

Magic Quadrant for Managed Print Services Worldwide

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Managed print services are a cost-effective alternative to the traditional purchase and leasing arrangements under which organizations acquire their office printers and multifunctional devices. Buyers must understand who sells MPS and how the services compare with one another.

WHAT YOU NEED TO KNOW

Gartner's Managed Print Services Magic Quadrant is a useful starting point for identifying and evaluating managed print services (MPS) providers. It is intended for Gartner's client base of mainly midsize and large organizations, many of which operate throughout one or more countries or regions, and some of which are truly global. Although not all MPS projects are multiregional or global at the outset, customers often choose to scale up one region at a time. In this way they can manage their office printing in a unified manner globally. The providers in this Magic Quadrant have the geographical scale to attend to your office printing needs across world regions in a coordinated way.

Numerous other MPS providers that approach their MPS projects locally or country-by-country and region-by-region cater to such customers, but they do not appear in this Magic Quadrant. Why not? As organizations progress from the prevailing loosely managed approach to an efficient and closely managed one, it makes more and more sense to manage the entire fleet in a unified way, rather than today's characteristically fragmented approach. Naturally some MPS customers are organized in a way that makes a unified fleet impossible or are confined to one country or region.

Selection should be based on a detailed evaluation of your office printing needs and goals compared with a service provider's capacity to fulfill those requirements and expectations. Just because a service provider falls into the Leaders quadrant doesn't automatically make it the right choice for you. All selections are buyer-specific, so vendors in the Challengers, Visionaries or Niche Players quadrants may sometimes be a better match for your requirements. For example, service providers in the Challengers quadrant are capable of delivering the day-to-day office printing services required by most enterprises and may have a long track record. Those in the Visionaries quadrant match both the range of needs and the geographical scope of many midsize and large organizations. For smaller organizations or large ones situated mostly in a single locale, niche vendors may be the best match. All the vendors ranked in this Gartner Magic Quadrant are large, established companies, so buyers should not assume that the niche players are likely to drop out of the market in the near future.

MAGIC QUADRANT Market Overview

History/Market Development

The following is a timeline of the development of the MPS market.

Pre-2000

- The “utility printing” concept comes in response to the increasingly diverse range of other IT infrastructure services and business process services being offered at this time. The idea is to bring the benefits of outsourcing to office printing, so customers seek to outsource the entire office printing function.
- Only a few vendors offer MPS at this time, and the customers are a subset of large corporations in North America and Western Europe that are open to experimentation.

2000 Through 2005

- Cost savings opportunities draw large numbers of organizations to actively and closely manage office printing.
- The focus shifts from outsourcing to print optimization as MPS becomes the means for a growing number of organizations to identify and assess, and ultimately reduce, their visible and hidden costs, including consumables, support and maintenance.
- Most providers ask customers to sign a third-party lease instead of the pure utility model and then combine this with the costs of service and consumables in a per-page charge that typically includes a minimum monthly page quota.

