



7 Steps to Managed Print Services Success

A PRACTICAL GUIDE FOR SOLUTION PROVIDERS





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Even in today's tough economic times, forward-thinking VARs and progressive managed IT service providers are unlocking new recurring revenue opportunities; offering managed print services to their increasingly cash-conscious business clients.

Recently, amid the lingering economic slump, Denali Advanced Integration of Redmond, WA, launched a new business line: managed print services. Organizations typically don't keep close tabs on their printers, but by managing the imaging side of the house—maintaining printers and supplies, remotely monitoring them for problems, and conducting preventative maintenance—they can trim expenses significantly. Denali's managed print offering enables them to start conversations with C-level executives at client and prospective customer organizations, noted John Convery, EVP at Denali. "In this down economy, there is a tremendous need to remove cost," said Convery. "Print management provided us the opportunity to go in and have that type of financial discussion with business management."

Barry Kenney, director of imaging and printing solutions at Denali, estimates that customers can save 15 percent on hard costs via managed print services. "The savings can reach 30 percent if soft costs—such as the time employees spend tending printers—are taken into account," he added.

The Market

Managed print encompasses several services. An engagement starts with an assessment, in which the service provider collects information on their customer's printer population. This stage identifies opportunities for cost savings, such as printer consolidation, as noted by George Hergen, VP of sales at BMC Solutions, Kennesaw, GA. For example, a shared (or network) printer will reduce an organization's fleet as well as its use of required supplies and electricity. Some printers can't be

consolidated—a company's chief executive officer may want to retain local printing for confidentially purposes. But consolidation can work in most situations, he added.

"If customers are willing to consolidate...it can save them massive amounts of money," he said. "Print management is a beautiful thing to sell in this economic environment."

Following the assessment, managed print providers can offer ongoing support of the printer fleet. This includes maintaining paper and toner supplies, providing break/fix services for hardware and software and offering preventive maintenance. The latest portfolio of managed print services emphasizes the use of remote management technologies, with various software tools, appliances, and online resources that allow service providers to conduct assessments, monitor printers, and gather usage data from afar.

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—John Convery,
Denali

Typically, managed print providers bundle a mix of remote and on-site services under a single invoice, billing clients on a monthly or quarterly basis. Pricing is often

structured on a per-page basis with printer purchase and lease arrangements sometimes factored into that pricing model. For example, PEQ Consulting President and CEO Jason Evans noted they offer three pricing options: purchase plus per sheet cost, leased per sheet cost, or a combo model that covers existing printers and new devices as they are added.

Flexibility and Affordability Are a Big Draw

Organizations are buying into the utility of managed print. In fact, more than 70 percent of large businesses will be under an MPS contract by 2012, according to Gartner. The reason: Gartner estimates that the average office spends \$300 to \$800 per employee on printer-related activity yearly. Organizations that proactively manage print and copier systems can slash costs by 10 to 30 percent on a recurring basis, which can lead to significant savings as organizations grow. Those per-user savings apply across the board to small, midsize, and large organizations, according to Gartner.

Denali's Barry Kenney notes that many executives are surprised to learn the amount they are spending on printing, and may think printing is essentially free until prompted to review related purchase and expense reports. Kenney cited a Buyers Laboratory report that indicates 90 percent of companies don't know what they spend on desktop and network printing. This lack of insight and control "opened up the marketplace for a managed environment," Kenney explained.

And today, with green IT initiatives all the rage, managed print is finding greater utility beyond its ability to deliver significant savings. As more and more companies establish more environmentally sensitive policies (or are mandated to do so), managed print providers are increasingly viewed as allies in the drive to meet greener objectives. "It's a large opportunity for our business," said Gerry Skipwith, VP of services for Toronto's Compugen, Inc. "Managed print helps our customers print less and print wiser. It's the point at which the economy and the environment intersect; our customers save money and help save the planet," he added.

MARKET POTENTIAL: A SNAPSHOT

Between 2006 and 2009, the Managed Print Services market (defined as the active management and optimization of document output devices and related processes) has grown from \$9.5 billion worldwide industry to more than \$20.3 billion, with the potential to reach \$59.7 billion by 2013. According to a Photizo Group study, the North American Managed Print Services market is growing at an average of 27 percent annually (CAGR). The research showed the Canadian market as the fastest-growing segment in North America, with a CAGR of 39 percent. The Second Annual CompTIA SMB Technology Adoption Study confirms that a growing number of small to medium businesses plan to use managed print services, with 21 percent currently employing them and 17 percent planning to within the next 12 months.

