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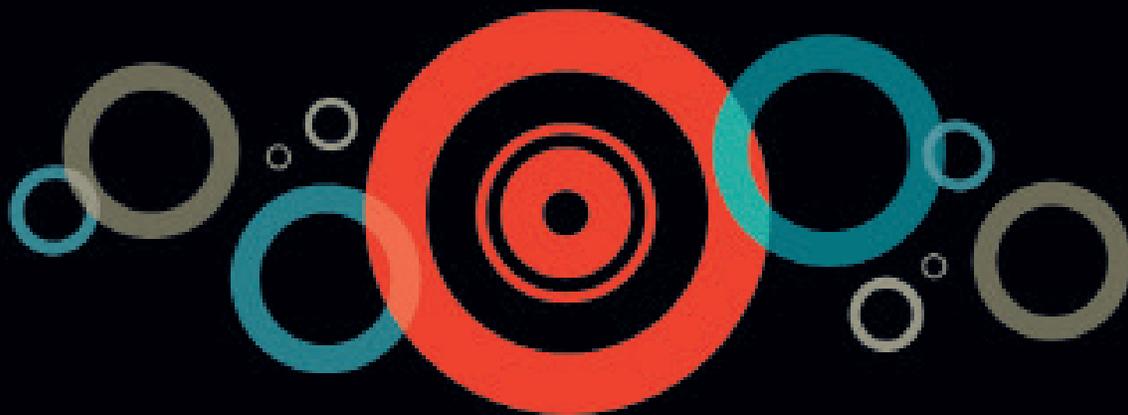
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"I don't know where I'm going from here, but I promise it won't be boring."– **David Bowie (1947–2016)**

English singer, songwriter, performance artist and painter

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THIS MONTH ON

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VIDEO



The Printed Home of the Future

Take a virtual tour of The Printed Home of the Future featured at EFI Connect 2016. The display features ceramic and decorative tiles printed on Cretaprint Digital Inkjet Digital Printers, a stool top printed on the EFI VUTEk GS3250LX Pro with UltraDrop technology and "Soft Signage" (e.g., chair and lampshade fabric), and clothing printed on the EFI Reggiani Digital Textile Printer.

DEALERS



Dealer Profile Preview: ASI Business Solutions



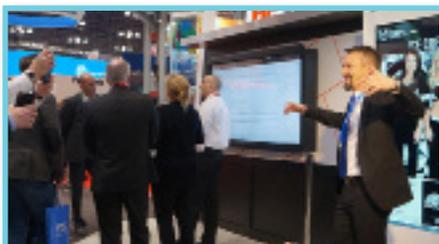
Gordon Flesch Delivers 24x7 IT Support

PRODUCTION



Canon Enhances Automated Solutions with EFI

MANUFACTURERS



LEAD 2016 Preview

Toshiba's BIG Retail Innovations



Konica Minolta's Renovated Healthcare Suite



Adrian Fuentes

Toshiba Announces New VP, International Sales



Check out these features and more in "This Week," "Live Wire," and "Video" at: TheCannataReport.com

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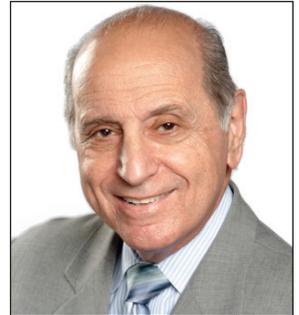
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No. 19: The Next Wave of Evolution and Expansion

We anticipate that 2016 will be a milestone year for The Cannata Report in terms of travel and event coverage, new partnerships, and substantial expansion and evolution of our editorial strategy and overall business model. As for what we will be writing about in 2016, I would like to share our confirmed meeting schedule for the next 10 months, including two events we have already attended this year. I am sure there will be more, and we are confident that we have the staff to cover it all.



Note the difference between this and the schedule published in Conflict Avoidance on page 34 is this schedule only includes events that we will be attending.

January 13–15: Konica Minolta's Bringing Digital Printing to Life	La Jolla, California
January 19–22: EFI Connect 2016	Las Vegas, Nevada
February 16–18: SDG 2016 Owners Meeting	Chandler, Arizona
February 17–19: MWA Intelligence 2016 Executive Connection Summit	Scottsdale, Arizona
February 22–24: Canon Solutions America Anniversary Event	Boca Raton, Florida
March 8–10: ITEX 2016	Fort Lauderdale, Florida
March 16–18: CDA 2016 CEO Meeting	San Juan, Puerto Rico
April 24–26: PSIGEN Resonance Partner and User Conference	Henderson, Nev.
May 10–12: BPCA Spring 2016 Best Practices Meeting	Atlanta, Georgia
May 9–11: Lexmark 2016 Dealer Meeting	Fort Lauderdale, Florida
May 16–18: KYOCERA 2016 Dealer Meeting	Orlando, Florida
May 16–18: Toshiba LEAD 2016	Las Vegas, Nevada
May 30–June 4: DRUPA 2016	Düsseldorf, Germany
June 8–10: 2016 National BTA Conference, hosted by BTA Mid-America	Kansas City, Missouri
August 28–31: Konica Minolta 2016 Dealer Meeting	Aspen, Colorado
September 14–16: SGIA 2016	Las Vegas, Nevada
September 25–28: Graph Expo 2016	Orlando, Florida
October 6: The Cannata Report 31st Annual Awards & Charities Dinner	Livingston, New Jersey
October 24–26: Ricoh Convergence 2016	Las Vegas, Nevada

Our robust meeting schedule is one of the reasons we will continue to expand our editorial staff in 2016. We currently have six writers who contribute on a regular basis, with four available for travel assignments, one based in Japan and our Story Editor, Sharon Tosto Esker, who is based in Boston. We will only be adding to this roster of talent in 2016.

From our standpoint, we want to cover these meetings in depth to provide our audience with the best possible insights and ideas. When CJ Cannata and I both have conflicts, we will do our best to make the best possible resources available for coverage.

As part of the commitment we initially made around this time last year, we will continue to expand our coverage, partnerships and education about the software and IT segments of the industry. Please note there are four dealer group meetings scheduled, including BPCA, BTA, CDA and SDG events where we will be conducting software panels with executives representing some of the premiere companies in this segment such as DocuWare, EFI, Nuance, PSIGEN, Square 9 and possibly more.

What I've outlined here is just the beginning of a stellar year. Stay tuned for more updates in the coming months.

Sincerely,


 Frank G. Cannata
 Editor-in-Chief and Publisher

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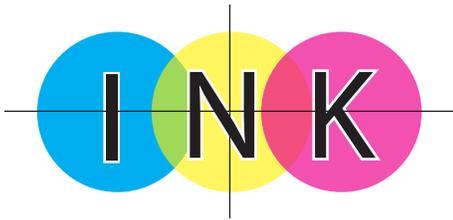
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INDUSTRY AWARDS, ACKNOWLEDGMENTS & SIGHTINGS

BY CJ CANNATA

Sharp's San Antonio 2016 Relationships@ Work Dealer Meeting Features Top Performers

Sharp Imaging and Information Company of America's (Sharp) 2016 Relationships@Work Dealer Meeting featured and recognized top-notch talent all around, including its Hyakuman Kai Elite Dealer Award winners, keynote speaker, entertainment and dynamic trio of hosts President Doug Albregts; Marketing, Partnerships and Supply Chain SVP Mike Marusic and SVP of Sales Laura Blackmer.

This year's Hyakuman Kai Elite Dealer Award winners included: AD Solutions; Access Systems, Inc.; All Copy Products, Inc.; Cell Business Equipment; Centric Business Systems; Eakes Office Solutions; Fraser Advanced Information Systems (AIS); Gibbs Technology Company; Gordon Flesch Company, Inc.; Innovex; Leader Office Solutions; Les Olson Company; Millennium Business Systems; Modular Document Solutions LLC; Northern Business Machines; Pacific Office Automation; Rhyme Business Prod-

ucts, Inc.; Smile Business Products, Inc.; Texas Document Solutions, Inc.; TLC Office Systems; and Velox Systems, Inc.

Industry leaders and Sharp partners such as ACDI, Clover Imaging Group, Docu-

Ware, Fujitsu, Great America Financial Services, U.S. Bank, MWA Intelligence, PaperCut, PrintFleet, PSIGEN Software, Square 9 Softworks and Umango, among others, were all represented at the event.

