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Konica Minolta's Culture of Cool

Rick Taylor and Team Establish
Industry's New "It" Brand

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2015 Virtual Panel Series

Segment 3:
Software Providers

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Disruption Eruption

Konica Minolta
Leverages Existing
Technology to
Enhance Focus and
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Quote:

*"I was fearless like a renegade
I had a feeling that I can't explain
I didn't listen to what people said
I came, I saw, I conquered"*

*"I was as constant as a northern star
I had a fire burning in my heart
I never gave up fighting in the dark
I came, I saw, I conquered..."*

"Veni Vidi Vici" by Madonna

American singer, songwriter, actress and businesswoman; lyric taken from the Interscope album Rebel Heart, released March 2015

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THIS MONTH ON

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MEETINGS



Konica Minolta: A Disruptive Force to Be Reckoned With

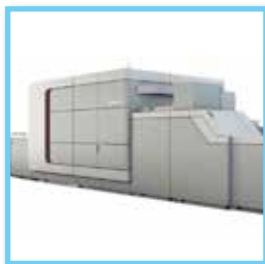
“The Art of Disruption: Konica Minolta 2015 Dealer Meeting and Expo” in downtown Los Angeles evoked a high level of engagement and excitement from guests.

PRODUCTION



Ricoh Takes Substantial Steps Forward

Corridi's performance and Ricoh's product line resonate with dealers at Convergence 2015 in Las Vegas.



Niagara: Canon Explains to Dealers for the First Time

Manufacturer holds unprecedented meeting to discuss Niagara distribution (officially the Océ VarioPrint i300).

MANUFACTURERS



Konica Minolta: A Model Merger

A culture deeply rooted in an energy mentality and another focused on sales and people skills ultimately come together with flying colors.



Xerox Fuels Inkjet Accessibility

The Rialto 900 Inkjet Press offers first-of-its-kind features and carves out a new space within the booming production color inkjet segment.

SOFTWARE



MWA Intelligence Now Member of SAP Extended Business Program

As a new master value-added reseller (master VAR), MWA Intelligence enhances its ability to develop, implement and promote solutions for its customers.



Check out these features and stories at: TheCannataReport.com/Live-Wire

No. 14: The Constant, Instantaneous Evolution of Journalism

Today, we are now fully immersed in an era of digital publishing, where most audiences demand and expect instantaneous news reporting across virtually every vertical. However, the fundamentals of journalism remain the same, responding to the questions of who, what, when, where and why. If a writer accomplishes that, the author has accomplished his goal. Yet, for analysts like us, answering those questions is only the beginning. When we attend an event, there is a whole other series of questions we are looking to answer. For us at The Cannata Report, those questions specifically entail how an industry event impacts the independent dealer channel.



As analysts, our approach to a story often takes substantial thought and deeper examination, which can take time. As we prepare to write an article, we usually begin by making inquiries through highly reputable company representatives, relevant partners and/or other entities in question. We ask these representatives and ourselves whether X product, Y program or Z services introduced and advocated will receive the level of support typically required by the dealer channel. We are aiming to determine whether they are compatible with the dealer business model. We also look to gauge whether there is sufficient market demand for dealers to receive a reasonable return on his or her investment. To accomplish these objectives, we spend substantial time speaking to dealers and their key employees.

For example, CJ Cannata scheduled nearly 10 calls with dealers and OEM partners for this month's lead story, "Konica Minolta's Culture of Cool," to support his story angle and subsequent contentions. Only then could he be sure that he got the story straight for our core audience, and the same goes for all of our writers.

While our story development process continues to evolve and deepen, we have begun to expand our services and reporting to include more real-time reporting, currently via our Live Wire blog on TheCannataReport.com, as well as on social media outlets such as Twitter and LinkedIn. Depending upon the medium, we are still adding at least a few sentences to share our opinions, or our reasoning for choosing to run a particular story. Across some of our media platforms, like LinkedIn, we are able to incorporate even more insight and analysis. In others, namely Twitter, due to the nature of the medium, we are choosing to either stick to the facts or to post an opinion that will align with the overall dealer mentality, based on our experience.

In sum, we are now hyper-focused on our overall content strategy in order to ensure that we are leveraging these different types of media platforms in a manner that is consistent with The Cannata Report's core brand.

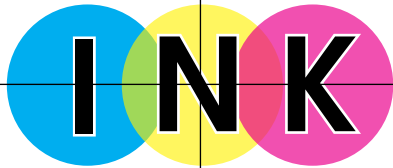
Our audience reads The Cannata Report for our writers' opinions. At the same time, we have a responsibility to properly support those opinions. The Cannata Report has a reputation for getting the story straight and for making corrections in the wake of any mistake. We are extremely proud of the roles we play in our industry, and we will continue to emphasize responsible and carefully considered coverage as long as a Cannata remains at the helm of our brand.

Stay tuned for more updates on our overall content strategy as it continues to evolve, like everything else pertaining to technology today.

Sincerely,

A handwritten signature in black ink that reads "Frank G. Cannata". The signature is written in a cursive, flowing style.

Frank G. Cannata
Editor-In-Chief and Publisher



INDUSTRY AWARDS, ACKNOWLEDGMENTS & SIGHTINGS

BY CJ CANNATA

Konica Minolta and Ricoh Dealer Award Winners



Konica Minolta's Alan Neilson, EVP, Dealer Sales, and Tom Taiko, CEO; Dean Swensen, President, The Swenson Group; Konica Minolta's Rick Taylor, President and COO



Tom Taiko, CEO, Konica Minolta; Doug Pitassi, President, and Terry Newsom, CEO, Pacific Office Automation; Rick Taylor, President and COO, Konica Minolta

The Cannata Report congratulates the following dealers on their Konica Minolta Business Solutions U.S.A., Inc.'s (Konica Minolta) National Dealer Awards — or K-EMMY's, as Konica Minolta dubbed them this year — and Ricoh Americas Corporation's (Ricoh) National Awards of Excellence. All winners received one award unless otherwise indicated.

Konica Minolta winners included: Brad Knepper, All Copy Products; Paul Hanna, Blue Technologies LLC; Kevin Roth, Document Solutions LLC; Raymond Fuentes, Edwards Business Systems, Inc.; Darren Metz, NovaCopy (two awards); Mary Sumner, Sumner Group, Inc.; Doug Pitassi, Pacific Office Automation; Barry Clark, PERRY ProTECH; and Robert Ferland, Axion Business Technologies, Inc.



Actor/Comedian Brad Sherman; Ricoh's Martin Brodigan, CEO, and Dave Greene, SVP, U.S. Sales; Carl Fernyak, MT Business Technologies, Inc.; Ricoh's Jim Coriddi, SVP, Business Development; Actor/Comedian Colin Mocherie



Actor/Comedian Brad Sherman; Ricoh's Martin Brodigan, CEO, and Dave Greene, SVP, U.S. Sales; Larry Weiss, CEO, and Adam Weiss, GM, Atlantic, Tomorrow's Office; Ricoh's Jim Coriddi, SVP, Business Development; Actor/Comedian Colin Mocherie

Ricoh winners included: Keith Allison, Systel Business Equipment; John Cheney, Knight Office Solutions; Ken Copeland, ASI Business Solutions, Inc. (two awards); Chip Crunk, RJ Young; Jeff Elkin, Advance Business Systems, Inc.; Carl Fernyak, MT Business Technologies, Inc. (two awards); Steve Jacobs, Infomax Office Systems, Inc.; Jerry Mathwig, Metro Sales, Inc.; Kevin McCarthy, Modern Office Methods; Greg Martin, Ray Morgan Company, LLC; Jim Sheffield, Documation, LLC (two awards); Mark Steadman, Stan's Office Technologies; Larry Weiss and Adam Weiss, Atlantic, Tomorrow's Office (two awards); and Susie Woodhull, Woodhull LLC.

CR

Woman Insiders Kim Louden and Jenna Stramaglio Among Five New Members Voted into MPSA



Kim Louden



Jenna Stramaglio

Female industry insiders Kim Louden, Director, National Accounts, Great-America Financial Services and Jenna Stramaglio, Vice President of Marketing, MWA Intelligence are among two of five new members voted into the MPSA's Board of Directors and Executive Committee. This is another recent major accomplishment for Louden, who transitioned from Op-

erations Leader, Large Accounts Team to her current role in 2010, and for Stramaglio, who continues to earn support from industry leaders.

The other new members include Executive Committee Vice President Doug Bies (Marketing and Planning Specialist, Canon USA, Inc.); Treasurer Lou Stricklin (Director of Marketing, Muratec America, Inc.); and Board of Director's member Robert Palmer (Chief Analyst, BPO).

The MPSA announced its new Executive Committee and Board of Directors after its January/February 2015 election cycle, where new Officers

were chosen from the largest slate of candidates in MPSA history.

Other members include Executive Committee President, Kevin DeYoung (President, Qualpath); and Secretary Sarah Henderson (Operations and Business Development Leader, Axess Managed Print Services, The Clover Imaging Group); and Board of Directors members Ron Alphin (Director of Shared Services, Distribution Management Inc.); Kevin Morris (CEO, OneDOC Managed Print Services LLC); Brian Stevenson, (President, footPRINT Managed Services); and Greg Walters (Greg Walters, Inc.).

If you are not an MPSA member but wish to become one, you can still join this international group of professionals from every aspect of the imaging industry at: www.yourmpsas.org/join.



Jennie Fisher Honored at 2015 Waypoint Tribute to Women of Achievement Event



Jennie Fisher

Jennie Fisher, SVP and GM, Great-America Financial Services, was honored on February 27, at the Waypoint 2015 Tribute to Women of Achievement event. Stephanie Severin, VP and CCO (Chief Credit Officer), GreatAmerica Financial Services, as well as a Waypoint board member, and nominated her.

For thirty-two years Waypoint Services has been the proud host of the Waypoint Tribute to Women of Achievement event. The evening is

dedicated to celebrating and honoring the exceptional and accomplished women in our lives and the contributions they make within their respective business sectors, local organizations and their communities.

GreatAmerica's Director of Strategic Marketing Josie Heskje, crafted Fisher's nomination, which notes many of Fisher's attributes, including her dedication and integrity, ultimately helping to cement Fisher's acknowledgment.



Talent Sightings Abound at Konica Minolta and Ricoh Dealer Meetings

Attendees of Konica Minolta's recent dealer conference, "The Art of Disruption," and Ricoh's recent Convergence, "Collaborate and Succeed," heard from and engaged with a wide array of talent. During Konica Minolta's "The Art of Disruption," sightings included one of North America's most recognizable business leaders and co-star of ABC's "Shark Tank" (Fridays, 9pm/8pm Central), Robert Herjavek; comedian and actor in

over 50 films, Larry Miller; and former professional golfer on the European Tour and PGA Tour and current writer and broadcaster with CBS Sports and Golf Channel, David Feherty. During Ricoh's "Collaborate and Succeed," sightings included New York Times bestselling author and International Consulting Group President, Stan Slap, and comedic improve duo Colin Mocherie and Brad Sherman.

CR



Robert Herjavek



Brad Sherman and Colin Mocherie



Larry Miller



David Feherty



Stan Slap

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2015 DEALER PROFILE SERIES By Frank G. Cannata

No. 1 of 4: Marco, Inc.

Presented by
LMI Solutions



We begin our 2015 Dealer Profile Series with an in-depth look at one of the most highly respected dealerships in the industry — Marco, Inc., based in Saint Cloud, Minnesota. We greatly appreciated the time CEO Jeff Gau took to chat with us on a very cold Monday morning.

But before we dive in, here's a little history on the company's founding. In 1973, Gary Marsden and Dave Marquardt (whose last names inspired the "Mar" in Marco) started their business as a small typewriter shop in Saint Cloud. Some 42 years

later, the company has evolved into one of the top five technology providers in the nation. With core offices in Minnesota, Wisconsin, North Dakota, South Dakota, Iowa and Illinois, Marco serves customers nationally, helping organizations of every size optimize their voice, data, video and print technology.

On the copier/printing side of the business, Marco represents lines of the following manufacturers: Konica Minolta, Canon, Sharp and Hewlett-Packard, and also does "some" business with Samsung, according to Gau.



Jeff Gau

Gau carries himself with a great deal of self-confidence without any ap-

FEATURED ADVANTAGE OF THE MONTH

SUSTAINABLE PROFITABILITY

Hang on to **BIGGER MARGINS**
with **GREENER** print solutions!

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- REMANUFACTURED PRINTERS**
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Leverage our
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LMI Solutions is an R2 certified manufacturer, distributor and recycler of premium replacement toner cartridges, remanufactured printers, related imaging supplies and services across the United States and Canada. LMI is a recognized global leader for Managed Print Services

RECENT ACQUISITION



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pearances of being impressed with himself. He is very energetic and knows both sides of the business — hardware and software. In the following excerpted interview, Gau shares a great deal about Marco's employee-owned business structure and confirms my opinion that acquiring IT businesses is a good way to go.

