PARTNER'S GUIDE TO

Printing Opportunities

SHUTTERSTOCK; *RCP* STSAFF

The global print market is suffering a rough patch, but the overall outlook may be improving and some specific sectors offer real promise for the channel. **By Scott Bekker**

Years after the speculation about the "paperless office," the world remains awash in a flood of paper. Yet the tide of paper is inches below its high-water line, and the printer manufacturers and their resellers who depend on ever-increasing paper levels for growth are struggling.

To put a data point on it, market research firm IDC reported in late July that worldwide output of digital hardcopy devices in 2012 was 2.98 trillion pages. The figure was down 1.5 percent from the 3.03 trillion pages generated in 2011. However, that's still enough, IDC estimates, to cover the surface area of New York City 237 times.

Generating all that paper in 2012 were substantially fewer new printers. Measuring worldwide hardcopy peripherals in 2012 versus 2011, IDC recorded a drop in shipments of 9.9 percent from 126 million units to 113 million units. The story was similar in the United States, which saw an 11 percent decline from 26 million units to 23 million units.

Even in a receding tide, there are waves to catch and eddies to avoid. Vendors and resellers in certain strategic spots are finding good business opportunities, and there are signs that the worst declines in volume may be slowing.

OPPORTUNITY 1: GENERAL MARKET STABILIZATION

For the first time in several quarters, the printer market appears to be stabilizing. In the second quarter of 2013, IDC reported the worldwide hardcopy peripherals market had its smallest year-over-year decline in unit shipments since the fourth quarter of 2011.

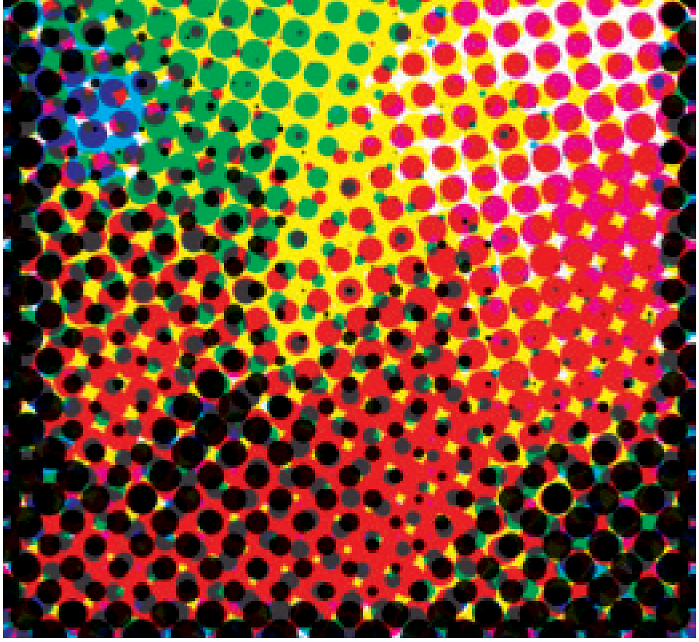
"Underlying this market stability, 2Q13 marks the first quarter since the fourth quarter of 2010 where the two largest markets, the United States and Western Europe, both saw positive year-over-year growth in unit shipments, 1.4 percent and 3.9 percent, respectively," IDC reported in an August news release.

IDC isn't calling for a return to fast growth in new printers. The research firm sees flat worldwide page volume for its entire forecast period of 2013-2017. There's worse news for page-volume-dependent players in the United States: The Asia Pacific region, led by China and India, is expected to surpass the United States for the highest share of page volume by 2015.

OPPORTUNITY 2: FEATURES

To win workgroup printer business in small and midsize companies, solution providers have to offer the right set of features.

One of the top requirements is color, as the market is shifting from monochrome amid falling prices for



printing in color. However, monochrome has its place for certain use cases. Another area where it's prudent to include multiple device types on the linecard is multifunction printers (MFPs) versus dedicated printers—the general preference is for MFPs, but dedicated printers fit the bill in certain environments.

Then there's the laser-versus-inkjet debate. The question largely seemed to be settled in favor of laser technology, but recent R&D investments are bringing innovation back to the inkjet side.

Analysts see momentum for both printer types among business customers. "For color laser, both the installed base and pages are forecast to grow, mainly because of color laser multifunction printers," IDC said in a statement about the market in 2012. While consumer inkjet demand has suffered, IDC also saw a different story among businesses. "Business inkjet growth is solid, and these premium-priced products are helping vendors to overcome some of their consumer revenue declines," said IDC analyst Phuong Hang in an August statement about second quarter 2013 results.

Beyond that, customer feature demands generally fall in four categories, as listed here:

Cost savings may be the most critical. Customers are demanding a low total cost of ownership. That includes the cost of the printers themselves, as well as the cost of printing supplies. Other cost metrics customers examine closely include paper use and, increasingly, the amount of energy a given printer consumes.

Another big bucket for customer demands is reliability of printing solutions. Customers are looking for solid warranties with quick part replacement. They're also demanding lengthy product lifecycles and printers that require few service calls.

Productivity is important, and that translates to high capacity in both print supply and primary and secondary paper trays. Print speed plays a role in productivity decisions; savvy customers look not only at the pages per minute but also at the time until the first page prints, especially in environments where users typically only print out a handful of pages at a time.

A final feature consideration is quality and its hallmarks tend to be professional-looking output with print that's resistant to smudging, fading and spills.

