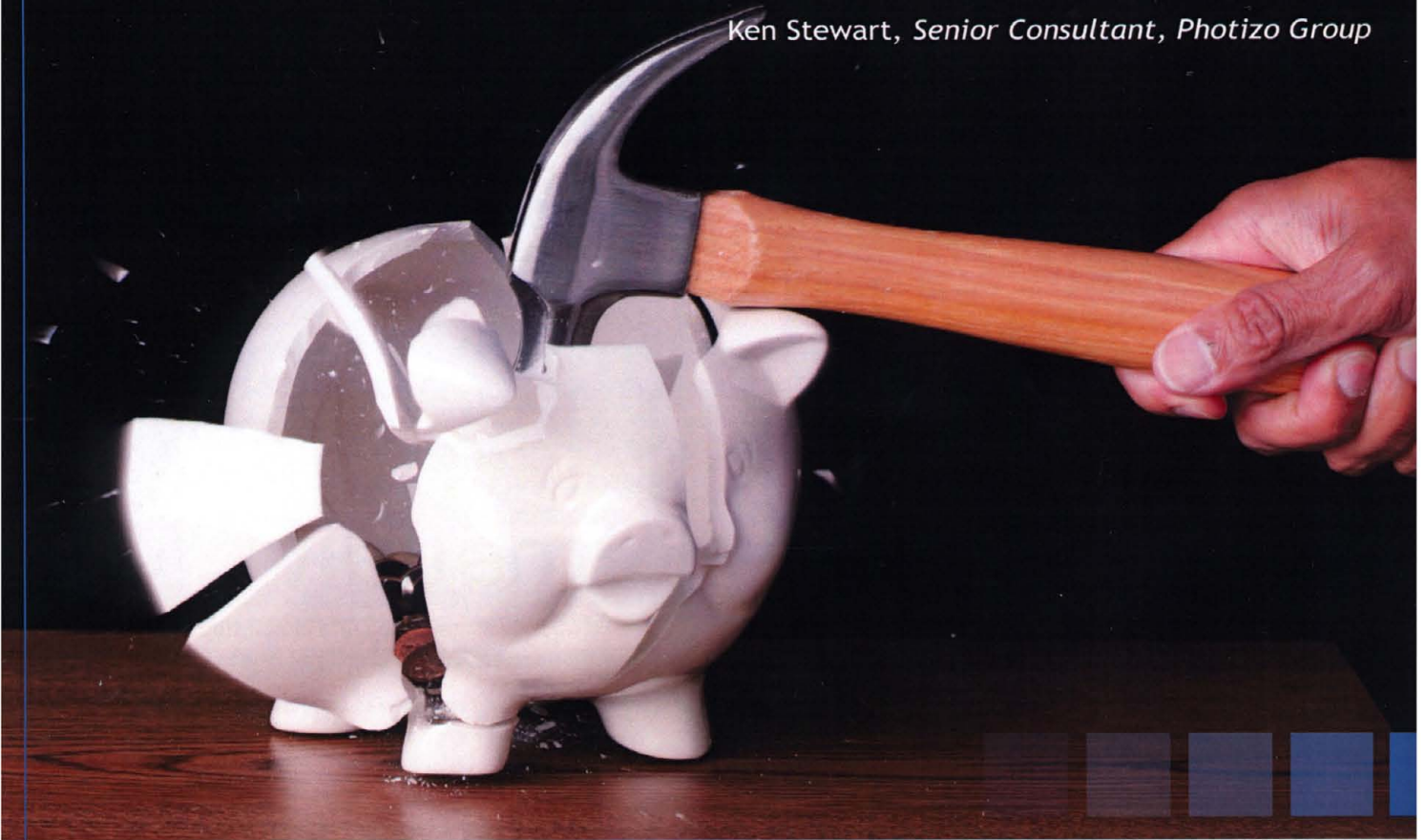


COMING TO A CHANNEL NEAR YOU:

Six Trends To Make or Break Your Business

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We all know the childhood parable of the *Three Little Pigs*, with its lesson of how the little piggy who planned well and built his house of bricks was the hero, in the end; while the lesson is simple and direct, how many of us are planning to repel the attacks of another big, bad wolf? How many of us have built our business to resist the huffing and puffing of the wolf, or secure our market against the sly attempts of our competitors to enter through the proverbial chimney? More importantly what trends are at work to rock the very foundation of your go-to-market strategy?

