

# MWA Intelligence Means Business with its Managed Services Portfolio

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Ask office equipment manufacturers and industry observers where to find the biggest future revenue opportunities for the office equipment dealer community and it's unlikely you're going to hear anyone talk much about hardware anymore. Declining margins, predatory pricing, and changing distribution models have pretty much taken hardware out of *that* equation. While some dealers are waiting for new opportunities to smack them in the head or fall from the sky into their waiting laps, a select, albeit growing, visionary few have come to realize that managed services—a mix of print and document management solutions and professional services offerings—is where the action is.

## Introducing MWAI

Managed services or as Mike Stramaglio, CEO and president of MWA Intelligence, Inc., refers to - M2M/M2P (machine-to-machine) and (machine-to-people) is a rapidly growing industry and provides companies the ability to manage, automate, integrate, control, and exchange information across the enterprise, including systems, people and physical assets. Headquartered in Scottsdale, Arizona, MWA Intelligence, Inc. (MWAI) offers M2M and M2P solutions and tools that support the exchange of real-time information between devices, systems, mobile personnel, and back-office management within a company's enterprise. MWAI's M2M/M2P solutions center around its Intelligent Assets module that provides business-critical data from any make/model, connected or unconnected imaging device. A key figure in the office equipment industry for more than 30 years as President and CEO of MWA Intelligence when it spun out of EFI in June 2006, Mike Stramaglio recently took time out to chat with us about the spin off, the managed services opportunity, and the challenges of marketing a managed services solution to the office equipment dealer channel.



Mike Stramaglio, President and CEO of MWA Intelligence, has been involved in all aspects of the office equipment industry for more than 30 years.

**BERTL:** What's the biggest difference in the company since being spun off from EFI?

**Stramaglio:** The biggest change is the ability to focus on what we do best. We were a healthy vibrant group inside of EFI. Of course, ADS had a 15-year history on its own merit, so we have a lot of customers. While we were a part of EFI, whenever we talked about development, the first priority was always Fiery Controllers (as it should be.) Now we have the freedom to properly invest in engineering and marketing tools to help us grow the product line up.

**BERTL:** How has the company been growing and what do you attribute this growth to?

**Stramaglio:** When we came out of EFI, most of our product was driven by mobile service, service applications, and wireless capability. Since spinning out of EFI, we launched our Intelligent Device Management suite, which is bi-directional servicing, meters, consumable alerts—anything that manages the hardware asset. So, when you look at our growth, we are getting growth from an expanded product line that brought us new customers, and expanded business within the existing customer base. We also expanded geographically as well—we're now selling in Europe and Japan. Those things have been a prominent force for our growth. We will end up with greater than 10 percent growth in 2007 and based on a number of implementations we are looking for a greater number in 2008.

**BERTL:** What area of your business do you think will contribute to your future growth?

**Stramaglio:** M2M is really the key focus, but underneath it there are a number of applications or different iterations. We have M2M and M2P (machine-to-people). Those two things are going to be our most significant opportunities for growth. It is a \$15 billion business today and it's expected that 1.5 billion devices will be managed by 2010.

**BERTL:** Who are your customers?

**Stramaglio:** Eighty five to ninety percent of our business has evolved out of the copier vertical market. We are honored our customer list includes prestigious companies such as Canon, Ricoh, IKON, and Global, and are equally pleased with our list of great dealerships around the country. In addition to our copier partners and customers we have found success in the utility vertical market with great customers such as Alabama Gas Co., an Energen Company.



Canon imageRUNNER 3035



Ricoh Aficio® SP 1000SF

**BERTL:** Who do you consider your competition?

**Stramaglio:** There are many companies in the M2M space servicing a variety of vertical markets, but I am happy to say that MWAi is one of the leaders and the leader in the Imaging Market and I enjoy my position as the Technology Advisor for the Imaging Industry.

**BERTL:** What sets you apart from your competition?

**Stramaglio:** In our primary market—the copier and printer vertical market—we're the only company that can integrate the machine data directly into the service application and ERP.

