

IDC MarketScape

IDC MarketScape: Worldwide Print Transformation 2023 Vendor Assessment

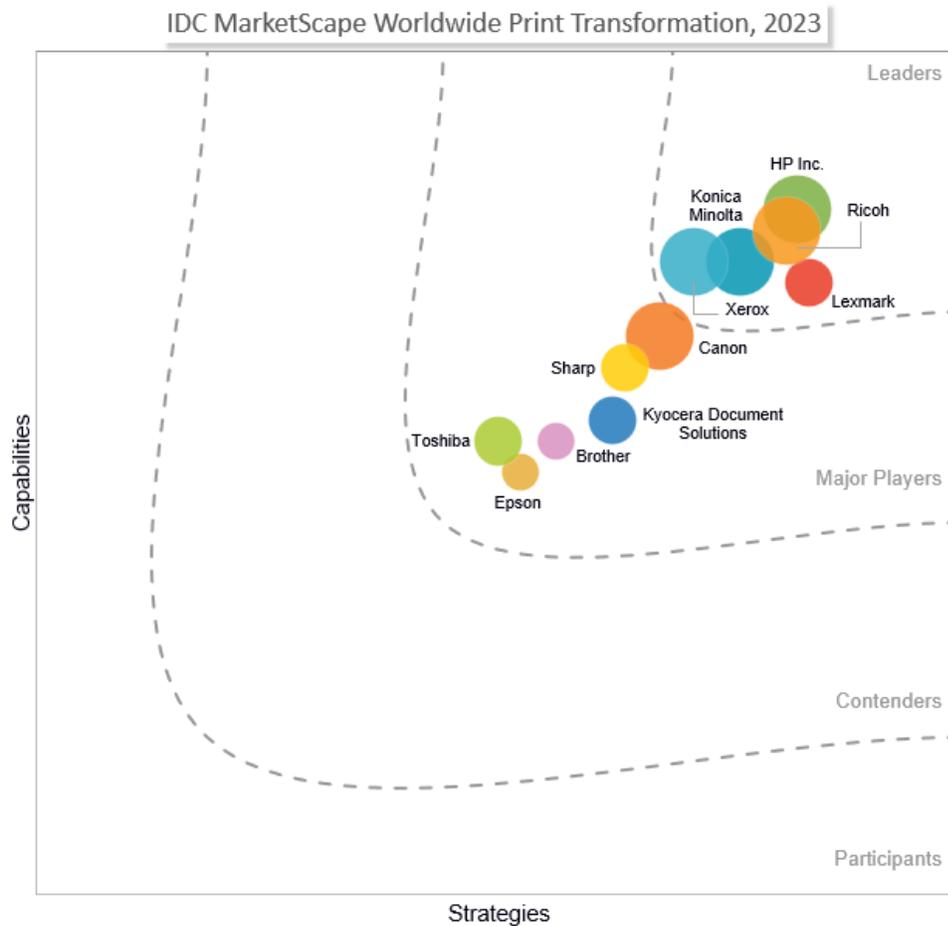
Keith Kmetz

THIS IDC MARKETSCAPE EXCERPT FEATURES: LEXMARK

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Print Transformation Vendor Assessment



Source: IDC, 2023

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 2023 Vendor Assessment (Doc #US51146523e). 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 market influences have transitioned the office printing business into a largely mature-to-declining opportunity.

The push toward transformation is not new to print market participants nor to IDC. This IDC MarketScape is a refresh of the first document published on this topic in August 2020 (see *IDC MarketScape: Worldwide Print Transformation 2020 Vendor Assessment*, IDC #US45354420, August 2020). At that time, IDC explored the print industry's need to begin the transition to provide a range of office technology solutions that may or may not necessarily lead to printing behavior.

Since then, so much has changed in the office printing landscape. In early to mid-2020, when much of this initial research effort on the 2020 document was being collected, we were in the very early and uncertain stages of a global COVID-19 pandemic with little to no visibility into the extent of its potential impact. More than three years later, the market is still in various stages of recovery and addressing the massive ramifications of the recent past. During this period, many organizations have taken steps to rethink their operational strategies to complete work, be it inside of home or remote locations as well as in conventional office settings. It has accelerated the consideration of new and emerging office technologies to manage and communicate business information in innovative ways, particularly as both the home office and the conventional office are anticipated to play significant roles in this development for work activity.