Keynote speaker Keith Ferrazzi, founder and CEO of Ferrazzi Greenlight, transforms behaviors that prevent global organizations from reaching their strategic goals into new habits that increase shareholder value. The firm's Greenlight Re-





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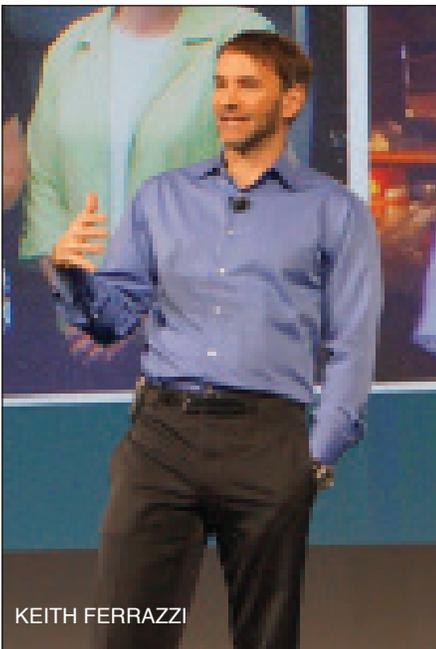
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FRASER AIS RECEIVES LES OLSON HYAKUMAN KAI AWARD

search Institute has proven the correlation between practices that improve relationships and business success, particularly in sales performance and team effectiveness in an increasingly virtual world. Greenlight’s behavior engineering methodology for diagnosing and instilling the highest ROI behavior change is based on a decade of field engagements with iconic global organizations.

Ferrazzi is the author of the bestsellers



KEITH FERRAZZI

“Who’s Got Your Back” and “Never Eat Alone.” He has been published in The Wall Street Journal, Harvard Business Review, Inc. and Fast Company. He was the youngest person to make partner and hold the position of Chief Marketing Officer at Deloitte Consulting, where he raised Deloitte’s brand recognition from lowest to a primary position, spurring the highest growth rate in the industry.

Sharp’s welcome reception featured the



JIM GAFFIGAN

Chris Story Band. Story’s first professional music opportunity arrived in 1995 when he joined a local band that allowed him to play the fiddle and saxophone. Given the experience of working with an organized band, Story was able to move up from there. He started the Chris Story Band in 1997 and continued climbing the ladder that led him to be one of the most popular artists in central and south Texas. Story has traveled the world for some of the most elite corporations and has been included in a few celebrity weddings, making him an established artist in the event industry.

The second evening’s entertainment featured Lone Star Attitude, the premiere country-rock party band of Texas. They’ve been called “The Sound of Texas” for the soulful way they pay tribute to Texas music legends such as Stevie Ray Vaughn, Willie Nelson, ZZ Top, Don Henley and more. The Dallas-based Americana band is fronted by award winning Texas singer-songwriter and recording artist, Jon Christopher Davis.

The Hyakuman Kai Elite Dealer Awards on the third and final evening of the event featured the virtually universally appealing and self-effacing comedian Jim Gaffigan. Gaffigan is a regular on

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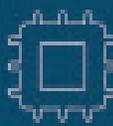
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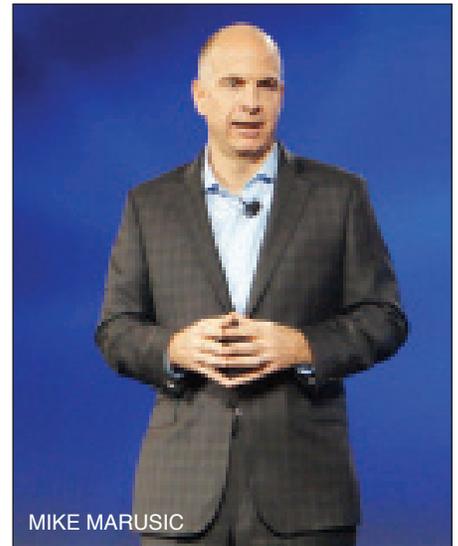
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LAURA BLACKMER



DOUG ALBREGTS



MIKE MARUSIC

the late-night talk show circuit and an in-demand actor, as well. Gaffigan has made appearances on The Ellen Show, Ed, Law and Order, Sex and the City, and That '70s Show. During this time, Gaffigan released four CDs of his stand-up on his own label and worked in films, with small roles in Three Kings, Road Trip and Igby Goes Down. In 2004, he signed a deal with Comedy Central that would include a successful television special and his CD debut for the label, Doin' My Time. Gaffigan recently released two books, "Dad is Fat" and "Food: A Love Story." He can now be seen on The Jim Gaffigan Show, airing on TVLand and Comedy Central.



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Major Dealer Influencer Solutions Partner PSIGEN Software Announces 2016 Resonance Partner and User Conference

PSIGEN Software, Inc. specializes in premiere capture technology adopted by dealer influencers such as Atlantic, Tomorrow's Office; Caltronics Business Systems; Marco, Inc.; ComDoc; EO Johnson Business Technologies; and Milner, Inc., among several others. The company will host its 3rd annual PSIGEN Resonance Partner Conference at the Green Valley Ranch Resort and Casino in Henderson, Nevada on April 24–26 2016.

Joining PSIGEN CEO Bruce Hensley, COO Victoria Hensley, and spokesperson and President Glenn Johnson, keynote speakers will include Jerry Newberry, President and Managing Partner, and Steve Rolla, Senior Partner, of Pros Elite Group (a service, sales and operations consulting organization); Peter Davidson, Owner of Advantage



Financial Services (lease and financing solutions for IT, Telecom, Medical, Office Automation, and other equipment); Kurt Berkman, Lead Strategist of ECM/Sharepoint; and me, CJ Cannata.

Resonance 2016 will bring PSIGEN partners and users together to further educate them about the software developer's core PSICapture and PSIFusion products. Attendees will also have the opportunity to gain insights and build relationships geared towards improving their businesses and understanding of document capture's significance to their business and the industry. PSIGEN will also provide in-depth training via one-on-one sessions with experts, and will facilitate networking with other professionals who choose PSIGEN for their capture needs.

Resonance 2016 will also provide an opportunity for channel partners, sales professionals and technicians to inter-



GLENN JOHNSON

face with PSIGEN staff, who will focus on networking, training, sales techniques and seminars on the use of PSIGEN products in steep vertical markets.

For more information on the event, including sponsorship opportunities, and to register, visit www.psigen.com/index.php/resonance-registration.

Chicago Tribune Names Impact Networking a First Place Winner of 2015 Top Workplaces Awards in Small Business Category



FRANK CUCCO

On November 23, 2015, Impact Networking was awarded first place in the Small Business (SMB) Category of the 2015 Top Workplaces honor by the Chicago Tribune. The Top Workplaces lists are based solely on the results of an employee feedback survey administered by WorkplaceDynamics, LLC, a leading research firm that specializes in organizational health and workplace improvement. To provide some content regarding the award, several aspects of workplace culture were measured across a myriad of businesses, including alignment, execution and connection.

“The Top Workplaces award is not a popularity contest,” said Doug Claffey, CEO of WorkplaceDynamics. “And oftentimes, people assume it’s all about fancy perks and benefits. But to be a Top Workplace, organizations must meet our strict standards for organizational health. And who better to ask about work life than the people who live the culture every day—the employees. Time and time again, our research has proven that what’s really most important to them is a strong belief in where the organization is headed, how it’s going to get there, and the feeling that everyone is in it together.” Claffey add-

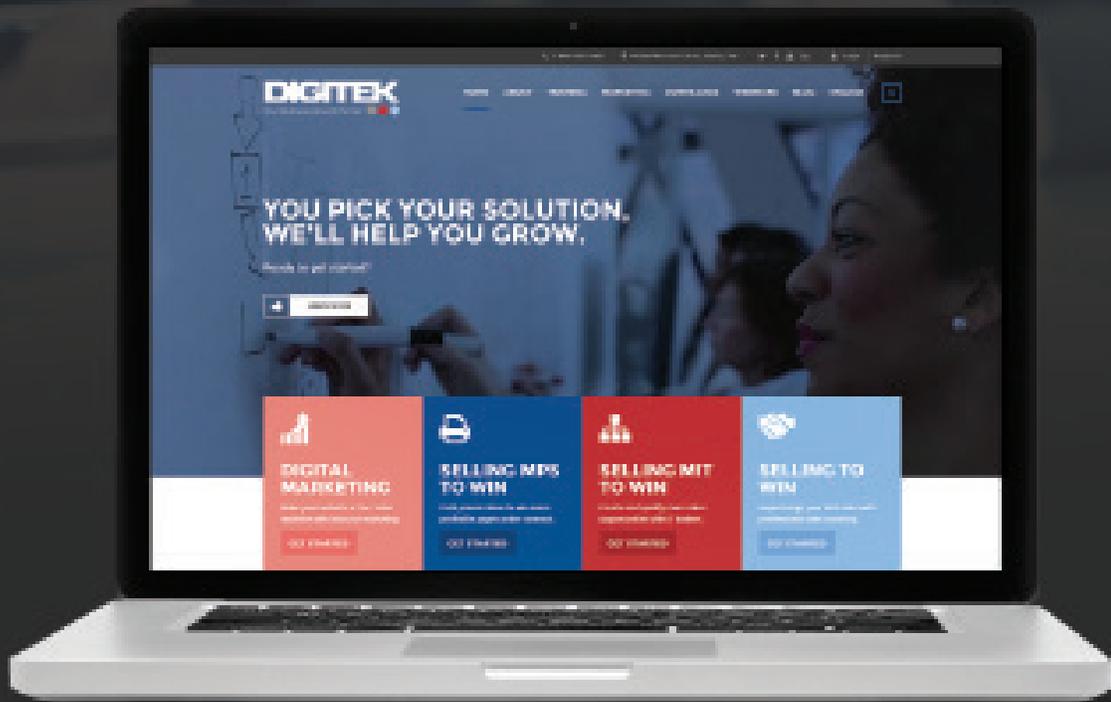
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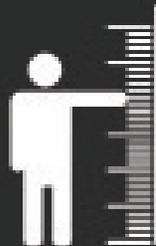


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ed, “Without this sense of connection, an organization doesn’t have a shot at being named a Top Workplace.”

