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THE MANAGED PRINT SERVICES CORNER

Managed Print Services is Coming – Is Your Dealership Ready?

By Ed Crowley, Partner, The Photizo Group

For years, manufacturers and industry pundits have been speaking about Managed Print Services (MPS) as the 'next big thing' for organizations, and by association, dealers. Until the last few years, one could argue that this was more hype than reality. However, there is a significant body of evidence that MPS engagements are moving from being 'hype' to being reality. Specific examples include the following:

Increasingly, customers, not vendors, are asking for information about how they can implement MPS in order to control hard-copy (printer, MFP, and copier) costs, and to improve business processes. In speaking with literally dozens of dealers each quarter, the recurring refrain is that our customers are asking for MPS – how do we help them?

The Photizo Group MPS study, the only on-going MPS decision maker tracking study, shows that over 50% of all MPS engagements are first time engagements. Since the average length of an MPS agreement is 3 years, this means the market has more than doubled in the last three years.

There are a multitude of infrastructure support programs, software, and services available to support Dealer MPS activities.

In fact, we have moved from a few hardware manufacturers offering MPS programs for their dealers two years ago to every major vendor offering at least one (if not several) MPS programs to attract and support dealers.

Finally, the Photizo Group MPS Forecast, the only MPS forecast for North America and Western Europe predicts that while less than 15% of all devices are under MPS contract, by the year 2012, over 35% of all devices will be under MPS contract.

It's hard to argue against the fact that MPS is moving 'mainstream'. In fact, this is a rather natural evolution of a mature market, from a hardware / technology focus to a services focus. And it fits in with the broader trend of organizations increasingly relying upon managed services of all types of hardware as a way to boost efficiency, free up scarce personnel, and strive for cost savings.

So, what does this mean for the dealer? First, it means that your customer is changing. Studies from the Photizo Group prove



continued on 35

continued from 34

Managed Print Services is Coming

that decisions for the entire fleet (printers, MFP's, and copiers) are shifting to the IT department. You can no longer assume that your traditional customer will be the decision maker tomorrow. You must be able to speak to the purchasing, facilities management, and IT decision makers equally well, using their terminology and their business frameworks.

Secondly, this means that the 'old way' of doing business will not cut it. Developing an MPS offering means more than just creating a new 'sales approach'. It means you must address every aspect of the organization: sales, pricing, operational processes, and management. I have seen many dealers start an MPS 'selling focus' only to fall flat on their face when they found the sales cycles were longer, that sales people lost interest when they were trying to sell MFP under the old copier 'quota' model, they struggled to support multi-vendor fleets, or they simply didn't know how to price both copiers and MFP's under MPS contracts.

Shifting to the MPS model is challenging, and becoming a 'hybrid' dealer who combines the best aspects of a BTA channel dealer (service, financing, contracts) with the best aspects of an IT reseller (multiple product lines, understanding of a broad spectrum of IT technology including software and workflow tools) is a daunting task.

Third, and perhaps most importantly, your competitors are changing. You now face multiple competing programs from 'captive' manufacturer-owned dealers; you now have to sell against IT resellers in addition to your traditional copier dealer competitors. New companies are appearing who just offer the managed services, and who threaten to commoditize product sales even faster.

MPS is coming. Your markets are changing. You have a pressing need to change your business. Let me ask you bluntly... are you up to the task?

This is the reason for this column. We hope to share light on this emerging, rapidly growing, complex, and sometimes daunting market. My goal is to create an interactive forum where you, the reader, will send in questions and comments that we can discuss in this column. And I do encourage you to challenge me. I will take stands and make comments you may not agree with. If you disagree... let me know it! If you do agree... let me know that too. I'm challenging my readers to interact, to participate, and to share in this experience of growing the collective 'knowledge base' for the industry. I welcome topic suggestions, questions, and just about everything. Please let me know if you do or don't want to be quoted when writing to me. I look forward to embarking on this adventure with you. Let's see what we can unearth together! Email to eacrowley@photizogroup.com ♦

The Photizo Group is the industry's leading research and consulting firm in the area of Managed Print Services. The firm develops research, reports, and analysis to assist clients in creating successful go to market strategies and programs. With an extensive background in writing, public speaking, and market analysis Mr. Crowley is a leading expert in the MPS field.



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