IDC MarketScape: Worldwide Print Transformation 2020 Vendor Assessment

Keith Kmetz   Robert Palmer   Allison Correia
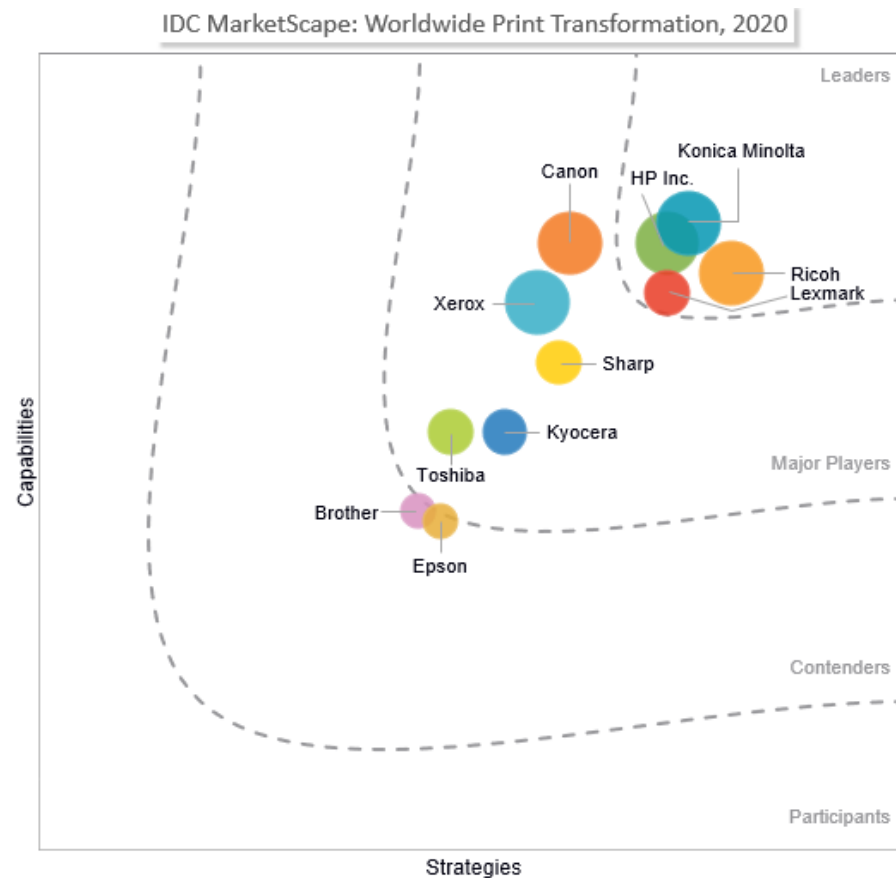
THIS IDC MARKETSCAPE EXCERPT FEATURES KONICA MINOLTA

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Print Transformation Vendor Assessment

Source: IDC, 2020

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Print Transformation 2020 Vendor Assessment (Doc # US45354420). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC MarketScape assesses the transformative activities of the major office printing vendors on a worldwide basis. This study uses the IDC MarketScape model to assess multiple quantitative and qualitative criteria that can be used to evaluate a vendor's offerings and position in the marketplace. The evaluation is based on a standardized set of parameters, which IDC uses to produce a comparative analysis of hardcopy vendors.

Conventional office printing has provided market participants with a long-established repository of revenue and profits. While remaining as a very large market, several recent initiatives have transitioned the office printing business into a largely mature-to-declining opportunity. In response, it is essential for print vendors to begin the transition to continuing to provide for the document needs of the office market, but to consider a range of offerings that may or may not necessarily lead to print behavior. Such offerings might include security, whiteboards, digital signage, projectors, reception/conference room, IT services, and the like as part of a market transformation effort.