OPPORTUNITY 3: MOBILE PRINTING

Mobility is on every list of hot channel opportunities. The printing sector is no exception. Recent research suggests integration-minded resellers and solution providers will see business opportunities in bringing mobile printing solutions to customers.

IDC estimates that by 2015, more than 50 percent of smartphone and tablet business users will use mobile printing in their offices—highlighting a big opportunity for channel partners in both integration and education. More than 50 percent of smartphone users and 35 percent of tablet users responding to an IDC survey indicated they didn't know how to print from their mobile devices.

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Print volume could also increase in mobile-enabled environments. "While total U.S. mobile pages are expected to grow at a compound annual rate of 12 percent during the 2012-16 forecast period, non-mobile pages will decline 5 percent," said IDC analyst Angèle Boyd in a statement.

That IDC survey reached 800 users in the United States at businesses of all sizes. Other findings from the survey contained nuggets of opportunity for the channel (quoted here from a February summary):

* A higher percentage of tablet users than smartphone users want to print but can't.
* Smartphone and tablet users at large and midsize companies print more applications more frequently than their small company counterparts.
* Business-use smartphone/tablet users are more likely than their personal-use counterparts to print, and to have an interest in printing.
* Most consumer applications are cited as having flat print volume, but photo and coupon printing are increasing. Newspapers/magazines, explanation of benefits, event tickets, games, airline boarding passes and flight itineraries are decreasing.
* Three mobile print services dominate at small companies;

at large companies, a greater variety of mobile print services are cited more often.

* A smartphone or tablet camera for document capture, and cloud file services (for example, Dropbox) are used by more smartphone and tablet users than mobile scanners, and mobile printing services.
* Smartphone and tablet users are more likely than non-users to scan most applications examined.

OPPORTUNITY 4: 3-D PRINTING

Tangentially related to paper-based peripherals is another kind of printing: creating objects from 3-D printers. Because earlier forms of 3-D printing emerged in the 1970s and most devices in subsequent decades were too large and expensive with limited capabilities and lots of hype, it might not be apparent how close the technology is and how cheap it's getting.

A Gartner Inc. report in March spotlighted the rapid spread of the technology and the rapid fall in prices of 3-D, or additive, printers. Gartner Research Director Pete Basiliere argued the technology is accelerating from niche to mainstream adoption in his report, "How 3D Printing Disrupts Business and Creates New Opportunities." The technology is already entrenched in automotive and other manufacturing, consumer goods, medical equipment and pharmaceutical industries as well as in the military, Gartner noted in a news release about its six-page report.

Basiliere encouraged enterprises of almost all types to buy 3-D printers now and start experimenting with personalized products, components, working prototypes and architectural models. The exercise is partly for immediate business benefit and partly to build a better institutional understanding of the technology and its possibilities. He says the printers are affordable now for any size business, but predicts that what he calls "enterprise-class" 3-D printers will cost less than $2,000 by 2016.

As with drones and robots, a vibrant hobbyist community exists around 3-D printing. Looking at what hobbyists pay for do-it-yourself kits and fully assembled systems, it's easy to see that Gartner price targets seem reasonable, maybe even a bit conservative.

Gartner's Basiliere pointed to the disruptive opportunities businesses could realize through 3-D printing, and highlights some positive social potential. He noted, for example, life-changing parts and products for struggling countries, ways to help rebuild crisis-hit areas and a democratization of manufacturing.

Running with the democratization idea, researchers at Michigan Technological University (MTU) released a study over the summer examining how much a U.S. family could save by printing replacement parts, toys or other common objects using a 3-D printer.

For the study, the researchers used a $575 RepRap printer to generate objects from 20 free designs available online.

According to a description of the experiment posted on MTU's Web site, the team calculated the cost of making the items with 3-D printers, including materials and electricity. "The conclusion: it would cost the typical consumer from $312 to $1,944 to buy those 20 things compared to $18 to make them in a weekend."

OPPORTUNITY 5: MANAGED PRINT SERVICES

At a high level, managed print services encompass the outsourced management of fleets of printers, copiers and other output devices. Sophisticated implementations usually involve the integration of business processes to drive efficiencies of scale and reduce paper waste. It's sometimes also referred to as Managed Print/Document Services (MPDS).

"We anticipate that initiatives such as managed print services and wider availability of digitally based content will continue to gradually shift hardcopy peripheral devices away from the desktop and toward more shared and centralized machines. As such, vendors who concentrate on these opportunities should find the best payback for future hardcopy peripheral unit and value shipments," IDC's Hang said.

There are more opportunities than a shift to selling higher-end, centralized printers. Managed services providers often turn to managed print services as a way to expand their linecards. The reverse is true, as well. Some of the biggest purveyors of managed print services, however, are the printer manufacturers themselves.

According to Holly Muscolino, research director at IDC for document solutions, some of those printer manufacturers are on the lookout for new channel partners.

"The MPDS market is at an inflection point, particularly in the developed enterprise markets. Penetration is relatively high, and it's increasingly difficult for vendors to differentiate their services and supporting technologies. Hardcopy vendors must strive to develop unique services portfolios that entice enterprise customers, drive adoption and will ultimately result in increased revenues," she said in a statement.

Increasingly, those big firms are competing by extending capabilities they offer directly, such as training and business development, through the indirect channel, Muscolino said. •

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