One of the major areas of vulnerability that businesses classically continue to struggle with is that of a changing paradigm. Why? Because businesses

are led by people, who, resist change in favor of the status quo. Most often, this is not because of some malicious intention; rather, people resist change because they don't feel a need to change - to adapt. In many cases, this is because signals of a coming change are missed, misread or ignored.

Today, we see that our customers are cautiously optimistic after the recent economic downturn. Their security was threatened more directly than in recent memory, speaking to emotional triggers that run deep in each of us. We can personally identify with these motivations, having been affected or knowing someone who was affected by this event. The economic turmoil shapes current selling strategies as much as our customer's buying strategy.

However, turning to the future, who stands with the greatest opportunity?

We have all witnessed large financial firms fall like dominos, stemming from a belief that they were too big, too well-funded and too secure to fail. The reality is that businesses no longer survive because they are the largest, strongest or smartest; they survive because they are highly adaptive to rapidly changing environments, anticipating customer need more precisely than competitors and being fiscally responsible. There are four key types of influence:

Socio-economic & Political Influences: Social, economic and political influences impact many industries as a whole, forcing you to adjust your market strategy defensively or opportunistically. Examples would be the recent economic downturn or legislation surrounding patient records portability and associated privacy concerns.

Market Influences: These influences originate either within your industry, or impact you because of major market realignment. Examples would be Walmart's entry into the grocery business many years ago or the acquisitions of IKON by Ricoh and Global Imaging Systems by Xerox.

Techno-Innovation Influences: Innovations revolving around technology, which addresses a given need, are a prevalent occurrence today. While many technologies are iterative in nature, introductions of radical, new technology, and/or increased customer adoption, can cause dramatic shifts in buying trends in as little as two or three years, now. Examples would be the wide adoption of Sharp's first, low-cost fax machine, the shift from

analog to digital xerographic technology or Apple's iPhone and App-Store strategy.

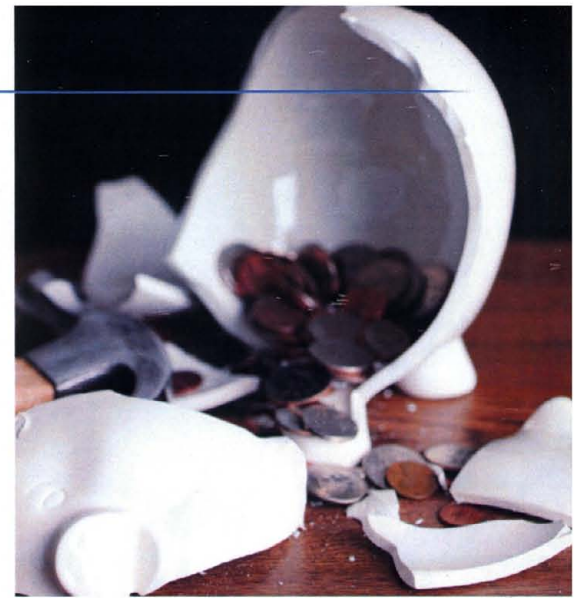
Process Influences: Most often thought of in terms of it being 'the same-old-thing in a new package', process influences most often begin with grassroots initiatives that gain in popularity, generally, due to introduction of one of the other influence-types. Examples would be the recent copier hard drive debacle or managed print services.

Managed print services, while not necessarily new, has undergone a dramatic shift into mainstream awareness. Sometimes heralded as the last unconquered office expense, MPS is less about doing the same thing, a different way than many would readily admit, and more about transitioning to a services-led business model. Pundits and critics alike still enjoy throwing around the confusion within the application of its definition as evidence of its pending failure, but many misread the hype surrounding this so-called 'movement' as another trend, in and of itself.

Suffice it to say, MPS is currently reaching a dangerous position in the hype-cycle, where malpractice would surely muddy its reputation, and possibly slow its growth - for a time. However, there are forces at work demystifying the practice of MPS, and offering transparency and simplicity where none had existed before. Of specific interest are those impacting the channel:

TREND #1 - INFORMATIONAL UBIQUITY OFFERS BROKER-POSITION FOR CHANNEL

The social and political trends of records portability and information accessibility will continue to drive major shifts within the channel. This forces hardware and software



providers to align research and development efforts with customer expectations of accessibility and convenience. Furthermore, this requires channel providers to increase understanding of complex domain knowledge in order to act on a value-added delivery mechanism, and maintains their unique position to offer key feedback to hardware and software providers while being the resident 'expert' in their territory.

