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Streamlined Ikon introduces new portfolio of products

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MALVERN — Two-and-a-half months after selling its leasing operations, Ikon Office Solutions Inc. has kicked its services business into what it hopes will be a very high gear.

Earlier this month, the company introduced a portfolio of products and services aimed at helping organizations manage their documents and the information they contain.

The portfolio arrives four months after Ikon combined its three service groups into one unit called Ikon Enterprise Services and promoted Michael Kohlsdorf to senior vice president to head it.

Ikon didn't roll out the enterprise services group's offerings when it formed the unit because it wanted to make sure it could support them, Kohlsdorf said.

"We've staffed this, from an infrastructure standpoint, from beginning to end, to be sure we're successful," he said.

The new group makes up about half of Ikon's revenue and employees with about \$2.2 billion in annual sales and 16,000 people, including 50 the company recently added at its headquarters here. Kohlsdorf said it plans to add hundreds of people across the country.

"There's fairly significant infrastructure in place and what we're doing is completing that infrastructure," he said.

The introduction of Ikon Enterprise Services' portfolio is the latest step in Ikon's effort to refocus itself.

The biggest step to date came in December when Ikon said it was selling its leasing operations in the United States and Canada to General Electric Co. for \$1.5 billion.

The sale enabled Ikon to restructure its balance sheet, reducing its debt to capital

ratio to 50.8 percent from 67.7 percent.

It also got Ikon out of what was essentially a financing business, allowing it to concentrate on providing customers with document-management products and services.

Additionally, it did that without limiting the services Ikon can offer its customers. The company has an arrangement through which GE will provide leases to customers that want to rent the copiers and other equipment Ikon supplies.

Teaming with other companies, as it does with GE, is a part of Ikon's plan to boost its services business.

Many of the recently unveiled services include technology developed by other companies, such as EMC Corp.'s content-management software, Equitrac Corp.'s document-accounting software and Objectif Lune Inc.'s software for designing and printing business forms and labels.

Other competitors of Ikon's, such as Xerox Corp. and Hewlett-Packard Co., have formed similar alliances, said Keith Kmetz, director of hard-copy peripherals solutions and services for information-technology and telecommunications research and analysis firm IDC.

"Most of the larger players are getting into the solution services business," Kmetz said, so they can sell "more products that tie into the hardware that they're very well known for."

Ikon argues it has an advantage over Xerox in the arena because it supplies multiple brands of equipment while Xerox pushes its own. But, Kmetz said, "it's hard to evaluate one vendor over another."

Ikon and its competitors are emphasizing their services more because the market for the equipment they supply is largely flat. The market for helping organizations

deal with their documents from creation through distribution to storage and retrieval, however, is growing.

Ikon begins the process with what used to be its professional services group. That part of Ikon Enterprise Services goes to organizations, looks at how they create, move, distribute, print, store and retrieve documents, and develops ways to optimize the process.

If the customer wants to implement Ikon's recommendations itself, the old professional services group will help it do that. If, however, it wants to outsource its document-management processes to Ikon, then what was the managed services group gets the work.

In either case, the former customer-services group still provides post sale support.

By combining the groups, Ikon gave customers what they wanted.

"What customers are looking for in this new environment is one organizational entity to deal with," Kohlsdorf said.

UP CLOSE

COMPANY: Ikon Office Solutions Inc.

HEADQUARTERS

LOCATION: Malvern

TOTAL EMPLOYEES: 30,250

LOCALLY BASED

EMPLOYEES: 1,200

CHAIRMAN,

PRESIDENT AND

CEO: Matthew Espe

TYPE OF COMPANY:

Provider of copiers and other document-management products and services.

2003 REVENUE: \$ 4.7 billion

RECENT SHARE

PRICE: \$12.01

BIG DEVELOPMENT:

The company's recently formed Ikon Enterprise Services group rolled out its portfolio of products and services.

Source: The company, Yahoo! Finance

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