

Q&A: Mike Pietrunti

Xerox senior vice president addresses dealer questions

Compiled by: Brent Hoskins, Office Technology Magazine

On May 17, Office Technology magazine interviewed Mike Pietrunti, senior vice president, U.S. Multi-brand Dealer Channel, Xerox Corp. All of the questions he addressed were requested from and submitted by Xerox-authorized BTA member dealers.

Pietrunti joined Xerox in 2011. In his current role, he is responsible for expanding Xerox business in the BTA Channel and growing revenue. Prior to his current assignment, he spent eight years at Xerox Business Solutions (XBS), formerly Global Imaging Systems, as senior vice president responsible for acquisitions, corporate service and marketing. At XBS he successfully added more than \$400 million of acquired dealer revenue and continued to successfully manage those companies post-acquisition. Pietrunti has also served in executive roles at three other manufacturers — Kyocera, Mita and Sharp.

Below are some of the dealer questions submitted to Office Technology and Pietrunti's responses.

Dealer: What is Xerox doing to combat the supply chain issues?

Pietrunti: I think we are doing everything we possibly can. Xerox is in the same environment in which every other manufacturer is competing, dealing with this logistics issue, which manifests itself in different ways for different manufacturers depending on their production preferences and tendencies. I can tell you that Xerox has shifted a large portion of its mainframe production to Vietnam; that is already in place. Lots of our accessories are still produced in China, which becomes victim of port closures and local decisions made there, as well as the component sourcing; manufacturers are competing with vendors around the world for the same components.

We have ramped up our production to the best of our ability to serve our worldwide needs. I think Xerox dealers



are seeing that there is a light at the end of the tunnel. I think every quarter, as we progress forward, we are providing more and more product to the marketplace. And even though that approaching light may be coming slower than we would all like to see, it is a complex issue that is not just based on our ability to manufacture at a faster rate. It is based on the ability to grab containers, to grab ships and the ability — when you have those containers and those ships — to get them to shore, unloaded and relayed to the distribution centers.

Then there are complications once it hits the mainland with regard to chassis and trucker availabilities that we have heard about now for the past year and a half. However, as others are, we are taking steps and seeing a gradual improvement, and we expect the second half of this year to be much better than the first half. We are optimistic that we are going to be able to gain on this even faster than we are now.

Dealer: What are Xerox's plans to make doing business with Xerox easier for dealers?

Pietrunti: I have been in this role now for three years and as you know, I have spent a number of years with Japanese manufacturers in the same channel. So, I'm familiar with the general approach that dealers may experience in dealing with vendors other than Xerox. For the past three years, we have been taking significant strides toward program simplification, program consistency and making it so that a dealer can learn the way our programs work and to maximize their return. We have got some more work to do, but the key thing is that we continue to listen and although we do not fix everything that we hear all at once, we do listen and we are making progress.

If you ask dealers to look back on how things were three years ago compared to how they are today, I think they would acknowledge that we have made progress. However, we are

humble enough to know that the goal posts continue to be moved and the bar gets higher, so, no matter what we do, we have to do better and that is what we are focused on doing.

Dealer: What are the expectations for CareAR in terms of how it will enhance the customer experience for service issues? Will the hardware be sold as a service item so customers can pick up the glasses and call Xerox support to resolve all their on-site hardware issues? (Editor's Note: Xerox's website notes that CareAR is "built and certified for the modern field-services-enabled enterprise" and "delivers critical context through real-time, visual augmented-reality interactions [with special AR devices/glasses], instructions and intelligence as part of a seamless digital workflow ... CareAR enables service teams anywhere to instantly provide remote visual AR support for their customers, employees and field workers.")

Pietrunti: CareAR is going to be a game changer. Clearly, there is nothing like it on the marketplace today. There are some others that try to come close to it, but nobody can get to the level of technology this product can deliver. We are currently trialing it with a small group of five or six dealers. It is a new technology and a new introduction. It is part of an acquisition Xerox made. Everybody we have shown it to is just blown away, when they consider the impact it could have on their businesses.

One of the key challenges a lot of dealers have is the ability to recruit technicians. They have a challenge going forward when you look at the age of their technician staff members. A lot has been written about the percentage of technicians who are going to retire in the next two or three years. If you combine the fact that you are losing that technical service experience with the fact that it is harder to hire younger people into the business, CareAR is coming at the right time.

What it allows a tech to do is to go on-site — it could be a brand-new tech who has basic mechanical training and understands basic copier/MFP or printer functionality — and create a session with somebody back in the dealership — the more experienced technician who could look and see what the technician on-site is seeing. The devices are interactive. So, as you point the device toward the product, it has different hot spots. The technician back in the service department could direct the less experienced tech on-site on what switches to hit, what screwdrivers to turn, which components to replace and give him (or her) a live coaching

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session right on-site. The benefits to the dealer are innumerable. You are going to increase and improve your first-call fix rate. The customer experience is going to be a lot better because they are going to achieve better uptime ratios. And there is a whole plethora of efficiencies that this has in terms of back-ended benefits to the service department.

