

# Q&A: Clay Mooring

## Lexmark VP & GM addresses dealer questions

Compiled by: Brent Hoskins, Office Technology Magazine

On Aug. 22, Office Technology magazine interviewed Clay Mooring, vice president and general manager for the Americas at Lexmark International. The questions he addressed were requested from and submitted by Lexmark-authorized BTA member dealers.

In his role, which he has served in for two years, Mooring has ultimate responsibility for Lexmark's BSD (Business Solutions Dealers) Channel. He is responsible for meeting the needs of the company's customers and partners in North America and Latin America for products, supplies, solutions and services.

Mooring has been with Lexmark for more than 23 years, joining the company in 1999 as a corporate finance analyst. Through the years, he has served in such roles as market intelligence manager, director of worldwide sales execution and sales director, North America annuities. Prior to becoming vice president and general manager for the Americas, Mooring served as vice president of global annuities.

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

### **Dealer: When will Lexmark resume some sort of reasonable delivery schedule of products to the BSD Channel?**

**Mooring:** This is a question we get every day and, to be honest with you, probably six to eight months ago I did not expect to still be talking about this. I think we all thought things were on a path to a faster recovery.

What I try to do is not pick a date because I will be wrong. I try to pick trends and identify trends. What I would say is production for BSD devices will double in the second half versus the first half of the year. We are going to see improvement in availability. Will we still have back orders at the end of the year? Yes, but it will improve from what I am seeing today.



The recovery will be different by technology, so color versus mono and single-function versus MFP; those will return at different rates. Color MFPs continue to be the most challenging segment of our business.

This projection is based on what we know today. What we also know is that things change rapidly. I am a little bit worried about how we get into the winter months, and if there are COVID-19 shutdowns in China, that would certainly slow the recovery that we are predicting.

### **Dealer: What is the long-term plan for Lexmark? Is Lexmark changing its business model toward solutions and away from hardware?**

**Mooring:** I know the underlying intention of this question has to do with some of our recent announcements on our Optra IoT solutions, which is looked at — a little bit — as adjacent to our core imaging business. I think what is most important for me to say is we are not moving away from printers. These initiatives are a focused effort to expand our business. We will continue to invest in our A4 platform to ensure we continue to be the A4 standard in the industry. That is our goal. It continues to be our number-one goal, but we have always used emerging technologies to help provide value to our customers and the Optra IoT offering is just that. It is really a natural extension of what we do already with our MPS business. There are a lot of synergies between our IoT offering and our core business. They both leverage the same platform and they focus on the outcome of connected devices. There are a lot of similarities even though, on the surface, maybe it looks like it is a totally different direction.

### **Dealer: Regarding Lexmark's extensive back-order situation, if you feel this has caused some "distance" between Lexmark and your dealer**

**community, what is the plan to return to being “close” with the dealers? Many dealers had to seek alternative vendors during this time.**

**Mooring:** Certainly, this has added pressure to even the strongest partnerships when you are talking about the supply-chain disruptions. First, I want to apologize to the dealer community for the disruptions in their businesses, impacting their ability to serve their customers. I know it has been extremely difficult and, while it is an industry-wide issue, we own our own challenges; we have our own unique challenges that we are working through from a back-order standpoint.

I just spent a week with 20 of our top BSD dealers at a performance recognition event. I spent that week asking them what we needed to do better. That is my goal; to continue to get feedback directly from the dealer community on what specific challenges to tackle. From the early onset of the supply-chain crisis, we strived to be transparent and not make commitments that we cannot keep. I felt like that was the biggest threat; to make commitments and not be able to live up to them. This can lead to frustration about “What are the delivery dates? When am I going to get my stuff?” We are trying to work that balance of transparency and give enough information for our partners to be able to run their businesses, but we do not take the issue lightly and we are working every day to make it better.

**Dealer: I would like to know when Lexmark expects to resolve its chip supply-chain issue. Apparently, the company was very dependent on Texas Instruments producing most of its chips. Does it have plans to add alternative sources?**

**Mooring:** That is a very good question; a lot of good insight there. At Lexmark, we own our own A4 technology and that has been an advantage for us as we integrate some changes into our products, as well as our supply-chain strategy. When we are in R&D designing our products, we design for supply chain in addition to designing for function and cost. Over the past year, we have made 500 engineering changes to swap out parts that are unavailable for parts that are available. Certainly, there have been certain issues with semiconductors, but there have been issues beyond semiconductors. I think one of our major challenges was a voltage regulator. So, there are really just simple components that are causing issues beyond just semiconductors.

We are trying to get that sub-tier level five down to get visibility to plastic, molds and metals so we can start to predict

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when things upstream are going to get impacted, but I can assure you, this will not be the last crisis. Lexmark is focused on what we can do today from an R&D and supply-chain standpoint to simplify our strategy and make sure that we design even more for supply chain than we have in the past, because it had not been quite an issue.