As indicated previously, print was already on a maturing trajectory prior to the pandemic. The occurrence of a global pandemic has served to accelerate the decline of a maturing market, so the path to transformation has become even more critical during this recent past and shows no signs of losing momentum in the future.

This IDC MarketScape serves as an update to the previous document and focuses on examining vendors' progress to transformation amid a once-in-a-lifetime pandemic. While the criteria and questions raised in vendor and customer interviews remain largely intact, each vendor's response to transformation during this period is uniquely theirs. Based on the latest market response as well as other recent market activities, there are some modifications in IDC's analysis and subsequent positioning on the IDC MarketScape graphic from over three years ago.

It is essential for print vendors to act on the transition taking place within the document needs of the office market. For some print OEMs, transformation may take the form of an altered approach to the print opportunity. It may mean a combination of transformation in new end-user customer targets, new channel partners, and/or modified product portfolio to adapt to new market conditions. In such cases, the transformation initiative isn't about broadening its offering outside of print. Instead, it intends to expand the existing print market potential to new opportunities inside of print.

For other OEMs, it may represent new potential in adjacent markets outside of conventional printing. While all these OEMs understand that print does not go away, its overall growth within print may be limited. Thus some manufacturers are considering a range of offerings that may or may not necessarily lead to print behavior.

Such offerings might include a combination of:

- Hardware (e.g., laptops, digital signage, projectors, whiteboards)
- Software (e.g., apps, enterprise content management, device/document/information management, IoT, robotic process automation, workflow)
- Services (e.g., cloud, IT, managed network, security)

The past perspective that transformation either complements the print portfolio or opens brand new opportunities remains true. However, over the past three years, we have observed the range of transformational offerings available from print OEMs expand considerably to address the new needs of a reimagined office. For buyers, it is an opportunity to consider new solutions from legacy print technology providers where relationships, and more importantly trust, have been established for several years.

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 continue to 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 hybrid working models and the ongoing evolution of how and where work is conducted
- 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 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 alternative capabilities and strategies.
- These initiatives must aim to address customers' evolving needs across multiple vectors within the office of the future and can include a variety of new technologies to aid in the communication of business information and 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 three years. Technologies designed to enable digital transformation, cloud migration, and workstyle shifts have dominated IT spend as organizations continue to embark on a digital-first strategy within the context of newly created hybrid working models. While print is not usually viewed as a strategic priority for many firms, it remains an important and integral business function. Despite ongoing efforts around digitization, paper-based documents are still widely used for both internal and external communications, collaboration and sharing, and other specific use cases.

These market dynamics have led to an interesting crossroads for print OEM vendors. 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 content. 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. Three years ago, there was a certain vision of what this workplace would look like. However, the passage of this period has turned this market perception upside down and considerably changed what was envisioned then. Transformation is still at the core of this change, but the pandemic ushered in several unanticipated variables into what is today's market and what is now expected in the future.

For organizations looking to address crucial challenges associated with the transformation of the office and how work is conducted, print OEMs bring a wealth of experience and technology to the table. It is important to understand how these vendors are looking to drive transformation for their customer base. Firms need to evaluate vendors based on their ability to meet ongoing customer needs across multiple vectors within the context of the vision for the office of the future, so this criterion has only been modified slightly since the 2020 document. Accordingly, buying organizations should consider the following:

- **Evaluate vendors based on your long-term objectives.** The 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 the intent to establish new product segments or target customers has yielded success. Part of this success should be reflected in their response to a global pandemic and how they delivered during a unique and challenging period.
- **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 copy/print 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, especially within the context of an increasingly distributed workforce.
- **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 as this has most likely changed considerably over the past two years and will continue to evolve going forward.

VENDOR SUMMARY PROFILES

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 each vendor's strengths and challenges.

Lexmark

Lexmark is positioned in the Leaders category in this 2023 IDC MarketScape for worldwide print transformation.

Lexmark's headquarters are in Lexington, Kentucky. Outside of conventional document printing, Lexmark has expanded into IoT solutions.

