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.

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.

Table of contents

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.

quocirca

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.

quocirca

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.
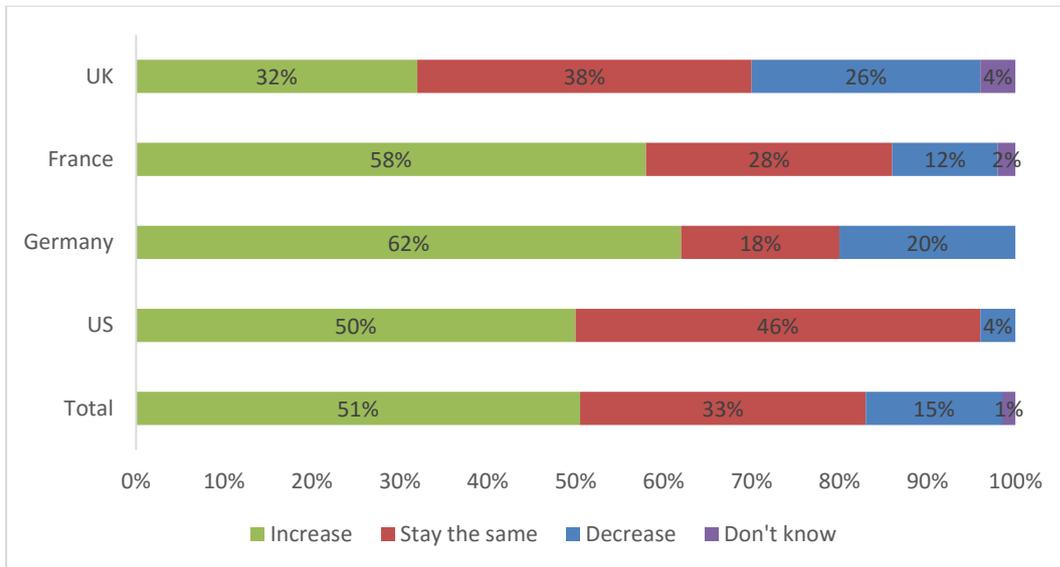

Figure 1. MPS budget plans

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).
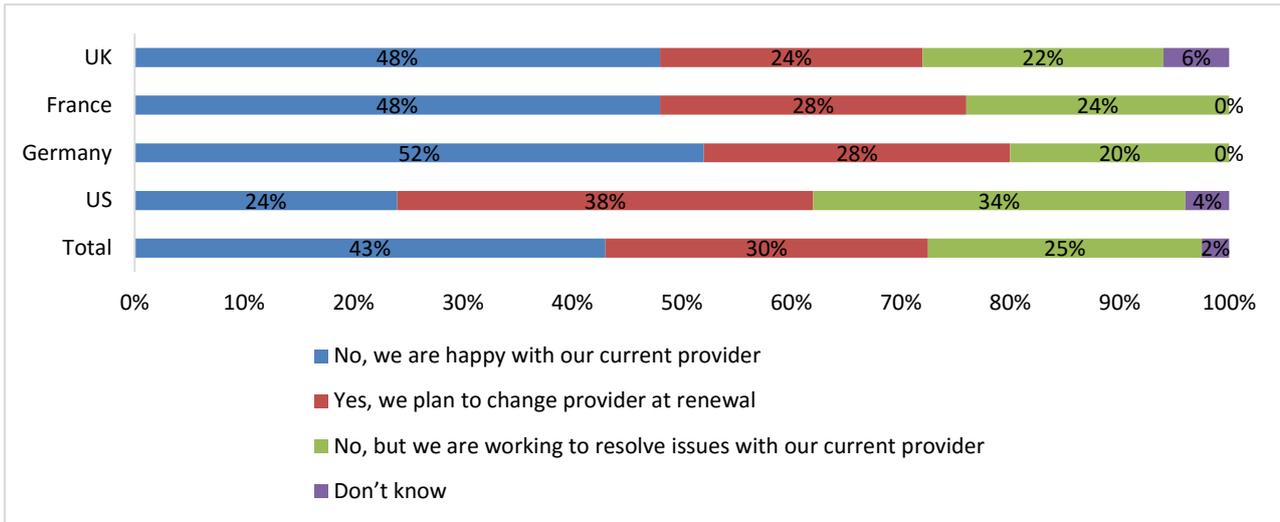
Figure 2. Plans to change MPS provider

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.
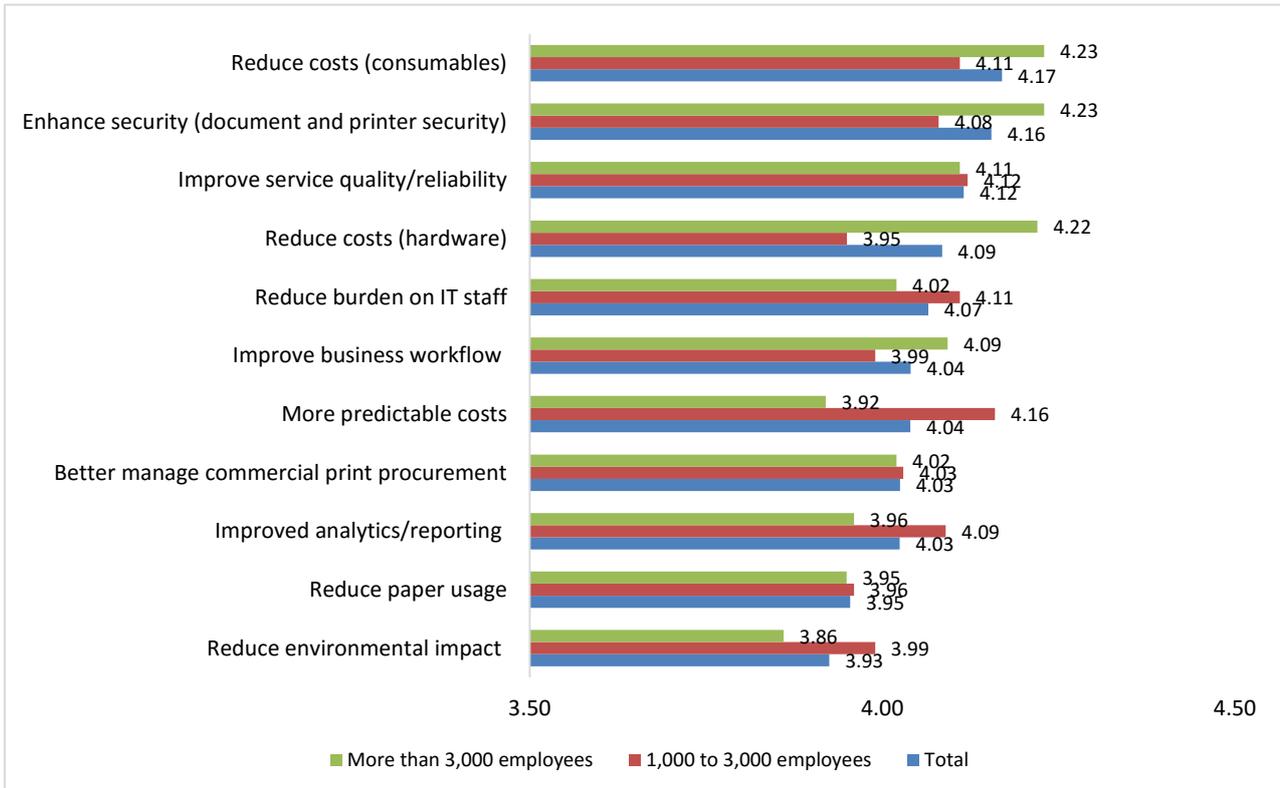

