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## Supplies Network, Preo Software Align to Offer “Next Generation” Managed Print Services Capabilities

[November 9, 2010] On October 14, Supplies Network (SN) of St Louis, MO, and Preo Software, based in Calgary, Alberta, Canada, announced a partnership that combines their respective areas of expertise in the managed print services (MPS) business and integrates the two firms’ software and services “resulting in next-generation managed print capabilities not available through other sources,” according to the joint press release.

Preo Software, the self-described “market leader in user-centric print knowledge management systems,” and Supplies Network, an “industry leader in MPS infrastructure,” announced a 4-year license agreement and stressed a shift from managing printers to managing printing, emphasizing the benefits for the two firms’ resellers and end-users alike.

In prepared remarks, Supplies Network’s senior vice president Doug Johnson said, “What the Supplies Network-Preo relationship brings to the market is a new MPS model with the potential to be ubiquitous...[we have]... invested in the infrastructure and competencies that make entry into MPS simple for others in the channel. We take the risk, while assuring both consistent performance and financials for MPS providers.” Currently, Supplies Network claims access to more than 5,000 dealers and thousands of end-users (*see illustration below*).

## Preo and Supplies Network fit

- Unique capabilities in end-user behavior software
  - Only major end-user solution with SaaS architecture
  - Vendor-agnostic
- Industry-exclusive page coverage measurement technology
- Over 2000 installs in last 12 months (3000 total), capturing print on over 400,000 users across 9 countries
- Collecting 1 million + rows of data per day—possible due to the architecture
- Experience with Fortune 500, Government, and OEM accounts

- Deep experience in MPS for many years, delivered through the channel
  - Experience in “packaging” a SaaS services offering
  - Vendor-agnostic
- Internal-development resources can leverage/extend capabilities
  - Several patents-pending
- Extensive relationships with all segments of the print-provider value-chain
- 1,000’s of end-user clients under CARBON SiX MPS program
- Access to >5,000 dealers in current channels, ranging from mega-VARs to small dealers/resellers

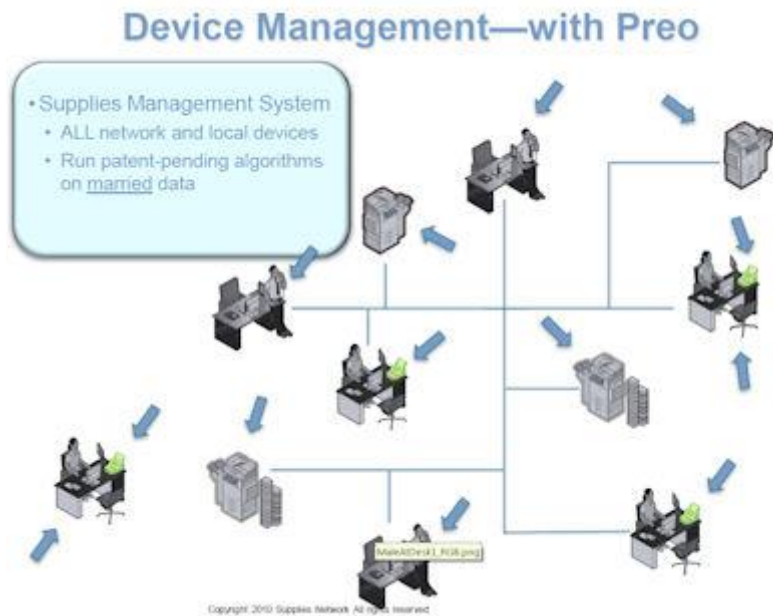
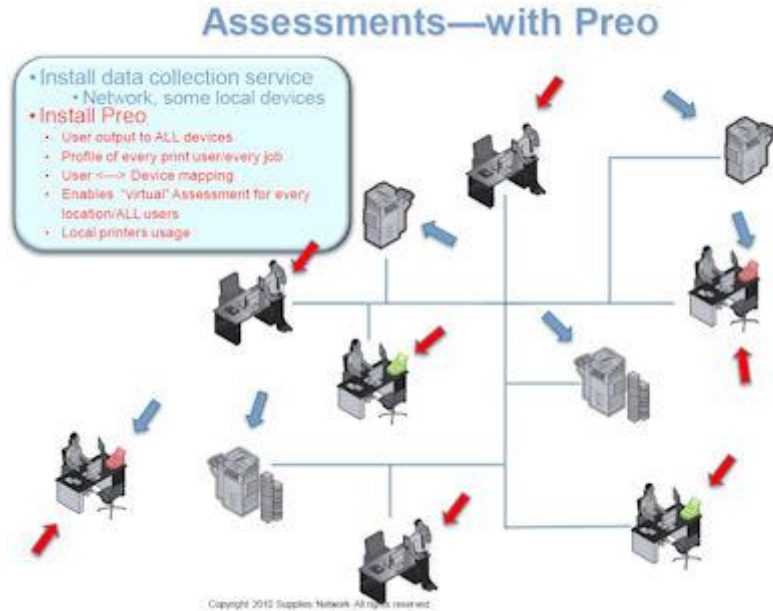
*The combined capabilities and experiences of Preo Software (left) and Supplies Network (right) are unique*

