

# Vertical Markets

## Dealers share insight into the range of opportunities

by: Brent Hoskins, Office Technology Magazine

**H**ow deeply have you dived into the various vertical markets in your sales territory? Or are you content with just dipping your toe in the water? Perhaps the pursuit of a vertical strategy warrants another look. Certainly, there are many markets to pursue.

Below are profiles of three dealerships focused on their successes within key vertical markets. The insight and wisdom they share may provide the push you need for your dealership as you consider the range of opportunities.

### Datamax Inc.

Datamax Inc., a Canon, Konica Minolta, Lexmark and Kyocera dealership, markets its solutions primarily in Arkansas and Texas. Both states have five strategic offices, with hubs in Little Rock and Dallas/Fort Worth. The dealership pursues vertical markets in a big way. One only needs to look at the dealership's website to see the importance of the market opportunities. Under its "goVertical" branding, 15 key verticals are listed: accounting, architecture, churches, education, energy, finance, government, health care, hospitality, insurance, legal, manufacturing, nonprofit, real estate and transportation/logistics.

From there, visitors to the site can select a specific vertical outlining how Datamax can assist with addressing common challenges, download the relevant goVertical brochure and read through testimonials from satisfied customers. "We're just trying to put our best foot forward," says Barry Simon, president. "Our people feel good about having this information on our site because they don't see this kind of resource anywhere else. They feel confident that we are doing the right thing. Not too many companies have invested in this as we have; it is an investment."

Fifteen verticals, so 15 teams of vertical experts, right? No, that is not the case at Datamax. "We work geographically, except in our major accounts," Simon says. "So, we want all of our sales reps to understand the verticals. You can't have somebody driving two hours to go on a call when another rep works at a branch close to the customer. We try to make each sales



rep as much of an expert in the various verticals as possible."

Sure, Simon acknowledges, there are reps who have developed more expertise in some verticals than others who can be called up for assistance by fellow Datamax reps as needed. "I would say that all of our reps know that they can bring those people in," he says. "For example, we have one manager who does a great job with schools. The reps know they can pick up

the phone and call him and ask: 'Hey, what do you think of this or that?'"

That sort of vertical acumen was the initial catalyst for the growth of the dealership's pursuit of such opportunities. "It evolved over time," Simon says. "Early on, we had a sales rep who was very, very good working with attorneys, and we ended up with a lot of attorneys as customers. We thought, 'This is pretty good. Let's capitalize on this.' The same thing happened with education and we started getting a lot of customers in the education market. We had figured it out."

Since then, thanks, in part, to the development of marketing efforts such as lunch and learns, targeted LinkedIn posts, etc., as well as effective training, the Datamax sales team and the dealership's vertical focus have come a long way. Simon is quick to offer praise to Kate Kingston of the Kingston Training Group. "We brought in Kate quite a while back," he says. "She came in and met with all of our reps. She has helped us understand how to market to verticals. I would advise others to get Kate involved. She will be able to help you, at a reasonable price, understand the verticals and what good looks like."

Simon shares some insight into how Datamax has selected the key vertical markets that it pursues. "We live and die by the aftermarket or some recurring revenue," he says. "So, we only look at verticals that are going to give us recurring revenue. As long as that revenue stream is there, we'll go after anything where we feel we can be a resource and a dominant player. We also want to see that the vertical is going to provide an opportunity to incorporate our managed services, VoIP, etc."

Dealers should avoid any verticals that do not provide that coveted revenue stream, Simon says. “Be careful not to get caught in something that is going to be short-lived,” he says. He also emphasizes Datamax’s practice of remaining focused on its skill set and advises others to do the same. “We know what we’re good at; we stay in our lane. Anytime you waver from that, you seem to fail.”

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or so — we do golf events, barbecues, etc.,” Schwartz says. “Those golf events cost tens of thousands of dollars every time we put one on, but we get \$5 back for every dollar we spend.”

Schwartz cites an example of ITG’s level of customer service in terms of providing solutions to customers’ pain points. “We have two of the largest construction companies in Arizona and several

## Imagine Technology Group

At Imagine Technology Group (ITG), based in Chandler, Arizona (a Phoenix suburb), with additional locations in Tucson and Flagstaff, success within verticals has come organically, rather than through any focused strategy. “We don’t specifically target verticals, it just sort of happens,” says Chad Schwartz, president of the dealership. “We do really well in health care, legal and financial services, and we do exceptionally well in large, national non-government accounts.”

Schwartz founded the dealership in 2011 with no customers. Fortunately, he says, a few customers from his previous position “switched their service over to us fairly quickly.” Today, ITG, offering imaging devices from Sharp, Toshiba, Xerox, Epson, Brother, HP and Lexmark, has approximately 55 employees.

“Some of the sales reps I hired were going up and down the street and losing most deals on price,” Schwartz says, recalling his observation early on at ITG. “I started looking back and saw that in deals that were \$100,000 or more, we were winning at an 80% clip. However, in deals that were only about \$30,000 to \$40,000, we were losing about 80% of the time. So, we started concentrating on winning bigger accounts.”