CR | *Let's begin with some details about yourself and your career. What do you believe was the fundamental reason Marco has been able to transition in our changing industry to achieve the level of success you are currently enjoying?*

JG: I started as a sales rep in 1984 after spending four years in the military and completing my college education. I met a founder of Marco in a college classroom, and it went from there. I have not worked for anyone else.

As for the success we enjoyed in making a transition into one of the leading technology providers in the United States, it all started when we got into moving bits and bytes in the

1980s. From there, we went into word processing and personal computers. At that point, we were ready to move into voice and finally addressing the network. We learned early on that everything was going through the network decision-maker. In the early days, IT work was a project that never ended and along the way, we were made aware that IT decision-makers did not like copiers. They liked the fact we were conversant with their network and we were able to hang that digital copier on the network. They trusted us to do what was best for them.

We also added video to the network, and from there, we built the model. In doing all that, we learned a better way of capturing recurring revenue from the copier side. We attended conventions and conferences and found that everyone was trying to get into MPS and MNS. We took good notes, and some of the IT companies, with HP's help, drove this effort. What we did was leverage our knowledge on both ends [IT and copier]. It was relatively easy to get to where we are today.

CR | *Marco is an employee-owned company through its Employee Stock Ownership Plan (ESOP). Please tell us a little bit about the benefits of operating this type of company.*

JG: Marco became one of the first companies in the state to establish an ESOP, and we're among a select group of companies in the nation that is 100 percent employee-owned. We find that our customers come to understand quickly that as a result of being an ESOP, our employee-owners are pretty passionate about doing things right. They are committed to doing what's best for our customers and giving back to the community. And we've created a culture that's consistently recognized with state and national workplace honors.

CR | *Besides employee commitment, what else does an ESOP provide? And doesn't being an ESOP require a constant reinvestment in the business? If that is correct, how do you address that kind of requirement?*

FEATURED DEALER OF THE MONTH



Ray Morgan Company
DOCUMENT TECHNOLOGY SOLUTIONS

"LMI adds value to our customers with top quality print cartridges, advanced MPS infrastructure & Zero Landfill recycling services."

Mike Wysong
Executive Vice President

RMC Highlights

- Document Imaging Solutions
- IT Services Provider
- 18 Branch Locations
- Over 300 employees

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The choice of
over 700 dealers.

Remanufactured Printers



Boost your
MPS profits.

MPS Infrastructure



Voted #1 in
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Start & WIN
more deals.

Zero Landfill Recycling



Leverage our
R2 certification.



LMI Solutions is an R2 certified manufacturer, distributor and recycler of premium replacement toner cartridges, related imaging supplies and services across the United States and Canada. LMI distributes more than 1,000 SKUs, including the most popular OEM products, and is a recognized global leader for Managed Print Services and Support.

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JG: An ESOP is a tool to transition a business and dealership to people that operate the business. It can be as little as 25 percent to 100 percent. I am sure you remember ComDoc, which also was an ESOP. As an employee-owned company, it is run like a publicly traded company. Similar to that (publicly traded company) is the fact that the primary driver is revenue and profit growth.

[With an ESOP], you have to be concerned with stock appreciation, as well as growing the business profitably. We choose to accomplish those objectives through 55 percent coming from acquisitions and 45 percent from organic growth. You do need to be looking at people leaving, and there is a need to create cash. We believe an ESOP requires more diligence than the operation of a privately held company. You also have to pay out employees when they retire. Just like cashing out a partner, it is a managed event.

CR | *On the company's website, you include the statement, "We're not too big. We're not too small." In your own words, what does that really mean?*

JG: We can make any decision directly over the phone. We do not have to go up a corporate food chain to satisfy a particular or unusual request from a client. We are fully capable of serving Fortune 1000 clients and can make our presentation in a simple meeting room. We have the ability to take a lease internally and as I said, make decisions quickly. It is our financial strength and expertise that enables us to make the decision quickly to meet the clients' needs.

CR | *In today's evolutionary process of transitioning from a hardware to services orientation, what is the optimal goal? What do you believe should be the percent-*

age of revenue derived from imaging versus services?

JG: Our goal is to have the copier business represent close to 50 percent of revenue out of a total of \$200 million, with 50 percent in services. For IT companies, the revenue split is typically more like 30 percent services and 70 percent hardware. Most people do not know that about IT companies. Where you want to be is 50/50 percent. You have to pay attention to get to that place.

CR | *What advice would you give to your fellow dealers to possibly help them understand the task of transitioning to a services-led model?*

JG: On the copier business side, we have strong relationships that enable us to maintain the accounts. On the IT business side, it is all about the engineers; the quality of the technical people is so important. You cannot have a copier-service guy running the IT business. To run IT, you have to do it with high-end talent. If you do not do that, you will more than likely fail. Ultimately, this is where I think copier dealers struggle. They are getting hung up on the price that has to be paid [in order to secure high-end talent] and then just don't move forward with it. [But to be successful], you need to ensure the IT technician has the necessary certifications. You have to work harder to keep the technical IT relationship. IT companies are generally run by techies.

With copier companies, it is pretty easy to determine value and integrate. I have bought several IT companies. Copier companies struggle when they acquire IT companies because they do not know how to value them properly and maintain contracted services. What happens is the installed piece diminishes. Those are some of the things we have learned through the years. I do IT acquisitions, and some of our best ROI has been from IT companies.

CR | *What do you think this business will look like in five years?*

JG: You are going to have a blended model of IT competence and a resilient company. I think there is going to be a lot of consolidation. Too many dealers do not want to do what is necessary to succeed on the IT side of the business. If you are 50/50 in your breakout of hardware and IT, you are well-situated. In our case, 85 percent of \$100 million is attributed to contracted services. That allows me to sleep well every night.

Marco Leaves Its Mark

After speaking with Gau, we went back to our notes and found a couple of statements that best express what makes this company so successful. Marco seems to understand fully what is needed from its customers and demonstrates quite readily that it has the talent to accomplish what the company commits to doing.

In helping to sum up what Marco's impressive business is all about, Gau said, "Technology is a different animal. It can be expensive. It is hard to wrap your head around and overwhelming to keep up with. And yet it's usually critical to the success of your business. It's not the kind of purchase you make once and forget about it. The reason is that like your business, it's always changing. That's why choosing the right technology provider is so important."

Marco believes they know how immense and fluid technology can feel. So they are committed to aligning customers with the right technology and keep it running smoothly. Marco likes to tell their customers, as according to Gau, "We'll keep an eye out for products and processes that could save you precious time and money. We will also keep you away from those that don't."

CR



Girl on Fire

DPOE Dynamo Kimberly Herold Ignites Excitement in the Field

By Sharon Tosto Esker

ACKNOWLEDGING CONTRIBUTIONS OF WOMEN ACROSS OUR INDUSTRY



KIM HEROLD
Branch Sales Manager, Downtown Chicago, Des Plaines Office Equipment (DPOE)

After Chip Miceli, CEO of Des Plaines Office Equipment (DPOE), met with Kimberly Herold, he knew he had found the right person to head up DPOE's Chicago branch.

"Her personality blew me away," said Miceli. "She is very confident, sure of herself and had solid knowledge of the industry. She's just a dynamite person. I wish I could find more people with that kind of excitement."

Herold entered the copier business straight out of Ohio's John Carroll University, after gaining a degree in sales and marketing in 2001. She initially intended to embark on pharmaceutical sales career but was persuaded by a headhunter to check out a copier company in downtown Cleveland to gain sales experience.

Right away, Herold was impressed with how real the copier business was. She worked hand-in-hand with her sales manager, learning the intricacies of the business, and used her strong work ethic to move up the organizational chain.

When Herold took the position as DPOE's Branch Sales Manager in March 2013, she was essentially given a blank slate. She didn't have any existing relationships — no connections, no current customers to call on.

"When I came to DPOE, it was pretty much an empty office," said Herold.

"I just wanted to come in [to DPOE] and get it done. I didn't want to fail. I always want to be the best, and I'll do whatever it takes to do that."

With each success, Herold has focused more and more on mining profitable deals in several verticals. The Chicago restaurant arena has been especially fruitful.

"I just wanted to come in (to DPOE) and get it done. I didn't want to fail. I always want to be the best, and I'll do whatever it takes to do that."

KIM HEROLD

"We're often working directly with the owners," said Herold. "They're decisive. And these deals can provide quick sales to keep our [sales] engine going."

Another significant area of success for Herold has been with law firms that have offered endless opportunities, with architectural and engineering firms also delivering substantial and profitable opportunities.

"At the end of the day, I'm looking for people that have [business-oriented]



pains and I'm trying to connect with them," said Herold.

In Toledo, Ohio, where Herold spent 12 years honing her sales skills with Ohio Business Machines, her sales process mainly revolved around bringing a copier into an office and performing demos to close business. As the industry evolved – and her location changed to downtown Chicago – so did Herold's sales tactics.

"My major was marketing so I always knew how to get someone interested in a product," said Herold. "But I had to change my style to adapt to sell in a more solutions-based environment. It wasn't easy at first."

In shifting her sales tactics, one key skill Herold has sharpened is her listening. As solutions and services have become a more vital part of the sales process, speeds and feeds have taken a backseat to leading with how dealerships can help their customers do business.

"It's hard for a sales person to shut up," said Herold. "By focusing on listening to the customer, it's amazing the pains you will hear. Sometimes they don't even realize what they are saying is a pain point that you can help solve."

A Solid Foundation

Herold traces her work ethic back to childhood. Her main role models were none other than her own parents.

"My mother was a single, working mom," said Herold. "She taught me that the most important thing about success is to be independent."

Herold's father worked closely with her grandfather, the owner of an Italian food business. Watching how her father and grandfather operated, Her-

old learned hard work and dedication earn respect, as well as success.

"My grandfather's employees and customers called him 'Dad,'" said Herold, a true testament to the strong relationships he built and fostered.

Since the beginning of her career, Herold has applied these home-grown lessons – as well as those she learned from playing on a competitive basketball team – to the workplace technology industry.

"I'm looking for certain attributes of people," "I don't look for people who say, 'I want to be in sales.' I want to find people who want to be a part of something, which is especially important when you are building from the beginning. "

KIM HEROLD

Herold takes a direct approach to the sales process. As she learned from another mentor, Sal Spagnola, owner of Ohio Business Machines in Toledo, being open and honest makes her more believable to customers and creates a better environment to close business. From the age of 23, Herold worked hand-in-hand with Spagnola, who believed in a woman's ability to learn about copiers and workflow technology at an accelerated rate.

At DPOE, Miceli tasked Herold with building a team of like-minded sales associates to build strong relationships and to generate new business

in the Chicago area. According to Herold, she works hard and plays hard, emphasizing a direct, intense management style in which her team always knows where she stands.

"I'm looking for certain attributes of people," said Herold about building her team that currently includes six sales associates. "I don't look for people who say, 'I want to be in sales.' I want to find people who want to be a part of something, which is especially important when you are building from the beginning. "

Herold keeps her office environment lively. To keep the office humming, she keeps her own Sonos speakers in the office, tuned to Pandora's latest hits, to provide a constant soundtrack to the workday.

With her strong commitment to constantly changing to accommodate the needs of serving an ever-evolving industry, Herold has settled comfortably into her new Chicago home and role at DPOE.

"Chip [Miceli] doesn't stay stagnant," said Herold. "He sees what's happening and acts. He's doing what most dealerships want but don't until it's forced on them. He wants to be the first one doing it."

Like Miceli, Herold is constantly moving, focused on the next deal, while taking the time to celebrate each piece of business she closes. Every time she and her team closes a deal, she calls Miceli with great enthusiasm. Her dedication to driving profits for DPOE is unwavering, no matter the varied business situations she finds herself in.

"[For me], it's all about being a chameleon," Herold said. "I work hard and play hard."



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2015 Virtual Panel Series

Segment 3: Software Providers

Journey Through the New Center of Our Universe

By Frank G. Cannata

PaperCut was founded by Chris Dance and Matt Doran in 1998. They developed software that enabled schools to control who printed what and when. Their simple downloadable tool received wide recognition. Referrals led this software to Ivy League universities, as well as government departments and the business community in general. The tool evolved into a suite of print management. PaperCut's solutions are now used in more than 110 countries and translated into 27 different languages.

Square 9 Softworks was founded in 2001 as a division of InfiNet Business Systems. An Enterprise Content Management (ECM) solutions provider and software integration house, InfiNet Business Systems delivered document-driven solutions to a broad range of organizations while developing custom solution extenders for technology providers such as Kofax and Sharp USA. In 2005, a separate product development division was created to focus on the development of standalone solutions for document capture and workflow.

Psigen Software, Inc. started in 1995 when a small group of developers from the document management, scanning and capture software industry came together to seek solutions to document management and imaging challenges. Built on the premise "perfect simple imaging," Psigen's product lines address scanning and capture needs and utilizing scanners or MFPs in many specific areas, including: production capture, distributed capture, MFP capture, web-based retrieval and the Microsoft SharePoint platform.

