

## MARKET PERSPECTIVE

# Lexmark Makes Bold Move to Shift the Print Acquisition Model and Launches Cloud Print Infrastructure Offering

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## EXECUTIVE SNAPSHOT

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### FIGURE 1

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#### Executive Snapshot: Lexmark Cloud Print Infrastructure Changes the Game for Print as a Service

This IDC Market Perspective provides details regarding Lexmark's recently announced Cloud Print Infrastructure (CPI) offering. Delivered as a subscription-based, as-a-service solution, Lexmark CPI allows businesses to migrate their entire print infrastructure to the cloud, leveraging a consumption-based pricing model and deployment strategy that can adapt to business needs over time.

#### Key Takeaways

- Lexmark continues to advance its print-as-a-service offerings with its Cloud Print Infrastructure offering. Foundationally, Lexmark is looking to help enterprise customers move to a fully managed cloud environment for print.
- Lexmark CPI could eliminate the need for print servers and other on-premises infrastructure to drive operational efficiencies and free up IT resources for more strategic initiatives.
- Lexmark CPI is being offered with multiple types of pricing and billing models, including a subscription-based all-in model.

#### Recommended Actions

- If not already doing so, hardcopy vendors should look to deploy cloud-based print services offerings. In particular, IDC expects to see continued movement toward print infrastructure as a service as customers look to gain improvements in costs, scalability, security, and flexibility throughout the print environment.
- Customers demand more from their print services engagements, and there is a desire to take advantage of machine learning and other advanced automation technologies to drive better business outcomes.
- Movement toward an outcome-based business model is also driving a shift to infrastructure as a service. Consider developing services focused on business outcomes as opposed to traditional SLA-based programs.

Source: IDC, 2019

## NEW MARKET DEVELOPMENTS AND DYNAMICS

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Taking the next step in the evolution of its print services business, Lexmark announced its Cloud Print Infrastructure (CPI) offering. Delivered as a subscription-based, as-a-service solution, Lexmark CPI allows businesses to fully outsource their print capacity needs, as opposed to acquiring and managing individual components within the print infrastructure. Taking advantage of its IoT-enabled hardware and Lexmark's well-established cloud print management platform, Lexmark is helping customers migrate to a fully outsourced, consumption-based model for print.

The value proposition of CPI is consistent with several key trends currently impacting the enterprise market, beginning with a shift to cloud computing and the desire to eliminate IT infrastructure to reduce costs, drive operational efficiencies, and free up IT resources for more strategic programs. According to Lexmark, most large organizations view print infrastructure as a burden: necessary to maintain, yet low on the priority list and a growing security risk. Meanwhile, cost and accounting pressures are pushing organizations to consider alternatives to traditional hardware acquisition and leasing. Last, changing workstyles and the need for mobility has created a lack of cohesion in the usability of devices and inconsistencies across multiple devices and geographies.

With these trends in mind, Lexmark has designed its Cloud Print Infrastructure offering to deliver simplicity in three key areas (discussed in the sections that follow).

### Simplify IT Management

At its core, Lexmark CPI allows customers to offload their entire print infrastructure. Lexmark is quick to point out, however, that this is not just outsourcing the management of onsite devices. Instead, Lexmark assumes complete ownership and management responsibility for the entire print infrastructure, including print hardware, servers, document solutions, and ongoing support. One of the fundamental pillars of Lexmark CPI is the ability to eliminate the need for on-premises print servers by moving the entire infrastructure to Lexmark's cloud print management platform.

This approach not only lessens the burden on IT resources but also results in an always-available and up-to-date print infrastructure that is able to grow organically as customer needs evolve. By leveraging a true software-as-a-service (SaaS) architecture, IT departments would no longer need to worry about print server management, device driver management, installation of various hosted solutions to adjust to the proper number of devices or servers, or when and how to balance departmental needs with current server/print capacity. Lexmark asserts that adding new print devices and users could be done with a few simple clicks, with an ability to add functionality and respond to customer needs virtually in real time.

While removing or reducing the IT burden associated with print server management is a fundamental pillar of Lexmark CPI, there are other tangible benefits associated with moving to a cloud-based print architecture. The closed-loop connected nature of the ecosystem makes it easier for Lexmark to drop in additive solutions and services. Just as important, Lexmark will have complete visibility into all aspects of the print infrastructure, leveraging real-time data to analyze system performance, improve service delivery, and optimize device usage and deployment. For example, Lexmark will be able to leverage its Predictive Services to monitor and assess device status through algorithms based on alerts and sensor readings to reduce interventions and maximize equipment uptime.

The ability to improve security of the print and document infrastructure is another important benefit of Lexmark CPI. With the removal of on-premises print servers, firmware updates and security patches

could be automated and deployed systemwide as needed. This has become a common pain point for businesses with aging print infrastructure, often made up of multiple hardware brands and disparate servers that have been acquired over time. With Lexmark CPI, customers could expect consistency in security protection with a cohesive set of solutions, services, and best practices deployed across the entire fleet.

## Simplify Acquisition

Lexmark CPI is different from traditional managed print services (MPS) because the print fleet is managed and owned by Lexmark. Leveraging its data-based Print Fleet Design tools, Lexmark would work closely with the customer to develop a fleet design plan based on current usage patterns, security concerns, business processes, and future print and scan needs. There is an obvious cost benefit to eliminating on-premises servers, but the program also offers total flexibility in terms of print acquisition and operating expense accounting.

