Managed Print Services Landscape, 2016

A vendor analysis of the global enterprise MPS market

July 2016

Report Excerpt

This report examines the competitive landscape for MPS and discusses the key market drivers and trends that will shape future generation MPS engagements.

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Managed Print Services Landscape, 2016

EXECUTIVE SUMMARY

The new world of managed print services is defined by changing customer ambitions, new priorities and a different set of challenges. As a consequence, organisations are looking for more flexibility in their MPS contracts, a better roadmap for innovation and a clearer strategy for information management. This is changing the value proposition for MPS. Whilst MPS is delivering on cost-saving expectations, it must play a more important role in helping organisations realise strategic growth plans. The past year has seen significant changes in the print industry with HP, Xerox and Lexmark all undergoing changes in organisation. Although this has not impacted their market position in this year's study, clients will be looking for a provider that can demonstrate long-term viability and stability.

The MPS market is characterised by a strong leadership group	Xerox leads a tightly packed group of leading providers including HP, Canon, Lexmark, Ricoh and Konica Minolta. Xerox has built a credible and strong portfolio of services for organisations of all sizes, enhanced by an expanded range of workflow automation solutions. HP continues to enhance its MPS proposition, particularly around its workflow and security-led services. Ricoh has also added to its numerous service lines and is increasingly taking a more business-process-centric approach to MPS. Lexmark continues to stand out for its extensive software portfolio and industry expertise. Konica Minolta has expanded its MPS footprint, moving into the leader's category. This has been boosted by continued investment in its information-management-led MPS offerings and its adjacent IT services capabilities.
Cost, security and service are driving the MPS agenda	Whilst cost will always be a primary reason for adopting a managed print service, organisations are looking to achieve more than just cost savings to drive business value. Security remains top of the agenda, with 81% indicating that this was an important or very important driver (average score of 4.17 out of 5). This was a rise from 75% in 2015. The need for secure print solutions and services is heightened given the fact that 61% of organisations reported at least a single print-related data breach in the past year.
MPS is delivering on cost-saving expectations, yet only 43% indicate they are happy with their existing MPS provider	Whilst 65% of organisations report that cost savings generated by MPS are in line with expectations, MPS is no longer just about achieving significant cost reduction targets. It is also about moving to an optimised future state that drives business process efficiency. It is here that MPS providers are falling short of expectations – particularly in areas such as information management, flexible contract terms and innovation. Overall, 30% plan to switch MPS provider at renewal. In particular, this group exhibits the lowest satisfaction rates for service delivery, flexible contract terms and analytics to improve operational performance.
MPS is an enabler for digital transformation	Although over 80% of organisations view MPS as an important driver for digital transformation, just 27% are very satisfied with their MPS providers with regard to a clear information management strategy that incorporates paper and digital processes. This is more strongly the case in larger organisations. Although most MPS providers have access to an extensive workflow solutions portfolio, process automation demands a new breed of provider that can address the complex needs of larger organisations. Here, MPS is encroaching on the traditional business process outsourcing (BPO) space, and success may ultimately rely on better collaboration with specialist providers.
The road to business transformation	MPS providers have had a competitive advantage for some time given their mature expertise and infrastructure for assessments, device optimisation and service delivery. While they also have expertise for digital transformation, the successful MPS providers will be those that can bridge the gap between paper and digital and create a long term road map for business transformation. Organisations need strong proof points on provider performance and capability as MPS evolves into a broader, more complex business-process-centric outsourcing engagement.

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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 200 enterprise companies with 1,000 or more employees who are using a managed print service. For the purposes of this research organisations with 1,000 to 3,000 employees are referred to as midmarket organisations and over 3,000 employees as large organisations. The survey was conducted online and fielded during May 2016.

Vendor analysis

The following vendors participated in the study: Canon, HP, Konica Minolta, Lexmark, Ricoh, Sharp, Samsung and Xerox. Vendor selection was 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 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.

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 peripherals (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 to develop 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, Kyocera, Konica Minolta, Lexmark, Samsung, Sharp, Ricoh, 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 including Nuance, Print Audit, ECi FM Audit, PrintFleet and YSoft. MPS providers often use such third party products to add value to a particular element of their MPS portfolio.

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Market overview

MPS has the opportunity to play an increasingly important role in business transformation. Whilst organisations remain reliant on printing to support many business activities, print is becoming more peripheral in today's digital and mobile culture. This is promoting the shift to digitisation for both back office processing and front office customer interaction, meaning MPS providers need to expand their skills and solutions for digital workflow automation. Meanwhile, cloud-based platforms are raising expectations not only for document sharing and collaboration but also for flexible service delivery. Consequently, customers have higher expectations, and expect MPS not only to deliver on cost and service promises but also deliver long-term business value. There is certainly opportunity for MPS providers to broaden their footprint – almost half of the organisations in Quocirca's study indicate that they would be very interested in using a single provider for MPS and IT services or business process services. Organisations are ready, but do providers have the breadth and depth of skill and expertise to address the needs of today's more demanding enterprise?

MPS market maturity

The MPS market remains relatively stable, having reached a level of maturity. In Quocirca's survey, the majority of organisations have been using MPS for over three years, with 45% reporting that they have used MPS for over five years. Overall, a third of organisations expect MPS budgets to remains stable over the next year, with 51% indicating a rise in spending (Figure 1). Midmarket organisations are slightly more positive; 54% expect MPS budgets to rise compared to 47% of larger organisations. By vertical, retail and professional services lead the growth (55%) whilst regionally, the US, France and Germany are most positive. Only 32% of UK organisations expect an increase in MPS spending compared to 60% of German organisations.
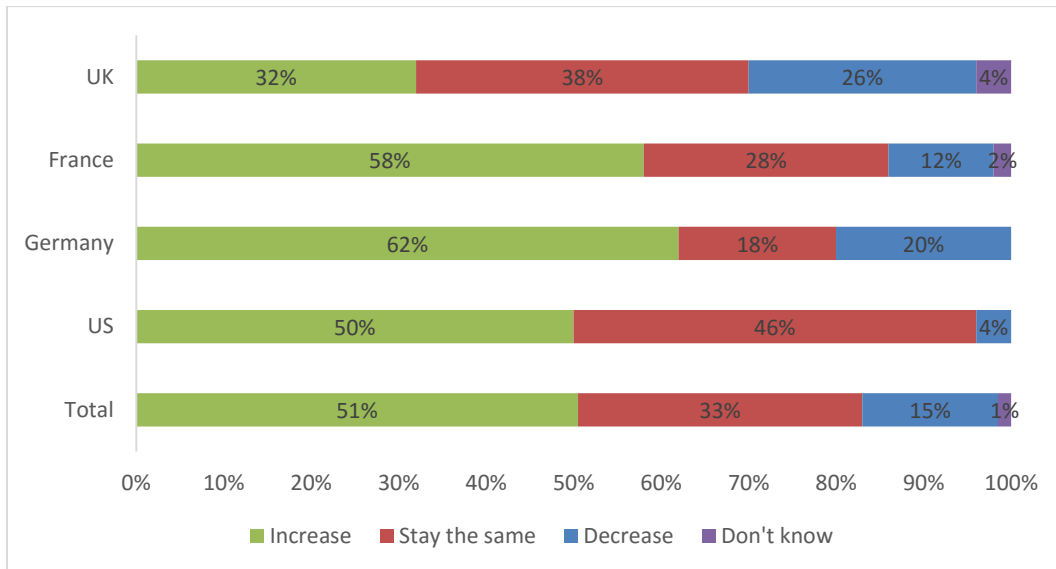
Figure 1. MPS budget plans

Although the majority operate a mixed fleet, 70% plan to consolidate on a single brand. MPS contracts are often multi-location and multi-country, driving the need for a strong MPS infrastructure that enables consistent reporting, proactive service and monitoring and strong governance. Overall, 72% indicated that their MPS contract covered more than one country and 61% of organisations are on the second phase of their MPS engagements, starting to implement workflow and business process improvement. Overall, respondents indicate an average cost saving of 23% with 76% indicating they have saved up to 30% on the cost of operating their print fleet in the past year.