Figure 3. Importance of MPS drivers (average score, where 1 = unimportant and 5 = very important)

quocirca

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.
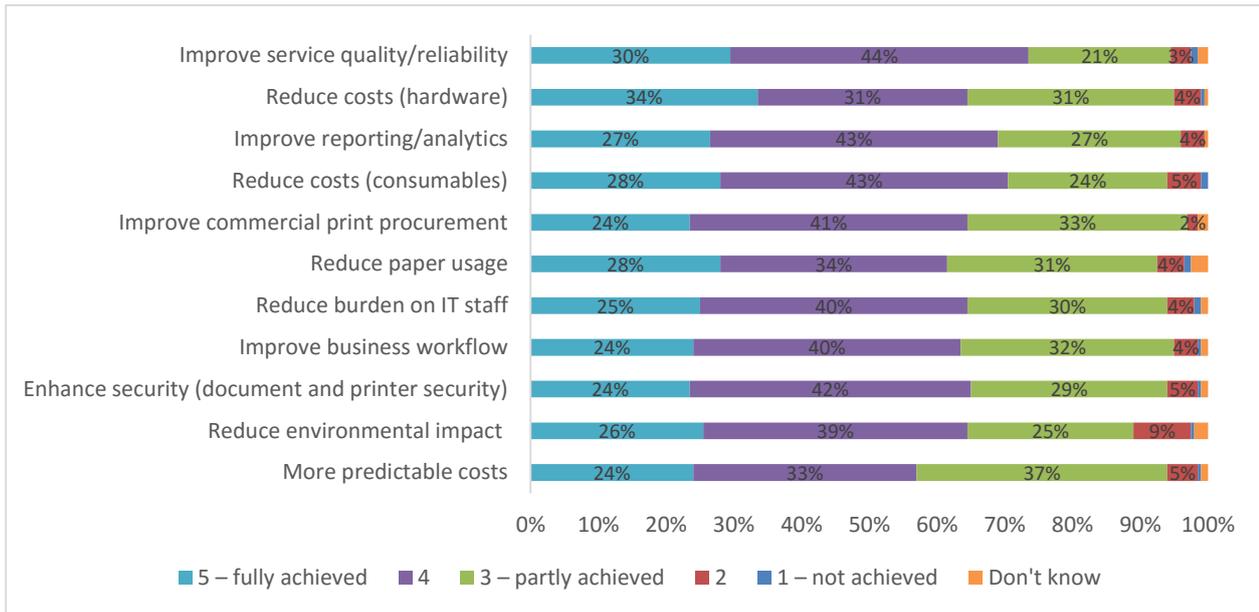

Figure 4. Satisfaction with MPS goals

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.
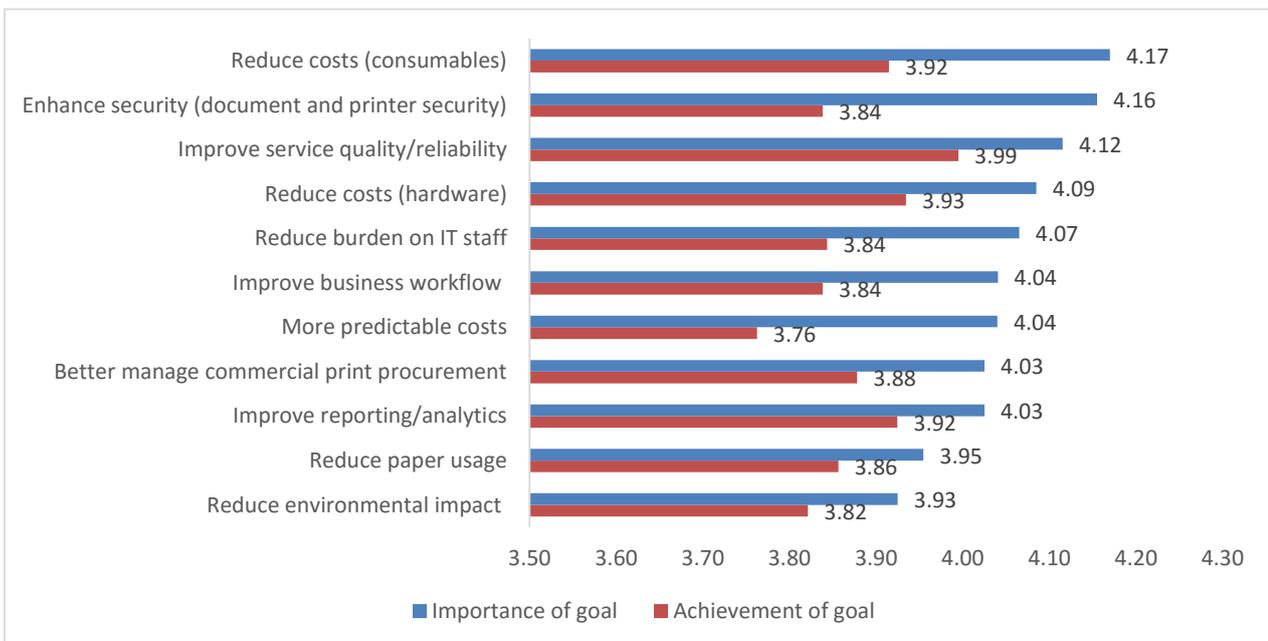