That changed everything. “There was a point in time when we billed more in out-of-state service than we did in-state; it was like 60% out-of-state, 40% in-state,” Schwartz says, illustrating the result of the focus on large, national accounts. “Today, we’re still billing a significant amount, probably 40%, out-of-state. Some dealers say, ‘That’s crazy,’ but we have found ways to make money that way.”

One of those ways is through a high level of customer service. “We give the red-carpet treatment,” Schwartz says. “Think about going to Ross to buy a pair of shoes as compared to going to Neiman Marcus to get fitted for a suit. In both places you are buying clothes, but they are two totally different experiences. With big accounts, that works.”

Part of that red-carpet treatment is customer events. “For most of our big clients — anybody spending \$10,000 a month

smaller ones,” he says. “When we started working with one of them, the company had 50 to 100 job sites; we came up with a creative solution where they no longer have to keep renting copiers. They bought 40 to 50 copiers, we store them and move them all around the country to job sites. When a job is done, the copier comes back to us, we clean it up, make it like new and ship it to the next job site.”

Offering another perspective on ITG’s high level of customer service, Schwartz shares the example of one of the dealership’s top reps who specializes in the medical vertical. “It began when he landed a very large hospital with various clinics,” he says. “It was a complicated bid and he had to learn a lot about the industry. As they continued to expand and grow, he felt the best way for him to have a solid hold on the business was to become an expert on everything they needed in terms of what we can offer. Today, they come to him for so many things. At one point, they even asked if he could help them buy a fleet of vehicles. He had to say no, but it shows how much they trust him.”

Schwartz notes that landing large accounts has led to continued growth within key verticals at ITG, due, in part, to executives moving from company to company. “That’s how the vertical market often works,” he says, advising other dealers. “A CEO or director will leave a company but stay within the industry. If you have done a really good job, that person will recommend you to the new employer and they’re like, ‘That sounds great,’ and you get in there. That’s happened to us.”

## The Swenson Group

The Swenson Group (TSG), a single-line Konica Minolta dealership based in Livermore, California, and serving the five counties of the San Francisco Bay area, has a long history with selling to verticals. The dealership markets to eight leading verticals — education, nonprofits, financial, government, health care, legal, manufacturing and retail — providing, via its website, a list of common challenges and TSG solutions, along with promotional videos, for each one.

# Print in Verticals

## Health Care & Financial Services

While print may be a widely used medium, it doesn't behave the same in every market.



### Health Care



18% of total U.S. print volume



Holds the highest percentage of print volume in the U.S.



Highest average pages printed per month per employee



### Financial Services



79% of net print volume loss due to the pandemic



70 billion prints will be output in 2023



Maturity allows for leveraging AI, BPA and RPA

Source: Keypoint Intelligence Office Group Research

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Which verticals lead the pack for TSG? "The two that make up the majority of our client base percentage-wise are nonprofits and health care," says Dean Swenson, president of TSG. "With nonprofits, it wasn't marketing genius. We just fell into it. When you work with the executive director of a nonprofit that has a mission and purpose to feed kids, protect the elderly or whatever, we have found that our value proposition as a local family business resonates more than it does with a big company."

TSG's "core values" and "business philosophies" are in alignment with nonprofits, Swenson continues. "We have built some wonderful relationships with executive directors," he says. "What I didn't foresee happening is executive directors of nonprofits often sit on the boards of other nonprofits. So, as we've made their lives easier and delivered on our promises to them, they've become proof sources and referral partners of ours."

Nonprofits that are "hand to mouth with no money" are not the targets for TSG, Swenson says. "Conversely, certain nonprofits realize they need technology, that they need support," he says. "They view their networks as not just cost centers, but vital to their success and their growth. They also need an MFP that will help their people be more productive. So, they're looking for business partners to help them go to the next level and stay sustainable as organizations."

How about TSG's second leading vertical — health care? "Candidly, we don't go after big hospitals," Swenson says. "Seemingly, most of them have been gobbled up; they're part of bigger organizations that might not even be in our area. Where we've found a nice niche is clinics; some of them are federally funded clinics with multiple offices."

"If we earn the business from an MFP standpoint, we have had a number of these clients that have provided case studies and are references for us as we've gone deeper and wider with print management and then, certainly, compliance comes into play — HIPPA, PHI and patient data," Swenson continues. "We have a number of solutions to help them from

a compliance standpoint and to protect that data.”

Describing health-care organizations as “great partners of ours,” with a number of them securing both TSG’s MFPs and network services, Swenson says the health-care vertical pursuit has been purposeful and with intent because “health care has money.” He notes that while the parking lots of many buildings in the San Francisco Bay area remain empty post COVID-19, “if you look at health-care organizations, they’re booming and their parking lots are full.”

Swenson shares praise for Konica Minolta — and especially its All Covered IT services subsidiary — for its role in helping to ensure the dealership’s success in pursuing nonprofits, health care and the other verticals. “All Covered has built out vertical practices,” he says, citing some

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The Swenson Group

examples. “They have a legal practice; they have a health-care practice. We are fortunate to have access to that type of expertise.”

What is Swenson’s advice to other dealers who may have little or no focus on any particular vertical? “If you have expertise — or even the perception of expertise — a prospect will gravitate to you more than a generalist,” Swenson says. “Whenever pros-

pects meet with two different vendors, I believe the one that comes across as a specialist with references and case studies is going to have the higher win rate.” ■

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