As with all technologies, people with the appropriate skills are needed to support printing and document imaging devices and the networks they are increasingly connected to. The Bureau of Labor Statistics (BLS) and Robert Half Technology both note an increasing demand for technical support and networking professionals. For example, the BLS forecasts the

number of computer/network support specialists and systems administrators will increase between 14 and 23 percent from 2008 to 2018.

As more organizations recognize the importance of credentials in assessing qualifications, individuals seeking IT roles should consider pursuing certifications relevant to their fields, such as the CompTIA PDI+ certification for Managed Print Services-related positions. "PDI+ certification is an essential career builder. We now require it as part of a technician's career path at Sharp," said Scott Chatten, senior director of Services and Support at Sharp Imaging and Information Company of America in Romeoville, IL.

"Early on, we recognized the need for a standardized training regimen and helped get the certification program off the ground," he explained. "PDI+ has increased visibility for our line of business, helping us to attract more technically proficient people into the field. It's shortened the learning curve for new hires, helping Sharp and its service partners significantly reduce training time and costs—and boost profitability," said Chatten.

Seven Steps for Success

1. **Take it easy:** “Start slow and learn as you go,” advises Jason Evans of PEQ Consulting.
2. **Solve a business problem:** Service providers need to sharpen their pencils and demonstrate value. “Clients want to reduce cost, reduce risk, and do more with less,” said John Patterson, managing director of the Lifecycle Management Group at MCPc.
3. **Emphasize TCO:** Barry Kenney at Denali says it’s a mistake to compete head-to-head with copier companies solely on a cost-per-page basis. “We have to drive a TCO (total cost of operation) message that includes hardware, maintenance, and supply costs.”
4. **Cultivate alliances:** A managed print service offering has many moving parts and most companies would be challenged to cover all of them. The task for service providers is to cultivate clearly defined and controlled partnerships.
5. **Use benchmarks:** Advantage Enterprises establishes benchmark metrics for customers, allowing them to measure their performance against peers and evaluate progress towards stated objectives.
6. **Leverage assessments:** Assessments can be arduous, but providers can use the result to “build an incredible infrastructure” for customers, according to George Hergen at BMC Solutions.
7. **Stay visible:** Managed print executives recommend meeting regularly with customers to provide progress updates. The meetings keep your company—and the value you provide—top of mind with clients.

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—John Evans,
PEQ

A Broad Marketplace, from SMB to Enterprise

John Patterson, managing director of the Lifecycle Management Group at Cleveland-based MCPc said mid-sized and large companies are good candidates for Managed Print Services. However, many SMBs lack the density of printers and copiers to warrant a managed service. Instead, MCPc offers smaller customers other service and maintenance programs. But there are exceptions to the small business rule, according to Patterson. Smaller customers opting for managed print services have special needs or unique characteristics, such as larger devices that produce a significant volume or a high concentration of color pages.

“Demand is definitely high in the larger Fortune 2000 organizations,” Jason Evans of PEQ said, adding that organizations with numerous devices and disparate locations gravitate toward managed print.

Hergen of BMC Solutions said his company initially focused on its traditional account base of SMB clients, but they plan to pursue larger accounts once the company has the proper reference customers in place. “We want to move from managing hundreds of printers to thousands of printers quickly.”

Providers may also slice up the market by specific industries. For example, Advantage Enterprises, Inc., of San Francisco focuses almost exclusively on law firms. However, Walt Lemmermann, president of the managed print provider, said he believes other verticals hold significant promise, citing healthcare as an example. For its part, PEQ targets education as a high-growth segment. Evans points out that universities view print as an outsource opportunity from both a management and support perspective. In addition, the sector views managed print as “a way to reduce costs and pass the costs associated with printing back to students or other users in their labs,” he explained.

The Opportunities

The most obvious benefit for managed print providers is the recurring revenue it creates. Deals tend to be one to three years in duration, according to managed print executives. For providers that were already in the print supplies business, managed services offers a greater degree of security with the enhanced revenue and contract longevity.

AOS Solutions has offered various flavors of Managed Print Services for more than 15 years. Michael McClatchy, VP of AOS, notes that offering services as a bundle which includes supplies shields it from encroachment by the office supply companies. “We live and die on the annuity stream that supplies bring,” he said, also noting the potential revenue and profit loss when customers turn to Staples.