“Winning the ‘Chicago Area’s 2015 Top Workplaces Award’ for the fourth year in a row and the honor of first place in the Small Business category is just outstanding.” Impact Networking’s CEO Frank Cucco said. “It’s encouraging to see that our culture, drive and comradery are getting the acknowledgment they deserves throughout the Chicagoland area. Impact strives to be the best each day, and it’s great seeing our hard work pay off.”

Look for other recent stories on Impact Networking at www.TheCannataReport.com/Live-Wire.



LMI Solutions Adds to C-Suite and Appoints Industry Gurus Doug Johnson and Dan Todd to Senior Management Team

LMI Solutions (LMI) announced the expansion of its senior leadership team with the appointments of Doug Johnson to Chief Strategy Officer (CSO) and Dan Todd to COO on January 8, 2016.

As CSO, Johnson reports directly to LMI

President and CEO Gary Willert. Johnson will be instrumental in the ongoing expansion of LMI’s ability to offer dealers a true OEM alternative for printers, toner and parts from a single aftermarket source. Johnson is well-known by imaging dealers on a global scale for his

field-proven ability to coach, mentor and operationalize managed print programs that combine dealer profitability and end user satisfaction. Prior to joining LMI Solutions, Johnson held leadership roles with Hewlett Packard, Print Inc. and Supplies Network.



DOUG JOHNSON



DAN TODD

As COO, Todd also reports directly to CEO Gary Willert. Todd will primarily work to provide dealers with a competitive edge in the areas of product development, innovation and fulfillment. With more than 20 years Imaging Industry experience, Dan has held several leadership positions, most recently at Mitsubishi (MKIC/Future Graphics) where he was responsible for the Global Operations and all related departments.

To learn more about LMI Solutions and the newly appointed leadership team, please visit www.lmisolutions.com or contact your LMI representative toll free at: 1 (888) 215-1292 or via email.

INSIDE INFORMATION

THE CANNATA REPORT 2015 Dealer Profile Series

No. 1 Pacific Office Automation



PACIFIC OFFICE AUTOMATION

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Top Dealers. Best Business Practices.

The Cannata Report and TheCannataReport.com present our 2016 Dealer Profiles as a cohesive series for the fourth consecutive year. Written predominantly in a Q&A format, each installment shares valuable insights directly from different industry-leading dealer principals about transitioning to a services orientation.

See page 31 or visit TheCannataReport.com for this month's story.

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Toshiba Americas and Toshiba TEC File Patent Infringement Lawsuit Against Katun

Toshiba Americas Business Solutions, Inc. (Toshiba), together with co-plaintiff Toshiba TEC Corporation (TTEC), filed a patent infringement lawsuit against Katun Corporation (Katun) in the United States District Court for the Central District of California on November 25, 2015. The lawsuit, alleges Katun's infringement of nine United States patents co-owned by

Toshiba and TTEC related to toner cartridges used in Toshiba-branded multi-function products.

Toshiba filed the lawsuit to defend its valuable intellectual property rights while protecting its customers from infringing products claiming to be an alternative to Toshiba's own high-quality products.

The 2014 and 2015 winner of The Canana Report's "Best-in-Class" award maintains that TABS and TTEC have made substantial investments in their innovative and patented technology, which drives the reputation of Toshiba-branded products in the market as a go-to provider of reliable and trusted printing solutions. As claimed by Tom Walter, Toshiba's Vice President of Distribution and Aftermarket Sales, Katun has continued to manufacture and sell products that infringe the Toshiba and TTEC's patents, despite numerous warnings from the two companies over the span of several years.

Konica Minolta, Inc. Announces Participation in Prestigious Publication "Climate Change: The New Economy"

On November 30, 2015, Konica Minolta, Inc. (Konica Minolta) announced its participation in the prestigious publication of "COP21 Climate Change: The New Economy" (CCTNE) with a two-page advocacy, supporting the global initiatives discussed at COP21 in Paris last month.

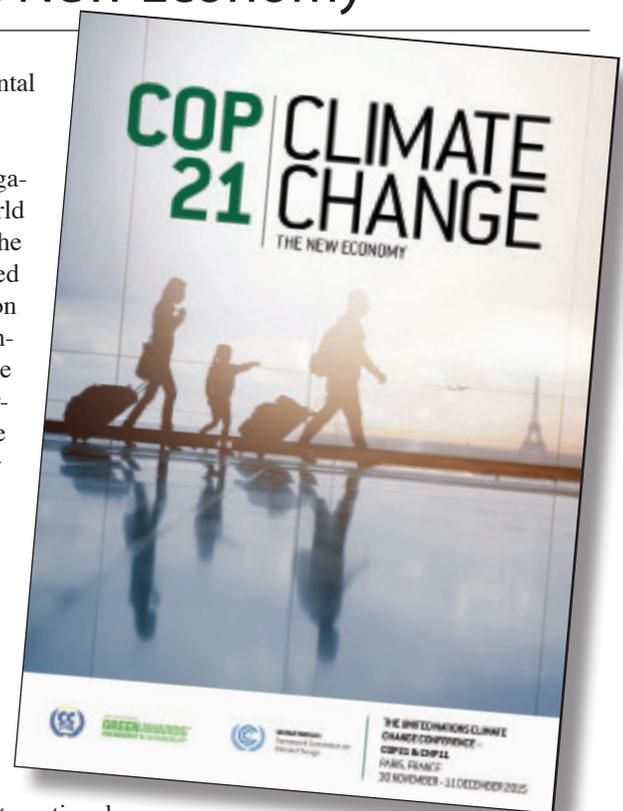
Aligned with worldwide efforts for a sustainable future, Konica Minolta has been committed to turn its innovations into products, services and processes that reduce carbon emissions through the product lifecycle. The company has also been spearheading first-hand actions to utilize its rich technical assets and expertise in working with a wide range of stakeholders and contributing to curb CO2 emissions and overall environmental impact in broader communities and society.

"As a company that is dedicated to environmental management, we share our extensive know-how in this area among our group companies, with our customers, and even with suppliers to which we have no capital ties," said Shoei Yamana, President and CEO of Konica Minolta. "Our sincere motivation is only to encourage more

companies to adopt environmental protection measures."

CCTNE is the flagship magazine by the London-based World News—Climate Change: The New Economy Ltd., published for the annual COP convention and G7 summit. It is an ambitious publishing initiative which will bring further clarity and purpose to the climate debate, creating a platform for governments, corporate leaders and their advisors on a global scale.

The print version of CCTNE is available for a broad range of world leaders, global corporate business leaders and universities, among others, in time for the COP21 summit in Paris, where international leaders worked together to agree on a new framework in responding to climate change. The magazine is also distributed to attendees for the COP21 at selected hotel rooms and first- and business-class



passengers of 18 airlines and departure lounges at the gate. In addition to 40,000 copies of distribution, the magazine is available to the public at www.climate-change-theneweconomy.com/home.

Continuum Veterans Foundation Appoints Distinguished U.S. Navy Veteran William McHale to Board of Directors

Continuum Veterans Foundation announced the appointment of William McHale to its board of directors on November 19. A nonprofit organization providing financial support to local and national charities that focus on helping veterans find jobs in IT, Continuum Veterans Foundation was established in 2012 by sole donor Continuum Managed Services. The venerable IT company allocates a percentage of corporate profits to fund the organization

With his distinguished record, McHale's appointment will very likely enable Continuum Veterans Foundation help an increasing number of veterans in 2016. McHale served in the U.S. Navy from 1971–1974 and is a Vietnam veteran. His civilian career spans four decades in the high tech industry with many CEO and board member roles. McHale is currently Chairman of the Board of Directors at Masternaut, one of Europe's largest providers of telematics solutions.

McHale attended the Naval Reserve Officer Training Corps (NROTC) at Villanova University and then served aboard the USS Vega (AF-59) as a communica-

tions officer off the coast of Vietnam. He subsequently served on Guam as the Officer-in-Charge of the Autodin Switching Center and was honorably discharged in November 1974. During his civilian career, he held increasing levels of responsibility in sales, sales management and marketing roles at IBM, Wang Laboratories and Digital Equipment Corporation.

In 1990, he began running software companies and led DSET Corporation as CEO through an IPO in 1998. He has been the CEO of two software companies in Europe and is currently devoting his efforts to work on Board of Director roles, helping CEOs and their management teams deal with the various challenges of growth in their businesses. McHale is also Chairman of the Board of Trustees of St. John Paul Catholic Academy in Boston, a 1,200-student school with pre-K through 8th grades.

