

IDC MarketScape

IDC MarketScape: Worldwide Print Transformation 2020 Vendor Assessment

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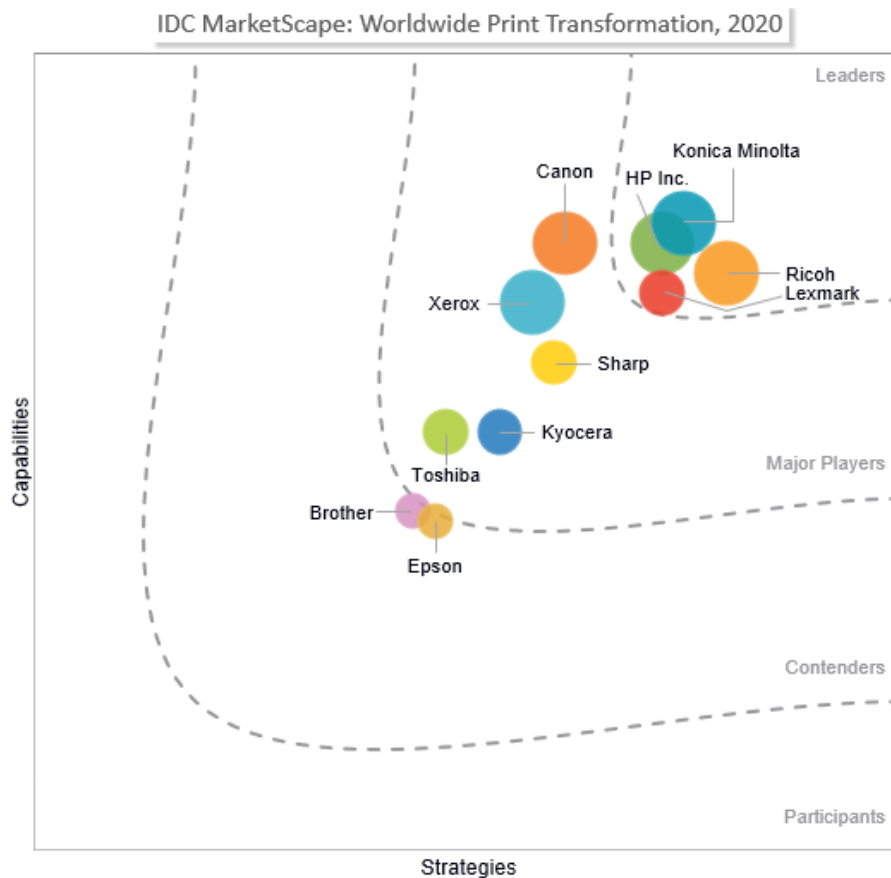
Allison Correia

THIS IDC MARKETSCAPE EXCERPT FEATURES HP INC.

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 MARKETSCOPE 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.

HP Inc.

HP Inc. is positioned in the Leaders category in this IDC MarketScape for worldwide print transformation.

The company's print transformation efforts are primarily driven from within the print market itself, and it has been working on transforming this business over the past several years. Significant examples in recent history include:

- **The separation of HP Inc. and Hewlett Packard Enterprise in 2015.** The intent of the separation was to create two Fortune 100-sized organizations with more speed and agility to execute in their respective markets.
- **HP Inc.'s acquisition of Samsung's print business in 2017.** This acquisition was designed to target the traditional copier market opportunity with HP Inc.-branded A3 MFPs utilizing Samsung's engine technology plus other intellectual property (IP).
- **Staved off Xerox's hostile takeover attempts.** For several months in 2019 and 2020, HP Inc. held off Xerox's efforts to acquire the company. Xerox abandoned its pursuit due to the COVID-19 pandemic.
- **HP Inc.'s ongoing and comprehensive commitment to sustainability and diversity, which it calls Sustainable Impact**
- **HP Inc.'s contribution to COVID-19 responses with 3D and microfluidics, sanitization best practices, and "work from home" capabilities enabled within HP Inc.'s managed print services (MPS) contracts as an extension of its Flexworker program**

HP Inc.'s approach to transformation is intentionally about transforming the way that print and the flow of information is done. When probed about this approach (versus a transformation outside of printing), several HP Inc. executives indicated to IDC that:

We have already taken the steps to transform and diversify beyond print. We have our 3D business, our production print business, we have microfluidics ... our competitors are trying to get to where HP is already today. We are innovating within the PC and print businesses.