Drive, Inc. was created to provide an accessible turnkey document solution to manage documents from the point of scan, over years of management, to the final archiving. Today, it encompasses three basic software solutions. 1. Image scanning software that offers a way to integrate and scan workflows into an information infrastructure. 2. Document management that comprises a browser-based document management system, delivering certified security through a user interface. 3. Print mobility that features a driverless print solution for users of mobile devices such as smartphones, iPads, tablet computers and laptops.

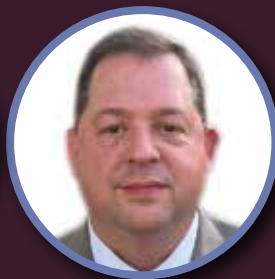
DocuWare is the developer of a suite of document management software. Its solutions are available in 70 countries and 16 languages, with over 125,000 users in approximately 14,000 installations. The company, founded in 1988, operates worldwide from Germering near Munich, Germany, to New Windsor, New York, with subsidiaries in the U.K., Spain and France. The company provides the components needed for ECM.



Chris Dance
Co-Founder and CEO,
PaperCut



Stephen Young
President and CEO,
Square 9 Softworks



Glenn Johnson
President, Psigen
Software, Inc.



Peter Turnbull
Executive Vice President of
Sales and Marketing,
Drive, Inc.



Steve Behm
Vice President of Sales
Americas, DocuWare

This month, we bring in some of the most influential leaders from the software side of our industry. The companies they represent – which were highly ranked in our 2014 annual dealer survey – have expanded independent dealers’ ability to provide a more complete and highly competitive support structure.

In our last annual survey, we asked dealers to indicate vendors (excluding hardware and leasing companies) that provide and support services that allow dealers to not only compete but also excel within their respective geographic markets. PaperCut and Square 9 Softworks (Square 9) were rated first and second, respectively. Drive and DocuWare also ranked highly across our dealer audience.

We are pleased to introduce our 2015 software panel: Chris Dance, Co-Founder and CEO of PaperCut; Stephen Young, President and CEO of Square 9; Glenn Johnson, President of Psigen Software, Inc. (Psigen); Peter Turnbull, Executive Vice President of Sales and Marketing at Drive, Inc. (Drive); and Steve Behm, Vice President of Sales Americas at DocuWare. These software leaders are sharing details of

their go-to-market strategies and the roles they play in helping dealers truly differentiate themselves.

CR | *From a revenue standpoint, how did your company finish 2014? Was it up, down or the same? What were the factors that influenced that result?*

Chris Dance (CD): The year 2014 going into 2015 was fantastic. It exceeded our growth projections, which is something we take pride in doing. As a company, our philosophy has been that we should not allow ourselves to be defined by the marketplace. We decided what we should accomplish should only be determined by how well we performed. We are happy to say we maintained the growth with our channel partners. We have grown substantially over the last three years, and in doing so, we have won a number of business awards. Most recently, we won the National Entrepreneur of the Year award. The factor driving this success has been an aggressive go-to-market strategy. [Editor’s note: PaperCut does not disclose business performance numbers or percentages.]

Stephen Young (SY): We ended a

four-year growth period (2010–2013) with a 488 percent increase. Last year (2014), we slowed down with only 32 percent in growth. This was driven by dealers participating in professional services, which were up 53 percent year-over-year. We found [end-user] customers are looking for a different level of integration, and we enabled dealers to do this without taxing their resources. We take a slightly different approach and try to make our dealer partners successful by providing a great product, along with marketing and technical support. Many of them are just starting out in solutions sales. They really needed our help, especially when you are talking about integration. When you are able to extract data from a scanned image and send it to various departments such as accounts payable, this is where the dealers need our help. We hold the dealers in the highest possible regard. Their relationship with their customers is really unique.

Glenn Johnson (GJ): It was definitely up – 18 percent, which is good. In answering the second part, it is difficult for me to point to what the key reasons were for that performance. I could say the product and support we provide speak for themselves. We

did bring on more resellers, more BTA partners, which was our main area of expansion, plus VARS and Share-Point resellers that address our three main markets.

Peter Turnbull (PT): Our 2014 business was up 30 percent over 2013 in revenue on a global basis. In the U.S. market, we experienced a 40 percent increase. The key factors have been a continued awareness of Drivve and its capabilities in the marketplace and how well it has been embraced by our channel partners. Drivve is a U.S.-based company. Since 2009 (in the U.S.), we have been steadily growing each year. We focused on key verticals and our growth of 30 percent was expected. In 2013, we introduced in the U.S. our print management product in combination with our scanning capture software. What made it so appealing was the fact that rather than having to buy two different software (one for scanning and the other for capture), customers only needed to buy a single package from us. This was a result of a combination of organic growth and the new introduction of products. Another reason was the contributory fact of dealers increasing their business of selling solutions. What we observed was a fundamental change over the last 18 months, in which dealers became more aware of the value of providing software to solve clients' problems and enable dealers to differentiate themselves.

Steve Behm (SB): DocuWare is a global company and as a result, our revenue performance fluctuates in the various countries where our products are sold. Overall, we had a revenue increase of 17 percent for DocuWare. We closed out the year [2014] very strongly. There were several reasons we have done this, particularly over the past couple of years. We started slowly in 2014. We had put together a partner-level program called DocuWare Profes-

sional Solutions Selling program. This program comprised teaching our partners how to sell DocuWare as a solution, noting the fact that many of our partners are dealers. We included two components: sales planner and our whole presentation on DocuWare as a solution. We start out by asking dealers to really look at what the current situation is with the customer and where the pain points are. We include the benefits they are going to receive and what types of costs are involved. This program helps them reach a higher discount level. The use of a sales planner with client participation that we approve is considered a single activity. If they did two a month, that would increase their discount. The product continues to improve and provides greater results for DocuWare and our partners.

CR | *In looking at managed services — which includes MPS and MNS — what kind of role has your company's software played in those areas, if any?*

CD: This is all part of trend we are seeing that is national in scope. Managed services and network service management are causing dealers to move away from selling hardware to providing solutions. We find that in many of the independent dealers that we are working with. PaperCut has helped with software downloaded from the Internet. Ease of use is very important in that market. Many dealers now offer these solutions. Apple management and control is what we are about.

SY: Managed services is part of our overall approach to solutions. Like your cell phone, it is a camera, mp3 player or recorder, and performs a host of other tasks. Dealers go in to see a potential MPS customer that is either looking or is well-suited for a single solution. Document management is a strategic position that you can pull through managed print

services or managed professional services. One of the things we do have actually made IT bi-directional for capture and for workflow events, while providing search for documents and print from offsite. We also facilitate scan-to-network and print back to it — print to MFP and scan images — that spawned the growth we have enjoyed. We also have rolled in variable data printing. "One throat to choke" is a term that comes from the different vendors that are sometimes needed to solve a problem. The customer wants to make one call to resolve the issue. This gives the dealer an opportunity of taking ownership over the entire project. Once that is accomplished, the customer will really look to them and them alone to resolve any issues or problems on the network or with their print devices.

GJ: Our software helps dealers increase hardware pull-through and provides recurring revenue. It also shows their customers that the independent dealer can help them be more efficient, increase their gross product and get them into managed services, because they showed their own customers they could do that. Managing data — and that is what Psigen does — delivers margins that are very good. On the hard side [by increasing placements], managing data can add margin back in. Most of the MFPs are written with Psigen software. When you incorporate Psigen, you are turning the MFP into a ramp onto to the network or CRM system that organizations run. Most dealers are into document management, and Psigen is the sweet spot there. In each document, you can have issues such as purchase orders, lists or quantities of items, and when the order shows up, the third piece is the invoice. In the world of accounting, the customer has to match everything up to the original purchase order, delivery and invoice, and match it up into workflow, and that is the world of Psigen.

PT: We do not have managed network services, as our solutions are very much focused on the MFP from a management perspective. There is nothing we could really offer, other than the software to take advantage of solutions, whether in the cloud or on premises.

SB: From the standpoint of managed services, it is an outgrowth of the whole concept of providing solutions — managed print, as well as the network. As the dealer is presenting a managed print services contract, the documents being produced are an intrinsic part of the total solution. Where we come in is we provide an answer to how to best manage the documents that are very important to the business. It may seem like a small piece of the business, but it is very important nonetheless.

CR | *Of the dealers you support, what percentage are actively involved in managed network or IT services? What has enabled them to succeed in this area?*

CD: This is a difficult question for us to answer. At first blush, a lot of larger dealers come to mind who have committed to managed print services and have spun that off into IT services. However, I would have to say the number is still relatively small. But there is no doubt that the “services” part of the business has enabled them [those that are providing managed services] to grow and expand their control over their clients’ networks. With that, all the devices hang on that wire. Really, that is where our software comes into play. The dealers that are successful are able to use the relationship with the customer to perform to their level of capability in the IT environment. They are successful because they are not afraid to try different approaches. They also bring people on board that are technically sophisticated and capable, and it is not about selling something with a brochure but rather sitting down

with a customer and using the consultative-type approach.

SY: It is hard to say, but the number is growing. We are seeing companies making acquisitions to play into that space and others hiring to get into that area. From what I can see, the larger dealers really see the direction the industry is heading. IT is just a number of services. As far as the number that is doing it, I am not quite sure. Put it this way, for the dealers over \$50 million in revenue, it could be as high as 80 percent. Those dealers at \$20 million or less are well under that number. They are the ones just starting to dabble in it. I have seen quite a few dealers make a small IT acquisition and hire one person who knows his way around a network to build a business. Look at dealers like EO Johnson and MT Business Technologies that are all making serious inroads into that space. The biggest thing is the need to make a commitment to a change in direction. Smaller dealers say they will do that, but their commitment is not there. They pull back when they do not get a quick ROI. The big ones are committed, and it is paying big dividends.

GJ: There are many who touch upon it and many who are just beginning. So, do we include them? If I had to guess, it would be somewhere around 20 percent. How many are successful would be a much lower number. Just let me say that MNS is new, and you can do it in two ways. You either buy it [acquisition] or grow organically. For many of the dealers, it is a new world. While MPS is still a break/fix model, MNS is very different and requires a different skill level, which is very different from a copier technician. You have dealers like Marco who have grown their own and acquired. For us, if you are going to manage data, it is a natural fit. What makes them successful? I think it is all about commitment and a well-established dealership that

knows how to manage a business to its fullest possible potential.

PT: I do not have a factual answer, but based on the people we do work with, I would say it is under 10 percent, possibly 5 percent. MPS is a different story, as I think the majority of the dealers we are working with are already selling MPS-type contracts, providing assessments and quarterly reviews. It is the smaller dealers that have difficulty with MPS, but as for the rest, about 80 percent are involved in one way or another.

SB: I guess that it depends on what your interpretation of services is. It is hard for me to quantify, but we do see a large percentage of our customers involved. They all try. That is why we see the movement toward solutions, and all these things we are doing. What I would say is that the dealers providing managed services are taking the skill sets of the sales folks and blending them to help the solutions seller bringing in the technical service to increase revenue and gross profit, and decrease the competition. That is really what it comes down to. We have done good job in creating some financial benchmarks for every dealer that has worked with us. We took a look at all of the model guys like John Hey and Todd Johnson and determined how best to approach, develop and deliver the model. We took that and built a financial business model for software. To that, we added a go-to-market strategy with good numbers — revenue per employee, gross profit per sales employee and other essential information. From our own experience, we know it works.

CR | *What are the common characteristics of the dealers who have utilized your software to its best effect?*

CD: Those who utilize our software to its potential have a very special focus

on what they want to accomplish. That is why we spent a lot of time in developing our software and the structure to sell and support it. The leaders or early adopters employ talented people that understand solutions selling and have integrated their hard-selling core of sales people to work with the solutions sellers. I also think they made good choices on which software provides the best solutions for their customers. Last but not least, they have the staying power and commitment that you need to succeed.

SY: I think there are varying levels of success. Our program allows dealers to gear up slowly from design to implementation, if they sign up for all those services. Some just want to sell it and are happy with the margin. Others want to participate in all those revenue streams. You see quite a variety across the country. Even larger ones want to take the sale and are happy with 25 instead of the 40 percent margin. The top dealers have a team of guys that can sell it and take it all. It is not just the product. You have to wrap everything around it and have the people available that can help the customer when necessary.


GJ: There is a dedicated focus from the top down. They are taking the skill sets of the sales folks and blending them to help the solutions seller. They are also bringing in a higher quality of technical service to ensure installs are done correctly and maintained appropriately. The successful dealers are increasing revenue and gross profit and decreasing the level of their competition. That is really what it comes down to. We have a done good job in creating some financial benchmarks for every dealer that has worked with us. All of the bench model guys like John Hey and Tod Johnson have helped us in this area. We have built a financial model for software and crafted a good go-to-market strategy. Add to that some good numbers such

as revenue per employee and gross profit per sales person and that provides the framework for successfully managing a solutions sales business. We know it works. The ones that are most successful work with the model we have outlined for them.