Managed services deals also provide an opportunity path to technology refreshes, McClatchy emphasized. For customers that require printers along with service and supplies, AOS bundles the hardware and extends financing through its relationships with banks and leasing companies. McClatchy notes that the managed services arrangement allows customers to avoid the up-front capital expense from replacing printers, freeing IT dollars for the refresh of PCs, servers, and other technology.

Kenney notes that his company occasionally includes hardware acquisition as part of a deal. Denali offers lifecycle

management services, in which it refreshes older printers with new devices such as network-based, multifunction printers. When a project calls for hardware, the provider can offer either an outright purchase or a lease through a third party organization. In rare cases, Denali holds the leasing paper themselves. The cost of equipment is amortized over time, typically three to five years, and is added to the service bundle and invoiced accordingly. Such arrangements reduce capital expenditures, but Kenney finds most customers lean toward purchasing printers rather than leasing them and spreading the cost over multiple months.

Finally, managed print gives service providers a solid offering in a turbulent market. “Printing is a very resilient space,” Patterson said. “We believe that the up-tick in MPS business in today’s economy is partly due to our clients’ need to cut costs as well as the fact that IT budgets for solutions-based projects have been cut to the minimum. MPS is a very doable in a down economy.”

MANAGED PRINT SERVICES: UPSIDE

- More than 70 percent of large businesses will be under an MPS contract by 2012, according to Gartner.
- Gartner estimates that the average office spends \$300 to \$800 per employee on printer-related activity each year.
- Managed print incorporates printer supplies into a broader contract vehicle, which can prevent the loss of toner revenue to office superstores.
- Focusing on the printer environment can position service providers to offer technology refreshment as part of the deal.
- Managed print can result in a more efficient use of supplies and electricity, making it a tool for promoting green IT initiatives.

MANAGED PRINT SERVICES: DOWNSIDE

- Organizations with little insight on print expenditures may require significant education before making a commitment.
- Walk-through assessments are laborious and time-consuming and should be conducted only for serious prospects (or they should charge for the service).
- The lure of a lucrative market has attracted unproven providers, so reputable print management firms may encounter prospects with a history of bad experiences.
- Service providers may need to build out their assessment capabilities or add employee count in order to offer managed print.
- Service providers that succeed in keeping printers online and reducing service calls run the risk of becoming invisible to customers (unless they successfully communicate their service value).

Capitalize on the Opportunity: CompTIA Printing and Document Imaging Certification



Employers and manufacturers rely on certification to ensure the quality of IT employees in the printing and

document-imaging field. An increasing number of employers mandate certification of technicians, either as a prerequisite for hiring or as a requirement for existing employees. Manufacturers such as Cannon, HP, Lexmark, and Xerox either recommend or require certification for new warranty service applicants and as a vendor-specific, product training pre-requisite for the IT staff. For this reason, the CompTIA PDI+ certification is often used as a benchmark for professionals that service and support document-imaging devices.

According to the recent CompTIA Printing and Document Imaging (PDI+) certification and Training Insights survey, CompTIA PDI+ Certification results in a range of benefits for individuals and the companies that employ them. This includes more efficient troubleshooting capabilities, improved problem solving skills, a better understanding of new technologies and product training, and higher customer satisfaction. From an employer's standpoint, CompTIA PDI+ certification saves the organization valuable time and resources when evaluating potential job candidates. Certification validates a baseline set of knowledge and skills, with more than half of the companies surveyed reporting that CompTIA PDI+ ensures the credibility of IT employees—and helps the company gain business by promoting this staff certification to its customers and prospects.

For individuals, the CompTIA PDI+ certification contributes to career advancement. A significant number of certified individuals say that obtaining certification was valuable for promotions and career opportunities, allowing them to get a foot in the door for interviews and was a factor in receiving a higher salary. Overall, more than 80 percent of respondents indicated they are likely to recommend CompTIA PDI+ certification to their colleagues.

If the Managed Print Services market meets growth expectations, demand will increase for IT personnel with the necessary expertise and skill sets to support today's advanced, networked printing and imaging devices. With the increasing importance of accreditation to employers, IT professionals should consider furthering their knowledge through CompTIA PDI+ certification.

"PDI+ is a foundational course. We rely on certification to ensure that our people in the field have the necessary skills to handle our customers' needs effectively," said Gerry Skipwith of Compugen.