**Dealer: When will the color products become more readily available? We have been waiting up to a year for models XC8163 and CX820de.**

**Mooring:** Due to the complexity of the design of our highest end of A4 color, MFPs primarily, the number of components and technology that are in those devices is superior to others and, so, that just leads to more issues with components. So, it is with high-end color MFPs where we observe the most challenges through the end of the year. In the spirit of transparency, I cannot really predict when we will be back to full availability on the high-end color. My guess would be in the first half of 2023.

**Dealer: Can you explain your policy for allocating equipment to dealers? How do you mitigate handling the demands of small dealerships that lead with Lexmark versus meeting the demands of large dealerships that have Lexmark among their three to four MFP offerings?**

**Mooring:** One of the most challenging processes we have is the allocation part. That is a difficult job when you are in front of partners; all are important to us. How do you pick one over the other? We try not to take an approach of “this partner gets this much, this partner gets that much.” We try to look at opportunities with our partners. We typically try to prioritize competitive displacement over a Lexmark refresh. We ask a lot of questions when we are talking about opportunities with our dealers: “Is there an opportunity here to maybe delay? Is there an opportunity here for us to potentially extend a contract or defer it through a discounted extended warranty or a parts warranty?”

We also offer to walk into any customer location with our partner, arm in arm, to help answer questions on why there are supply-chain challenges and come up with creative ideas for alternatives to getting a new device. But the allocation process is extremely complex. We do not look at it at the partner level. We try to look at it at the opportunity level.

**Dealer: Is there any way for BSD dealers to receive service referrals/dispatches? We have never**

**received any service business from Lexmark other than what we generate ourselves.**

**Mooring:** We do, in pockets where there are certain opportunities, require specific SLAs, and we can have a partnership with a dealer in that region who can provide that SLA. Then, we will certainly provide those leads, but what I would say is that if a dealer out there has a specific ask or desire for more opportunity with us, get with us, get with your TSM, we will get together. We will talk about what that opportunity is. In the end, our BSD program was built in 2007 based on listening to the needs of the dealer community. If we are not doing it today and it is a desire, then we need to get together and work as a group on how we can help serve that.

**Dealer: I know Lexmark has designed its A4 devices with all sorts of security features and can speak to this need very well. However, I keep hearing about how HP has a unique HP Endpoint Security application that it is selling very hard. Our HP dealer competition will run security assessments and look for devices that do not have the latest firmware updates. I would be curious if Lexmark has something like this, allowing us to do the same. We have lost a few key accounts to competition that does a very good job selling HP's security offering, with these security audits as the baseline.**

**Mooring:** In today's market, security has a lot of marketing wrapped around it and, sometimes, it is difficult even for us to digest what is real, what has value and what is more marketing-driven messaging. But, from a security assessment standpoint, we have these tools; we have security consultants; we do this in our enterprise direct business today; and we will leverage those with our partner community. Again, reach out to us and we can help with assessment strategies and the tools that we use in our enterprise space to look at firmware levels.

I would say the other important piece is looking at Lexmark Cloud Fleet Manager. That is an important tool in keeping firmware up to date on your Lexmark-installed base, so that other dealers do not take a similar approach on your Lexmark installs. Cloud Fleet Manager is fundamental to keeping your firmware up to date on your Lexmark devices, and that is the key from a security standpoint.

**Dealer: How does Lexmark's new cloud solution offering remote monitoring and print release stack up or differentiate itself from other offerings?**

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**Mooring:** This is exciting for us. We continue to evolve our cloud services platform. We started with kind of basic device management tools like toner levels and page counts, and now we have actually enhanced it to a point where we can get real-time visibility. Our partner can get real-time visibility to the firmware status, as well as advanced predictive service analytics on the fleet.

With some of the sensors within the fleet, we can get signals as to whether or not there is wear and tear on that sensor and service action might be needed. If you bundle that with our secure print, then you have one cloud tool to manage your entire fleet.

I would add that we have an exciting new language translation application that will be available in the fourth quarter. We have demoed that to some partners, primarily in some SLED [state and local government, and education] opportunities that are very excited about the ability to have a document in a foreign language translated on the spot, as well as distributed as needed with capture software.

**Dealer: How does falling under the same ownership umbrella as Ninestar and Static Control help or hurt Lexmark OEM toner sales? [Lexmark is owned by a consortium of investors led by Apex Technology Co. Ltd. and PAG Asia Capital.]**

**Mooring:** That is an absolutely great question and something that we focus on here. I would say there are obvious benefits. When you are owned by the world leader in the aftermarket, it certainly supports Lexmark's industry-leading supplies loyalty; our partners benefit from that supplies loyalty of capturing a higher percentage of OEM toner sales. So that is certainly a benefit given Ninestar is the market leader.

There are other things. For example, Static Control just released Elevate Imaging, a line of high-quality [cartridges] — kind of a built-to-OEM-spec, IP-safe alternative to OEM cartridge offerings. Lexmark partners can benefit programatically by participating in leveraging the Elevate offering as well as being a Lexmark partner. Those synergies together with Static's offering — what we view as a world-class aftermarket offering — along with the Lexmark BSD offering, we feel are very attractive to partners and we programatically design things to make it beneficial. It is one of the many ways that we think Static Control and Ninestar provide a competitive advantage for us. ■

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