On the whole, this is meeting expectations, with 65% indicating that cost savings are in line with expectations, and 35% saying it is higher. Overall satisfaction levels with MPS providers are relatively high – 36% indicated that they are very satisfied and 54% fairly satisfied with their MPS provider. However, MPS providers cannot rest on their laurels. Overall, 30% of respondents plan to change their MPS provider at renewal and a further 25% indicate that they are working to resolve issues with their existing provider. By region, it is US companies that are most likely to change provider, with just 24% indicating they are happy with their existing provider, almost half of the responses in other regions (Figure 2).
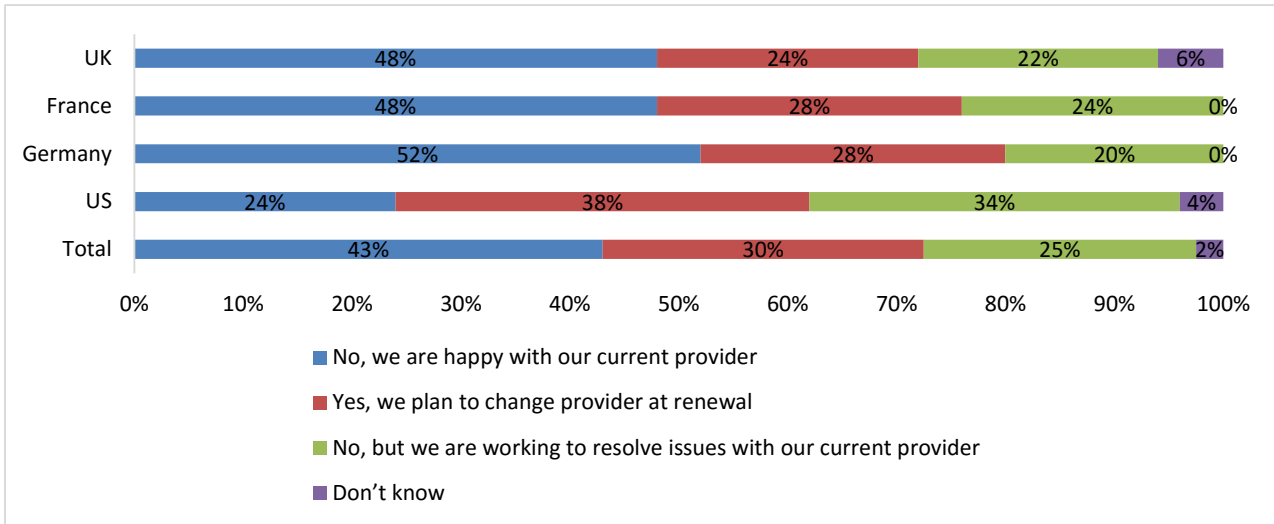
Figure 2. Plans to change MPS provider

MPS satisfaction gap amongst large organisations

Given that over half of respondents either indicated that they plan to change provider or have issues to resolve with their current provider, there are clearly opportunities for improvement within existing contracts. Looking at why organisations adopt MPS, cost, security and service quality remain the consistent top three drivers. However, there is a significant difference in MPS drivers by organisation size (Figure 3). Cost reduction (both consumables and hardware) is rated as a much more important driver for MPS amongst larger organisations than midmarket organisations. Meanwhile midmarket organisations place a higher importance on gaining predictable costs.
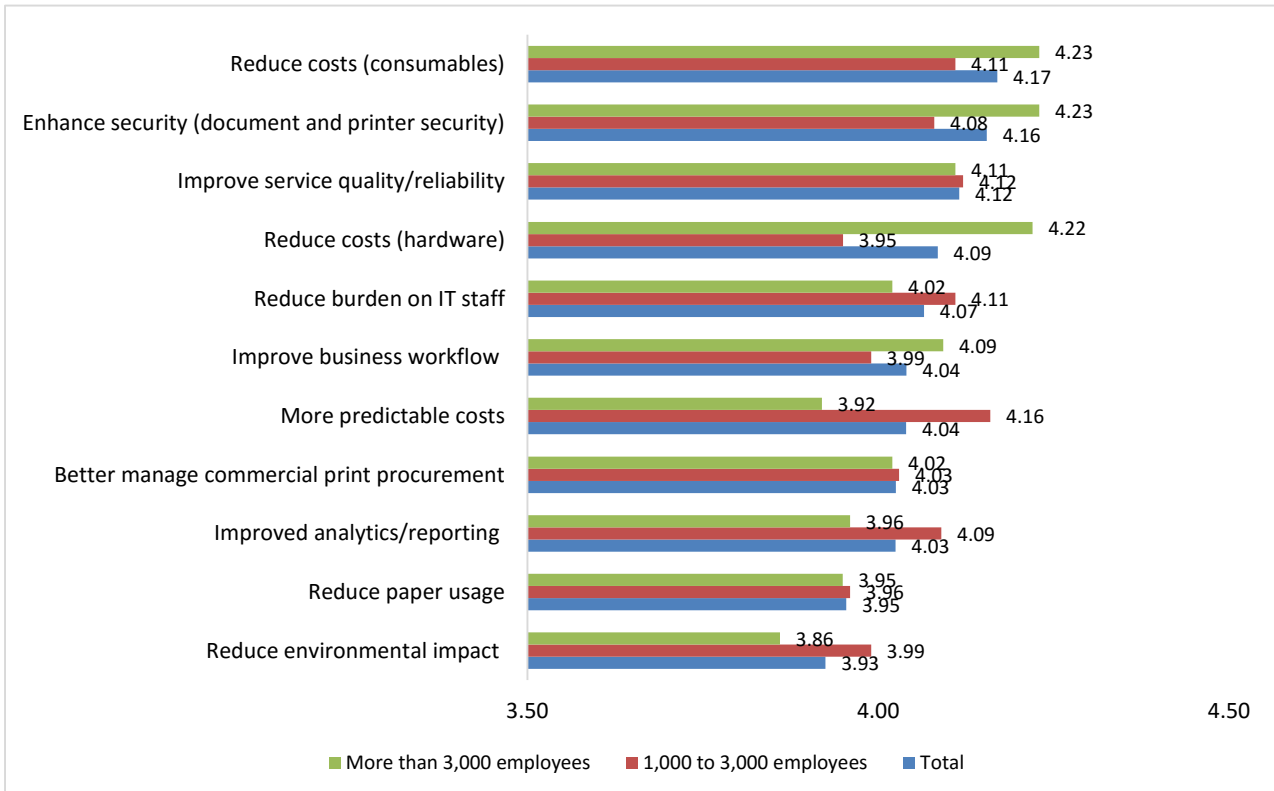

Figure 3. Importance of MPS drivers (average score, where 1 = unimportant and 5 = very important)

How well is MPS performing against these key drivers? Quocirca's study reveals that there is certainly room for improvement across all criteria (Figure 4). Whilst 40% indicated that reducing consumables costs was the most important driver, just 28% report they have fully achieved this goal. Similarly, just 24% say they have fully achieved on document security goals and 30% on service quality.
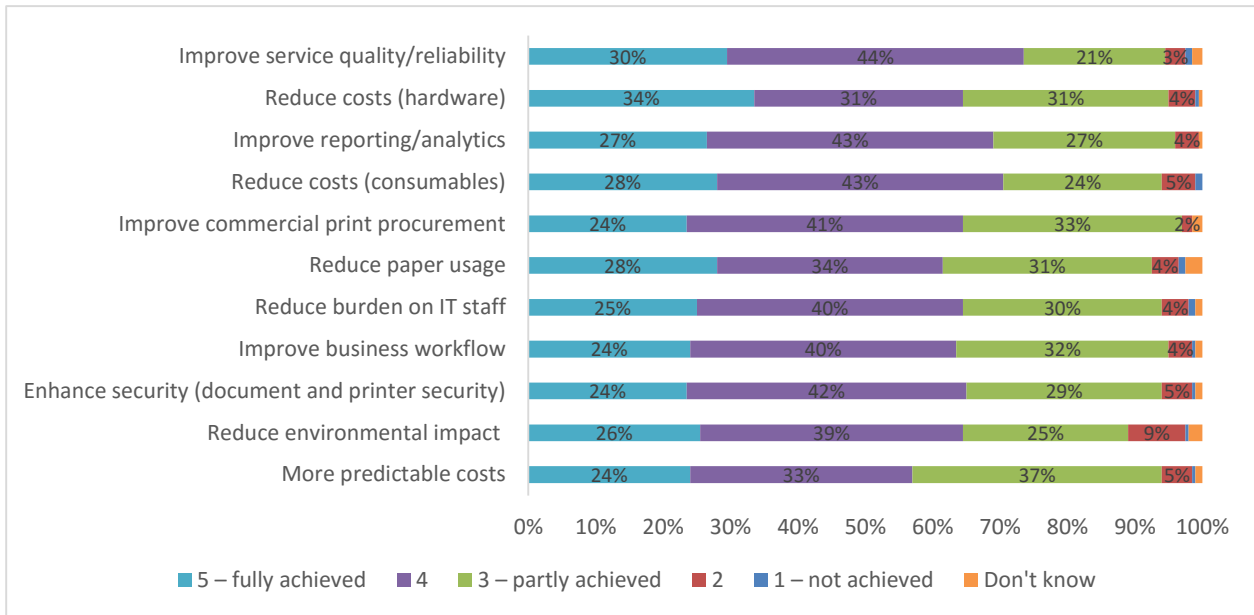

