Issue No. 363 • September 2016

Special Annual **Dealer Survey** Issue (Part I)

THE CANNATA REPORT

The definitive voice for office products and workflow solutions dealers

TheCannataReport.com

The Expanding Elite Dealer Class

2016 SURVEY RESULTS AND ANALYSIS

PART I

PAGE 30

Quote:
For a successful entrepreneur it can mean extreme wealth. But with extreme wealth comes extreme responsibility. And the responsibility for me is to invest in creating new businesses, create jobs, employ people, and to put money aside to tackle issues where we can make a difference.

– Richard Branson
English business magnate, investor, and philanthropist

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EDITORIAL AND PUBLISHING

Frank G. Cannata
President and CEO/Editor-in-Chief

Charles J. Cannata
EVP and Publisher

Carol C. Cannata
SVP, Client, and Creative Services

Scott Cullen
Managing Editor and Chief Correspondent

Sharon Tosto Esker
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cjcannata@cannatareport.com
(917) 514-9501

This Month

COVER STORY

FEATURES

DEPARTMENTS

INK

Industry Awards, Acknowledgments & Sightings

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No. 26: By the Numbers

Most journalists are like the American humorist Will Rogers, known for his most quotable quote, "I never met a man I didn't like." In our case, we never met a survey we didn't like to write about. That's particularly true across the board in a presidential election year where you can't scan two columns of copy in a newspaper, Online news source, or magazine where you don't bump into polling or survey data. Indeed, it's the "time of the season" as the Zombies sang in their 1969 hit song. Coincidentally, it also happens to be the time of the season for The Cannata Report to unveil the results of our 31st Annual Dealer Survey. And have we got some numbers for you.

While the state of the union may not hang in the balance with these results, the numbers, revelations, and our analysis still paint a vivid picture of the state of the office imaging industry from a dealer perspective. It's a monumental task compiling and analyzing this data and Frank, who has been doing it for the past 31 years on his own, does a spectacular job. It's a testament to his dedication to the independent dealer channel and the imaging industry as a whole, the reputation of this publication, our business partners, and the dealer groups who assist us in encouraging readers and non-readers alike from the dealer community to participate in our yearly survey.

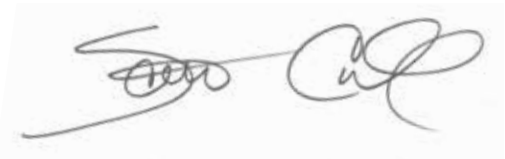
I'm not going to spoil the fun by revealing any of the results here. You'll get to those soon enough. Note, however, that this year's survey offers an even more accurate view of the industry, thanks in large part to Canon's sponsorship for the first time ever. That's resulted in an uptick in responses from Canon dealers.

Without a doubt, this survey issue is a must-read for anybody involved in any segment of the office imaging industry. Admittedly, I'm biased when I say that. But as someone who has been writing articles about survey results for nearly three decades, and having conducted a few surveys myself over the years, I know a good survey when I see one.

I hope you'll agree and that the information contained in our survey can be used to either improve your business or validate some of your business decisions as you branch out into new directions and leverage new opportunities.

Thanks for reading.

Sincerely,



Scott Cullen
Managing Editor & Chief Correspondent

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NEWS MACHINE

THIS MONTH ON

TheCannataReport.com

VIDEO

HP Inc. Unleashes Next Generation A3 Printing Portfolio

HP Inc.'s (HP) new product line intends to disrupt and reinvent the $55 billion copier segment by delivering performance, security, and affordable color. The technology titan introduced what at first glance appears to be an expansive line of powerful A3 MPFs at its 2016 Global Partner Conference in Boston earlier this month.

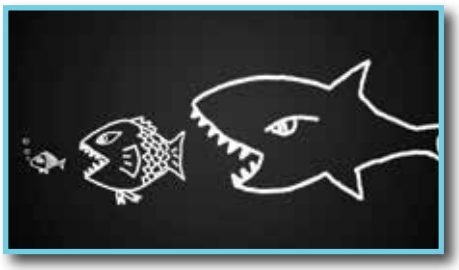
BUSINESS

HP Inc. Acquires Samsung Printer Business

Innovolt Jolts Industry with New Hires

Clover Evaluates New Investment Partners

NEWS



Carolina Wholesale Acquires Digitek

15 Years Later: Where Were You on 9/11

EVENTS

Konica Moves Mountains

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

Panasonic
BUSINESS

Scanning for new business just got easier.

As a successful office products dealer, you know that existing clients are your best source for new business. A standalone scanner from Panasonic can be the missing piece in a total document solution and is often an overlooked revenue stream. As document digitization gains momentum, efficiency depends on ever-increasing speed. A Panasonic scanner will turbo charge your customers' current workflow with smart features designed to quickly capture and process high-volume jobs like scan to searchable PDF, double-sided scanning and auto-crop/rotate. Mixed-sized documents won't slow you down and with Panasonic's renowned near 0% failure rate*, you'll minimize profit-killing service calls.

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jason.resnick@ext.us.panasonic.com | 540.424.7213

Sean Foley (West Coast)
sean.foley@ext.us.panasonic.com | 760.201.6738

*Based on service records from 2006-2015.

2016 Frank Award Nominees Announced, Based on 31st Annual Dealer Survey Votes

For the first time, we will not pre-announce any award winners prior to our dinner. All winners, as determined by votes cast via our annual dealer survey, will be announced live on October 6th at The Cannata Report 31st Annual Awards & Charities Dinner. This year's categories and nominee are as follows:

Best Manufacturer: Canon U.S.A., Inc. (Canon); Konica Minolta Business Solutions, U.S.A., Inc. (Konica Minolta); Ricoh Americas Corporation (Ricoh); Sharp Imaging and Information Company of America, Inc. (Sharp).

Best A4 Manufacturer: HP Inc.; KYOCERA America Document Solutions, Inc.; Lexmark International, Inc.; Muratec Americas, Inc.

Best-in-Class Manufacturer: Konica Minolta; Muratec; Sharp; Toshiba America Business Solutions, Inc. (Toshiba).

Best Female Executive: (As previously published in last month's Women Influencers Issue and on TheCannataReport.com); Laura Blackmer, Sharp; Kay Du Fernandez, Konica Minolta; Nancy Langdale, Canon; Sue Wilson, Toshiba.

Best Male Executive: Doug Albregts, Sharp; Jim Coriddi, Ricoh; Scott Maccabe, Toshiba; Rick Taylor, Konica Minolta.

Best Software and Services Provider: ACDI; Square 9 Softworks, Inc.; LMI Solutions, Inc.

Best Leasing Company (New): De Lage Landon; Everbank; GreatAmerica Financial Services; U.S. Bank.

Best Marketing Strategy: Canon; Konica Minolta; Ricoh; Sharp.

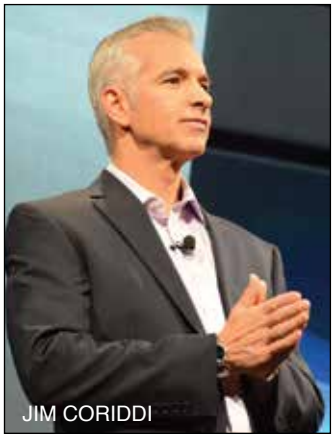

LAURA BLACKMER

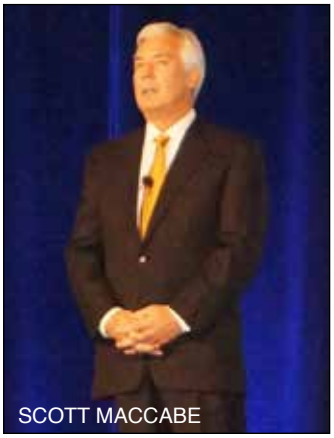

KAY DU FERNANDEZ


NANCY LANGDALE


SUE WILSON


DOUG ALBREGTS


JIM CORIDDI


SCOTT MACCABE


RICK TAYLOR

Charity Is Always the Biggest Winner

While we began our awards ceremony in 1985, we added a charitable component 19 years ago. Since initiating the charity aspect, we have raised over $1.7 million for various worthwhile causes, including the creation of 10 cancer research grants through the V Foundation for Cancer Research and the Hackensack University Medical Center. In addition, we have created endowments for numerous scholarships. We have also raised funds for charities that serve battered women and children and "Windows on The World," which provided financial aid for families who had lost parents and spouses who worked in the restaurant at the top of The World Trade Center in New York City following September 11, 2001. Our scholarship endowments have benefited Caltech (in honor of Chester Carlson), Saint Mary's College, Seton Hall University, and Saint Ignatius Prep in Chicago. On two separate occasions, we honored the Glide Foundation to aid the homeless in the San Francisco area.

This year, for a third time, we return to Hackensack University Medical Center where we have established The Jackie Ritschel Memorial Endowment for Cancer Research & Treatment. Jackie was the wife of Andy Ritschel and together they owned Electronic Office Systems in Fairfield, New Jersey. To learn more about the motivation behind this particular endowment, please read "The Cannata Report Announces 2016 Awards & Charities Dinner Beneficiary," published in our May 2016 issue and in "This Week" on TheCannataReport.com or visit thecannatareport.com/dinner31.

We want to thank all of those who have been so generous to the various aforementioned charities and beyond. Together, our contributions represent a substantial and sincere commitment to the importance of giving back on behalf of our industry.

– Frank G. Cannata

Pacific Office Automation Sweeps Konica Minolta U.S. Dealer Awards with Four Wins; All Copy Takes Award of Excellence

Represented by President Doug Pitassi, Pacific Office Automation (POA), took home three top awards and one second place award in four out of six categories at Konica Minolta's August 2016 Aspen Dealer Meeting. All Copy Products, LLC (All Copy), Dex Imaging, Inc. (Dex), Marco Technologies LLC (Marco), and NovaCopy took home two awards each, with All Copy scoring the highly coveted Award of Excellence as one of the dealership's two big wins. A complete list of Konica Minolta Awards and winners are as follows:

Award of Excellence: All Copy.

Year-over-Year Growth Revenue: NovaCopy (Level 1/$5M+); Copiers Northwest, Inc. (Level 2/$2–$4.9M); Core Business Solutions, Inc. (Level 3/$0–$1.9M).

Top Revenue: POA (1st place); Marco (2nd place); NovaCopy (3rd place); Dex (4th place); Caltronics Business Systems (5th place).

A3 MFP Combined Office Color Units Revenue: POA (Level 1/$5M+); Pollock Office Machine Company, Inc. (Level 2/$2–$4.9M); United Office Systems (Level 3/$0–$1.9M).

B/W and Color PP Units Revenue: POA (Level 1/$5M+); Document Solutions, LLC (Level 2/$2–$4.9M); Martin Group Driven by People, Inc. (Level 3/$0–$1.9M).

Color PP Unit: POA (1st place); Marco (2nd place); Impact Networking, LLC (3rd place).


PACIFIC OFFICE AUTOMATION


ALL COPY

Solutions Revenue: Edwards Business Machines, Inc. (3rd place); POA (2nd place); Dex Imaging, Inc. (1st place).

Managed IT Revenue: The Swenson Group (1st place); All Copy (2nd place); Century Business Services (3rd place).

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ACDI Pledges $40,000 to New Branch of Boys & Girls Club in Saline County, Arkansas


JOSH LANE

ACDI pledged $40,000 for naming rights to the "Large Technology Center" room in Saline County, Arkansas's new Boys & Girls Club. Currently under construction, the new southern arm of the Boys & Girls Club is slated for completion in the spring of 2017.

The software company plans to use the new facility to partner with local and state K-12 schools in order to continue educating students about the opportunities in technology.

Aside from coaching during the past six years, ACDI has participated in several Boys & Girls Club fundraising events such as dinners and golf tournaments. The company has often contributed in these capacities each year. So, some of ACDI's employees have been able to meet and get to know many of the children and parents over the years who take advantage of the program.

According to ACDI President Josh Lane, "The Boys & Girls Club plays an important role in the lives of many children in our community, as well as across the country. Having coached two of my boys [in basketball, football and soccer] at the Club for the past six years has given me insight into the needs of many children. When the opportunity arose to participate in the construction of the new facility through the naming program, it was very easy for us to commit. Currently, ACDI doesn't allocate a percentage of revenue or income to fund its CSI. However, it is a program I am very interested in developing for our company and believe our team recognizes the importance of giving back in the manner too. We believe the adage, 'To whom much is given, much is expected.'"

Konica Minolta Announces Multi-Year Partnership Deal with No. 1 Golfer Beau Hossler


BEAU HOSSLER

To continue expanding its brand within the golf community, Konica Minolta Business Solutions U.S.A., Inc. (Konica Minolta) signed a multi-year partnership with Beau Hossler on Monday, August 29. As the 2016 Frank Haskins award winner, which acknowledges him as the nation's top collegiate golfer, Hossler is a former No. 1 in Golfweek's men's amateur rankings.

As part of this partnership, Hossler has agreed to serve as a global ambassador for the Konica Minolta and will participate in its marketing and various social media campaigns. The deal also calls for Hossler to wear the Konica Minolta logo on the sleeve of his apparel and participate in customer entertainment at select events around the country.

Hossler first came to the golf world's attention at the 2012 U.S. Open after taking the lead late in the second round, and has now become one of the most decorated and highly-regarded amateurs. His decision to turn professional follows an epic junior year in which he captured five collegiate victories and the prestigious Jones Cup Invitational. He recorded his biggest amateur win in 2014 by winning the Western Amateur and also successfully defended the SGCA Amateur Championship. He then helped the United States win the World Amateur Team Championship in Japan.

In early June, the 21-year-old Hossler dislocated his shoulder on four consecutive full swings during his semifinal match at the NCAA Championship. After repeatedly falling to his knees in excruciating pain and recomposing himself, he continued to play rather than forfeit the match. Hossler is expected to make a full recovery and will then resume his competitive schedule in January of 2017. He will also pursue sponsors' exemptions on the PGA TOUR in an effort to secure his exempt playing privileges.

Konica Minolta is the Official Multifunction Printer of the PGA Tour and has also partnered with CBS Sports, which is bringing the popular Konica Minolta bizhub SwingVision Camera to select PGA Tour broadcasts.

The official marketing relationship with the PGA TOUR expanded in September 2015 when Konica Minolta launched a SwingVision Video Channel on PGATOUR.com. The company also invested in a co-branded social media campaign, #TOURFix, which enabled golf fans to send in videos of their swing to @PGATOUR via Twitter.

Marco Wins Information Technology Council of North Dakota's Premier IT Business Award


JONATHAN WARREY

One week after acquiring Document & Network Technologies, a St. Louis, Missouri-based company, Marco was awarded the Information Technology Council of North Dakota's (ITCND) Premier IT Business Award on Tuesday in Fargo, North Dakota.

The Premier IT Business Award recognizes Marco as an IT business that has consistently delivered and developed business solutions with outstanding success. Marco was named the winner by the IT Awards Committee and IT Executive Committee.

"It's extremely gratifying to have Marco changing the landscape across North Dakota and doing so organically," said Jonathan Warrey, chief operating officer and North Dakota native. "We're adding value to the marketplace in North Dakota and creating career opportunities for our employees."

COO Jonathan Warrey accepted the award at the Hilton Garden Inn in Fargo, North Dakota, as part of the 2016 IT Awards Program at The State of Technology Conference, which was hosted by U.S. Senator John Hoeven of North Dakota and the Fargo-Moorhead West Fargo Chamber.

Warrey credits the reputation Marco has earned from its customers and the enthusiasm of its employees as reasons Marco received the award and continues its growth.

Founded in 2000, ITCND is comprised of various business, education, and government leaders working together to strengthen North Dakota's IT growth and development.

Continuum's Third Annual User Conference Sells Out for Third Straight Year with Nearly 650 Registrations; Waitlist Now Open

Continuum has sold out Navigate 2016, the company's third annual user conference for the third straight year, as announced on September 8. However, a waitlist is now open. Nearly 650 attendees, including Continuum's MSP partners, along with technology partners, employees, and the media, are convening at the Seaport World Trade Center in Boston on Wednesday, September 28–Friday, September 30, 2016. Designed to increase revenue and profitability of Continuum's MSP partners, Navigate's agenda incorporates strategy, education, training, and networking, led by top business and channel leaders.

"Continuum's platform enables MSPs to completely change their business model which is making them the most successful in the industry," said Michael George, CEO at Continuum. "At Navigate 2016, we are reaching new heights, surpassing our previous two years, by bringing together the very top in thought leadership, inspiration, and best practices. Navigate now goes well beyond Continuum as a company, delivering an unprecedented industry event to MSPs, technology partners and more."

In early September, Continuum announced Mike Buratowski, senior vice president of Cybersecurity Services at Fidelis Cybersecurity, as the fourth keynote speaker of Navigate, pushing registrations to capacity. He is presenting, "The Cybersecurity Opportunity—Helping Our Partners Protect Their Customers' Most Sensitive Data," discussing how companies can build advanced threat defense security operations against APT attacks.

Michael George is also presenting the keynote, "Take Flight," where he shares some of Continuum's MSP partners' extraordinary stories while walking through the tenets of IT, the skills gap and security—all with an eye toward the power of the partnership.

Other keynote speakers include basketball legend, broadcaster, and humanitarian, Bill Walton, presented by Webroot® and Paul Chisholm, retired CEO of mindSHIFT Technologies.

Navigate 2016 features more than 30 sponsors and exhibitors and more than 70 speakers, drawing more attendees and support than the previous two years. With 36 breakout sessions and six session tracks, including business, product success, featured, partner success, connection, and sales & marketing, Navigate is a unique opportunity for MSPs to discuss new ideas with peers and learn from experts across a variety of disciplines, all focused on building the IT channel. The event offers unique content to help improve business strategies, increase sales and marketing efforts, and gain a deeper understanding of Continuum products. To learn more, visit: https://www.continuum.net/navigate2016. For the latest updates, follow #nav16 on Twitter.

Celebrate 35 Years with The Cannata Report by Identifying Top Industry Dealer Icons

In February 2017, The Cannata Report will celebrate its 35th Anniversary. One of the main features in our 35th Anniversary issue will highlight 35 icons from the independent dealer community—one representing each year of publication as selected by our readers and a panel of past and present industry leaders.

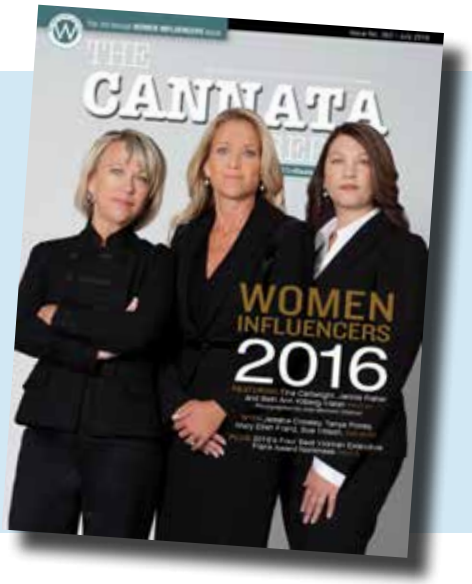
We invite you to suggest dealers you consider industry icons. The criteria for consideration is as follows:

- Any dealer, formerly or currently in operation, with a minimum of 20 years in the industry and 10 or more years operating a successful dealership or dealerships.
- A commitment to excellence through innovative business practices and a willingness to embrace new technologies.
- Industry involvement in dealer groups and associations such as BTA and/or participation with his or her OEM's Dealer Advisory Board.
- An individual who commands respect from his or her peers across the industry, among employees, and across business partners.

– By Scott Cullen

CR

Please email your suggestions (with no limit to the number of icons you suggest) to Scott Cullen, managing editor, at scullen@cannatareport.com, along with a line or two as to why you consider that person an industry icon. A personal memory about your selection(s) would also be appreciated. Deadline for suggestions is December 1, 2016.



Error/Message

We would like to clarify an error appearing in The Cannata Report's July/August issue's cover story, "Women Influencers 2016," also posted on TheCannataReport.com, regarding Paul Dippell and his title as stated in the story.

Mr. Dippell is the Founder and CEO of Service Leadership, not the founder and former CEO of All Covered. Husband and wife team Renee Courington and David Beaver founded All Covered (formerly All Bases Covered) in 1997.

Steve Lewis served as CEO of All Covered from September 1998–December 2001 throughout Mr. Dippell's 18-month tenure with the company.

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Konica Minolta's $100 Million Growth Strategy

Manufacturer Intent on Doubling Digital Marketing Revenues in Japan by 2020

During a recent press conference, Jun Haraguchi, president of Konica Minolta Japan, laid out the manufacturer's strategic business goals, including making digital marketing a core strategy for the company. He also added that Konica Minolta Japan is intent on doubling its digital marketing revenues between fiscal year 2015 and fiscal year 2020 to $100 million.

According to Haraguchi, corporate expenditures related to office documents is approximately 1% of a company's revenue, while IT expenditures is between 2% and 3%. In comparison, marketing expenditures range between 5% and 10%, making this an attractive segment for Konica Minolta Japan to target.

"Our business is not to sell copy machines but to increase office productivity," observed Haraguchi. "Furthermore, our business domain is to lead the transformation of work styles. Our approach to that is we practice it by ourselves first and if we see that it works, we will then pass it on to our customers in ways they can easily understand."

Haraguchi added that Konica Minolta Japan is looking to expand its digital marketing tools beyond the enterprise to SMBs, a segment he acknowledged has not been previously well served by Konica Minolta Japan. An investment in Netyear Group, a Japanese Internet professional services company, is expected to enhance the breadth of the company's digital marketing solutions, particularly for its SMB customers.

"Our business is not to sell copy machines but to increase office productivity," observed Haraguchi. "Furthermore, our business domain is to lead the transformation of work styles."

"Netyear is good at omni-channel [marketing], which has the ability to make adaptive deliveries, including social networking services," said Haraguchi. "By having this integration, we can now provide services that span from consulting through delivery."

Another partnership, with Adobe Systems in Tokyo, will also be instrumental in helping Konica Minolta Japan provide customers with digital marketing solutions. The partnership, announced on June 29, 2016, will enable Konica Minolta Japan to offer digital marketing solutions based upon the eight solutions that make up the core of the Adobe Marketing Cloud, with the Adobe platform becoming the foundation for the company's digital marketing offerings.