Organizations using the IDC MarketScape for print transformation can identify vendors with strong offerings and well-integrated business strategies aimed to keep the vendors viable and competitive over the long run. Capabilities and strategy success factors identified from this study include:

- Hardware, software solutions, and professional and managed services that address evolving market needs, including offerings core to print business as well as nonprint-related initiatives
- A road map regarding the advancement of IDC's 3rd Platform (cloud, mobile, social, big data/analytics) technologies that address increasing requirements for future of work
- A growing portfolio of offerings focusing on print and print management, digitization and paper-to-digital conversion, information and content management, workflow automation and optimization, security, mobility, and other variables crucial to driving digital transformation (DX)
- A road map (including a full portfolio of services, solutions, and technologies) that anticipates future customer needs in new segments including strategies for development, partnering, and/or acquisition
- Flexible delivery models to match shifting customer preferences for adoption/consumption over the next five years (e.g., packaged software versus SaaS, transactional versus contractual) and the ability to extend these offerings globally
- A channel strategy that is aligned with current functionality/offering road map while recognizing long-term needs for channel expansion to drive growth in key areas related to future market needs and long-term strategic objectives
- R&D investments that drive market value around the vendor's current portfolio while articulating specific areas for driving innovation
- Demonstration of thought leadership through programs, plans, and other marketing efforts designed to raise awareness of specific initiatives strategic to a vendor's transformative areas

including nonprint-related markets where the vendor will need to achieve visibility and recognition

▪ Strong alignment of the sales force to transformative strategies with resources dedicated to sales/support of solutions and services including expertise on local and international levels and by vertical market

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This document includes an analysis of 11 prominent hardcopy equipment manufacturers with broad hardware, solutions, and services portfolios that address office workgroup/departmental printing environments on a global scale. Print must be core to the hardcopy vendor's business, but the vendor must also demonstrate nonprint-related capabilities and strategies. These nonprint initiatives must aim to address customers' evolving needs across multiple vectors within the office of the future and can include but aren't limited to digital signage, IT services, information management, workflow automation, security, and other solutions crucial to driving digital transformation.

Excluded from the study were IT outsourcing (ITO) companies, business process outsourcing (BPO) providers, and software manufacturers that either offer print or document solutions or services as part of their IT services or subcontract these solutions/services to hardcopy vendors. Indirect channel partners of hardcopy equipment manufacturers have also been excluded from this study.

ADVICE FOR TECHNOLOGY BUYERS

The office technology landscape has changed dramatically over the past decade. Technologies designed to enable digital transformation, cloud migration, and future of work have dominated IT spend as organizations continue to embark on a digital-first strategy. While print is not viewed as a strategic priority for many enterprise organizations, it remains an important and integral business function. Despite ongoing efforts around digitization, paper-based documents are still widely used across the enterprise for both internal and external communications, collaboration and sharing, and other specific use cases.

These market dynamics have led to an interesting crossroads for those hardcopy vendors currently serving the printing market. On the one hand, there is the ongoing need to provide for the document needs of the office market, leveraging core technologies to drive digital transformation with a focus on the integration of paper and digital. At the same time, these vendors are working to leverage product and services expertise to expand into new areas designed to better enable the future workplace. In some cases, these offerings are more hardware oriented, such as whiteboards, digital signage, projectors, 3D printing, and robotics. At the same time, hardcopy vendors are leveraging core expertise to address critical capabilities in areas such as IT services, reception/conference room management, information management and workflow services, Internet of Things (IoT) and asset management, and cybersecurity.

For organizations looking to address crucial challenges associated with the office of the future, hardcopy vendors bring a wealth of experience and technology to the table. It is important to understand how these vendors are looking to drive transformation, both within the print environment and in other areas. Organizations need to evaluate vendors based on the ability to meet ongoing customer needs across multiple vectors within the office of the future, including print and print management, digitization and paper-to-digital conversion, information and content management,

workflow automation and optimization, security, and mobility, as well as other variables crucial to driving digital transformation. Accordingly, businesses should consider the following:

- **Evaluate vendors based on your long-term objectives.** Current development of vendor offerings should be relevant and attractive to customers over the next three to five years. In addition, effective firms must have a solid strategy for uncovering future customer requirements and articulating a road map strategy that leverages adjacent or nonprint-related technologies and aligns with evolving business needs.

- **Consider the vendor's track record for success.** Identify specific cases that demonstrate where the vendor has been successful at meeting stated strategic objectives. This could include instances where it has expanded into new markets or where intent to establish new product segments or target customers has yielded success.

- **Recognize the importance of portfolio integration.** Consider the overall breadth and depth of the vendor's offerings, including hardware, software solutions, or professional and managed services. Vendors should emphasize how the overall range of offerings is aligned with their technology/product road map and go-to-market strategies, as well as how these adjacent products/services are integrated with the vendor's core printing portfolio.

