Three Keys to Profitability in Selecting Asset Management Software

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As companies evolve through the managed print services (MPS) adoption process, determining the best suited partner(s) for implementing the appropriate MPS strategy for a particular organization becomes more crucial. Our research indicates how important choosing the right software solutions provider can be to on-going success, and have identified three keys to profitability in your MPS practice which can set you apart from your competition: knowledge, integration and scalability.

In Photizo Group's Software Tools Study, Phase 1: Discovery and Assessment of the MPS Software Solutions Report (released April, 2010), we discovered that the industry providers' solutions initially presented a landscape of fragmented interoperability, with each vendor operating independently of the other. However, as the market matures it appears their offerings show developing signs of future consolidation and a stronger willingness to seek partnerships with those considered competitors just a short time ago.

In Software Tools Study, Phase 2: Asset Management, we found that as end users continued to move toward the total outsourcing of their managed print environment. They look to fewer, more integrated offerings when considering MPS software solution providers. Not surprisingly, the individual solution providers in this phase of the study offered more cohesive, proprietary packages which span the diverse toolset, as opposed to those tools outlined in the first phase of the study, 'Assessment and Discovery'.

The decision of which asset management platform to employ ultimately results in the long-term and on-going partnership with the software solution provider, and so the task of evaluating and selecting the right MPS software for any given business environment becomes more comprehensive and complex. The investment at this level is not only financial, but also involves time and resources. Due diligence is much needed to select a long term partner who, to be effective, must be deeply involved in the day-to-day operations of one's business. Therefore, relying upon and having confidence in the solution provider of choice is essential for both parties to prosper and avoid costly program resets.

To gain the full advantage an MPS software toolset, those in charge of due diligence must take into account three key factors to drive implementation success:

EXPERIENCE - KNOWLEDGE - KNOW-HOW: No matter what it is called, at this stage in the evolution, it is imperative to understand the depth and breadth of experience each vendor possess. Choosing an experienced, knowledgeable software solution provider can drastically advance the results, effectiveness and overall experience when deploying an MPS asset management platform. The length of time in business, number of engagements or devices being managed, geographic coverage, languages supported and sales volumes can all be key indicators of good fit in choosing the right provider for your organization.

A FULLY INTEGRATED PACKAGE: As an end-user organization evolves from Stage 1 of the MPS evolution curve into Stage 2, the maturity of the provider and their proven solutions become even more important. During this stage it is probable

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that organizations will look for a single vendor solution to cover all of their requirements as a first preference. Where a software solution provider is able to offer a tightly integrated set of solutions there is an increased probability of success by way of ease of installation, administration, and back office integrations – all of which substantially contributes to the overall profitability of the MPS program.

HOW SCALABLE IS THE OFFERING: It is imperative to ensure the solution provider(s) you select have the capability to manage the current fleet and also the ability to grow with your business. Even if your organization currently uses a single manufacturer's devices, your needs will require partially scaling your base of imaging devices, due to customer requirement and competitive pressures; this will likely mean acquiring devices from multiple manufacturers. It can be challenging to maintain an efficient and effective MPS program long-term without a vendor-agnostic provider. Consider this when making decisions regarding which offerings will be capable of continuing to add value over time.

In summary, most MPS providers in the channel have been focused upon conducting assessments, which has driven market offerings to date. With fierce competition among MPS providers, as well as software solution providers, coupled with the maturation of customer need, asset management has become a key driver in enabling the next level of operational excellence. Those organizations who are able to elevate themselves can, in turn, cross-market their enhanced capabilities as key differentiators to widen the gap in their customers' eyes between them and key competitors.

Four Ingredients to Getting Mainstream Customers Under Contract

Jim Phillips, *CEO, Digital Gateway (digitalgateway.com/mps.html)*

MPS offers tremendous opportunity for dealers to increase their pages under contract, add new revenue streams, extend existing profitability, increase service revenue and improve their company valuation. In short, it can enable dealers to not only survive, but thrive in these economically challenging times. Among the 1,000 dealers now using e-automate, Digital Gateway's business management software, 60 percent of their revenue comes from their existing customer base. MPS represents the best way they can do more business with their existing customers, and if they don't – someone else will.