This effort will encompass end-to-end digital marketing solutions that combine

Jun Haraguchi,
President, Konica Minolta Japan

Adobe Marketing Cloud and services from strategy planning to operations management. Haraguchi reported that the intent is to provide these solutions in Japan first before expanding them globally.

"We have built a system on which we gather digital information, manage it as data, and analyze and [develop] solutions for each individual customer in our marketing activities," said Haraguchi. "In 2016, we finally acquired the necessary skills and partners required for digital marketing. We will continue to enhance our products and will extend our reach overseas by adding partners."

CR

Questions About This Story?
Contact CJ Cannata
Phone: (917) 514-9501
Email: cjcannata@cannatareport.com

Model Behavior: MPS

Deficient Dealer Returns Due to Lack of Focus and Poor Prospecting

By Scott Cullen

It may come across as a generalization to say that most dealers are not successful at marketing MPS, but Steve Rolla, senior partner at Pros Elite Group, does not seem to have any issues at all with that generalization.

"The majority of dealers are not good at selling MPS," he stated. "If you can't sell it, you're never going to make money at it." According to Rolla, the problem is a lack of focus. "They're just not focused [on MPS]. It's like walking away from an oasis in the middle of the desert without taking a drink of water."

Still, Rolla is confident dealers can make money selling MPS.

"MPS is a transaction, and it's easy to make money at it if you use the right model and follow the disciplines," he said. "But very few dealerships incorporate the disciplines required to [create] a successful MPS sales program because they treat it as a nice thing to do, as opposed to an absolute survival tactic to offset the decrement of the click pricing that is occurring today when one upgrades a currently installed copier-printer to the next generation copier-printer."

Know Your Target Market

Perhaps the most important consideration when creating an optimally effective MPS business model is understanding what types of organizations are the best prospects for MPS.

"We see so many [dealers] trying to nail these big 500 to 800 printer clients," said Jerry Newberry, president and managing partner of Pros Elite Group. "In that environment, you're going to see a lot of competitors and a much lower cost-per-copy rate. You're not going to make the potential margin you can on the back end."

Jerry Newberry
President and Managing Partner
of Pros Elite Group

Editor's Note: This is the second in a series of articles that examines financial modeling for the dealer community. Our first article examined problem areas in the traditional financial model and resolutions to those issues, as identified by Pros Elite Group, a services, sales, and operations consulting and training organization. This article focuses on the components of a workable business model for marketing MPS.

OUR DEALERS SEE COMPANIES DIFFERENTLY

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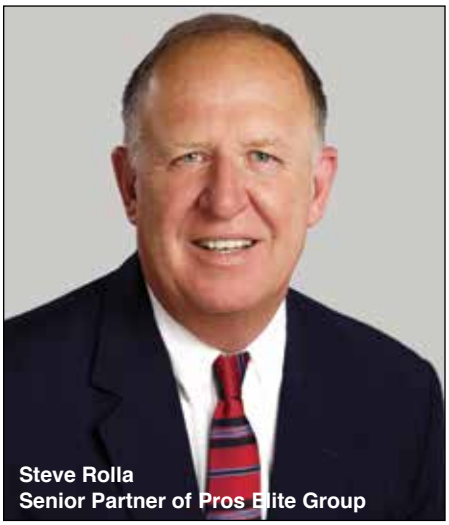
Steve Rolla
Senior Partner of Pros Elite Group

Newberry's recommendation is targeting organizations with 10 to 80 printers. In Newberry's opinion, dealers won't find as much competition here and will be dealing with businesses that don't typically know how much they're spending on printing.

"When you show them the cost per copy and how you can cut their costs by upwards of 50% to 60%, this still allows you to get a 50% to 60% margin on the back end," he said.

Beware of Rip and Replace

A problem that Jeff Kelly, senior partner at Pros Elite, sees dealers repeatedly make is complicating the deal from a pricing standpoint. Those complications often center on a rip-and-replace mentality.

"There is a lot of junk out there and unfortunately, most dealers aren't good at measuring yield closely on their cartridges so their profit margin is substantially lower," said Newberry.

"They can cause a lot of dynamic change to occur in the environment before they accept the deal versus understanding the cost basis and understanding where they have to be profitable," said Kelly, who recommends replacing hardware and standardizing the fleet once the equipment reaches the end of the contract or its useful life.

Kelly contends pricing complications occur mostly because dealers don't understand the cost basis of every deal the way they should.

"If they did, they would be able to make intelligent decisions to integrate that business into their copier business and do it profitably," he added. "That's part of what we try to teach dealers to do on the service side—understand that cost to drive that profit margin, do it effectively, and integrate that business into the core [copier business]."

Something else to consider from a service perspective is being selective about the vendors one works with when it comes to supplies, especially given that the biggest expense pertaining to service is consumables.

"There is a lot of junk out there and unfortunately, most dealers aren't good at measuring yield closely on their cartridges so their profit margin is substantially lower because of the quality of the product they're buying," said Newberry.

Besides cartridge quality, dealers must also consider replacement parts costs.

"Think about it from a service manager's perspective," explained Kelly. "I have this Dell printer I can't get parts for. So my logical thought process is to replace it with an HP printer that I can get parts for. That's not necessarily a bad thought process, but if we try to do that on the front end, it makes it difficult to close the deal. Our strategy is to integrate that [into the contract] and collect clicks on it until it dies. Then, under our terms and conditions, we'll have a strategy that allows us to swap it out with one of the HPs. The strategy is still there. You just execute it


Jeffrey Kelly
Senior Partner of Pros Elite Group

after the engagement begins."

The service operation is a key component of the MPS model touted by Pros Elite, which shouldn't be all that surprising since most of the organization's partners have a service background. It's also interesting that prior to creating the company's business model for MPS nearly four years ago, the managing partners of Pros Elite would travel to industry conferences where MPS was discussed in breakout sessions and seminars only to find that the focus was on sales and didn't factor in service.

Stop Worrying About Commoditization

With various segments of the imaging industry lamenting the commoditization of MPS, Rolla adamantly dismissed those concerns. "Our clients are murdering managed print services and making a fortune. We work with some dealers who have overall service gross profits in excess of 60% driven by MPS profits. We have some that have more than 50% of their transactions, including equipment sales with MPS, included in them. They're very aggressive as all get out about pricing."

And when Rolla says aggressive, he's talking anywhere from a penny a page for black and white prints and less than seven cents a page for color prints.

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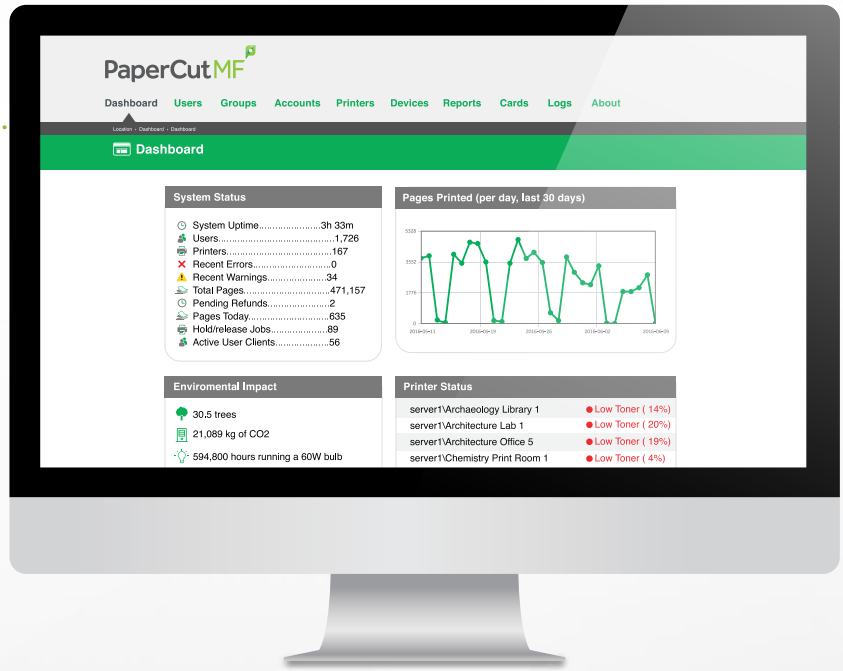

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He borrowed one of Newberry's favorite quotes when discussing MPS revenue: "Revenue will never be the reason that you don't make the profitability. It's because you don't know how to manage the function that drives the profitability, not the revenue."

That also includes managing the service function for optimal profitability. "It's almost a reckless approach to MPS that [successful dealers] are taking because they're so good at managing the service function and making good buying decisions on premium aftermarket cartridges," said Rolla.

And again, aggressive pricing is considered a good thing by Rolla, as is selecting the right supplies vendor. "We don't worry about any of the revenue or how aggressive they are from a pricing perspective," stated Rolla. "We encourage it, but we are encouraging an extraordinary management technique, execution of the service productivity and reliability skills techniques that we teach them, and the great purchasing techniques and premium aftermarket cartridge vendors we [introduce] them to."

The Four Legs of MPS

Now that we understand the target market for MPS and the various service-related issues associated with the opportunity, let's break down the Pros Elite model for MPS—a model that Rolla describes as the four legs of MPS.

The first leg is a mandate that MPS is not optional, but that every MFP sale includes a full-blown survey.

"When I say survey, there are very simple survey tools, but certainly the deployment of a simple survey tool at a minimum is employed to understand the printer environment that the client has," noted Rolla. The second leg of the model is the inclusion of an return-on-investment calculation with every proposal, showing there is a bonus ROI should the client allow the dealer to optimize his or her fleet of printers to reduce costs.

Kelly contends that for the most part, pricing complications occur because dealers do not understand the cost basis of every deal the way they should.

The third leg is the involvement of the dealer principal in communicating to the client in any proposal or documents the dealership generates on the client's behalf that there is an ROI for MPS every client will receive. The ROI impact of MPS could be as great as reducing the cost of the MFP by 50% or more.

The fourth leg is a compensation structure to reward the dealer's sales reps on a recurring or residual basis.

While these four legs are focused more on the sales and marketing side of the MPS business equation, Rolla added and emphasized that it's equally important for the dealer's service organization to have the necessary training and the tools in place to ensure the service function is up and running, and running to optimal efficiency. Equally important is teaching service staff how to be prepared to run an MPS organization on top of a quality performing service organization.

What does the dealer need to do to make sure they stick to the model?

"That's the formula," said Rolla. "If you remove any of these four legs that it's built on, you will simply stop your MPS program. [For example], if you stop conducting the simple survey on every single transaction, you stop putting in the bonus return on investment. If you stop having all your collateral, including proposals that reference MPS, and if you stop paying the residual compensation, you will stop your MPS program."

Words of Wisdom

Depending on whom you speak with across the industry, you'll indeed find different business models for selling MPS. This is the model that was specifically created by Pros Elite Group. So, let's not forget that this is just one model for building a successful MPS program, and it's ultimately up to you to decide if this particular model makes the most sense for your dealership.

Whatever the business model, MPS remains a viable opportunity for the dealer channel, as well as a springboard for any dealer looking to expand beyond MPS into managed network services (MNS). But MPS has to be done right, and done successfully first.

"Anybody who is not good at managed print services can hang up their jacket right now as it relates to managed network services because people who are involved in MPS are perceived as organizations that are successful at completing project-based work in the eyes of an IT director," said Rolla. "If you haven't done that and you're not involved in a client's printer-based environment, you don't stand a chance of getting into managed network services."

CR

Whatever the business model, MPS remains a viable opportunity for the dealer channel, as well as a springboard for any dealer looking to expand beyond MPS into managed network services (MNS).

Questions About This Story?
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The Cannata Report 31st Annual Dealer Survey

Evolution, Inspiration, Purpose, Methodology, and Acknowledgments

By Frank G. Cannata

In 1985, we began our formal study of the independent dealer channel with our 1st Annual Dealer Survey. The goal was to provide a forum for dealers to express their views about their suppliers and their competitors and to identify those manufacturers that have excelled in support of their channel partners. Over the years, the survey has become a valuable vehicle for the dealer segment, as well as every other segment of the industry, to gain a deeper understanding of the channel and the industry as a whole from the perspective of the channel.

The past 35 years have been a long and inspired journey for The Cannata Report. We have chronicled the migration of the independent dealer channel community from initially selling single-function, electro-mechanical hardware to providing connected multifunction equipment, as well as managed print and managed network services. We've seen dealers who were once derided for being unsophisticated marketers become extremely proficient in managing document solutions, along with providing security and backup services that protect their clients' entire workflow and information architecture.

Most recently, we've seen dealers presented with a unique opportunity to expand their businesses from selling into the office to providing highly sophisticated devices to the industrial print space. This movement may still be in its infancy, but in our opinion, the trend represents the future for print.

The evolutionary cycle of technology continues and will further improve the proficiency of businesses in every segment of the market as the industry evolves. From the enterprise to the SMB, dealers continue to provide state-of-the-art service unlike in any other industry. The dealer mantra is simple and it has not changed in over 40 years: Stay close to and satisfy the customer.

In Memory of Joe

For the first time in our survey's history, we are honoring an individual by giving this year's survey his name. In memory of Joe Castrianni, who passed away at the age of 88 on March 8, 2016, this survey will be known as the Joseph (Joe) R. Castrianni 31st Annual Dealer Survey.

Joe got his start with Olivetti, working on the financial side as a credit manager. His immediate superior at the time, Art Nendrick, recognized Joe's ability and when Nendrick left Olivetti for Saxon Industries to become senior vice president of sales, he recruited Joe to serve as national sales manager for dealers. When Joe joined Saxon, I was Saxon's branch manager for New York, where I learned that the way to make money was not selling to end users but to dealers.

Nendick approved my transferring out of direct to dealer sales, contingent upon Joe accepting me as a DSM. He approved and I began my dealer journey in 1973. I learned a lot from Joe, including that if you were going to be successful selling office equipment, you needed a strong dealer channel. I will always be grateful for the lessons he taught me.

During his career, Joe helped establish Saxon as a competitive organization, despite having to sell inferior product. He eventually moved to Sharp Electronics and created one of the premier dealer channels in the industry. There are more dealers than I can count who owe him a debt of gratitude. His business philosophy was "integrity" at a time when the industry was lacking in that quality. This one is for you, Joe!

A Forum for Dealers

One of the primary goals of this survey is to provide independent dealers with a forum to express their sentiments about their vendors and the industry in general. We aim to stay abreast of dealers' performance parameters and to identify the areas of greatest interest for the dealer community. We believe the survey results help us better understand how dealers are performing and the areas their manufacturers need to address.

While some responses may skew to the negative, it is important to keep in mind that we are encouraging honest, candid answers to questions that are of importance to the industry as a whole. As always, we encourage our audience to provide us with any and all constructive commentary, regardless of whether it is negative or positive.

Methodology

We developed our survey questions to drill down to where dealers stand in 2016, based on their 2015 performance. To be explicit, when we cite numbers from the

2016 Survey, they represent our dealer respondents' 2015 performance. When we state "last year's survey," we are referring to our 30th Annual Dealer Survey from September 2015, which references our dealer respondents' 2014 performance.

This year, we provided all of the major A3 manufacturers (except Xerox) with a link to the survey. Each then sent the link to its dealers and encouraged them to respond.

For the first time, Canon U.S.A., Inc. (Canon) elected to participate and provided an incentive to its dealers for completing the survey. The result was more than 57 dealers listed Canon as their primary A3 MFP manufacturer, while 28 placed Canon in a secondary position. In total, 28% of all survey respondents indicated they represented Canon. Among these returns, 17 dealers reported they were dedicated to Canon in the A3 category. With these Canon responses, in addition to the results from the other major A3 players, we believe this year's survey is the most balanced survey we have analyzed in more than 15 years.

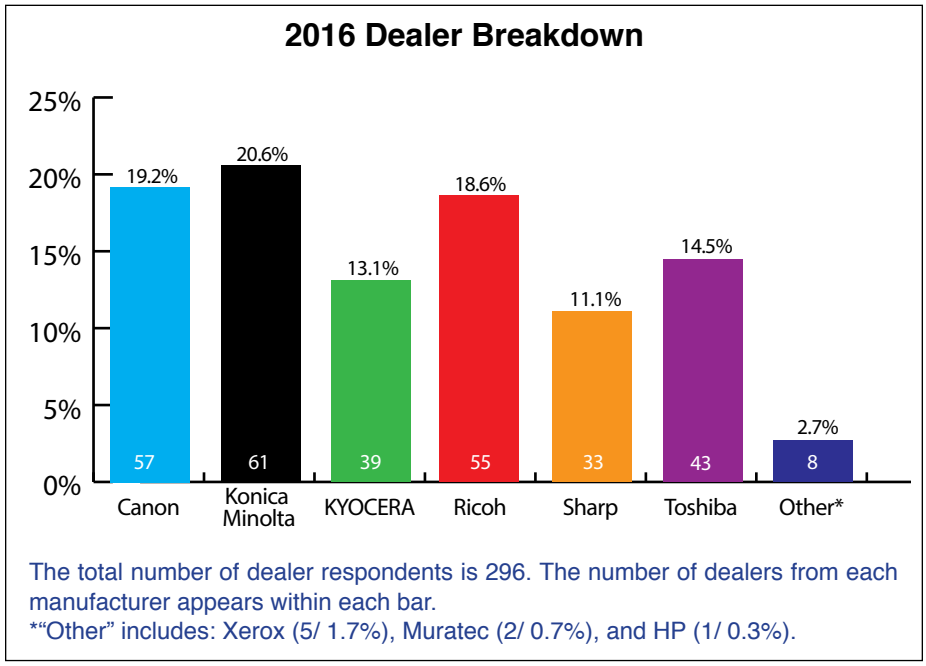
We are extremely grateful to Canon's Toyo Kuwamura, who now heads up both dealer and direct operations, for helping to make this happen.

The complete results of the survey are available to subscribers in our September and October 2016 issues, as well as on TheCannataReport.com. For our non-subscriber population, the results will be transmitted only to those who completed every single question and provided us with their names and addresses. We cannot send results to people who do not identify themselves because the survey is blind, except for those seeking a free one-year subscription to our media services from Everbank, Konica Minolta, Ricoh, and Toshiba.

We conducted this year's survey Online for the fourth consecutive year in an effort to deliver enhanced accessibility and garner more responses.

This year the survey yielded 296 responses—16 more than last year—after we deleted duplicates, those with corrupted data, and incomplete submissions. While the numbers from the "Big Six"—Canon, Konica Minolta Business Solutions, Inc. (Konica), KYOCERA Document Solutions America, Inc. (KYOCERA), Ricoh America's Corp. (Ricoh Family Group or RFG), Sharp Imaging and Information Company of America (Sharp), and Toshiba America Business Solutions, Inc. (Toshiba)—vary from year to year, we believe this year's returns present the most balanced OEM population we have ever had. The universe of our 31st Annual Dealer Survey is shown in the chart at the bottom of this page.

For the majority of this survey, we used only the responses from those dealers representing the "Big Six," totaling 288. However, when we do include the responses of the "Other" group, we have noted their inclusion, for example, in presentation on their views of acquisitions, production print, areas of concern, annual dealer meetings, and awards selections.



The total number of dealer respondents is 296. The number of dealers from each manufacturer appears within each bar.
*"Other" includes: Xerox (5/ 1.7%), Muratec (2/ 0.7%), and HP (1/ 0.3%).

Acknowledgments

We would like to extend our thanks to our manufacturer and leasing partners, most notably Canon, Everbank, Konica Minolta, Ricoh, and Toshiba, for their support of our dealer survey. We could not have obtained the results we did without their cooperation. In addition, we also offer our sincere thanks to the dealer groups, BPCA, CDA, and SDG, for tenaciously encouraging their members to complete the survey. Without question, the support of these three dealer groups has also increased the number and quality of responses. The Cannata Report appreciates the relationship we have developed with these three important organizations as well as our manufacturer and leasing partners. We value the many opportunities we have throughout the year to meet with them and learn from them.

Having said all of that, please note we exclude BTA because they conduct their own dealer survey and out of respect for the highly-valued relationship, we have with have with this organization we hesitate to ask them to help us in our annual probe. At the same time, we continue to support BTA and value the benefits the group continues to provide to its dealer members.

C.R.

Questions About This Story?
Contact Frank G. Cannata
Phone: (860) 614-5711
Email: fgcannata@cannatarreport.com

2016 DEALER SURVEY

Executive Summary (Part I of II)

By Frank G. Cannata and CJ Cannata

- The population of independent dealers continues to erode. In 2015, 13% of our survey respondents (38) acquired 68 dealers.
- Use of a single A3 MFP source increased from 33% in 2015 to 36% in 2016. That trend has not been consistent during the course of the survey.
- With 40% of dealers dedicated to a single A3 line, our results indicated the lowest average number of A3 lines per dealer in three years at 1.59.
- Average dealer revenue for those who participated in our 2016 survey increased from $12,074,171 to an all-time high of $17,979,000.
- Lexmark continues to lead as the primary A4 MFP provider with 19% of dealers listing the company as their No. 1 supplier.
- KYOCERA holds the No. 1 position in A4 MFPs among OEMs with a significant A3 line, with the highest number—19%—of dealers listing the company as their primary source.
- Sharp leads all A3 manufacturers in the area of dedication to a single line, with 69% stating that they only carry Sharp to address their A3 MFP business.
- MPS was up slightly from 70% to 73% among respondents. In 2015, there was a decline of 7% from the previous year among dealers reporting they were actively engaged in MPS.
- Managed network services (MNS) grew to 2.79% from 2015's 1.44%. In total, 43.3% of dealers who participated in our survey reported they are active in this segment of the service business.
- Dealers reported an increase in revenue, with 59.1% indicating an uptick. According to survey respondents, revenues have increased 12%, which is over 3% higher than 2015's 8.9%.
- Revenues are indicating a greater level of disparity, with 50% of the universe posting revenues of $5 million or more, representing a 3% increase from 2015's survey.
- Eight dealers reported revenues greater than $100 million, compared to only four last year.
- Dealers continue to use rebuilt or reconditioned machines to provide a low-cost option to their price-conscious customer base.
- Rebuilt or refurbished machines can be used within fleets of MPS contracts. These percentages have varied three points, from 12% to 15%, between the 2014 survey and the 2016 survey.
- For the first time in the history of conducting our annual survey, dealers indicated that recruiting personnel for solutions sales is their greatest area of concern, with 51.0% citing this as their top concern, though it was nearly tied with the 50.7% of dealers who indicated selling against manufacturer branches as their greatest area of concern.

