



InfoTrends Office Road Map Review

InfoTrends' Office Document Technology Team

US Economic Outlook

- **Halt in sharp declines of activity second half 2009**
- **No evidence yet that significant financial increases have resumed**
- **Minor, slow growth first half, no gains in employment or inflation expected**
- **Rebound will continue slowly through second half**
- **Credit hard pressed at mid market, loan approvals running 20-30 points below pre-recessionary period**
- **Government spending efforts will provide a small boost during the first half of 2010 before phasing out**

US Economic Indicators

	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
GDP (Annualized % of Change)	-0.7%	1.5%	-2.7%	-5.4%	-6.4%	-0.7%	2.2%	3.1%
Manufacturing Shipments (% of Change)	0.4%	3.5%	-0.7%	-13.4%	-8.4%	-1.8%	1.5%	3.2%
Unemployment Rate	5.0%	5.3%	6.0%	6.9%	8.2%	9.3%	9.7%	10.0%

Sources: Bureau of Labor Statistics, U.S. Census Bureau and Bureau of Economic Analy

Impact on Imaging & Printing Industry

2009 Predictions

Customers likely to be most affected

- Medium to large enterprise customers in select industries
- Businesses without established customer base
- Cash-strapped retailers and resellers

Anticipated customer actions

- Continuing delay on large capital investments
- Reducing size & scale of investments
- Motivated by cost savings & increased productivity
- Lower print volume, less color
- Looking for low price alternatives – brands, suppliers

Road Map 2010

Office Document Technology Markets

Top Trends: Digital Peripherals (1)

- 1. Recession has Altered the Landscape of the Office Printing Market**
- 2. Impact of Managed Print Services on the MFP Market**
- MPS Impact on Supplies Business
- 4. Mobile Technology and the Office Knowledge Worker: A New Frontier**
- Security/Compliance Becomes a Key Value Add for MFPs
- Business Inkjet to Challenge Low-End Color Laser in SOHO/SMB
- Green IT: Will Green be the New Black
- To What Extent Will Paper Demand Recover, and When?
- More Home Printers will be Web-Enabled
- Smartphones Drive More Home Printing, Photos Included

Source: Road Map 2010 Digital Peripherals, InfoTrends

Top Trends: Digital Peripherals (2)

- **Recession has Altered the Landscape of the Office Printing Market**
 - ▶ Current economic conditions have fundamentally changed the way businesses acquire and use their printing equipment
 - ▶ Focus on cost reduction has enlightened businesses on how much they spend for document production
 - ▶ Expect longer replacement cycles, extended printer lifecycles, fewer new product introductions, rationalization of product lines
- **Impact of Managed Print Services on the MFP Market**
 - ▶ MPS is growing in popularity and resonating with customers looking to reduce costs
 - ▶ A3-size market already declining due to over capacity, under utilization, and on-going shift to price/value feature set of A4-size MFPs
 - ▶ Expect the shift to MPS to cause further erosion of the A3-size MFP base
- **Mobile Technology and the Office Knowledge Worker: A New Frontier**
 - ▶ Businesses are mobilizing their workforce because they understand the ROI
 - ▶ Expect printing from mobile devices to grow in 2010

Top Trends: Communication Supplies (1)

- 1. MPS Impact on Supplies**
2. Recession Affect on Printing Market
3. Paper Industry
4. Sustainability and Green
- 5. Recession Boosts Aftermarket Supplies**
- 6. Intellectual Property, New Builds, Counterfeits**
7. Business Inkjet Challenges Low-End Color Lasers
8. Mobile Technologies
9. Global Economic Outlook

Top Trends: Communication Supplies (2)

- **MPS Impact on Supplies**

- ▶ Reduction in print volume in MP establishments, lower CPC trend from multiple means, increased duplexing, increased use of 3rd party supplies
- ▶ Disruption in the channels and decisions that need to be made by many

- **Recession Boosts Aftermarket Supplies**

- ▶ Focus on costs, MPS, longer machine retention and life (an aging base), longer life for B/W (where aftermarket is large) and slower penetration for color (where aftermarket is low)
- ▶ Aftermarket supplies will likely see semi-permanent gains vs. no recession
- ▶ Longer term color may drag aftermarket down

- **Intellectual Property, New Builds, Counterfeits**

- ▶ Epson has shown the way. We expect similar efforts from OEMs to protect their IP given the increasing volumes of new-build/compatible product imported from China
- ▶ Resellers and domestic aftermarket players may become increasingly wary of Chinese made new build compatibles
- ▶ Could see an increased wave of counterfeit activity as a result of the above