The key metric of success is simple – what percentage of your client base is under contract? One study indicates that more than 4.3 trillion clicks occur each year, while only 3 percent are under MPS contracts. This has been a huge incentive for dealers who see the opportunity to capture the remaining 97 percent not under contract. It has brought an explosion of technologies and services aimed at helping dealers enter this space.

The problem is these technologies and services are often disparate and

dealers are left to cobble together their own solutions. A few have been effective and experienced great success, while most have not fared as well, struggling with false starts and stalled momentum. Too many people are telling dealers where they need to go, but not how to get there. Everyone knows they need to incorporate MPS into their business. The challenge is their lack of an end-to-end solution that combines all the training, technologies and partners a dealer needs to ensure their success.

For many dealers, once they make the initial commitment to MPS, they experience some initial success, and then hit a brick wall. This situation is predictable. In any market there are customers who are considered early adopters that quickly latch on to a new idea. However, according to Geoffrey Moore, author of Crossing the Chasm, these courageous and forward thinking people make up only 15 per cent of the market.

While MPS is certainly gaining mainstream notoriety, many dealers know they need to affect change. However, many are still searching for that "magic pill". Many customers seem to have

a fringe awareness of MPS, but still make up a smaller percentage of the market. Dealers will have to go looking for mainstream clients, or risk being lost in the "me-too noise".

- The good news: 70 per cent of your clients are what Moore calls 'mainstream clients' and this is a huge market opportunity.
- The bad news: Mainstream buyers are skeptical, conservative and technology makes them nervous. To make matters worse, they don't want to be the first to do something. In fact, they want to see references—and multiple suppliers' offerings.

In order to grow your MPS business successfully with the mainstream, you'll need to learn to engage, deliver and measure much differently than you do with early adopters. Success in this business is more like a marathon than a 100 meter dash. Focusing upon a few key areas is the hallmark of a successful dealer; likewise, your software solutions provider should be able to provide the following key ingredients:

- **Move from Training to Mentoring:** Success in managed print is a pro-

cess, not an event. Don't let software companies just throw code at you. Ensure your dealership is provided affordable support and coaching programs where your team learns skills via live coaching until they are successful.

- **Move from Branding to Marketing:** A clever brand for your MPS program isn't enough to give you sustainable results. Position your company as the MPS expert and execute strategies that shout your benefits to your clients in ways that help your mainstream clients adopt your program, large and small. Your software solutions offer a key differentiator in your go-to-market strategy and effectiveness. Use them!
- **Move from Guessing to Measurement:** If you don't have benchmarks in place to gauge your success, you might be headed in the wrong direction. Even worse you could be pricing your deals incorrectly and end up not making money on the contract. Software

tools offer the reinforcement to properly set and achieve goals and measure success.

- Move from Manual Processes to Automation: Try to do a MPS business without automated systems and you will find yourself frustrated, because it's a high transaction business. Automate the entire end to end Life Cycle from sales to fulfillment.

Everyone wants to succeed in MPS. We all know where we need to be, but many are struggling to know how to get there. Success leaves clues and Digital Gateway has done its homework, studied for the final exam and continues setting the curve for this industry. As the CEO of Digital Gateway, my success depends on the success of my dealers. It has never been more important to come together to take advantage of the great opportunities presented by MPS. If you are committed to being successful in managed print, Digital Gateway is committed to you.

Transitioning A Traditional Printer Company Into A Hybrid Dealer
Eddie Lederer, *Miracom Network*

MPS is, of course, the hottest trend in the print service industry and is positioned for explosive growth over the next several years. With all the talk about who will win the MPS battle, it's good to see that a dealer with the right mind set and the right software tools, can effectively transition their business from one that offers traditional services to an effective Hybrid Dealer... and so can you.