McHale joins other Board members including Michael George; Steve Royal, Treasurer of Continuum Veterans Foundation and Chief Financial Officer at Continuum; Mark Connolly, Director of Continuum Veterans Foundation and

Vice President of Sales at Continuum; and Jeanne Hopkins, Director of Continuum Veterans Foundation and Senior Vice President and CMO of Continuum.

For more information about Continuum Veterans Foundation, please visit: cvf.continuum.net.



WILLIAM
McHALE

Copier Careers Announces 2015 Sales Representative Survey and Key Findings

Copier Careers 2015 Sales Representative Salary Survey reflects responses of over 10,000 copier channel sales representatives. The survey tracks base pay, quotas and commissions for several different job titles: Account Executives, MPS/Solution Sales Representatives, Named Account Managers, Senior Account Executives, Major Account Managers, Government

Account Managers and National Account Managers. Key 2015 findings include:

- Average annual total compensation for a copier channel sales professional is approximately \$116,000.
- Since 2014, average annual compensation has risen by only \$400.

- The average monthly quota for MPS/Solution Sales reps is about \$45,000.

- Now that MPS has made recurring revenue a significant portion of most sales comp plans, keeping reps motivated to hunt for new business has become a formidable challenge for dealers.

Read or download the complete eight-page Copier Careers Sales Representative Salary Survey free online at www.copiercareers.com/salary_survey/2015_sales_rep_salary_survey.pdf.





Diamond in the Rough

Sharp's Business Solutions Prospers, While Other Segments Remain in Decline

It has been five years since Sharp, currently in the midst of a business restructuring, fell into financial difficulties due to mistakes in LCD business, a core business for the company. The company posted a 37.5 billion yen operating loss and a 376 billion yen net loss in its fiscal year 2011, and the company dealt with FOXCONN in Taiwan, proposing business partnership and capital participation, but showed no sign of softening its stance. Fiscal year 2012 showed no improvement, as Sharp faced a financial crisis, posting 146.2 billion yen operational loss and 545.3 billion yen net loss.

By FY2013, the company seemed to have recovered, posting 108.5 billion yen operational profit and 11.5 billion yen net profit, thanks to equity participations from trade partners and joint aid made by two of Japan's largest banks. However, Sharp posted 48 billion yen operational loss and 222.3 billion yen net loss again in FY2014. For FY2015, the company still stayed in the red in the first half of the reporting period, posting 25.1 billion yen operational loss and 83.6 billion yen net loss.

As you may be aware, Sharp's losses are largely tied to its LCD business. The company made huge investments in this area, overestimating the prospect for LCD business. Today, Sharp only has excessive manufacturing facilities and debt to show in its hands.

At the same time, Sharp's copier business, which most readers are well familiar with, is in good condition. The company's Business Solutions segment, consisting

of copiers and digital signage, recorded revenue of 296.9 billion yen and 24.3 billion yen operational profit in FY2012. Revenue and net profit in the Business Solutions segment has continued to grow, posting 318.8 billion yen and 30.5 billion yen, respectively, in FY2013, and 340.3 billion yen and 31.4 billion yen, respectively, in FY2014.

While the company does not disclose its revenue and profit for the copier business only, I assume it is approximately 80% of Sharp's Business Solutions business.

According to its public report on copier/MFP product revenue, Sharp has made steady increases in revenue over the past several years: 114.2 billion yen in FY2011, 128.4 billion yen in FY2012, 134.4 billion yen in FY2013 and 152 billion yen in FY2014. And, Sharp has stayed in a good shape, increasing revenue 5.2% in the first half of FY2015, compared to the same period in FY2014.

Good sales results can be attributed mainly to Sharp's enhancement of direct sales in advanced countries such as the U.S. However, Business Solutions only accounts for a 12% share of Sharp's total revenue of approximately 2.8 trillion yen.

As of October 1, 2015, Sharp has divided itself into five business bodies. Its copier business now falls under "Business Solutions Company," and is positioned as that segment's main business. The company's revenue plan is 350 billion yen in FY2015 and 400 billion yen in FY2017.

While Sharp has not admitted it, many observers believe that the company's

Revenue and net profit in the Business Solutions segment has continued to grow, posting 318.8 billion yen and 30.5 billion yen, respectively, in FY2013, and 340.3 billion yen and 31.4 billion yen, respectively, in FY2014.

adoption of its five business bodies is in preparation for a spin off. Since Sharp, divided its businesses, an acquisition proposal for its LCD business was made by FOXCONN, and Nikkei Paper said on December 19, 2015, that Japan Display, a major supplier for mid- and small-size panels would make a proposal to buy Sharp's LCD business in competition with FOXCONN.

Sharp, along with those banks supporting the company, is considering these proposals, and changes are seeming to come quickly as Sharp's new evolution begins. By the time you read this column, Sharp may have even entered into another new stage.

CR

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OUT

of the

BOX: Software & Solutions

Selling Solutions: PaperCut

Strategy Points from ACDI, North America's Largest PaperCut Distributor

By Lee Davis

When an organization's client list consists of Fortune 500 companies, prestigious universities and various professional sports franchises, it must be doing something right. And doing it right has earned ACDI the right to call itself the PaperCut and solutions authority in every region the company operates in.

"Our customers are made up mostly of copier manufacturers and the dealers themselves, who in turn sell to the end customer," said ACDI's Director of Sales Matt Bennett. The success of ACDI is predicated on the success of its customers. To that end, the company isn't just selling a product—it's also preparing all of its customers to succeed. After all, the more its customers sell, the more ACDI sells.

Behind the scenes, a lot of hard work and resources are dedicated to ensuring that ACDI customers become PaperCut experts. "We literally equip them with just about anything you can imagine, from our marketing to the training we provide," Bennett said. ACDI creates its own marketing material, which it then distributes to its customers.

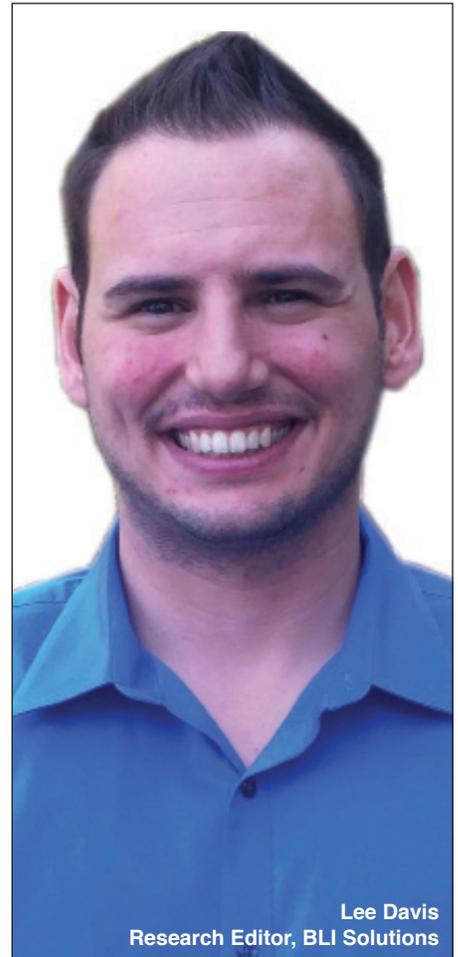
Meanwhile, the company offers on- and off-site training, whipping customers into lean, mean, PaperCut-selling

machines. To ensure its sales team is the most knowledgeable in the industry, ACDI President Josh Lane said, "Our team is well-educated, not only on both PaperCut and ACDI products but also on the competitors' products." This, Lane continued to explain, is a resourceful tool when consumers bring up competitors, to which the salesperson can highlight the differences between products.

But most importantly, the folks at ACDI understand the ongoing changes in the document imaging industry. "For the past several years, it's no secret that the manufacturers and their dealers are getting away from selling speeds and feeds," Bennett said. "And now, they listen more intently to their customers, which is a great opportunity to open a dialogue about the long-term benefits that solutions offer."

Addressing a Horizontal Pain Point: Print Management

"No two customers are alike—their infrastructure is different, and they have different types of printers from different vendors," Bennett said. Despite these differences, though, he said they all have three things in common: "They all have employees, they all have employees who print, and they all have administration or department heads who have no idea



Lee Davis
Research Editor, BLI Solutions

who is actually printing and what they're printing." At the end of the day, these organizations need to ask themselves: Who is printing what, which printers are

they printing to, and how are they printing to them? “Then,” Bennett said, “you have to ask them: In real time, can you log in to anything and see who just sent a print job, where they sent it to, and how many pages it was?”

These are the questions Bennett feels need to be asked of every single prospect in every single vertical—in short, every single potential customer.

Let’s Go to School

While PaperCut fits into nearly all print environments, Bennett says the education vertical has one of the greatest demands. Because of this, the pitch depends on which segment of the vertical you are talking to. “Keep in mind that, within education, there is K–12 and higher education, and the conversations are very similar, but they can also be different,” Bennett said. “For example, colleges and universities want a solution that can charge students for prints and copies, maybe even for scans and faxes, too.”