We are one of the largest IT services providers in the world. So it's not just about how we can change but also how we can enable our customers to take better advantage of what HP Inc. can offer.

Within HP Inc., we have one services infrastructure and we are working to integrate all these things into one underlying system of tools, processes, and systems.

Company executives have described the print market as an "opportunity ready to be transformed." HP Inc.'s success will be determined by taking advantage of shifting market trends (e.g., accelerating the contractual business model) and offering greater customer value/experience through its products and services. Market drivers for this transformation are expected to be available in evolving product designs that keep up with changing user requirements; building intelligent product, service, and solutions ecosystems; accelerating the "as a service" model; building on security leadership strengths; considering the market from the perspective of a "segment of one" approach; continuing investments in channels (sales, delivery, application partners, and systems integrators); and communicating ongoing commitment to sustainability and diversity.

Part of its print transformation for HP Inc. lies in its vision for print (and more specifically managed print services) to become more vertically and IT centric. HP Inc. believes that print needs to be more broadly connected into the IT environment and not just isolated within print – and being relevant to the

needs of different industries. Cloud, predictive analytics, security, and scalability are essential pillars of HP Inc.'s MPS transformation and moves print to a greater business focus.

HP Inc. understands that customers are at different stages of their print transformation and cloud journeys. As such, the offering is scalable with various traditional and transformational print services to meet customers where they are. As more customers seek to push to the cloud for their technology needs, securely, HP Inc. feels that cloud will be the facilitator of connecting IT and print and drive the evolution of MPS.

HP Inc.'s shift to cloud-born MPS evolves the offering to an outcome-based value proposition. Instead of a largely hardware-focused MPS offering with basic on-premises software and largely print-focused objectives (print hardware/services led, reducing printing, and lowering the cost of printing), the vision of a cloud-led print services model emphasizes more sophisticated software, facilitates an organization's digital transformation strategy, and leverages the cloud for more efficient management and workflow services to optimize the use of paper content.

Offering and Strategy

HP Inc. offers a broad range of inkjet, laser printing, and scanning technologies that target a wide range of customer types across the home, office, and graphics/production markets. HP Inc.'s extensive collection of print-related technologies is all tied to the print industry transformation. HP Inc.'s solutions and services portfolio is extensive and scalable – in both direct and indirect motions. HP Inc.'s open approach includes multivendor options for greater client choice. Transforming the consumer and office printing market is focused on seamless and secure operations, predictive and proactive management of the experience, and personalizing the use and buying experience. In detail:

- **Seamless.** HP Inc. aims to make the print experience as easy and intuitive as possible. Examples include the use of HP Smart App to easily integrate mobile printing to enable an increasingly mobile workforce; HP Roam helps consumers and office workers print from anywhere on a Roam-enabled device; and HP Workpath, a collection of 90+ apps to enhance the experience with HP Inc. print technology.
- **Proactive.** Instant Ink is an established consumer-based program designed to alleviate concerns about running out of print supplies at inconvenient moments. By regularly monitoring device use, HP Inc. proactively ships ink cartridges to consumers before the printer runs out of ink. While there are logistical challenges to overcome, it is HP Inc.'s goal to bring this same value to the office market with a similarly structured supplies program for this segment. HP Smart Device Services enable greater transparency and improved management.
- **Personalized.** This effort revolves around HP Inc.'s goal to make technology fit into each customer's life and not the other way around. It also means that acquisition options must align with customer preferences.
- **Secure.** HP Inc. has a long history of security innovations across print and personal systems, led by HP Inc. labs, and is uniquely suited to help those who are now working from home to have similar protections as if they were at work.

HP Inc.'s transformation efforts also point toward the increasing use of a contractual business model where customers hope to buy less, buy just what they need, but still gain access to the specific print services relevant to their business. HP Inc. positions cloud at the foundation of print management with consideration for value-added services beyond just cost savings. These pieces include avenues for digital transformation, optimized workflow, and security as well as optimizing (rather than just reducing) the use of paper-based content. Leveraging IoT and data analytics, consumer printing is transformed

through subscription access to print supplies (Instant Ink) and commercial printing leverages managed print services, Smart Device Services, and HP Workpath apps.

The company's Workpath apps portfolio has undergone massive acceleration since its recent debut. Currently, HP Inc. has more than 90 apps, internally and externally developed, to enhance workflows in the cloud, verticals, horizontals, document management, pull printing, capture, and security. HP Inc. revealed that the combined efforts of HP Inc. and independent software vendors (ISVs) are developing new apps at a rate of 10-12 per month to fuel the transformation of print.