For a free copy of the CompTIA PDI+ survey, go to the members section at CompTIA.org or contact research@compTIA.org. To learn more about CompTIA PDI+ certification, visit www.comptia.org/certifications.

The Challenges

Service providers face a number of obstacles when launching a managed print business. For Denali, the initial challenge involved printer technology. When the company first set out to develop a managed print practice, it found the devices couldn't compete with and replace copiers its customers were using. While that delayed Denali's initial market entry, products have evolved significantly since that point in time.

For instance, Xerox offers a range of multifunction printers and copiers through its partner program. The Xerox PagePack is particularly popular with MSPs because it generates recurring monthly revenue from end-customers, with tools and support options designed to ease the set up process for providers. For a flat monthly fee, end customers receive a single contract

that covers pages printed, maintenance, services, and all consumables for networked printers and multifunction systems.

While the technology is ready, many service providers may not be. For instance, service providers with a consultative background may be equipped to tackle the assessment component of a client site, but lack the skilled staff to offer the on-site maintenance and support required for a long-term contract. McClatchy notes that his biggest headache was in assembling the right people to do service calls. AOS uses the Miracom Network national service directory to locate technicians for field support, and Barrister to specifically service Hewlett-Packard machines.

Service providers, on the other hand, may possess a deep bench but need help bolstering the assessment side of print management. BMC Solutions has 140 employees and can leverage 5,000 additional subcontractors across the country—2,000 which are certified and have background checks—so they can be dispatched

to schools and government facilities. In addition, the company has 20 years of experience managing large fleets of printers. Hergen acknowledges that the company provides all services, with the exception of printer monitoring and assessment (where it gets help from Dell).

The Electronic Assessment and Physical Walk-Through

Regardless of a company's background, the assessment portion of a managed print project comes with its own set of issues. Assessments generally include two components: electronic discovery and a physical walk-through of the client environment. Service providers use specialized tools to conduct the electronic assessment; discovering printers, collecting data on paper usage, and determining the customer's printing costs. But electronic assessment won't provide a complete view of the customer's environmental needs. That's where the walk-through comes in.

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—Jerry Skipwith,
Compugen

Ten Experts to Know

Scott Chatten

Senior Director, Services and Support
Sharp Imaging and Information Company of America
www.sharppusa.com

Jason Evans

President and CEO
PEQ Consulting Inc.
www.peqinc.com

George Hergen

Vice President of Sales
BMC Solutions
www.bmc-solutions.com

Barry Kenney

Director of Imaging and Printing Solutions
Denali Advanced Integration
www.denali.ai

Walt Lemmermann

President
Advantage Enterprises Inc.
www.advtg.com

Michael McClatchy

Vice President
AOS Solutions Inc.
www.aos-evv.com

John Patterson

Managing Director
Lifecycle Management Group, MCPc
www.mcpc.com

Corey Simpson

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CompTIA Managed Print Services Community
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Gerry Skipwith

Vice President, Services
Compugen Inc.
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Greg VanDeWalker

Sr Vice President, Strategic Relationships
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“The walk-through is pretty labor intensive; you want to make sure that this is a serious customer before you go that far. The key question is whether a prospect plans to use the walk-through information to make a decision in-house or make the information public through the request-for-proposals process. If the prospect has the latter in mind, we will ask them to cover the labor costs.”

—Barry Kenney
Denali

The electronic method lets service providers know what printers are included in the client site, but doesn't shed light on their physical location. A technician on a walk-through can match a printer and its serial number to a specific spot in a building. The technician records key features, such as whether the printer has multiple drawers and whether it is on casters. The walk-through also contributes to consolidation plans, Hergen points out. The service provider needs to know where workers are in order to determine the best location for shared printers.

The walk-through, Hergen said, “can be excruciating,” especially when thousands of printers and multiple sites are involved. Because of all the legwork, service providers seek a firm commitment from prospective customers before undertaking the walk-through. The reason behind the concern is that an organization could take the information generated from the walk-through and share it with the provider's competitors. “The walk-through is pretty labor intensive; you want to make sure that this is a serious customer before you go that far,” Kenney said. The key question is whether a prospect plans to use the walk-through information to make a decision in-house or make the information public through the request-for-proposals process. If the prospect has the latter in mind, “we will ask them to cover the labor costs,” Kenney said.

Covering the Basics

The trials of managed print services don't end with the assessment. Once the contract is underway, service providers need to deliver on the promise of greater efficiency. “Do the basics well,” advised Lemmermann. “You are only as good as your last service call.”