Figure 5. Importance of MPS goals / success in achieving MPS goals (average score, where 1 = not important / not achieved and 5 = very important / fully achieved)

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.
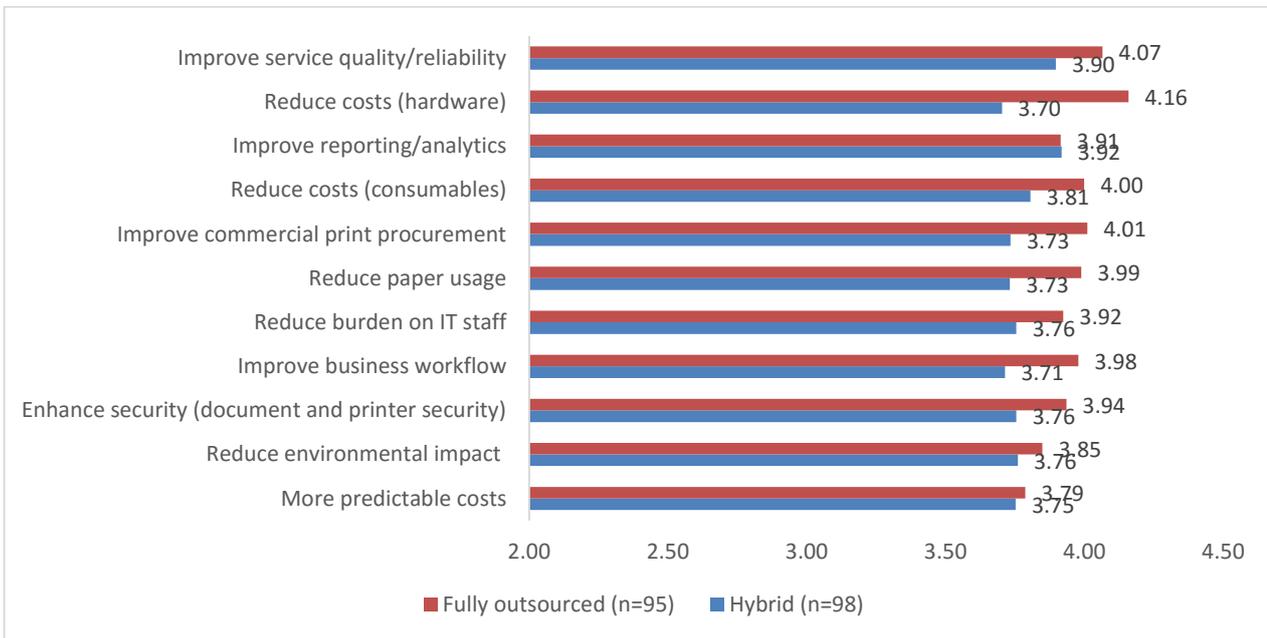

Figure 6. Success in achieving MPS goals – outsourced or hybrid approach (average score, where 1 = not achieved and 5 = fully achieved)

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.
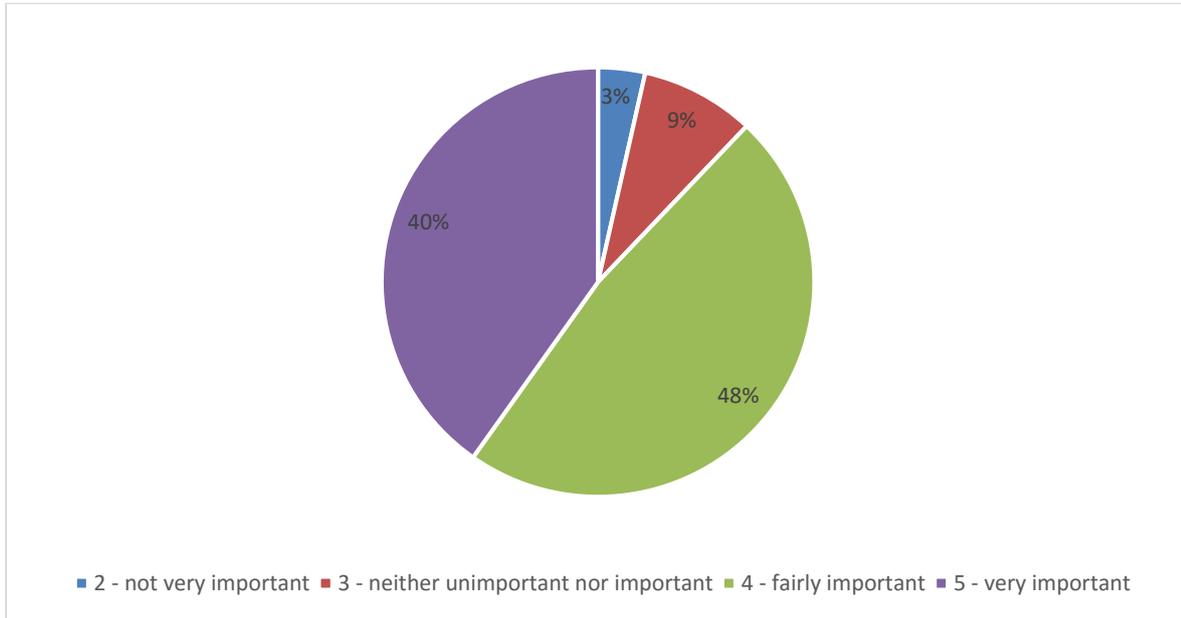