PT: I guess you would have to say our top dealers are getting the most in the way of unit sales such as Atlantic, Tomorrow's Office. The top 10 dealers do not make it an option for people to sell software. They go to the customer with a solution. They do not walk in selling equipment. They differentiate themselves by selling solutions. The dealer goes to market with the solutions that are 10 times more effective for their customers. The most successful dealers are the ones that are proactive and take the solutions to the customer. Not every dealer is capable of doing that. We have dealers asking us to help them in solutions, and that is something we can do for them. We are not just a one-trick pony. We don't just say use our software and walk away when they do. Our approach is generally being proactive and doing our best to help the dealers. And I don't think I am overstating it when we say we have print-management technology and capture technology that is captured on the device. We have document management software, but effectively scanning is the on-ramp for the network and printing is the off-ramp. For the smaller dealers, we provide the tools and support to sell document management, but there are some that are afraid because it is a long sales cycle. I guess you can say that those that are not successful with solutions lack the staying power to make it work.

SB: I think it is a threefold or fourfold approach. The first is to utilize the solution internally for their own purposes. A dealer business is complicated with all kinds of documents, and that is a business that can benefit

from a DocuWare product. The second is to have people within the organization that actually know how to sell solutions. They can be a dedicated specialist or someone who is defined in that role. Third would be the person to install and support the customer. The fourth is the sales consultant that teaches the dealers enough to know about DocuWare, about what the software does to help them find the appropriate customers. Those are the four prongs we look at to make sure our partners are successful. It is goes back to how well you do the training and all the other things that make dealers successful.

 *Can you sum up the value your company is delivering to independent dealer customers that employ your software?*

CD: For us, we are very passionate about the relationship we have with our channel partners. We are helping everyone for the long term and that is why we are focusing on tomorrow, as well as today. We hope dealers understand that we will help them with all types of customers from small to large, with ease of use, functionality and power. No matter what size or what industry, we are there to help and I believe that — aside from our core product — is our most significant value.


SY: To recap, we do not just make great products. We wrap it up to market along with pre- and post-sales support, if needed. We can help a dealer make the transition, make them successful and make a successful solution even better.

GJ: To reiterate, we provide a business model that we know works, which can only help dealers enter more easily into the services business.

PT: Value is best demonstrated, at least from us, in the range and breath of the solutions we offer, backed by

our services approach. It is no secret anyone can sell cheap software. We have a full range of software and can assist them with pre-sales. We also configure the software. We can do everything for them, or they can deliver all the services themselves. The value is twofold. It all comes down to us offering them the breath of the solutions that they can offer, along with the quality and ranges of our services. We do as much or as little as they require.

SB: In answering this, I think it goes back to the first question about creating a professional solutions-selling partner. To sell the program, they are a partner of ours. Ultimately, our goal is to make them fully functional. IT revolves around our product, but it can be used in selling other elements, including equipment. We want people to become professional solutions-selling professionals. Out of that comes margin, dollars and profit.

 *We now give you the floor to address our audience and share anything you believe they should know about you, the business environment or the opportunities that are there for them.*

CD: What I would like our dealers to understand is our long-term view and our passion for the business. We have taken a very simple philosophy from the beginning for establishing our channel model. Additionally, we are very much committed to developing and staying current with the ongoing technology. We are focused on the strength of the dealer relationship for the long term. We are doing things that have worked well for us for 17 years. A lot has changed in that time. Many of our partners throughout the dealer channel are energized by that change and our partnership. We are happy to see that PaperCut was the No. 1 software provider in your 29th Annual Dealer Survey. That shows

how passionate we are, and we are very happy to get an accolade like that from dealers.

I'd also like to add that we have 21 authorized solutions sellers around the globe. They engage with the dealers in the local region. The benefit of this structure of our channel approach is a dealer can get started with us through the authorized solutions centers. We have three solutions partners in the U.S., and they cover all of North America and Latin America. They are designed so the dealer has choice, and we have the geographic coverage that is necessary.

SY: I think from the business environment today, the dealers already know it is a very dynamic time and opportunity. The direction or need for us is to provide greater efficiency. It is the organizations that can provide the greatest advantage or differentiation that come out ahead. We can help our dealers achieve that, helping them turn the corner and make that transition. Then, they will take it on themselves. In the meantime, there has to be somebody that will help take them down that path.

GJ: I would like to say to the dealers that read The Cannata Report that by adding Psigen to their solutions portfolio, it will help them with hardware pull-through and help increase their recurring revenue streams, as well as help solve a business problem. It is a relatively easy way to get into MNS. That is what we have seen happen time and time again. I would encourage dealers to use the above average sales aggressiveness of their sales people to help the solutions sales people get the job done. If you leave it to the solutions seller, you will fall short of achieving your goals. You will find that together, they are a winning team.

This is a great time to be a dealer

solving business problems. If you can solve a business problem, you will win a transaction and make a dollar or two because you made a difference. Every executive wants to do more with less and keep that revenue per employee going up. Psigen is growing organically, and our core focus is to always do right for the customer. If we do that right, we will win, and so will our customers. We are doing well and we need to get the word out.

PT: Thank you for this opportunity. What we are seeing and where we are being successful is in the isolated solutions silos. That includes scanning, capture, device management and print management. Companies utilize one or a couple of those solutions. Drivve ECO System is a fully integrated solution. It starts at one point, and dealers can use it to lock in the customer. Today, a customer may want to start with device management and go from there. That is our value. The successful dealers are seeing the benefit of our approach of an integrated solution. Customers tend to buy our print and scanning product. What we see is they have a combined product at an attractive price, and everyone in our channel can increase their margins. Everyone finds it advantageous.

SB: Since 1988, over a period of 27 years, DocuWare has developed a worldwide organization with 500 partners around the globe, with many from the independent dealer channel. In growing our own company, it has meant growing their businesses. It is teaching them how to be solutions-selling organizations. Last year, we did grow substantially, and this year, the overall activity throughout the world is maintaining a very high level. We invite each of our partners to join us in an effort that will lead them to a much greater success in the world of solutions selling.





DISRUPTION ERUPTION

Konica Minolta Leverages
Existing Technology to Enhance
Focus and Expand Footprint

By Frank G. Cannata

From February 15–18 at Los Angeles' JW Marriott, Konica Minolta Business Solutions U.S.A., Inc. (Konica Minolta) laid it all out for its dealer meeting. From speaker to speaker, the company conveyed its message with a humor and passion. From 3D to industrial printing, Konica Minolta had it all on display.

The meeting's theme — “The Art of Disruption” — perfectly sums up my interpretation of the meeting. Konica Minolta showed us how we can be disruptive with existing technology by broadening its applications and in so doing create a much broader footprint. This is also a very good way to keep your competition off balance.

Taylor-Made

I have been watching Rick Taylor hold center court at meetings for the better part of 18 years and he has not changed all that much, which is a positive. He has that same acerbic wit and loves to needle the heck out of family, friends, employees and business partners. That aside, he is the most charismatic executive in the industry and has played a significant role in maximizing the strengths of Konica Minolta today.

Jun Haraguchi, then President and CEO of Konica Minolta (2007), recognized Konica Minolta needed someone like Taylor to put an end to the debilitating battle going on between dealers and direct throughout the United States. Today, Haraguchi currently serves as Senior Executive Officer, Senior General Manager, Marketing Headquarters, at Konica Minolta, Inc. In the pecking order of Konica Minolta's hierarchy, he is the third man down from Shoen Yamana, Konica Minolta's current President and CEO.

Disruption was a good term to describe this meeting, particularly from a technology standpoint. Displayed, previewed and introduced were in-

dustrial printers (KM-1 and EFI 1625), 3D printing and the increasing capabilities of All Covered to support dealers in the IT world. When All Covered was acquired, it was a \$50 million company. Now, Taylor has reported All Covered has reached \$200 million for fiscal year 2014.

Taylor also stated that Konica Minolta has increased its overall total revenue by \$800 million in six years. That is more than three of its competitors generated in their latest fiscal years. A combination of acquisitions, services and products that just keep getting better has made Konica Minolta a strong competitor in our industry.

Disruptive Technologies

The Konica Minolta dealer event showcased a wide array of products serving the future of mobility, cloud, content management and security, along with products from the Business Innovation Center. The meeting highlighted the company's offerings for the enterprise, healthcare, education, hospitality and legal industries. The product fair featured over 70 stations and represented the largest and most diverse showcase of products, solutions and services that Konica Minolta has ever held in North America, in my opinion.

Over a two-day period, the audience of 1,125 people took in a series of presentations that addressed graphic communications, cloud and other disruptive technologies. Entrepreneur Robert Herjavec from ABC's Emmy Award-winning Shark Tank, along with golf champion-turned-comedian David Fenerty, delivered presentations that were informative, humorous and just plain entertaining.

Robotic Outlook

Konica Minolta is the second Japanese MFP manufacturer to explore the use of robots very aggressively in Japan. While visiting Tokyo in May

From the Top Down

When I first Yamana prior to the 2003 merger, he held a very similar position at Minolta to that of his role now at Konica Minolta, Inc. I would not be too surprised to see Haraguchi sitting in the Number 1 seat one day. Haraguchi knows both the American and European cultures. As a result, the marketing communication between Japan and the U.S. borders on excellent. The result is a flow of products and a level of marketing support that fits the needs of American businesses from SMB to the production print space.

2014, we learned that from Haruo Murase, Chairman of Canon Marketing Japan (head of direct sales) at Canon, Inc., that his company is also employing its sensor technology in the construction of robots.

Japan believes robots will play a wide role in healthcare and caring for the aging. From my vantage point, robots will be employed in surgery in the not too distant future. Their sensing technology will allow robots to perform the most delicate of surgeries one day. With a robot's capabilities, many tasks will be completed with computer-like precision, eliminating human error. While Konica Minolta has no current plans to engineer robots, the company understands they could play a critical role in the future success of some dealers. Ultimately, Konica Minolta is an OEM that is committed to its dealers overall success — even if part of that success results from the sale and service of a product they do not manufacture themselves. The following are a few examples of what was presented.

Savioke provides robots to the services industry, including hotels, elder care, hospitals, restaurants and offices. SaviOne is a robot currently designed to serve in the hotel indus-

try. It replaces people who will deliver room service, towels and other guest requests. Do yourself a favor and visit YouTube.com to look up SaviOne by Savioko. The video will tell you this compelling story in a visual way.

Knightscope utilizes technology to make communities safer and stronger with the use of robots. These technological advancements can see, hear, feel and smell and watch over corporate campuses and neighborhoods.

Knightscope's robots are fully autonomous, used to predict crimes in schools, businesses and neighborhoods. Development was inspired by the Sandy Hook Elementary School shooting and to prevent future crimes. The K5 detects crime using a variety of sensors including video camera, thermal imaging sensors, a laser range finder, radar, air quality sensors and a microphone. If the K5 detects abnormal noise and temperature change, or known criminals, it will alert local authorities.

Partner Promise

Konica Minolta is partnering very aggressively to obtain "answers" on how to help its customers solve their problems. When companies do not have the technology, they must partner and begin an intensive learning process that moves them to their intended goal more quickly.

The company announced two partnerships that reinforced that partnering is one of Konica Minolta's avenues to success. One partnership is with Robin Powered and the other is with EFI. The first was made possible by the Business Innovation Center, and the second by Konica Minolta's ability to act aggressively and gain entry into a new wave of the future — industrial printing.

Robin Powered is a business dedicated to making workplace coordination as efficient as possible.

Robin spun out of digital agency One Mighty Roar, and is focused on sensor-based technologies and workplace automation. The company's aim is to build a smart office. Among its software's many features are shared calendars and responsive conference rooms that sense an employee's arrival. The software then pushes that information to fellow employees (including a team member who may have forgotten a meeting, for example). The company has products in development that range from the silly and fun, like an employee's favorite song playing when they walk into a room, to the practical, like specific-to-a-person phone chargers popping out of desks when they arrive in an office.

Konica Minolta and EFI announced its partnership agreement on February 17. Konica Minolta will service and sell EFI wide-format LED and UV inkjet printers. This deal is a major win for both companies. EFI has been searching for an effective means to address the independent dealer. It has been a slow and often painful process. With Konica Minolta and EFI joining hands, dealers will now have the best of both worlds.

EFI not only has the digital printers, but it also is the leading provider of front-end technology for these same devices. In this business, it is the front-end that truly differentiates the devices. It also provides Konica Minolta with a stronger wide-format production offering, using advanced technologies from EFI — the graphic arts industry's leading provider of LED and UV inkjet printers and inks.

The EFI 1625 is an entry-level device and that one is just the beginning. This product is a good way for dealers to enter into this area of wide-format, which is known as super-wide.

In 10 years, EFI has placed 5,700 industrial printers globally. Some may say that is not all that impressive.

However, those placements represented \$400 million in revenue for EFI in 2014. If that does not make critics stand up and take notice, I do not know what will.

In May 2014, I asked Haraguchi what direction Konica Minolta is heading and what he believed its future would be. "I do not know," he candidly admitted. "But we are working in so many different areas, and I am confident we have put in place a means to help us make those decisions."