ACDI’s pitch to the higher education segment comes under the guise of speaking for student needs, beginning with how printing is a necessary evil on college campuses. “Millions and millions of prints and copies are made by students, and I don’t know of one college out there that absorbs that cost,” Bennett said. It’s at this point where PaperCut can be introduced to show how it can provide the best print environment for students, while also optimizing the school’s cost recovery efforts.

“PaperCut charges students to print, copy, scan or fax,” said Bennett. “They can use their ID card to login to a device of their choice and easily see what print jobs they sent to the MFP and what the costs are associated with it. They are, of course, then charged for the job, which means it will be decremented from their account. PaperCut doesn’t only recoup print costs—it can also help turn a profit.”

Meanwhile, in the K–12 segment, potential PaperCut customers aren’t

looking to charge their students. However, the conversation is similar to those held with the higher education crowd when it comes to recouping costs.

“In classrooms, teachers are holding on to desktop printers, where they’re printing tests, homework assignments, notes, you name it,” Bennett said. “And what administration would like to happen is for teachers to print less to those devices. From there, the focus isn’t on charging teachers, but controlling and limiting what they print, thereby reducing cost.” The result, according to Bennett, is an ROI unlike anything they have ever seen or heard before.

9 out of 10 Doctors Recommend Security and Cost Reduction Features

Cost recuperation isn’t exclusive to the education vertical. “In healthcare, security is the biggest concern,” Bennett said. “Because of HIPPA and all the other programs out there, hospitals and doctor offices have to make sure their environment is more secure than ever before.” ACDI approaches healthcare customers ready to explain the security benefits PaperCut brings to the table. “Far too many times, print jobs are left sitting in the paper trays for other staff members or patients to see, violating the laws that hospitals are supposed to abide by,” Bennett said

ACDI pushes PaperCut’s native secure print capabilities as a remedy to healthcare providers who are currently concerned about compliancy issues. Find Me Printing, meanwhile, adds the convenience factor of being able to pick which output device to use on top of ensuring nobody but the user who sent the secure job will see the document. Furthering the importance of secure pull printing is that it can also lower costs by significantly reducing consumables and paper waste.

Another concern is being able to determine print costs to know what and where you’re spending in order to budget properly and identifying and alter poor print behavior.

“After all, they are a business and they need to turn a profit, too,” Bennett said.

Development Team

One thing potential customers will consider when purchasing a new solution is how it will integrate with their existing IT investments. Bennett provided a great example, saying, “When dealing with a company’s third-party billing software, there is integration that is required—and that’s where our development team comes in. We have over 20 APIs, which allow us to integrate with the more popular back-end billing systems.” For unique cases where an API doesn’t currently exist, ACDI’s development team can deliver a customized API for a one-time fee.

A Bid for the Future

One thing Lane made crystal clear was that ACDI is not satisfied being an “order taker” to the dealers. He envisions adding complementary products to the company’s portfolio of hardware payment systems, proximity card readers, card technology and PaperCut, along with the integration and installation services they provide. Ultimately, it’s about sustainability and differentiation from other providers, so ACDI will continue to serve its customers while keeping a vigilant eye on the horizon for the next big solution.

Lee Davis has been a research editor with the Buyers Lab, Inc. (BLI) solutions team since April 2015. In addition to maintaining BLI’s coverage of the solutions segment, Davis also contributes editorial content centered on news and trends in the document imaging industry.

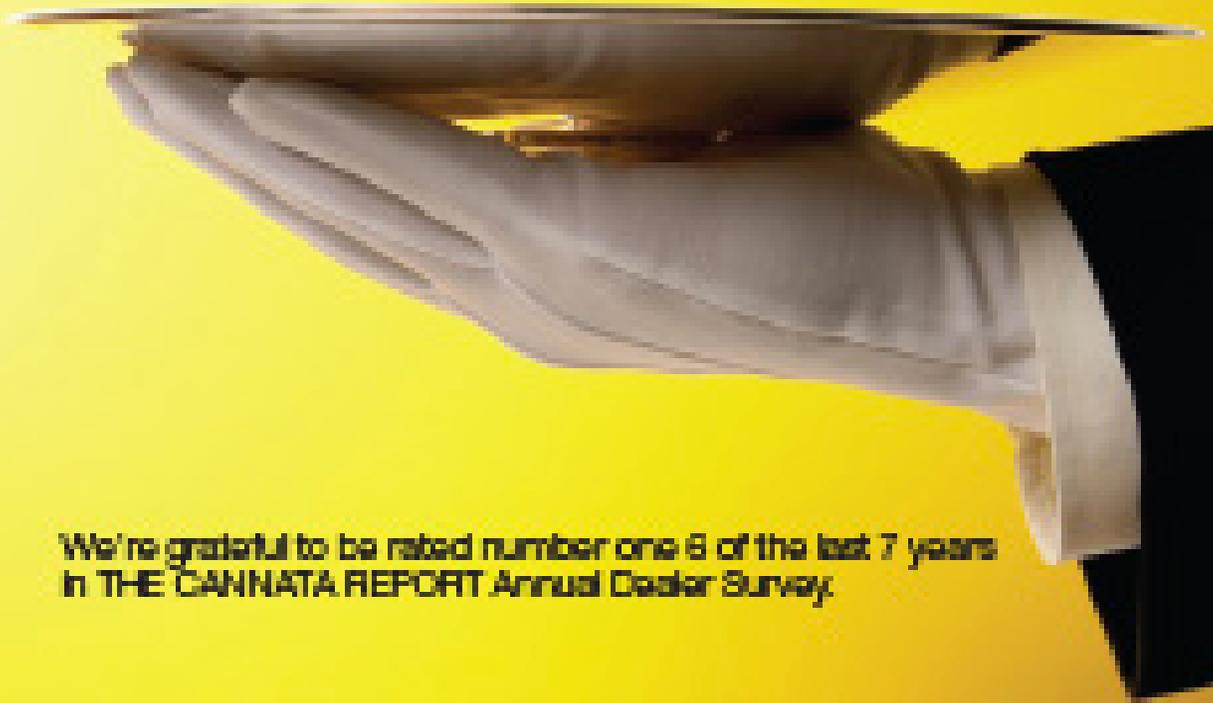
BLI has been covering the document imaging industry for over 50 years. Read more at www.buyerslab.com.



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Xerox Gets Serious

Tiered Global Partner Program May Effectively Expand Dealer Reach

By Frank G. Cannata

In this year's 30th annual dealer survey, we discovered that 2% of the 280 dealers responding indicated Xerox was their primary A3 MFP supplier. In addition, there were 4% that carried Xerox as a secondary A3 MFP supplier. This data caught our attention.

We initially set out to learn a little more about Xerox's dealer effort, but we were sidetracked until Ray Fuentes, President of Edwards Business Systems, suggested we write a piece about Xerox and its dealers. Fuentes hoped a discussion with the leading executive in Xerox's dealer program would be very useful.

From our standpoint, covering Xerox is fairly easy, thanks to the company's press and analyst group that makes every effort to get us what we need. For this piece, Marcia DeMinco, Manager Analyst Rela-

tions for Xerox, set up with an interview with Kurt Schmetz, President of Xerox's U.S. Channels Group (USCG).

Schmetz joined USCG in January 2015 from Global Imaging Systems (GIS), a wholly owned subsidiary of Xerox, where he was President since 2006. Given his past in holding several leadership roles, Fuentes appeared highly qualified to go out and build an independent dealer distribution.

In our conversation, we learned that Xerox's Global Partner Program has three tiers, with Tier 1 being the highest. Xerox's lower-tier partners do not have access to the full Xerox A3 line. However, for those dealers in Xerox's Tier 1, they have access to any new products coming on line, including any A3 products all the way to light production.



Kurt Schmetz, President, Xerox U.S. Channels Group (USCG)

This tiered program was launched in 2012 on a limited basis with 20 partners. Today, there are over 100. It is a nationwide effort, and the focus is on bringing on board dealer partners that want to expand their offerings. Xerox is well-aware that the average dealer carries at least two A3

MFP lines. Selling a dealer on taking on a third line is not a small feat whatsoever. At its inception, according to Schmetz, USCG was charged with fill-in markets where Xerox lacked distribution. Basically, his charge was to augment coverage across the U.S.

Currently, the dealers that are part of this program have annual revenues from

\$200,000 to \$4.9 million, though most skew towards the lower end of the revenue spectrum.

During our discussion, Schmetz indicated there were few challenges in expanding its reach across the independent dealer channel, as dealers are usually very receptive. That said, Xerox has targeted specific dealers to increase its success rate. At

the same time, the company has not mandated that a certain number be brought on board to augment Xerox distribution.

The company's approach is simple: find a piece of geography where there is no direct Xerox or Global relationships. Xerox is also looking to partner with dealers with a market presence that can scale for growth.

Dealer Support

Xerox offers sales and service training along with dedicated resources to support its dealer partners. Like any large corporation, there are systems in place that enable partners to acquire inventory, parts and supplies.