Go-to-Market Offering and Strategy

The purposeful shift from transactional to contractual engagements for print required HP Inc. to go through a go-to-market transformation. This has involved the reskilling of HP Inc. and channel partner sales teams to more business- and vertical-specific focuses.

HP Inc. recently reorganized its global go-to-market approach to better manage complex deals and to create faster process approvals for worldwide sales activity. With over 80% of its business in the channel, HP Inc. has relationships with 250,000 channel partners worldwide, including dealers, IT resellers, distributors, retailers, and VARs/systems integrators. This huge undertaking has enabled HP Inc. to manage all types of customers from consumers, SMBs, enterprises, production/graphics, and 3D/industrial print environments. As part of its efforts to transform the print business, HP Inc. is enabling cross-functional expertise to support account-based sales planning with a focus on value-added selling. HP Inc. believes this effort will help the company to be more tightly aligned with the evolving needs of its customers. In addition, it is inclusive of systems that will enable more transparency for direct and indirect sales.

Customer Commentary

IDC spoke with two large enterprise companies about their HP Inc. transformational experience. In the first discussion, HP Inc.'s role was to help the customer go through its DX transformation. One of the essentials in working with HP Inc. was its recognition of this vendor as a truly global provider that could work with the customers' region by region in bringing efficiencies for their print and fax infrastructure. The results of the engagement, which continues today, offered numerous benefits such as reducing the device fleet count, incorporating more security into the business' operations, and cutting costs. More importantly, the customer reported more employee productivity and satisfaction from the experience as well as more productive overall print management. The printer-to-employee ratio increased by more than fivefold without sacrificing access to print assets.

The second discussion highlighted similar results. The customer reported that it has driven out over 1 billion pages over the past seven years with more proactive HP Inc. print management programs. The RFP is renewed every three years, and HP Inc. has maintained the business with three consecutive wins over the past nine years. While cost is important, the customer reports that employee experience is the most critical goal to ensure ongoing process improvement.

Strengths

HP Inc. has long been recognized as a full IT provider with technologies available outside of print. Others are making attempts to catch up in this respect.

HP Inc. offers several strengths to drive transformation from inside the print marketplace. It starts with a broad portfolio of solutions for the home, office, and production markets. It invests considerable R&D

funds to ensure ongoing innovation in technology and delivery models in accordance with the broader IT community. The company continues to expand its market reach with new services, workflow solutions, print management, cloud, security, and mobility as the market transitions to a digital transformation platform. Continued expansion with systems integrators will provide additional digital transformation opportunities. Finally, its commitment to Sustainable Impact continues to garner recognition on a global level.

Challenges

While HP Inc. has much to offer within the print opportunity and its transformation efforts, the overall market does exhibit challenges. The company's full-year 2019 and year-to-date 2020 financial performances have struggled. In the middle of a devastating COVID-19 pandemic, the road to market recovery has gotten considerably more difficult to navigate. Channel partners and end-user customers will look to HP Inc. as an example of the market's longer-term future in determining its own print transformation strategy.

Consider HP Inc. When

HP Inc. is one of the few companies uniquely positioned as a provider of both PCs/laptops/collaboration systems and printing systems coexisting under one company. Within print, HP Inc. targets a diverse set of customer segments from home to production with the industry's broadest and diverse print portfolio. In addition, HP Inc. is using new technologies such as 3D printing and microfluidics to help customers transform while contributing to COVID-19 relief. In this effort, HP Inc. is intentionally positioning itself as an IT services provider and enabling customers to take advantage of everything that HP Inc. has to offer.

HP Inc. recognized the challenges of combining PC and print services offerings as decision makers and buying cycles may differ. HP Inc. is working to pull this all together for additional customer benefit and has seen shifts recently because of work-from-home needs (compute and print).

Channel partners and customers find such a portfolio desirable for one-stop shopping. The company's strengths in print, brand, marketing, and R&D are hard to match, so buyers can feel confident in sourcing technology from a provider with this recognition.

As many channel partners and end-user customers have noted over the past several years, it is hard to argue with the selection of HP Inc. as a print provider. Both customer types have identified HP Inc. as one of the industry standard bearers in the print market. Being identified as such, HP Inc. is showing the way toward appropriately changing the way print is used and acquired in alignment with the rest of the broader IT marketplace.

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

LEARN MORE

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

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