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Quocirca Predicts

5 trends for print industry players to capitalise on in 2020

The global print industry landscape continues to face the forces of digital disruption

Erosion of legacy revenue streams driven by hardware commoditisation and the ongoing transition to digitisation are forcing industry players to consider new ways of remaining relevant to enterprise customers. While many have embarked on journeys to become digital workplace service providers, the market remains vulnerable to rapid shifts in digital technology, competitor activity and customer needs.

To remain relevant in the rapidly changing digital workplace, manufacturers and their partners should capitalise on the following trends in the coming year.

1 Cloud MPS platforms will be based on a multi-cloud, hybrid and edge approach

The promise of higher levels of availability, on-demand capacity, low-cost storage and a broad digital ecosystem is accelerating acceptance of the cloud.

Cloud as an enabler for businesses is radically different from traditional IT outsourcing, moving away from an upfront capital cost, software licence and maintenance model to a subscription-based model. Long-established managed print service (MPS) providers have recognised this, adding cloud to their service range in a bid to differentiate their offerings. Independent Software Vendors (ISVs) are also stepping up to the mark, expanding their cloud print management offerings.

At the same time, more businesses are evaluating the benefits of moving their traditional print infrastructure to the cloud to gain productivity and cost efficiency improvements along with a lowering of their IT burden. Eliminating or minimising print servers alone can create cost savings, both financial and environmental, while a cloud-based subscription model reduces or eliminates capital expenditure and lowers operating costs.

However, the shift from the on-premise management of a legacy print infrastructure is not straightforward. Many will favour a hybrid approach and will need to retain flexibility around policies and regulations such as GDPR. "Cloudified" MPS providers that enable businesses to retain the ability to centrally manage and distribute to multiple clouds may

be the winners, together with taking a hybrid approach of enabling certain functions, such as data storage, to remain on-premise.

Beyond cloud MPS, the long-term opportunity lies in developing strategic cloud platforms and partnering with other cloud partners to create a platform that can manage device fleets, users and analytics. The use of public cloud platforms also brings significant opportunities for manufacturers to build an Internet of Things (IoT) strategy and leverage existing IoT analytic platforms – AWS, Google Cloud and Microsoft Azure all offer such cloud IoT platforms that support a managed IoT service.

One vendor that has worked closely with a public cloud provider is Lexmark. Lexmark's Cloud Print Infrastructure as a Service (CPI), manages all print services, queue management and user management, using Microsoft's Azure platform as a base. Lexmark is taking advantage of Azure Machine Learning, Azure Data Lake Store, and Azure Analysis Services. Customers pay via flexible subscription models - paying only for print capacity, rather than owning and managing their printers.

Meanwhile several ISVs are enhancing their cloud offerings. One Q Technologies offers a multi brand cloud solution delivered via public, private and hybrid models. It is also leveraging the HP Workpath platform to develop a secure cloud print management app that can be managed by HP channel partners. EveryonePrint offers a Hybrid Cloud Platform (HCP) targeted at enterprises and public sector organisations. YSoft recently announced YSoft SafeQEdge Core (currently in Beta), a cloud-based print management service in a box for SMB.

In 2020, cloud print management platforms will emerge that can handle multi-cloud, hybrid, and edge as a single platform

73% of organisations expect to increase the use of cloud print management by 2025

(Source: Quocirca's Print 2025 Report, Second Edition, 2019)

2 The Smart MFP as a digital transformation enabler will come of age

The Smart MFP is a key enabler for digital transformation, acting as a conduit to digital workflow automation. While manufacturers have long been supporting embedded platforms to enable document capture and distribution to both the cloud and enterprise apps, adoption has not reached maturity.