The Expanding Elite Dealer Class

2016 Survey Results and Analysis (Part I of II)

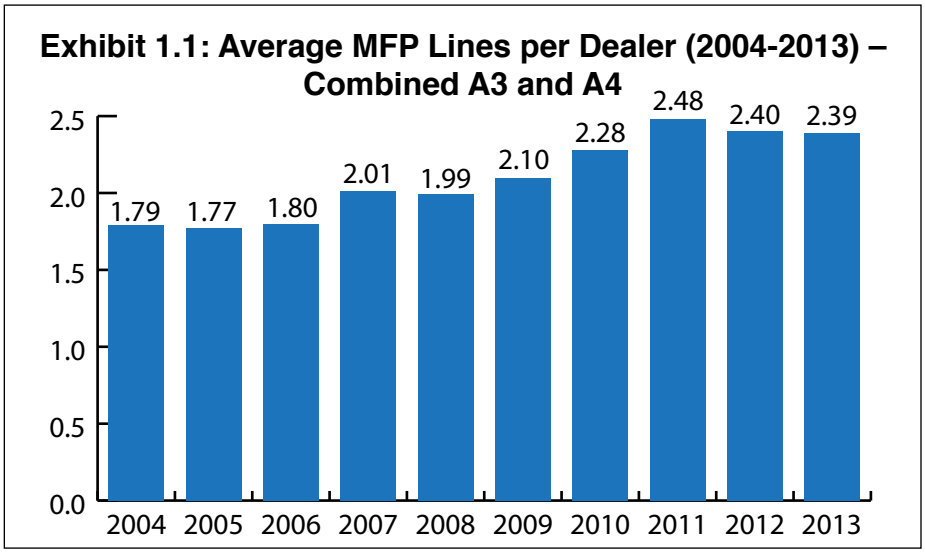
Dealers with Multiple Lines

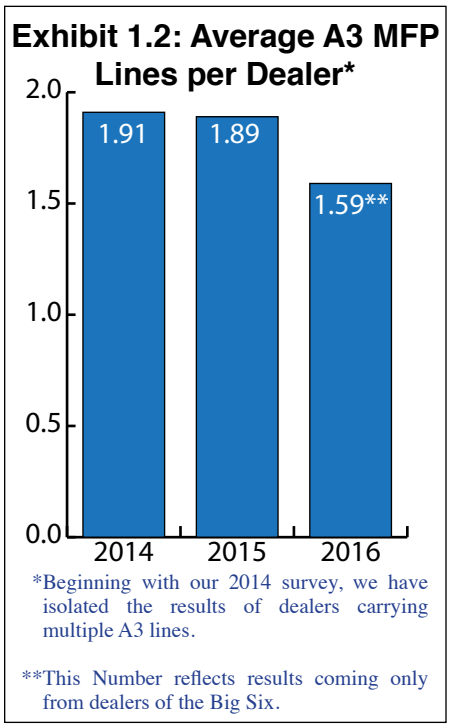
A3 MFP Lines per Dealer

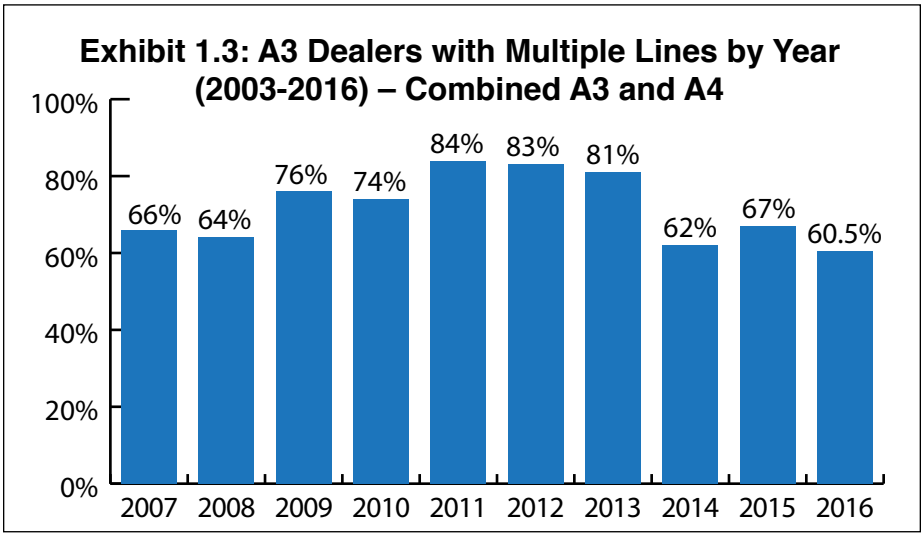
Exhibits 1.1–1.5

In the 2014 survey, we revised our question about the different lines that dealers carried, segregating A3 and A4 MFPs. In previous years, the number of lines per dealer was influenced by the number of dealers that selected an A4 MFP provider as a second, third, or fourth line. To continue showing a trend, we are including the chart for the combined A3 and A4 average MFP lines through 2013.

In breaking up results of the two product lines, we believe we can better illustrate







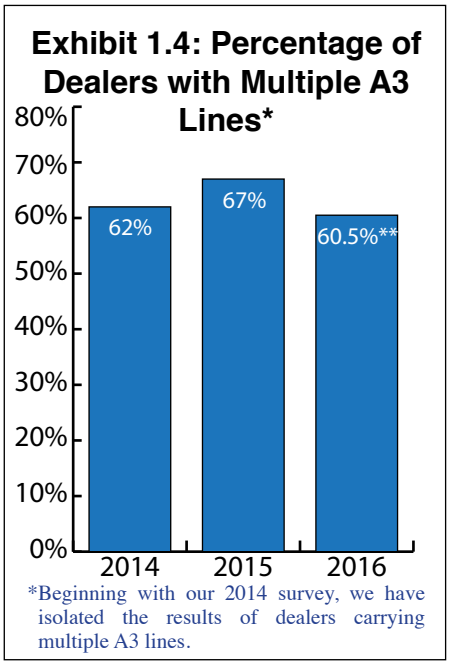


Exhibit 1.5: Percentage of Dealers Dedicated to a Single A3 Line

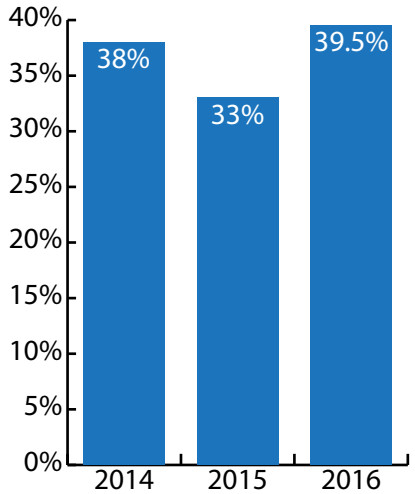
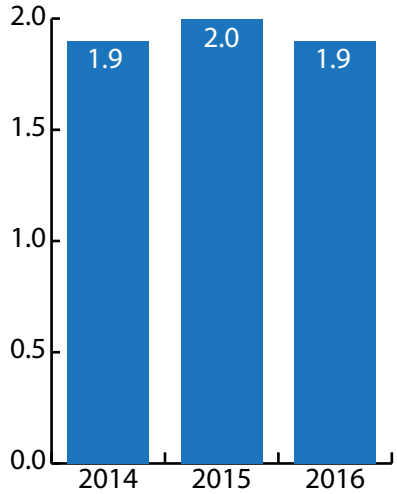


Exhibit 1.6: Average A4 MFP Lines per Dealer



the impact of A4 MFPs and properly reflect the relative strength or weakness of the A3 manufacturers' distribution.

A4 MFP Lines per Dealer

Exhibits 1.6–1.9

Overall, our 288 dealer respondents reported marketing a total of 555 A4 MFP lines per dealer. This result is slightly down from last year's 561, which yielded 2.0 A4 lines per dealer. The average number of A4 MFP lines per dealer in our 2016 examination is 1.9.

We added the A3 number of 1.59 lines per dealer with the 1.9 A4 MFP lines per dealer to total 3.49 MFP lines per dealer. In 2015, dealers reported carrying a total of 3.89 MFP lines per dealer.

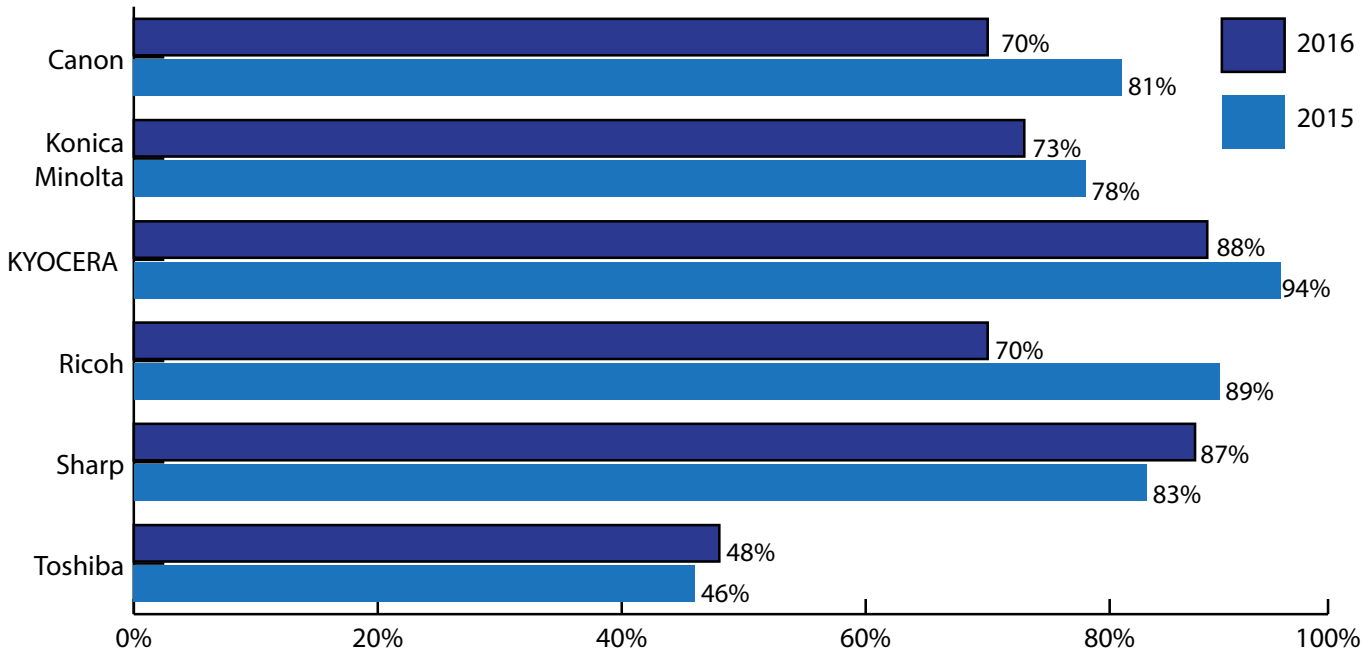
While dealers are still heavily engaged in selling A4 MFPs, we believe the data suggests A4 MFPs represent a declining market. We are witnessing more dealers moving away from the big players in the A4 market—Lexmark, HP, and KYOCERA— and choosing their primary A3 providers for A4 product. With this trend, we can infer is that A3 manufacturer's smaller A4 lines are satisfying the lower demand.

Leading A4 MFP Manufacturers

We took a different approach to analyzing A4 MFP statistical results. In looking at the completed returns, we found that 75% of dealers representing the Big Six (A3) manufacturers listed their primary supplier of A3 as "one" of their A4 providers as well. Last year, it was 78%.

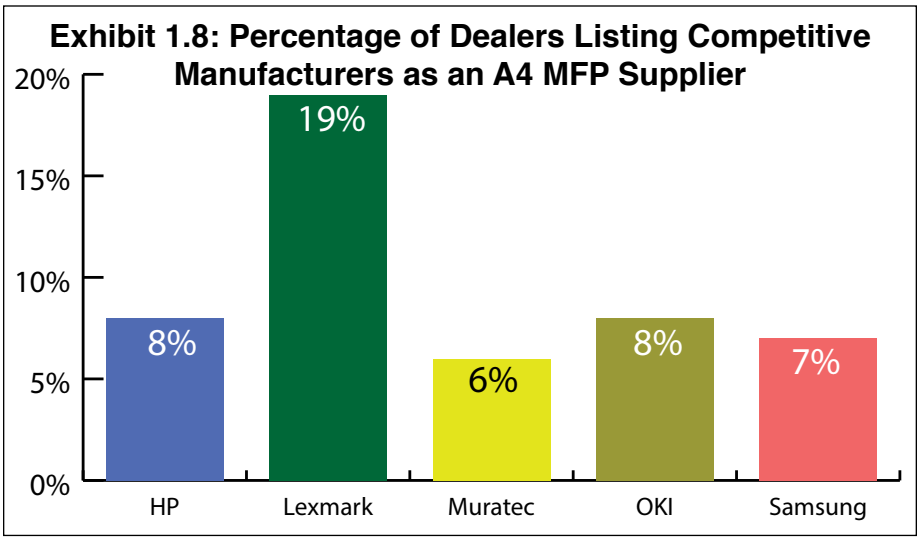
With the exception of Sharp and Toshiba dealers, the number of dealers using their

Exhibit 1.7: Percentage of Dealers Selecting Primary A3 Manufacturer as A4 Manufacturer

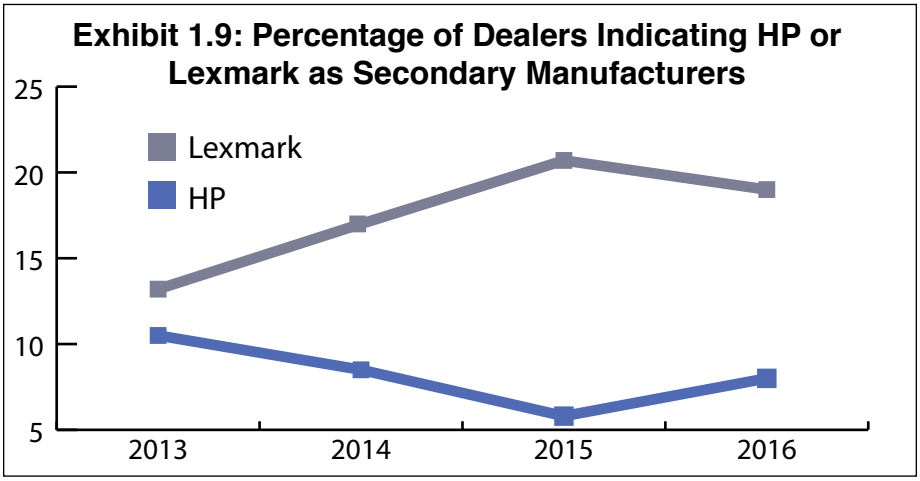


primary A3 MFP manufacturer as their A4 MFP supplier has declined. Sharp's numbers have been consistently high due to the number of its dealers indicating they were dedicated to Sharp.

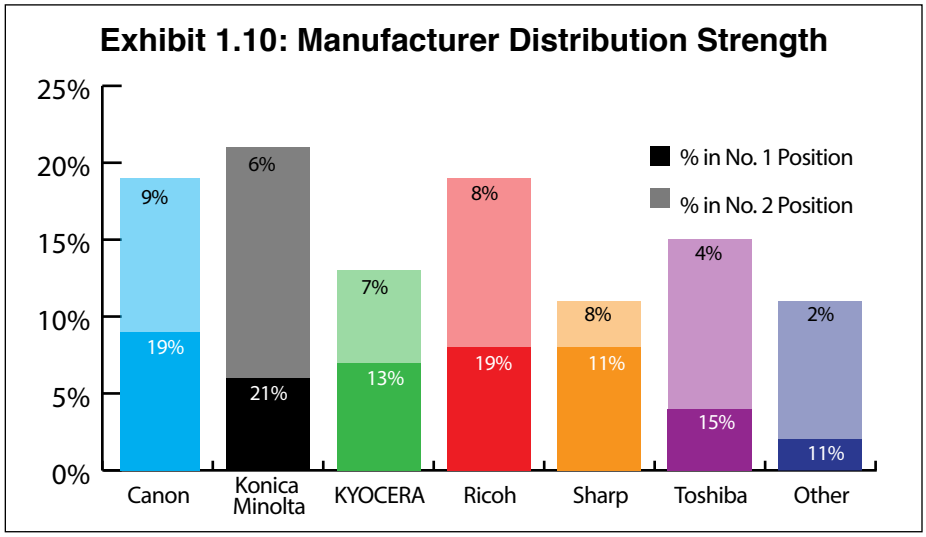
In Exhibit 1.8, we eliminated dealers who selected their primary A3 suppliers as their primary or secondary A4 MFP providers to take a closer look at those companies that are dedicated only to A4 and those that have introduced A3 products. Exhibit 1.8 shows our top five results. (In fairness to KYOCERA, if we included the A3 manufacturers, the company would have been No. 1 among these players, with 22%.)



Among our 288 survey respondents, 68% had the same primary A3 and A4 MFP supplier. In 2015, only 22% had the same manufacturer for the A3 and A4 MFPs. This had to be a debilitating factor for companies such as Lexmark, HP, OKI, Samsung, and Muratec. We recognize that Samsung and Muratec both offer A3 MFPs, which has proven to be a wise decision. By adding A3 MFPs, these companies can increase the average unit selling price and garner the potential to increase clicks. Among KYOCERA dealers, 79% sell this manufacturer's A4 MFP line. Canon was a close second with 75% of its dealers selling Canon's A4 MFPs as well.



Results for HP have fluctuated over the past four years, while Lexmark appears to have reached a plateau. We do not see Lexmark increasing at a high rate over the next few years.



Manufacturer Distribution

Exhibits 1.10–1.11

In our attempt to better understand which manufacturers have the strongest distribution, especially with 36% of the dealers reporting single A3 MFP dedication, we took a closer look to examine manufacturers ranked in dealers' primary and secondary position.

The dealers who fell into the "Other" group listed Xerox, Muratec, and HP as their primary suppliers, representing

2% of the total universe, a total of eight dealers. Among those three, we eliminated HP because one dealer indicated that his major A3 supplier was HP. In the secondary position, 34 dealers, or 11% of the total universe, selected the "Other" category, which included Xerox, Muratec, and HP. However, it is noteworthy that of the 34 that chose "Other" as an A3 MFP secondary source, 22 of them selected Xerox. In other words, Xerox represented in 9% (of the total universe of 296) of the dealer returns. It appears Xerox is gaining some traction among independent dealers. Determining leaders in the secondary position has historically been challenging for us, and our attempts to answer have resulted in only modest success and much estimating. We decided to categorize Samsung

Exhibit 1.11: Additional Manufacturers in Secondary Position for A3 MFPs

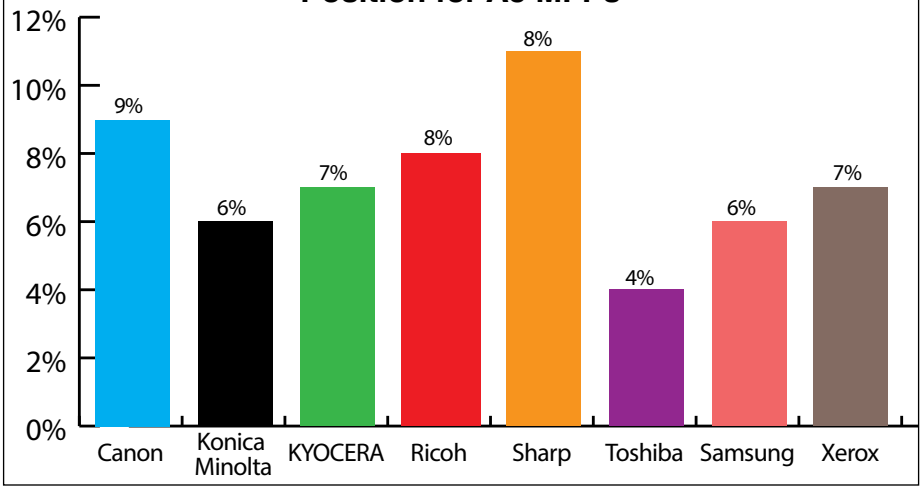


Exhibit 1.12: Average Lines per Dealer by Manufacturer for A3 and A4 (2007–2013)