In terms of marketing and sales support Xerox offers its dealers pre- and post-

sales training, as well as offering assistance in helping dealers develop MPS capabilities. In terms of manpower, Xerox has 100 employees supporting dealers in various capacities.

Xerox provides a BTA-approved dealer contract and ensures that its dealers are fully comfortable and conversant with what Xerox is prepared to do to support their efforts. Xerox offers custom-

ized dealer plans that entail investments made by Xerox. These are referred to as "Fast Start Incentives."

Here, the approach is also simple and straightforward. If dealers are in the right place, they can take on the Xerox product line, which certainly has a very strong brand identity. According to Xerox, the product line can be as good a fit as a dealer wants it to be.

Frankly Speaking

We think the effectiveness of this program depends a great deal on how well the people charged with attracting and supporting the dealer partners fully understand the dealer business model and what is most important to them.

Candidly, Xerox has made several starts and stops throughout the years in building relationships with dealers. In our opinion, the company has not been successful in this endeavor. As we speak to more dealers who have elected to take on the company's products, we hope to gain a clearer picture as to whether Xerox now "gets it."

Most people who come from outside the channel always have a difficult time understanding what a dealer wants, needs and will accept. These are three very important considerations for a vendor.

Highest among dealers, they want a quick response, flexibility in dealing with difficult customer situations and help in areas such as transitioning into

a more services-led orientation. Most of all, they do not want to have to explain why they are asking for some kind of assistance. Dealers expect vendors to understand that if they help dealers, dealers will sell more.

Last but not least, vendors should never engage dealers in a program that puts them at a disadvantage against a like-product seller. The Xerox program is designed to augment existing distribution, not to compete with it. However, it is likely that will not happen. Having said that, we have seen many of these dealer programs set up one way and transcend into another.

Selling to dealers is all about building relationships. If Xerox approaches dealers with the message that it is a good partner that provides quality products, support and services so dealers shouldn't look for anything else, Xerox has missed the boat. Every aspect of the company's efforts to build relationships with dealers counts. As a side note, dealers mostly chuckle to themselves when they are referred to as "partners" (which

is how Xerox terms its dealers), because that is not generally the way it goes, at least for them.

After speaking with Schmetz, we get the sense that Xerox is very serious with this program. Also convincing is our Story Editor and Contributor Sharon Tosto Esker's November 2015 Women Influencers piece on Xerox's VP of Global Marketing and Value Proposition, Channel Partner Operations Toni Clayton-Hine.

We encourage you to read her article in November 2015's issue of The Cannata Report or on The Cannata Report.com.

Xerox has the products and know-how to support dealers in the field. If the company delivers on its promise to treat dealers as equals and form long-term relationships, the program can be a win-win for everybody.



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2016
PREVIEW

FRANK FORCAST

Opportunities Lie
in Information
Management,
Digital and
Industrial Presses,
and Key Verticals

By Frank G. Cannata

Toward the end of 2015, I was asked to look ahead and discuss what I foresee as key industry trends in 2016. While my crystal ball is somewhat cloudy given all the new products, services and overall opportunities now in market, I am happy to share my opinions about what to look for this year with our audience.

Please note that my remarks are specifically targeted to and pertain exclusively to the dealer channel. That said, if any dealers have thoughts on any trends we may have missed, please let us know and we will consider publishing them as complements to this feature.

Services

The evolution of the dealer channel will continue meaning the transition from a hardware orientation to a services focus. It will remain a slow process with very conservative results. Based on our 2015 survey, less than 9% of the independent dealer channel revenue was attributed to services, which includes MPS and MNS. You can find these numbers in Part I and Part II of our 2015 Annual Dealer Survey issues.

At best, we expect to see that increasing to 11% in 2016. In terms of MPS, many dealers have given up because they claim it has been commoditized and not a profitable undertaking. However, I have my own opinions on that reasoning. I have met with far too many dealers who have done extremely well with MPS, and they are still actively engaging. Nonetheless, we estimate the aforementioned prediction of a services increase to 11% in 2016 growth will come from MNS. We do not have to worry about this area becoming commoditized.

Less than 100 or 6% of the approximately 1,800 certified dealers in the U.S. who are fully engaged in the services business claim their services revenue is upwards of 20% of revenue, and that may well be very generous. Less than 25 can claim 25% or higher.

Acquisitions

Dealers will continue to acquire dealers, and a limited number of manufacturers will continue to engage in acquiring. The sale of Marco to an equity firm is a sign of things to come. Those dealers who are generating revenues of \$100 million or more are likely targets.

Printers

Printer growth will be in digital color presses and industrial printers. The primary role of the latter will be in the area of POP. Fully 90% of that business which is anticipated to reach \$32.8 billion will be done in the U.S. How big a role dealers will play in that area will be determined by how well major manufacturers develop the kind of programs that can support dealers in this area.

3D

Dealers will not gravitate to 3D in any appreciable numbers as it does not fit the dealer business model. We have readers who have done very well in this area and we have even written about one of them. However, they are in the distinct minority.

Key Verticals

Healthcare can be a growth engine for dealers, and much depends on how well they become totally familiar with the software that improves doctor-patient communication. The technology Canon demonstrated at its EXPO in New York City in September is impressive. The technology has developed diagnostic tools that are providing compelling solutions for the health industry. Dealers would be well-advised to pay close attention to this area, as it is by far the strongest of verticals.

Manufacturing can become a second

significant market for dealers if they adapt to selling Industrial Printers. Then, they can address myriad applications with super-wide inkjet devices. If they do, they will be addressing a whole new area for business.

Instead of relying on leasing renewals and upgrades, they will be able to add to their already significant customer base. They will also be placing machines in their MIF that can yield over \$70,000 per year in ink and service per device. Will they do that? I do not think so, at least not in significant numbers.

The Fab Four

Dealers who are tapping into areas providing enormous opportunities such as Big Data, cloud and security, with a subset of mobile printing, will reap whirlwind rewards. Independent dealers successful in the education vertical are beginning to find their devices in schools are increasing their volumes due to the use of mobile printing. School Boards are widely adopting that and requesting solutions in their RFPs.

Conclusions

As you can see, the future is far from clear. However, I am optimistic for our readers because they represent the cream of this industry. It will be another year of growth and another to take advantage of your hard-earned work. They have built substantial companies, and they are to be congratulated because I believe they have built a sustainable business model; one that is customer-driven and highly adaptable.

CR

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My 2 Cents

By Bob Sostilio

Putting Data In vs. Getting Data Out



Our industry of “marks on paper” has taken many a twist and turn since someone decided to save his or her thoughts for communicating and antiquity. Marks on “paper” started thousands of years ago and underwent numerous variations until suitable alphabets evolved to capture and store the knowledge of those cultures.

Predicting the methodology and advancements in “marks on paper” has proven many an expert wrong. When someone was asked about transmitting data, “this telephone has too many shortcomings to be seriously considered as a means of communication.” (Western Union internal memo, 1876)

Or better still: “The world potential market for copying machines is 5,000 at most.” (IBM to the eventual founders of Xerox, saying the photocopier had no market large enough to justify production, 1959) Then, there’s the classic when the mobility of the knowledge worker exploded in the early 2000s. In 2007, Steve Ballmer of Microsoft said that “there’s no chance that the iPhone is going to get any significant market share.”

I cannot remember anyone telling me 50 years ago, when I was at Saxon/Copystatics, that data or knowledge would be created by voice, visible without

ink, and relegated to a “cloud.”

The Mechanics of the Past

We can’t be assured that in the future, getting the right information (data) to the right knowledge worker will be a direct result of how the information was put into the database. It wasn’t so long ago that in order to put data (intelligence) into the hands of the knowledge worker, the raw facts and figures had to be converted to an alphanumeric type before the printing press created a book or manual that the knowledge seeker could read and comprehend based on his or her individual skills.

Soon after this, the plausibly secure methodology of putting marks on paper was implemented. Then, pages of books containing specific information were separated and copied to be carried by protected mail services, or sent via facsimile machines, to the knowledge seeker. At that time, a worker’s experience with office equipment facilitated his or her alacrity to comprehend and implement the data. The knowledge contained on the pages was fairly secure by the mere fact that a de-facto chain of custody was created for the document among the workers on “a need-to-know” basis. Expediency in transmitting and disseminating the information, its inherent intelligence, or knowledge, was substantial and the value

proposition became the basis for the era of “technology/communication.”

The Mechanics of Today

Today’s knowledge seeker unwittingly utilizes an unsecure mobile device to search and retrieve data, which is delivered in unsecure formats simultaneously, regardless of one’s “need-to-know.” The data may be more precise to the inquiry and encrypted, but it is still visible on computer, smartphone or iPad screens, and even posted to a media website. The user’s proficiency in completing and retrieving the data and securing its confidentiality is unfortunately compromised because the mobile device utilizes unsecure apps that are shared

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By the mid 90s,
“alea iacta est”
(the die is cast)
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countless sources
in real time.

with others in a cloud. Therefore, the future mechanics in the processing of information for the knowledge worker will be, more than likely, self-sufficient and independent upon the skill set of the knowledge seeker.