- **Evaluate your infrastructure and prioritize goals.** Evaluate your print and document infrastructure and overall business processes to identify bottlenecks, vulnerability gaps, and areas for digitization. Consider digital transformation as a part of your overall IT strategy. Seek out vendors with core competencies in print assessments and process mapping.

- **Identify industry-specific capabilities.** Technology deployment, regulatory compliance concerns, and workflow processes vary greatly by vertical market. Seek out vendors with core competencies that meet the needs of your specific business and goals of your business whether around document workflow, content/information management, process automation, and so forth.

- **Seek out vendors with the ability to leverage IoT and process analytics to optimize workflow and enhance service delivery.** The top hardcopy vendors are investing in IoT-enabled hardware and predictive analytics to improve service efficiencies and drive better business outcomes across the entire print and document infrastructure.

- **Consider your organizational needs regarding purchasing models.** This may include the need to deploy cloud-based SaaS models versus perpetual licenses to gain flexibility and facilitate more predictable billing. Ensure that the vendor has plans in place for support of delivery models to match shifting preferences for technology adoption/consumption over the next five years.

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of the vendor's strengths and challenges.

Konica Minolta

Konica Minolta is positioned in the Leaders category in this IDC MarketScape for worldwide print transformation.

While Konica Minolta is typically perceived as an MFP/printer vendor, the company has made considerable progress in repositioning itself as a managed services company that delivers workplace

solutions. Thus Konica Minolta's product evolution involves a continuum of products and services including hardware, managed services, and business process automation integrated into an Intelligent Connected Workplace.

Konica Minolta's transformation strategy is focused on helping customers realize this workplace vision. The Intelligent Connected Workplace means using state-of-the-art technologies to connect people with intelligently analyzed data, identify and address customers' expanding needs, and manufacture high-quality products. This vision follows various stages of maturity where an evolutionary level of security is provided at each step. It starts with customers that are locked into paper processes (stage 0) to various levels of connectedness (IT to work to people) to achieve a fully optimized workplace.

Offering and Strategy

Over several years, Konica Minolta has been focused on the future of work and the types of products and services required for this vision. It considers not only technology trends but also a broader view of both generational workforce and overarching sociological shifts. The company believes that technology needs to be human centered, so understanding the motivations, wants, and needs of the worker is essential. The company will focus on the "why" when implementing new technology and not just the "how."

As part of this strategy, Konica Minolta is pursuing a host of nonprint-related offerings, some of which are based on partner-delivered solutions and others that are based on homegrown technologies. The result is a set of products underneath the Workplace of the Future umbrella, leveraging artificial intelligence, robotics, cloud, and mobility to address applications such as virtual meeting rooms and collaboration, virtual receptionists and visitor registration systems, security solutions, and enterprise content management (ECM). It also means the development of vertical-specific solutions available for healthcare and legal markets under its Workplace Hub model. Several other vertical packages are anticipated soon.

The effort in making this transition requires Konica Minolta to carefully balance the core printing business with its transformation activities. In R&D, the company maintains a consistent investment level for the core business, while increasing its financial commitment in growth categories such as IT services. Increasingly, this initiative has meant bringing these two businesses together rather than executing on them separately. In these cases, the core business of printers, MFPs, and other related solutions are touch points for the cloud. This perspective has helped the company gain deeper insights into customers' needs and provided an avenue to support new solutions.

Konica Minolta's MarketPlace platform represents a key element in the company's Intelligent Connected Workplace vision. It is designed to give Konica Minolta customers quick and easy access to the digital tools they need to increase productivity and enhance their daily operations. Currently available in 133 countries, Konica Minolta MarketPlace offers a wide variety of cloud, scan, productivity, information, and security apps that allow users to quickly increase the functionality of their Konica Minolta MFPs. The Konica Minolta MarketPlace platform makes it easy for customers to access the tools they need to connect their MFPs to various industry-related, security, and cloud service apps. There is also a diverse selection of free apps to enhance the customer's experience, including functions that were previously native to the MFP but infrequently used. This helps maintain the simplicity and easy access to functions on the MFP control panel, yet provide those users in need of the function to quickly and easily download to the MFP. In addition, the MarketPlace offers a web-based design tool to enable customers with the ability to create or request custom-designed MFP user interfaces that are tailored to their way of working. The MarketPlace platform has also evolved to

provide a global billing system by integrating into Konica Minolta's ERP systems, enabling consumption-based billing, and increasing operational efficiencies. It keeps track of each customer's usage and ensures the customer is only invoiced for that amount.