Figure 4. Satisfaction with MPS goals

There are gaps in satisfaction across the board, most notably in reduced IT burden, improved workflow and more predictable costs (Figure 5). This emphasises the need for MPS to continue to improve and optimise its core services. Lowering cost, improving security and enhancing service quality are fundamental to any MPS engagement and a robust MPS platform and comprehensive assessments, technology and solutions are needed to ensure improvements in these areas. Overall, satisfaction levels are higher in midmarket organisations, particularly around cost, security and lower environmental impact (Figure 5). Clearly, MPS contracts need to offer flexibility to meet different organisations' needs, particularly when it comes to pricing and delivering a roadmap for cost reduction.
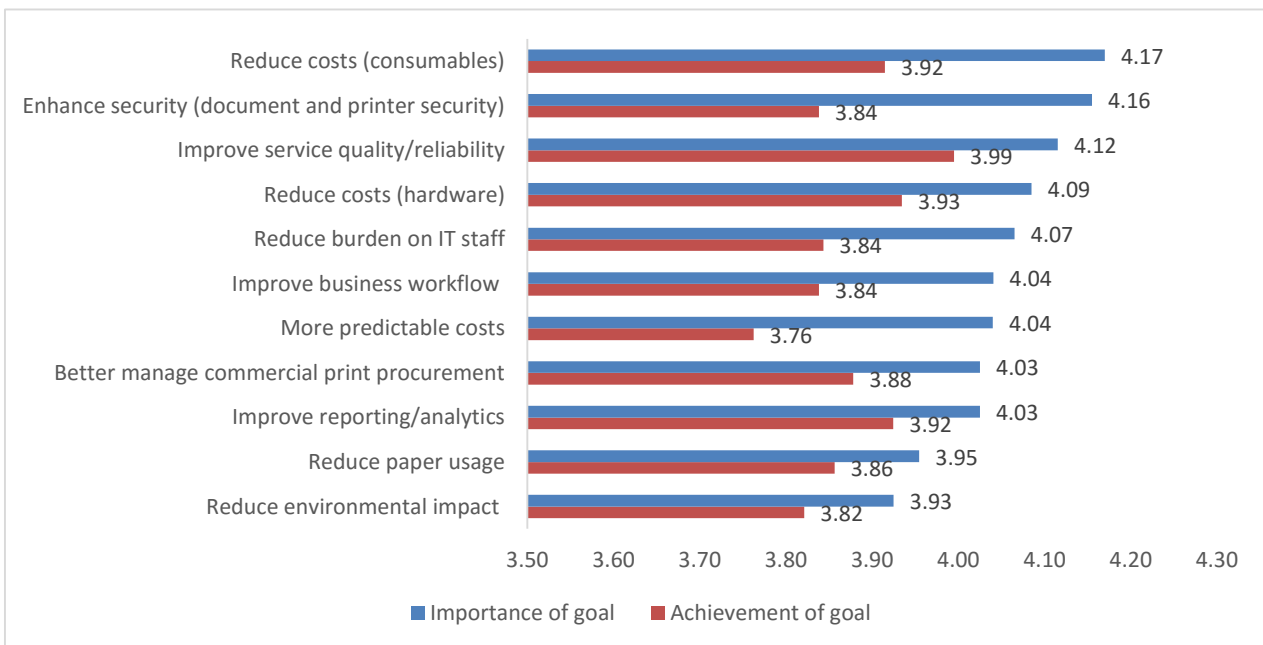

Figure 5. Importance of MPS goals / success in achieving MPS goals (average score, where 1 = not important / not achieved and 5 = very important / fully achieved)

Fortunately, there is good news for those using a fully outsourced approach compared to a hybrid approach to MPS. The better governance, control and continuous management provided by an outsourced provider, across all areas of the print infrastructure, clearly pays dividends. A hybrid approach may enable more in-house control, but it is clearly not delivering when it comes to reducing cost.
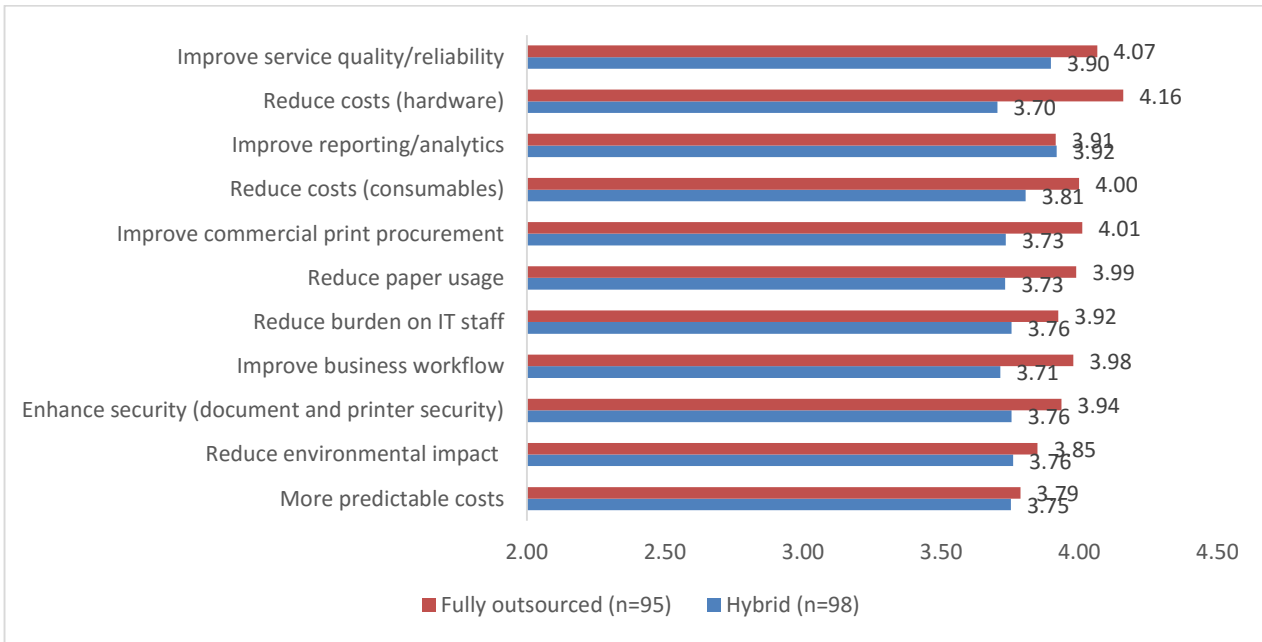

Figure 6. Success in achieving MPS goals – outsourced or hybrid approach (average score, where 1 = not achieved and 5 = fully achieved)

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MPS as enabler for digital transformation