2006 Through 2008

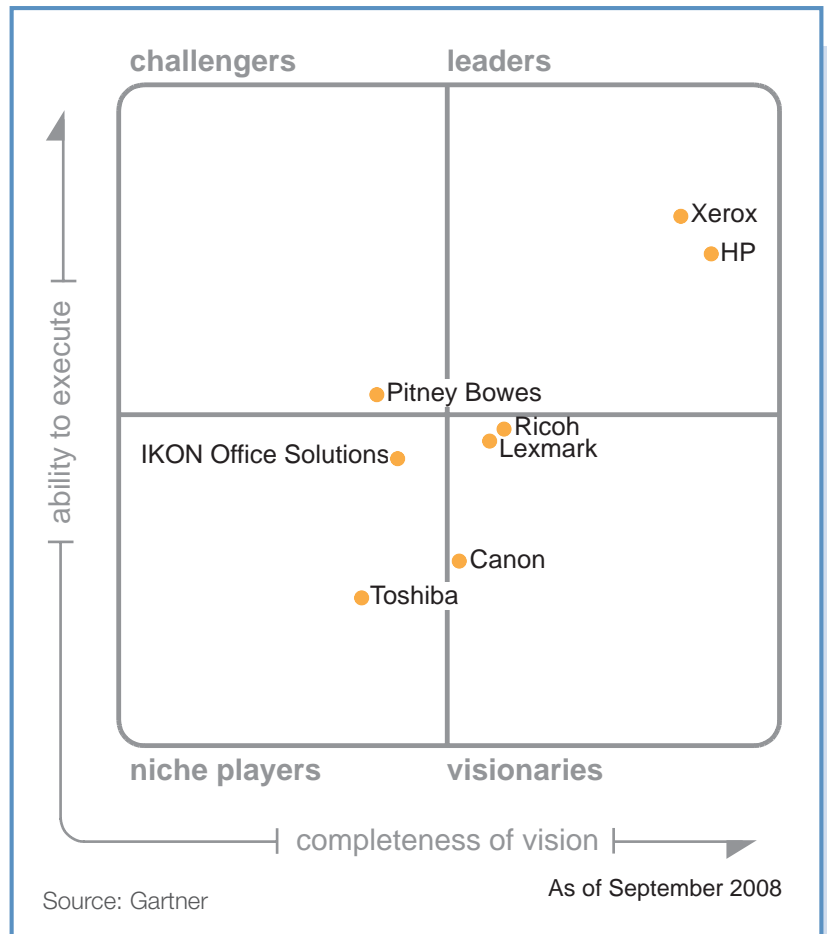
- A wider variety of MPS packages is introduced for small and midsize businesses (SMBs) either directly from the provider or through its channel partner.
- MPS becomes a standard part of vendors’ strategies to sell office printing to midsize and large organizations, resulting in increasing numbers of customers.
- Full-cycle results of early MPS customers are now visible.

Market Dynamics

Being Sold More Aggressively and Widely

MPS is now available from almost every printer and multifunction product (MFP) vendor and from most dealers (even if only locally).

Figure 1.
Magic Quadrant for Managed Print Services Worldwide



It is increasingly being packaged for SMBs. Once treated as a special request for certain large customers, MPS has become a tactic for salespeople to approach and engage new customers. Although customer awareness of MPS has increased, buyers tell us it is the salespeople, rather than the customers, who most often propose MPS instead of just purchasing or leasing equipment.

Varied and Diluted Approaches

The boundaries between MPS and more-limited office printing deals have begun to be blurred, with some customers telling us they are getting little or no guidance into how to optimize their fleets. In effect, they are locking themselves into a large-scale multiyear contract without getting the value that MPS is supposed to deliver. MPS providers differ in their skill and experience, and

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some vendors vary in how they accommodate customers of different sizes and from different regions. This dilution is also partly the result of salespeople trying to sell MPS to customers who are not ready to entrust the management of their fleet to vendors. It is also the result of competition between vendors eating away at the vendor's profit margins to the point where they focus on what is most profitable to sell, rather than what the customer really needs.

The True Value Proposition

Although most organizations could, in principle, manage office print actively and effectively, in reality many lack the time, the staff, the experience, the tools, and the focus, and simply will not do it on their own. Organizations that manage their printer, copier and fax fleets can save up to 30% of their print costs. It can be less expensive for organizations to manage their printing needs themselves if they know exactly how to proceed and have the resources to do so. If not, then an MPS provider can help. MPS promises to help organizations carry out the needed changes and save them money by providing the staffing and expertise to determine their true needs, optimize the fleet to meet them, and track and monitor them to keep the optimal state in place afterwards. They also allow customers to bring their best sourcing efforts to bear on what becomes a single, comprehensive and large deal that usually lasts at least three years. The deal may go beyond the printer, copier and MFP fleet to include better handling of documents with direct business benefits. The deal may also encompass centralized reprographics departments (CRDs, also known as copy rooms) and even mailrooms.