Johnson, a former HP printer-supplies executive and long-time thought leader in the supplies and services space, has been working full-time with Supplies Network since early 2010, and before that, he helped build the firm’s CARBON SiX MPS program. Johnson emphasizes that the previous focus of printer OEMs has been on “managing the fleet,” where “10-30 percent cost savings have been typical” and has meant largely replacing devices, especially of the low-end, personal variety, with fewer, centralized machines. He asserts that looking forward, “a similar 10-30 percent savings may be realized by understanding and controlling what gets printed and where through the SN/Preo Software solution. Examples include not printing some types of jobs (e.g. e-mail), eliminating unnecessary color printing like on Web pages, printing duplex to save paper, etcetera. SN and Preo worked together to build Print Management Objectives (PMOs) with rules that can be implemented to change printing behavior at the desktop.” Johnson points out that in a typical MPS engagement, “65 percent of the costs are in toner,” thus representing the biggest area for savings as well.

Pravat Mazumdar, Preo’s vice president of business development, and former Xerox executive responsible for developing a worldwide channels MPS program, summarizes his view of the partnership. “SN’s enhanced MPS program will leverage Preo’s capabilities to significantly improve every phase in the value-chain of a comprehensive MPS program. This begins with better and more cost-effective assessments and leads to better proposal

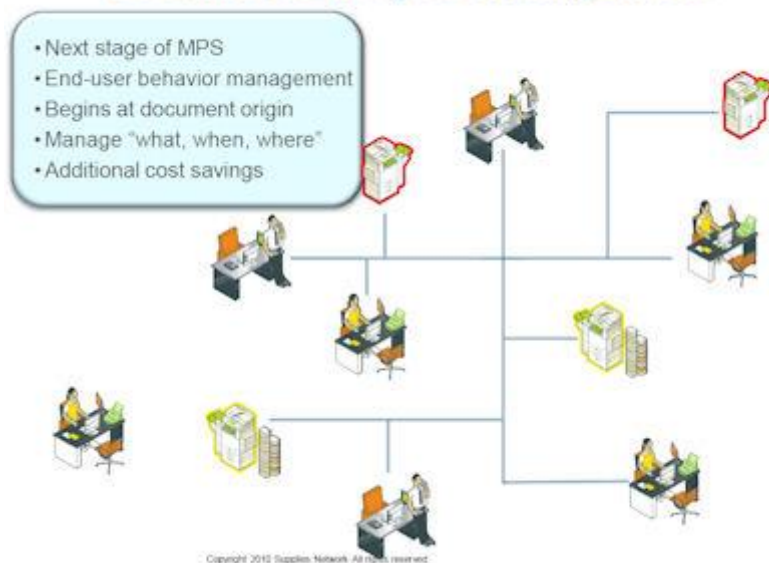
development and win rates. After implementation, it leads to enhanced device optimization and management, adding the end-user behavior optimization and change-management phase, and finally a closed-loop on-going reporting and management process.”

### Three-stage Model Enhanced by Preo SaaS- based Architecture



The two companies' partnership description reveals the familiar three-stage managed print services model—customer assessments, device management, and document life-cycle management—and touts some significant advantages for the Supplies Network/Preo tie-up. As seen in the illustrations at right, a common theme is the Preo Software-as-a-Service-based (SaaS) architecture. "Comprehensive" might be the benefit which best aligns with this unique selling point, as the SaaS approach takes a more universal "eye in the sky" approach, compared to other typical in-house, on-site approaches. In Mazumdar's words, "Our approach offers the benefits of better, more complete data [and] greater accuracy; all enabled via a remote assessment. For a dealer with say 100 MPS contracts, with different locations, some having multiple sites, this is of tremendous value and can make the difference between a scalable, profitable MPS business versus one that is unscalable due to on-site resource drains." According to both companies, this comprehensive approach also makes a big difference by removing much of the physical burden out of the management, and especially the assessment, equation.