- 2 - not very important   - 3 - neither unimportant nor important   - 4 - fairly important   - 5 - very important

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.

quocirca

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.
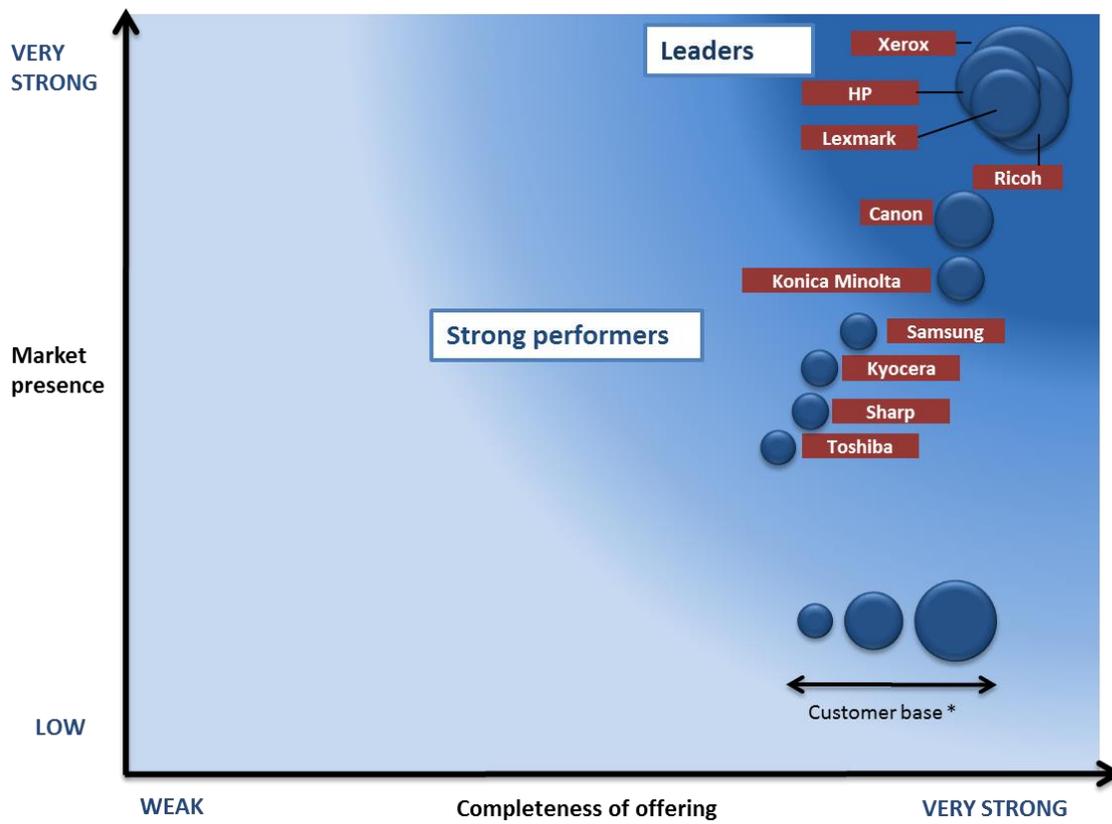
Figure 10: Quocirca MPS vendor positioning

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

HP

Quocirca opinion

In November 2015, HP started a new era as it split itself into two companies, Hewlett Packard Enterprise (HPE) and HP Inc. Hewlett Packard Enterprise comprises enterprise technology infrastructure solutions, enterprise services, software and financial services. HP Inc. comprises the personal systems and printing business, including managed print service (MPS), and a range of support services, and workflow solutions.

HP is also strategically focused on 3D printing. On 17 May 2016, HP Inc. unveiled the HP Jet Fusion 3D Printing Solution, its production-ready commercial 3D printing system, addressing both the commercial production and prototyping markets. HP's 3D printing strategy is complemented by the HP Sprout platform that features 3D scanning, gesture control, and touch screens to create designs that can be 3D printed through an in-house 3D printer or via a service bureau. Of particular promise for the revolution of its business is HP's "Blended Reality" vision, driven by the Internet of Things (IoT), Hyper-Mobility, 3 D transformation and immersive experiences.

Maintains position within the MPS leadership category

HP continues to provide a leading MPS proposition for organisations of all sizes, backed by a mature and proven approach based on three elements: optimising infrastructure, managing the environment and improving workflow. Its MPS offerings cover the needs of businesses of all sizes, from simple basic print services to full outsourcing. HP has one of the broadest product ranges in the industry, from low-end consumer printers to production-class web presses, and has a long history of commitment to environmental sustainability in its design of products, software and services.

It is the only MPS provider that can leverage its own IT and network technology to deliver a complete end-user workplace services offering. As well as continued innovation and expansion of its hardware portfolio (both its LaserJet and PageWide Array ranges) HP continues to expand its software and services portfolio. Notable for 2016 is the expansion of its MPS Security Practice and assessment services and expansion of its industry go-to-market approach.

Broad and scalable portfolio

HP states that it has over $15.2 billion in cumulative total contract value (TCV), FY00-FY15. Its modular and scalable service portfolio ranges from assessments, procurement, implementation, ongoing management and support, through to document and workflow services, including management of change and sustainability initiatives.

HP offers a unified global service supported by its global delivery platform that supports both its direct and indirect channels. It provides customers with a modular approach to MPS, which means that organisations do not need to take a fully outsourced service and can retain control of certain areas if required.

Strong security service differentiation

HP's security offerings are a key differentiator in the MPS market which led it to launch a security-led MPS programme in 2016: HP Secure MPS. The major components of HP Secure MPS include HP's enterprise printer portfolio, security software solutions and security services. The unique features include HP enterprise printers with run-time intrusion detection, which makes HP the only printer manufacturer to offer integration of printer event data with major security monitoring and incident detection tools such as HPE ArcSight or Splunk. This feature is available on most of HP's Enterprise printers and MFPs back to 2011 with a FutureSmart firmware update. HP's security software solutions include HP JetAdvantage Security Manager, a unique management solution which automates deployment, monitoring and management of the HP printer fleet to a security policy. The solution also supports reporting requirements for compliance audits. HP security services include assessment, development and deployment of a robust security plan that spans device, data and document workflows. These services are delivered by credentialed print security advisors and then maintained within a Secure MPS program.

