyses individual print behaviour through data collected from various print management systems. It provides insight into how, what, when and where users are printing.
- o **Document Analytics** identifies the business processes that contribute to printing and aims to help the client understand why users are printing.
- o **Process Analytics** identifies the inefficiencies in a process, on a step-by-step basis. This enables a mapping to future state and creates the associated business case for change.
- o **Service Analytics** uses technology and analytics which enable services delivery professionals to provide clients with objective Service Level Agreement performance data.

- **Fleet optimisation.** Xerox uses the Asset DB tool to develop an optimised fleet. This incorporates design of an optimal print policy and solution, which is validated using its proprietary interactive application, CompleteView Pro. This enables Xerox to compare the optimised environment to the current environment, as well as allowing the customer to benchmark its environment against others in the same industry. Xerox also offers optimisation of production printing through its Communication and Marketing Solutions offering, which looks at both labour and device utilisation. Xerox can provide off-site staff for periodic peak load volumes as needed.
- **Device management.** Xerox Services Manager (XSM) offers a hosted cloud-based asset database which provides a single source of record for all client managed device events (e.g. consumables requests and fault alerts). These could be events captured by the XDM (Xerox Device Management) and XDA (Xerox Device Agent) device alerts (located inside the customer firewall), or via other event logging systems such as the Services Portal or Service Desks. XDM/XDA tools also enable other remote device management tasks such as meter reading and device configuration.
- **Multivendor support.** Xerox states that the top 10 brands and 1,000 models are tested and validated for proactive supplies management prior to contracting, with other brands and models also being proactively managed where technically possible.
- **Print server management.** Xerox can take over the monitoring and management of print servers, an often-ignored element in print infrastructure management. By consolidating servers, or eliminating them altogether where appropriate, Xerox can reduce costs and avoid the complexity of server management.
- **Project management.** Xerox assigns a dedicated project manager for larger, complex MPS deployments. Xerox service professionals use Six Sigma methodologies to ensure a smooth transition in project delivery, and project managers are trained to Prince II standards.
- **Solution architecture.** Xerox provides solution design, software implementation and full application lifecycle management services for all MPS solutions.
- **Change management.** Xerox uses a structured approach to set client expectations, improve end-user satisfaction and accelerate adoption. This includes:
  - o Strategy – preparing for organisational change
  - o Awareness – understanding why change is needed
  - o Desire – motivating people
  - o Knowledge – what you need to know to succeed
  - o Reinforcement – how to sustain a changed process.

Solutions
- **Mobility.** Xerox offers a range of mobile print solutions, including the Xerox Print Management and Mobility platform which has been designed to reside either in the MPS customer environment (on-premise) or hosted via Xerox's secure Microsoft Azure environment. Xerox Mobility Services support both Xerox and non-Xerox devices and are compatible with any email-enabled mobile device. The services approach requires minimal IT resources as it does not need printer configurations, installation procedures or device specific applications to be installed on mobile devices. Organisations can control who has access to mobile printing, and secure release codes ensure printed documents are not intercepted by unauthorised users. Xerox's mobile print solutions also enable end-users to print securely to public print locations.
- **Security.** As part of its MPS offering, Xerox provides security planning and execution, continuous monitoring and reporting, secure printing and authentication as well as intrusion prevention on certain devices.
  - o **Print Security Audit Service**: provides automatic inspection against the baseline firmware/security policy, along with proactive remediation and reporting to protect devices from potential security breaches. It monitors consistent device behaviour and settings, as well as providing an interactive dashboard via which organisations can easily view and make adjustments across an entire fleet.
  - o **Secure Print Manager Suite**: aims to improve compliance with print policies, while adding more security and insight with rules-based functionality. It provides insight into process improvements with fact-based data, and guides user behaviour changes to use print resources more efficiently.
  - o **User Analytics Service**: improves security by enforcing established print, security and sustainability policies. Analytics identify who is printing, when and where. Dashboards provide insight into user behaviour alongside in-depth analysis of document costs and automated internal cost recharging.

- o **Print Server Management Service**: provides end-to-end monitoring services for servers and queues via a simple and efficient onboarding process, with health check, proactive monitoring and resolution, efficient triage of incidents and print driver management.
  - o **ConnectKey Devices:** incorporates a comprehensive set of security features to keep printers and data safe. Xerox secures every part of the data chain, including print, copy, scan, fax, file downloads and system software.
- **Workflow automation.** Xerox has developed a range of personal and office workflow solutions which include:
  - o **Xerox DocuShare 7.0**. This enterprise content management (ECM) platform is targeted at businesses of all sizes. It offers broad ECM capabilities for capture, content management, collaboration and process automation and is tightly integrated with Xerox ConnectKey multi-function printers. Capabilities include content management consultative services that help clients easily capture, store, share and transform paper-based and electronic documents from a variety of sources – web, desktop applications, tablets, smartphones, and MFPs.
  - o **DocuShare Flex.** A cloud-based DocuShare platform that provides automation, security and scalability of large-scale ECM systems targeted at SMB and company departments.
- **Industry specific solutions.** Xerox has a range of industry solutions for workflow automation across HR, finance and accounting, insurance, retail, banking, manufacturing, higher education, government and healthcare. These include (but are not limited to):
  - o Retail banking. This includes new client onboarding, compliance and records management, fraud management and loan application processing.
  - o Manufacturing. This new suite of offerings automates processes in areas such as engineering change management, quality assurance, logistics and fulfilment, and maintenance and operations.
  - o Higher education. A broad range of solutions covering admissions processing, financial aid, register processing, student advising, student billing and transcript capture and evaluation.
  - o Retail supply chain optimisation streamlines the in-store product lifecycle by capturing information about ordering, inventory and shipping, and providing it via an analytics dashboard to enable staff to deal with exceptions.
  - o Health Records Information Management unifies patient information (including electronic medical records, DICOM images and unstructured data) to provide consistent access to a single view of that patient.
  - o Insurance solutions automate new business processing, claims processing, case management, and ACORD application processing.
  - o HR Onboarding provides workflow to help bring together the disparate information sources used to securely hire and provision a new employee.
  - o Finance and accounting solutions, which include accounts receivable, accounts payable, procurement and vendor management.
- **Managed workflow services.** This includes managed scanning, capture, extraction and integration services – known as Document Transaction Processing Services (DTPS) – that are performed through Xerox's network of offsite centres. Both highly customised and packaged services are available.

