

MARKET NOTE

Microsoft Global Managed Services Partner Designation will Enable Konica Minolta to Accelerate Customers' Digital Workplace Transformation

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Microsoft Global Managed Services Partner Designation Will Enable Konica Minolta To Accelerate Customer Digital Workplace Transformation

This IDC Market Note looks at how designation as a Microsoft Global Managed Partner and the combined industry expertise of the two companies will enable Konica Minolta to accelerate the digital workplace transformation of its customer base worldwide.

Key Takeaways

- The European IT services market represents an addressable market of approximately 20 times the size of the print market and is therefore an attractive proposition for vendors battling in a declining print market.
- Several print vendors have entered the IT services market — mainly through country- or region-level acquisitions — but this often results in regional service-level inconsistencies. Global service-level uniformity is therefore a key differentiator.
- Strong partnerships that provide technology for collaborative development and integration are critical to IT services market success.
- A global virtual collaborative work environment enables service providers to adopt an "economies of skill" approach, enabling the "democratization" of skills in which experts can provide help and support anywhere in the world.
- Konica Minolta maintains a leading position in the global print space and is making strong inroads into the IT services market. Its Microsoft Global Managed Partner designation provides a solid building block from which its partners can leverage acquired skills to support the evolving global connected workplace.

Source: IDC, 2021

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On March 22, 2021, Konica Minolta announced its new status as a Microsoft Global Managed Partner. The Microsoft Global Managed Partner designation reinforces Konica Minolta's goal of bringing greater focus to its global strategic direction by creating jointly developed, industry-specific solutions and services and by delivering IT cloud services and solutions for the digital workplace at small and medium-sized businesses (SMBs) in most of the countries it serves. Microsoft was a key partner for Konica Minolta's Workplace Hub launch in 2018 and further developments provided the Workplace Hub with enhanced cloud capabilities in 2020.

Konica Minolta has been growing mainly inorganically – through acquisitions primarily in Europe and the U.S. – to gain IT services skills, customers, and geographic coverage. It is no coincidence that many of its acquired companies were already part of Microsoft's partner network. In 2015, Konica Minolta became a certified Microsoft service provider across more than 20 European countries. In the new virtual work ecosystem, Konica Minolta is already leveraging its collective acquired skills, expertise, and best practices internationally – an "economies of skill" or leveraging global, universal expertise anywhere approach to optimizing investment in IT services capability and also sharing stronger business process services expertise in Europe and the U.S. The new designation elevates Konica Minolta into a system integrator position and enables the company to leverage skills and service expertise globally regardless of geographical boundaries.

Konica Minolta states that more than 90% of its customers already use Microsoft technologies. As part of its long-term IT services strategy, Konica Minolta always aimed to expand its business in collaboration with Microsoft to help drive a consistent global IT services direction, which centers on the needs of the intelligent connected workplace. In this way, it leverages Microsoft's technology with its in-depth market knowledge and experience for the benefit of its group companies in 50 countries and customers across the globe. Instrumental to its IT services business is the joint development of industry-specific solutions and services that seamlessly integrate into SMB customers' systems. Konica Minolta has already introduced Automotive CRM for car dealerships as well as for RealEstate and for CARE for social and governmental customers based on Microsoft Dynamics 365. Konica Minolta and Microsoft have already identified life sciences and healthcare as areas where Microsoft can benefit from Konica Minolta's strengths (e.g., medical imaging, patient care, and healthcare).

IDC'S POINT OF VIEW

Several traditional print vendors are diversifying as printed page volumes decline dramatically. The IT services market is one of many areas in which these vendors have invested, providing very different offerings but crossing into the traditional managed IT services domain. These vendors believe that a thriving IT services business will compensate for a declining print business. Certainly, the addressable market is larger. IDC's ICT spending guide from January 2021 estimates that European IT services spending in 2020 was approximately 24 times greater than print spending during the same period.

A few vendors, including Konica Minolta, have devised robust IT services strategies with implementation plans strongly dependent on acquisition. They effectively acquire the necessary skills that also provide geographic coverage and a customer base to which they can also leverage their legacy print business as part of a managed services offering. However, thus far, the skills

have not provided consistency in IT capabilities across geographies. In Europe, print vendors' IT services business endeavors have generally been successful in a few markets – in the U.K., France, Spain, Germany, the Czech Republic, Belgium, and Sweden – and targeted at the SMB market.

Konica Minolta's IT acquisition activity has moved at pace and has been successful, with Europe and the U.S. markets accounting for most of its IT services revenues; however, it is also developing its Asia/Pacific market presence. Konica Minolta Business Solutions USA acquired All Covered in 2011, at which time it already had 22 M&As across the U.S. and was part of Microsoft's partner network. All Covered has since provided the foundation for numerous U.S.-based acquisitions for Konica Minolta – mainly managed service providers and value-added resellers. Since 2012, Konica Minolta in Europe has been making numerous IT service company acquisitions, including Serians, Raber & Maercker, ProcessFlows, WEBCOM, Aurelium, Grupo Meridian, and Nextagenda – all of which are part of Microsoft's partner network. While the All Covered name and brand remained in the U.S., Konica Minolta in Europe integrated all of its acquisitions under the Konica Minolta brand umbrella.

The strengthened position with Microsoft enables Konica Minolta to build its IT services business on a consistent global platform. Its intention to leverage its "economies of skill" for the benefit of its IT services and business process services business will further support its aim of providing globally consistent managed services.

Konica Minolta is clear in its strategy. It is not trying to be "all things to all men," instead focusing on digital workplace services or intelligent connected workplaces with an initial connection or link to print. This resonates closely with the trend toward evolving home and hybrid work styles – initially driven by companies' urgent need to enable business continuity throughout the global pandemic but a work style that will be more readily adopted over the long term.

As a result of the COVID-19 pandemic, companies plan to significantly increase their IT spending. SMBs are looking for IT services to compensate for the limited (if any) IT resources they have and to keep pace with technological developments to accelerate business growth. In Europe, 99% of companies fall under the SMB category, creating significant market opportunity for IT services market players. The pandemic may have caused the demise of many SMBs across Europe, but the addressable market and opportunity is still huge. IDC believes that Konica Minolta is now in a significantly improved position, through its global Microsoft partnership, to support the digital hybrid workplace through the development of consistent and uniform IT services across all global geographies.

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- *Future of Work: Strategies for the New Work Experience - Update* (IDC #US47270619, January 2021)
- *Konica Minolta Expands Workplace Hub Services Portfolio to Meet Evolving Market and Partner Requirements* (IDC #EUR146739720, August 2020)

Synopsis

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