Bear in mind, Haraguchi made these statements to me only two months after Konica Minolta had announced the launching of the Business Innovation Center.

Konica Minolta in 3D

Back in May, Haraguchi also emphasized 3D was a primary U.S. initiative for Konica Minolta. To demonstrate how serious the company is about 3D printing, Konica Minolta announced its association with STEAMtrax.

STEAMtrax is a new curriculum that integrates engineering and 3D-printing technology with core academic knowledge in science, math, language arts, social studies and art. Students are engaged in learning scenarios and activities that encourage the essential skills of problem solving, collaboration communication, and clear and critical thinking, as well as developing core academic knowledge. Each lesson embeds 3D design, printing and scanning technology as an integral part of the STEAMtrax engineering process.

The curriculum modules are designed to be integrated into current science programs and can be integrated into after-school or summer programs. Each of the modules has a hands-on kit that accompanies the lesson, so the students can build their engineering designs/prototypes before testing on the 3D printer. The kits in-

Konica Minolta's Burgeoning Business Innovation Centers

While in California, I spent some time with Ekta Sahasi, Vice President of Konica Minolta's Business Innovation Centers (BICs) to learn more about Robin Powered and how well the BICs was doing in fulfilling their mission.

"We are excited to be partnering closely with Robin Powered and are really impressed with how they are leveraging presence-sensing technology to define the workplace of the future," said Sahasi.

Turning to the BICs specifically, Sahasi provided some background and overall understanding of what these centers are all about. Last February, Konica Minolta established BICs in five major regions worldwide

to develop new businesses responding to regional customer needs and markets. The five regional markets are North America, Europe, Asia Pacific, China and Japan. Their purpose is to develop solutions in a customer's business environment, further supporting the needs in the specific market. Currently, there are four centers located in California's Silicon Valley, London, Shanghai and Tokyo.

Each regional BIC is focusing on gaining a deeper understanding of customer needs to develop new services, as well as manage the entire lifecycle of new service business development from ideation to actual business deployment activities with faster times to market. A key area the BIC is addressing and gaining a better understanding of is where technology is going

and how Konica Minolta can take advantage of it to assist its customers and partners in becoming more productive. The BIC is also keying in on:

- Understanding important customer pain points;
- Leveraging design to create an open environment that stimulates innovative thinking;
- Using robotics and the opportunity to connect through the Internet of Things (IoT).

We were highly impressed with Sahasi and what she had to offer. during our conversation. Everything she said was very logical on so many levels and tied into what Jun Haraguchi shared with us when we visited Japan last May.

clude reusable materials for up to 32 students. Each module also uses the 3D printer, scanner and CAD/CAM design, which is taught to the teacher via the teacher version of the lesson. The interactive student-teacher portal offers students fun digital activities to complete while enabling teachers to assess their learning progress.

The STEAMtrax engineering curriculum is available for Grades 3–8, with high school and K–2 coming in 2015. The elementary school modules are about 15–20 teaching hours, with middle school at 25-plus hours a module, due to the intense nature of

learning and fully understanding the math/science subject matter.

Frankly Speaking

"The Art of Disruption" was informative and exciting events. Based on our conversations with dealers, the feedback was strong. Each of those we spoke to had something very good to say. Did they think everything was perfect? No, but their overall assessment of the event was very positive.

"The Art of Disruption" theme demonstrated that Konica Minolta will continue to explore new areas for customers and partners to find new and better ways to meet future challenges for dealers and of the overall business world today. From robotics to industrial printing, Konica Minolta seems to be looking for ways to open its doors wide for dealers to enter into new "growth-oriented areas" and successfully transition their businesses.

CR

Editors Note: Read about my first-time meeting with Konica Minolta, Inc.'s current President, Shoei Yamana, in "Konica Minolta: A Model Merger," at www.TheCannataReport.com/Live-Wire. You can also search our site for stories on other Konica Minolta mergers and acquisitions.





rick
TAYLOR

PRESIDENT & COO,
KONICA MINOLTA
BUSINESS SOLUTIONS

Konica Minolta's Culture of Cool

Rick Taylor and Team
Establish Industry's
New "It" Brand

By CJ Cannata

Rick Taylor
President and CEO, Konica Minolta Business Solutions U.S.A., Inc., takes the stage to kick off "The Art of Disruption" opening session.

For many of the dealers and press attending Konica Minolta Business Solutions U.S.A., Inc.'s (Konica Minolta) meetings, the company's charismatic, intuitive and progressive President and COO Rick Taylor is somewhat of the copier manufacturer's version of a rock and pop-culture icon. Think The Beatles or The Rolling Stones. Taylor has deftly surveyed, embraced, navigated and leveraged today's ongoing business challenges to Konica Minolta's benefit.

Ultimately, Taylor has been establishing Konica Minolta as the industry's new "it" brand among manufacturers — an achievement and status cemented both in theme and execution of its dealer meeting in February: "The Art of Disruption: Konica Minolta 2015 Dealer Conference and Expo." Taylor and Konica Minolta appear to understand just how critical it is to aid and empower dealers to differentiate themselves while also aligning with prevailing general business trends, individual skill sets and resources, and local market considerations.

Barry Clark, CEO of PERRY PROTECH said, "Konica Minolta understands, and it is helping its dealers understand, that innovation and disruption are enormously important. It's the only insurance against irrelevance, and it's the only insurance for growth and prosperity."

Blending core brand assets of irreverence, accessibility and community, Taylor's approach is similar to the manner in which The Beatles and The Rolling Stones disrupted and forever-changed both music and pop culture. These bands transformed rock-and-roll into a new and open culture, bringing together what was an increasingly splintering and angst-ridden youth in the mid- to late-1960s. Konica Minolta has achieved something similar in today's increasingly challenging and variable business environment by making dealers feel

welcome, understood and a part of something fresh — and by ultimately helping to facilitate a true camaraderie among them.

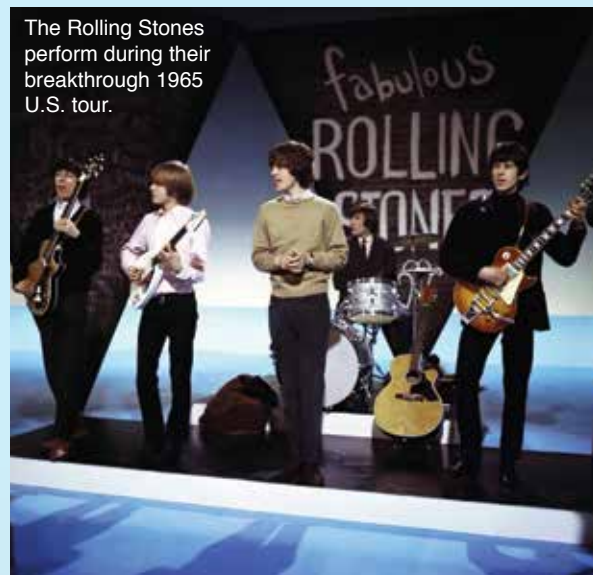
Also like The Beatles and The Rolling Stones, Taylor is not doing it alone. The Beatles had producer, arranger and keyboardist George Martin and original manager Brian Epstein, and The Stones had keyboardist Ian Stewart and original manager Andrew Loog Oldham to enhance and execute on their visions. Rick Taylor has a highly lauded and capable leadership team, including Sam Errigo, Senior Vice President, Business In-

telligence Unit; Kevin Kern, SVP, Marketing; Kay Fernandez, VP, Strategic Business Development; and Todd Crouteau, President of Konica Minolta's All Covered.

Konica Minolta is bringing sexy back to business technology industry by taking a few pages from Apple's playbook. Apple took a major step at the beginning of the computer juggernaut's resurgence in the 1990s. Apple's initial brand objective wasn't to change the face of personal computers and devices; it was simply to become the king of cool. And that's exactly what Taylor is helping Konica Minolta achieve within the manufacturing segment of the business technology industry.



The Beatles debut in the U.S. on "The Ed Sullivan Show" in 1964.



The Rolling Stones perform during their breakthrough 1965 U.S. tour.



1 PEOPLE

The primary pillar of a brand, particularly in our relationship-centric business, like ours is comprised of the people that support it's philosophies. The Konica Minolta team is responsive, sincere and gregarious.

"The people at Konica Minolta don't take themselves too seriously. They are approachable, fun and easy to work with," said Doug Pitassi, President, Pacific Office Automation, the largest independent dealer in the United States

One of the most powerful examples of the Konica Minolta's "culture of cool" was "The Art of Disruption" Club Nokia closing bash. The featured entertainment was a band comprising all-star musicians, featuring Steve Augeri (former lead vocalist of Journey from 1998–2006 following Steve Perry), personally selected by Taylor. Everywhere I turned, the energy and camaraderie among attendees was infectious, especially when I looked at the audience from the stage toward the very end of the band's set.

When Rick Taylor saw me rocking out in the front row during the first of a four-song block of Journey covers, including "Separate Ways (World's Apart)," "Lights," "Anyway You Want It" and "Don't Stop Believin'," he handed me a metallic VIP bracelet and ushered me toward the stage. During 30 euphoric minutes, I joined Fernandez, Kern (on guitar), Pitassi (who respectively contributed guitar and took over the drum kit at one point during the band's set) and Sal Camilleri, Konica Minolta's VP, Eastern Regional Sales, among others, while channeling my inner Stevie Nicks on tambourine.

Most significantly evident throughout



From left to right: Kay Fernandez, VP, Strategic Business Development, Konica Minolta; CJ Cannata, SVP Brand Strategy and Development, The Cannata Report; and Kevin Kern, EVP, Marketing, Konica Minolta join the band on stage during "The Art of Disruption" Club Nokia closing bash.

that experience, the audience was as enthusiastic as the concert goes at the Fleetwood Mac show I attended a week earlier.

2 PRODUCTS

Without a highly competitive line, prolific foresight and ingenuity, the company's culture would not be enough to elevate the brand to its current stature. Core Konica Minolta products such as the 654 MFP, the bizhub press C11000 and the 1250 monochrome high-speed press have all played key roles.

When it comes to products and other dealer offerings, Konica Minolta has been first to market in many key areas over the past couple of years. Most notably, Taylor was the first to dive into the deep end of the MNS world when Konica Minolta announced the acquisition of All Covered back in early 2011.

"Konica Minolta's business model lines up well with ours," said Steve Gau, Vice President of Sales at Marco, Inc. "This was the first copier manufacturer to acquire a traditional major MIT provider [All Covered] and it continues to invest in IT. As Marco is an

IT company that happens to sell a lot of copiers, Konica Minolta is working hard to shape their organization in a similar format."

Another savvy move was fully embracing 3D printing, one of the most buzz-worthy business trends of the past two years and a potentially viable disruptive opportunity for many dealers. However, like virtually every other direction dealers may consider to compensate for declines in clicks, success depends on commitment.

During Konica Minolta's compelling seminar on 3D printing, Darren Metz, CEO of NovaCopy, Inc., the top Konica Minolta 3D printing sales organization, said, "It [3D printing] is very much a long-term investment. We started with 3D four years ago. Our goal for 2013 was \$1 million in 3D revenue. We fell short of that by about \$650,000. So, in year three, which was 2014, we shot for \$1 million, and Melissa Ragsdale, President of Novacopy's 3D Printing Solutions, blew it out of the park with \$2 million in rev-



Taylor and Doug Pitassi, President, Pacific Office Automation, help bring the house down during the band's encore.



Konica Minolta dealers and guests dance and sing along with the performers on stage.

enue. We are now tracking \$4 million in revenue this year, so if you're looking for a growth segment and you're willing to hire people like Melissa to jump in with 3D, I assure you it will be a wild and exciting ride."

Konica Minolta is so committed to the success of its dealers through product and services diversification that Taylor even spent some time speaking about some game-changing product innovations from companies other than Konica Minolta and its partners. Among the most memorable was the SaviOne robot from Savioke, designed to service the hotel industry, which Taylor had arranged to deliver him a Snickers bar onstage.

Naysayers may argue that promoting a product manufactured by an entity other than Konica Minolta or one of its partners across its dealer base is readily transparent as an indirect method to push more core Konica Minolta products as non-Konica Minolta products aid dealers' growth in size and scope. But that is beside the point. It is not often a company is so confident in its own brand identity that it considers this type of non-linear, long-tail approach.

"Konica Minolta is always looking for new ways to reinvent themselves, and providing dealers with new opportunities for the future," said Marco's Gau. "They want to ensure their business

Editor's Note: You can read more about Konica Minolta's latest products and services, along with Savioke's robot technology, in "Disruption Eruption" on page 24, by Frank G. Cannata.

partners have a solid future in over the long term."