Extensive solutions portfolio

Solutions are a major strength for HP through its expanding JetAdvantage portfolio. It estimates that over 75% of its enterprise-direct engagements are software enabled, including solutions such as document capture, security, mobility, job accounting, forms automation and production printing. The JetAdvantage solutions portfolio combines best of breed technologies (HP and partner-developed) to support and optimise business processes. HP continues to deepen its industry focus, through market development, industry segment marketing and sales enablement capabilities. It has a range of solutions targeted at industries such as financial services, healthcare, manufacturing, communications/media/entertainment and public sector and a broad set of vertical solutions through the HP Enterprise Content Management platform. It also offers greater integration with pan-HP industry solutions capabilities (e.g., HP software (Exstream, LiquidOffice, and TeleForm) plus Hewlett Packard Enterprise (Control Point, ArcSight, Vertica, etc)).

quocirca

Data driven strategic business reviews
HP is fully leveraging big data analytics to drive improved performance and increased customer satisfaction. Its Big Data Business Intelligence approach encompasses HP Device Connect for secure print data collection, HP Device Control Centre for fleet management, problem identification and resolution, HP Instant Fleet Insights for predictive analytics, improved fleet performance and reduced costs, and HP Strategic Business Reviews, tailored to a client's KPIs, aimed at ensuring a long-term strategic relationship with the customer.

Summary
HP has developed a mature and proven approach to MPS, with a strong set of solutions for security and for specific industries. Its market-leading position is boosted by its dominance in the printer market and strong presence and reputation in the enterprise IT market. HP's challenge over the coming year is to build its reputation in the information management / ECM space as traditional competitors are strengthening their propositions and adjacent services will continue to be the key point of differentiation in an increasingly competitive market.

Strengths and opportunities

Strengths

- **Strong technology foundation.** HP's mature MPS platform, a broad hardware portfolio and enterprise-scale technology across the IT infrastructure make HP a reliable choice for businesses of all sizes. With its expanded Partner Managed Print Services, HP now has a comprehensive set of services that support its channel in transitioning their SMB and mid-market customer base to MPS contracts.
- **Differentiated strategic business reviews.** HP's regular MPS Strategic Business Reviews with customers constitute an ideal framework to analyse workflow needs and propose tailored solutions. As part of the Strategic Business Reviews, HP offers advanced predictive analytics and print-policy optimisation to identify areas of workflow focus, help model the financial impact of improvements and set a roadmap for implementation.
- **Workflow automation.** HP's MPS includes document and workflow services, and they were perhaps the first provider to do this. HP has built an extensive portfolio of hardware and solutions to help businesses to securely digitise paper workflows, with an industry approach. HP is able to leverage its HP Big Data, Exstream and Flow MFP platforms to provide a well-integrated MPS and ECM platform. It is also uses HP Exstream as part of wider engagements to help larger enterprises better manage printed communication, as well as scaling its offering for the channel. While stakeholders for this are different to traditional MPS decision makers, it is a valuable offering in HP's MPS portfolio.
- **Global reach.** HP has a broad global reach – both directly and through a vast global partner network. With 50% of its direct MPS customer base being multinational or global, HP has developed a robust and mature global MPS platform and infrastructure to support and service international customers. Continued investment in its services delivery platform will enhance its global invoicing, reporting and service capabilities, which will be key to expanding its global MPS footprint.

Opportunities

- **Post-split strengthening of Hewlett Packard Enterprise Services and CSC synergies.** With business process services (BPS) becoming a more common offering from MPS vendors, HP will need tighter engagement with Hewlett Packard Enterprise Services, which already has a mature BPS offering. Joint go-to-market activities will be key for HP to gain higher value MPS deals, not only for BPS but also ITO. With its Personal Systems and Printing groups now merged, HP is strongly positioned to take advantage of interest in integrated IT and print services by offering desktop managed services alongside MPS, driving further value for its customers. This value may be even further extended as a result of CSC's merger with Hewlett Packard Enterprise Services in May, making it "uniquely positioned to lead clients on their digital transformation".
- **Vertical focus.** HP has a strong reputation in technology engagements, but is now facing competition from providers with mature industry consulting capabilities. As businesses look to accelerate their paper-to-digital workflows, they are looking for providers with deep industry knowledge. HP has built a strong industry solution portfolio, but will need to leverage stronger vertical expertise to engage not only with MPS stakeholders but also business process owners.

MPS Strategy

HP's strategy is centred on three key stages; a customer can engage with HP from the start in any of these three stages.

- **Optimise infrastructure.** Based on a full assessment of the existing printing infrastructure and workflows, this stage focuses on rationalising the printer fleet, standardising on fewer models and increasing network and fleet security for an increasingly mobile workforce. Gaining visibility of print usage and costs helps reduce IT's burden and allows it to focus on other priorities.

- **Manage the environment.** Ongoing, proactive management of the existing infrastructure helps to maintain efficiencies, security and improve user productivity, while making best use of existing assets.
- **Improve workflows.** This phase focuses on digitising and streamlining paper intensive business processes. HP identifies digital processes that would generate the greatest return on investment. Solutions range from packaged offerings to highly custom implementations.

Over the coming year, HP's business strategy is to continue to accelerate its vertical approach and drive better integration with its broader industry solutions capabilities such as HPE Big Data, HP Software and HP's Personal Systems. It continues to invest in enhanced data analytics capabilities to offer customers deeper insight into their print infrastructure. Over the coming year, HP aims to expand its penetration of MPS in emerging markets.

HP continues to leverage HPE Services to deliver BPO/ITO capabilities and to broaden its sales coverage at the Enterprise level. It is also actively ramping its Partner Managed Print Services offering to capture the SMB and Enterprise opportunity for MPS through its broad channel partner ecosystem.

MPS infrastructure

HP has a strong and mature MPS platform which it continues to enhance. This supports the following key service capabilities:

- **Global delivery.** HP MPS' technology platform integrates devices, solutions, monitoring and management tools with HP's enterprise services infrastructure. The platform transforms data into information, enabling HP Managed Print Services (MPS) global delivery teams to optimise imaging and printing environments, remotely manage and maintain fleets and solutions, and proactively deliver and support customer needs. HP MPS technology platform, coupled with global standard delivery processes and resources, simplifies fleet management activities for enterprise managed print services environments, improving the total customer experience.