Another substantial effort in quickly driving Konica Minolta's transformational efforts over the past few years has been in making several acquisitions outside of the core print business. The effort was initiated to reinforce its product portfolio and to build its capabilities. Konica Minolta has successfully executed this plan in targeted areas such as managed IT services, security, voice over IP (VoIP), enterprise content management, business process outsourcing, and vertical-specific ERP and CRM solutions. Many of these acquisitions have taken place in either the United States or Western Europe, but the plan is to port its new capabilities across the globe. As the company continues to build its portfolio via the integration of new technologies, skills, and personnel, Konica Minolta is in a strong position to adjust to the workplace's paper-to-digital market transition on a worldwide level.

Along with acquisitions, Konica Minolta has formed several strategic partnerships to aid its transformational efforts. An important example is its partnership formed with Google. Konica Minolta enjoys an exclusive relationship with Google that allows Konica Minolta and its channel partners the ability to offer the full suite of Google Cloud solutions. The relationship will also facilitate technical development of advanced productivity tools between the two organizations, all built on the Google Cloud. This furthers Konica Minolta's mission to bring to market tools that enable businesses to better manage their digital transformation.

Internal Transformation Efforts

The transformation effort is not solely isolated to its external sales and implementation activities with customers. In addition, Konica Minolta has undergone transformational initiatives within its own operations in several key corporate departments and applications. The company utilizes OnBase enterprise content management to help with contract management and store documentation generated from sales activities. This effort has helped the company achieve a 70% efficiency gain by using RPA for invoice extraction and slip entry.

Go-to-Market Offering and Strategy

Konica Minolta recognizes the importance of integrating the core business with the developments of its newer transformational technologies, which require flexibility and constant adjustment. The support for new solutions requires a deeper level of knowledge to deliver, so the company is seeking to sell more strategically based on knowledge/skill set versus a geography focus. Konica Minolta's goal is to build this go-to-market strategy globally as much of this activity is currently in place in the United States and Europe. The company recognizes the need for more global coordination in its next midterm plan for 2021 and 2022.

Konica Minolta's channel strategy is consistent across both print and nonprint solutions. Across its direct and indirect sales channels, Konica Minolta has created a dedicated digital workplace consultant sales group. This resource is designed to aid the acceleration of nonprint solutions sales and to help customers build their workplaces of the future.

In addition, the creation of the Simplify IT campaign is an ongoing marketing program that evangelizes the vision of the future of work and how the connected workplace is achieved embracing both simplicity and the connected workplace message. The campaign showcases Konica Minolta's

understanding of customer pain points and driving awareness of the appropriate solution set and benefits.

The company recognizes that its transformation journey requires greater flexibility in its pricing model. This includes the availability of several pricing models so that Konica Minolta can provide a technology acquisition model that aligns with customer preferences. This includes subscription payments, consumption-based pricing, and several pay-per options (pay by use, user, page, or device) as well as the company's own flat rate plan (OneRate) that offers predictable and reliable costs. The Konica Minolta Marketplace offers customers a single online touch point to manage their licenses and subscriptions as well as to track consumption and billing.

Customer Commentary

Konica Minolta's transformation efforts were spurred by existing customers' interest in wanting more from Konica Minolta than just print hardware solutions. This has led to an evolutionary product road map from hardware to services to IT to process automation (e.g., document management, enterprise content management, automation services) to future of work and a vision of the Intelligent Connected Workplace.

We had the opportunity to engage with a large court system in the state of California seeking to improve its daily court operations. The court system was an existing Konica Minolta MPS customer, but it also worked with Konica Minolta to establish a self-help information kiosk to automatically check-in jurors for the day's cases as well as providing access to general facility information (e.g., parking procedures). The solution included Konica Minolta's virtual receptionist that has helped the court system eliminate labor in certain locations and reallocating this labor pool to other internal roles. The court system notes significant, but unknown, cost savings due to the unavailability of previous data. However, the court system provided IDC with several statistics outlining kiosk usage and manhour reductions associated with its use.

