

# True Value for Your Business Operations

## Overcome the Last Bastion of Uncontrolled Costs

In most companies, document workflow and output are necessary elements of daily business life. Every organization relies on a wide variety of documents. Each phase of the business cycle, from first contacts to customer care, relies on documents that support and reflect your business. Yet in comparison to other business processes, the capability to track and manage the costs associated with print is a new development. This emerging area of business expertise is known as Managed Print Services, or MPS.

MPS engagements are complex and involve many offerings such as assessments, supplies replenishment, change management, help desk support, printer optimization, remote diagnostics, workflow, SLAs, printers, MFPs, break-fix, enhancing the business processes, etc. A typical MPS engagement comprises many or possibly even all of the offerings mentioned above. The Photizo MPS Tracking Study™ has shown that companies typically have over 15 key purchase criteria that are important when making their MPS decision.

While some elements like click financing and service contracts that “feel” like MPS have been around for some time, a true MPS engagement actually goes farther in several respects:

- ◆ Inclusion of all output devices, fully transparent usage and cost management of printers as well as copier-based MFPs.
- ◆ Dynamic fleet management, i.e., constant review and modification cycles resulting in adjustments of output device locations, volumes and models.
- ◆ Ultimately a repositioning of document output strategies as an integral part of the entire business process.

According to Photizo Group, the leading research company focusing on the MPS phenomenon, an effective MPS implementation can improve a company’s performance immensely in terms of lower costs as well as improved

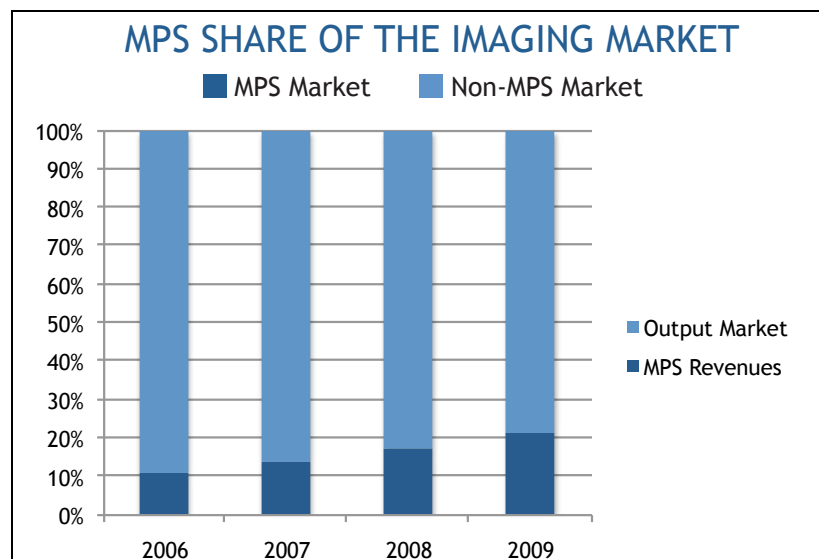


FIGURE 1 MPS Share of the Imaging Market

transparency and business processes. Yet most companies today do not have an MPS program in place. The Photizo MPS Market Forecast Report (see FIGURE 1) states that in 2009 just more than 20% of imaging engagements (vendor revenue) are currently derived from an MPS engagement.

While this portion will continue to grow rapidly, the awareness and attainment of the benefits of MPS are still in the early stages. Early implementation of an effective MPS program can deliver true savings and a competitive edge for many companies, regardless of their core business area.