In my years of talking with independent service providers, one question I always hear is "What's the ideal customer to offer an MPS solution too?" My short answer is always the same; "Any customer environment that you want to maintain and control. If you're interested in providing all the toner, parts and labor, then that's the ideal customer." Too many have confused MPS with cost per page billing; although that can be a component of your solution offering; CPP is not MPS. MPS is about managing print as a business process; it's about strategic and efficient management of your customer's print environment; providing proactive response to service and supply needs and analyzing the utilization of devices for optimum deployment. Understanding and executing these strategies are vital to retaining existing business, growing revenue and controlling costs.

Let's take a look at an example of an independent dealer and how utilizing a software solution such as Miracom Network's has transitioned him into a Hybrid Dealer; a real contender in the MPS space.

This dealer (let's call him Jack) owns a print service company in the Dallas-Fort Worth area. He remanufactures some toner cartridges and has provided traditional break/fix service for about 15 years. Always looking for ways to increase his revenue, he heard about the Global Service Directory component of Miracom's Solution, and decided to get his company listed. Initially he received a couple of third party service tickets from other service companies that leveraged the Miracom application. These tickets grew to 10-15 per month within a

year's time. Today, Jack receives 100 plus service tickets on a monthly basis.

"I was surprised and extremely excited about the additional revenue I was receiving from the directory. The software made it very easy for me to communicate back and forth with the companies that were requesting my services. After using the solution for several months, I decided to try managing my own accounts through the software as well."

Jack began offering these services to his own customers, installing a DCA (data collection agent) to monitor their print needs, some simply for toner management and others to provide a higher level of repair services. Through the process, he found that there were often devices discovered that he was completely unaware of.

"I started seeing printers show up in the software that I had never sold a toner for. By just putting this technology into my customers' offices, I started getting additional sales opportunities and revenue with little effort on my part!"

By setting up ticket generation rules within Miracom's system, he was able to automate and control all his device service notifications and have them automatically create tickets; and now that he knew about every service issue (not just the ones that his customers were calling him about), he quickly realized that proactive device management was adding to his own operational efficiencies. Just by managing his existing customers in the Miracom

Solution, Jack was able to increase his revenue by 30 percent in toner and service sales.

After a few months, Jack started running some of the available reports. In particular, he was able to analyze how well his service staff was performing, with data related to service recalls, service call duration, SLA (Service Level Agreement or guaranteed response time) statistics and other metrics. These reports helped him pinpoint problem areas that required additional training and management intervention. Wanting to increase efficiencies even further, he began using the "Potential Service" feature of Miracom's solution.

"I was receiving maintenance tickets like perform printer maintenance, change drum, as soon as they displayed, in many cases days or weeks before I needed to take action. When I got a phone call from a customer with an urgent service need, I was able to pull back all these tickets and send my tech out to run 5-10 calls at one time rather than responding to each of these tickets individually. I was blown away by how much more efficient my techs became by just using this simple feature. I was able to cut down on most of the travel time associated with running service calls, meaning my techs could run more calls in a day than they had in the past. More calls translated to more revenue and the Potential Service feature really worked for me."

He could take these service tick-

ets, which he now knew about days, if not weeks before the device need was critical, group them together, and assign them to his techs when it was operationally efficient. This gave him scalability and dramatically improved his tech to printer ratio. Now, when a customer called about a squeaking printer or a smudge on the page (things he couldn't remotely know about), he could click a button and see other service tickets in that account, along with other tickets at other customers en route and assign them all at the same time. This reduced his tech call costs by 25 percent.

At this point, Jack was still running a traditional service business, selling toners and fixing printers. However, using a print managed software application like Miracom, Jack was now experiencing increased revenues and lower operating costs. Additionally, Jack had now positioned his company to take it to the next level. About two years ago, one of his customers was approached by a competitor of Jack's that was promoting a "cost per page managed print bundled solution." Sound familiar? Bundling toner, parts, labor and in some cases devices was still a new concept to Jack and he was concerned about competing at that level. The reality was that he already had all the tools in place to offer a strategic MPS solution and CPP was simply a billing mechanism that was attractive to the customer. Jack just didn't realize he had all the tools he needed and just needed some pricing guidance and the confidence to deliver the right message. MPS isn't about a CPP rate, it's about improving and streamlining the process of managing print; both for the end user customer and for the dealer. Like many software programs, he had a powerful tool, but just wasn't using it to its fullest potential!