Quick facts about Lexmark include:

- **Employees:** 7,746
- **Global market coverage:** Operates in 170+ countries in North America, Asia/Pacific, EMEA, and Latin America
- **Top industry focus:** Provides solutions for all industries, but its website notes specific vertical targets in banking, education, government, healthcare, insurance, manufacturing, and retail
- **Ideal customer size:** Mostly enterprise, but some SMB
- **Services/solutions evaluated:** Print transformation
- **Delivery models evaluated:** Delivery examined in the context of go to market via the mix of established channels (office equipment dealers, IT resellers/distributors/VAR/SI, and direct) as well as any go-to-market modifications required for transformational efforts
- **Key differentiator:** Has a long and storied history in the office printing market built from Lexmark's verticalized approach, which serves as a catalyst in the company's move to support a more services-oriented, customer-centric model (The approach has allowed Lexmark to target specific markets with a broad range of vertically oriented solutions and services. At the same time, Lexmark has leveraged the experience and expertise garnered from its vertical approach to address the full range of horizontal office applications.)
- **Interesting fact:** Formed in 1991 when Clayton & Dubilier, an investment firm, completed a leveraged buyout of IBM Information Products Corporation, an IBM division that was the company's printer, typewriter, and keyboard operations (Lexmark was publicly traded on the New York Stock Exchange, beginning in late-1995, but subsequently became a private company when purchased by a consortium of investors that included Apex Technology, PAG Asia Capital, and Legend Capital out of China in 2016. Lexmark operates as an independent United States-based company headquartered in Lexington, Kentucky.)

Strengths

- **Data, data, data.** Lexmark's transformation strategy evolved from what the company has been doing in its managed print services go-to-market strategy. And that is collecting data on print asset utilization and subsequently putting together a program to ensure cost-effective use of this mission-critical asset. These same principles are being applied to the company's adjacent and transformational entry into IoT solutions with Optra Edge and Optra IoT platforms and data analytics. Built on four pillars (enter the market and learn quickly, focus on customer outcomes, anticipate market transitions, and maintain a global perspective), the approach has

enabled Lexmark to work with and grow its technology partner base, leverage its existing vertical market expertise, be aware of market transitions and respond quickly, and recognize global opportunities to drive positive business outcomes for customers.

- **Manufacturer positioning, not just a printer company.** Lexmark's market data indicates the company's brand perception is ripe for entry into the IoT market. Its research concluded that Lexmark is perceived as a technology company and not just a printer company. In addition, the company is perceived to be a highly rated IoT expert versus many other technology brands. Lexmark is also perceived differently than other IoT platform competitors. In the manufacturing industry, Lexmark is recognized as a fellow manufacturer that keenly understands the unique challenges in this market and can advise accordingly based on data and expertise. The company also focuses on distributed, connected products and not on industrial IoT. Last, the Optra IoT platform is a proven end-to-end solution used internally by Lexmark and by customers.
- **Push to transformation not just in response to the pandemic.** Lexmark began its IoT investment prior to the pandemic period, so the company did not just react to a crisis period to begin its transformation. Instead, Lexmark planned its AI and machine learning (ML) investments based on data, highlighting the print market's maturity and new opportunities presented by leveraging years of data insight that help customers gain cost and productivity efficiencies. The company has been on its own transformational journey for over 20 years as it leverages its data analytics to address its own operations.
- **Industry leadership.** Lexmark is one of the few vendors that garnered Leader recognition in recent IDC MarketScape documents for cloud MPS, security services, print in the distributed workforce, and the earlier transformation study.
- **Customer response validating the approach.** Key benefits identified by Lexmark customers include predictive service needs and requirements, leveraging machine learning to improve customer and business outcomes, and helping customers more effectively succeed in their respective markets by transitioning from just selling products to offering an improved experience to its customers' customers. Several Lexmark IoT customers spoke glowingly about the bottom-line benefits presented in the deployment. Retail locations talked about the benefits of a decentralized deployment at multiple locations, so that each outlet could monitor and better manage according to the specific data gained at that location. In healthcare, improved patient outcomes and improving the doctor's experience were key gains. We also heard of cost savings, enabling faster customer service, efficiency/productivity increases, revenue growth, and gaining a competitive advantage as commonly mentioned benefits.
- **Targeted vertical solutions.** Lexmark started its transformation initiative with a targeted approach. Rather than casting a wide net, which could strain its resources, Lexmark targeted industry opportunities where the company has an existing strong presence and knowledge as its existing customer base includes 7 of the top 10 global banks, 9 of the top 10 global retailers, all the top 10 U.S. retail pharmacy chains, 8 of the top 10 global manufacturers, and 7 of the top 10 U.S. federal agencies. These markets include connected products, manufacturing quality control, transportation operations, and retail. The stated goal for Lexmark is to help its customers enhance their customers' experience in these environments to help drive new business opportunities with their customers.
- **Clear avenues of growth.** Lexmark's IoT business is still in its early stages, but the company has plotted out opportunities for near-term expansion within existing customers, expanded vertical and geographic targets, and new go-to-market channels.