## Document Lifecycle Management



*First comes the assessment phase with emphasis on all devices and users (top), then the device management phase, with patent-pending algorithms on married data and again emphasizing all devices (middle). The third phase, document lifecycle management (top), is a huge future opportunity in the view of Supplies Network*

The solution's streamlining of the physical nature of customer assessment activities and ultimately capturing all of a client's printer, multifunction, and copier devices is a purported advantage of the solution, and the two firms claim, "Data is remotely collected for **all** print devices—networked and local and **all** brands. Preo's end-user data includes a profile of **all** users and **all** print jobs—the who, what, when, where, and how of printing." (Our added emphasis on "all".) Johnson adds, "Because we can now see all devices remotely, see the printing behavior from all users to all devices, and know page coverage on all devices, we can eliminate the high cost of resources and time to do two physical walkthroughs in the environment to discover these devices. This enables the reseller to optimize the document output fleet on both cost of output *and* productivity impact on the end users."

In the device management stage, Mazumdar states, "The three primary benefits in this stage are one, better device optimization considering actual users/usage patterns in recommending the right device types and mix; two, more logical sequence of first optimizing print usage (or demand) and then optimizing the devices (or supply); and three, better supplies-replenishment management. It is quite likely that, within a short period, most customers will require this approach to optimizing their *demand and supply*, compared to the current industry practice of focusing only on device optimization."

With respect to better device optimization, Johnson offers an example. "Take two users, each printing 500 pages a month on their personal printer. Who gets to keep theirs, and who gives theirs up? When we found out one is printing 1-2 page jobs many times each day and one prints three jobs a month, 100+ pages per job, that makes the decision much clearer. Cost per page is always lowest with centralization, but overall costs for the organization may not be." Going back to the comprehensive nature of the program, Johnson continues, "[The solution] can be used to evaluate *all* devices. For example, in many environments, you may have users who all print to centralized devices, but their job size profiles would indicate much higher productivity by having their own (or much closer) printer/MFP."

Relating to the third benefit of better supplies replenishment management, Johnson tells us that he likens the knowledge accumulated through data gathering, "marrying," and analyzing it using patent-pending algorithms to the simple analogy of seeing a car's gas tank half full and trying to determine if now or later is the right time to fill up. "We have to know your driving patterns and, judging by your past behavior, if you need to fill up today or can do it any time in the coming week. Our fleet management considers both worker productivity and cost-focused device selection and replacement."

The two firms state, in their prepared materials, "Most print devices are part of SN's automated supplies-management system, with replenishment based on consumption rates calculated through Preo's industry-exclusive page coverage measurement system." Johnson confides that typical page coverage estimates can vary by plus-or-minus 40 percent, and Preo's approach tightens that range considerably.

The third stage, document life-cycle management, offers the most future potential for cost savings, has a profound impact on the organization's overall effectiveness, and involves being involved with workflow and a document's future, even at the initiation of documents. The firms' press materials state, "Affecting print behavior at the point of origin delivers measurable results and lasting improvements in print volume, cost, and green objectives." Mazumdar adds, "For many MPS providers, the most logical point of entry into managing the document life-cycle is an extension of the MPS model into understanding what users are doing with documents; and that can begin at the point of origin of printed documents." Johnson continues, "From there, SN plans to move in two directions: first, to optimize the need for printing through an end-user behavior management model enabled by the Preo solution and second, to optimize the document workflow based on the business need of the user, enabled by other partnerships soon to be announced."

The partnership between Supplies Network and Preo targets small- and medium-sized businesses and enterprise segments, reached with a heavy emphasis on the reseller channel and Supplies Network's existing 5,000+ reseller network. Johnson, however, sees widening the solution to go beyond those existing resellers and expanding into OEMs and other distribution. Pricing is being finalized, but in broad terms will distinguish between sales efforts targeted at an existing MPS contract from those where the customer requires a "stand-alone" end-user management solution.

## **Our View**

The contrast between "printers" and "printing" is hardly unique, having been used by industry leader HP as a major strategic shift on numerous occasions during the last few years. (*We found a reference as early as 2006, see [Observer, 7/06](#)*). However, the longevity

of this shift does not make it outdated. Taking an end-user point of view is wise, too, in our estimation, in a space largely driven to date by ways for vendors to create more business for themselves and for their client organizations to save cost. Supplies Network and Preo offer unique capabilities that do indeed raise the MPS bar, and we will be watching carefully as this offering goes to market.