Changing Buyer Roles

To manage their office printing more actively, customers need to involve more parts of their organization, not just Facilities Management or IT, but also Line of Business, and Purchasing (also known as Strategic Sourcing or Procurement). The change is greatest for organizations accustomed to letting IT specify what is needed and then handing it off neatly to Purchasing to get the best deal. Coordination is important, because MPS deals and the accompanying terms and conditions are much more complex than the customary purchase of hardware, and good results demand multidepartmental cooperation throughout the process.

Longer Sales Cycles

MPS requires more of a commitment than traditional printer and copier purchasing, so both buyers and sellers must readjust their time frames. More people having a say in selecting a more complex package can easily double the three-month purchase cycles to six months, and six-month cycles to a year. The reward for the added complexity is 10% to 30% cost reduction instead of the roughly 5% possible under traditional purchasing practices. Buyers who skip the assessment and analysis upfront shouldn't be surprised if they end up saving less than they hoped for, or, perhaps worse, living with the wrong choice of provider for the next few years. Note that much of the value that MPS provides is determined in the assessment phase that begins before the equipment is delivered, so prospective buyers should use their leverage to demand it be done carefully. Since the assessment often begins before the contract is awarded, customers should strive to use the clout they have at this point in the deal and not sign off until they have a solid case for MPS and understand what the vendor will deliver and how.

Market Definition/Description

"Managed print service" is a Gartner generic term for a service offered by an external provider to optimize or manage a company's document output to certain objectives, such as driving down costs, improving efficiency and productivity, and reducing the IT support workload. Under MPS, a service provider takes primary responsibility for meeting the customer's office printing needs, including the printing equipment, the supplies, the service, and the overall management of the printer fleet. The main components provided are needs assessment, selective or general replacement of hardware (optimization), and the service, parts and supplies needed to operate the new and/or existing hardware. The provider also tracks how the printer fleet is being used, the problems, and the user satisfaction. The MPS provider analyzes the information gathered in the course of tracking and makes (or recommends to the customer) the adjustments needed to ensure fleet efficiency and to meet changing user needs.

Who uses MPS?

MPS is mostly adopted by organizations with more than 500 users, across all industries and in all world regions. Although MPS can benefit all but the smallest organizations, it is midsize and large ones that ask Gartner about it the most. Large organizations in particular tend to have the most-complex and least efficient office printing practices to begin with, and thus stand to benefit the most from optimizing them. These large organizations, and many midsize ones as well, typically have offices in multiple locations and world regions. Some seek MPS in all of their offices from Day 1, but most choose to start small and then add sites, divisions, countries and regions over time. For that reason, our Magic Quadrant is limited to providers that can serve as a single source for at least two world regions.

What other services might be included in MPS?

MPS may also be expanded to include staffed services, such as centralized reprographics departments (copy centers). It may also include enterprise content management services and workflow optimization components, such as developing custom applications for smart MFPs that automate paper-intensive document workflows and route scanned pages to document management systems. It can also be extended to include the restructuring of document workflows.

How do customers pay for MPS?

MPS does involve a consolidation of spending, but the actual payment schemes vary. Generally, the external service provider either owns the hardware or (more typically) leases it from a financing company in its customer's name. The customer usually pays a per-page charge, which covers the cost of the equipment, any leasing costs, the supplies, the parts, the service and other MPS elements. Some contracts stipulate a minimum number of pages per device per month, with unused pages forfeited. Others involve some variation on the monthly minimum, such as a sliding cost per page that decreases as the number of pages increases. Services are usually folded into the click charge, although in some cases, they are billed on a flat monthly or quarterly basis. Contracts that impose no minimum number of pages appear risk-free but typically obtain some other financial commitment on the part of the customer, such as a flat fee, a per-device fee or a per-seat fee.