3 PARTNERSHIPS

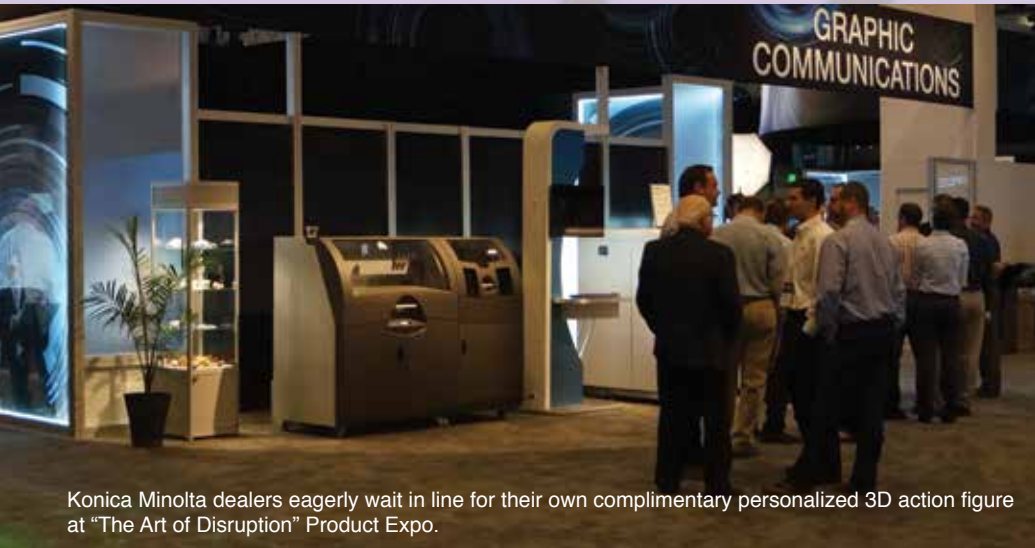
Acquisitions and partnerships are core elements of Konica Minolta's overall brand strategy. "The Art of Disruption" featured announcements about an expanded partnership with EFI, and new partnerships with MWAi, Robin Powered and Clover Technologies Group (Cover).

EFI and Konica Minolta already work together in the development of digital front-ends that provide advanced color imaging and production capabilities on Konica Minolta digital presses and printers. Per the most recent arrangement, Konica Minolta will service and sell EFI's (VUTEK)1625 via its authorized independent dealer.

Konica Minolta's Business Innovation Center announced a new strategic partnership with Robin Powered, a technology company dedicated to establishing efficient workplace coordination, leveraging sensor-based technologies and office automation.

While Konica Minolta, along with its IT arm, All Covered, is still working through terms and conditions, Taylor did announce a new strategic alliance with MWAi and its FORZA ERP platform (built on SAP Business One). MWAi arguably has the best ERP system out there, as it enables dealers to build different businesses, such as cloud, MNS and security, without having to rely on plug-ins for outdated software they are still running.

However, the many dealers moving toward FORZA were concerned that



Konica Minolta dealers eagerly wait in line for their own complimentary personalized 3D action figure at "The Art of Disruption" Product Expo.



SaviOne brings Taylor a Snickers bar on stage.

a smaller company like MWAi may not have the resources to fully support it. Given this new partnership, that should no longer be a concern. Dealers will now be able to benefit from MWAi's implementation experience, aligned with OEM backing via resources allocated through a substantial IT business.

Konica Minolta's partnership with Clover will enable the manufacturer to leverage full-service MPS capabilities that include setting up green initiatives (Clover is a zero-waste company), a full menu of software and auto-toner fulfillment. With the latter, Konica Minolta dealers can set customized parameters on customer machines. Dealers will then receive alerts that will enable them to notify customers when they need to replace their toner cartridges according to those pre-programmed parameters

As Image Systems' Mike Schwartz, Senior Account Manager, said, "I'm excited for the new technologies and opportunities on the horizon with KMBS. They 'get it.' The partnerships they're continually making are dynamic and aggressive."

Art Schwartz, President and CEO of Image Systems, commented, "I've been in this industry since 1973, so it's hard to find something that's new or 'disruptive' to discuss. However, Konica Minolta's holistic approach to business and document communications is refreshing to say the least. We give their leadership a lot of credit for finding new products, applications and services that help to differentiate bizhub from everyone else's equipment 'noise.'"

4 PRESENTATION

"The Art of Disruption" Opening Session kicked off with an alluring and accurate video homage to the role disruption has played toward advancing virtually every aspect of our society since the Industrial Revolution of the

1950s. The montage spotlighted art, business technology, consumer electronics, consumer package goods, fashion, film, music, politics, space exploration and transportation, and depicted how disruption aggregately evolved into what is collectively American culture today.

Moving onto Konica Minolta's product fair, the Expo evoked the look and feel of brands like Audi. It was sleek and modern, but clean and far from overdone. Unmatched by any that I have seen to date, the fair's production design took cues from Apple with its spacious white surfaces with generous negative space in between.

Overall, this compelling and functional design approach aided in part to a product fair bustling with activity. Most importantly, Konica Minolta ultimately sold far more product than it forecasted during the event.

This year, Konica Minolta branded its dealer award show the "K-EMMY's," which added to the celebratory tone of the evening. After the award ceremony, guests were entertained to a dry, yet universally hilarious and tasteful stand-up performance by actor and comedian Larry Miller. (Clearly, Taylor and his team learned from

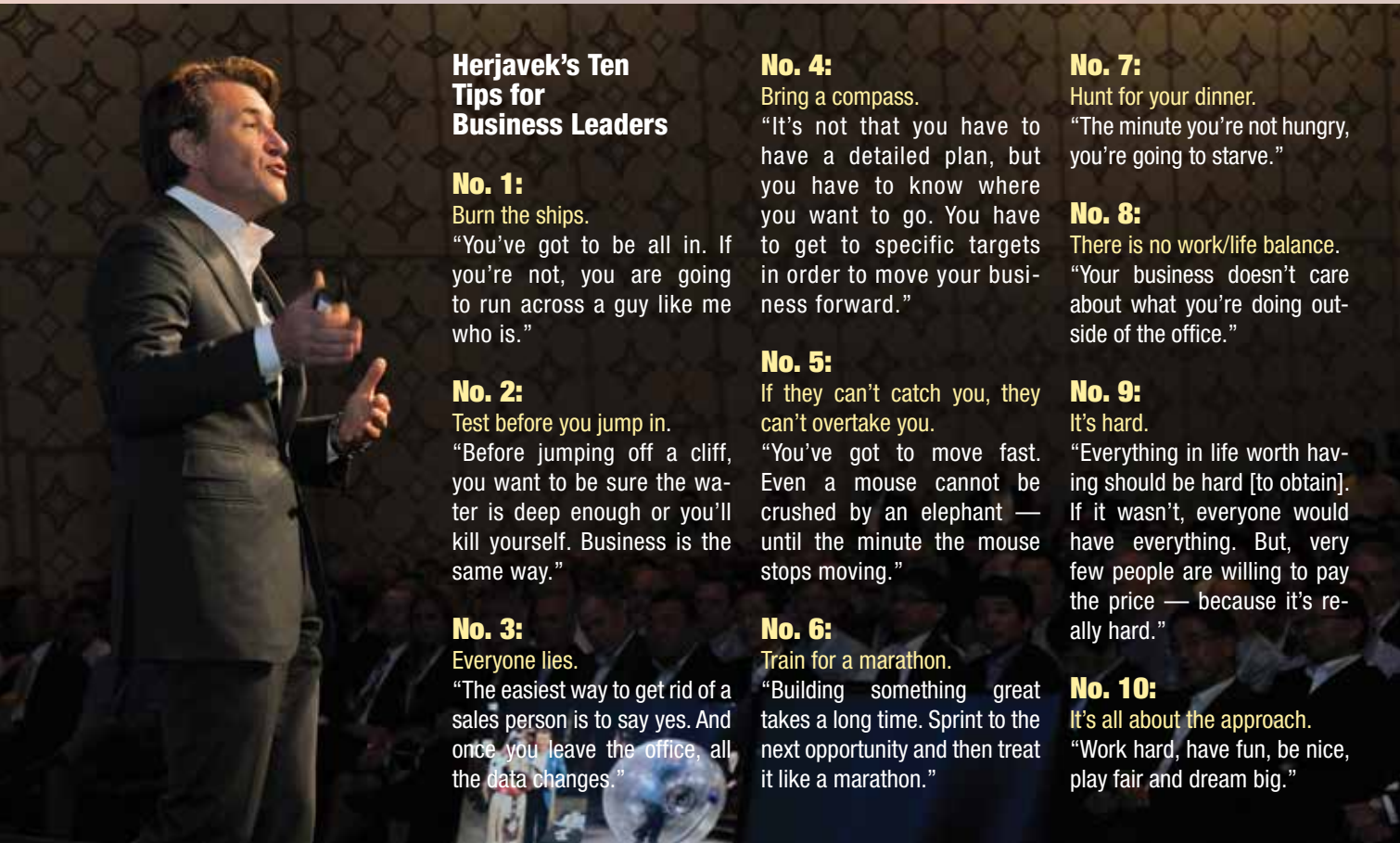
Dennis Miller's politically polarizing performance at 2013's "Shape the Future" dealer meeting. While many in the audience enjoyed that show, it was far-removed from the positive and inclusive spirit of the Konica Minolta brand.)

Other guest speakers more than substantively added to Konica Minolta's overall presentation and style at and of the meeting while complementing the core of Konica Minolta's brand essence. Robert Herjavek, one of North America's most recognizable business leaders and co-star of the ABC reality series "Shark Tank," was accessible and entertaining, while maintaining a blunt honesty.

"[On "Shark Tank,"] we teach Americans that you just have to keep going," said Herjavek. "It's not what you say, it's how you make people feel. All my sales people spend hours going through the minutiae of their PowerPoint [presentations]. And I say [to them], 'Do you think at minute 16 the customer is going to remember what you said?' But, I guarantee your customer is going to remember how you made them feel. A company like Konica is about innovation. It's about comfort. It's about security. That's what you're selling."



"The Art of Disruption" opening session video homage to the role disruption has played in American culture from post-World War II America in the 1950s through present day, segmented by decade.



Herjavek's Ten Tips for Business Leaders

No. 1:

Burn the ships.

"You've got to be all in. If you're not, you are going to run across a guy like me who is."

No. 2:

Test before you jump in.

"Before jumping off a cliff, you want to be sure the water is deep enough or you'll kill yourself. Business is the same way."

No. 3:

Everyone lies.

"The easiest way to get rid of a sales person is to say yes. And once you leave the office, all the data changes."

No. 4:

Bring a compass.

"It's not that you have to have a detailed plan, but you have to know where you want to go. You have to get to specific targets in order to move your business forward."

No. 5:

If they can't catch you, they can't overtake you.

"You've got to move fast. Even a mouse cannot be crushed by an elephant — until the minute the mouse stops moving."

No. 6:

Train for a marathon.

"Building something great takes a long time. Sprint to the next opportunity and then treat it like a marathon."

No. 7:

Hunt for your dinner.

"The minute you're not hungry, you're going to starve."

No. 8:

There is no work/life balance.

"Your business doesn't care about what you're doing outside of the office."

No. 9:

It's hard.

"Everything in life worth having should be hard [to obtain]. If it wasn't, everyone would have everything. But, very few people are willing to pay the price — because it's really hard."

No. 10:

It's all about the approach.

"Work hard, have fun, be nice, play fair and dream big."

David Feherty, a former professional golfer on the European Tour and PGA Tour who is currently both a writer and broadcaster with CBS Sports and Golf Channel, also spoke. Feherty personified the Konica Minolta brand modernity and irreverence. While he may have used language some may have found somewhat questionable (though I heard nothing but laughter throughout what was the final formal presentation of the event), it worked seamlessly because, much like Taylor himself, Feherty didn't take himself or his performance too seriously, and his humor was extremely self-deprecating.

The Beat Goes On

Father-and-son team Al and David Scibetta, President and EVP, CIO, respectively, at Copier Fax Business Technology, Inc. [CFBT], underscored Konica Minolta's brand position and culture of cool. "Culture and brand is everything to us at CFBT," David Scibetta said. "We feel that KMBS is traveling down a parallel path with us

as we continue to grow. When you have a true partner that is pulling in the same direction, and most importantly, traveling in the same direction, it compounds our growth capabilities."

Al Scibetta added, "I've done business with Konica Minolta for 25 years. Since Rick Taylor, I can truly say that Konica Minolta makes you feel like you're part of the family."

Dealers and The Cannata Report aren't the only ones who feel Konica Minolta is the strongest brand in its category. As written in the story "2015's Brands with the Most Loyal Customers" published on Forbes.com just last month, "Konica Minolta was one of 11 brands to maintain their No. 1 category positions in very challenging category environments, according to Brand Key's 19th Annual Customer Loyalty Index (CLEI)."

While Konica Minolta may be the manufacturing "it" brand today, Taylor and his team continue moving for-

ward because they understand that a competitor could cause a disruption in their momentum at anytime. Some dealers may also be somewhat concerned about Konica Minolta's momentum and positioning if Taylor were to step down. However, given Taylor's track record of employee empowerment, emphasis on continuity and the proven ability of other upwardly mobile senior executives like Errigo and Fernandez, this may very likely prove to be an unfounded concern.