Challenges

- **Getting an invitation to the table.** Lexmark may not always have customers' "top of mind" awareness when thinking about IoT and gaining operational efficiencies in work processes, so the company must work diligently to provide proof points of what Lexmark can do here. It doesn't mean the business has to be clinched at this point, but it must be intriguing enough to warrant "an invitation to the table," so that it can demonstrate its capabilities and success stories.
- **Print heritage.** Lexmark's print legacy may be an initial obstacle. Some customers may have a hard time making the connection that a company with a print market heritage can also offer transformative technology that leads to bottom-line operational benefit.
- **Relatively small size.** Lexmark is a relatively small company when it comes to revenue (undisclosed) and number of employees. That revenue base and employee size may not matter much when it comes to acquiring print equipment, but it may be an issue for some customers when considering fundamental changes in business operations. On the other hand, some customers might feel that a smaller-sized Lexmark could be aided by the ability to execute more nimbly and quickly.

Consider Lexmark When

Lexmark's Optra Edge and Optra IoT platforms represent a unique "outside of print" offering that can aid the transformation of an organization's operations. Its data-centric approach helps verify the benefits available through this implementation. The company offers several current examples of customer successes within key targeted vertical markets. Certainly, customers within manufacturing, retail, and transportation where Lexmark has already established a market presence should look at what potential operational benefits are available in this technology. Other organizations, particularly ones that are current Lexmark print customers, should explore how this IoT platform could apply to them as well.

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 and in the future. 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 being assessed. We used the \$500+ price band to calculate each vendor's hardware 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 to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

While the focus of this IDC MarketScape is on technology offerings outside of vendors' established office printing portfolio, it also includes transformative initiatives inside of the conventional office printing opportunity.

The nonprint initiatives must aim to address customers' evolving needs across multiple vectors within the context of the vision for the office of the future. These alternative-to-print technologies are defined as:

- Hardware, software, or services 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 in the office

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Related Research

- *IDC MarketScape: Worldwide Security Solutions and Services Hardcopy 2022-2023 Vendor Assessment* (IDC #US48851622, January 2023)
- *IDC MarketScape: Worldwide Document Scanner 2022 Vendor Assessment* (IDC #US49631922, December 2022)
- *IDC MarketScape: Worldwide Cloud MPS Hardcopy 2022 Vendor Assessment* (IDC #US47337721, January 2022)
- *IDC MarketScape: Worldwide Print in the Distributed Workforce 2022 Vendor Assessment* (IDC #US48596221, January 2022)
- *IDC MarketScape: Worldwide Print Management Solutions Independent Software 2021 Vendor Assessment* (IDC #US47348521, December 2021)
- *IDC MarketScape: Worldwide Print Transformation 2020 Vendor Assessment* (IDC #US45354420, August 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.

"Print vendors have recognized the need for transformation in their approach to market opportunity. The global pandemic has served to accelerate this transition. As a result, these manufacturers must simultaneously cater to the market's ongoing need for print while broadening their portfolio options to include evolving requirements spurred by digital transformation initiatives and the reimagined office. 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." – Keith Kmetz, program vice president of IDC's Imaging, Printing, and Document Solutions group

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Global Headquarters

140 Kendrick Street
Building B
Needham, MA 02494
USA
508.872.8200
Twitter: @IDC
blogs.idc.com
www.idc.com

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