Lexmark Cloud Print Infrastructure is being offered with multiple types of pricing and billing models, including a subscription-based all-in model, a flat-rate billing model to provide for consistency in monthly budgeting, and a hardware purchase + utility model for those customers that want the benefit of cloud infrastructure but prefer to own the printing hardware. Lexmark stresses that its CPI offering provides customers with flexibility when it comes to recognizing print infrastructure on the balance sheet. New accounting rules and FASB guidelines for long-term leases are a cause for concern, leading more organizations to consider a shift from capex to opex for print. Lexmark points out, however, that it cannot guarantee FASB compliance because each business has its accounting principles and methodologies that must be considered.

## Simplify User Support

Lexmark provides a broad set of Smart Services as part of its CPI platform, including proactive and automated supplies management and fulfillment, predictive services, proactive device notifications, and live data analytics. An important part of this capability is the intelligence built into its smart MFP devices, which allows Lexmark to monitor device needs and deploy resolutions without the need to engage with the customers' own IT staff. At the same time, Lexmark can help customers along the digital transformation journey, with the ability to layer in workflow and other solutions that can evolve as organizations become more digital ready.

Initially, Lexmark is targeting its Cloud Print Infrastructure at enterprise accounts through its direct channel. However, the firm asserts that it is building out capabilities to offer an SMB version of CPI through its network of channel partners in the future.

## IDC'S POINT OF VIEW

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The business behind the business of print continues to evolve. Over the past decade, most of the enterprise market has migrated from a transaction-based, toner out model to a contractual print services model, fueled by rapid adoption of managed print and document services (MPDS). Indeed, basic print services (BPS) and entry-level managed print services have essentially become commoditized, particularly in the enterprise space. As a result, providers must differentiate offerings through software and value-add services in areas such as workflow, IT, and security. The ability to take over the entire print infrastructure represents the next step in value-add print services for hardcopy vendors scrambling to find ways to escape the commoditization of MPS.

Meanwhile, today's customers demand more from their print services engagements. In the enterprise, the focus has shifted to an infrastructure-as-a-service (IaaS)-centric IT environment, allowing businesses to take advantage of machine learning and other advanced automation technologies to drive better business outcomes. A corresponding movement to outcome-based models for print and document infrastructure is well underway, which means less emphasis on purchasing printers and more on the ability to meet desired objectives around print capacity, process optimization and workflow automation, digitization, and long-term digital transformation initiatives.

Lexmark Cloud Print Infrastructure represents a bold move in the direction for outcome-based print services. It is important to note that Lexmark CPI is not just about outsourcing the management of existing print infrastructure but re-architecting the print environment to a cloud-based deployment to significantly reduce print and document infrastructure needs, while driving cost savings and optimization of IT resources. This type of approach can be quite complicated and time-consuming. According to Lexmark, some customers will deploy CPI as a complete redesign, while others might pursue a more transitional process, meaning Lexmark would manage some portion of the existing infrastructure while migrating portions to the cloud.

The benefits of Lexmark CPI go well beyond cost savings, not the least of which is the added security of moving to a cloud-based infrastructure with complete visibility into security status, device usage, and threat-level verification. Many organizations are just beginning to recognize the security vulnerabilities associated with the print and document environment, and the ability to detect risks and remediate security threats quickly is an obvious advantage. Some organizations still view the cloud as a security risk in and of itself, but Lexmark believes it can overcome that barrier through educational efforts.

Usability has also become an important variable when it comes to IT these days. Changes in workstyle and workforce have created the need for an always-on, always-accessible computing environment that is flexible and scalable enough to meet a wide range of customer needs. As a result, IDC expects to see continued movement toward print infrastructure-as-a-service offerings.

Lexmark is not the only vendor with programs already announced. Last year, Xerox unveiled its Virtual Print Management Services (see *Xerox Sets Course for Future Growth with Next-Generation Apps and Print Services*, IDC #US44397918, October 2018). While there are differences in capability, implementation, and pricing models, Xerox Virtual Print Management Services are designed to take all the components within the print path, including on-premises print servers, and consolidate everything in the cloud. With two major vendors already in the mix, it seems plausible that others will soon follow suit.

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### Related Research

- *Worldwide and U.S. Managed Print and Document Services and Basic Print Services Forecast Update, 2018-2022* (IDC #US44096618, March 2019)
- *IDC MarketScape: Worldwide Contractual Print and Document Services Hardcopy 2018-2019 Vendor Assessment* (IDC #US44387318, December 2018)
- *Vendor Snapshot 2018: Lexmark on Contractual Print and Document Services* (IDC #US44484418, December 2018)

- *Xerox Sets Course for Future Growth with Next-Generation Apps and Print Services* (IDC #US44397918, October 2018)
- *Lexmark Charts Course for "Winning with Dealers" During 2018 Road Show Events* (IDC #US44027018, June 2018)

## Synopsis

This IDC Market Perspective provides details regarding Lexmark's recently announced Cloud Print Infrastructure (CPI) offering. Delivered as a subscription-based, as-a-service solution, Lexmark CPI allows businesses to migrate their entire print infrastructure to the cloud, leveraging a consumption-based pricing model and deployment strategy that can adapt to business needs over time.

"Enterprise organizations are moving away from purchasing printers and MFPs in favor of acquiring print and print-related services," says Robert Palmer, research vice president, IDC's Imaging, Printing, and Document Solutions. "The continued emergence of print infrastructure-as-a-service offerings will open the door for businesses to migrate more fully to outcome-based programs tailored specifically to organizational needs and long-term objectives."

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