Through 2020, the positioning of smart MFPs as intelligent digital workplace productivity devices will demand a strong and broad portfolio of digital workflow solutions as well as a channel ready to transition to more of a software and services model. While digital workflow apps are a first step to integrating the smart MFP with digital business processes, the more lucrative services will be around more complex business process and workflow automation.
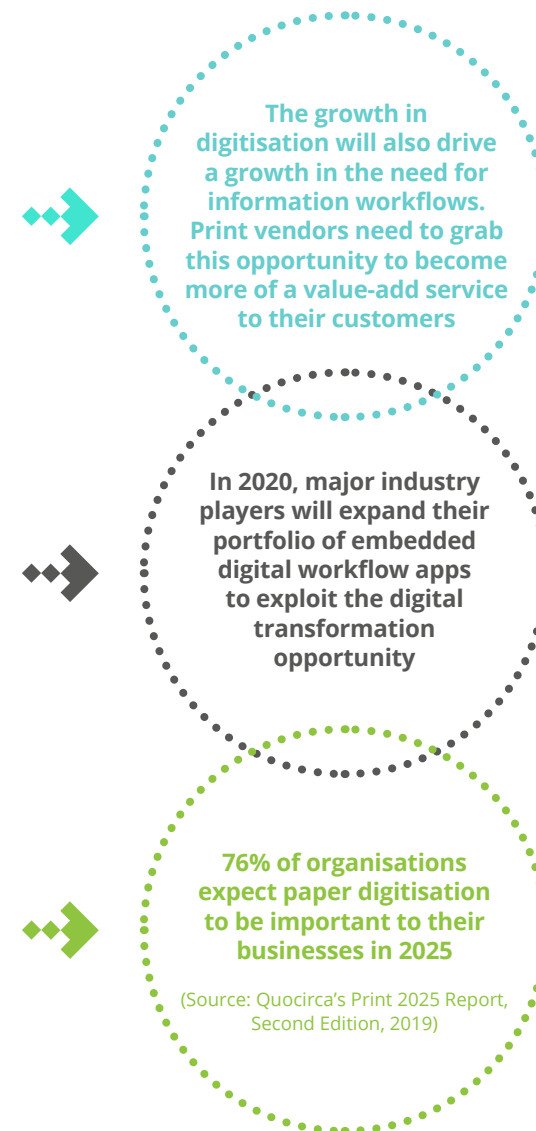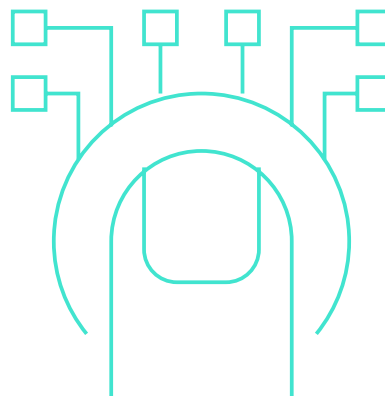
Today, the most mature smart MFP platform is Xerox ConnectKey. Xerox ConnectKey-enabled MFPs support a range of cloud and mobile digital workflows, boosted by a broad ecosystem of Xerox and third party-developed apps.

However, HP has recently entered the market with its HP Workpath technology, based on Google's Android platform. Although later to the market, HP's participation will undoubtedly build awareness of the advantages of leveraging a smart MFP platform. This will potentially boost implementation of Smart MFPs as part of broader digital transformation initiatives in 2020 and beyond.

Quocirca's MPS 2019 study revealed that over 80% of businesses using MPS do find that using the smart functions within an MFP is of value: however, the channel needs to build more expertise in this area to better educate both prospects and existing customers in the value of the apps to fully capture the opportunity.

MPS will remain a potential enabler for digital transformation, and it will be by positioning the true value of the smart MFP as a digital workplace tool that industry players will make the most ground.

The growth in digitisation will also drive a growth in the need for information workflows. Print vendors need to grab this opportunity to become more of a value-add service to their customers

In 2020, major industry players will expand their portfolio of embedded digital workflow apps to exploit the digital transformation opportunity

76% of organisations expect paper digitisation to be important to their businesses in 2025
(Source: Quocirca's Print 2025 Report, Second Edition, 2019)

3 Analytics will remain an untapped opportunity for many industry players

Businesses today want better insights into their workflows and increasingly expect such insights in real (or close to real) time. This shift is being fuelled by machine learning and AI, yet such capabilities are still relatively nascent in the office print industry. While many print manufacturers leverage predictive analytics for proactive maintenance purposes, next generation MPS will be driven by deeper actionable insights on how to better automate existing business processes.

