



"EVERYONE HAS TO PRINT; WE ARE THERE TO HELP THEM PRINT SMARTER, MORE EFFICIENTLY, AND CHEAPER," SAYS KATHY CAULDREN, CEO OF KT'S OFFICE SERVICES, ABOUT OFFERING MANAGED PRINT SERVICES TO HER CLIENTS.

Copy

Managed Print

Sales

While many printer dealers are watching margins shrink, this managed print services provider is expecting 20% growth this year.

BY GENNIFER BIGGS

Kathy Cauldren is a straight shooter. She will tell you without ado that if it weren't for managed print services (MPS) her company might be making money, but far less. Certainly not the 20% growth she is projecting for this year, a figure that would push her office services VAR business near the \$5 million annual revenue mark. So how does Cauldren do it? She and her husband, Tom, owners of KT's Office Services, saw the opportunity surrounding MPS and jumped on that technology about two years ago.

Use MPS To Evolve Beyond Hardware Sales

"If we didn't offer MPS, our growth would depend on products — laptops, printers, peripherals — and we'd see far less margin," says Cauldren, CEO of KT's. "The margin with MPS is very good; it is very profitable." KT's made the move to MPS because Cauldren was watching customers migrate to managed services to meet many of their IT needs, and the VAR wanted to take advantage of that enthusiasm for managed services. But that transition has meant adjusting to operations under a different business model and taking the time to talk strategy with customers, a role to which most printer dealers are not accustomed.

Managed print services revolve around software installed on a customer's network that allows a services provider to remotely monitor the customer's entire printer fleet. The software installed on the customer's server monitors network traffic according to Internet Protocol (IP) address. Via that software, services providers can see the printer make and model, toner and drum levels, and maintenance issues ranging from an empty paper tray to a communication error to a major component failure (such as a fuser). The MPS provider then builds a recurring revenue model based on service agreements that can include maintenance and support for the hardware in a printer fleet, plus supplies such as toner cartridges, drums, etc.

While MPS still lags behind the popularity of general IT managed services offerings such as network monitoring, it garnered a lot of attention in 2009 as several well-known vendors, such as OKI Data Americas, launched well-publicized product lines that serve up MPS capabilities to their channel partners. For Cauldren, the tipping point came when vendors tackled the issue of vendor-agnostic management. "Before, vendors wanted you to go in and wipe out your customer's printer fleet, replace it with their models, and then manage it," says Cauldren. Today, software from leading print vendors allows VARs to harvest printer-related data from a customer's network, examine it, and use that data to support recommendations about redeployment or replacement of printers that lead to cost savings for the customer. Most vendor software will monitor and

Photos by E.D. Sewell

KT'S OFFICE SERVICES

2009 SALES REVENUE: \$4 MILLION

2010 PROJECTED SALES GROWTH RATE: 20%

EMPLOYEES: 8

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"It's a great time to get into MPS because by the time it really ramps up, you will have all your processes in place and be ready to roll."

KATHY CAULDREN, KT'S OFFICE SERVICES

stop in on a weekly basis to physically check the printers. Cauldren says, on average, an SMB customer with 50 monochrome printers that chooses an MPS contract with an average allocated page count (about 250,000 mono prints annually) will invest \$25,000 to \$30,000 a year. They can choose to pay monthly or prepay, with leasing fees added if they choose monthly payments. While KT's still offers traditional options such as break/fix services and cost-per-page programs, her goal is to slowly migrate (about 10% at a time) all customers into MPS contracts.

MPS Especially Good Fit For Education Vertical

KT's plans on MPS fueling up to 20% growth in its business this year, in part because nearly any business with more than 20 to 25 printers is a good fit for MPS. "I think every company — healthcare, education, commercial — is a fit," says Cauldren. Some big successes for KT's have involved manufacturing firms and law offices, the latter of which can leverage MPS reports in order to bill customers for printing. Once KT's has identified a potential client, Cauldren says the sales cycle varies from one to three months.

KT's has seen particularly strong traction with school districts. "Redeploying its printer fleet and saving money with MPS is one of the easiest ways to cut a school district's budget without impacting staff," she says, warning that the sales cycle is long in education, but worth the effort. One example of how the process works involves one of KT's many school district clients. The VAR answered a call from the school district for help with its printer fleet. In just one school building, the district had six color printers and two large copier units, which were quite expensive. Based on information gathered by KT's, Cauldren discovered the district was spending more than \$40,000 on its printers, and yet, didn't have monochrome (black and white) printers for its classroom teachers to use. The VAR designed an MPS program that included 40 monochrome printers plus installation, monitoring software, maintenance, and toner for less than the existing \$40,000 budget, which allowed for one monochrome printer to every three classrooms. The client now has a more efficient printer fleet, a realistic budget for the cost of that printer fleet, and has moved toward purchasing additional printers, both monochrome and color. "We moved them from six high-cost color printers to 40 mono printers, and they are still spending less," says Cauldren. "Additionally, as the trusted printer fleet advisor, we have created a long-term revenue source."

MoreInfo ▶ To learn more about managed print services, go to tinyurl.com/y8e52ws.

Cauldren isn't alone in seeing a rich future for MPS. Industry research firm Gartner forecast double-digit growth in the MPS sector through 2010, and a recent survey revealed that nearly 70% of respondents say better management of their print infrastructure is a strategic imperative, with more than 90% planning to deploy MPS in order to reduce the cost of printing, sharing, and updating documents. Cauldren can see even further down the line to a day when managed print customers evolve into fully managed document management clients. She says that evolution is still just starting, making now the perfect time for VARs to jump aboard. "It's a great time to get into MPS because by the time it really ramps up, you will have all your processes in place and be ready to roll." ●

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