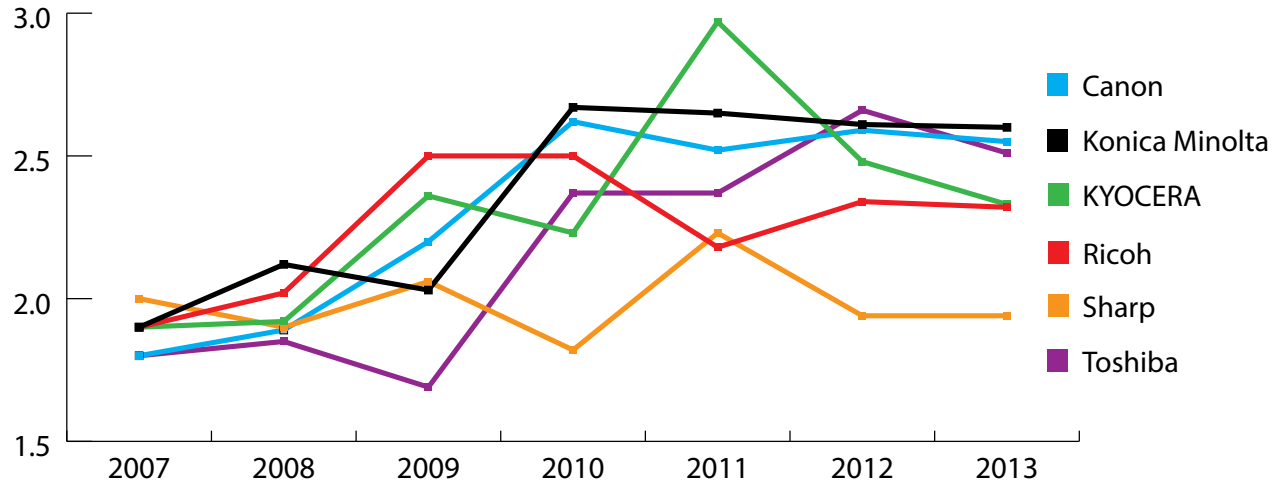
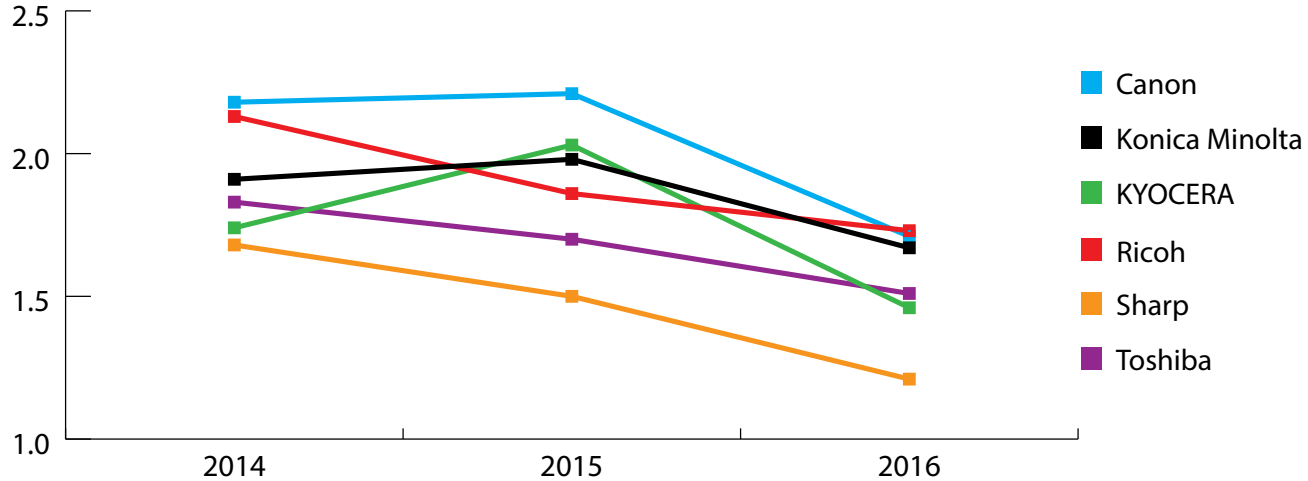


Exhibit. 1.13: Average Lines per Dealer by Manufacturer for A3 Only (2014–2016)



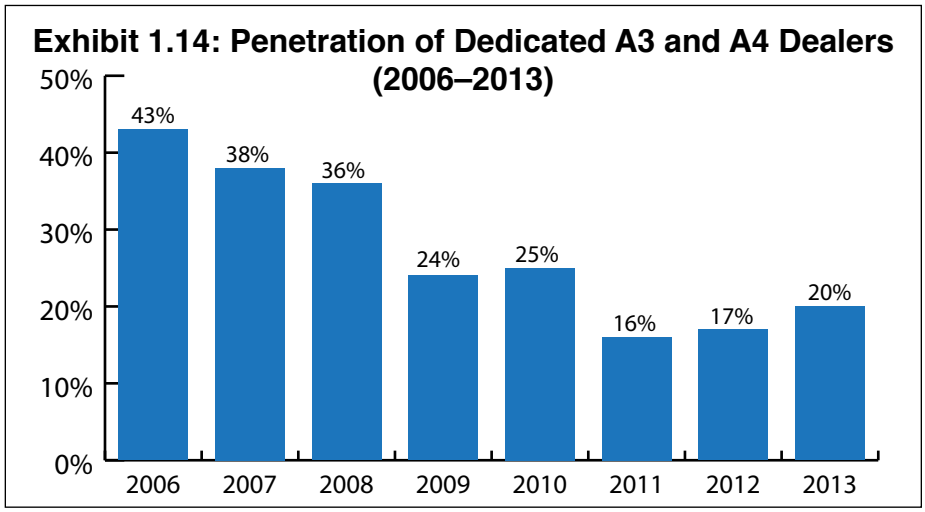
as a predominantly A4 MFP manufacturer, even though the company does participate in the A3 MFP market to a lesser degree. In fact, 8% of dealers selected Samsung as a secondary source for A3. Including Xerox, Exhibit 1.11 shows how manufacturers rate in a secondary position.

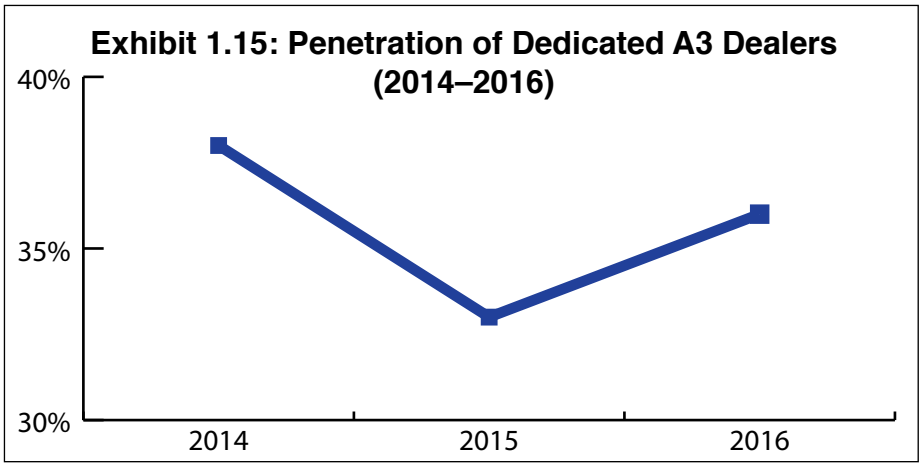
Dealer Dedication

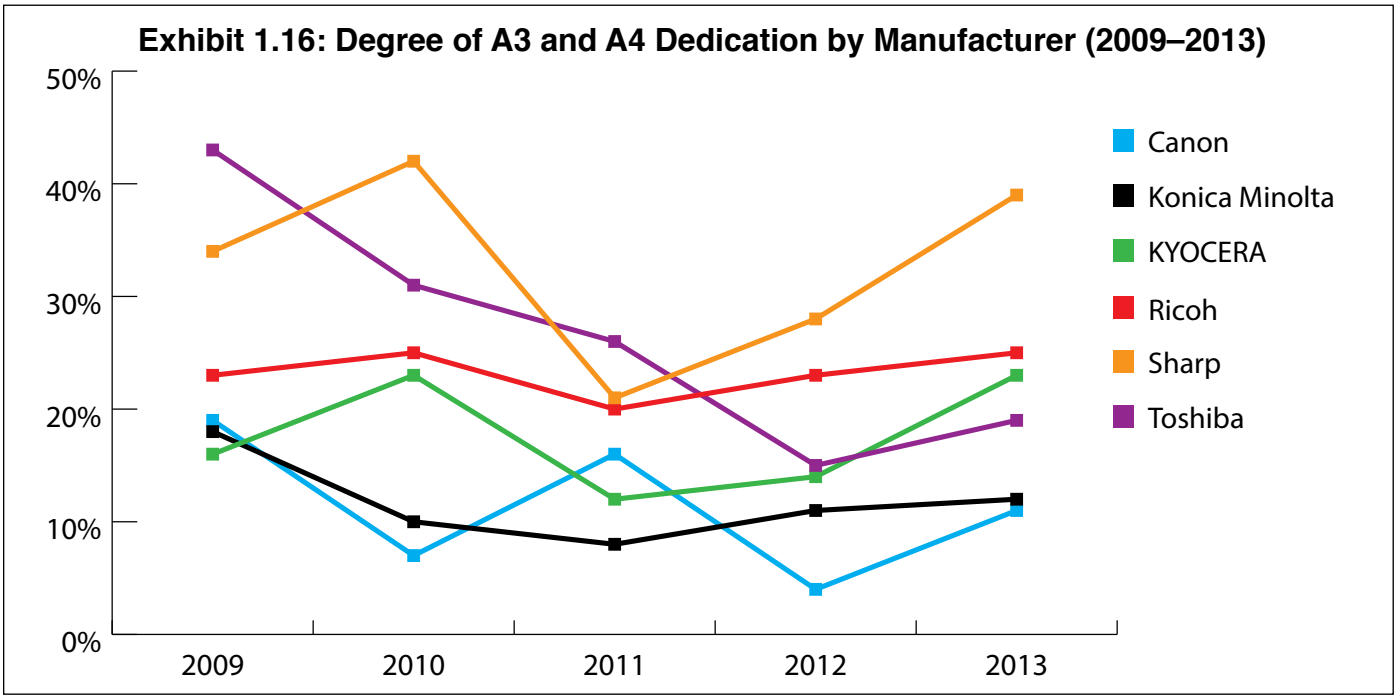
Exhibits 1.12–1.17

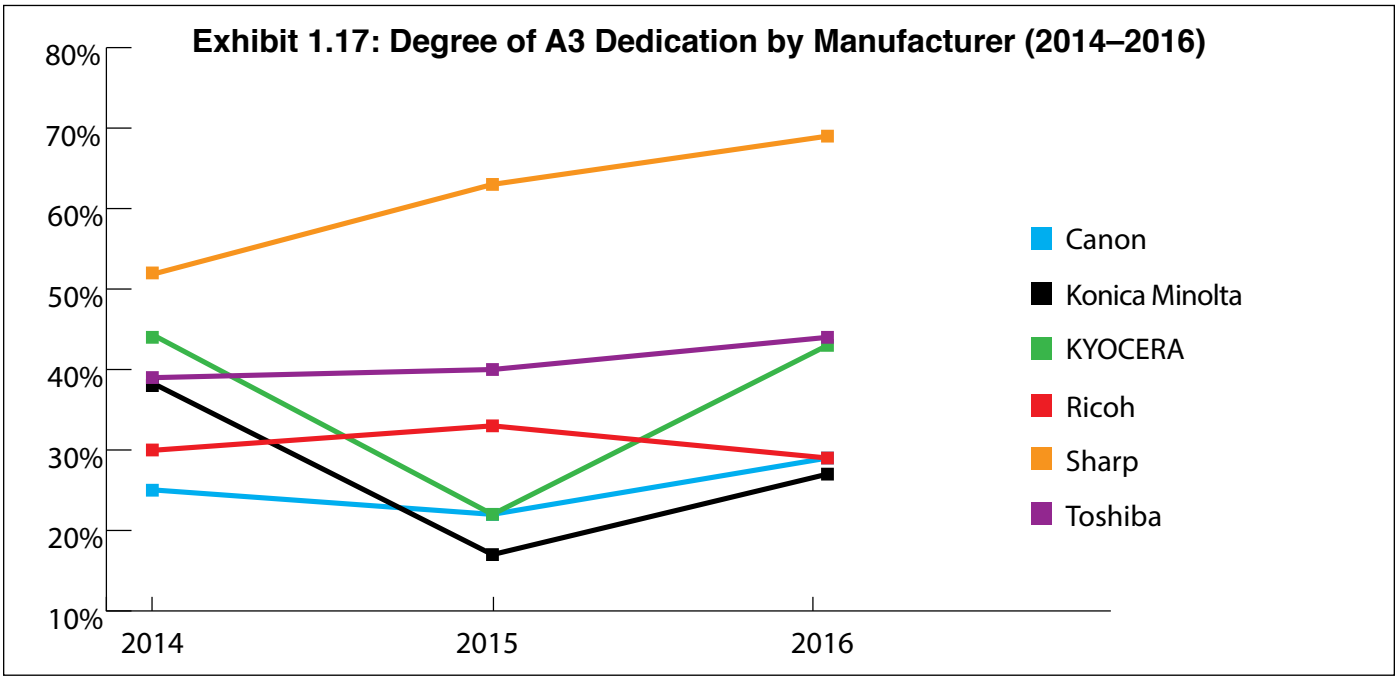
As you can see in Exhibit 1.13, the average number of A3 lines carried by dealers for each manufacturer is trending downward. This is an interesting dynamic. We believe the causative factor here is that manufacturers are broadening their product lines to the point where dealers do not need to carry as many lines as they did in the past since their primary A3 MFP manufacturers have it covered. In production print, we think that's clearly the case.

Except KYOCERA and Toshiba, the remaining four companies have not devoted much of their resources to high volume. Therefore, it would stand to reason that if a dealer believed that participating in





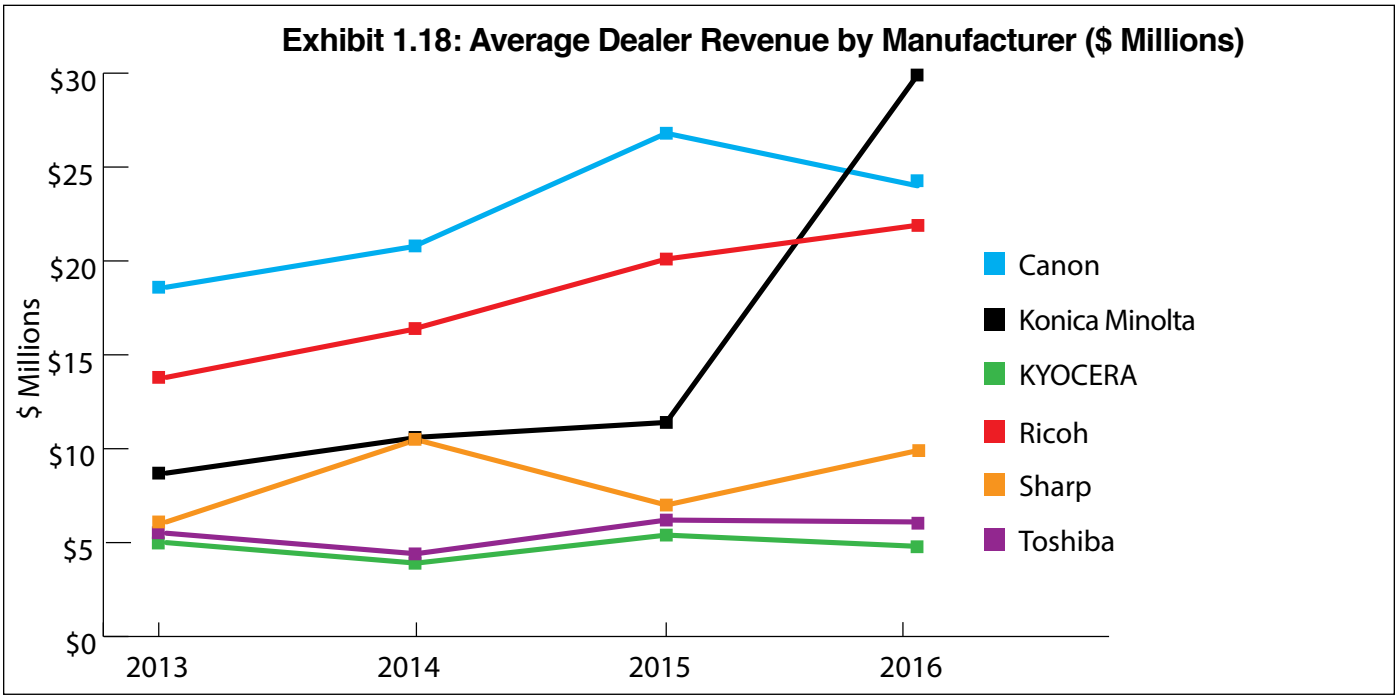




production print was essential, he or she would look to obtain that capability by taking on a line such as Canon, Konica Minolta, or Ricoh. In this year's survey, 15% of the KYOCERA dealers noted that they are carrying as a second line (Canon, Konica Minolta, or Ricoh). For Toshiba, 19% of this manufacturer's dealers stated they carried as a second line (again, we saw Canon, Konica Minolta, or Ricoh).

For Sharp dealers, we stand by our commentary from last year. We are not surprised Sharp dealers have consistently reported the lowest or next to lowest lines per dealer in our surveys. Sharp continues to recognize the value of its better dealers being dedicated by offering them an inducement to do so. That effort is reflected in the limited number of lines Sharp's dealers are carrying. Despite Sharp's financial difficulties in the recent past, dealers have remained loyal to the Sharp label.

The percentage of dedicated dealers for traditional leading manufacturers such as Sharp and Toshiba has remained fairly consistent. KYOCERA's level of dedication was an anomaly in 2015, and the 43% the company exhibits in this survey is truly reflective of this company's distribution.



Dealer Revenue

Exhibits 1.18–1.25

This year, Konica Minolta made a particularly substantial jump in average dealer revenue from roughly $11 million in 2015 to nearly $30 million in 2016. Canon dealer revenue was up 8.3%. Ricoh dealers' results were flat. Sharp dealers were up 10%, while KYOCERA and Toshiba were up less than 2%.

To ensure accuracy, we took a closer look at Konica Minolta dealers' survey responses. Their reported revenues were so impressive that we wanted to give you a comparison. Exhibit 1.21 shows the sum of the top five dealers' revenues from each of the Big Six manufacturers. The total reported revenue from these 30 dealers was $1.854 billion.

As we can see from reviewing Exhibits 1.20 and 1.21, dealers are capable of reaching revenue heights we never would have conceived just eight years ago. As the industry and the distribution channel continues to compress, it isn't a far stretch to believe that the dealers reporting more than $200 million in revenue will reach $300 million and those reporting revenues in the $100 million category may reach $250 million.

To provide some context for these assumptions, one of these top 30 dealers who responded that his revenue was $100 million this year reported $35 million in revenue seven years ago. Just think back to 2008, when we were in the beginning throes of the Great Recession, the most severe economic downturn since the Great Depression of the 1930s.

For close to six years, most of the U.S. was struggling to return to a more normal business environment. However, this dealer—along with several other dealers—expanded his dealership, while so many other dealers were just doing their best to stay afloat. We think this revenue growth trend demonstrates the vitality that exists in an industry, which is in a state of secular decline overall.

Exhibit 1.19: Average Dealer Revenue for A3 Dealers Only ($ Millions)

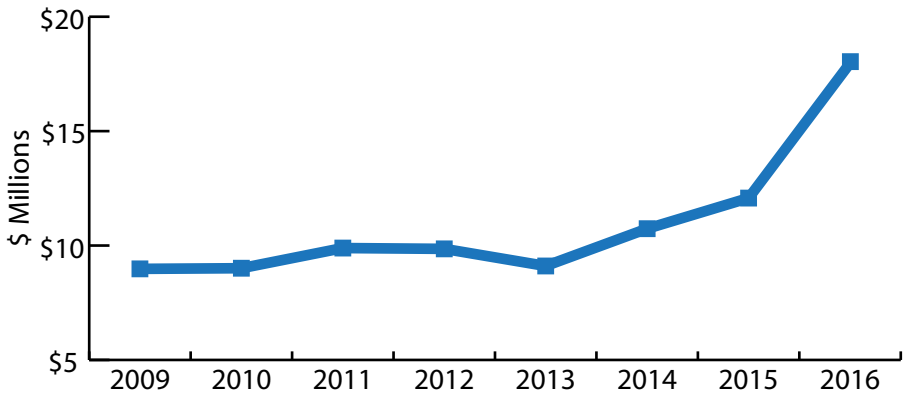


Exhibit 1.20: Sum of Top Five Dealers' Revenue per Manufacturer ($ Millions)

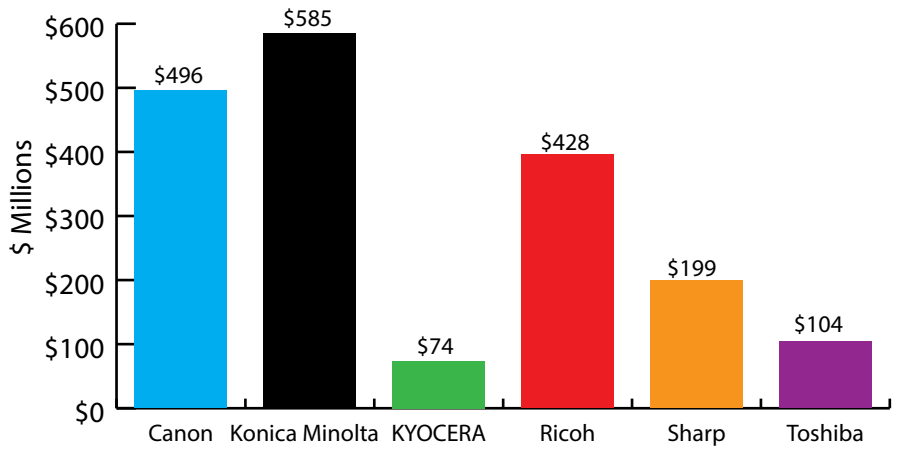


Exhibit 1.21: Revenues of Top Five Dealers from Each of Big Six Manufacturers

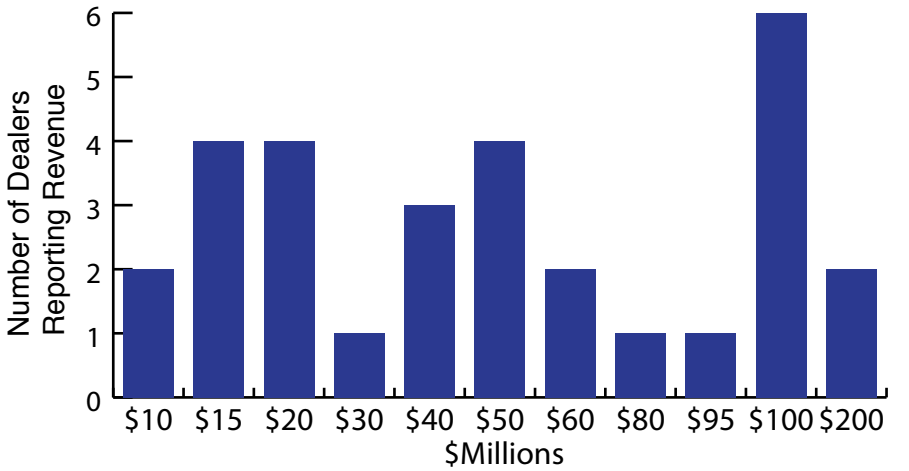


Exhibit 1.22: Direction of Dealer Revenues

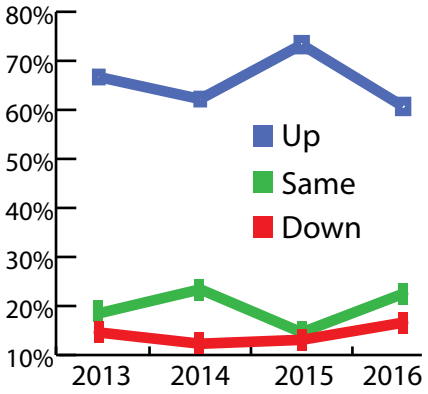
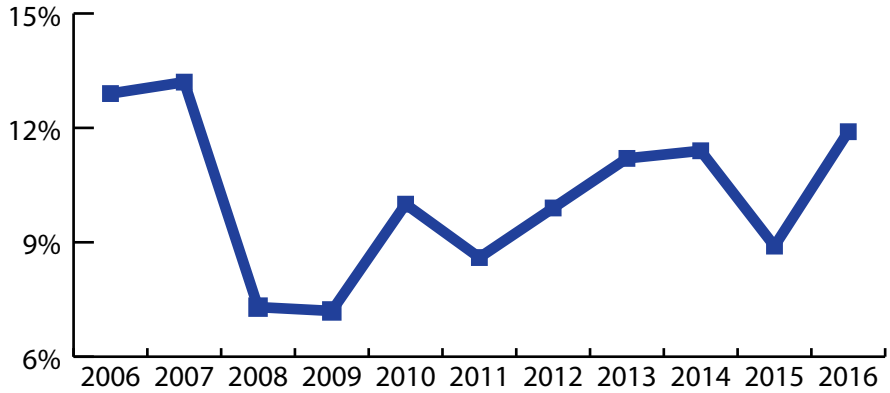


Exhibit 1.23: Dealers Reporting Revenue Increases (2006–2016)



The dealers who are generating more than $15 million in revenue continue to experience strong growth. Thus far, they are outperforming the U.S. economy. Comparing this year's returns to those from 2015, we saw a 6% decrease in "Up" responses, while dealers reporting revenues moving "Down" slightly increased. The largest dealers (those reporting revenues greater than $75 million) are growing at a slower rate but growing nonetheless.