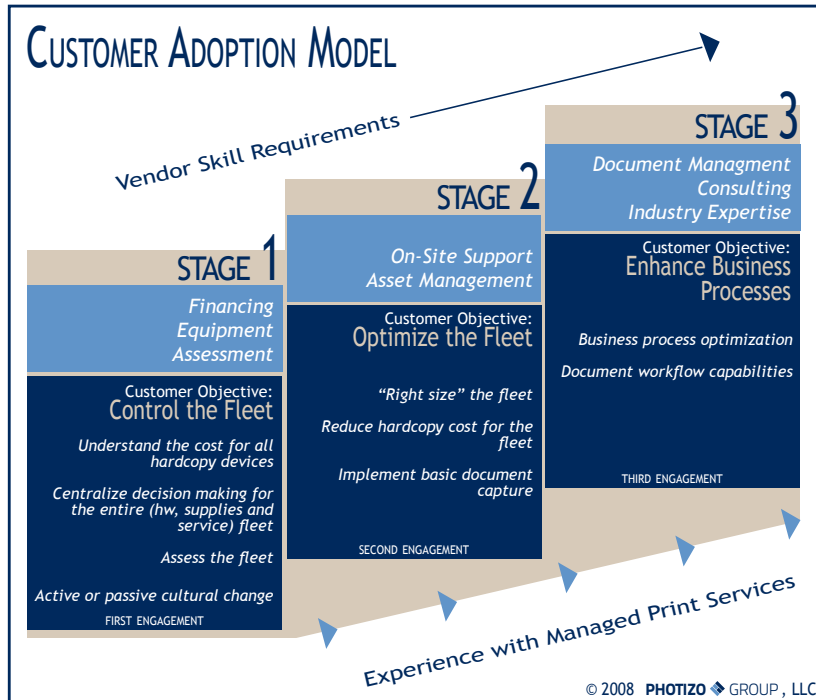


FIGURE 2 Customer Adoption Model

The opportunities to achieve real savings are wide ranging, depending on the goals of each organization and the current status of the print output fleet. To effectively understand and illustrate the level of MPS engagement, the Photizo Group has developed a comprehensive MPS Adoption Model (see FIGURE 2).

The Photizo Group 3-stage MPS adoption model analyzes a company's capabilities relative to fleet control, document flow optimization and enhancement of the entire business operation.

The trend towards MPS is emphasized by the surge in recent announcements and program offerings from a number of manufacturers and other suppliers. Many dealers already have been approached by familiar and maybe even by some lesser-known providers about their MPS capabilities. So how do they evaluate such programs, all of which promise to address the issue of print management and save sizeable portions of print output costs?

To help clarify this dilemma, Photizo Group recently created the Channel Program Benchmarking Study. The purpose of this landmark report was to define a set of standard criteria and a methodology to compare MPS programs, and to work with key vendors to understand and evaluate their offerings.

The Photizo Group utilized a multi-phase methodology in order to fully evaluate vendors' programs. The first stage involved identifying a set of criteria for evaluating the programs. The Photizo Group developed the initial criteria based upon several years of research with dealers and end users. This research provided the Photizo Group with the insights to identify the attributes (or best practices) which are required to meet decision makers' MPS requirements.

The study's objective is to deliver a comprehensive and unbiased overview and comparison of MPS programs offered by vendors to their channel partners. Key details evaluated include the actual components and features of the respective programs as well as vendor resources offered to ensure successful program implementation.

The study has found that the vendor programs are differentiated partly by program offerings and features, but also by their go to market strategies such as offering hardware-agnostic solutions as well as monitoring and supporting a wide cross-section of devices. While vendors would certainly like to excel in all areas, it is important to recognize that the MPS field includes a vast range of topics, and even fulfillment of selected key criteria, if well matched to the end user needs, is a valuable support factor.

The Photizo MPS Program Benchmarking Study breaks down the topic into a number of areas and evaluates each program with respect to these areas. The task of the partner or client is to evaluate their own needs and select the provider which excels in the areas which most significantly address those key needs.

Key findings from the benchmarking study show the results and position of the NER Dataproducts program relative to the current market and relative to dealer expectations.

	Capabilities			Support			Photizo Perspective
	control	optimize	exchange	identify	implement	manage	strengths & weaknesses
<b>NER Data Products</b>	◆◆◆◆ ●●●○	◆◆◆◆ ●●●	◆◆◆◆ ●●●	◆◆◆◆ ●●●○	◆◆◆◆ ●●●○	◆◆◆◆ ●●●	Strong infrastructure and service capability. Limited support for enhanced (Stage 3) program support currently.
<i>Top row (diamonds) depicts vendor self-assessment, bottom row (circles) depicts dealer assessment. More symbols indicate a better assessment (4 = best), hollow symbols represent half value.</i>							

The analysis and dealer feedback indicate that NER is in a strong competitive position for delivering stage 1 and 2 customer requirements, i.e., fleet control and optimization capabilities and support (see FIGURE 2 previous page).

While the stage three capabilities (business enhancement, such as document workflow applications) have yet to be fully addressed, it is notable that full program implementation in this area is rare, both from the vendor as well as from the end user perspective. Nonetheless, this is an area to be watched in the future as needs and capabilities continue to evolve. It is also reported that NER is actively evaluating and developing more sophisticated document workflow solutions.

In Photizo’s view, NER has done a good job positioning current programs to hit the market’s sweet spot in that this is what many if not most customers today see as where the value is, i.e., cost reduction and high fleet availability. Dealer feedback and comments validated that program capabilities met or exceeded expectations in many cases and that implementation support was outstanding.