- **Service portal and Device Control Center.** HP provides a singular global integrated services portal and dashboard that provides live, instant views of overall fleet status and detailed device information. The HP Service Portal is a secure website that enables customers to view their MPS contract, usage reports, and printer fleet details online. Customers can order supplies, preventative maintenance kits, and initiate next-business-day onsite hardware support. HP's Device Control Center provides HP and customer the capabilities to view and track fleet device change requests in real time.

- **Multivendor support.** This varies by country and includes support through selected authorised partner services for print and copy devices. Service includes hardware support and supplies replenishment for models from all major brands. Canon, Epson, Fujitsu, Konica Minolta, Kyocera, Lexmark, Okidata, Panasonic, Ricoh, Xerox, Zebra and others are supported. In addition to hardware support, the base level support for multivendor models includes supplies management/auto-replenishment, remote monitoring, fleet maintenance services, and fleet administration.

- **Proactive supplies management.** This includes automated supplies replenishment services which have been enhanced to be based on historical consumption (based on days-based-thresholds technology to provide 'just-in-time' supplies replenishment based on observed consumption patterns rather than remaining toner or ink levels.) This approach allows HP to manage usage thresholds with minimal customer intervention. HP also has a reporting system that shows the customer where toner/ink may be wasted, and how to target educational activities to minimise waste and conserve resources.

- **Billing. HP offers a variety of billing options including:**

  - **Level Pay.** A monthly fee is paid based on the projected annual ink/toner usage. At the end of the year a consolidation is carried out, reconciling the amount of consumables actually used against the forecast that has been billed.

  - **Base plus Click.** A base fee is paid which covers the hardware and any fixed services. A click charge is also paid based on the variable charge.

  - **Pages included plus excess click.** A base fee is paid which covers the hardware, any fixed services and a minimum volume of pages. A customer pays the base fee for any under-usage, and an over-usage charge based on the number of pages above the forecasted volume in addition to the base fee.

- **Reporting.** HP offers comprehensive reporting through the Service Portal and Device Control Center along with regular strategic business reviews conducted by the Account Delivery Manager (ADM). The ADM is a dedicated point of contact who monitors all aspects of the business to ensure SLAs are met, using data-driven analysis to identify, recommend and implement improvements (including workflow automation opportunities). This proactive approach is supported by HP's Big Data

Business Intelligence model that includes predictive analytics and print policy optimisation to ensure continuous improvement.

- **HP remote management centres (RMCs).** These global and geographically diverse centres provide direct regional coverage, local language support and around-the-clock monitoring in over 26 languages. RMC personnel remotely monitor, diagnose, and resolve device issues, using a configurable set of tools to align with the customer agreement. HP personnel regularly review device data to proactively recommend service, leading to improved device uptime and reliability. In addition to proactively monitoring alerts and remotely applying the appropriate fix, RMCs cover back-office tasks such as data analytics and reporting, billing, call-centre and help-desk duties, dispatch services, account administration, supplies management, and firmware updates.

Service offerings

HP offers a comprehensive range of services which include the following:

- **Diagnostics and assessment services.** HP offers a vast range of assessment services, from simple online analysis to sophisticated discovery and design services. Customers can choose from the following:

    o **HP Managed Print Analysis:** free online tool that quickly assesses a customer's office printing environment. A customised report identifies inefficiencies and outlines recommendations for increased efficiency and reduced costs.

    o **HP Secure Print Analysis:** a free online tool that allows a client to self-evaluate their print security practices. The tool generates a private checklist of fundamental and advanced printer security actions in five focus areas: device, network data, access control and authentication, monitoring and management, and documents.

    o **HP Industry Benchmark Analysis:** provides benchmark cost estimates by industry, providing a predictive model appraisal of potential print spend, comparing to benchmark metrics. This model is powered by All Associates Group using Enterprise Document Assessment Methodology (EDAM) which measures over 270 industries across 56 segments. The model also measures over 300 occupational descriptions within the segments.

    o **HP Optimisation Assessment:** this provides recommendations for a future-state fleet design that goes beyond simple ratios to incorporate recommendations for solutions and longer-term strategies.

    o **HP Managed Environment Assessment:** this analyses the impact of print output and provides findings, recommendations and a preliminary business case for moving to a managed services approach.

    o **HP Eco Printing Assessment:** this evaluates the current print-related carbon footprint, offers recommendations for improvement and projects the positive impact of changes on the future carbon footprint.

    o **HP Printing Security Advisory Services:** HP credentialed print security advisors conduct a multi-day workshop with a client's IT and Security staff to evaluate their current end-point security strategies, identify gaps and build a security & compliance plan based on standards and best practices for their industry.

    o **HP Workflow Discovery**: identifies business-critical, paper-intensive processes and provides a customised workflow analysis and the business case for informed decision making.

    o **HP Discovery and Design:** consultative service that provides a comprehensive view of the existing environment and designs an optimised environment for the future, using the Lean Six Sigma methodology. This is a standard assessment service provided as part of HP's MPS offering.

    o **HP Digital Workflow Integration Services**: provides professional services e.g. consultation, business and technical assessments, as well as implementation and solutions integration services (includes business optimisation plans, architecture and deployment plans, as well as rollout/implementation.)

- **Fleet optimisation and planning.** HP rightsises the printer fleet and manages on-going optimisation through a dedicated team that includes solutions architects and transition managers for the initial implementation; the account delivery manager ensures ongoing optimisation and future state recommendations. HP's Management of Change (MoC) model and toolset help deliver a structured approach to facilitating planned change within an organisation, shifting from a current state to a desired future state. Components include sponsorship and governance recommendations, communication strategies, tools and templates, and training designed to help end-user acceptance and adoption of the new environment.

- **Project management.** HP uses Lean Six Sigma and ITIL methodologies, handling simple to complex MPS engagements. In the direct model, HP consultants manage the implementation according to a governance model that defines roles and responsibilities, operational processes, risks plans, roll-out schedule, and the transition and transformation programme on a country by country and global basis.