This study is not based on profitability, but rather on a pure revenue basis. According to this year's results, approximately 60% of our dealer respondents indicated a growth year in 2015. For the sake of comparison, only 37.4% indicated revenue growth in 2008. In 2009, 42.7% indicated a growth year, and in 2010, that percentage was 59%. These numbers demonstrate the resiliency of this independent dealer distribution no matter what the economic turbulence.

Exhibit 1.24: Dealer Revenue Average Percentage Increases (2015 vs. 2016)

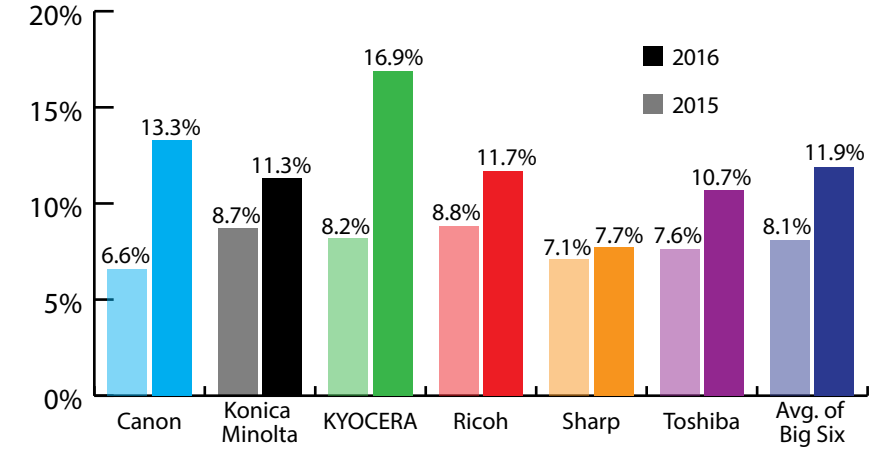
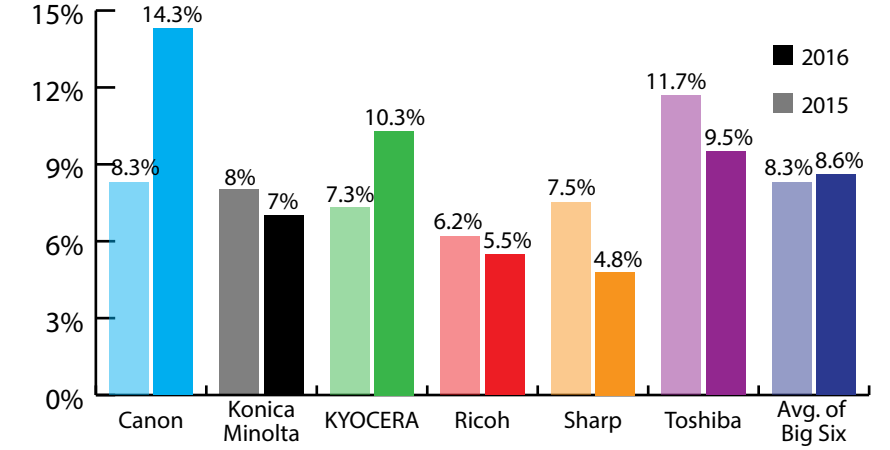


Exhibit 1.25: Dealer Revenue Average Percentage Decreases (2015 vs. 2016)



The $5 Million-Plus Club

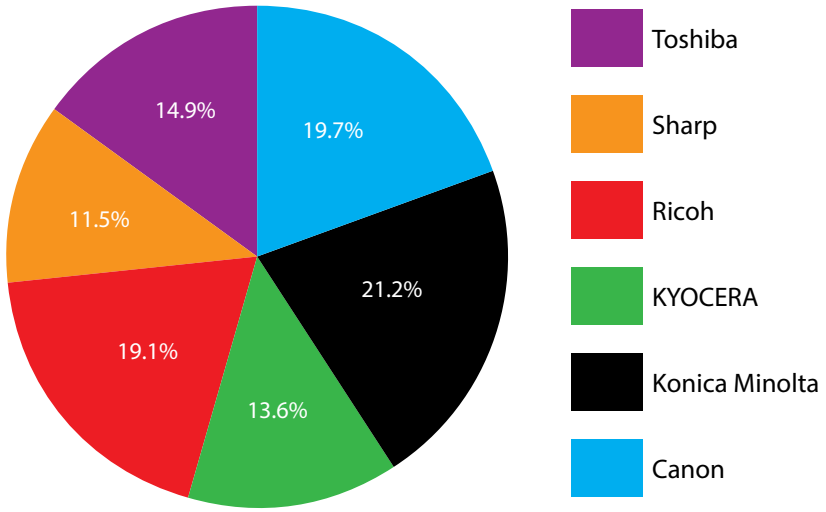
Exhibits 1.26–1.27

We can see some interesting trends when comparing this year's results to those from our 2015 survey. Konica Minolta's dealers increased their average revenue from $19 to $30 million. For Ricoh, 76% of its dealers generated $5 million or more in revenue, up from 68% in 2015. Lastly, a note about Canon. As we mentioned earlier, we were able to boost our level of participation among Canon's dealers. That said, the drop for Canon dealers in the $5 Million-Plus Club from 85% in 2015 to nearly 60% in 2016 can be attributed to the higher number of the company's dealers participating in our survey this year. We'll continue to closely monitor Canon dealer participation and its impact on this chart.

Approximately 50% of this year's survey respondents fall into the $5 Million-Plus Club, compared with 48% from last year's results. Across the Big Six, dealers reported an average revenue of $22.82 million, compared with last year's result of $19.43 million. From these telling numbers, we can see that our dealers in the $5 Million-Plus Club are taking advantage of the traction ongoing across the industry. In our opinion, with increased contraction in the independent dealer channel, we strongly believe the $5 Million-Plus Club will continue to grow.

Despite downward pressure on margins and a maturing print market, dealers have been able to maintain a sustainable business model. The independent dealer channel has continued to evolve as dealers increasingly generate revenues from sources such as managed services (MPS and MNS), acquisitions, and product and service diversification to the meet the needs of big data, cloud, security, and mobile print, which is especially significant for dealers playing in the education segment. Dealers are reporting an increase in click counts at many of the schools they service, and it's likely that increase is the result of mobile print.

Exhibit 1.26: Percentage of Dealer Universe Reporting Greater Than $5 Million in Revenue by Manufacturer



Printer Lines

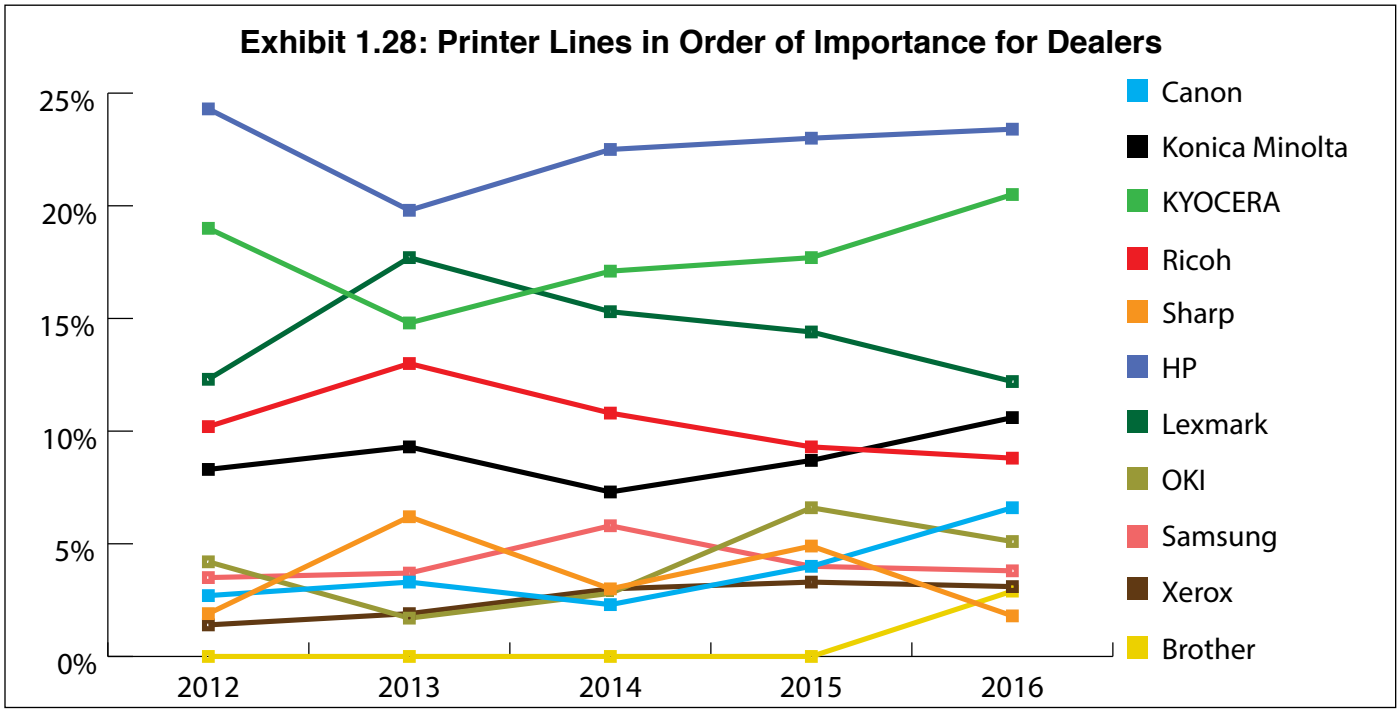
Exhibits 1.28–1.30

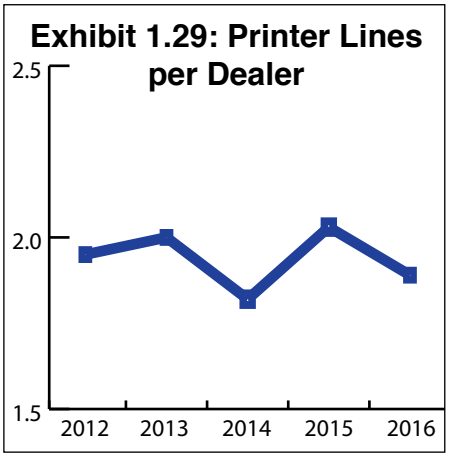
With the advent of MPS, the relationship between printer manufacturers and independent dealers has become increasingly important. Managing fleets, particularly when competitive manufacturers are involved, requires a more consultative approach to the client. In years past, dealers would provide printers as a convenience to their customers who required them for their desktops. Today, the approach is to manage the entire fleet—MFPs and printers.

HP, KYOCERA, and Lexmark have been at the top of the list for the last four years at the same relative penetration level, with HP at roughly 23% and KYOCERA

Exhibit 1.27: Percentage and Average Revenue of Dealers in $5 Million-Plus Club by Manufacturer

	2015		2016	
Manufacturer	Average Revenue ($M)	% of Dealers in $5M+ Club	Average Revenue ($M)	% of Dealers in $5M+ Club
Canon	$30.22	85%	$29.28	60%
Konica Minolta	$19.55	52%	$30.94	52%
KYOCERA	$11.01	22%	$9.38	33%
Ricoh	$28.24	68%	$28.24	76%
Sharp	$17.58	26%	$25.27	30%
Toshiba	$10.00	38%	$13.81	33%



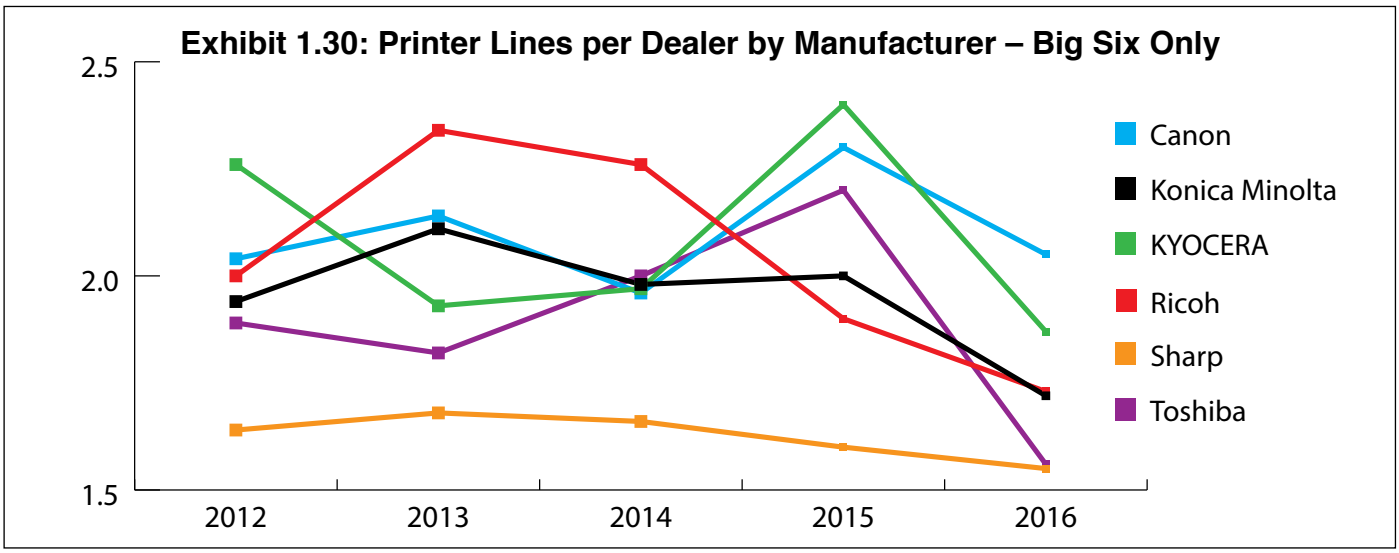


at nearly 21%. Lexmark has slid down from 18% in 2013 to 12% in 2016, and we're not sure what to make of that.

Please note that the absence of Toshiba in this chart is due to its partnership with Lexmark and HP. The three Toshiba dealers who indicated they sell Toshiba's printers were placed into the "Other"category in this context.

Through the years, we have observed HP's position in the independent dealer channel diminish. In our 1999 survey, 39% of our respondents in the independent dealer segment sold HP. In 2000, however, that number fell to 23%. An now, 16 years later, HP still holds a 23% share of dealers selling its printers.

We continue to closely monitor KYOCERA and Lexmark. These two companies are dueling for the No. 2 and No. 3 positions. It is fairly evident that the latter has the edge. I would not sell Lexmark short. When a manufacturer has been acquired, we always look for the "other" proverbial shoe to drop.



In Exhibit 1.30, we are comparing how the different manufacturers' dealers are approaching the printer market. Historically, Sharp dealers have shown the lowest participation. It is also interesting to see that Canon dealer printer numbers are the highest in the group this year. We believe this is due to the number of Canon dealers that have taken on Samsung.

Refurbished Machines

Exhibits 1.31–1.32

We believe Sharp's high usage of rebuilt machines (21.6%) can be pegged to the limited number of responses we had on this survey question from Sharp's dealers, as well as the high percentages reported by a small number of those Sharp dealers who did respond. Approximately 15% of Sharp dealers reported an average percentage of rebuilt placements of 69%. Collectively, this same 15% of Sharp dealers reported generating a total of $5,133,000 in revenue, averaging $1,026,600 per dealer.

From 2008 through 2011, there was obviously some added pressure on dealers to market reconditioned machines, especially when they were facing some challenges with their leasing vendors. We don't believe this is the case any longer. As we previously stated, our results for this year may be slightly skewed due to the small number of Sharp dealer respondents who indicated high percentages of use for rebuilt machines.

At the same time, with the introduction of MPS, we believe dealers are more open to using rebuilt products—along with remanufactured cartridges—for their clients. This strategy provides a reasonable return on investment for the dealer.

However, there is a cost burden associated with rebuilt machines, and many dealers do not take this factor into consideration. It takes time and effort to rebuild machines that will be returned to the field, along with additional parts outlays, which is something our dealer participants should consider.

With approximately 11% to 12% of dealers using rebuilt machines, manufacturers are the ones getting hurt, particularly with the lower segment machines. It stands to reason that dealers generating less than $1 million in revenue are the major users of rebuilt products.