NER has set the bar for excellence in dealer training and dealer operational support. Their ability to assist the dealer with MPS business setup and sales support we believe is a key factor in their MPS business growth. Their support services appear to be exceptional which is supported by dealer interviews and comments.

Dealers have recognized NER’s support for program execution including sales operations as outstanding both through best practices assessment results and direct comments. Photizo believes that this is a strong competitive strength and that it is a key foundation to future growth. Comments like, ‘help desk support is second to none’, are priceless and say a lot the strength of current relationships.

MPS CATEGORIES	DESCRIPTION	BEST PRACTICES
<b>Capabilities</b>		
Control	Heavily focused on assessments of the hardcopy fleet and determining the location, number, usage and cost for each device in the fleet	1. Fleet visualization 2. Total cost of ownership (TCO) 3. Data import/export 4. Machine data 5. Service intervention data
Optimize	Focuses on device consolidation, fleet deployment, monitoring and support	6. Fleet monitoring 7. Print job routing 8. Supplies replenishment 9. Benchmark ratios 10. Cost reduction planning 11. Report generation
Enhance	Concentrates on document workflow, business process enhancement and customizable solutions. These solutions are vendor agnostic. Essentially, the customer is able to outsource the control of the fleet to the service provider	12. Consulting playbook 13. Implementation scenarios 14. Third party product support 15. On-site resources 16. Software / applications 17. Security
<b>Support</b>		
Identify	This refers to identifying customer requirements, lead generation and marketing	18. Marketing materials 19. Lead generation 20. Proposal development 21. Joint calls 22. Assessment processes 23. Deployment planning
Implement	Focuses on the requirements of implementing a new MPS program	24. Installation support 25. Multi-site coordination 26. Billing 27. Procurement 28. Fulfillment
Manage	Refers to a dealer managing its MPS program’s performance and development	29. Sales training 30. Pricing models 31. Contract management 32. Account reporting 33. Financing

A sampling of positive dealer comments below provides key insights into the company's strengths:

- Very comfortable with NER capabilities
- Good relationships, long-term relationships
- They do the heavy lifting, frees dealers up to manage accounts
- Mix and match program components from vendors
- Great job in sales and operations support
- Service portal ability to see national activity exceeds all others researched
- Help desk support is 2nd to none (depth of knowledge and availability)
- Multi-site installation support: great network of skilled 3rd party providers

NER programs appear to be well positioned and well differentiated compared to industry competition based on an innovative go-to-market strategy and a broad set of strong capabilities.

Compared to the others in the study, NER was noted for their high dealer satisfaction for implementation support. The program provided significant resources to dealers for business operations and NER's support site provides a guided approach to the entire sales process. Several dealers were enthusiastic in their comments about these capabilities.

A program differentiation analysis showed that NER encompassed all of the easy to replicate competencies including easy to enter programs as part of a comprehensive program set, strong tools and infrastructure, availability of both OEM and compatibles for toner and supplies, and direct access to HP hardware and supplies.

In addition, NER has at least two areas of distinct and unique capabilities, which form their current competitive advantage. The first is the strong capability for training and mentoring new MPS programs and the second is outstanding sales operations execution. These areas of dealer support are recognized as outstanding compared to the industry today and the value has been validated through dealer comments about excellent quality and importance to their business.

Selecting the right MPS vendor to be a partner in the transformation process is a great way to take advantage of their experience and capabilities to accelerate building new skills and processes for a dealer's future business. Therefore, finding a good match for the organization and goals is critical to success. The characteristics of a successful partnership must include not only good programs, but also a healthy business relationship based on trust and support with mutual interest in each other's success; it's no longer a buy-sell relationship. We highly recommend that the dealer executive team own 'vendor selection' and to assure a good fit with your business, team and culture.

## NER DATA PRODUCTS

easy to replicate differentiation	Easy Entry Program for MPS Startups	X
	Software Tools and Infrastructure	X
	Broadline of toner compatibilities	X
	Exceptional Hardware & Supplies	X
	Dedicated to Dealer Channel (no direct sales conflict)	X
unique & distinct areas of differentiation	Extensive Dealer Training & Business Operations Support	X
	Vendor Hardware Support & Fleet Management	X
	Strong Alliances & Partnerships	X
		X

## ESSENTIAL RECOMMENDATIONS

*Consider and quantify the positive impact that a comprehensive MPS program can have on your business.*

*Evaluate your current state of support needs and how these will develop in the future.*

*Take a broad look at the offerings currently available, concentrate on key components of those offerings which are most relevant for your situation.*

*Compare available programs, their originating providers and their fulfillment partners.*

*Engage in a closer discussion with those providers who offer an MPS program which fits your needs and priorities.*