By increasing the productivity and efficiency of your service techs, you can

do more with fewer techs. You could quickly reach more customers. You could do more calls in a day. You are eliminating a lot of that wasted time. Our intent is to stand it up as a tool for dealers to use. A dealership licenses it from us for the number of techs they want to enable. It is also a great application for dealership call-center personnel. We have an instruct version of CareAR that, when you hit hotspots on a certain product, you get documentation for that specific component, what to do, step-by-step visuals on how to replace toner and how to replace drums on all CRU-type devices.

In regard to the dealer's second question, the answer is "no." We are not looking to displace dealers from the service equation. We are not in the business to service their customers. That is their job.

Dealer: Xerox has offered managed IT services through the direct channel, but not through dealers. Is there a future plan for expansion?

Pietrunti: The initial plan is for Xerox to stand up a world-class solution through its direct operations — the enterprise XBS and the global direct operations. On the dealer side, we have enough respect to see that many dealers are standing up their own solutions. Potentially, in the future, we could offer a manufacturer-supported solution to the dealers. We have not yet. In my opinion, I think most dealers who can do it are already in the business of providing managed services and, from my experience, most dealers like to be in control of all deliverables that touch their customers. If we get a lot of dealers knocking on our door asking for it, in that case, we would probably be happy to share it. However, up to this point, we have not had a lot of requests from dealers to utilize Xerox managed services.

Dealer: With the vast reduction of printing, copying and companies reducing their footprint of devices, as well as moving to smaller devices, what is Xerox doing to maintain and increase revenue levels [for dealers]?

Pietrunti: Through 2021, our supply revenue in the dealer

channel has increased year over year. Through the first four months of 2022, we are up approximately 17% or 18% in supply revenue. Also, we have not added all that many dealers. That tells me that the supply clicks are coming back. Of course, depending on the dealer's customer mix and the types of business he was engaged in, some sections of the business community were hit harder than others. So, depending on remote-worker deployments and the reduction of facilities, because of the COVID-19 pandemic impact, dealers could, in fact, have seen some decline in their clicks. Most of the dealers I talked to tell me they are back to about 80% to 85% of where they were pre-COVID. That may not work for everybody, but it is just a generalization.

When you look at the opportunity to sell Xerox products, we provide a segment of the product line that most do not have access to. The high end of our production line stands alone. We are number one in the world in market share and we have a number of devices far beyond the one or two that are offered by another competitor. We have a whole product line of light production to production; in the traditional BTA Channel, light production would be considered production.

They are big devices that print hundreds of thousands of prints a month. We are seeing our dealers get more and more involved in the higher end in environments that are using medium that maybe they have not experienced before — environments that are using multiple color toners. As you know, our devices can house up to four different colored toners at the same time and we have a number of colors beyond the four that can fit, for example all of the metallics we have. When you start to get into those environments — and if you pick up two, three or even a half-dozen devices over a year that are producing a quarter of a million clicks a month on expensive medium using four different colors of expensive toner — you are creating new revenue streams that maybe you have not experienced before. It is certainly a way to grow net-new revenue clicks in a market that, if you look at the traditional clicks, is consolidating.

We encourage dealers to make sure to manage the churn in their bases and to focus on net new. That net new should be customers they have not typically sought out before. That is, we direct them into the higher end of the print categories — the production marketplace, not print for pay. There are a lot of marketing departments, a lot of in-house mail companies. There is a lot of opportunity. We are seeing our dealers being very successful there.

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Dealer: Why is there such inconsistency in bid-supported pricing for hardware? We see swings of more than 25% between what we view as similar large deals.

Pietrunti: I would have to speak to that dealer to understand the specific question regarding which accounts. I would ask for examples. I can tell you our general approach is we are pretty aggressive. We treat everyone equally and, typically,

the price that we are able to offer on a bid is determined by the number of units that are involved, as well as the number of clicks that are going to be made over the life of the bid. Those two components really drive the price offering.

Obviously, we are in business to make money, and so you could be in an environment with fewer machines that are making a ton of clicks or a lot more machines making very few clicks. That all goes into a formula that has to come up positive for us and for the partner. We do the best we can to win every deal we can. I think if you look at our market share, we are probably winning more than most.

Dealer: What is Xerox's long-term plan for product, given the Fuji relationship? Does Xerox currently manufacture any product other than production print?

Pietrunti: We have a diversified supply chain, which includes Xerox-designed and manufactured products, such as the Baltoro, Nuvera and iGen, along with Xerox-developed software solutions including ConnectKey, FreeFlow Core, DocuShare and XMPie. We also source product hardware from FUJIFILM Business Innovation and other OEM vendors. This diverse model enables Xerox's technology road map to remain extremely robust.

Dealer: Where is the sweet spot for positioning Xerox products in a multiline dealership's offering?

Pietrunti: I think every spot is the sweet spot. I am proud of our product line. I have had the opportunity to get a bird's-eye view at a couple of other product lines and certainly things change over time, but I do not think Xerox has a weak spot top to bottom in our product line, anywhere. I mean, we have a great software platform that powers all devices. We have fantastic, world-class software with our Workflow Central suite, which is unparalleled in the marketplace today. Plus, our app gallery is as robust as anybody in the marketplace. ■

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