Overall, 88% of organisations indicated that MPS is important to digital transformation (Figure 7). Quocirca's 2016 Digital Transformation Study[1] revealed that in general those organisations using MPS place a higher importance on digitisation than those not using MPS and are most likely to be using workflow or enterprise content management solutions. Equally, organisations using MPS are more likely (55%) to have implemented organisation-wide policies for managing both paper and digital information compared to those not using MPS (29%). Certainly, MPS providers have developed a wealth of expertise in integrating paper and digital workflows, which organisations can leverage on their digital transformation journey.
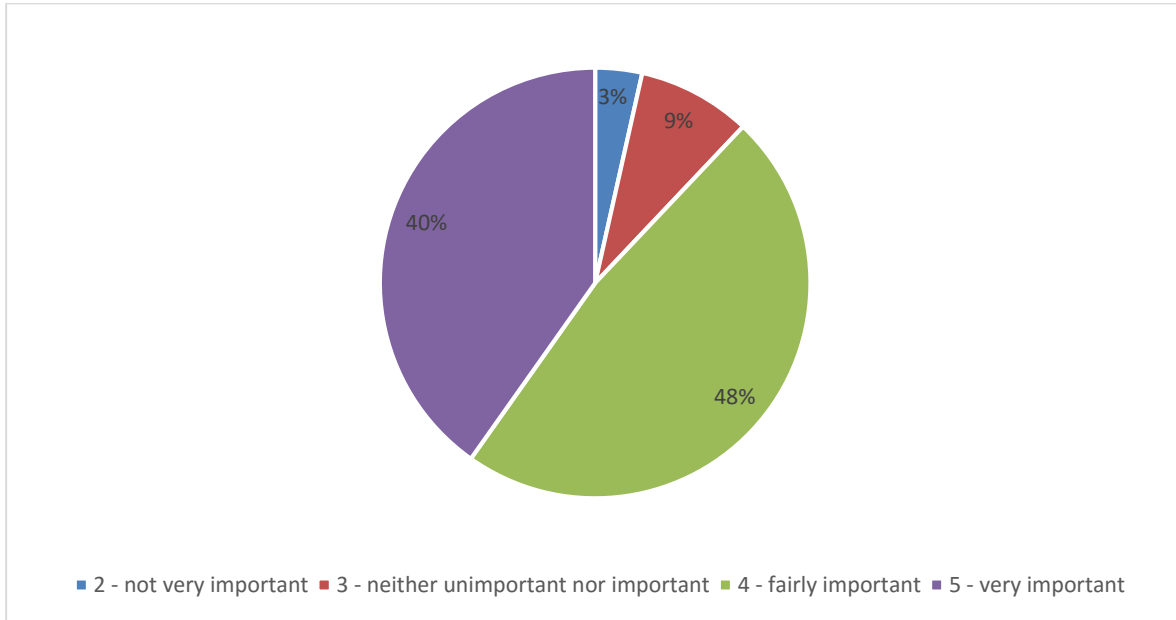

Figure 7. The importance of MPS in an organisation's digital transformation initiatives over the next two years

A key starting point is digitisation and utilising smart MFP technology, which can play an important role in the capture, routing and storage of documents. Today, more organisations are exploiting the productivity benefits of smart MFPs. Overall, 40% report that they have a well-defined MFP strategy with a further 52% indicating that they are now starting to better leverage MFPs. This is rising year on year, with only 22% indicating they are fully leveraging Smart MFPs in 2014. 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.

MPS provider performance

MPS has moved beyond being solely a cost reduction exercise. Unsurprisingly, price is still cited by organisations as the most important selection criteria, along with supplier reputation. However, customer demands for financial flexibility are increasing. Disruptive technologies such as software as a service (SaaS) and cloud computing have raised the bar in terms of offering customers financial flexibility and the ability to buy services on demand. In this year's study, standardised pricing has moved to third place from fifth place in 2015. As MPS customers become more confident and mature, they are therefore starting to expect and demand this greater flexibility from MPS providers. Standardised pricing and flexible contract terms are two key areas where MPS providers are currently missing the mark (Figure 8).
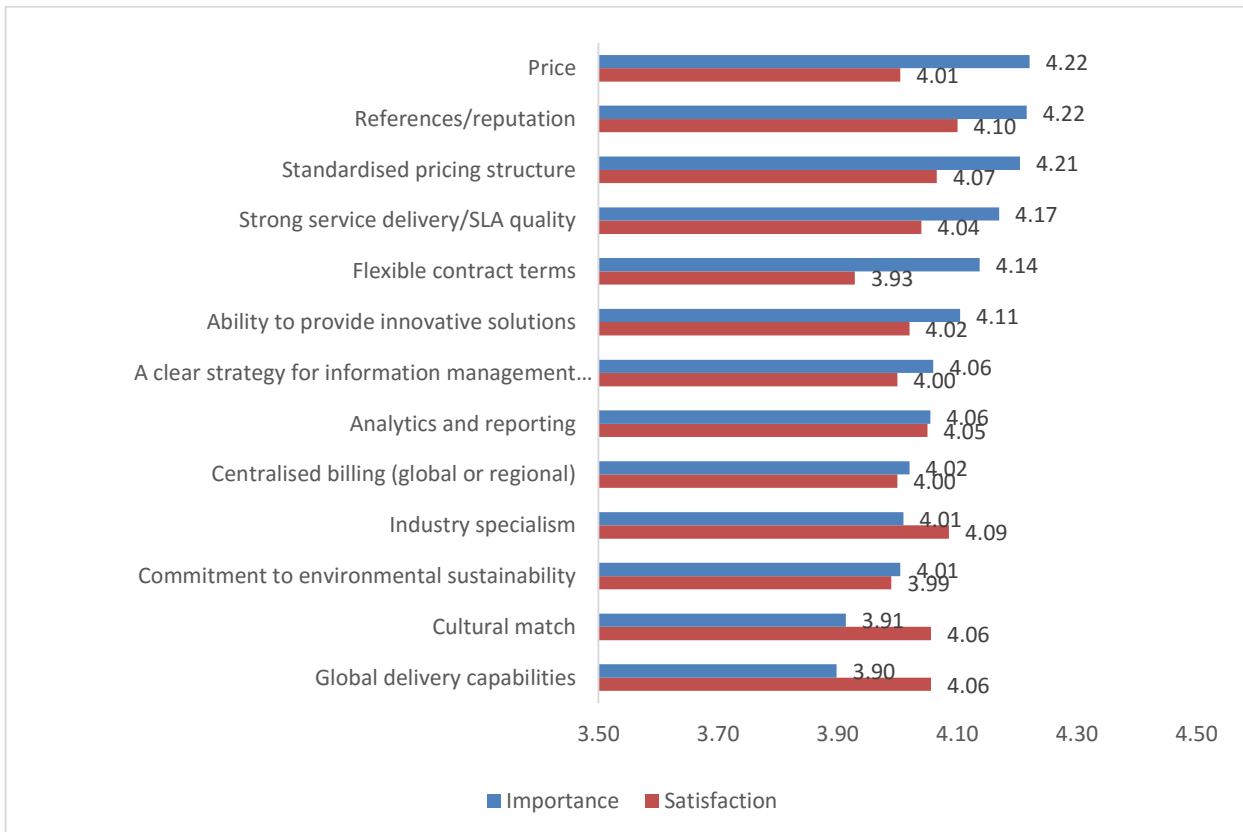

Figure 8: Importance of factors for MPS provider selection / satisfaction level (Average score, where 1 = important / not satisfied and 5 = very important / very satisfied)

On further investigation, it is the larger enterprises that have lower satisfaction across the most important selection criteria (Figure 9). This suggests that MPS providers are failing to address the needs of larger, more complex organisations who are looking for more support as their engagements move beyond print. Two areas in particular stand out: innovation and a clear information management strategy. There will undoubtedly be different views on what innovation constitutes as well as how innovation is incorporated into an MPS contract. There is clearly considerable room for improvement in this area.

When it comes to a clear information management strategy, MPS providers need to be able to articulate a roadmap for paper/digital integration, which may start with digitisation and move to more complex business process automation. Some MPS providers may not have the full expertise to support this journey and will require collaboration with other partners. With companies such as HP and Xerox separating their services business from their print business, this could create challenges, yet create competitive advantage opportunities for those that retain such expertise within their MPS organisation.