After some discussions, Jack made the decision to get the tools he needed; to get a bit more educated and comfortable with administering an MPS solution and purchased E-Learning, a component of the Miracom Solution. It's designed to instruct the dealers on all aspects of delivering a MPS message and deploying an efficient solution. He was given a road map, watched some Flash movies and walked through some PowerPoint presentations on presenting a MPS message. Armed with

these tools, he felt much more confident about presenting his solution to this customer and a few new prospects. In this particular account, the rival company was proposing a tear out and replace the customer's entire print environment. Jack focused his solution around the utilization of his software tools that had already demonstrated increased service levels. He then went on to talk about cost reductions, cost containment and cost avoidance; device optimization and fleet right sizing, utilizing the customer's existing equipment wherever possible. He leaned on Miracom to assist in demonstrating key features of the application like automated E-mail notification to IT departments notifying when tickets were assigned and closed by technicians. We helped to identify 'pain points' and business problems that were relevant to and most important to the customer; we helped him develop a strategy of engagement. Jack was already proactively managing their devices; anticipating maintenance and service needs; he just needed to 'ratchet up' his services and communicate his full capabilities. He had all the tools in place; he just needed to begin thinking like a MPS solution provider and dialoging appropriately.

"Moving into the MPS market, I discovered I had even more tools at my fingertips. Because toner costs are all on me, I needed to be able to track yields. I was able to capture when a toner was replaced through Miracom's "Customer Change Out Page." Miracom calculates the yield on every toner installed and gives me a CRD (Consumable Replacement Date). Basically, it's the estimated date the toner will need to be changed and automatically readjusts the numbers if average day print patterns change. In addition to letting me provide just-in-time inventory to my customer, controlling my costs along the way, it also lets me know if and when an end user changes a cartridge too early. I've had at least half a dozen situations where I was able to pinpoint this problem and provide the customer training needed to address this issue. That alone saved me hundreds of dollars in lost toner!"

Using other reports in the application, Jack discovered devices that were be-

ing managed at a loss. This was a great way to begin identifying lost margins. Along with device utilization information, he was able to easily identify devices that were a problem for both him (decreasing his gross profit) and the customer (over utilized devices with continual service issues.) He then presented solutions that would increase efficiencies while lowering his costs; sometimes it was simply moving devices to better right size the environment; other times, it involved a technology refresh.

Jack began getting calls from his customers asking if he could provide support for locations that were outside his service area; other regional or satellite offices. His first instinct was to say no, he didn't have a branch office that could meet the need and didn't want to over commit. Fortunately, he remembered the Global Service Directory. Just as his first experience was with receiving service tickets through the solution, he knew there were other service companies that were seeking third-party work. He didn't have to worry about geographic limitations. Jack could offer a national service program without adding another office, hiring another technician or stocking any more parts. Best of all, he controlled all third-party selections. This was his MPS solution and he had a big strategic national message to deliver.

He began assigning tickets through the directory, having the ability to track in real time everything that happened with the ticket. He tracked when and which technician are assigned, what parts were installed, the yield on those parts, notes on what work was performed and his costs. The customer was blind to the third party relationship; all the tickets had Jack's company name, address and logo on it.

Along the way, Jack became more confident with both the technology and his ability to present a successful managed print initiative. Now, he is aggressively seeking new accounts, armed with both his expertise and the Miracom Solution. He knows that he has complete control of his accounts. He determines what toner he uses, where he buys his parts and what service he performs himself and what he outsources. He is able to offer his customers the most flexible solution possible and meet their needs, both now and in the future. Jack is a shining example of a Hybrid Dealer positioned to successfully compete at any level.

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