It would likely take a revolutionary departure in brand strategy, of which culture plays a most critical role, to curtail Konica Minolta's momentum with dealer loyalty. That's something I just don't see that happening any time in the foreseeable future.

CR

Recommended Reading:

Forbes.com: "2015's Brands with the Most Loyal Customers"



Canon Presses Forward

Océ Brings Sheet-Fed Workflow to High-Speed Inkjet

By Frank G. Cannata

On February 24 — to our great surprise — Canon announced the introduction of what it terms a breakthrough in the high-speed inkjet press. The Océ VarioPrint i300, formerly known as Project Niagara, is the first high-speed, sheet-fed inkjet press in Canon's portfolio of production print solutions. With this innovative product, Canon is setting itself up to help print service providers find a print solution for their specific needs and address new market opportunities and applications, while transforming business models

Canon has a long history with inkjet, and it is clear the company has taken that technology to a new level. The Océ VarioPrint i300 is designed to fill the speed and capacity gap that exists between conventional high-end toner-based, sheet-fed and entry-level

continuous-feed inkjet presses. However, whether that is true or not depends a great deal on how Canon is price-positioning the product.

Featuring a patented four-color ink system, the Océ VarioPrint i300 prints on a range of media, including uncoated, coated and inkjet treated paper. It leverages existing technologies from Canon and includes the Océ ColorStream inkjet printhead technology and Océ VarioPrint media handling. It offers integrated end-to-end digital workflows with its Océ PRISMAsync digital front end and Océ PRISMA software platform. Print service providers will also have access to finishing capabilities that are compatible with the Océ VarioPrint 6000 series.

The Océ VarioPrint i300 prints up to

300 A4 images-per-minute and is said to be capable of producing monthly volumes of up to 10 million letter or A4 images. According to Canon, the printer's sheet-fed flexibility and price point make it accessible to a much broader audience in the transaction, direct mail, book and manual markets. By utilizing a B3 sheet size, Canon is also positioning the press to better optimized to leverage existing finishing solutions for true end-to-end, automated workflows.

The first units have been shipped and are being installed at four customer sites in the U.S. Canon will continue to seek feedback from these print pioneers to enhance the offering going forward. General availability of the Océ VarioPrint i300 in the U.S. is slated for summer 2015.

CR

High Production Value

Industrial Expert Frank Romano Outlines Real Opportunities in Imaging

By Frank G. Cannata

Since EFI's acquisition of VUTEK a decade ago, I have been carefully studying the realm of industrial printing. Over time, as marks on paper (toner-based copiers and printers) declined, traditional copier dealers have realized the necessity to find alternative markets and complementary products to secure a sustainable future.

At Konica Minolta's 2015 Dealer Meeting and Expo, "The Art of Disruption," President and COO Rick Taylor announced Konica Minolta's private labeling of the EFI 1625, an entry-level industrial printing product. Finally, a light at the end of the tunnel. Dealers will now be offered a vehicle to enter into an area that we believe could play a significant role in their future.

To buoy this contention, I wanted to find a way to validate that dealers have a significant opportunity to expand their business from the office to include the industrial space. In other words, I needed to find someone with the right print-industry credentials to vet our thinking.

To further support our opinions, we secured an interview with Frank Romano. Romano is a Rochester Institute of Technology (RIT) Professor Emeritus, with a career spanning 56 years in printing and publishing. Many know him as the Editor of the international paper Pocket Pal, which he has published for over 30 years, or some may have read one of the thousands of articles he has written. Romano has edited newsletters for EDSF and PIA, and was a founder of the Digital Printing Council. He was the Editor and Publisher of TypeWorld, the first word processing and typographic communication publication, which later was re-named Electronic Publishing when acquired by PennWell Publishing. He was also the founder and Editor of Print Buyer, Computer Artist and Color Publishing magazines.

Romano has authored 56 books, including the 10,000-term Encyclopedia of Graphic Communications (with Richard Romano), the standard reference in the field. His books were among the first on digital printing, typography, computer-to-plate, desktop publishing,

workflow, PDF, QuarkXPress, InDesign and new media. Most of his books are co-authored with students. His latest books include the 450-plus page "History of the Linotype Company" and "History of the Phototypesetting Era." He is credited with coining the term "variable data printing."

In 1990, Romano accepted a teaching position at RIT's School of Print Media and later became administrative chair of the department. He writes for publications around the world and is a regular columnist in Australian Printer and South African Printer. He travels extensively and attends most trade shows and conferences. He has been at every print exhibition since 1967. In 2016, he will attend his 11th Drupa in Germany. He collects books on printing and has a library of over 4,000 volumes. He has also collected one of every film, glass and plastic photographic typesetting font.

CR | *I have been watching EFI's success with VUTEK, Jetrion and more recently, Cretaprint. Are these industrial printers the new wave in printing?*

FR: We call it "new print." With commercial printer business down by as much as half, they had to seek out alternatives. They looked for opportunities that could expand their businesses and compensate for the loss of revenue from printing traditional jobs such as financial reports by publicly held corporations. They saw the opportunity in wide-format for signage, consuming large quantities of ink, paper and other materials. That business potential was expanded with the



"Four Franks and a Guy" (from left to right): Frank G. Cannata, President and Editor-in-Chief/Publisher, The Cannata Report; EFI's Frank Tueckmantel, VP, Corporate Marketing, Guy Gecht, CEO, and Frank Malozzi, SVP, Worldwide Sales and Marketing; and Frank Romano, Professor Emeritus at Rochester Institute of Technology, at the EFI Connect 2015's annual press dinner party.



introduction of flatbeds. You could print on all kinds of weird materials that broadened considerably what a commercial printer could produce with this type of “industrial printer.” What EFI did with VUTEk was expand it into a flatbed inkjet printer capable of printing on all kinds of substrates and print-on-demand.

CR | *Can the independent dealer channel play a major role in the distribution of that type of printer?*

FR: Of course, they can. To begin with, the inks are not proprietary and the ability to print on plastics and any kind of materials opens up a whole range of output for commercial printers supported by the independent dealers you are talking about. These new materials and supplies are perfect for the dealers.

CR | *Of all the players in that high-volume production space, which ones would you designate as the top three and why?*

FR: In the high-speed area, it is HP by a mile, mostly on paper. I would place EFI VUTEk in the No. 2 position, and the third could be any of 20 to 30 players in that space, including Ricoh. EPSON is in this business in a very big way, but I would have to say the leader is HP by a mile. One of the shows that I would suggest you attend is the SGIA event. That stands for Specialty Graphics Imaging Association. It was originally a show for screen printers who have now become inkjet printers. You go to one of their events and you will find them printing on Christmas tree

ornaments. In this area, there is no such thing as traditional printing.

CR | *Do you support the thesis that print is in a decline that will never recover? If*

so, what should manufacturers do to create some kind of sustainability in the production space?

FR: It is a fair observation, and the term industrial printer can apply to printing on labels and printing on packaging [with inkjet]. Both are growth areas. Commercial printers have to get to the point where they are doing new and different types of jobs. Some printed items that were a staple for printers are no longer doing jobs such as annual reports.

CR | *What do you see as the future for high-volume print?*

FR: I do seminars that address this subject. I tell the audience that they need to be in the imaging business, and that means imaging on anything. You can print a picture on clear plastic, create a 16-foot banner. Those are the kind of jobs they never did.

CR | *How do dealers support commercial printers that want to get into that space? Better still, how do they get into the selling of industrial printers?*

FR: They have to understand the technology of UV inks, which can print on anything, including ¼-inch thick metal, glass and even wood. They have to find out who has those kinds of materials in that space. Most of the dealers that I have known do not really know a great deal about what their customers are doing. I am referring to their existing commercial printers. They should do an examination of what their customers are doing and find out who is doing what,

and really begin by selling their existing customers and go from there.

CR | *Any other advice that you can give to our audience?*

FR: To get into anything that is even remotely new, you have to start learning from publications. There are 70 different kinds of materials that can be printed on. The manufacturer/supplier of the machines does not have all the materials they can print on. The more supplies you can provide, the more diverse the experience will be for the customer and the more profitable for both of them. I think all it takes for dealers to really start getting interested in providing industrial printers is one or two of them to get into it, and I think everyone would follow. I remember educating old-time dealers in photo typesetting. One day, they woke up and got it.

CR | *Is there anything you're seeing coming down the pike in the future for these types of printers?*

FR: I have been to a research lab in Europe where they showed me an inkjet printer that can jet gold and silver. Think about it. There are all kinds of applications. This industry is going to continue to evolve. Remember what I said: image on everything.

We'd like to extend our sincere gratitude to Frank for taking the time to speak with us. We truly appreciate his perspective and advice.

During the interview with Romano, he also provided me with some specific and helpful advice, which we fully intend to take. He suggested we contact the show management team at Graph Expo to arrange for a meeting room, have lunch brought in and invite subscribers to learn about what is on the show floor to help them better understand where the opportunities lie in this segment of the print world. We intend to do just that!



Shady Business

By Frank G. Cannata

Dealer Partner Plays the Losing Game of Lying

In this business of covering products and services, it's not uncommon for companies to approach us to write an article about products or services they provide for independent dealers.

As a fairly well-known organization within the dealer community, we are very careful about choosing what and whom to write about and when it is appropriate quote particular sources. We do not test products or services but do use the highest-quality resources available to us to ascertain the effectiveness, applicability and potential revenue quality for our independent dealer audience. As a practice, we ask companies to provide a list of dealers – anywhere between three and five of them – who are currently using the product or service, and we begin a dialogue independent of the vendor in question.

I'd like to provide you with a recent example. A certain vendor suggested that if we were to write a review, the company would be inclined to advertise with us. I love it when someone asks you to do something that would make them feel good, and in the next breath says there will be money on the nightstand after they read the article.

With this particular company, I stated our policy and waited to hear from them. After about six months, I heard from its PR firm that an interview had been arranged with one of the country's leading dealers. When I heard who the dealer was, I jumped at the chance to do it, even though I had an inkling this meeting was never going to happen.

Before the meeting was inked, the PR firm called to say the dealer wanted our questions in advance, which we normally do not provide. Then, I was told a date was being set, but ultimately, the meeting was called off.

Despite not having a meeting on the books, I contacted the dealer to express my disappointment that he couldn't be interviewed for this piece. I'm always amazed that vendors looking to sell do not understand that we talk to dealers across the country on a regular basis, and the vast majority take our calls or respond to our emails.

I told the dealer that I understood he may have had some concerns about the questions we would pose. The dealer responded, "That was not the case at all. These people wanted us to endorse them."

Then, he added, "The facts are these: I am not going to endorse a company we do not use to any degree anymore. We have [he mentioned two other sources for a similar product that his company was currently using] and don't even like them [referring to the vendor that wanted us to write the piece in the first place] all that much."

Now, I clearly knew this particular vendor lied to me and wanted a dealer to lie for it as well. Let us not forget this company wanted to pay us for something it was not earning legitimately.

Let's view this experience through an analyst's eyes. In light of this experience, let's say we are invited to this vendor's briefing about the products

"Now, I clearly knew this particular vendor lied to me and also wanted a dealer to lie for it as well. Let us not forget this company wanted to pay us for something it was not earning legitimately."

or services it supplies for dealers. What is the likelihood that we would take such an invitation seriously?

If we were curious and chose to accept this invitation, we would be listening to people speak eloquently about their company and all the wonderful things they are doing for dealers. In our eyes, every executive that spoke would have zero credibility. Imagine a company so inept and so dishonest, it would put its own executives in a position to obfuscate, or embellish at the very least, the facts to make it look good.

As you can see, we've marked this company as bad as one could get. One day, I sincerely hope that a representative from this company asks why we never did the interview. I would really like to tell them what I think of a company that engages in such practices.

However, there was one very positive result of this incident. We did secure an opportunity to interview this particular dealer, during which I certainly plan to ask him about his dealership's lead products and services. But I seriously doubt the aforementioned vendor will even be mentioned.

OR

An Uncommon Man

General Anthony Zinni Personifies Major Marine Legacy

By Frank G. Cannata

Presented by US Bank



Over the past 10 years, I have written extensively about our nation's heroes of World War II, Korea, Vietnam, Iraq and Af-

ganistan. As I prepared this first installment of our focus on U.S. veterans, I searched through my archives and pulled "America's Warrior Diplomat," an article I wrote several years ago for Fra Noi (Between Us), a nationally known, Chicago-based Italian-American publication. While I've condensed my original article for this publication, my admiration and respect for the piece's subject — Marine General Anthony Zinni — is not diminished.

in many heated battles on the ground, it was Zinni's role as a peacemaker that solidified his legacy. Zinni toiled as a troubleshooter in Africa, Asia and Europe, before moving on to serve as Secretary of State Colin Powell's special envoy to the Middle East. In 2003, however, Zinni resigned from his position with the U.S. Department of State over disagreements concerning the Iraq War and its aftermath.

Since leaving his last official government post, Zinni has served on numerous boards at universities, corporations and other organizations. In 2009, Zinni was appointed as Chairman of BAE Systems, an aerospace company, and served as Chairman and CEO until 2012.