The organizations that store the data must offer a “service” that provides the necessary mechanics for security, warehousing and analytics. The future mechanics may be as simple as a mobile device worn by the individual that scans data, or informs the user of analysis of the data necessary to complete the workers task. The device might be as simple as a pen or a wrist strap, an eyeglass frame, or another non-descript device that captures or monitors and automatically signals the wearer of a data stream abnormality. The worker no longer needs to handle the data in or out.

The Information Age

For those of us who grew up in the 40s, 50s or 60s, we experienced the birth and augmentation of the transistor that later enabled electronic miniaturization and

was a key component in the technology and communication era. If you were so inclined to study the field of information theory back then, a book published in 1949 titled The Mathematical Theory of Communication by Claude Shannon offered his basic “elements of communication” that proved to be quite apropos in mapping what we accept today as telecommunications and networks. He illustrated through mathematical formulas how any data source that produced a message could operate a transmitter that would, in turn, create a signal and send it through a “channel” to a receiver that transformed the signal back into the message. Sound familiar?

Well, by 1971, that applied theory rendered the first email, and in 1973, the first cell phone call was placed by Motorola. About the same time, in 1977, the President of Digital Equipment Corp (DEC) was quoted as saying, “There is no reason anyone would want a computer in their home.” Yet, three years later, we had the first laptop computer. By the end of the 80s, Fuji demonstrated a computerized file created by a hand-held camera—all driven by the need to capture, transmit, reformat, deliver and retrieve data.

Therefore, it was no surprise to many when IBM demonstrated its first smartphone in the early 90s, and Apple followed by launching its Personal Digital Assistant (PDA) and Palm, releasing its handheld computer. By the mid 90s, “alea iacta est” (the die is cast) for the mobile knowledge worker who would ultimately be inundated with information from countless sources in real time and in most environments, no longer shackled to a corporate desk or large search engines.

Any efficiency from these mobile devices was directly proportional to the technology employed and not the knowledge worker’s ability to comprehend or understand what data was or was not important. Because storage and analytics is provided by a “service,”

the knowledge worker no longer needs to manage the data, but rather assumes everything sent to his or her device via the company portal is of value. This is validated every time workers initiate a corporate search that takes less time on the mobile device versus searching for data within their enterprise.

The Future Mechanics of Information

Today’s knowledge seeker expects instantaneous responses to his or her inquiries, be it hardware, data or systems related. Favoring mobility and acclimated to accessing data 24/7, workers have less tolerance for corporate technology they know nothing about and more appreciation for the minimal human intervention required to operate their mobile devices. Data creation is now managed by voice activated software using dictation to create documents, spread sheets and emails without the need or skills on a keyboard.

Data capturing, now accomplished by smart scanners that route various data to the cloud for both retention and retrieval is based on a set of rules and applications set forth by the cloud. Seekers of

Today’s and
tomorrow’s
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page or an
attached PDF on
an email.



information can access the cloud via any number of portals—corporate, enterprise or knowledge base, to name but a few—and are no longer restrained by their lack of skills.

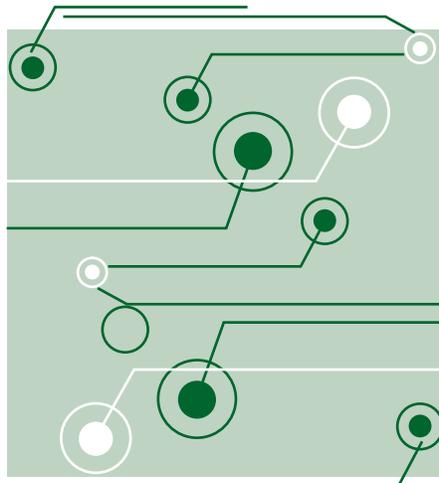
Today’s and tomorrow’s information/knowledge workers will not have to disseminate data from the printed page or an attached PDF on an email. Manufacturers and software engineers have minimized human intervention in acquiring, organizing, storing and retrieving data, and forcing the worker to rely more on a “cloud’s app.” According to the National Institute of Standards and Technology, that is defined as “this incomprehensible piece of nonsense clearly written to be as confusing as possible.”

All that today’s and tomorrow’s knowledge seeker knows is he or she will use his or her own smartphone to initiate a search for information without the use of a keyboard, and hear and view the appropriate response. The cloud has given any worker the ability to utilize powerful automated systems, once consigned to a large corporation, with the sound of their voice, a long way from separating data from the printed book.

The future for “marks on paper” is primed to reveal that the data “in” must be accomplished in a more thorough manner in order to assure integrity of the data “out.”

The Future of Information Device Manufacturers

The manufacturer of mobile capture, view or print devices and the servicing entities must consider the future with an eye toward unprotected apps, the enfranchisement of “all” corporate files and the rise of “ransom” hackers, as printed in today’s headlines. Manufacturers of print hardware are going to have to plan for security packages for the mobile worker who prefers to author his or her data on their own device, using voice commands, and ensuring that the information appears the same on a remote printer, as well as every device of his or her fellow workers accesses, without compromising the data.



Some thought has to be given to managing cloud redundancy and the hundreds of unsecure applications that expose files and knowledge repositories of an enterprise to compromise and abuse. The future for “marks on paper” is primed to reveal that the data “in” must be accomplished in a more thorough manner in order to assure integrity of the data “out.”

More focus must be given to customization, securing and backing up of all knowledge storerooms, similar to what libraries provide for the printed page, be

The copy/print dealer is the obvious security provider, and working with IT departments as our “marks on paper” industry relies less on mechanics and more on cloud functionality.

it on the device or in the cloud. Workers must have a “need-to-know” cause to access data bases or files, therefore appropriate security measures must be embedded in the mobile print and scan devices, and managed by local service providers, who customize and anticipate their client’s needs and solutions.

The copy/print dealer is the obvious provider of security, and working with large or small IT departments as our “marks on paper” industry relies less on mechanics and more on the indistinguishable cloud functionality. Knowledge-base underwriting is the obligation of the source of the data, perhaps with “intelligent” scanners of the printed page, while the knowledge worker will still have some responsibility of the written/verbal data “in.” The mechanics and management of that data, as well as its comprehension and utilization, is relegated to the design and functionality of the output device.

OR

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PACIFIC OFFICE AUTOMATION

— PROBLEM SOLVED —

Terry Newsom is the founder and current CEO of Pacific Office Automation. He began his dealer career at APECO, and when given an opportunity to acquire one of APECO's branches, he seized it. Newsom has accomplished what everyone would normally believe impossible. Building a business and managing multiple lines of products is no easy feat. For Newsom, it all started with Sharp, and he gradually added other product lines that today also include Canon, Konica Minolta and Ricoh.

Pacific Office Automation (POA) started in 1976 in Portland, Oregon, selling copy machines. Forty years later, the company is a recognized leader in office management solutions that has excelled in providing highly competitive products, backed by a level of customer service that has helped them grow to 25 offices located in seven states. This includes Arizona, California, Colorado, New Mexico, Oregon, Utah and Washington.

POA is the largest privately held dealership in the nation, and one of the world's largest dealers for Konica Minolta.

However, the company's focus remains local. Despite its size, the company is somehow able to remain close to its roots and maintain that special customer relationship that copier dealers have always enjoyed. POA has been able to achieve this lofty status by empowering a management team that directs a tenured—and extremely well-compensated—sales force. These sales leaders are backed by a technical and managed services team that ensures the delivery of what was promised.

“POA has achieved unmatched growth in our industry,” said Rick Taylor, President and COO of Konica Minolta Business Systems. “The quality of their leadership and employee base has been a key differentiator against the competition. The Konica Minolta/POA relationship is extremely close at all levels. We look forward to many more years of exceptional growth together.”

POA employs more than 750 people, which enables them to extend its focus beyond the corporate hallways. Although the company is a corporate entity, POA is dedicated to supporting the



communities in which it operates. People often refer to companies like POA as “good corporate citizens.” And POA, in particular, engages in many philanthropic efforts that support academics and athletics.

This desire to serve others comes from its founder Terry Newsom, who believes that giving back is just one way to demonstrate to the community where you earn your living that you truly care

HYAKUMAN KAI ELITE AWARDS

Doug Pitassi



PacificOfficeAutomation (POA) accepts Sharp's Hyakuman Kai Elite Dealer Award at Sharp Imaging and Information Company of America (SIICA)'s December 2015 Relationships@Work Dealer Meeting. From left to right: Sharp Corporation Executive Management Officer and President of Business Solutions Kazushi Mukah; SIICA SVP of Sales Laura Blackmer; POA's Eugene, Oregon, Branch Manager Phil Burns and Phoenix, Arizona, Branch Manager John Shedd; SIICA President Doug Albregts; POA President Doug Pitassi; and SIICA SVP Marketing, Supply Chain and Service Mike Marusic.

not only about their businesses but also their people.

At POA, the company motto is: "Problem solved." That means providing custom office solutions that are fast, efficient and secure. The POA value proposition is well-stated and can be found on the company website:

"Helping our customers improve workflow is just the first rung on the ladder. We partner each client with one dedicated engineer and technician who will be there each step of the way, from implementation to continued support. We believe in the adage, An ounce of prevention is worth a pound of cure. Let us solve your office problem today."