Vendor scorecard: Xerox

Market presence		
Criteria	**Details**	**Score**
MPS customers	Xerox has over 1,000 global enterprise MPS customers. While the majority of its MPS revenue is currently derived from direct channels, Xerox is expanding its MPS programmes through partners. It reports a retention rate of 98% for worldwide customers.	5
MPS strategy	MPS plays a critical role in Xerox's strategy to grow its services business. Its three-stage model of Assess and Optimise, Secure and Integrate and Automate and Simplify is a solid foundation for its expanding services portfolio.	5
Maturity of offerings	Xerox is one of the most established MPS providers, having offered MPS since 2001. It is actively enhancing its core services to encompass broader workflow and business process automation capabilities.	5
Geographic reach	Xerox has strong global reach and delivery capabilities, offering its MPS across North America, all of Europe, Asia Pacific, Latin America, Middle East and Africa. Its single, global delivery platform offers standardisation and replicable MPS capabilities across regions.	5
Overall financial strength	In December 2016, Xerox completed the separation of Xerox and Conduent. For FY 2016, total Xerox revenue was $10.77 billion, down 6% from 2015. In 2016 it launched a three-year strategic transformation programme with a goal of delivering $1.5 million of cost and productivity savings between 2016 and 2018. In the first year it delivered $500 million in gross savings.	5
MPS revenue growth	Quocirca estimates that Xerox's global direct MPS revenue (Xerox and Fuji Xerox) for 2016 reached $3.4 billion in 2016. Its indirect MPS business performed well, exhibiting positive growth boosted by European performance.	4.90
Brand awareness	Xerox has a mature market position and scores consistently high in Quocirca's study of brand perception for MPS providers, particularly amongst larger organisations.	5
Alliances and partners	Key global partners include Cisco, HCL, TCS, CGI and Atos. Regional partnerships include CompuCom, SMS, DecisionOne in North America and Computacenter and T Systems in Europe.	5
Investment and resources	As the new Xerox, all investments once again support its print business. Its R&D efforts remain well-funded at approximately $1 billion per annum to drive innovations in printing, automation, content management, graphics, communications and analytics. Specific MPS platform investments are being made in respect to assessment and analytic tools, global supplies automation, print security services and workflow solutions.	5
Final ranking	**VERY STRONG**	**4.99**

Completeness of offering		
Criteria	**Details**	**Score**
Modularity of services	EPS is a fully outsourced service that can be customised to deliver specific service modules to meet the unique needs of each client. Xerox also provides additional modularity through its channel-led MPS offerings, which include XPS and XPPS.	5
Breadth of services	Xerox offers a complete range of services, covering the office environment, production print room, off-site commercial print and mobile print. It has deepened its range of assessment services and developed new security audit services to assess print security risks.	5
Helpdesk capabilities	Xerox has a dedicated European-based Global Delivery Centre (based in Dublin with a sister centre in Lisbon) plus local country resources. There are approximately 350 dedicated, full-time delivery staff across these hubs. Significant in-country service delivery teams further supplement this regional delivery model.	5
CRD/production printing	Xerox offers a mature range of production printing services. Typically, year-on-year, more than 50% of EPS contracts include both office and production environments.	5
Multi-vendor management	Xerox offers full multi-vendor support including single point of contact, billing and SLA management for more than 1,300 models from nine manufacturers. A standard global delivery platform enables Xerox to remotely manage devices and handle device configuration consistently across Xerox and non-Xerox devices.	5
Remote monitoring	The hub of the Xerox MPS technology platform is Xerox Services Manager (XSM) and a globally hosted cloud-based asset database. This enables remote device management tasks such as meter reading and device configuration, supporting both Xerox and non-Xerox devices.	5
Reporting and analytics	Xerox offers more than 50 standard KPI/SLA reports with globally consistent reporting. Xerox also provides service analytics reporting on next generation MPS innovation solutions and services. Annual and strategic business reviews are supported by online and interactive performance dashboards and innovation roadmaps.	5
Workflow automation services	Xerox is expanding its workflow automation services to include workflow assessments and platforms for content management, business process management and business process automation.	5
Document workflow solutions	Xerox has a broad and growing document workflow solutions offering. This includes its partner portfolio and its ConnectKey integrated workflow capabilities. Xerox's DocuShare provides the platform for its expanded Workflow Automation Suite of products.	5
Industry solutions	Xerox has a range of industry solutions for workflow automation across HR, finance and accounting, insurance, retail, banking and healthcare.	5
Final ranking	**VERY STRONG**	**5.0**

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With worldwide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first-hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium-sized vendors, service providers and more specialist firms.

For more information, visit www.quocirca.com.

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