Zinni has also chosen to speak out about his military experiences. Yet,

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After Zinni received the UNICO National's Americanism Award at its 82nd Annual Convention in 2004, I had the wonderful opportunity to learn a great deal about this highly decorated patriot. It has often been said Marines are common men who have a great capacity to display uncommon valor. Zinni personifies this statement.

Serving nearly 40 years, Zinni earned the title of "Warrior Diplomat" through his leadership in Vietnam, Somalia and Iraq. While he certainly engaged



U.S. Marines Symbol

his speeches are not without criticism from several who often label his views as partisan. In my opinion, those critics who think of him and what he has done solely in a political context are trivializing this man and the dangerous times we live in.

As a former Marine Corps officer, I can easily understand how and why Zinni would broadcast his opinions. In the Corps, you are trained — first and foremost — to place the welfare of your troops before yourself. The Marines that trained us were exceptional men. Two of my unit commanders were true Marine Corps heroes, earning a Silver Star and Navy Cross on Guadalcanal and Peleliu during World War II. Zinni’s military training was also similar. He served under Marine officers who had fought throughout the Pacific and Korea with great distinction. In carrying on that Marine legacy, there is great responsibility to “take care of your people.”

In “Battle Ready,” which Zinni co-authored with Tom Clancy, there was a distinct turning point when Zinni

vowed to speak up when he recognized that troops were needlessly being put in harm’s way. After being badly injured and recovering at a hospital during the Vietnam conflict, Zinni was speaking with another injured Marine who was at risk of losing full function of his leg. The Marine asked Zinni why the U.S. was fighting in Vietnam. Zinni replied with the “party line,” but quickly felt it was “piss-poor.”

“I swore that from then on no troops of mine would ever again get such a shitty answer from me,” recalled Zinni in “Battle Ready.” “They’d know from me why we were fighting. And if I felt something was wrong that put the lives of our troops in needless risk, I swore I would speak out, never hesitating to put my own career on the line for doing what was right by men.”

Zinni has been credited for foresight in predicting the dangers of terrorism coming out of Afghanistan before the September 11 attacks of 2001 and supporting the Iraq War troop surge of 2007. In October 2009, he came out firmly in support of General Stanley

McChrystal’s request for up to 40,000 additional troops in Afghanistan.

Today, Zinni is a renowned author and speaker, specializing in leadership, mentoring, team building, public and private policy, peace envoys, Middle Eastern politics and strategies, and international affairs. His latest book, “Leading the Charge,” strives to share his experiences from the military to the business world and covey ways to overcome our day’s greatest challenges.

Most importantly, Zinni is an Honorary Board Member of the Non-Profit Wine Country Marines, an organization dedicated to helping wounded service members and aiding the welfare of currently serving service members, as well as addressing veterans’ employment and transition and healthcare.

With two Bronze Stars with V (for Valor), Purple Heart and numerous other medals, Marine General Anthony Zinni is a powerful voice for not only military veterans but also for every American looking to keep our country truly great.

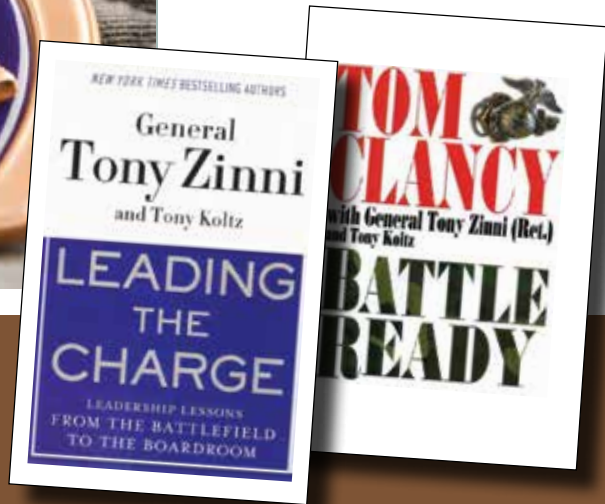


Bronze Metal and Purple Heart

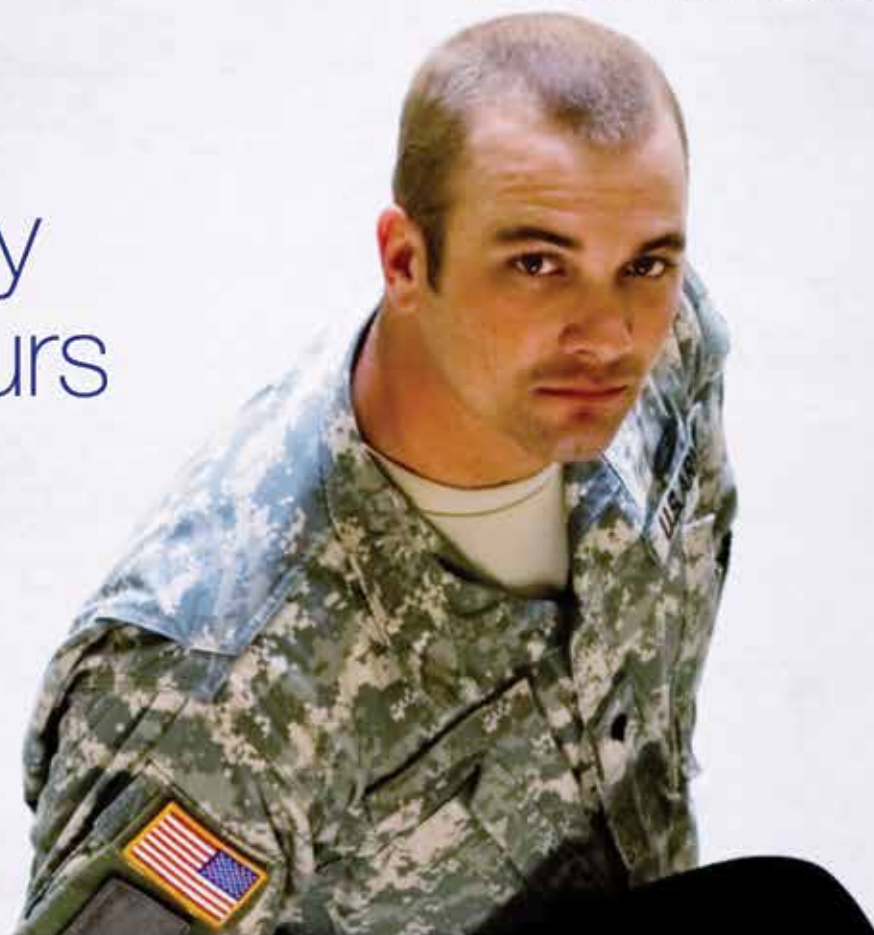
Dealers Only: Is there a veteran you think we should consider writing about? Email CJCannata@TheCannataReport.com.

Recommended Reading:

- “Battle Ready” by Tom Clancy with General Tony Zinni (Ret.)
- “Leading the Charge” by General Tony Zinni and Tony Koltz
- “The Battle for Peace” by General Tony Zinni and Tony Koltz



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¹G.I. Jobs Magazine, December 2013. ²Military Times, May 2013.

Conflict Avoidance

KYOCERA
Kickoff Meeting*
The Venetian
Las Vegas, Nev.
April 7–9

BPCA Spring Best Practices Meeting
Hyatt Regency
San Antonio, TX
May 4–6

BTA Mid-America
Radisson Blu Mall of America
Minneapolis, Minn.
May 7–8

SDG Meeting
TBA
Pittsburgh, Penn.
May 19–20

BTA West
The Venetian
Las Vegas, Nev.
August 6–7

BPCA Fall Dealer Owners Meeting
The Breakers
Palm Beach, Fla.
September 20–24

BTA East
Boston Marriott Copley Place
Boston, Mass.
September 24–25

SDG Meeting
TBA
Dallas, Texas
September 29–30

Encompass 2015*
Hosted by Square 9 Softworks
Sandpearl Resort
Clearwater Beach, Fla.
October 20–23

BTA Southeast
TBA
Asheville, N.C.
October 23–24

The Cannata Report's
30th Annual Awards
and Charities Dinner
Meadow Wood Manor
Randolph, N.J.
October 1

Editor's Note:

To date, Frank Cannata and CJ Cannata are scheduled to attend events marked with an “*”. If you have questions about these or other industry events, please contact us at cjcanata@cannatareport.com.

UP NEXT By CJ Cannata

Before getting into what's ahead, I'd like to reflect back as Q1 draws to a close and thank our ever-growing list of prestigious partners for their support. To those in our dealer audience who are pleased with the overall direction of The Cannata Report's media business, you can thank the following set of diverse industry leaders: CIT, EFI, ESP/SurgeX, EverBank, Graph-ec, GreatAmerica, Innovolt, Konica Minolta, LMI Solutions, Mars and Ross International, Lexmark, MWAI, PaperCut, Psigen, Ricoh, Square 9, Sharp, Toshiba, U.S. Bank, Wells Fargo, and the several other companies we are in the midst of very promising discussions with.

Their accelerated consulting contracts, integrated marketing programs, sponsorships, advertising schedules, editorial licensing requests and special projects are directly fueling our continued ability to expand and update our media business. I also want to make it clear that my mentioning of these companies was not requested nor promised. It is simply a sentiment I wish to share because their, along with our audience's, commitment drives our innovation and growth.

Speaking of innovation, work on Version 2.0 of TheCannataReport.com is officially underway. While we began this process later than anticipated, we will be making even more changes that we alluded to in this column earlier in the year.

The new version of our site will feature a long-overdue update of its registration and log-in process, streamlined navigation, photo-driven teasers, new content areas and responsive design (meaning the site will automatically reconfigure itself to provide an optimal user experience when accessed via tablet and smartphone), among several other improvements.

We continue to thank all of our subscribers for bearing with us as we continue our own transition. We will get there — and then, we will simply keep on forging ahead into new areas.

On the editorial front, we have already launched five new departments this year — Hot Off the Press, INK, Out of the Box: Software and Solutions, Veteran's Way and Women Influencers — in a further attempt to broaden our coverage and appeal to a wider demographic of industry leaders.

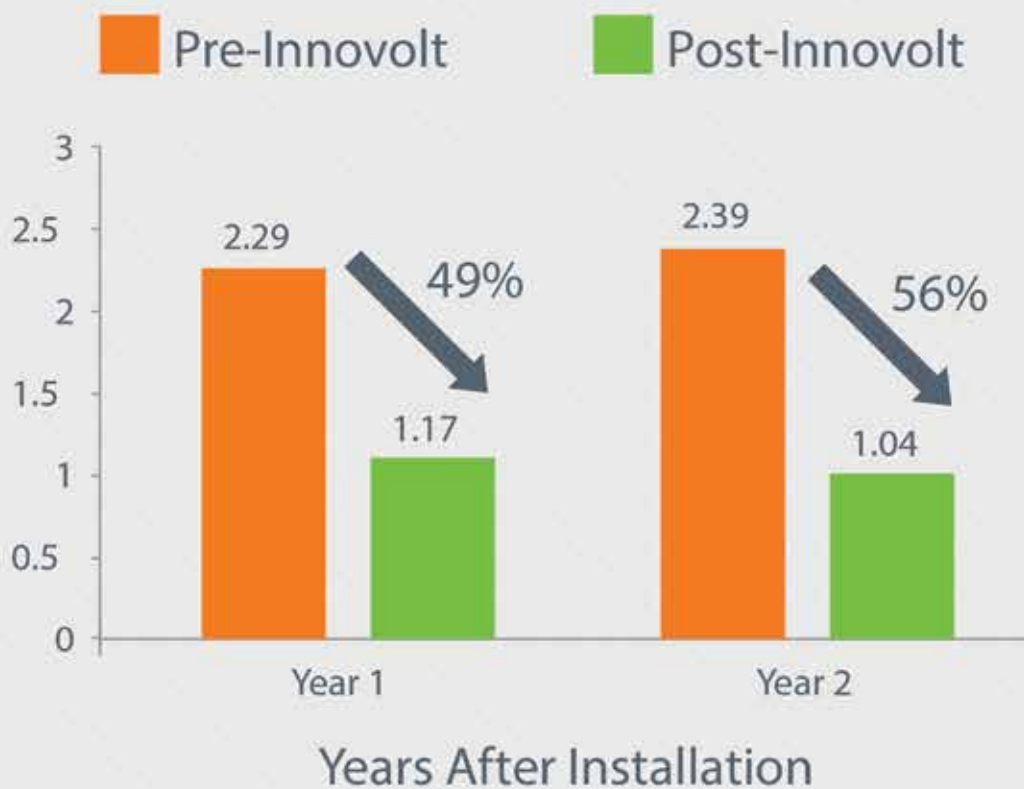
Next month will feature comprehensive coverage of Ricoh's 2015 Convergence and the final installment of our 2015, focusing on the manufacturing segment. We have also slightly pushed forward the launch of our 30th Annual Dealer Survey, whose launch date will not be on our about the middle of April

As always, we encourage any and all of your feedback and take all of it into serious consideration.

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