Exhibit 1.31: Rebuilt Machines Sales Trends

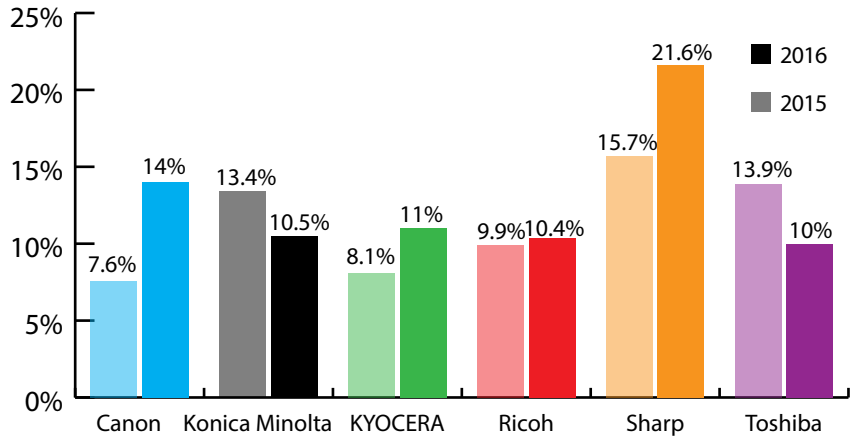
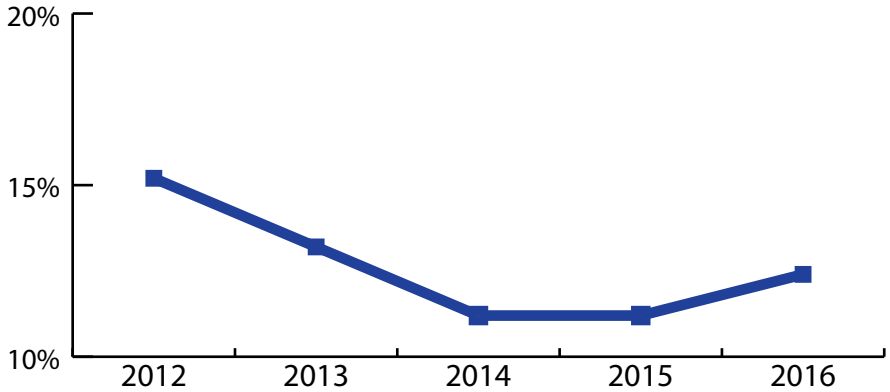


Exhibit 1.32: Average Percentage of Rebuilt Placements for Universe

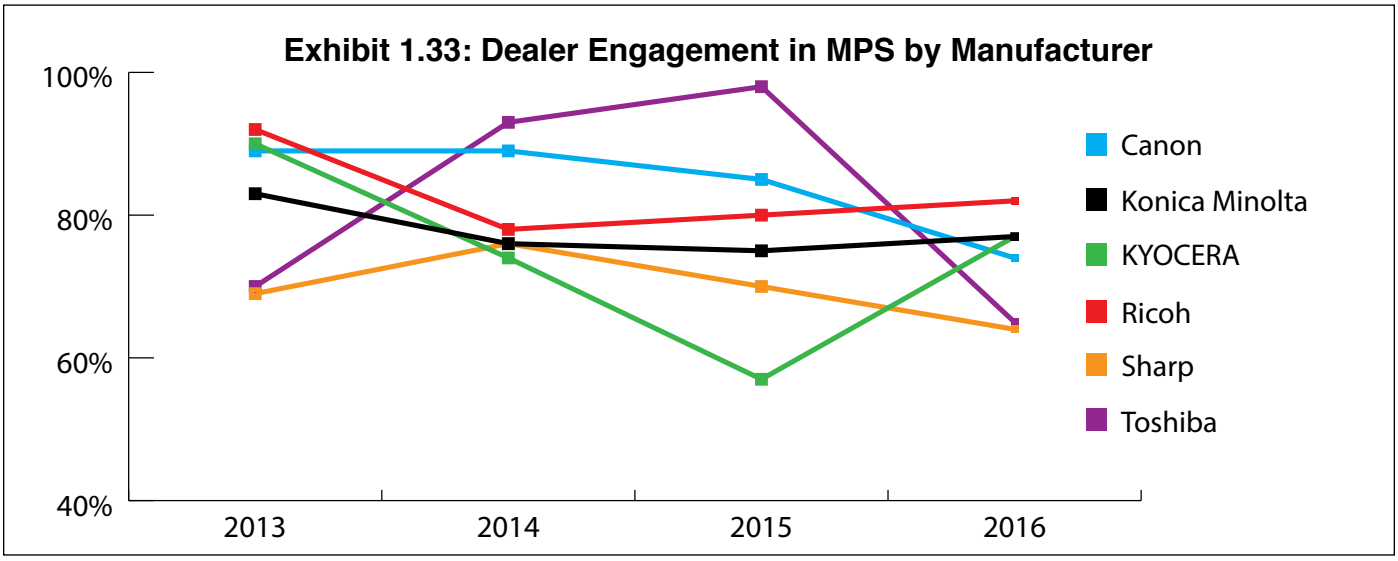


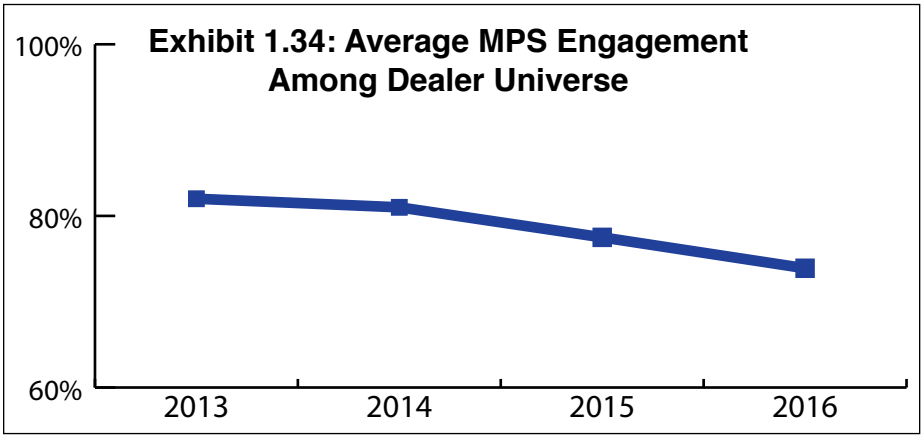
Managed Print Services

Exhibits 1.33–1.37

The results for MPS are nearly twice as high as what we encountered in our 2015 survey, reporting on 2014 results. In 2015, we noted 203 dealers, representing 72.5% of our survey respondents, reported an average of 5.49% of their revenue was attributed to MPS. This year's survey indicated 73.2% of our dealer respondents participating in MPS. We surmise that is where it is likely to stay.

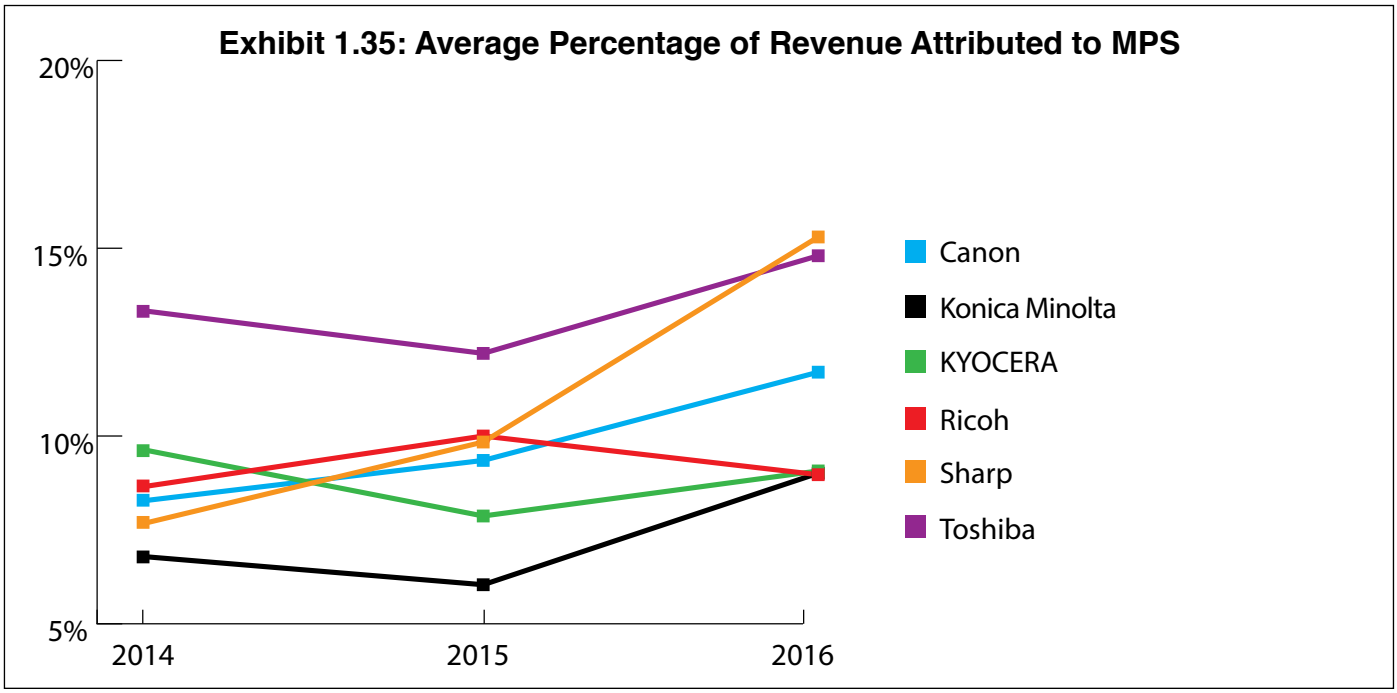
This year, an average of 73.2% of deal-

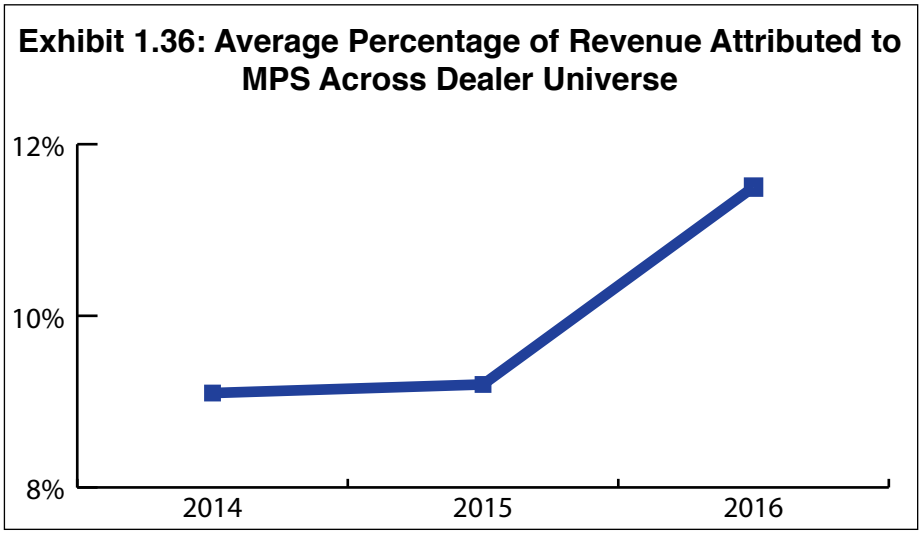


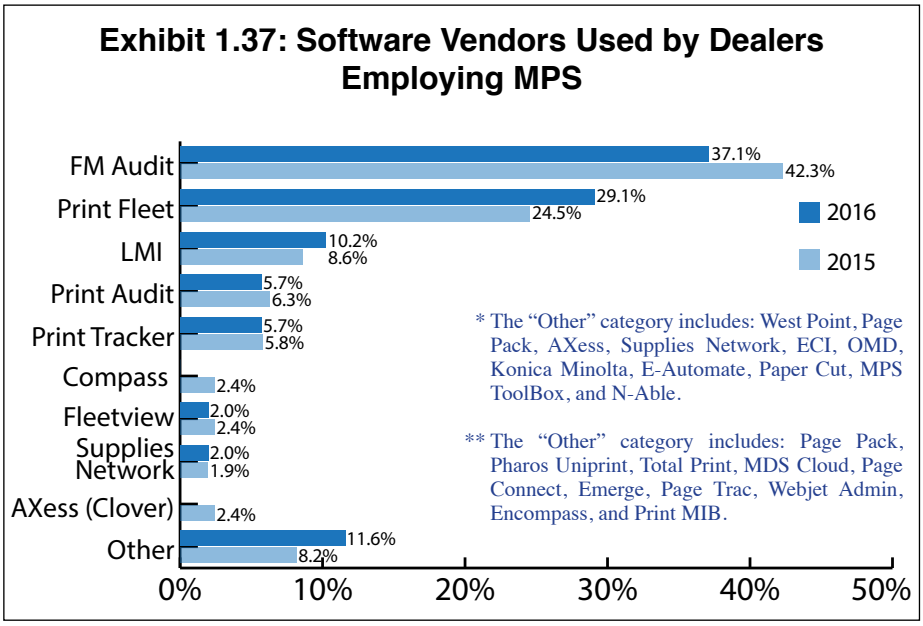


ers reported they were engaging in MPS, which is 4.3% lower than 2015's survey. Prior to 2013, we saw a steady rise of dealers engaging in MPS, starting at 63% and moving up to 82% in 2013. It appears that dealers are flattening out this year in the 74% to 75% range.

We also track which dealers are participating in managed services such as MPS to show the channel where that kind of participation can lead them. However, the way we have calculated the numbers in the past was not the







way it is traditionally done in surveys. A broad-based research firm would take the results, ascribe a "0" to those that do not participate, and divide the results by the entire universe.

For the first time, we follow the more broadly accepted calculation to determine the revenue generated by the entire dealer universe that responded to our survey, which yielded $7.963 million in revenue. If you multiply the average revenue of $17,970,000 by 0.07963, the revenue per dealer attributed to MPS would be $1,430,951. We believe that is pretty close to where dealers are with MPS.

Similar to last year, dealers are using a lesser gamut of software. The most-popular MPS software vendors are FM Audit, Print Fleet, LMI, and Print Audit. Since we began tracking software usage in MPS, these four firms have been at or near the top.

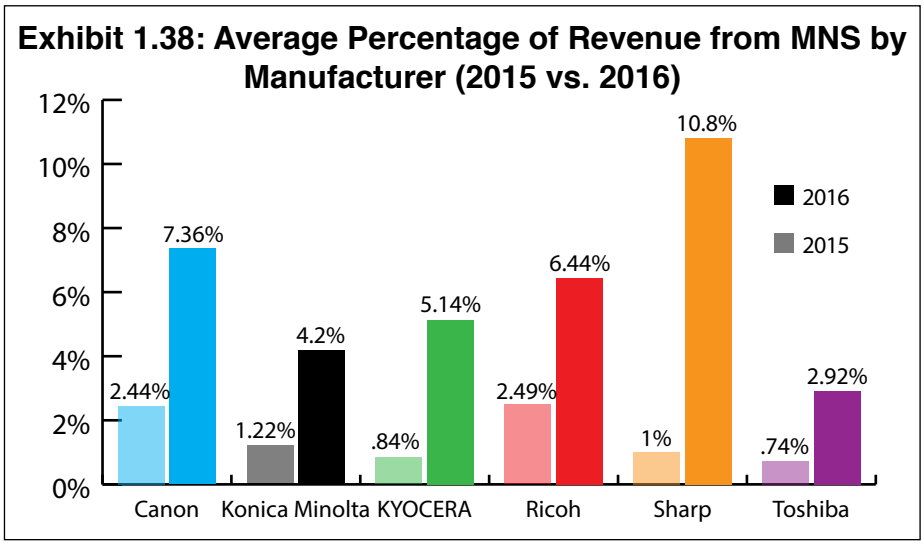
Managed Network Services

Exhibit 1.38

The percentage of dealers engaged in MNS was 44.4% this year, which represents an increase from 40.3% over 2015. That increase seems logical, given our current industry environment.

On average, the 44.4% of dealers engaging in MNS reported that 6.14% of their revenue is driven by MNS, compared with 1.44% in 2015. However, we find it difficult to accept an average of 6.3% in revenue for that 44.4% of dealers. Yet, when you divide their total percentage against the universe of 288 dealers, it comes down to 2.79% in MNS and that number we could stand behind.

Combining 7.96% in MPS (which takes into account the 288 dealer universe) and 2.79% in MNS equals 10.75% of



total dealer revenue. We believe this combined percentage accurately reflects dealer participation in managed services, comprising both MNS and MPS.

Employment Trends

Exhibits 1.39–1.45

The digital technology currently employed by A3 manufacturers has become more durable and reliable. The result has been a downward trend in the

Exhibit 1.39: Break-and-Fix Technicians per Dealer by Manufacturer (2016)

Manufacturer	No. of Break-and-Fix Techs	Avg. per Dealer
Canon	1,363	23.9
Konica Minolta	1,322	21.7
KYOCERA	238	6.1
Ricoh	1,598	29.1
Sharp	363	11.0
Toshiba	446	10.0
Totals:	5,330	18.5

Exhibit 1.40: Technicians Employed to Support MNS and MPS (2016)

Manufacturer	Avg. per Dealer 2015	Avg. per Dealer 2016	% of Dealers Employing "Other" Techs (2016 Only)
Canon	2.3	5.0	85.4%
Konica Minolta	2.6	5.4	67.2%
KYOCERA	2.2	1.8	66.6%
Ricoh	4.9	6.3	76.3%
Sharp	1.2	5.2	75.7%
Toshiba	2.1	1.7	55.8%
Total:	**2.7**	**4.4**	**71.1***

*This number represents the percentage of dealers indicating they employ "Other" technicians. We believe those with the higher percentage of dealers employing "Other" techs directly correlates to their engagement with MNS and MPS.

Exhibit 1.41: Average Number of Salespeople Per Dealer By Manufacturer

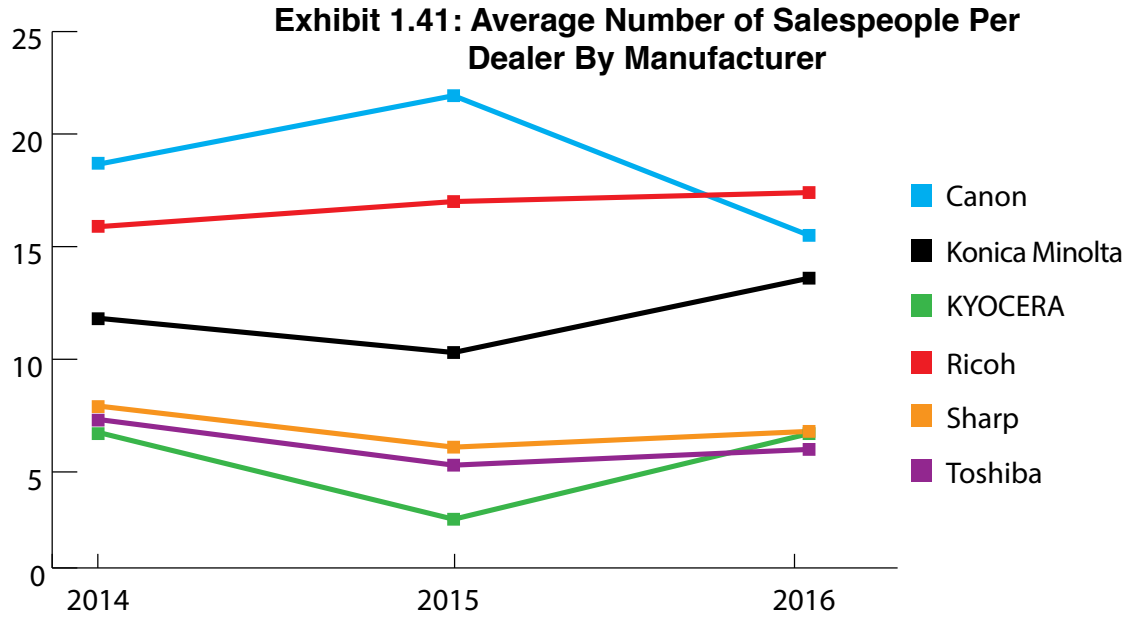


Exhibit 1.42: Average Number of Sales Reps per Dealer Across All Manufacturers

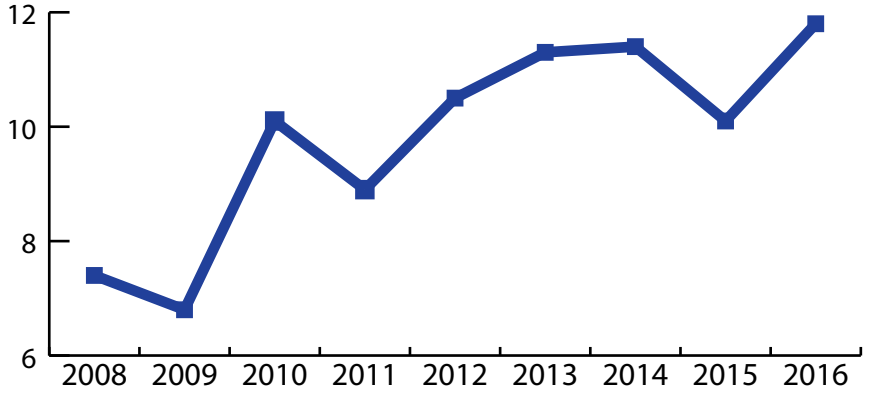


Exhibit 1.43: Staff Employed to Provide Sales Support for MPS

Manufacturer	No. of MPS Personnel	Avg. among Dealers Employing MPS	% of Dealers within Manufacturer Universe
Canon	145	5.0	2.5%
Konica Minolta	111	5.3	1.8%
KYOCERA	17	1.3	0.44%
Ricoh	129	4.4	2.3%
Sharp	16	1.8	0.48%
Toshiba	29	2.2	0.67%

Exhibit 1.44: Staff Employed to Provide Sales Support for MNS

Manufacturer	No. of MNS Personnel	Avg. among Dealers Employing MNS	% of Dealers within Manufacturer Universe
Canon	126	6.3	2.2%
Konica Minolta	71	5.3	1.8%
KYOCERA	16	1.6	0.41%
Ricoh	45	2.3	0.82%
Sharp	17	1.5	0.52%
Toshiba	15	1.5	0.35%

employment of break-and-fix technicians. We recognized that with the rise of MPS and growing interest in MNS that dealers must be employing technical specialists who do not handle machine repairs but are instead focused on IT issues.

In order to determine the number of service technicians per dealer, we asked two questions. The first queried the number of break-and-fix technicians a dealer employs. The second asked for the number of other technicians a dealer employs to service his or her MPS and MNS clients.

Over the years, our data to determine a long-term trend in the employment of techs has been greatly diminished. When we began conducting dealer surveys in 1985, a dealer employed techs with a ratio of 1-40, meaning one tech was expected to fully support 40 copiers in the field. Those early machines were not reliable and required a great deal of attention. Current technology produces a more reliable product.

Today, we have the specter of managed services (both MNS and MPS) that require completely different skill sets. It is for this driving reason we broke out our tech survey question into two parts: Break-and-Fix and Other, which aims to isolate MNS and MPS techs from break-and-fix techs.

When we added in the average number of break-and-fix techs with the average number of "Other" techs, the combined average of total techs is 22.9 per dealer. For comparison, last year's average number of total techs (break-and-fix plus "Other") was 16.1. This growth of service technicians corresponds to the increase in revenue, along with the greater participation in MNS and MPS.

In Exhibit 1.42, we show our historical data, going back to 2008. (Remember, results for 2008 reflect performance in 2007.) In 2007, we experienced the peak of the real estate bubble. By 2008, the bubble had burst, which resulted in a slight downturn in feet on the street. In 2010, you can see how the number of sales reps rebounded sharply and has been fairly steady from that point on. If that does not demonstrate the viability of the dealer business model, we don't know what does. What that does demonstrate is that anyone working for a dealer in a sales, services, or in an administrative capacity is in a stable environment. Despite the contraction, opportunity remains a constant.

In looking at sales personnel, we combined MNS and MPS sales personnel in 2015, resulting in 2.7 sales support personnel per dealer. Combining the results

for MNS and MPS from our 2016 survey, we saw that number increase to 7. In terms of sales employees in the other category, the figure is 209 versus 97. Given the increase in the average number of personnel for MNS and MPS per dealer, we believe our numbers support the trend of more dealers taking on MNS and MPS.

Revenue and Productivity

Exhibits 1.46–1.47

Looking back to our 2012 survey results, 13.6% of our dealer respondents stated their revenue was $5 million or more. At that time, we stated that we believe the number of dealers rising above $5 million in revenue would continue to increase, while the number of independent dealers decrease. Today, this prediction has come to fruition as exhibited by Exhibit 1.46.

We caution you to carefully read the following explanation of the data shown in Exhibit 1.47. We analyze this data differently than most surveys conducted by and for dealers. We are presenting a simple way to measure sales productivity and the correlation between the size of a dealer and revenue. This analysis has always stood us in good stead when asked to speak to companies and vendors who have an interest in marketing their products through dealers.

