

## **Xerox Corp.**

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For BTA dealers, 2009 will bring more challenges, but also opportunities. We expect to see dealers thinking differently about their businesses due to competitive landscape changes and continuing economic pressures. As businesses of all sizes strive to stretch their dollars further, dealerships who assist customers in finding the right technology tools to achieve efficiencies will be well positioned to weather the storm. It is paramount that dealers understand the features, benefits and advantages of Xerox multifunction printers (MFPs) as small-to-medium business (SMB) customers are looking for a smarter and more efficient way to maximize document workflow and increase their profits. Partners who understand their customers' work environments and understand scanning and networking will be successful in the future.

Specific market opportunities in 2009 include the continued shift to color printing in the office; using managed print services to drive revenue; and effectively promoting the benefits of MFPs equipped with development platforms that provide customers with customized electronic document workflow solutions.

The business world's adoption of color printing is accelerating. Xerox research has found that the hardware market is forecast to grow \$19 billion by 2011 and Xerox expects color to account for 50 percent of the market revenue by that time. In fact, we expect that within five years 23 percent of all pages printed on Xerox technology will be in color. Technology advances will continue to drive down the cost of color devices making the phrase "color everywhere" a reality. Dealers who educate their customers on the positive impact of color printing stand to increase their revenue, while making the transition to color more affordable for their customers.

Wrapping services around the hardware — managed print services — will continue to be an area where dealerships can grab higher margins, distinguish themselves from the competition and provide additional value to their customers. IDC predicts the managed print services market will grow to be \$7.6 billion in 2010 and the growth rate in the mid-market is at more than two times that of large enterprises. Xerox's successful PagePack program is designed to give organizations peace of mind. Ninety percent of customers do not know their cost of printing and spend 1 to 3 percent of annual revenue on document output. With PagePack, the cost per page is crystal clear from day one. Long-term benefits include a single point of contact with the dealer for the life of the contract and accountability for service and support.

This fall, Xerox introduced TonerPack, an extension of PagePack. This additional managed print services offering gives authorized dealerships the ability to offer customers a toner-only cost-per-page contract on select HP monochrome printers and MFPs. This program provides a unique profit opportunity for dealers to further expand their businesses and address the needs of offices that have multi-vendor printing equipment. By owning the customer relationship, dealers can increase customer loyalty and retention while also realizing recurring revenues.

As you have likely heard before, changing a customer lease or being focused on the pure box sale does not cut it anymore. Dealerships that leverage the muscle of the MFP to make work easier for their customers will outpace competitors who do not. MFPs equipped with Xerox's Extensible Interface Platform (EIP) can be tailored to meet specific business challenges. Dealerships can easily create personalized and customized solutions that are accessible right from the MFP touch screen, automating complex business tasks with a single button press. The value here is ultimately to the end-user. But there is also value to the seller, because they can be seen by their customer as more than a "copier rep," but rather as an indispensable business partner who understands their unique challenges and improves the way work gets done in their organization.

Xerox's new Advanced MFD Channel Partner Program will continue to bring the latest color and monochrome MFP products to our partners in 2009 and we will refresh our existing line as new technology becomes available. In addition, we are assisting dealers to promote and sell Xerox by enabling their Web sites to show Xerox products and enabling partners to do targeted e-mail campaigns.

In 2008, the Xerox North American Dealer Channel (NADC) merged with North American Resellers (NARS), expanding our reach and strengthening our value proposition. There are increased opportunities for dealers to take advantage of new owner/rep promotional spiffs, back-end rebates, up-front discounts, demo unit incentives/discounts, bid support, deal registration, break-fix programs as Authorized Service providers, along with many marketing enablers that are right at the partner's fingertips. What this means is we simply expect to see continued growth in the Xerox Buy-Sell Channel and targeted market growth in 2009.