Notably, satisfaction levels with industry specialism are higher for large enterprises. In particular, it is the financial and professional service sectors that boost this score, suggesting that MPS providers are effectively addressing the needs of these sectors with industry specific expertise and solutions.
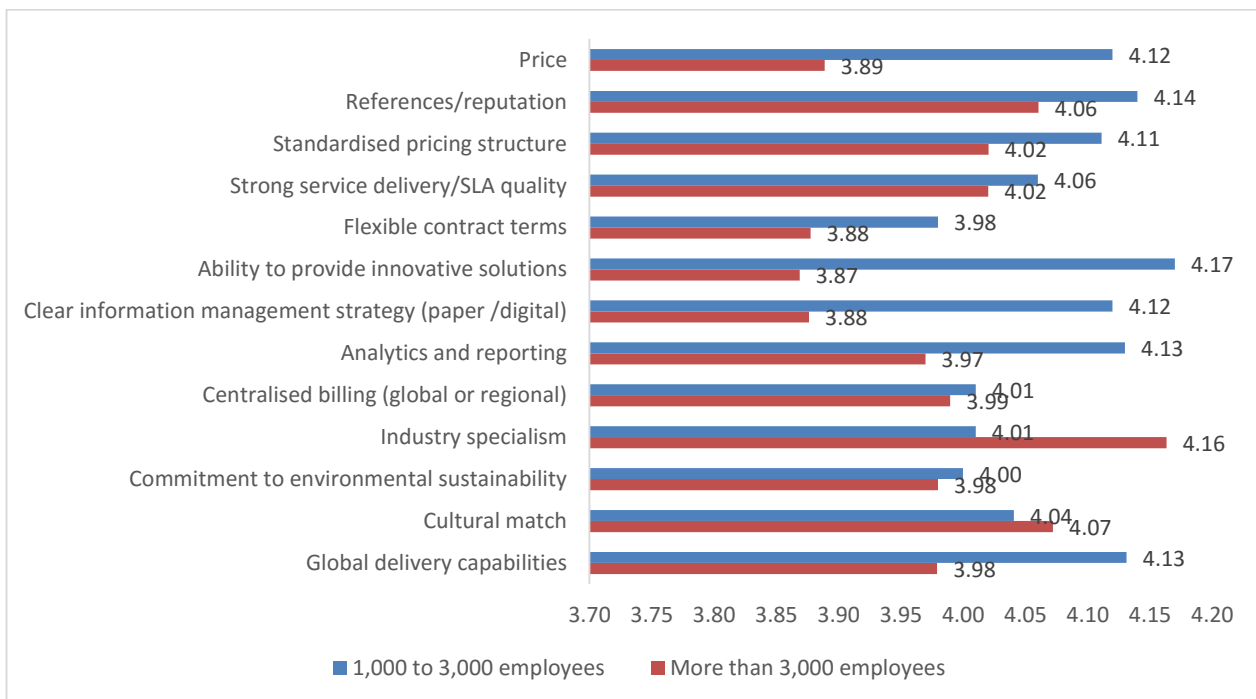

Figure 9: Satisfaction with MPS provider by organisation size (average score, where 1 = not satisfied and 5 = very satisfied)

This all points to the need for better governance and organisations should certainly dedicate more effort to the governance of such MPS contracts. Poor governance can impact the delivery of end-to-end services, service quality and service delivery.

Building a successful MPS relationship

Technology advancements and innovations including cloud computing, big data, mobility and business process automation are changing the MPS game. This is raising expectations for improved service delivery and longer-term business efficiency. Therefore, organisations need to consider how their MPS provider is supporting their strategic goals. Quocirca recommends that organisations consider the following approach:

- **Think long-term:** Organisations should work with MPS providers on a strategic, rather than transactional level. This will deliver better value, particularly from MPS providers that show a vision for adapting their proposition to encompass broader digital transformation. This means thinking long-term about business transformation and which providers are best equipped to provide the support needed. This decision should be based on industry knowledge and business process expertise. 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. Organisations will therefore need strong governance capabilities in place to enforce compliance and balance all stakeholder requirements.

- **Align MPS to business need:** MPS has been successful at reducing the cost and complexity associated with an unmanaged printer fleet. However, as it moves beyond this key foundation, organisations should consider if the MPS provider is able to address their long-term needs around business process improvement. As the market develops, it may be that MPS providers will need to collaborate with service partners across IT services and business process services to deliver the most effective engagement.

- **Optimise the use of analytics:** Analytics are now a critical technology differentiator for improving outcomes of MPS engagements. This not only improves operational performance on an on-going basis, but can also support long-term strategies for business efficiency improvement, through understanding existing document and business processes. Organisations should demand 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.

- **Consider flexible models that leverage the cloud:** MPS providers face the challenge of delivering traditional MPS whilst meeting the growing demand from organisations who are migrating to cloud computing. Forward thinking MPS providers need to provide enhanced and differentiated service offerings around the cloud to deliver value added services. This creates the potential for subscription based contracts and 'MPS in the cloud' type offerings. MPS could potentially become an element of an Infrastructure as a Service (IaaS) model which could open up new opportunities for MPS providers and cost efficiencies for customers.

References:

[1]Quocirca Digital Transformation Study, April 2016

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:** How comprehensive is the vendor's MPS strategy, the quality of its overall value proposition and its evolutionary vision for MPS?
- **Maturity of offerings:** How long has the vendor been active in the market; how developed are its offerings?
- **Geographic reach:** A vendor's geographic reach, either directly 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 vendor 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 (BPS), IT outsourcing (ITO) and document process outsourcing (DPO).
- **Help desk capabilities:** Centralised help desk 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.
- **Mobile printing support:** Capabilities to support mobile workers, either through mobile device printing or pull printing (authenticated secure printing).
- **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 10 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 that have 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 offer MPS on a regional basis.
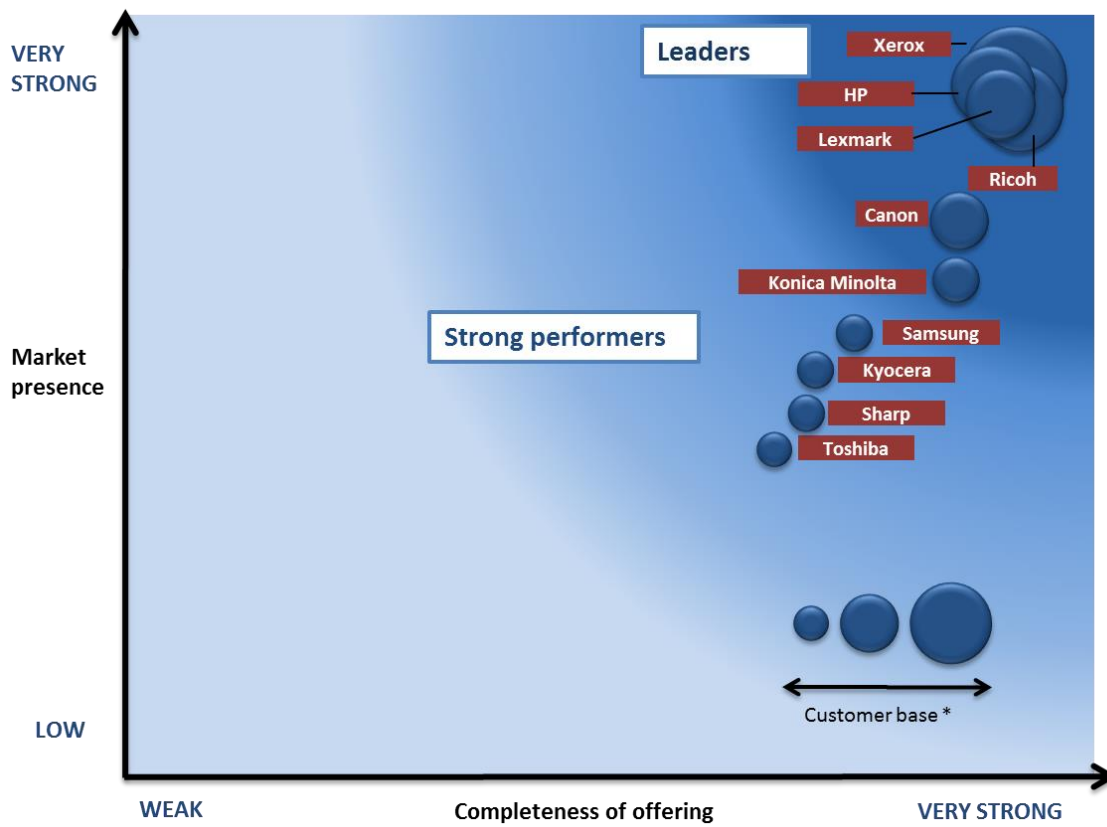
Figure 10: Quocirca MPS vendor positioning

* Customer base: Please note that enterprise customer figures and estimated devices under management have been considered when determining customer base bubble size.