- **On-site support.** HP offers a variety of on-site staffing solutions. On-site administrators (OSAs) can be leveraged for various customer locations or dedicated to a single one, and provide a variety of services. These include web-based software and processes to proactively monitor and manage fleets, preventative maintenance and troubleshooting; consumables support; first level device support and troubleshooting; spare device replacements and end-user training.

- **Service portal and Device Control Center.** HP Service Portal is a highly secure website that enables clients to view its HP Managed Print Services contract, usage reports, and printer fleet details online. Clients can easily order supplies, preventative maintenance kits, and initiate next-business-day onsite hardware support. Benefits include visibility and transparency; ease of access to reports, account information and an ability to initiate service requests. HP delivers a global integrated support desk, world-class services and access to information through a common, simplified services portal for rapid issue resolution and an optimal print environment. Investments continue to be made to the portal to enable near time dynamic fleet analytics

- **HP Enterprise Production Print Solutions.** HP's MPS production printing offering evolved this year. It continues to offer onsite copy/print and mailroom services, and data centre print outsourcing leveraging the HPE Document Processing Services group, which enhanced its offering with the integration of HP Exstream. HPE's global processing centres specialise in capturing, digitising, storing, archiving and retrieving data. Also in delivering high-volume print and mail services through outbound processing capabilities. HP continued to expand its portfolio this year with higher volume HP S900 Series MFPs with HP value add services and solutions (HP Access Control, HP Capture and Route, SafeCom SDP, Nuance, OpenText RightFax, PaperCutMF, Ringdale Follow Me, Troy, Web Jetadmin, Universal Print Driver, Remote Monitoring.) The HP S900 Series MFPs are only available via an MPS contract (HP or channel.) Expanding the HP portfolio with HP PageWide XL broadens technical print capabilities – effectively delivered and supported through HP MPS. Web-to-print offerings continued to be supported, on a regional basis.

Solutions

HP's extensive installed base has attracted over 100 solutions developers with over 260 solutions. HP's JetAdvantage Partner program offers Accreditation, Test and Certification (ACT) and HP's Open Extensibility Platform ensures that solutions are integrated with HP's MFP hardware portfolio. HP's solutions include:

- **Cloud/fleet management:** This includes print management solutions such as Web Jetadmin, Universal Print Driver, Open Extensibility Platform and HP's FutureSmart Firmware which offers remote firmware upgrades. HP Device Connect (formerly HP Management Server) and UDC (multivendor monitoring) provide additional management options.

- **Mobility.** HP has been a leader in mobile printing innovation since 2009 with the first managed mobile print solution ePrint Enterprise. HP has perhaps the broadest range of mobile print solutions so that printing is fast, reliable and boosts productivity. HP claims to be the market leader in 'out of the box' enabled mobile print. HP print compatibility is built into more mobile devices than any other print manufacturer.

    o   Direct print solutions: simple, secure printing from a mobile device via HP wireless direct or WiFi Direct for a peer-to-peer connection. Available on all key operating systems (iOS, Android, Google Chrome and MS Windows.) Uses the built-in, native OS print capabilities on the mobile device.

    o   Business in-network printing: The new HP JetAdvantage Connect makes it easier to print from mobile devices to printers on the corporate network with a simple, intuitive PC-like print experience. HP Access Control is a server-based solution that supports security and compliance for printing from mobile devices and PCs. HP ePrint Enterprise is a private and server-based solution that makes it easy for enterprise users to print from mobile devices to HP or non-HP printer on their network.

    o   Business cloud solutions support mobile workers and guest printing through HP ePrint cloud, Google CloudPrint 2.0 and HP JetAdvantage Private Print

- **Security.** HP's JetAdvantage Security Manager includes policy creation and editing features to develop and apply a single corporate security policy across an entire fleet of HP devices. The solution also automates the application of device certificates and automatically restores printers to the company's security policies to new printers added to the network or after a re-boot. HP also offers a modular range of secure print solutions through its HP Access Control portfolio to add layers of authentication, support compliant document workflows (i.e. pull printing), job accounting and add controls on device usage and feature access (i.e. default duplex printing). HP enhanced its global JetAdvantage Security Advisory Services for MPS customers, and continues to apply broader HP security capabilities into MPS-related industry workflow solutions.

- **Workflow/Digitisation.** This includes solutions such as HP embedded capture, capture and route, digital send software and Flow CM. From a hardware perspective, HP's Flow MFPs are designed to help customers get control of 'big data'; provided as an on-demand service; as well as Flow MFPs which enable the capture, indexing, storage, search and retrieval

quocirca

of information - whether it resides as a document, email, voice, video, web page or other format. For advanced content management capabilities, the HP workflow MFPs can be integrated with HP's Flow CM Enterprise platform, via HP Big Data software.

- **HP Industry solutions.** HP offers 26 industry specific solutions across the financial services and insurance, public sector (government/education), manufacturing and distribution, communications/media/entertainment, and health care sectors. This includes solutions across cloud/fleet management, mobility, security, big data/digitisation.

- **HP Exstream.** This is a customer communications management (CCM) platform that enables the creation and delivery of personalised, multichannel customer communications. This mature product has a base of more than 850 customers worldwide, which are using it to reduce document production costs and lower document processing time. Examples are the customisation of high-volume statements and bills and self-service web applications for account enrolment. HP Exstream is part of HP Software family.

- **HP LiquidOffice.** Makes it easy to create web forms for document and data capture, design simple review and approval processes, and automate complex business processes that integrate with systems throughout the organisation.

- **HP TeleForm.** Enables automation of document capture, data extraction, validation and export into other systems.

- **HPE Big Data (formerly Autonomy).** A broad-ranging platform that processes all forms of digital information including unstructured data such as emails, paper documents, electronic documents, images, web pages and video. HPE Big Data's infrastructure software is based on the Intelligent Data Operating Layer (IDOL) Server. The IDOL Server collects indexed data from connectors and stores it in its proprietary structure, optimised for fast processing and retrieval of data.