Inclusion and Exclusion Criteria

Inclusion Criteria

Only vendors that meet *all* the following criteria are included:

- Able to provide the equipment (via lease or as a procurement service)
- Provides the supplies
- Performs the break/fix and preventive maintenance
- Provides the technical support
- Provides MPS in two or more world regions to at least one customer. The customer must be verifiable and have at least 500 MPS users. The regions are North America; Europe, the Middle East and Africa (EMEA); Asia/Pacific (including Japan); and Latin America.
- Provides the long-term tracking and management of the printer/MFP fleet
- Performs the initial assessment/s
- Buys back or disposes of existing equipment that is being replaced, if this is required
- Bills on a per-page or per-seat basis

Exclusion Criteria

The inclusion criteria exclude print-related services that fall short of MPS. These include traditional, narrowly drawn copier contracts, certain retail printer service packages, and most infrastructure outsourcing contracts. Some genuine MPS services also did not qualify because they do not serve multiregional customers in a unified way.

Evaluation Criteria

Ability to Execute

The Ability to Execute axis positions each MPS provider based on its success in delivering results today as well as its preparation to deliver results in the future. On this axis, Gartner verifies an MPS provider's capability to deliver MPS based on direct feedback from extensive interviews with its clients and other provided customer references.

Gartner analysts evaluate MPS providers on the quality and efficacy of the processes, systems, methods or procedures that enable their performance to be competitive, efficient and effective, and to positively affect revenue, retention and reputation. Ultimately, MPS providers are judged on their capability and success in capitalizing on their vision.

Each criterion is weighted high, standard or low in importance and scored accordingly. Table 1 shows the criteria for evaluating providers' ability to execute.

Product/Service

This criterion addresses core goods and services offered by the MPS provider that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills. We probed how well the provider ensures that the customer ends up with the right mix of equipment and help throughout the MPS engagement.

Overall Viability (Business Unit, Financial, Strategy, Organization)

Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the business unit's likelihood of continuing to invest in the service solution. We drew on all available sources to gauge how solidly grounded the MPS providers are today and how safe a bet they are for the future.

Sales Execution/Pricing

This criterion examines each MPS provider's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support and the overall effectiveness of the sales channel. MPS agreements can lock in customers for years and can do more harm than good if the terms, conditions and pricing are drawn up wrong. We examine how well the vendor ensures that the customer gets a fair deal that is appropriate for the customer's needs.

Market Responsiveness and Track Record

This looks at the MPS providers' ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve, and market dynamics change. This criterion also considers the provider's history of responsiveness. Successful MPS engagements cater to specific needs of the customer at hand. We looked closely at the how far the vendor goes to ensure the success of the specific customer.

Marketing Execution

This criterion refers to the clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the MPS offering, and establish a positive

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	High
Overall Viability (Business Unit, Financial, Strategy, Organization)	Standard
Sales Execution/Pricing	High
Market Responsiveness and Track Record	High
Marketing Execution	High
Customer Experience	High
Operations	Standard
Source: Gartner	

identification with the service/brand and organization in the minds of buyers. This “mind share” can be driven by a combination of publicity, promotional activities, thought leadership, word of mouth, and sales activities. Effective marketing is important, because customers struggle to understand exactly what each vendor will do for them and how this differs from one provider to another. We look from all angles at how well the vendor communicates this, and how easy it is for customers to obtain this information.

Customer Experience

This evaluates the relationships, products and services/programs that enable clients to be successful with the MPS evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, and service-level agreements (SLAs). Successful MPS turns on the provider’s relationship with the customer in ways that SLAs and contract clauses can never entirely anticipate and enforce. We look from numerous angles at how well the provider ensures it maintains a good all-around relationship with the customer.

Operations

This criterion reviews the MPS provider’s ability to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis. Office printing is one of those technologies that affect almost everyone, so even small disruptions matter. We look at how the vendor works hand in hand with the customer to minimize the disruption to the end users and key stakeholders in the customer organization.

Completeness of Vision

This axis reflects each MPS provider’s prospects for success by analyzing its view of the market, its service operating model, and its strategic plans for growth and service improvements. Gartner verifies an MPS provider’s vision based on presentations from the providers and direct feedback from extensive interviews with the MPS provider’s clients as well as insight gained while answering Gartner client inquiries on that topic.