Lexmark

Quocirca opinion

On 19 April 2016, Lexmark announced that it has entered into a definitive merger agreement with a consortium of investors led by Apex Technology Co. Ltd. (Apex) and PAG Asia Capital (PAG). China-based Apex is a supplier of aftermarket printer consumables and printers. According to Lexmark, its two business groups, Imaging Solutions and Services and Enterprise Software, as well as the company's regional and country operations, are expected to continue unaffected and benefit strategically and financially from the transaction. The deal is expected to close later in 2016. Lexmark has grown its software and solutions business through internal development and through numerous acquisitions (the most recent being Kofax). Lexmark has a strong technology set and has built expertise across many industry sectors including financial services, retail, healthcare, higher education, government and manufacturing.

MPS and enterprise software a bright spot in 2015

Lexmark retains its position in the leadership category of the MPS market. Its software and solutions portfolio is the broadest in the industry, boosted by its years of industry focus and acquisitions such as ReadSoft and Kofax. Overall total Lexmark revenues fell by 4% (up 2% constant currency) to $3.6 billon, MPS revenues showed growth of 1% (7% constant currency) and enterprise software sales were up by 85% (93% constant currency). Lexmark's software and solutions business generated over $600 million in revenues and it has the largest revenue stream from workflow solutions of any of its MPS competitors. MPS and high-value solutions remain a bright spot for Lexmark. In the past 24 months, Lexmark indicates that it has made 22 MPS new business wins with global or Fortune 500 customers, where it has displaced the incumbent provider.

Lexmark's strategy is to continue to focus on a number of key areas. These include a focus on expanding industry-specific MPS, intelligent MPS, cloud-enabled services, analytics, enhanced proactive services, mobile capture, mobile print and intelligent capture.

Lexmark has developed a strong proposition for connecting print and digital information and addressing the unstructured information challenge. This covers both paper-based content, such as mail and documents, notes and forms, as well as digital content such as Microsoft Word files, spreadsheets, emails, video and images. Its higher value solutions portfolio combined with its imaging technology positions Lexmark well to expand its penetration in this space.

Global execution and industry expertise

A key strength for Lexmark is its global operational capabilities. Its unique single-system infrastructure offers MPS customers visibility and consistency in reporting across their fleet of devices on a country and global basis. It also uses a consistent Six Sigma methodology that employs the same standards, practices and measurements across the whole of each customer's enterprise globally. In addition, Lexmark utilises the information generated from such systems and its analytics to benchmark companies against others in their industry and against themselves geographically and across business lines. It uses this information to identify outliers that could benefit from Lexmark industry solutions to improve their performance. Lexmark excels in managing highly distributed customer environments as well as centralised operations. This particularly appeals to large enterprises operating across multiple locations.

Lexmark's industry teams are organised across eight specific industry groups: banking, insurance, services, retail, manufacturing, healthcare, education and the public sector. It especially dominates the retail and banking sectors, where it reports it has nine of the top ten retailers and eight of the top ten banks as customers. Lexmark also prides itself on its ability to respond quickly to customisation requirements, given its broad technology portfolio in imaging, software and solutions.

Broad business process automation capabilities

Lexmark offers strong expertise in helping customers streamline their business processes. This has been boosted by its broad and expanding software portfolio. In the wider software space, Lexmark has developed strong integration between its MFP, MPS and software products (capture, ECM, etc). It is successfully driving synergies across these businesses. Lexmark indicates that it has won over 300 new large capture, content and process software deals since it made its software acquisitions, with a booking value >$170 million across a range of banking, insurance, retail, manufacturing, government, services, education and healthcare accounts. Its smart MFP hardware portfolio is also key to its ability to develop integrated industry document workflow solutions. Of note is the Lexmark Virtual Solution Center – a cloud-based tool that gives certified partners access to an extensive library of solution applications that they can deploy to devices from a standard web browser.

Expanded analytics capabilities

Service quality is a key differentiator, as core MPS services are increasingly commoditised in the marketplace. The ability to use predictive analytics to anticipate service actions and identify trends in print volume, help desk calls, rates of intervention or in capturing additional sensor data from the devices is increasingly critical in ensuring a high level of service quality. Lexmark is

investing heavily to further develop its analytics and reporting capabilities to both enhance its service delivery and identify opportunities for business process improvement.

Summary
Lexmark differentiates itself around its broad solutions portfolio, its industry expertise and ownership of its software, MPS and smart A4 technology. This enables more integrated and seamless solutions and much quicker customisations for customers, particularly for its targeted industry segments.

At the time of writing, the acquisition has not yet closed and is not expected to close until the second half of 2016. Quocirca will continue to monitor investments by the new organisation and how it works to enhance Lexmark's differentiation in the market.

Strengths and opportunities

Strengths

- **Global execution.** Lexmark has strong credentials when it comes to global execution. It offers a single global system to support its entire MPS business, which enables it to deliver consolidated global reporting and analytics. Although its global delivery model will appeal to large multinational enterprises, it also offers strong regional delivery capabilities that allow for local customisation. Its scalable service offering also ensures that businesses of all sizes can benefit from a customised MPS offering.
- **Business process expertise**. Lexmark's field teams are organised by industry, supported by dedicated industry experts and consultants with business process and industry vertical expertise. This is enhanced by Lexmark's mature set of solutions around workflow automation and industry solutions, to help customers tackle the explosion in both structured and unstructured content. Its proven intelligent capture solutions along with its broad range of products can significantly drive efficiency, eliminate work and minimise dependence on paper.
- **Breadth of solutions technology and industry-specific solutions.** Lexmark has the broadest solutions portfolio and widest range of industry-specific solutions.
- **A growing cloud strategy.** Lexmark has developed a comprehensive cloud platform and can deliver solutions through the cloud, on-premise or in a hybrid model. In addition, the Lexmark Solutions Platform serves as the cloud-based foundation for a portfolio of print management solutions. Its integrated mobile print platform is particularly noteworthy, allowing printing from both static and mobile devices.
- **Big Data / ECM.** Lexmark is making significant investments in the use of analytics to optimise the output environments for its MPS customers, improve device availability and streamline business processes. Lexmark's broad ECM capabilities offer another opportunity to harness wider enterprise data sets. This enables deeper analysis of the customer environment and allows Lexmark to identify and recommend implementation of industry-specific workflow and business process optimisation services.

Opportunities

- **Consolidation of software portfolio.** Lexmark now has a broad array of business process solutions together with a range of vertical offerings. Continued expansion of its portfolio will enable Lexmark to further differentiate its broader proposition of managing structured and unstructured information beyond MPS.

MPS strategy

Lexmark continues to execute on the MPS strategy that has resulted in strong growth in MPS revenues year on year. Lexmark's service offerings are built on a core technology platform owned completely by Lexmark. It also has global operational capabilities, leadership in business process solutions and ITIL-based standardised practices applied consistently worldwide. Lexmark provides a fully flexible and modular suite of MPS services to its customers that are suitable for businesses of all sizes. This approach also allows Lexmark to scale its services to its partners based on their skills, resources, experience and needs. Its overall MPS strategy is centred on creating a 'less paper' environment, through managing the complete lifecycle of paper-based and digital business content.

Lexmark's MPS offerings include the following components:

- **Infrastructure optimisation**. Selecting and deploying the right technology and solutions for the customer's business. Lexmark performs a thorough assessment of the customer's processes and requirements utilising deep industry knowledge gained over many years. From that assessment, recommendations are developed for the deployment of the technology and solutions based on the specific tasks performed in any given area and across the enterprise.
- **Proactive management.** To ensure the smooth operation of the customer's fleet, Lexmark provides leading-edge proactive management services for maintenance, supplies replenishment, and other activities. Lexmark actively monitors the entire fleet using a technology-based system to identify needs and deal with them before a customer needs to.
- **Business optimisation.** The most significant cost to the business relates to business processes. This is true in monetary terms, but also in terms of the customer experience and the costs to the business from ineffective processes. Lexmark leverages its deep domain expertise in business processes and specific industry expertise to streamline processes and provide industry-specific solutions to help the customer solve its business problems and improve its customer experience. Lexmark helps customers to deal with the proliferation of unstructured information and to enable them to connect structured and unstructured information with the systems, processes and people that need it the most.