Top Trends: Image Scanning Trends (1)

1. State of the Union
2. Investing for growth
3. Do you know yourself, or your customer?
4. Chasing the stimulus dollars
5. The shrinking vendor market
- 6. How technology procurement is changing**
7. Avenues for expansion
- 8. End-user empowerment**
- 9. Mobility**

The Future of Solutions Acquisition

- **Changes in how companies are acquiring technology both hardware and software will change**
 - Purchase – Rent – Lease – ASP – SAAS – Cloud - MS?
- **Most companies have assessed their entire infrastructure in the last year**
 - How many devices do we have, how many devices do we need?
MS/MPS
 - How many licenses do we have, how many are “active”?
Sharepoint
 - How much are we paying for service, support and maintenance?
 - How much IT infrastructure/support do we need? **MS**

**InfoTrends anticipates a greater shift towards 3rd party vendors
“managing” devices, software, solutions, processes and services**

Empowering of the End-User

- **The next critical step in business is to provide “self-service” technology**
- **Requirements:**
 - Powerful front facing portal (from desktop or device)
 - Tight integration between points
 - Simple, Simple, Simple
- **Sharepoint 2010 promises**
 - Integrating a front-end user-facing portal with external systems provides a single self-serve access point, without the need to install specialized software on end-user desktops.
- **Create mashups from different sources**
- **Ad-hoc workflows from the desktop or device**

An age old battle exists, if you empower users with self service models, will there be a loss of control and inability for IT to ensure service and data integrity?

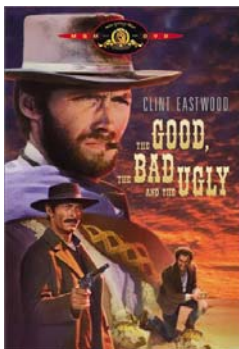
Mobility

- **What's Mobile?**
 - ▶ Devices – Smartphone, tablets
 - ▶ People – The Permanent Temporary Workforce, Telecommuters, Sales, Agents
 - ▶ Corporate Culture – Satellite offices, Branch Offices
- **How will you serve this exploding area?**
 - ▶ Accessible products, services
 - ▶ There's an App for that
- **Demographics – Gen Y coming in**
 - ▶ Expectation of easy digital information
 - ▶ Multi-tasking at an entire new level

Top Trends: Solutions and Services

- 1. Managed Print Services: the Good, the Bad, and the Ugly**
- 2. MPS Channel Transformation & a 3rd Dimension**
3. ISV Platform Adoption Weakens Differentiation
4. The Dynamic Media Explosion
- 5. Information Dashboards and Content Analytics**
6. Transitioning from Print Assessments to Solutions Assessments
- 7. The Decade of Transformational Experiences**
8. The Mobile Experience Is Changing the Game
- 9. Keep it Simple, Naturally**
- 10. Look Outside to Re-Invent Inside**

Managed Print Services



• The Good

- ▶ MPS is the biggest strategy trend for the office equipment market
- ▶ Almost every OEM vendors announced new MPS programs or re-launched one in 2009 and other channels are also getting into the MPS game
- ▶ MPS growth is showing double digit growth though our forecast period