Each criterion is weighted high, standard or low in importance and is scored accordingly. Table 2 shows the criteria for evaluating providers’ completeness of vision.

Market Understanding

This criterion refers to the MPS provider’s ability to understand buyers’ needs and translate these needs into products and services. Vendors that show the highest degree of vision listen to and understand buyers’ wants and needs, and can shape or enhance those wants with their added vision. We look at key areas in which the provider can prepare the customer for tomorrow’s priorities as well as today’s.

Marketing Strategy

This evaluates the MPS provider’s strategy and approach to marketing and promoting MPS. We looked for a clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

Sales Strategy

This criterion reviews the provider’s sales strategy and its capability to sell MPS. It includes the strategy for selling MPS that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy

This criterion addresses the MPS provider’s approach to MPS development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements. Across each of the main elements of MPS, we examined how the vendor maximizes the benefit of its MPS to customers.

Business Model

This assesses the soundness and logic of an MPS provider’s underlying business proposition. A sustainable MPS business model must not only deliver savings and other benefits to customers; it must also minimize the risks. We looked at how the vendor protects its customers against the risks inherent in MPS.

Vertical/Industry Strategy

The experience that MPS providers gain and investments that they make in vertical markets will help them build and retain their customer base in an increasingly competitive market. We assessed the MPS provider’s strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

Innovation

This includes direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, or defensive or pre-emptive purposes. As MPS matures, customers should expect continued improvements both in what vendors do

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	Standard
Marketing Strategy	Standard
Sales Strategy	Standard
Offering (Product) Strategy	High
Business Model	High
Vertical/Industry Strategy	Standard
Innovation	Low
Geographic Strategy	No rating
Source: Gartner	

for them and in how they do it. This depends on judicious investments. We look at the quantity and quality of the providers' investments in MPS versus the value that they are likely to provide to customers.

Geographic Strategy

This refers to the MPS provider's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries, as appropriate for that geography and market. Many of Gartner's clients have offices scattered across an entire country or region, several continents or the entire world. We evaluated the ability of the providers to accommodate the range of customers' geographies, from local through national, regional, multiregional and global.

Leaders

Leaders provide MPS to a wide range of customers, including the largest and most geographically dispersed, so they must demonstrate a truly global reach. They must demonstrate not only the skills to deliver today's MPS, but also the understanding, initiative and resources to prepare for tomorrow's. Leaders characteristically augment the full scope of MPS with a wide range of added-value services.

Challengers

Although challengers have solidly demonstrated that they provide the core elements of MPS, they have a less complete view of the market direction than leaders. The package of services they offer and the way it is marketed also cater to a somewhat narrower range of company sizes and industries than that of leaders.

Visionaries

Visionaries thoroughly understand today's market and also know how to address customers' future needs and expectations. In the aggregate they provide a wide range of MPS to a diverse range of customers. What differentiates them from leaders is their ability to successfully market and deliver all of their services to customers of different scale and across different regions in a well-unified way.

Niche Players

Niche players meet all of our inclusion criteria but provide a narrower range of services to a narrower range of customers than the other vendors. They may be a cost-effective choice for customers whose requirements, scale and geographical scope are a good match. Some customers also report that the niche players pay them close attention and are generally more accommodating than large vendors.

Vendor Strengths and Cautions

Canon

Strengths

- Canon is able to fulfill customers' equipment requirements from its own wide range of popular and well-proven hardware, but does not pressure customers to remove the printers they might already have in their fleet. This is important, because many customers already own up-to-date equipment that could serve as part of an optimum mix.

- Canon does not shy away from customers who need hands-on service in all the regions where it provides MPS.
- Since 2006, Canon has dramatically increased the range and reach of its direct services sold to national accounts in North America. Canon can also match the needs of customers whose regional operations are autonomous, and thus do not need a globally coordinated strategy or vendor relationship.

