

# Opportunity Knocks

by Bryan Bonacum, Future Graphics

For years we have been watching the slow convergence of two similar yet very discrete markets: copier and laser. The copier market has primarily focused on the high-end multifunction network devices, while Hewlett-Packard (HP) and Lexmark have competed for network workgroup multifunction. Now, with multifunction (MFP) devices below the \$200 price point, we have to wonder if the desktop, stand-alone laser printer will even be around much longer. Also, with HP's lowest-priced 20 ppm stand-alone laser to date being the HP 1160 at \$349, and its least expensive 20 ppm multifunction the HP 3380 priced at \$699, it is no wonder that other manufacturers are able to successfully penetrate this market.

## The Steady Growth of the SOHO Channel

According to the U.S. Department of Commerce Census Bureau, an estimated 99.7 percent of all U.S. companies are small businesses. From 2001 to 2002, firms employing less than 20 employees showed net job gains of 853,000, while large companies employing 500 people or more showed losses of more than 2.2 million. Small business proprietors' income, a partial measure of small business income, increased 7.3 percent from \$834 billion in 2003 to \$902 billion in 2004.

In recently published reports, Lyra Research Inc. noted that the global install base of personal monochrome laser MFPs is forecasted to increase steadily from 6.5 million current units to 10.2 million in 2008. This growth can be attributed to two primary factors: swelling consumer confidence that has resulted from increased user comfort level and the aggressive pricing strategies adopted by MFP manufacturers.

Like most SOHO laser releases, the digital convergence and ascendancy of the MFP benefit the aftermarket by adhering to the classic "razor and blades" consumables model. This means that the low-cost hardware attracts sales while the high-cost consumables produce a consumer "sticker shock" backlash. In this case, consumers seek better value and are more receptive to remanufactured supplies.

Bryan Bonacum, general manager of Future Graphics' New York sales office and warehouse, has gained extensive knowledge of laser, fax and copier cartridge remanufacturing, imaging components and non-Canon engine markets. Previously he was vice president of sales and marketing at Summit Laser.



## Brother's Newest Releases



During the period of July 1, 2005 to August 1, 2005, six out of eight most popular laser MFPs were manufactured by Brother. (Samsung and Canon each had a model represented on the list as well.)

Brother is clearly the dominant non-HP, entry-level MFP provider and continues to apply serious price pressure to its competition. In February of 2005, the company added to its long line of MFPs, which are based around its newest laser printer (20 ppm) print engine, originally introduced with the release of the HL-2040 in late 2004. The release of the DCP-7020, a 20 ppm 3-in-1 (print, copy and scan) brought multifunction capability to a whole new price point and currently has a list price of \$199. The MFC-7420 is a 4-in-1 (print, copy, fax and scan), which offers print speeds of 20 ppm, has a flatbed copier and color scanning for a listed price tag of \$299 before rebates.

Brother also introduced the MFC-7820N, the world's lowest priced, network-ready, flatbed MFP with a list price of \$349. All of these models use the same consumables. The toner cartridge (TN-350) has a rated yield of 2,500 pages and a list price of \$59.99, while the drum unit is rated at 12,000 pages and has a list price of \$114.99.

## Samsung's Newest Releases



Samsung has continued its aggressive growth in the printing market and now has its eye on the multifunction end of the business as well. Samsung's current MFP listing includes the 3-in-1 SCX-4100. Based around the ML-1710, the 15 ppm, 3-in-1 currently has a list price of \$199 with a mono-component cartridge system. The 3,000 page cartridge lists at \$79.99.

The SCX-4521 is a 4-in-1 based around the ML-2010 (print, copy, fax and scan), which offers print speeds of 20 ppm, has a flatbed copier and offers color scanning for a listed price tag of \$249. The 3,000 page cartridge lists for \$79.99.

## Dell's Multifunction



The 1600n is the only current low-end multifunction offering from Dell. This network-ready 4-in-1 is based around the Samsung ML-2250 engine and has a list price of \$339 and has a list price of \$399. The biggest difference between this and the other MFPs discussed so far is that this cartridge includes a chip. This 3,000-page cartridge carries a list price of \$69.99, and the 5,000-page cartridge is priced at \$79.99.

### **Great Opportunities for Remanufacturers**

The new, low-cost MFPs sparked by the digital convergence provide a great opportunity to our industry, but they also alert us to the importance of new selling strategies. All of the above-mentioned machines utilize a non-magnetic printing system, which means less wear to components and less cost-per-cartridge for the remanufacturer. This gives us the ability to manufacture a quality product at favorable margins. However, the convergence also reminds us of the importance of providing cost-per-page strategies and communicating to our customers their total cost of ownership (TCO).

Perhaps this is the beginning of the end for the desktop monochrome laser, and perhaps the desktop color laser is headed down the same old road. In July, Epson entered the U.S. market with a new color desktop MFP, the Acculaser CX11N. With print speeds of 5 ppm color and 25 ppm black and color fax capability, it becomes a great alternative to purchasing a color laser printer, such as the newly introduced HP LaserJet 2820, which is slower at 4 ppm/20 ppm, and listed at \$799 (\$100 more than the Acculaser). However, whatever changes may affect hardware engineering, rest assured there are infinite opportunities still available to the remanufacturer. ■