Terry Newsom has always been reticent about speaking to us about his success. While we were not successful in getting Newsom to sit down with us, POA's current President Doug Pitassi provided

a valuable inside look at the company. With over 26 years at POA, Pitassi is proud to claim that the comp programs have not changed. "We want to over pay the over achiever," said Pitassi.

In Pitassi's case, he started working for a Toshiba dealer and after a year and a half in the business, he wanted out. Fortunately for him, Pitassi was recruited by POA in 1989. In 1996, he became Vice President of Sales. As Pitassi recalled, "We were a \$34 million company and really beginning to take off."

In 2009, Terry Newsom offered Pitassi an ownership position and made him President.

CR | Let's start off with your business performance. What was your revenue for your most recent fiscal year? Was it up or down? What were the contributory factors that enabled you to achieve those results?

DP: Our 2014 fiscal year ended with POA at \$234,500,000 in revenue, and it was up 10% year-over-year. We are able to do this, and I say this respectfully, because we are old school and hold people accountable to being part of a growth-minded company. I think our philosophy is pretty straightforward, and that is why we hire right out of college. We teach, train and coach, and our results have been pretty good. We are pretty disciplined in finding people through our hiring practices—with behavior that matches the most successful reps. We have not changed our comp program, and we want people to make money. We have many tenured people who have built very successful careers. But I would not be telling the whole truth if I did not add that finding people that will enable us to continue to grow is a challenge.

CR | What are your primary lines of business? Please include both

hardware and software. As a follow up, of all of the vendors you have partnered with to date, which have provided your company with the closest possible support and highest level of communication?

DP: We have Konica Minolta, Canon, Ricoh, Sharp, Lexmark, and are heavily into document management and utilize Prism, PaperCut and a lot of NSI. Currently, 3.5% of all our hardware sales are software, and we are working hard to get it to 6%. I would have to say we get great support from most of our manufacturers, but our strongest is with Konica Minolta. They have the same people that represent all of our offices in all the states that we are in. That makes it so much easier for us to work with the vendor. Others are not as flexible and do not empower their people at the same level.

CR | *With the growing importance of IT network services and managed network services, how has your company transitioned itself to take advantage of this growing trend in our industry? As a follow up, what do you view as the ideal breakout of your revenue in terms of hardware and services, including both MPS and MNS?*

DP: We are aiming our services efforts at the mid-sized client. We want to be their 100% provider. That includes hardware, servers, data backup and security software, all of that provided by POA. We think the sweet spot for us is that customer with 20 to 150 people in an office as a minimum. We are using Paul Dipple's formula, and we are in the infancy of it. Currently, we are at \$4.6 million in that area and just starting out.

Going forward, we expect to be at \$13 million next year and plan on growing this business 250% over the next two years. It is our biggest growth area in operating. In 2014, POA had 52% of its revenue in hardware and 48% of its revenue, service and supplies. At POA, we track the first month of a managed print

services contract or managed IT contract. For example, we want each rep to produce an average of \$500 in the first month of services for MPS per month and \$6,000 per year. We have a similar approach in our MITS contracts.

CR | *Color production print is another important area of the business today. What percentage of your revenue is derived from this area? As a point of clarification, we do not consider print-for-pay as production print.*

DP: We are Konica Minolta's largest dealer in production print. In looking at our color production print with Fiery or not, 258 were color units and 234 were monochrome, with a total high of 492 units sold last year. It represented 26% of the total color production on the revenue side and 9% of the unit placements.

CR | *In looking ahead, what do you believe this industry will look like in five years? As a follow up, what do you believe you need to do to prepare POA for that future?*

DP: We were responsible for 467 million prints of which 260 million were in color. We studied the verticals like healthcare, education and finance, and looked at the customers that have been with us for a long time, just to see where they are going. We find that we are experiencing a 4% growth in images from long-time customers. There is more print being used in education than ever before.

We are going to stay focused on what we are currently doing and see IT as very important. The real struggle is the competitive world for hiring. Finding qualified people is our single biggest challenge. We are going through our third recruiter and see no big significant changes over the next five years.

CR | *We always like to give those we interview an opportunity to share anything that is on their mind to their suppliers and partners, fel-*

low dealers and/or the overall industry, in general.

DP: One thing I would like to say is that the independent channel is stronger than ever. Since our good friends purchased IKON, the dealer channel has increased in strength. We are very happy about the channel and are effectively able to penetrate new markets. We are an independent service company. We take products and we make it work. Our No. 1 concern is our clients. My hat is off to every entrepreneur that is in the industry.

POA is a classic example of that old but never-tired phrase, "There is no such thing as luck. Luck is where preparation meets opportunity." It is hard to comprehensively describe what POA has achieved in so many different ways. Its success is based on its people-centric attitude, and the recognition that if people are compensated generously, retention is not a serious problem. Current President Doug Pitassi makes no bones about it. He wants to keep hiring good people and ensure they enjoy a good living.

However, POA's success is built on more than just making money for its employees. The company appears to be sensitive to its environment and responsible in its community, certainly on par with its concern for the very people who work for POA. To provide an overarching statement about the company's long history of success, it is: "They care." They care about their customers and employees with the same level of intensity and commitment.

I offer my sincere congratulations to POA's founder and current CEO Terry Newsom and Pitassi for building not only a sustainable business model but also one that continues to grow at an accelerated rate.

CR

Questions About This Story?

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Conflict Avoidance

SDG 2016 Owners Meeting**
Wild Horse Pass Hotel and Casino
Chandler, Ariz.
February 16–18

MWAI Exec. Connection Summit**
Hotel Valley Ho
Scottsdale, Ariz.
February 17–19

Canon Solutions America
Anniversary Event* Boca Beach
Club Waldorf Astoria Resort
Boca Raton, Fla.
February 22–24

ITEX 2016*
Broward County Convention Center
Ft. Lauderdale, Fla.
March 8–10

BTA Southeast “Spring Break”
InterContinental Hotel
New Orleans, Louis.
March 18–19

CDA CEO Meeting**
The Ritz Carlton
San Juan, Puerto Rico
March 18–20

PSIGEN Resonance Conference
Green Valley Ranch Resort/Casino
Henderson, Nev.
April 24–26 [See page 14 for details](#)

BPCA Spring Best Practices*
Atlanta Marriott Buckhead
Atlanta, GA
May 9–12

Lexmark 2016 Dealer Meeting*
Marriott Harbor Beach
Ft. Lauderdale, Fla.
May 9–11

KYOCERA 2016 Dealer Meeting
TBA
Orlando, Fla.
May 16–18

Toshiba LEAD 2016**
Bellagio Hotel and Casino
Las Vegas, Nev.
May 16–18

DRUPA 2016*
Düsseldorf Exhibition Centre
Düsseldorf, Germany
May 31–June 10

2016 National BTA Conference*
InterContinental at the Plaza
Kansas City, Mo.
June 8–10

BTA West
The Mirage

Las Vegas, Nev.
August 4–5

KMBS Dealer Meeting 2016**
TBA
Aspen, CO
August 28–31

SGIA Expo 2016*
Las Vegas Convention Center
Las Vegas, Nev.
September 14–16

Graph Expo 2016*
Orlando’s Orange County
Convention Center
Orlando, Fla.
September 25–28

The Cannata Report’s 31st Annual
Awards & Charities Dinner**
TBA
October 6, 2016

BTA Southeast/Fall Colors Retreat
TBA
Asheville, N.C.

Ricoh Dealer Meeting 2016*
TBA
Las Vegas, Nev.
October 24–26

OR

*Frank Cannata and CJ Cannata to attend. **Frank Cannata, CJ Cannata and Carol Cannata to attend.

UP NEXT

By CJ Cannata

If you regularly read this column, you likely noted that we did not run it in the last issue. This is because we have been providing several updates per issue via “HARD COPY,” “Up Next,” and via our issue announcement emails. Now, we have new items to report. On Monday, February 1, we will make a major announcement regarding the most substantial and strategic move we have considered in over a decade.

What we can share at press time is the investment will substantially increase our bandwidth and provide insight into our brand strategy.

As you can see in “Conflict Avoidance” above, we will be spending most of Q1 and Q2 on the road. This includes stops at all four major dealer groups, including BPCA, BTA, CDA and SDG, at which we will be conducting software panels.

We are also thrilled to confirm our three official sponsors for The Cannata Report’s 31st Annual Awards & Charities Dinner on October 6th

at the Westminster Hotel in Livingston, N.J. We proudly welcome back Lead Sponsor Square 9 and Clover Imaging Group for the second consecutive year and announce new sponsor Hytec. Their partnerships will enable us to continue expanding the event’s breadth and scope while still donating 100% of all proceeds to designated beneficiaries (TBA).

As for coverage, in February, we will publish features on Sharp’s “Relationships@Work” Dealer Meeting, Konica Minolta’s Bringing Digital to Life, EFI Connect 2016 and more.

OR

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