Here, we simply take the total revenue for our dealer respondents and divide it by the total number of salespeople. We do not distinguish revenues coming from other sources such as supplies and services. You'll note the increase in productivity is consistent with the increase of average revenue per dealer, but realistic in light of the fact that pricing has eroded. Here again, we believe it is reflective of what actually represents the cause and effect.

Please note the following: In this year's survey, we combined the "Other" salespeople who were charged with selling MPS and MNS, which increased the average sales employee number by 21%.

Exhibit 1.45: Average Number of "Other" Sales Support Personnel per Dealer (2015)

Manufacturer	No. of Personnel	Avg. per Dealer	No. of Dealers Employing Other
Canon	39	1.4	15
Konica Minolta	69	1.2	25
KYOCERA	23	0.72	10
Ricoh	91	1.6	27
Sharp	21	0.46	9
Toshiba	15	0.30	11
Totals:	258	2.7	97

Exhibit 1.46: Dealers Reporting Revenue Greater than $20 Million

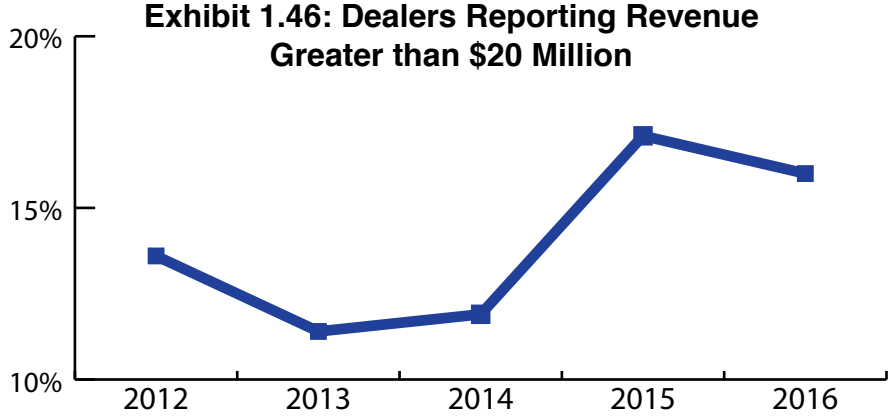


Exhibit 1.47: Revenue per Salesperson by Avg. Number of Salespeople

Year	Avg. No. of Salespeople	Revenue per Salesperson
2001	8.2	$707,978
2002	8.8	$694,118
2003	9.9	$686,532
2004	8.9	$671,449
2005	9.6	$647,219
2006	7.8	$803,396
2007	7.4	$905,063
2008	6.9	$1,001,129
2009	10.1	$890,062
2010	8.9	$1,009,070
2011	10.5	$941,905
2012	1.3	$872,124
2013	11.0	$826,377
2014	11.2	$931,034
2015	10.9	$1,194,101
2016	14.4	$1,248,880

Exhibit 1.48: Acquisition Trends (2016)

Manufacturer	% of Dealers who Acquired in 2015	No. of Dealerships Acquired in 2015	Total Revenue ($M) of Those Acquired
Canon	4%	25	$37.9
Konica Minolta	3%	14	$31.0
KYOCERA	2%	8	$2.95
Ricoh	3%	15	$14.4
Sharp	1%	2	$8.0
Toshiba	1%	4	$2.2
Totals	13%	68	$96.45

Exhibit 1.49: Acquisition Trends (2015)

Manufacturer	% of Dealers in Acquisitions	No. Acquired 2014	Total Revenue ($M) of Those Acquired
Canon	6%	4	$2.9
Konica Minolta	10%	11	$26.6
KYOCERA	2%	3	$2.6
Ricoh	10%	8	$9.3
Sharp	2%	1	$1.0
Toshiba	3%	1	$1.0
Totals	33%	28	$43.4

Using this method, the question becomes which way is a more accurate or a better way to look at the issue of productivity. We believe that by adding "Other" sales or support people, the data more accurately reflects the relationship of sales to revenue. It may negate the value of our trending perspective, but it in our opinion, this view reflects the changes that are occurring in the dealer business model.

Exhibit 1.50: Acquisition Trends (2014)

Manufacturer	% of Dealers into Acquisitions	No. Acquired 2013	Total Revenue ($M) of Those Acquired
Canon	3%	9	$6.8
Konica Minolta	6%	15	$36.3
KYOCERA	3%	2	$1.4
Ricoh	6%	9	$21.4
Sharp	3%	3	$2.6
Toshiba	3%	3	$5.2
Totals:	24%	41	$73.2

Acquisition Trends

Exhibits 1.48–1.51

We posed three questions in the area of acquisitions. The first asked dealers whether they acquired any other dealers in 2015. This differs from how we posed that question previously. (You will note that we had 38 dealers that indicated "yes," they had acquired in 2015. To compare this year's result to that of the previous year, it was 93 dealers. That difference is what caused the disparity in responses. However, note the marked increase in the numbers acquired and their corresponding revenue.

This is the sixth year we have probed deal-

Exhibit 1.51: Additional Acquisition Trends

Survey Year	No. of Dealers Acquiring	Number Acquired	Total Revenue Acquired ($M)	% of Dealers Acquiring Within Survey Year
2012*	73	145	$342.6	----------
2013	01	25	$82.1	----------
2014	65	41	$73.2	14% (est.)
2015	93	28	$43.4	10%(est.)
2016	38	68	$96.45	13%
Totals:	370	307	$637.75	

*For the 2012, the information in this chart represents the responses we collected when asking dealers if they were into acquisitions and if so, how many had they acquired. As a result, the total of 145 dealers acquired reflects all acquisitions and could cover a number of years, which would account for the high number presented for this year alone.

ers acquiring other dealers. On the surface, these acquisitions appear to be good for both the buyer and the seller. Many dealers in selling mode realize there is an interest in their businesses and the time is right for them to sell. Unfortunately, however, too many are consistently placing values on their dealerships that are much higher than their real market values.

Our survey reflects the activities of approximately 250 to 300 dealers. Over the last 15 years, no survey has ever yielded less than 250 dealer responses. To determine how many dealers have been acquired from our 2014 through 2016 surveys, we estimate an average of 45.6 per year. Obviously, there are many more dealers who were acquired over that same period. Based on what we know and can verify, we believe approximately 12% of all dealers were engaged in acquisitions. That percentage could be much higher, but we prefer to remain conservative. In our 2017 survey, we will be looking to see how close our estimate is.

Greatest Growth Opportunities

Exhibits 1.52–1.58

This is an area we began exploring in our 2015 Dealer Survey. What our dealer respondents thought most significant was

Exhibit 1.52: MPS as Greatest Growth Opportunity by Manufacturer (2016)

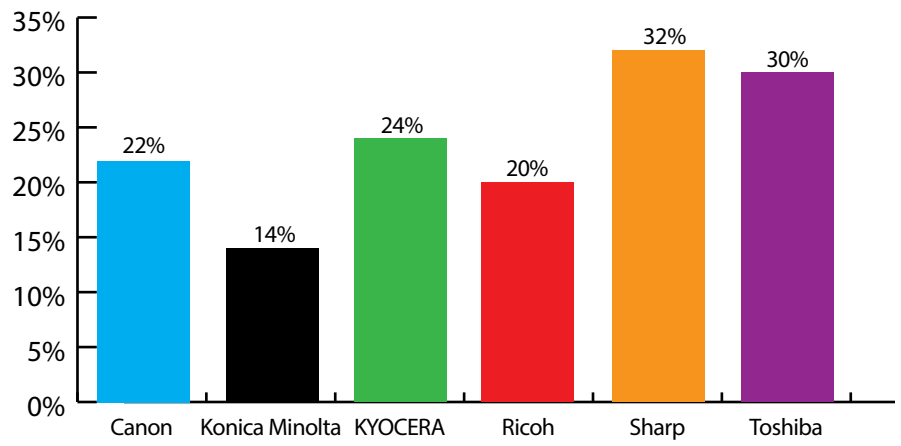
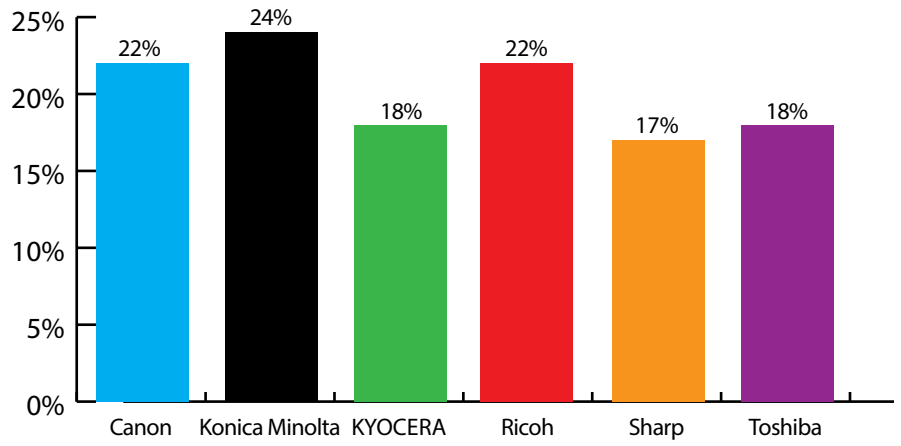


Exhibit 1.53: MNS as Greatest Growth Opportunity by Manufacturer (2016)



not too surprising. We asked for one selection but were given multiple answers. Hence, we had a manufacturer with 57 dealers responding with 135 selections. We took the obvious route and gave the segment or area of the business the highest number as their No. 1 choice.

In our question regarding greatest opportunity, 15% stated production print is one of their most important growth areas. We think it is puzzling that more dealers did not identify this area as an opportunity. At the same time, we believe the answer lies with each individual dealer's major manufacturer for A3 MFP and digital presses.

Take a close look at the relatively higher percentages for the Canon, Konica Minolta, and Ricoh dealers engaged in production print. The remaining three manufacturers—KYOCERA, Sharp, and Toshiba—only address light production, and for Toshiba and Sharp, high-volume monochrome only. None of these three produce a digital press.

In this year's results, we had 51% of our dealer respondents indicating they were involved in production print. Last year, we had 54% participation, but that number only represented 3.3% of dealer revenue. The production print market represents 21% of all revenue in the copier/print industry. The disparity between the percentage of dealers engaged in production print and the percentage of revenue production print represents tells us that there is still a long way to go before our dealers even begin to approach the potential of this market.

We'd like to note that our 2015 survey data is somewhat compromised. Only about half of our respondents who noted they were engaged in production print provided a percentage of revenue associated with this line of business. In this situation, we interpreted that no response indicated 0%. We are not looking to determine what individual dealers are doing, rather we are focused on looking collectively at the entire distribution. For those that did provide a percentage of revenue coming from production print, there were

Exhibit 1.54: Production Print as Greatest Growth Opportunity by Manufacturer (2016)

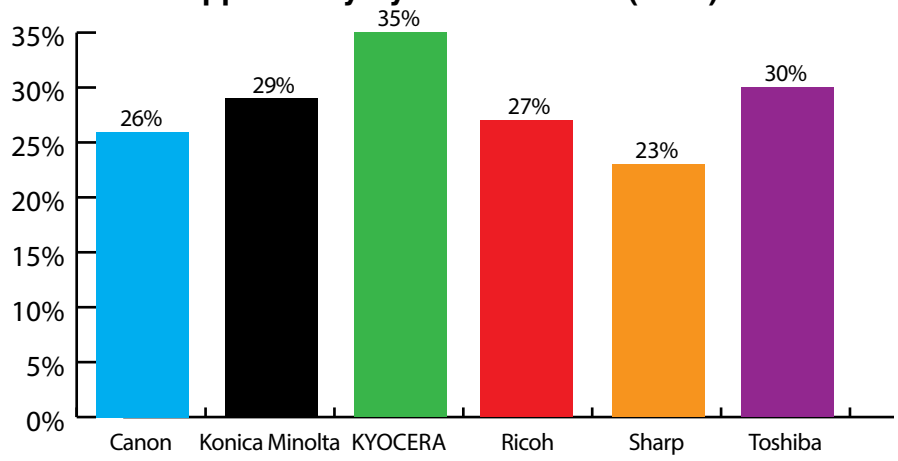


Exhibit 1.55: Wide Format as Greatest Growth Opportunity by Manufacturer (2016)

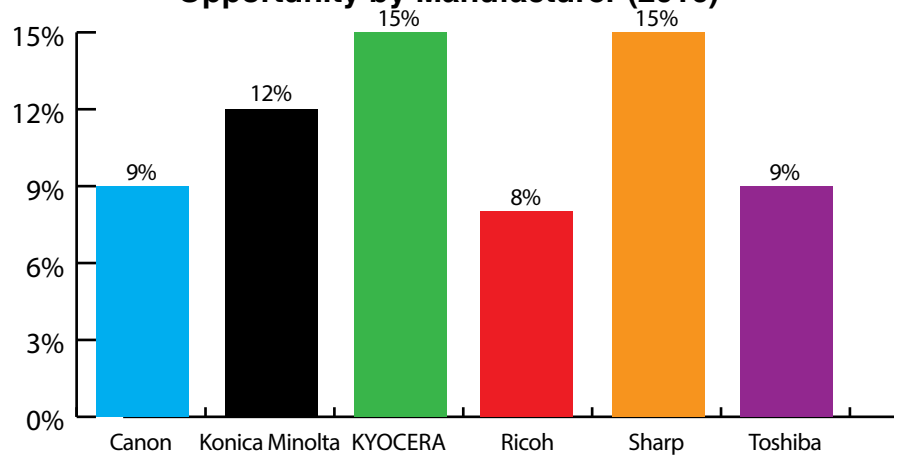
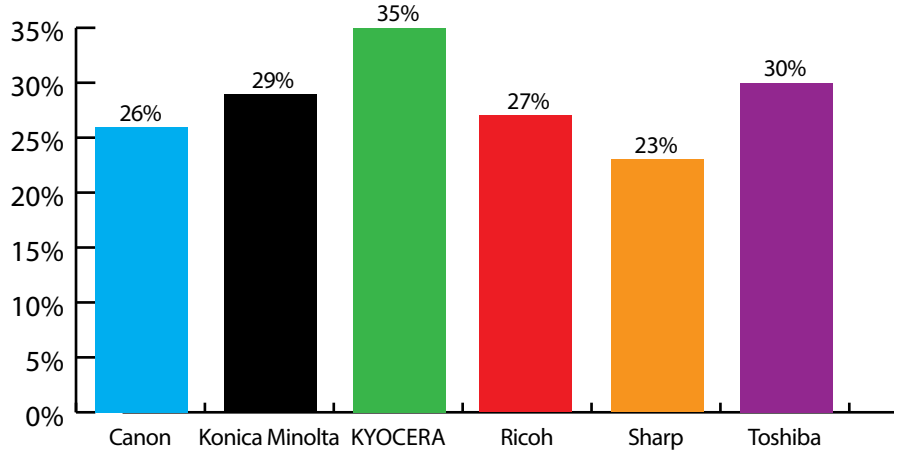


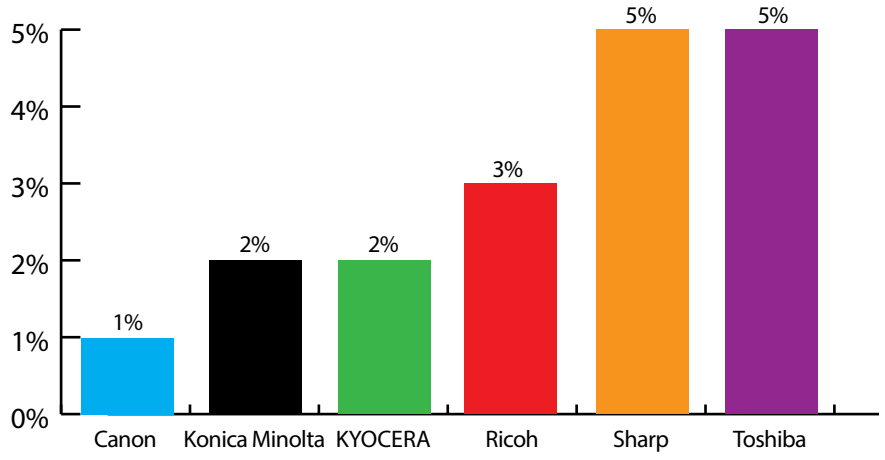
Exhibit 1.56: Solutions Sales as Greatest Growth Opportunity by Manufacturer (2016)



many dealers in the 10% to 18% range. In addition, those dealers that provided us with the model numbers they are selling are focused predominantly on light production.

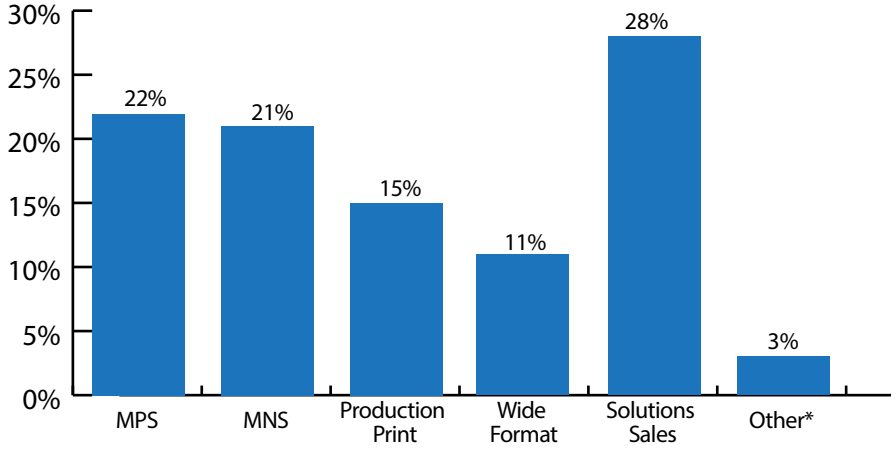
At best, we suggest a realistic expectation for those dealers who are looking for some sort of benchmark once they become engaged in production print would be approximately 12% of revenue as an attainable goal.

Exhibit 1.57: "Other" Selection as Greatest Growth Opportunity by Manufacturer*



*"Other" selections included: document management, digital label press, printers, MFP sales, security, digital signage, scanners, color machine, supplies, A4 MFPs, 3D printing, audio visual, and acquisitions. Digital signage had the most selections, while 3D printing, security, and document management were also prominent responses.

Exhibit 1.58: Greatest Opportunities Ranked by Dealers (2016)



*"Other" selections included: document management, digital label press, printers, MFP sales, security, digital signage, scanners, color machine, supplies, A4 MFPs, 3D printing, audio visual, and acquisitions. Digital signage had the most selections, while 3D printing, security, and document management were also prominent responses.

Exhibit 1.59: Dealers Engaged in Production Print with Average Percentage of Revenue by Manufacturer (2015–2016)

Manufacturer	2015 % of Dealers	2015 Avg. % of Revenue	2016 % of Dealers	2016 Avg. % of Revenue
Canon	8%	6.2%	61%	8.1%
Konica Minolta	15%	6.3%	70%	6.9%
KYOCERA	5%	1.0%	28%	0.8%
Ricoh	14%	3.9%	67%	5.6%
Sharp	4%	0.8%	27%	0.7%
Toshiba	6%	1.3%	35%	1.5%
Other	2%*	3.3%*	25%**	1.4%**
Industry Totals:	54%	3.3%	51%	6.1%

*"Other" includes: OKI Data, Muratec, and Xerox. **"Other" includes: Xerox, Muratec, and HP.

Areas of Greatest Concern

Exhibits 1.60–1.66

When attempting to analyze and assess the dealer community's areas of greatest concern, we asked them to disclose their top three business concerns, and to list them in order of importance. Many chose to ignore our request and listed 1 through 4.

We wanted to shed light on what their most important concerns were, so we stuck with their first three selections and listed the answers as falling into first, second, or third place. Our formula is simple; 3 points for No. 1, 2 points for No. 2, and 1 point for No. 3.

The areas of greatest concern this year included the following:

- Competing with their manufacturers' branch operations;
- Declining click counts;
- An inability to recruit talented personnel to be employed in the services area;
- Succeeding in production print; and
- Other.

