

HP and Canon Alliance Will Benefit MPS Customers

Don Dixon

The HP/Canon partnership enhances the companies' copy and print capabilities. But more importantly, the new alliance puts competitive pressure on managed print service megavendors such as Ricoh and Xerox.

NEWS ANALYSIS

Event

On 14 September 2009, HP and Canon announced an expanded alliance through which HP, under the Canon brand, will market and distribute the full range of Canon imageRUNNER office multifunction and imagePRESS production systems in North America and Europe. The alliance unites Canon's copier-centric multifunction devices and HP's printer-centric enterprise printing and imaging assets and builds on an established relationship between Canon and HP that spans more than 25 years.

Analysis

Gartner believes that the HP/Canon alliance creates a new market force with one of the broadest hardware product offerings in the managed print service (MPS) arena. Canon is likely to sell more boxes with this deal and will leverage HP's IT expertise and printing channel dominance. Canon's MFP/copier manufacturing and engineering expertise will fill a gap in HP's portfolio to create a heavyweight provider in the commercial printing market. Most importantly, however, the new alliance dramatically increases the pressure on other MPS providers such as Ricoh and Xerox.

Further, HP's partnership with Canon for the A3 hardware product portfolio removes some, but not all, objections to HP converting the A3 population of Xerox hardware, as planned through its previously announced Agility Alliance with EDS. In addition, Canon's partnership with HP for MPS capability will give them access to EDS's outsourcing capabilities and position them to be more competitive against Xerox and Ricoh.

Beyond each vendor's competitive gains, we also believe that the HP/Canon partnership will benefit MPS enterprise users and global customers from both companies. Customers who prefer to purchase printing through an MPS offering can now avail themselves to the expanded HP product portfolio. In addition, customers gain the combined strength of Canon's printer and multifunction product (MFP) service expertise and HP's IT-friendly solutions and services expertise.

RECOMMENDATIONS

- **Enterprises:** Consider HP's greatly expanded hardware capability when comparing it against its preannouncement capacity, as it now has access to the entire line of Canon's imageRUNNER and imagePRESS products. Scrutinize the details of how HP and Canon will deliver seamless service and support in various geographies. Given that a broad product portfolio is only one component in MPS delivery, enterprises must closely examine the full capability of the actual "service" offerings promised by the HP/Canon alliance, which is the truest determination of how successful this alliance will be against the likes of Xerox.
- **Technology Providers:** Take close note of this new capability Canon has acquired. With HP as a partner, Canon will gain instant credibility with enterprise customers and will become a stronger force in MPS deals worldwide.

RECOMMENDED READING

- "SWOT: Canon, Business Machines, Worldwide" — This analysis reviews the strengths, weaknesses, opportunities and threats of Canon's Business Machines Group against

the backdrop of the economic recession and competitive landscape. **By Don Dixon, Tomoko Mitani and Tosh Prabhakar**

- “Dataquest Insight: Canon Risks Severe Revenue Loss” — With Ricoh's agreement to acquire IKON Office Solutions, Canon must quickly consider its options under these circumstances. **By Don Dixon and Ken Weilerstein**

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