Cautions

- Has a long history of relying on its dealers and distributors to provide MPS, but a shorter and sparser one of providing MPS directly, especially outside of Western Europe.
- Despite selling and servicing its equipment worldwide, and providing MPS in some areas, Canon has few multiregional MPS customers and almost no truly global ones. This is primarily an organizational issue of Canon reconciling national and regional flexibility with global consistency.
- Except in EMEA, information about Canon's MPS is not sufficiently detailed and not prominently displayed on its Web sites, leaving prospective MPS customers dependent on salespeople to explain Canon's MPS. This might be enough for a special-request approach to MPS, but not enough for a standard service offering.

HP

Strengths

- HP successfully provides direct MPS to customers ranging from midsize to very large, and with a single point of contact even for truly global accounts. HP also provides MPS to a wide variety of industries and has the customer references to prove it.
- HP is already the incumbent vendor and the de facto standard in many organizations for office printer fleets, drivers and overall IT infrastructure (networks, servers and desktops). For most customers, this means you are dealing with a familiar entity instead of having to establish a new relationship.
- Although it is not centered on office printing, the acquisition of EDS will open up long-term MPS opportunities for HP. Once it overcomes the usual disruptions that go along with a large acquisition, HP will win new MPS customers and strengthen its ability to integrate MPS into a package deal with its infrastructure outsourcing. We also expect HP will deprive Xerox of most of the new customers that it would have otherwise gained via its alliance with EDS.

Cautions

- HP's credibility as an IT and print vendor has encouraged some customers to forgo solid, upfront assessment before proceeding with their MPS. Prospective customers should not cut corners just to save time.
- HP needs a wider range of high-volume fully featured MFPs for organizations with centralized sites. Customers can work around the limitations if they choose, but they should not redefine their centralized office needs just to suit the range of products that HP happens to offer.
- Some unevenness exists from region to region in the accuracy and timeliness of HP's billing and in the handoff of service calls. Prospective customers should review their billing expectations in detail with HP upfront.

IKON Office Solutions

Strengths

- IKON can extend MPS to include CRDs and production printing centers, reducing your roster of service providers and often allowing for more hands-on service.
- IKON's years of experience with MPS result in smooth, trouble-free rollouts across the fleet, and in smooth handoffs of calls from customer help desks.
- With most vendors, billing is a pain point for MPS customers. However, customers tell us that IKON's billing is complete, timely and accurate.

Cautions

- The pending acquisition of IKON by Ricoh is likely to bring some disruption for IKON's customers as IKON is closely aligned with Ricoh as a subsidiary once the deal is closed at the end of fourth quarter of 2008.
- Until that happens, the fierce competition that IKON faces from its suppliers Canon and Ricoh, and from other brands, may help customers drive down the price. But customers must ensure that IKON gives them a complete upfront needs assessment, tracking and ongoing guidance in managing the entire printer and fax fleet, not just the MFPs.
- IKON's geographical reach in Europe falls far short of what it can do in North America.
- Although IKON is profitable, its revenue has been falling for the past five years.

Lexmark

Strengths

- Lexmark has MPS customers in many industries, as well as a keen understanding and innovative offerings for retail, healthcare, finance and manufacturing.
- Lexmark can provide the full range of MPS in all U.S. states and Canadian provinces, as well as in other regions, such as all the Western European countries, Asia/Pacific (especially Australia and New Zealand), and key parts of Latin America. With the help of partners, it can provide both high-touch and low-touch approaches to customer service and support.
- Lexmark was one of the first MPS vendors to proactively and innovatively help its customers go beyond their office print fleets and also optimize their print-related workflows.

Cautions

- Lexmark needs a wider range of high-volume fully featured MFPs for organizations with centralized sites. Customers can work around the limitations if they choose, but they should not redefine their centralized office needs just to suit the range of products that Lexmark happens to offer.
- Lexmark provides CRD staffing, but not typically under the same contract.