We have also been made aware of other existing Konica Minolta printer/MFP customers in the financial market and in school districts that are now using this vendor for nonprint solutions in the areas of ECM, robotics, and security.

In these instances, Konica Minolta has been able to expand its presence within existing customers' businesses by highlighting transformational capabilities beyond conventional print and copy hardware. The company's focus on the future of work and the Integrated Connected Workplace has begun to yield fruit in technology segments where it may not have had past consideration.

Strengths

Konica Minolta offers an impressive roster of company and personnel milestones that make the company a global supplier to consider in the transformational plans of end-user customers. The company indicates that it has been providing such services for more than 20 years. Its IT services staff numbers more than 3,000 employees who service more than 35,000 customer companies in over 40 locations worldwide. Its aggressive acquisition strategy has also helped Konica Minolta quickly ramp up expertise in several key transformational technology segments such as managed IT, security, VoIP, ECM, BPO, and vertical-specific applications.

Challenges

Konica Minolta faces obstacles with its transformational initiative. While it has worked hard to build its brand as a managed IT services provider, gaining mindshare as a one-stop shop for IT infrastructure hardware and services will be a challenge. Past IDC analysis demonstrates that print vendors and their channel partners fight for legitimacy in tackling new opportunities that can be perceived outside of their domain expertise. As such, many of their transformational opportunities have come from their existing printer/MFP customer base seeking more from this provider. This helps them gradually gain increased penetration inside of existing accounts, but the true success of this transformational strategy will come from being recognized as an appropriate managed IT services provider with new customers.

Consider Konica Minolta When

Konica Minolta's aim is to lead customers through their digital transformation journey with a comprehensive set of services and solutions tailored to customers' needs. Currently, this starts with the traditional set of print/copy solutions. However, customers seeking more than just a refresh of their printer/MFP portfolio and more of a vision of the workplace's evolution into the future may want to consider Konica Minolta. The company's vision remains true to its print/copy roots, but its value proposition extends well beyond this capability to delve into a wider range of how work will be conducted in the future with information and document management technologies and services.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment assessed.

We used the $500+ price band to calculate each vendor's value of shipment share in its combined inkjet and laser device portfolio. This distinction was done to eliminate consumer-targeted devices from being included in the results.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user

interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability. This comprehensive research process is designed to help buyers partner with a provider that can appropriately assist in the customer's evolving digital transformation efforts and future of work development.

Market Definition

The focus of this IDC MarketScape is on technology offerings outside of hardcopy vendors' established office printing portfolio. These nonprint initiatives must aim to address customers' evolving needs across multiple vectors within the office of the future and can include but aren't limited to digital signage, IT services, information management, workflow automation, security, and other solutions crucial to driving digital transformation. These alternative-to-print technologies are defined as:

- Hardware or software based
- Technologies that may or may not lead to user print behavior, but it should be technology that is associated with the communication, dissemination, and/or management of business information

Related Research

- *Worldwide and U.S. Device and Print Management Market Shares, 2019: Shift to Cloud Continues to Drive Growth* (IDC #US45237520, June 2020)
- *Worldwide and U.S. Document Solutions Software Forecast, 2020-2024* (IDC #US45237320, June 2020)
- *IDC MaturityScape: Print and Document Management 3.0* (IDC #US46265520, May 2020)
- *Worldwide Document Workflow Automation and Optimization Forecast, 2020-2024* (IDC #US45912220, May 2020)
- *COVID-19: Impact on the Print and Document Services Market* (IDC #US46221320, April 2020)
- *COVID-19: What Will Be the Impact to the Print Market?* (IDC #WC20200408, April 2020)

Synopsis

This IDC study assesses the transformative activities of the major office printing vendors on a worldwide basis. Organizations using this IDC MarketScape for worldwide print transformation can identify vendors with strong offerings and well-integrated business strategies aimed to keep the vendors viable and competitive over the long run.

"The office technology landscape has changed dramatically over the past decade, and what is clear is that no print vendor can stay with the status quo. The market requires vendors to change to keep pace with customer needs to address digital transformation and future of work. The approach vendors take to transformation is happening within print and outside of print, both of which are necessary to have a successful strategy in the evolving market." – Allison Correia, research manager, IDC's Imaging, Printing, and Document Solutions group

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com