**BERTL:** Why do dealers choose you?

**Stramaglio:** Besides being the only company to do what we do, we are also machine agnostic. We take a strong position that copier brand or service brand is not the issue. The first issue for us is satisfying the dealer requirement of multi-brand efficiency. When a dealer makes a value decision, I would like to think they're looking at the ability to sustain the product and develop the product for years to come.

**BERTL:** You have an impressive list of strategic partners. What makes a good strategic partner for you?

**Stramaglio:** When you look at it from a vendor perspective, it's pretty clear to see that the profile of our business has changed rather quickly. We all know that the OEMs are acquiring dealerships and even Xerox/Global is still acquiring dealerships. It's pretty safe to say that there is a growing presence from the OEM side of the business—from a direct sales distribution outlet. That's going to come in two flavors; from conventional distribution through a direct branch and through alternative distribution with remote service and

remote sales [such as] Web-enabled tools etc. When you look at MWAI, I think that the key strategic value for us in a partnership is that we're driven and eager to work with a company such as Sharp for example, where they have their OSA strategy that allows for innovation and value.

**BERTL : How do you see the market for managed services and solutions growing over the next 3-5 years?**

**Stramaglio:** It's absolutely enormous. It's the most exciting thing I've seen since I joined the business 32 years ago. Many people call it professional services, but people who are in the M2M business know it as managed services. When we look at M2M or M2P, or even the normal technology flavors for what we do today, let's just take break/fix out of the equation, everything will be managed services going forward.

**BERTL: What's the biggest challenge of providing managed services that you do for the dealer channel?**

**Stramaglio:** I don't think dealers are as quick to educate themselves on things like M2M because this type of thing is not normally on their radar screen due to the nature of managing their business. The dealer has a tendency to look at the essential things that manage his/her business such as revenue; gross margin etc. and they will look for the OEM to provide solutions for him/her that will help them going forward. This is one of MWAI's biggest challenges in the dealer community in that we must reach out and provide insight and value that can be understood as well as achieved. The interesting thing is the end-user client is embracing many technologies and it is part of their normal business practice rather than an exception.

**BERTL: How are you educating the channel about what you do and how are you building the brand?**

**Stramaglio:** Building a new brand is always slower than anyone would like so we must work very hard to encourage acceptance. We're building it by focusing on our primary vertical imaging market, using platforms such as the ITEX Show and advertising in the typical trade magazines, and working with folks like you. We're looking to expand the brand into conventional marketplaces around the world through unique advertising efforts, speaking engagements, trade shows etc.

**BERTL : What are the keys to achieving success in the U.S. market?**

**Stramaglio:** The robust nature of the technology as well as a better formula for cost and deliverable. For example, two years ago the data packets were ten times the cost and because the technology is improving so quickly, the cost and efficiency have improved dramatically. This is a key adoption factor as people can now understand this is affordable and it works. All of this will lead to a de facto standard in the market and will encourage greater adoption.

**BERTL : How do you overcome the price issue when talking to price-sensitive dealers?**

**Stramaglio:** The dealer right now in large part is accepting the fact that there is going to be a cost associated with this solution or any managed services solution. I think they're also realizing how they can realize a proper ROI, and you can proof source it now, and it does work. Now we can prove it. We have thousands of people on the system and hundreds of thousands of machines under management. It's not like they can say, 'Who's using this?'

It's being deployed and being consumed. Interestingly enough, the NYC school district, listed remote monitoring and MWAI as a condition for anyone to bid to win their imaging devices and solutions requirements. You know what happened after that? Everyone in the world decided they needed MWAI to get into the bid. I think the end user demand is absolutely growing and they can't afford to ignore it.

**BERTL : What can we expect to hear from MWAI over the next 6 to 12 months?**

**Stramaglio:** We'll be making an announcement about a very powerful strategic relationship and an acquisition that will have a powerful impact on the marketplace. We're going to be making some announcements about a couple of very large sales that are going to make some significant noise in the way of how these products will be consumed in the marketplace going forward. You'll see some very big visible customers going after the marketplace in a big way. And besides geographic expansion, we're working with OEMs where a lot of the software will now be embedded in the box. And at the end of the day, that's nirvana. So when you can do a powered by Intel thing with some of the manufacturers, that's huge. Again, I think you'll see ongoing improvements in deliverable capabilities and ongoing improvements in cost effectiveness.