

Staying in the black

Area office equipment suppliers hang tough

By Michael Boss
SPECIAL TO THE IBR

The office equipment market is an object lesson in counterintuitiveness when it comes to the impact of business cycles.

While companies typically cut overhead and slash budgets during recessionary periods, they also look for ways to increase their productivity and improve the efficiency of their business processes – and it is precisely these latter impulses that keep two local office equipment suppliers in the black, even when many of their customers are struggling to get out of the red.

Understanding this seeming anomaly means getting to the heart of how the office equipment business has changed over the past decade. While printers, copiers and fax machines were once simply pricey commodities, they are now networked into business processes in ways that make them as much the domain of the information technology manager as the concern of the company purchaser.

As David Silva, president of Automated Office Systems, points out, “We now have three different buyers that we sell to: the ‘user buyer,’ the ‘technology buyer’ and the ‘money buyer.’ We have to satisfy all three.”

The reality that Silva describes argues for what Chris Taylor, president of Fisher’s Document Systems, refers to as a “consultative sale.”

“We have gone from operations to IT and finance in our sales process,” Taylor says. “I can’t walk into the office of the IT manager or CFO like a used car salesman. To be successful means translating our products and the technologies they embody into improving our customer’s business.”

In weathering the current economic downturn, however, both Fisher’s Document Systems and Automated Office Systems have another ace up their sleeves – one that is an intrinsic part of their business model: service contracts.

As Taylor describes the service component of his company’s revenue stream, “Half of our revenue is equipment sales, and the other half is service. We can lose half our new sales in a downturn and still retain 75 percent of our overall revenue.”

Silva concurs. Having started Automated Office Systems in 2003, he views his company’s accumulated service contracts as the reason it has remained viable. “Had we started Automated Office Systems in 2008 instead of five years earlier, we’d have



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President of the company, Chris Taylor, is shown here in the tech room at Fisher’s Document Center.

been out of business within weeks – maybe hours,” Silva playfully speculates.

Surprisingly, given the current economy, Taylor notes that his company has actually seen 20 percent growth year-over-year, and its latest marketing slogan is “Fisher’s Is Growing!” Fueling this

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growth, he explains, is his company’s strategy of “embracing our customers’ pain points.”

These pain points include the imperatives of cost reduction, increased efficiency and greater differentiation as competitive requisites. Says Taylor, “In a stronger economy, the benefits we deliver may not be as obvious to our customers as they are in a downturn, when our value proposition is more evident.”

For Fisher’s, technology evolution in office equipment systems plays a significant role in enhancing its value proposition. One technology trend that has been driving Fisher’s sales strategy for a number of years has been the inexorable progress toward the vision of the “paperless office.”

“The concept of going paperless is finally comprehensible to most organizations,” Taylor notes. “The technology needed to accomplish this is driving lots of scanning and hardware purchases along with software, and we’ve developed

strong competency in getting companies to embrace the changes in corporate culture that need to happen as well. We understand how to get from here to there.”

A newer and potentially more significant trend that Fisher’s has tapped into is what Taylor describes as “managed print services”. He points out that while companies have historically negotiated aggressively on the cost of their copier contracts, they’ve typically overlooked the collective cost of laser printers distributed throughout their enterprises.

“There is generally no single view of what printers really cost because their purchase and maintenance comes out of multiple budgets within an organization,” says Taylor. “To better manage these costs, we’ve gone into companies and put all their printers under a single managed services program, generally at a 20 to 40 percent cost reduction, while at the same time reducing the burden on their IT resources.”

Automated Office Systems has also been working with customers to get a better handle on cost control. The company performs what Silva terms “Doc Audits” to assess ways to cut costs.

“We look at the totality of our customers’ copying, printing, faxing and outsourcing,” he says. “In some cases we can take their outsource document production back in-house, teach them how to better manage their resources, and lower their costs.”

One area of cost savings that Automated Office Systems has focused on has been transferring the creation of documents using color from printers to copiers, where the difference in the cost per page can be reduced from 50 cents

with inkjet printers to 8 cents when color copiers are used instead.

One industry trend that both Fisher’s and Automated Office Systems are doing their best to not only accommodate but to turn to their advantage is supplier consolidation. As with other industries, locally owned office equipment companies are being acquired by larger corporate competitors. Both Taylor and Silva emphasize the need to provide their customers with access to top decision makers in their respective companies as a way to improve their responsiveness to their local market.

Beyond providing customers with his cell phone number, Silva has increased his sales force and divided his company’s sales territories into smaller units to more effectively identify points within a typical 5-year cycle of equipment use to insert Automated Office Systems as a technology provider.

For Fisher’s Document Systems, competing against larger competitors also means becoming more like them. For one thing, Fisher’s has created its own leasing company.

“Other than losing customers to our competitors, our biggest challenge is our customers going bankrupt or being unable to get financing,” Taylor notes. “We still do third party leasing, but now we can cherry pick the deals we know are rock solid and balance those with riskier ones that third party lenders wouldn’t take.”

Through partnerships with office equipment companies in markets outside the Treasure Valley, Fisher’s has also created a service structure that can handle a nationwide fleet of devices for customers with national operations, giving them the convenience of a single point of contact for service requests, dispatches and invoicing.

While acknowledging that economic events since third quarter 2008 have posed challenges for the office equipment market, both Taylor and Silva are looking ahead with confidence.

“The tendency in a downturn is to lay people off,” Silva observes, “but I’m an extreme optimist. I’ve been through half a dozen recessions in my business life, and there is always a recovery. I believe strongly in the Treasure Valley and in the U.S. – and I believe that we’re going to make a comeback.”

INSIDE



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