Partnership strategy

- **Alliance partners**. HP maintained its relationship with OEM providers, including Canon/Océ, Toshiba and Sharp.
- **Channel-led MPS.** HP has multiple programmes to support its broad channel reach. A key programme is HP's Partner MPS, which is available in 20 countries and is a critical part of HP's growth initiatives for expanding its MPS penetration amongst the Enterprise, SMB and mid-market. The programme is part of HP's Partner One programme, and allows resellers to own the customer contract and access HP cloud-based pricing and proposal tools, services, fleet analysis and real-time reporting capabilities. It also includes sales support, training, and marketing and co-branding opportunities. It includes HP Express Decision Portal, a cloud-based application that connects customers, partners and HP support together in one portal for services, supplies and maintenance. This platform provides partners with proposal and quote generation for cost-per-page pricing, client invoicing and reporting, device monitoring, and account and contract management.
- **Global Solutions Partners.** HP has over 100 partners with over 250 solutions and 26 targeted industry solutions that leverage its partners' capabilities. Partners can develop applications for HP devices based on HP's Open Extensibility Platform, and get authorised (and their solutions certified) through the Accreditation, Certification and Test programme. HP spends over 550,000+ hours/year testing partner solutions on HP platforms. HP estimates that it has over 12M+ solutions-enabled devices.
- **ePrint partners.** HP is expanding its ePrint partner ecosystem which includes companies such as Salesforce.com, Good, Mobile Iron and DocuSign (eSignatures).
- **Systems Integrator partners:** while HP's prime partner for pan-HP engagements that include MPS is HPE Services, HP will also work with global, regional and industry-specific systems integrators. HPE Services and other systems integrators give HP's MPS extensibility into BPO/ITO opportunities.

HP Scorecard

Market presence		
Criteria	**Details**	**Score**
MPS customers	HP has over 5,700 global direct enterprise MPS customers, with an estimated 100,000 devices under contract globally (as of end of FY15). From a direct sales perspective, HP has over $15bn under MPS contract worldwide.	5
MPS strategy	HP continues to refine its MPS strategy, which includes a mature set of industry and technology solutions offerings.	5
Maturity of offerings	HP has been offering MPS for over 16 years. It has developed a broad and scalable service portfolio, primarily focused on the office print environment and expansion into production and commercial print (including cloud-based options for both Enterprise and SMB).	5
Geographic reach	HP offers global scale and delivery with MPS implementations in more than 170 countries. Global and multi-region customers represent approximately up to 50% of HP's MPS revenue, but HP is also able to address the needs of single country customers.	5
Overall financial strength	HP's fiscal 2015 net revenue of $111.5 billion was down 1% from the previous year. Printing is the most profitable of all HP's groups, accounting for about 20% of overall revenue. HP's printing revenue declined by 4% to $23bn in 2014.	5
MPS revenue growth	HP reported steady growth in its MPS total contract value between 2014 and 2015.	4.5
Brand awareness	HP is a global brand and its dominance in the printer market has helped it build a strong profile as an MPS provider, particularly across the office, mobile and remote worker print environments.	5
Alliances and partners	HP Inc works closely with Hewlett Packard Enterprise Services and Hewlett Packard Software/Big Data and will continue to work with systems integrators such as Accenture, Capgemini and regional/industry SIs. It also continues to enhance its JetAdvantage software partner programme.	4.95
Investment and resources	HP continues to invest its global delivery programme (for both its direct and indirect channels) and is expanding its industry-specific sales, marketing and technical resources.	5
Final ranking	**VERY STRONG**	**4.94**

Completeness of offering		
Criteria	**Details**	**Score**
Modularity of services	HP has a scalable, modular approach to MPS, which means that organisations do not need to take a fully outsourced service, and can retain control of certain areas if required.	5
Breadth of services	HP's set of configurable services includes assessments, procurement, implementation, on-going management and support and document and workflow services.	5
Help desk capabilities	HP's centralised help desk support is augmented with remote management centres that provide localised language support and proactively track and manage print devices.	5
CRD/ production printing	HP offers on-site service capabilities through partner relationships and off-site capabilities with 15 production facilities plus over 30,000 near-site printing locations in public print locations. HP's production print portfolio includes light production printers (HP s900 Series MFPs) and new PageWide XL devices.	4.75
Multi-vendor management	HP has expanded its multi-vendor management capabilities, widening country coverage, adding thermal device support and increasing the number of models supported. Third party servicing varies by country and can involve local authorised service partners.	5
Remote monitoring	All MPS contracts use remote monitoring, which may use HP's MPS Smart Decision Suite or Remote Management Centers (RMCs).	5
Mobile printing	HP offers an extensive set of mobile print solutions including cloud print and direct mobile print solutions. Its latest offerings include HP JetAdvantage Connect and HP Access Control Secure Pull Print.	5
Business process automation	Business process automation is a key element of many MPS contracts. HP's new Flow MFPs with HP Big Data software offer integrated content management capabilities, further enhancing HP's document workflow capabilities.	4.85
Document workflow / ECM	HP offers a comprehensive document workflow solutions portfolio. It also offers a wide range of proprietary and third party solutions for the management of structured and unstructured content as well as professional ECM services.	5
Industry solutions	HP offers a broad range of solutions supporting processes such as hospital admissions, claims processing, invoice processing and loan origination. It is expanding its industry model through market development, industry segment marketing and sales enablement.	4.95
Final ranking	**VERY STRONG**	**4.96**

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

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.

For more information, visit www.quocirca.com.

quocirca

Disclaimer:

This report has been written independently by Quocirca Ltd. During the preparation of this report, Quocirca may have used a number of sources for the information and views provided. Although Quocirca has attempted wherever possible to validate the information received from each vendor, Quocirca cannot be held responsible for any errors in information received in this manner.

Although Quocirca has taken what steps it can to ensure that the information provided in this report is true and reflects real market conditions, Quocirca cannot take any responsibility for the ultimate reliability of the details presented. Therefore, Quocirca expressly disclaims all warranties and claims as to the validity of the data presented here, including any and all consequential losses incurred by any organisation or individual taking any action based on such data and advice.

All brand and product names are recognised and acknowledged as trademarks or service marks of their respective holders.