Pitney Bowes

Strengths

- Pitney Bowes can extend MPS to include staffing CRDs and production printing centers. For some competing MPS providers, such staffing entails bringing in a partner, but Pitney Bowes does this itself. For customers, this has the benefit of reducing your roster of service providers and increasing your clout as a buyer, and the same staff can provide rapid on-site service and support for the office printers and MFPs.
- Customers like to interview references from others in the same industry. Pitney Bowes provides MPS to a wide variety of industries and has the customer references to prove it in most of them.
- Pitney Bowes has a large installed base of customers in North America, and its many years of experience offering MPS have allowed it to perfect its MPS delivery. Customers report close and continuous engagement by Pitney Bowes account teams and good attention to such follow-through items as training and account management.

Cautions

- Between November 2007 and June 2008, Pitney Bowes seriously considered selling off or spinning off its U.S. management services business. Although it ultimately decided to retain and restructure the operation, the underlying competition from manufacturers and other pressures from changing market dynamics remain.
- Customers with global operations should note that although Pitney Bowes operates in all major world regions, it has more customers, SLAs and services in North America than in Europe, and other regions trail even farther behind.
- Some customers report slow or halting rollouts of MPS across their organization.

Ricoh

Strengths

- Ricoh manufactures a wide range of equipment for the office and production environment. Also, any and all printers and MFPs that produce 25 pages per minute (ppm) to 75 or more ppm already existing in the customer fleet can be rolled into the contract.
- Customers give positive reports on Ricoh's follow-through as exemplified by close and consistent attention to the customer, extensive training, and complete, timely and accurate billing.
- Ricoh has extensive direct channels for providing MPS to local and national accounts in North America, Europe, and parts of Asia/Pacific (such as Australia) and Latin America.

Cautions

- Ricoh has little experience with marketing or delivering to multiregional or global MPS accounts.
- We see no evidence of Ricoh making the significant R&D investments that it should be able to make. For customers, this means a needs assessment process that is competent but does not probe environmental and workflow considerations. Ricoh picked up MPS expertise when it bought Lanier and NRG, but now that it folded those organizations into its own, it needs to make continuing investments to advance its MPS.

Toshiba

Strengths

- Toshiba has an extensive and proven line of equipment at all speeds and volumes.
- Toshiba has a good toolset for needs assessment and account management, thanks to its development investments.
- For midsize organizations, Toshiba is better-adapted to customer needs and provides its customers with greater attention than might be found with larger vendors.

Cautions

- Toshiba has little experience with multiregional MPS and is not organized to sell and provide global MPS from a single point of contact.
- Toshiba has a scant track record with MPS in Europe.
- Toshiba focuses most of its attention on the Toshiba devices within its fleet, with some customers reporting that laser printers are maintained under a basic service and supply contract but not actively managed.

Xerox

Strengths

- Xerox can provide a single point of contact for customers of many sizes, from local, national and regional right up through global. In parts of Asia/Pacific that Xerox serves directly, including Australia, Xerox works very closely with Fuji Xerox, of which it is a part owner. Because of the close coordination between these two companies, the Magic Quadrant treats Fuji Xerox as an extension of Xerox.
- Xerox takes a careful and methodical approach to MPS as shown in areas such as assessment, change management, and tracking and monitoring. Not only do Xerox's assessments

follow a detailed and proven methodology, but they can extend that approach to new areas. In the case of environmental impact, that can include power consumption, paper and other raw materials, toxics and hazards, the impact of manufacturing, and operation and disposal.

- Xerox offers a wide range of extensions to MPS, including CRD and mailroom outsourcing, document-centric process optimization and outsourcing, vertical-market programs, and production print center staffing.

Cautions

- Make sure you choose your cost-per-page plan based on a solid upfront needs assessment that is forward-looking. Xerox offers a variety of plans, and does accommodate some rescaling, but don't expect to switch plans midstream without a cost.
- HP's pending acquisition of EDS, an important ally of Xerox, will deprive Xerox of an important source of MPS business.
- Xerox has a complex set of offerings that may confuse some customers and perhaps delay the process of deciding to engage with Xerox for an MPS contract.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups and service-level agreements.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.