TREND #2 - OEMS TRANSITION TO SERVICES VIA ECOSYSTEMS

Service delivery does not necessarily have to equate to expensive professional services. You have only to look to the mobile telecom markets to see a viable business model for our industry. By leveraging an ecosystem-based approach, where software is the method delivery for a need or want on enabled hardware, hardware and software providers are able to effectively scale and reach market quickly. Look to partnerships like Google and HP forevidence of the transition to an ecosystem-based evolution, as well as the well-known OEM offerings of embedded-based technologies on devices. This is further reinforced by the drive towards informational availability (Trend #1), and will offer the channel providers a unique benefit as well as a unique competitor.

TREND #3: MIDDLEMEN COST



MONEY

With the establishment of software-led, hardware-delivered ecosystems, informational ubiquity will continue growing geometrically. Channel providers will find they have a growing stable of easier-to-install solutions at their disposal, but will continue to fight against direct sales models by these very same suppliers. Differentiation and niche-expertise saves the day, while low-cost strategies always cede victory to those able to handle scale and volume. Unfortunately, the soundtrack to this story sounds more like a broken record than a new, hit single.

TREND #4 - VICTORY COMES BY ENABLING THE BUSINESS TO HELP ITSELF

While it remains in the sphere of influence of software and hardware providers to ensure integration and compatibility with existing and evolving business systems, the channel provider stands uniquely in the gap that presently exists, being closest to their customers. With development costs at an all-time low, middleware solutions for niche applications can be an opportunity to capitalize upon. Even more intriguing is the growing potential for alignment of like-minded partners with complementary strengths through referential relationships, official partnerships or even mergers and acquisitions.

TREND #5 'MPS-AS-A-SERVICE' AND ITS IMPACT ON THE CHANNEL

With announcements such as Supplies Network and Preo Software partnering (see page 28), complex components of a managed print services engagement, such as assessment and blending device and user behaviors, becomes second nature. Look to more announcements such as this to effectively lower the barrier to entry and increase the reliability of services-focused providers to enter and dominate sections of the mar-

ket. Secondly, these moves can create opportunities for local providers to leverage and become national or international in scale, without the accompanying headache of expensive infrastructure build-out.

TREND #6 SAAS, SEO, SM AND BPO: ACRONYMS THAT MAKE YOU MONEY

Most know of the acronym SaaS thanks to successful CRM software, Salesforce.com. Look to this continued technology evolution to help channel providers with customer adoption of outsourced and off-premise solutions and services.

Thanks to search engines, namely Google, search engine optimization (SEO) has become a critical and low-cost component of every providers' marketing strategy. Social Media has been a recent edition to the marketing toolkit; while powerful for listening to your customers, don't allow this uber-hot trend to suck your most precious resource - time. Combined, David can now compete with Goliath.

Business process optimization (BPO) is now topping the list to deliver value to customers and profitability to channel providers by targeting wasteful processes. However, this means those leading with cost control as their MPS message stand to fall victim to a bevy of prospects saying they've, "Been there, done that." Providers must be comfortable stepping beyond the traditional TCO and ROI pitches and demonstrate real value to business executives, as well as be experts in execution or risk draining the company coffers with missed deadlines and bad public relations.

Change stands as a constant gut check to us all and creatively adapting to change has been the channel's hallmark for decades. Understanding what trends are emerging can help you fortify and advance your position in the market, but living on the bleeding edge of trends and innovations can be dangerous. Providers who discover how to successfully navigate the leading edge of innovation stand prepared to stand out in a sea of competitors, deliver value to their customers and confirm the foundations of their go-to-market strategy are rock solid.



A recent addition to Photizo's senior consultant team, Ken Stewart specializes in channel development and training. Stewart has been working in the technology field for more than a decade, advising businesses how to bridge business challenges with technology, process and people. Stewart is the founder and owner of ChangeForge, a blog about the colliding worlds of business and technology. Stewart serves on the board of the Managed Print Services Association.