Manufacturers have a wealth of product, network and customer data at their disposal. Ultimately, for new digital subscription and operating models to be effective, they must be underpinned by suitable, increasingly advanced, analytics. This means looking beyond traditional print infrastructure analytics to develop customer insight and identifying how to integrate analytics into new service propositions.

Data visualisation and advanced dashboards will be key in developing enhanced analytics. These capabilities will become a key differentiator for next generation print management solutions.

As Machine Learning (ML) and Artificial Intelligence (AI) become more mainstream, MPS providers must embrace these capabilities to add appreciable value to their services. Alongside predictive analytics, AI and ML analytics can be used to look at information flows providing insight into how to optimise business process workflows. Meanwhile, analysis of content, using techniques such as Data Loss Prevention (DLP), can help in ensuring that an organisation's information security policies are adhered to.
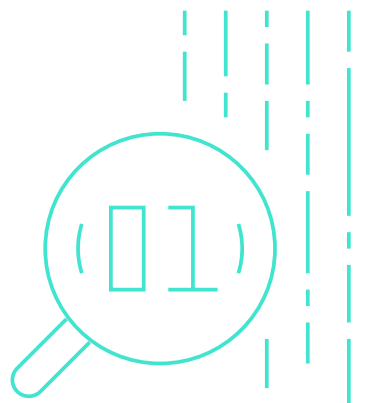
74% of IT decision makers report that improved analytics are an important benefit of MPS deployment in their organisation

(Source: Quocirca MPS survey 2019)

Predictive analytics and data visualisation will differentiate next generation MPS engagements

4 From products to platforms – innovation will rely on open developer ecosystems

The industry must make faster changes to move from product to platform. This will provide more opportunities for broader value-add services, particularly if integrated with cloud IoT platforms.

Building a broad digital ecosystem is a strong opportunity for print manufacturers to pursue innovative, agile business models to remain competitive and grow outside of their traditional core business.

In 2020 and beyond, a thriving developer ecosystem will be critical to success for manufacturers and their partners Developers are central to digital innovation and fundamental to the success of today's smart MFP embedded workflow platforms. A platform model is perhaps the strongest opportunity for manufacturers to build an ecosystem around MFPs to support digital transformation initiatives. Although many have introduced embedded app platforms, only a few have a robust and mature developer platform.

Such smart MFP platforms not only expand the opportunities around digital workflow solutions and services, but also help manufacturers drive innovation. Consider that while internal innovation is limited to the resources and vision of any one manufacturer, a diverse developer community can provide limitless

opportunities for innovation – think co-creation and co-innovation.

Going forward, APIs and engagement with developers will require more consideration as manufacturers develop their digital business models. There is certainly a wide-open opportunity for manufacturers to build stronger relationships with the developer community and differentiate their developer ecosystems.

Ultimately it will be the open platforms with ecosystems that allow partners, customers, and users to co-innovate that gradually overtake closed, proprietary platforms. It will be those manufacturers that operate as software companies that will be more likely to drive innovation and move beyond the hardware commodity transactional model.
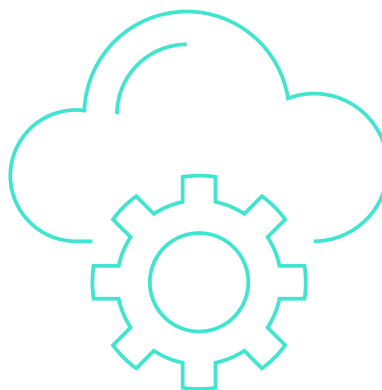
41% of businesses believe smart MFP embedded apps are very useful to their organisation, with 83% of businesses rating smart MFP embedded apps fairly or very useful