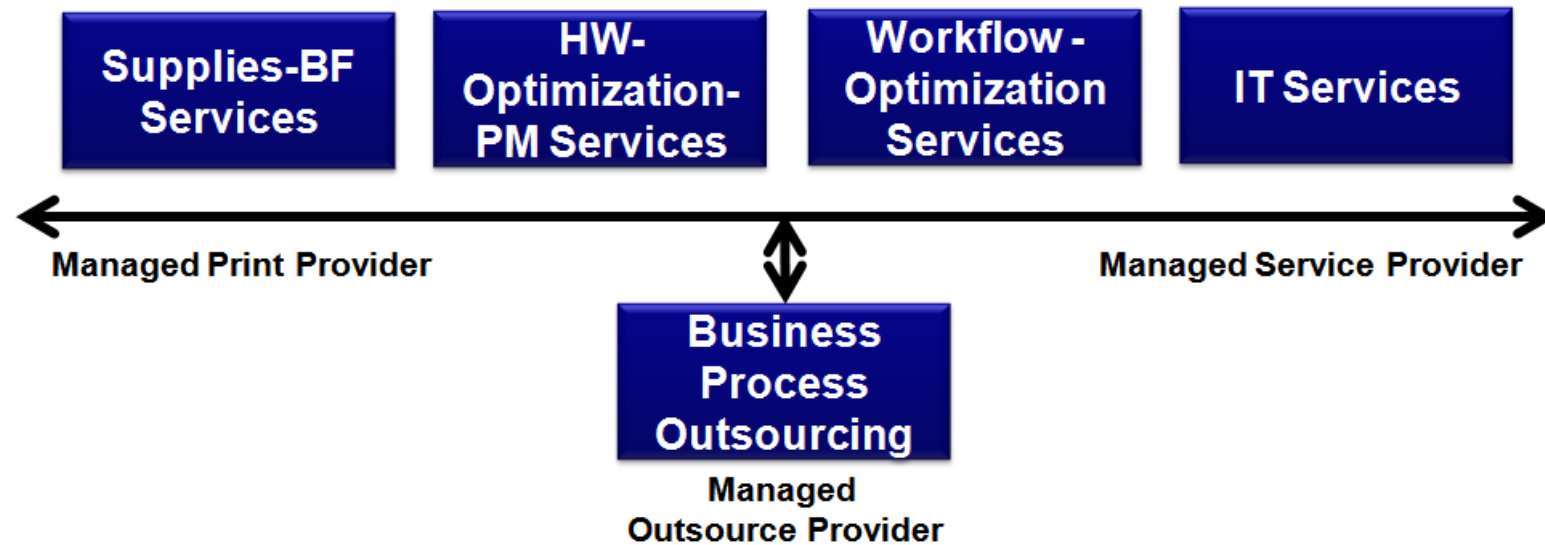
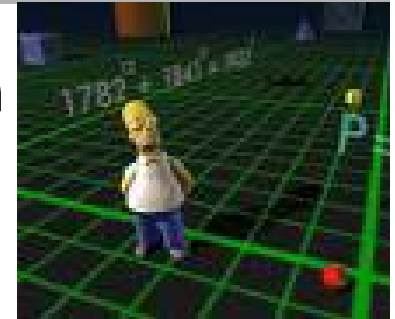
• The Bad

- ▶ Too many vendors add to customer confusion = stall in decision making process
- ▶ MPS is not actually increasing placements and revenues to the overall Hardware and Supplies markets

• The Ugly

- ▶ Managed Print Services is about consolidation and more aggressive and competitive pricing programs
- ▶ MPS increases market revenue compression in the Hardware and Supplies space
- ▶ Vendors will be vying for survival, cut prices, make it a more competitive market as the focus becomes centered around price & cost

MPS Channel Transformation & Third Dimension



- Solutions & Services get a resurgence
- Business outsourcing channel adds a new dimensions
- The “Channel Battle” is going to be intense
- Weakness on all sides will need to be addressed with partnering, acquisitions

Dashboards & Content Analytics



- **The Growth of Content and Information**

- ▶ Content is growing at exponential rates with > 100% year over year growth
- ▶ Content is now coming from all types of information from media files, wiki's, blogs, tweets, social media, video and audio

- **Think Inside the Box**

- ▶ Content strategies should not just focus on the box – storage, storage hardware, servers and electronic content management solution
- ▶ The information itself (what's inside the box) provides powerful information that can help organizations to innovate or make better business decisions

- **Harness the Masses of Data with Analytics and Dashboards**

- ▶ Sophistication in content analytics will provide the recommendations or insight to make improvements
- ▶ Netflix, Tivo, Healthcare – harnessing the true value of the content to the next level

The Decade of Transformational Experiences



- **Apple Changes the Game**
 - The IPOD changed the game for MP3
 - The iPhone changed the game for Mobile Phones
 - The iPad to change the game for Digesting Content
- **Gaming Experiences**
 - Wii changed how we use controllers
 - XBOX to redefine the gaming experience with controller-less technology – Project Natal
- **Entertainment**
 - Avatar steps up the movie experience with 3D & unparalleled CGI integration
 - 3D television to come
- **Augmented Reality**
 - Change in how the real world interacts with the computer generated world

Look Outside to Re-Invent Inside



- **The best Innovations come from other's**
 - ▶ Geek Squad – took the best from Fed Ex, UPS & others to make their market offering unique
 - ▶ Multi-touch gesturing came from other high tech industries
- **Keep it Simple, Naturally**
 - ▶ Simplify the experience between the solution and MFP
 - ▶ Think about multi-touch, swiping and gestures from the application (tablet) to the MFP
- **Improve the User Experience – make it easier, simple & natural**
 - ▶ Incorporate the simplicity concepts from the mobile space
 - ▶ Create powerful applications with cloud computing – make it seamless and transparent to the user
 - ▶ Change the paradigm to control the MFP, virtual platforms running not only from the MFP but also from the PC or mobile device

