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### 2012 Year In Review: Print Audit Changes the Software Sales Model

By: [Abbie Mantor](#) | February 18th, 2013 | [Data & Trends](#),

In our continuing year-in-review coverage, we turn to the MPS market with perspectives from John MacInnes, CEO at Print Audit, a Calgary-based remote device management, print tracking and auditing software developer. John took some time to discuss the overall imaging industry as well as Print Audit's positioning within the market. Below are his thoughts on 2012 and focus for 2013.

**io360: What was the most significant development of 2012 in the overall imaging industry from your perspective? How has it impacted your business, if at all?**

Print Audit: In March 2012, we launched our Premier membership program, a flat rate subscription service designed to allow our dealers to make the most profit possible. Our biggest change in ten years, the program has altered the model of how software is sold in our industry. Previously, dealers would sell our products, and we would receive a percentage of each license sold, which makes it difficult for us and the dealers to budget revenue. Last year, over 100 new subscribers signed on to the Premier membership program, and our dealers are already reporting double to triple their profit over the old model. Additionally, we get the benefit of a quickly growing revenue stream that won't go away.

**io360: What was the most significant product launch across the industry this year, in your opinion, and why?**

Print Audit: I've always been impressed with the Memjet engine. Seeing the paper go in and out of that machine so quickly is amazing.

**io360: How has managed print services affected your business? What adjustments, if any, are you planning in the future to maximize your company's position in the MPS market?**

Print Audit: All of our software is related to managed print. Our work with dealers has always been in those realms. To increase their own revenue, we are seeing our dealers starting to layer on more solutions and services for their clients. Print management has been one of those revenue streams for our dealers.

We are glad to see dealers moving away from just managing toner and cartridges. All aspects of MPS are beneficial to us. As Stage 3 MPS is improving and becoming more widespread, our business is well-positioned to assist dealers at that level.

**io360: What was your biggest challenge in 2012 and what do you expect the biggest challenge to be in 2013?**

Print Audit: Changing our business model from large deals to more of a subscription model was our largest challenge in 2012. We had two or three outstanding deals (Calgary Board of Education and a couple Fortune 500 companies) that purchased our software under the old model last year. Those sales gave us enough revenue to proactively pursue an increase in subscription memberships.

Moving into 2013, our biggest challenge will be making sure dealers understand the value proposition our Premier membership service offers. Our goal is to acquire 60 new office equipment dealers in North America and 90 more worldwide. We've seen the people that became subscribers last year understand the value proposition right away. We will be using the revenue reports from our current Premier dealers to show potential members the possibilities of our service as we move into the mainstream market place.

Another area we'll be interested in watching is marketing. We won't be going to ITEX this year but [will] focus on more direct marketing, magazine marketing, and dealer-specific touches. Marketing overall is changing. We do a lot of social media, direct marketing, and working directly with our dealers. SEO [search engine optimization], video - that's where we see our customers engaging. It's easy to tweak quickly what is most engaging to our customers.

**io360: Four years into the recession, how has your business strategy changed to maintain profit margins and/or sales? From your business's point of view, is the market recovering? Do you have any adjustments planned for 2013 as a result of the recession?**

Print Audit: On a macroeconomic scale, there is a viable replacement of paper with the introduction of smartphones and tablets as users are choosing to view documents on their screen rather than on paper. The printing industry won't disappear, but our dealers will have to bring in other revenue streams to grow. All our Premier members have added on a stream of revenue with our Print Audit subscription service. Many are looking into document management beyond printing. They are also branching out to office furniture, IT management, et cetera.

**io360: What do you think the biggest opportunities in digital printing for paper vendors? What are the areas of the market that excite you? What are the areas of the market that worry you?**

Print Audit: For office equipment dealers, diversification is key. In the overall economy, there is an upward trend in hiring people, but there will be fewer devices. Dealers should look at ways to create revenue on a per user rather than per unit basis. Additionally, there is a downward trend of impressions being made. We will find tablets and smartphones are a viable option rather than carting around paper.

**io360: Are you seeing transition among clients from basic MPS engagement to more sophisticated MPS engagements? How have you positioned yourself in the market for these changes, if at all?**

Print Audit: Definitely. It's more of our model. When a dealer signs on for Premier membership, they are saying they are ready to be focused on more than just tracking toner and cartridges. They are looking to provide services as well.

With our model, we allow dealers to resell up to 25,000 units. If they resell even less than 5 percent of their units, they are profitable. Dealers also benefit from our ongoing improvement system. We continue to upgrade and add to our software. Those updates are available to our dealers and their customers automatically.

We don't have competition that can bring two pieces of technology into one like we do - device management and print management. Our plan is to start adding services to the subscription that others can't - document management, IT management, or the like. Our goal is to help our dealers build more revenue streams.

**io360: Have you noticed any particular vertical markets more engaged with MPS than others? Which vertical markets are they? Particular regions of the world more engaged in MPS?**

Print Audit: Not really. In the press, we hear a lot about hospitals, but as a model, MPS appeals to every customer set. South America has been very successful in MPS. They go farther than most

others adding services - we've seen five percent per month growth there. Asia - we haven't seen much MPS growth in that market. Europe is strongly in recession and therefore not making purchasing decisions. Australia seems to be favorable to MPS.

**io360: What is the primary need/concern of new clients (cost savings, security, etc?) Do you see those primary needs/concerns shift as clients engage in MPS for a period of time?**

Print Audit: On the end user side, primary concerns include a desire for a one-stop shop, cost savings, security, and environmental concerns.

For dealers, we find they are solidly looking at recurring revenue streams and squeezing more out of their current base and making more profit per customer. At the end of the day, they are service providers looking to add clients to their base. Just like their customers, we find dealers want to work with fewer vendors as well.

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