Exhibit 1.60: Manufacturers' Branches as Greatest Area of Dealer Concern (2015–2016)

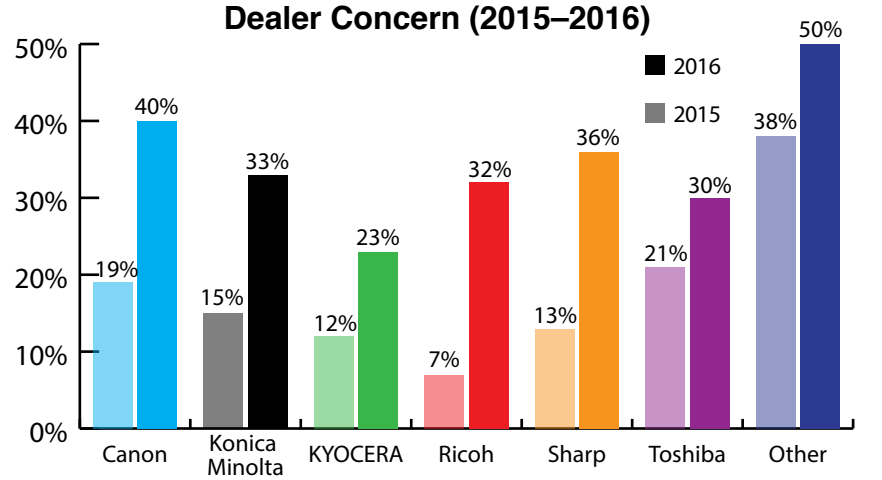
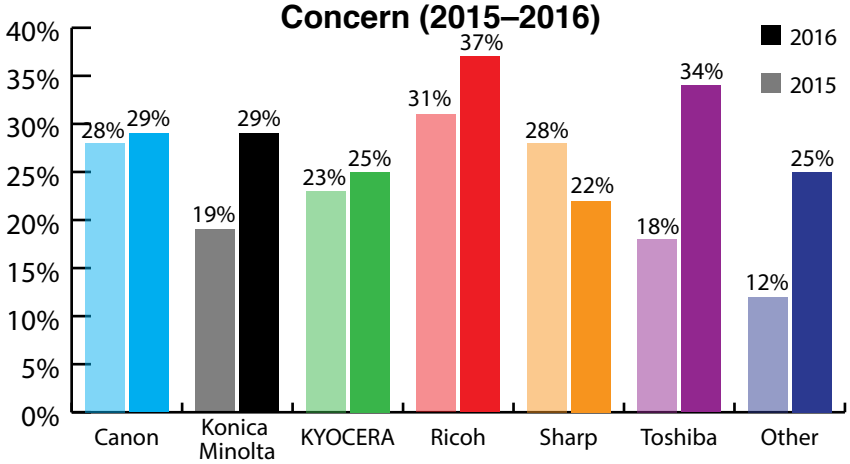


Exhibit 1.61: Clicks as Greatest Area of Dealer Concern (2015–2016)



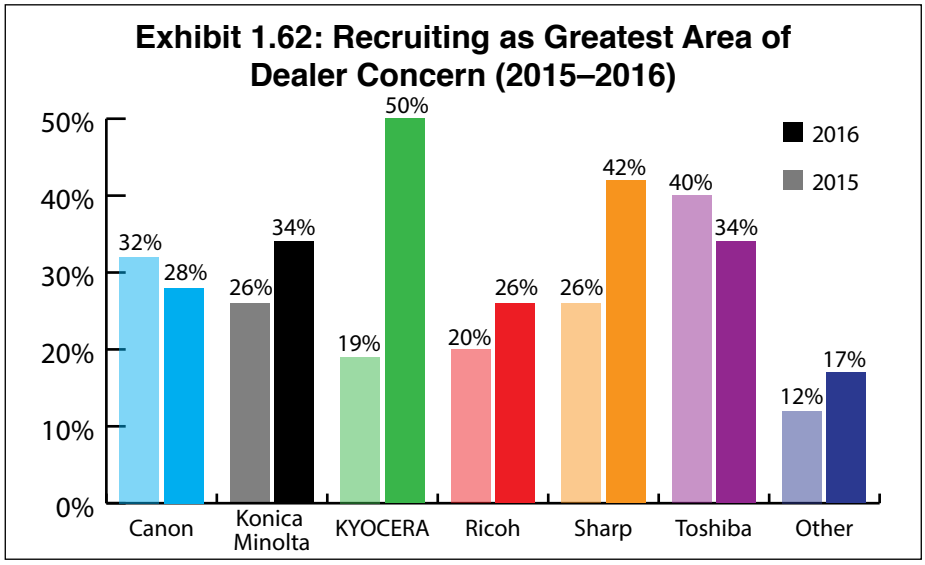
Of the 296 dealers who responded to the 2016 survey, only six elected not to make a choice.

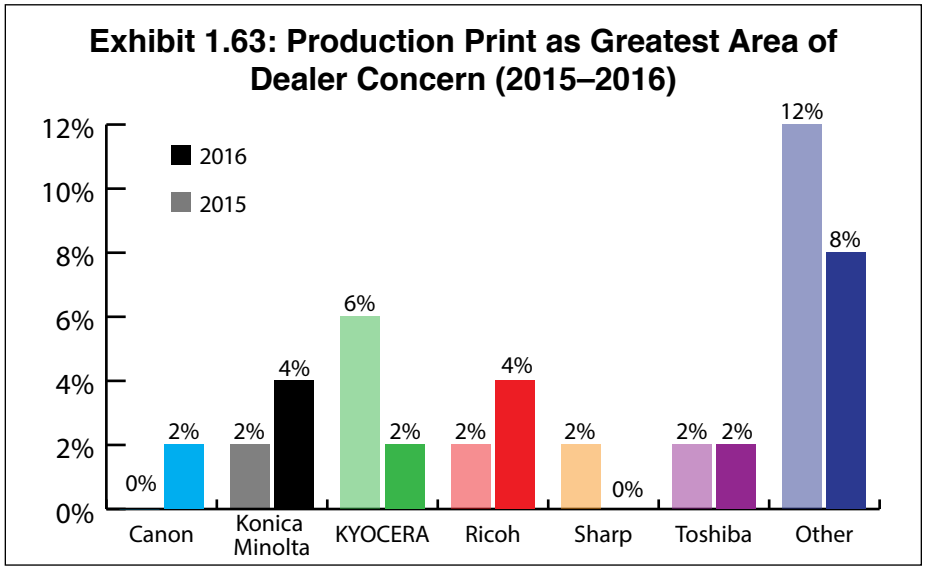
This year, we found the majority of dealers placed either manufacturers' branches or recruiting in the No. 1 position. Each of these areas represent approximately 33% of responding dealers, or roughly 67% of the survey's universe.

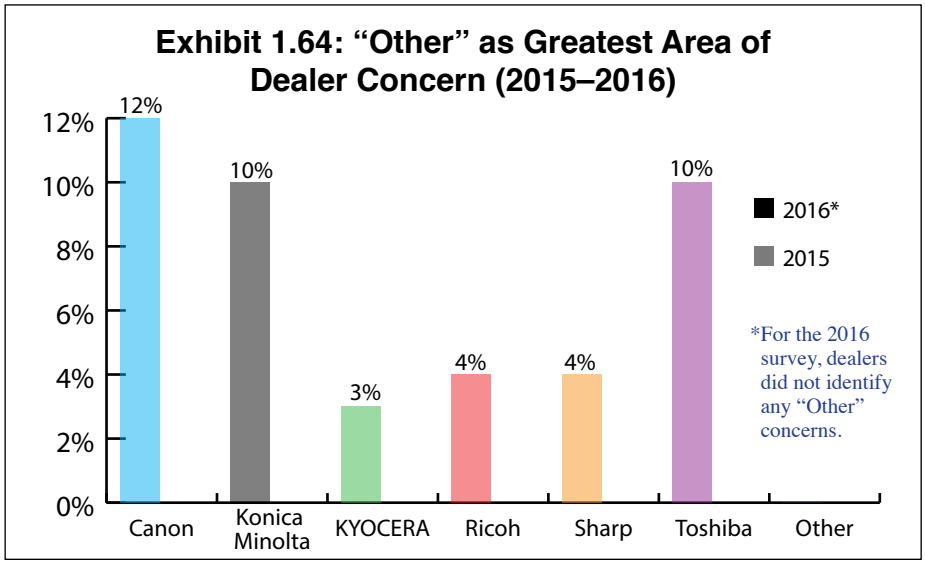
What this says to us is that, while it still exists, that angst and anger between dealers and direct that has permeated the atmosphere over the last several years continues to decrease.

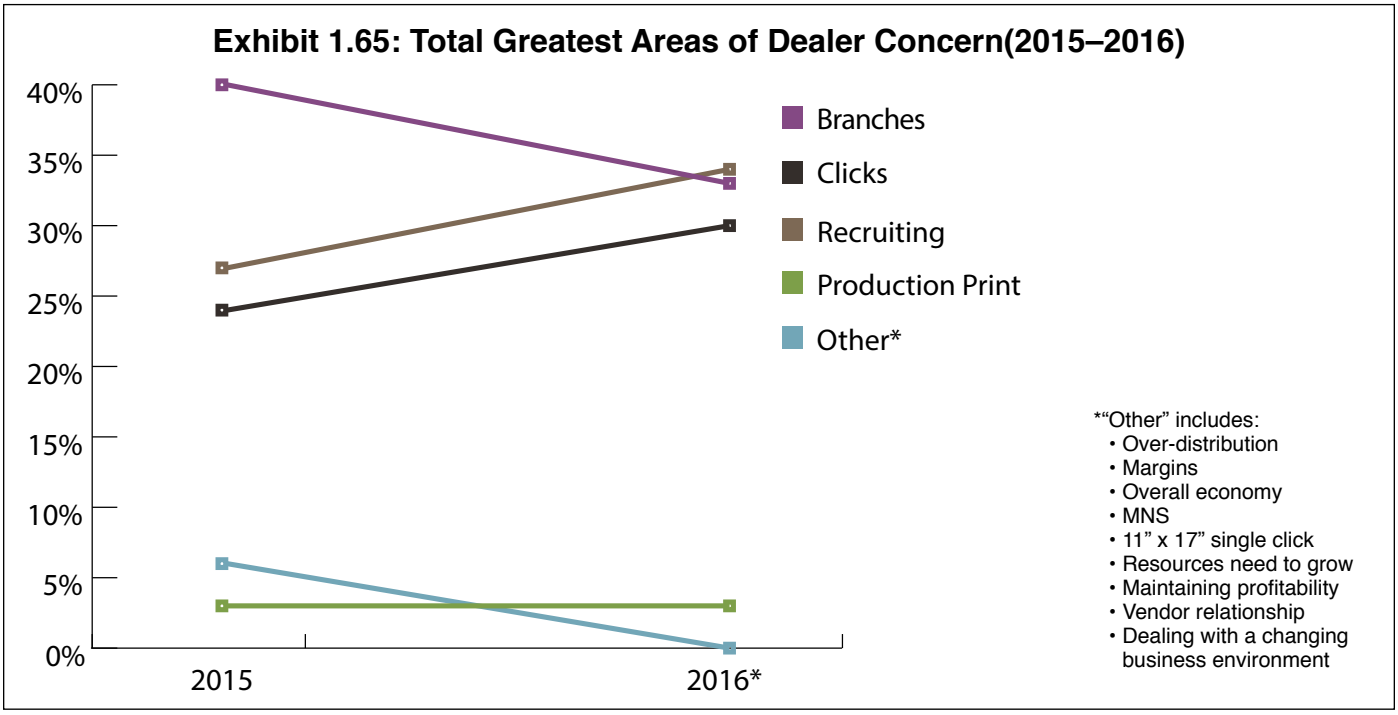
In the category of dealers concerned about manufacturers' branches, we saw a marked decrease from 2015's 40%. Meanwhile, we saw a notable increase in concern about clicks and recruiting.

We also noted the low response to concerns about production print. We're not sure of how to interpret these results. We believe dealers should be concerned about this market area because production print represents the only area that can increase the average unit selling price, improve click counts, and provide a capability to sell to a different audience as opposed to the office.





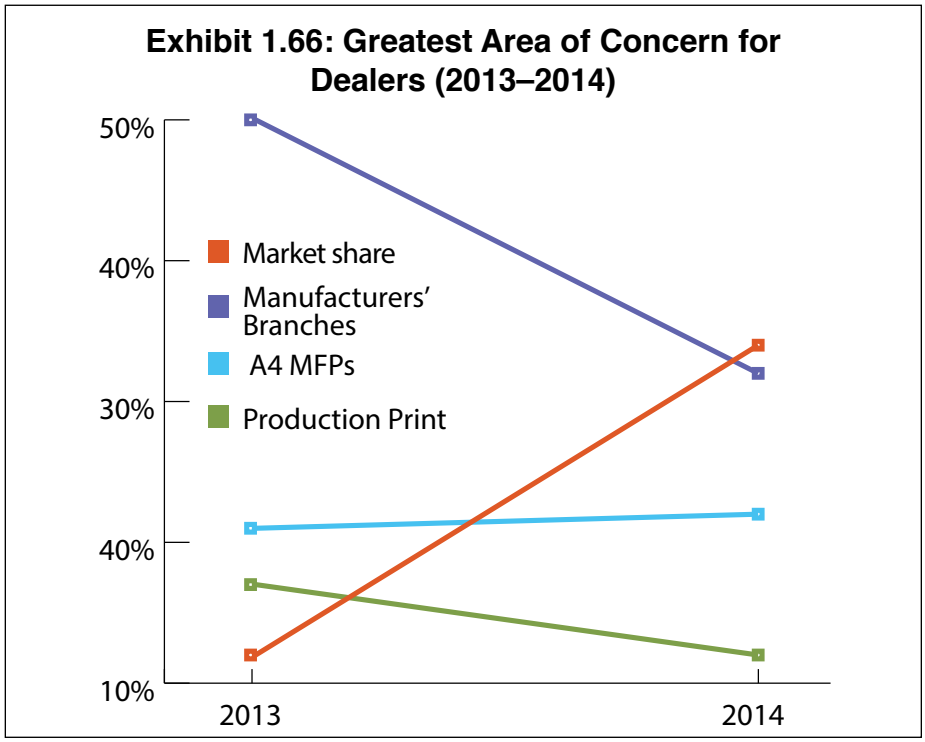




In previous dealer surveys, we offered dealers the following areas of concern for their consideration:

- Growing market share in a declining print environment;
- Manufacturers' branches selling below dealer cost;
- Sale of A4 MFPs lowering dealers' AUSP; and
- Succeeding in production print.

In our 2011 survey, 98% of our dealer respondents considered sustaining market share to be one of their major concerns. Of that group, 41% placed it as their No. 1 concern. In 2014, 32% placed manufacturers' branches in the No. 1 position, while in 2013, 50% of all dealers ranked that same concern as No. 1.



End of Part I.

We will report additional 2016 survey results and analysis next month.

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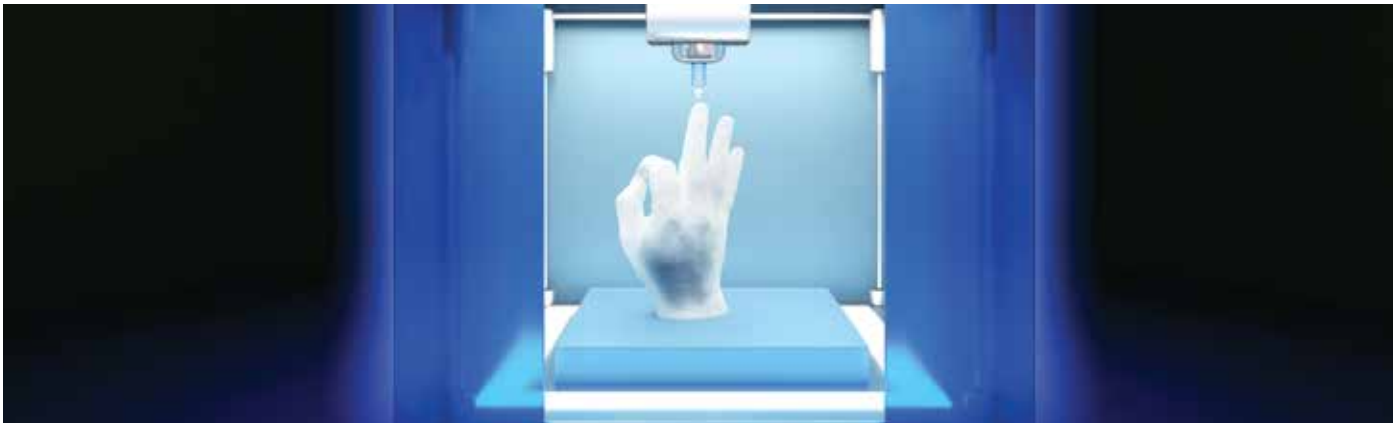

3D TKO

The Channel is Choking on 3D Printing

By Scott Cullen

Editor's Note: This is an occasional column where we share an opposing viewpoint on an industry trend or industry issue.

Every once in a while, the industry gets all hopped up on a new technology, hoping beyond hope, that it's going to turn into the next photocopier, fax machine, or digital MFP. The latest contender to that throne is 3D printing. If this technology had any legs in the channel, I think it would be moving along faster than at a snail's pace.

If you've been paying attention to this segment, you've all heard of the 3D sales success stories from the likes of The Act Group, Fraser Advanced Imaging Systems, and NovaCopy. However, that's about it. Three dealerships committed to 3D printing and enjoying a certain degree of success. But where are the rest? There may be more out there, but I haven't encountered any others touting their successes or giddy with excitement about selling this technology.

A few years ago, when I heard The Act Group's CEO Cindy Gondek at a BTA conference discuss the investment and time it took for her dealership to get into the 3D game, I wondered whether her words gave dealers more pause than cause to get into 3D.

Perhaps it's too soon to tell. We've only been talking about 3D printing for about three or four years now. HP seems to be serious about this technology, as is Konica Minolta, Ricoh, and Canon—not a lightweight in this group.

But the reality may be that the channel is still not ready to take the 3D plunge. Low-end devices selling for $500 or so aren't exactly margin-making machines, while the higher-end 3D printers in the $200,000-plus range are not exactly targeting markets and applications dealers are familiar with. That's not to say dealers can't become familiar with those markets and educate themselves about applications. Of course, they can. Meanwhile, I've heard from at least three leasing companies that they have created programs specifically for the 3D market but haven't seen much interest from dealers. The way I look at it, if I hear that from one, it's anecdotal; from two, it's an interesting observation; and from three or more, a trend. Is it a worrisome trend? Well, as my good friend Alfred E. Newman of Mad magazine fame says, "What Me Worry?"

I doubt if many others in this industry are obsessing about 3D printing outside of me. Admittedly, my reason is a selfish one—it's a new and exciting topic to write about even if no one is all that excited about it right now. The reality is 3D printing has yet to be KO'd by dealer channel indifference, but it is against the ropes. And the OEMs touting it will need to come out swinging and make a better case than they have so far, or it's going down for the count.

One, two, three…

CR

Questions About This Story?
Contact Scott Cullen
Phone: (609) 406-1424
Email: scullen@cannatareport.com

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Key Confirmed Industry Events Calendar (Q2 2016–Q1 2017)

Note that The Cannata Report will be represented at the events marked with an asterisk. To inquire about making a listing or which members of The Cannata Report will attend events as indicated, email cjcannata@cannatareport.com.

Graph Expo 2016*
Orlando's Orange County Convention Center
Orlando, Fla.
September 25–28
www.graphexpo.com

Navigate 2016: Continuum's User Conference*
The Seaport World Trade Center
Boston, Mass.
September 28–30
Details:www.continuum.net

BPCA 2016 Fall Owner Meeting
Meritage Resort
Napa, Calif.
October 2–6
Details: www.bta.org

BTA ProFinance Workshop
All Copy Products
Auraria Building
Denver, Colorado
October 5–6
Details: www.bta.org

The Cannata Report's 31st Annual Awards & Charities Dinner
–and–
Inaugural Women Influencers Brunch
Westminster Hotel
October 6 and 7
Livingston, N.J.
Details: www.thecannatareport.com/dinner31.

GreatAmerica Managed IT Sales Simplicity
Seminar with Alex Rogers
Mitel Training Center
Atlanta, Geor.
October 4–5
Details: www.greatamerica.com

CDA Fall CDA Meeting
Venue: TBA
Napa Valley, Calif.
October 12–14
Details cdainfo.org

Encompass 2016:
Square 9 Annual Dealer Conference*
Opal Sands Resort
Clearwater Fla.
October 11–13
Details: www.square-9.com/encompass2015

Fall Colors Retreat
Hosted by BTA Southeast
Venue: TBA
Asheville, N.C.
October 21–22
Details: www.bta.org

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

The Jillian Fund's Second Annual Big Night Out*
The Venetian
Garfield, N.J.
November 2
Details: www.thejillianfund.org

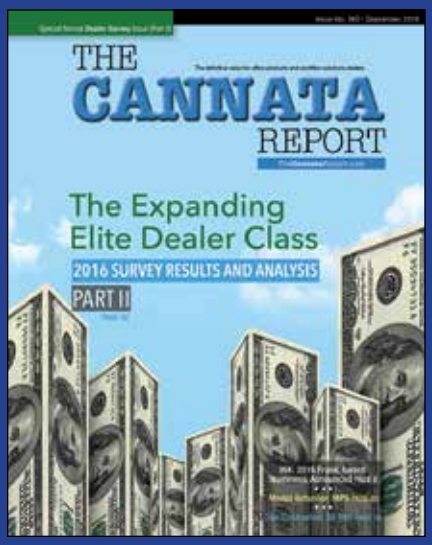
EFI Connect Users Conference*
The Wynn
Las Vegas, Nev.
January 17–20, 2017
www.efi.com/connect

*Denotes that one or more senior representatives–Frank Cannata, Carol Cannata, CJ Cannata, Scott Cullen, Sharon Esker–from The Cannata Report will attend.

Email cjcannata@cannatareport.com to find out specifically who will be attending.

UP NEXT

By CJ Cannata



After our 31st Annual Awards & Charities Dinner and inaugural Women Influencers brunch on October 6 and 7, respectively, we'll be preparing to launch The Expanding Elite Dealer Class: 2016 Annual Dealer Survey (Part II).
As we initiated last year, the issue and its stories' digital counterparts on TheCannataReport.com will feature both survey and non-survey related content. The issue will include more in-depth coverage from both Frank and me on Konica Minolta's blockbuster 2016 Dealer Meeting in Aspen, during which the aggressive and extraordinarily brand-savvy manufacturer hit all-time highs, according to its core dealers, partners, and press.

TheCannataReport.com will launch Version 3.0 of our website this October. In developing the updated site, our team is rebuilding TheCannataReport.com from scratch. This effort has enabled us to significantly enhance the look and feel to align with our magazine and overall brand, while affording us the opportunity to maximize consistency, speed, navigation, efficiency, and overall visual sophistication for the benefit of our users.

We are also very much looking forward to Ricoh Convergence 2016 in Las Vegas, scheduled for October. This event looks sure to pack in some new surprises from what we know so far, and we'll be sharing our experience with you in digital and print features Online immediately following the event and in our December/January 2017 Preview Issue, as has become somewhat of a standard format of major event coverage.

In addition, Frank, Carol, and I will be visiting with, and presenting select industry trends and updates to, Impact Networking. This event will follow Frank's and my attendance at lead Cannata Dinner sponsor Square 9's second annual Encompass meeting, during which Frank will also be presenting. This marks the third conference in less than six months where we have been asked to make formal presentations on various subjects, ranging from industry trends to social media and branding by software companies, which have included PSIGEN and Square 9. As also evidenced by 2016's Software Panel Series conducted across the four major dealer groups—SDG, CDA, BPCA, and BTA—the launch of April's inaugural Special Software Issue and our increasing coverage of the segment overall, we continue to make a concerted investment in highlighting this industry segment.

As always, thanks for your continued attention, and we look forward to seeing as many of you as possible in October on the road.

CR

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