Service offerings

Lexmark offers a comprehensive range of services, which include:

- **Broad assessment service offerings.** Through its discovery programme, Lexmark provides full document, business process, document security, and environmental assessments to enterprise and mid-market customers worldwide. Lexmark also offers various other tools for customers and partners to assess their current environment including MPS calculators, cost estimators, and identifying areas of opportunity. An integrated suite of tools, including electronic resources, tablet-based tools, and a proven methodology, enhances the process. Assessment offerings include:
    - **Health check**: Developed to provide the business with a snapshot of the existing output estate. This service is a low-impact offering requiring one day on site by a certified Lexmark consultant. The consultant gathers observational usage data in conjunction with an electronic audit in order to provide a high-level view of the existing output estate.
    - **Needs assessment**: Taking a consultative and analytical-based approach, this programme has two distinct areas of focus:
        - Process – the interaction between documents, devices and user roles in the business process,
        - Devices – assessing the existing environment with recommendations for a future-state design utilising best of breed functionality and technology.
    - **Office print assessment (OPA):** An analytical engagement that focuses on device-centric issues, including technology selection, placement, usage, environmental impact and audits, service, and support across multiple divisions of the enterprise. The objective is to optimise end-user productivity and minimise the total cost of print in order to maximise the return on investment.
    - **Environmental assessment**: Lexmark provides environmental assessments as part of the OPA described above, but can also perform standalone assessments if required. All OPAs that are conducted as part of an MPS engagement will include environmental assessments.
    - **Document security assessment:** It is standard for Lexmark to perform document security assessments as part of the assessment activity associated with an MPS engagement. The assessments provide recommendations on areas such as secure management, device/software hardening, secure user access, data protection, and secure routing. Lexmark also provides document security assessments and audits on a standalone basis when desired.
- **Fleet optimisation.** Lexmark Optimisation Services are aimed at helping customers print less and includes the standardisation of devices within an output strategy, printing less while increasing office efficiency, streamlining of repetitive employee processes, improving productivity, using intelligent documents to improve accuracy, ease of retrieval and reduce work effort and on-going improvement, based on a flexible output strategy.

- **Distributed fleet planning.** Lexmark focuses on delivering a distributed MPS in addition to MPS in a centralised environment. This requires a balanced deployment of devices across multiple locations, which can often be a complicated process to manage. Lexmark is particularly strong in this area; designing and managing distributed fleets for many multinational customers.
- **Change management.** Lexmark's change management consultants work with customers to understand the organisation and tailor the plan with the customer to help end-users embrace the improved output environment. Lexmark uses a change management methodology it developed based on its experience in MPS engagements. This methodology leverages the Prosci Project Change Triangle as a standard model and incorporates change management along with project management, a communication plan, and executive sponsorship into an overall engagement process from the start.
- **Mobility.** Lexmark's mobile print offering contains a full range of architecture and usability options. These include:
  - **Lexmark Print Management**: a cloud-based solution that provides a unified platform to provide pull-print for mobile devices as well as desktops and laptops, and the
  - **Lexmark Mobile Printing App**: a peer-to-peer solution for printing PDF files and images from iOS or Android devices to a wide variety of networked printers.
- **Workflow automation.** Lexmark has extensive capabilities in the area of document workflow. With Lexmark's total software portfolio, customers gain a robust set of routing/workflow capabilities for documents, videos and other unstructured content. Lexmark offers solutions for invoice processing and approval, recruiting and on-boarding, travel and expense, legal and regulatory compliance. In addition to manual and ad hoc routing options for defined users. Perceptive Workflow from Lexmark can automatically direct documents to work queues based on linear or parallel process steps; specific data inside documents, e-forms or databases; and other methods to support virtually any process.
- **Intelligent Capture**. Intelligent Capture enables sorting of paper and electronic documents based on their content; accesses critical information based on its context, validates it, and seamlessly passes it to core business applications. The underlying, proprietary, technology uses advanced pattern-recognition techniques. Instead of mapping fields and defining key words for every document format. Intelligent Capture learns from a small sample set and then processes widely diverse document layouts. Integration is possible with virtually any enterprise resource planning, content management, data management, departmental and business system, allowing the system to be up and running quickly, handling different document and file types, in different languages, across different departments. This allows real-time insight and analysis into capture processing and allows customers to gain immediate access to metrics and key performance indicators as well as detailed views of key processing steps. Lexmark is a market leader in this area, and unique in providing this level of capability amongst other MPS providers.
- **Analytics**. Lexmark is investing heavily in its proactive MPS capabilities through the use of predictive analytics. This enables it to anticipate service actions before they happen by identifying trends in print volume, help desk calls, rates of intervention or capturing additional sensor data from the devices. Lexmark also uses analytics to uncover new opportunities for the introduction of workflow solutions to streamline customer business processes.

Workflow Solution Portfolio

The Lexmark solution portfolio covers all business document workflow requirements. Most of the solutions are based on Lexmark's core software platform, whose component technologies are modular meaning that all or a portion of the capabilities can be combined and utilised for very specific customer solutions. The below list gives an outline of solutions offered:

- Document Management
  - Lexmark Document Control Suite is a comprehensive collaborative document management tool designed to share, access, edit and approve documents across organisation processes. It streamlines processes through single-source collaboration, document integrity protection and legally binding digital signature.
- Web Content Management
  - Lexmark's Interact for Microsoft SharePoint provides integration between Lexmark Enterprise Software solutions and any Microsoft SharePoint Portal website.
- Document/Image Capture/OCR
  - Lexmark Intelligent Capture is the company's core document capture tool to automate a wide number of business processes. It lifts critical document information based on its context, validates it, and seamlessly passes it to core business applications or business processes, reducing manual work. The solution features various OCR options including OCR for Automatic Indexing at Scan Time, OCR for Full-Text Searching and OCR for Advanced Forms Processing. The core engine is adapted to address typical horizontal needs including accounts payable/invoice processing, remittance processing and mail processing.
  - Lexmark Mobile Capture is a mobile app that enables users to acquire images, add metadata and upload the information directly into business processes.
- Social Content Management

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- o   Lexmark's fileNshare provides the equivalent of a social network for businesses. It combines ECM features with multiple file format sharing and collaboration capabilities.
- Document/Content Workflow
  - o   Lexmark Workflow is a very comprehensive content workflow solution, enabling flexible workflow design to graphically set process queues from start to finish. Users can access multiple functions to customise processes including, special annotations, sign off and custom document properties.
- Records Manager
  - o   Records and information management and policy management are common building blocks of various vertical solutions. All content stored in Lexmark systems can be declared as a record and from that point forward, treated as a record with all records management capabilities available.
- Content/document analytics/enterprise Search
  - o   Lexmark Enterprise Search enables instant location of key information across the organisation. It provides content analytics natively within the application. It includes detection of entity, language, encoding, category, theme, etc.
  - o   Lexmark's Kofax Analytics for TotalAgility is a dedicated solution providing extensive analytics capabilities to analyse the effectiveness of complete business processes.
  - o   Kofax Analytics for Capture focuses on leveraging key information of specific capture processes to monitor the effectiveness.
- Business Intelligence /Data Visualisation
  - o   Lexmark Insight is a data visualisation platform that combines process discovery, monitoring and analysis. It gives in-depth visibility and understanding of operational performance and compliance.
- Document Composition
  - o   Lexmark's Document Composition enables the automated generation of a high volume of business documents and customer correspondence.
  - o   Customer Communications Manager allows organisation to create personalised content such as contracts, proposals, insurance or mortgage documentation in paged (print or pdf) and non-paged formats (email, HTML, XML).
- Electronic Signature is provided as part of various solutions as well as through dedicated solutions:
  - o   Document Control Suite is a workflow solution which provides digital signature via web services assigning signature rights to selected users.
  - o   With the acquisition of Kofax, Lexmark also incorporated SignDoc which supports mobile e-signatures, ISO standard e-signed PDFs, and support for signature biometrics such as pressure levels and signature speed data.
- Audit/tracking tool
  - o   Lexmark's Retention Policy Manager enables the tracking of user actions as well as holds and disposition actions on all documents and records in the system.
- Through its core platform Lexmark offers transactional application solutions covering processes such as account opening, invoice processing, loan origination, employee on-boarding.
- Mobility: Lexmark integrates mobile device users in overall workflows through the use of the Lexmark Mobile application. Additionally, solutions such as Enterprise Search can be accessed through the use of web interfaces. Mobile users are therefore given general capabilities to access workflow, tasks and capture. Other specific mobile user solutions acquired from the Kofax acquisition include:
  - o   Kofax Mobile Capture
  - o   Kofax Mobile Bill Pay
  - o   Kofax Mobile Deposit Capture
  - o   Kofax Mobile ID
  - o   Kofax Mobile Mortgage

MPS infrastructure

Lexmark has a mature MPS platform developed over the past 15 years. Capabilities include:

- **Global delivery.** Lexmark prides itself on its operational execution at a global and local level. Lexmark's unique single-system infrastructure allows its MPS customers visibility and consistency in reporting across their fleet of devices cross-country and around the world. Additionally, Lexmark utilises a consistent Six Sigma methodology globally that employs the same standards, practices and measurements across the customer enterprise.
- **Global service portal.** Lexmark's global web portal provides Lexmark customers with reporting, analytics and real time status of any service actions. It enables both static reporting and also real time queries so that customers can customise the reporting for their specific needs. The web portal provides global reporting so that a customer with international operations can view all devices, service actions and other metrics all at once for the entire organisation.