The Panel, The Cloud & Other Technologies



- **The Panel & The Cloud**

- ▶ Last year we talked about incorporating cloud computing with Platform integration
- ▶ Cloud OCR, OSA panel/cloud integration

- **Multi-channel Communications – Integration with the MFP**

- ▶ Other media such as video, audio, e-mail is taking over the print opportunity
- ▶ How can we incorporate multi channel media into the MFP device to improve and expand the communications experience of the captured document?

- **A Camera & MIC on the MFP?**

- ▶ Can be used for security, authentication – visual/audible/recordable
- ▶ Improve the #1 scanning functionality on MFP – Scan to e-Mail – tagging (cloud audio conversion) or messaging attachments to documents

Recommendations and Conclusions

Recommendations and Conclusions

- **Fulcrum shift**
- **It's not just about churning the base**
- **Do you know me?**
- **Vertical alignment, horizontal mastery**
- **Draft off the winds of MPS**
- **Invest in growth**

What's New from InfoTrends' Office Group?

In-Depth Studies on Hot Topics in the Office Market

- **Recently Completed Studies:**

- ▶ Gathering MOSS? Revealing SharePoint Opportunities & Costs
- ▶ European Professional and Managed Print Services: An Untapped Annuity Stream for the Office Equipment Market

- **Scheduled for Completion in 2010:**

- ▶ Asia Pacific Managed Print Services – Australia, China, India & Japan
- ▶ Impact of Managed Print Services on Supplies Market – US
- ▶ Impact of Managed Print Services on Supplies Market – Western Europe
- ▶ Mobile Imaging & Printing: Trends Impacting the Mobile/Remote Knowledge Worker – Brazil, Germany, Japan & US
- ▶ The Smart Device Platform: Demystifying “Adoption” – US

New Services Launching in 2010

- **Channel Strategy Service**

- ▶ Comprehensive database of U.S. printer and copier sales locations
 - Commercial: Direct, OEM Dealer, Independent Dealer, VAR/SI, Reprographic/Micrographic, Graphic Arts Dealer, Print Service Provider, Contract Stationer, IP Specialist, Paper Merchant, Service & Repair Only
 - Retail: Office Superstore, Mass Merchant, Wholesale Club, Electronics/Computer, Office Supplies Dealer
- ▶ Extensive profile information on key attributes
 - Products (hardware, software) & brands, services, on-line services, primary markets and business firmographics
- ▶ Easy to use browser-based interface
- ▶ Ability to download records, add custom tags, save special reports
- ▶ API for integrating with your proprietary data
- ▶ Customized analysis & support by InfoTrends analysts
- ▶ Launch March 2010



Solutions Summit 2010

- • • Streamline Business Processes
- • • Optimize Document Technology
- • • Reduce Operating Costs
- • • Maintain Profitability

November 10-11, 2010

Crowne Plaza Chicago O'Hare

Rosemont, IL

www.solutionssummit.net

- The **Solutions Summit** is an invitation-only event with a highly focused recruiting program designed to bring in office product dealers for 2 days of face-to-face meetings, education, networking, brand building and business development.
- The Summit pairs VIPs from top office product dealers with leading technology vendors, software providers, supplies vendors and wholesalers to discuss opportunities and strategies for streamlining the office workplace.
- **Key Features:**
 - Sponsor-based event
 - InfoTrends recruits VIP buyers for sponsors, and provides complimentary round trip airfare, accommodations and meals for VIPs
 - VIPs include top office product dealers
 - Sponsors are matched up with qualified buyers throughout the event in personal meetings and breaks



Office Document Strategy Webinar Series

**Stay current on emerging business trends -
All from the convenience of your desk!**

InfoTrends' **Office Document Strategy Webinar Series** focuses on hot button issues surrounding the office document technology industry. By attending these one hour presentations OEMs, ISVs, and channel players will stay current on the trends and opportunities that are shaping the future.



**Sign up for the complete webinar series package
and receive one FREE!**

**Register now for the next webinar on Wednesday, March 17, 2010:
*Demystifying the Solutions Opportunity in the Healthcare Market***

To register visit: www.infotrends.com



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