The influence of Independent Software Vendors (ISVs) with customers is set to accelerate between now and 2025 as the platform economy and digital ecosystems continue to gain currency
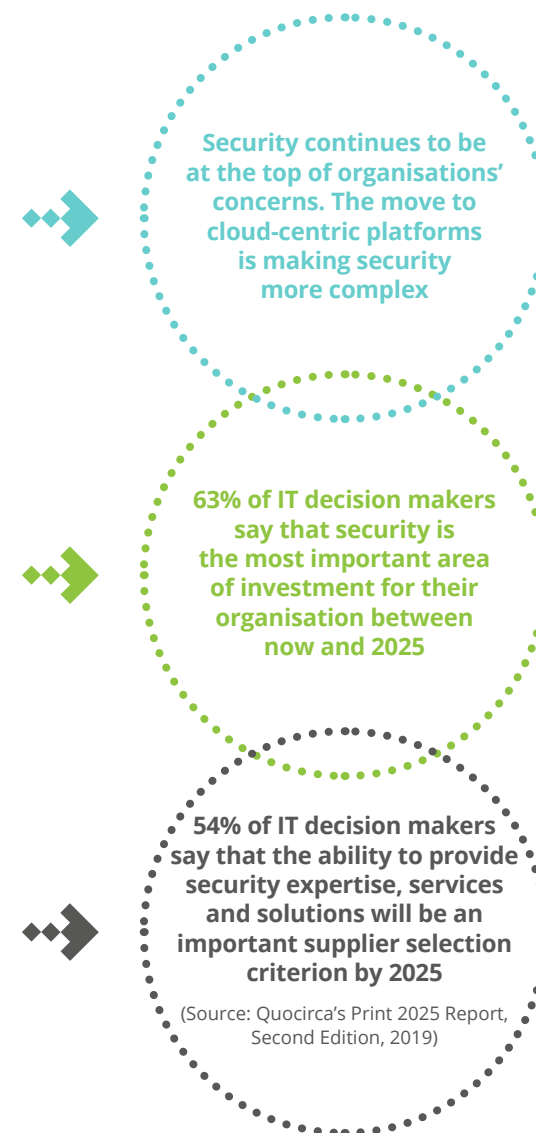(Source: Quocirca's Print 2025 Report, Second Edition, 2019)

5 Security will continue to drive competitive advantage

As leading manufacturers expand their service portfolios into adjacent markets, particularly IT services, their success in these new areas will hinge on generating higher levels of trust with their customers. Quocirca's Print 2025 study reveals that security spend continues to increase and security expertise is a top supplier selection factor.

The ever-changing security landscape will demand intelligent multi-layered security solutions and services, and IT security teams will favour those suppliers with IT-centric security expertise. MPS providers should evaluate the Managed Security Services (MSS) market which is expected to grow, driven by the increasing complexity of the enterprise IT infrastructure, particularly with the increasing threat surface made possible through hybrid and multi-cloud platforms. Within the context of an ongoing shortage of cyber security professionals, using the services provided by an MSS becomes a compelling proposition.

If MPS providers can partner in this market, there is a real opportunity to deliver value to existing customers. To address the new realities of the complex IT landscape, next generation MPS providers need new skills and expertise to drive new revenue streams. Beyond the standard MPS security assessments, MPS providers should be able to deliver remote monitoring and security intelligence to help accelerate remediation across heterogeneous environments. Those that can successfully deliver highly differentiated security offerings will be best positioned to gain a significant competitive advantage.

Security continues to be at the top of organisations' concerns. The move to cloud-centric platforms is making security more complex

63% of IT decision makers say that security is the most important area of investment for their organisation between now and 2025

54% of IT decision makers say that the ability to provide security expertise, services and solutions will be an important supplier selection criterion by 2025

(Source: Quocirca's Print 2025 Report, Second Edition, 2019)

QUOCIRCA

Trusted by the world's leading print industry players

Quocirca is a global market insight and research firm specialising in analysing the convergence of print and digital technologies in the future workplace.

Since 2006, Quocirca has played an influential role in advising clients on major shifts in the market. Our consulting and research is at the forefront of the rapidly evolving print services and solutions market, trusted by clients who are seeking new strategies to address disruptive technologies.

Quocirca has pioneered research in many emerging market areas. More than 10 years ago we were the first to analyse the competitive global market landscape for managed print services (MPS), followed by the first global competitive review of the print security market.

More recently Quocirca reinforced its leading and unique approach in the market, publishing the first study looking at the smart, connected future of print in the digital workplace. The Global Print 2025 study provides unparalleled insight into the impact of digital disruption, from both an industry executive and end-user perspective.

Get in touch with Quocirca

enquiry@quocirca.com

quocirca.com