

October 8, 2004 Friday
USA Edition 1

SECTION: COMPANIES INTERNATIONAL; Pg. 22

LENGTH: 479 words

HEADLINE: **Ikon** winning the office paper chase: Amy Yee on how document turnaround time at one company was reduced from two or three days to six minutes

BYLINE: By AMY YEE

BODY:

Ikon, North America's largest distributor of copiers and printers, is aggressively expanding into services focused on helping businesses to manage documents and workflow.

Matthew Espe, **Ikon's** chief executive, said there was potential for double-digit growth in the burgeoning professional services area, whereas hardware was seeing slowing growth.

Analysts estimate that the entire document production and management industry has a market potential of Dollars 50bn in the US.

"It is possible to sell beyond hardware and to offer more services," said Mr Espe during a visit to New York last week marking **Ikon's** 35th anniversary on the New York Stock Exchange. "We've made our approach more thoughtful and targeted."

As copiers, printers, scanners and faxes converge into digital multi-function devices hooked into a company's network, office machines are assuming a new importance as an information hub where data can be more efficiently stored and managed.

Other companies such as Canon and Xerox are also trying to grab a piece of the pie.

Both have said that consulting services are a main driver of future growth. Xerox said second-quarter revenue from global services, its consulting arm, rose 37 per cent.

Illustrating the importance of this new area, Xerox last month launched a new corporate logo to stress its role beyond hardware. The new logo carries the line: "Technology. Document Management. Consulting Services."

By working with new technology, operations can be streamlined to result in significant time and cost savings.

Analysts estimate that 5-15 per cent of a company's revenues goes towards

document production, retrieval and management.

Ikon, based in Pennsylvania, uses its work with Ceridian, a Minneapolis-based human resources firm, as a case study.

By assessing Ceridian's operator-to-customer workflow and implementing a new system, **Ikon** claims to have reduced costs in that unit by 80 per cent. Turnaround time to send documents to customers was reduced from two to three days to six minutes.

Mr Espe said this kind of service would help **Ikon's** revenues increase by Dollars 240m in this area in the next three years on a base of Dollars 2.3bn.

"There's a real potential for organic growth. There are also potential opportunities for modest acquisitions," said Mr Espe.

Ikon last month announced partnerships with hardware manufacturers and software makers. The company launched the strategy in May with the formation of a document management and services group that unified existing arms. There are 16,000 staff in the new group, or about half of **Ikon's** worldwide staff.

Ikon also has plans to expand into the fragmented European market. It has offices in five European countries and aims to have more by 2007.

Ikon is targeting organic growth between Dollars 100m and Dollars 125m in Europe and says the industry's market opportunity in the region is Dollars 35bn.

LOAD-DATE: October 8, 2004