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- **Help desk.** Lexmark provides many variations of help desk services. This ranges from the customer outsourcing the complete function to Lexmark, to Lexmark manning the output portion of the help desk for the customer, to training the customer to significantly reduce help desk calls. This includes providing off-site, on-site and/or shared help desk services. Lexmark has standard integrations aligning with the customer's internal help desks and management systems. These are available worldwide. In addition, Lexmark has dedicated operations centres and technical support centres located all over the world providing local language support with live phone support.
- **Multi-vendor support.** Lexmark provides services and support for multi-vendor fleets. Lexmark's tools, systems, processes, and resources are designed/trained to provide services and support for third party devices in addition to Lexmark-branded devices, and Lexmark today manages many third party devices for enterprise and mid-market customers. Lexmark also enables partners, including copier dealers, to support third party devices and Lexmark's systems and infrastructure are set up with this capability from the start. Over 30% of devices under Lexmark management are third party devices.
- **Proactive supplies and maintenance management.** Lexmark provides proactive consumables management and proactive maintenance management on a global basis as part of its core MPS offering. Lexmark is particularly focused on reducing service interventions and has made significant investments in proactively identifying service needs on a pre-emptive basis.
- **SLA and reporting.** Lexmark establishes KPI/SLA measurements with its MPS customers as part of the contracting activity. As the engagement begins/continues, it then tracks these closely against those measures and institutes a standard Lexmark governance model, which defines the types and frequency of reviews and meetings that will take place at both the operations and customer executive levels. Lexmark conducts a monthly operations review with its customers to review performance on all SLA and key measurements. In addition, Lexmark reviews these quarterly with the customer's executives as part of the standard quarterly business review meetings. Lexmark has extensive global reporting capabilities in the form of standard reports that are produced on a regular basis, and also ad hoc reporting. Customers have the ability to view and download these reports through the Lexmark Services Web Portal
- **Billing**. Lexmark offers a wide variety of procurement and billing options. Lexmark provides various acquisition methods, monthly fixed plus variable, cost per page, and various other methods to contract with and bill its customers. Lexmark's one worldwide service system provides high flexibility in billing options, which can be deployed consistently globally. Lexmark can easily consolidate its customer's local and country billings into a global view since it is all billed from one worldwide system.

Partnership strategy

- **Alliances.** Lexmark has significant partnerships and alliances on a global basis. This includes partnerships with IBM, Dell, and Fujitsu. Lexmark also has partnerships with large system integrators around the world and also offers a broad array of MPS offerings and structures through the channel with the degree of Lexmark involvement varying from Lexmark providing all the services to Lexmark providing the basic infrastructure, software and network for the channel partners to utilise, depending on the skills, resources, and experience of the partner.
- **Channel partners.** Lexmark has a significant focus on MPS in the midmarket and SMB sectors through its channel. It has developed a range of MPS offerings customised to the skills and focus of partners. Both of Lexmark's acquisitions of Kofax and Readsoft bring significant relationships and business within the channel, which Lexmark intends to leverage to expand its channel business.

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Lexmark Scorecard

Market presence		
Criteria	**Details**	**Score**
MPS customers	Lexmark has more than 4,000 customers worldwide. It has more than 1 million devices under management.	5
MPS strategy	Business process automation is key to Lexmark's MPS strategy. It continues to expand its business process expertise capabilities through acquisition. Its industry knowledge and expertise, supported by a range of mature industry offerings, are key differentiators for Lexmark.	5
Maturity of offerings	Lexmark has been providing industry-specific and horizontal solutions to customers for over 20 years and MPS for more than 16 years. It has a well-established global infrastructure, particularly for serving multi-country customers.	5
Geographic reach	Lexmark Global Services is present in over 170 countries. The largest part of Lexmark's business is international and it has customers with specific MPS installations in over 81 countries.	5
Overall financial strength	For fiscal year 2014, Lexmark reported revenue of $3.7billion. Lexmark's MPS revenue represented approximately 35% of its total revenue for 2014. In two years' time, Lexmark expects combined MPS and software revenue to be more than 50% of total revenue.	5
MPS revenue growth	The total contract lifetime value of Lexmark's MPS business is over $10 billion. Lexmark's worldwide MPS revenue growth was 9% at constant currency in 2015 and 10% in EMEA. In the past 24 months, Lexmark has had 22 MPS wins with global and Fortune 500 customers, which is all new business to Lexmark. Lexmark reports an MPS renewal rate of 95% over the past five years.	4.85
Brand awareness	Lexmark continues on an aggressive path to increase brand awareness associated with MPS through MPS-focused campaigns and activities. In April 2015, it announced its new brand, logo, and tagline, which is a positive step in its transition to an enterprise software and services provider.	4.85
Alliances and partners	Lexmark has global partnerships with Dell, Fujitsu and IBM. It also has alliances with IT providers, systems integrators and teams with channel partners and copier dealers. Its acquisitions of Kofax and ReadSoft have boosted indirect channel opportunities.	4.5
Investment and resources	Lexmark completed a $1 billion acquisition of Kofax in 2015, which is the latest of 14 acquisitions. In 2014 it completed the $228 million acquisition of ReadSoft, which provides document process automation capabilities and strong SAP integration.	5
Final ranking	**VERY STRONG**	**4.91**

Completeness of offering		
Criteria	**Details**	**Score**
Modularity of services	Lexmark provides a suite of flexible and modular MPS services that allows it to easily adjust its offerings from small organisations to the largest global enterprises.	5
Breadth of services	Lexmark has a full range of services for managing a distributed fleet environment, and is particularly suited to multi-location engagements. Lexmark has an extensive range of assessment services, which include environmental and document security as standard.	4.95
Help desk capabilities	Lexmark provides many variations of help desk services. These include complete function outsourcing, with Lexmark manning the output portion of the help desk, and customer training to reduce help desk calls.	5
CRD / production printing	Lexmark offers production and commercial print services, both directly and through third parties. It also offers intelligent capture solutions that can be deployed in mail and print rooms.	4.5
Multi-vendor management	Lexmark provides services and support for multi-vendor fleets. Its tools, systems, processes and resources provide support for third party devices in addition to Lexmark branded devices. Over 30% of devices under Lexmark management are third party devices.	5
Remote monitoring	Lexmark provides proactive maintenance and support, including continuous monitoring of the output environment, allowing for remote diagnostics, troubleshooting and remote fix. It handles 93% of MPS incidents proactively.	5
Mobile printing	Lexmark has significantly enhanced its mobile print offering to support peer-to-peer printing, on-premise and cloud-based printing. Based on a single platform, it offers integrated support and tracking of mobile printing across all devices.	5
Business process automation solutions and services	Lexmark has strong credentials in business process automation by virtue of a mature professional services group with strong expertise in business process outsourcing. This is further enhanced by a wide range of business process automation tools, technologies and services	5
Document workflow / ECM	Lexmark's extensive software acquisition strategy combined with internal development brings together a comprehensive portfolio of industry solutions and technology covering capture, business process management, content management, workflow, analytics and mobility.	5
Industry solutions	Lexmark's field resources are organised by industry and include sales, operations, consultants, technical operations and business process experts.	5
Final ranking	**VERY STRONG**	**4.95**

Please note the full report is available to purchase directly from Quocirca.

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.

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