Some of the fundamentals include ensuring printers are up and running and, if not, making repairs in an acceptable time. Failure to meet customer expectations can have harsh consequences in tight-knit vertical markets. Lemmermann notes that law firms talk, adding that one botched deal can essentially lock a service provider out of a particular market. Ironically, doing a good job can create a pitfall all its own. A service provider that keeps the printers at operational peak efficiency may become invisible, leading the customer to question the contractor's value.

Lemmermann said 12 service events per 100 printers is a common ratio, noting that proactive maintenance under a managed print arrangement can cut the incident rate to four. When a provider isn't frequently seen fixing printers, customers may start to wonder what they are we paying for. Advanced Enterprises addresses this issue by meeting regularly with clients—either quarterly or every six months. The company lets customers know about the problems it prevented and makes recommendations for keeping things running smoothly.

“You have to remind people of the value that you offer them,” Lemmermann says. **This is the formula for success in managed print: provide great service and keep positive results in the forefront.**

Overcome the Challenges: CompTIA Managed Print Services Community

There's no shortage of issues facing Managed Service Providers (MSP), including: service mix, pricing, training and credentials, and keeping pace with today's ever-changing technologies, standards, and best practices. The CompTIA Managed Print Services Community provides resources to help you keep pace with the changes and succeed in your business practice.



The community focuses on the creation of standards and resources to improve the marketing and delivery of managed services, develops MSP-specific programs and tools and generates member-driven initiatives. Current initiatives include the development of industry-standard service protocols, forming an online collaborative community, and creating managed services benchmarks.

The community provides networking opportunities among a wide range of thought leaders. Participants include MSPs, service providers, distributors, and consultants. Additionally, the MSP Partners community offers resources from CompTIA Institute for Partner Education and Development (IPED), including managed services courses covering operations, marketing, sales, finance, and technology (available on the CompTIA online Member Resource Center). CompTIA also provides templates that you can apply to your businesses, including forms for best-practice service offerings, customer on-boarding, pricing, and sample service-level agreements. For more information about the CompTIA Managed Print Services Community, visit www.comptia.org/communities.

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MCPc

CompTIA Authorized Service Center Program

As a globally recognized credential, CompTIA Authorized Service Center Certification affirms that a service provider’s technicians are knowledgeable and experienced professionals. Leading hardware and software vendors, distributors, and resellers accept CompTIA certifications as the industry standard for foundation-level, vendor-neutral accreditations. Companies with a high level of certified technicians on staff are able to meet bid proposal requirements more readily and land more business deals. Certified technicians are able to handle additional and more complex service calls, and are more comfortable dealing with technology changes and addressing other customer needs. As a result, businesses that employ certified individuals report higher customer satisfaction and retention—which means that a CompTIA Authorized Service Center (ASC) designation is a strong predictor of employee and company success. To learn more, visit www.comptia.org/businessaccred/servicecenter.



About CompTIA

CompTIA is the voice of the world's information technology (IT) industry.

As a non-profit trade association advancing the global interests of IT professionals and companies, we focus our programs on four main areas: education, certification, advocacy and philanthropy. We:

- Educate the IT channel: Our educational resources, comprising instructor-led courses, online guides, webinars, market research, business mentoring, open forums and networking events, help our members advance their level of professionalism and grow their businesses.
- Certify the IT workforce: We are the leading provider of technology-neutral and vendor-neutral IT certifications, with more than 1.4 million certification holders worldwide.
- Advocate on behalf of the IT industry: In Washington, D.C., we bring the power of small- and medium-sized IT businesses to bear as a united voice and help our members navigate regulations that may affect their businesses.
- Give back through philanthropy: Our foundation enables disadvantaged populations to gain the skills they need for employment in the IT industry.

Our vision of the IT landscape is informed by more than 25 years of global perspective and more than 2,800 members and 1,000 business partners that span the entire IT channel. We are driven by our members and led by an elected board of industry professionals.

All proceeds are directly reinvested in programs that benefit our valued members and the industry as a whole. Headquartered outside of Chicago, we have offices across the United States and in Australia, Canada, China, Germany, India, Japan, South Africa and the United Kingdom. For more information, visit comptia.org.

The CompTIA logo is displayed in white text on a blue background. The letters are in a clean, sans-serif font, with the 'T' being slightly larger and more prominent than the other letters.



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