

ANALYSIS

A BALANCED APPROACH

Why Decision Makers Should Resist Hype When Purchasing Unreleased Hardware

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The Expectations of Tradeshows

Tradeshows like drupa bring a wealth of excitement regarding future releases. That is their purpose. Vendors stride up onto the stage and boldly show off what's coming next from their company. The competition at these events – especially at larger shows like drupa – can be fierce, as no print vendor wants to appear silent or underwhelming. The pressure is to stand out from the crowd, garner headlines and maximize leads and sales.

All the participants must, for lack of a better word, hype their offerings – even if those offerings are still a long way off from production. It is here that the problems can begin for prospective buyers who want to make a purchase. While vendors have an obligation to upsell their hardware, decision-makers must use caution when they buy – especially when the new product in question is only a technology demonstration or preview.

Recent research from Keypoint Intelligence – InfoTrends (InfoTrends) has found a troubling disconnect between the release dates that some vendors promise at these technology demonstrations and when the product is delivered.

The Reality of drupa Release Dates

When taking a closer look at drupa, InfoTrends examined the timeline of new products from their unveiling to commercial release. These announcements were separated into three categories:

- Products that began as technology demonstrations or previews;
- Products that were only introductions;
- Products that were extensions to existing product lines.

This analysis focuses on announcements that began as technology demonstrations or previews.

Over three consecutive drupa events (2008, 2012, and 2016), InfoTrends tracked 23 announcements that began as technology demonstrations or previews. These announcements were made by organizations including Canon, Kodak, Konica Minolta, Landa, HP, RISO, and Xeikon.

These product announcements were evaluated on a scale of 1 to 5:

- ♦ **1:** The product launched on time
- ♦ **2:** The product launched within a calendar year of the initial launch date
- ♦ **3:** The product launched 1-3 years late
- ♦ **4:** The product launched 3-5 years late



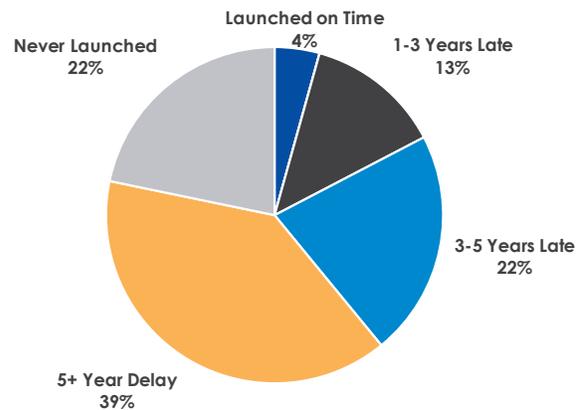
- ♦ **5:** The product has not launched after 5 years and may never launch
- ♦ **NL:** The product never launched and the initiative ended

A Technology Demonstration is Not a Finished Product

The research showed that many of these vendors – including Konica Minolta and Landa – consistently failed to meet the timelines they discussed during the initial technology demonstration. It is worth noting that HP earned a 1 for the delivery of its T series (the T300), indicating that as a company they have the track record of delivering on time.

Of the 23 products that began as a technology demonstration, only one released at its intended launch date. The majority (17) were delayed at least three years, and five were never released as commercial products.

Figure 1: Technology Demonstrations by Category



N = 23
Source: Keypoint Intelligence – InfoTrends' "Innovation at drupa" Research

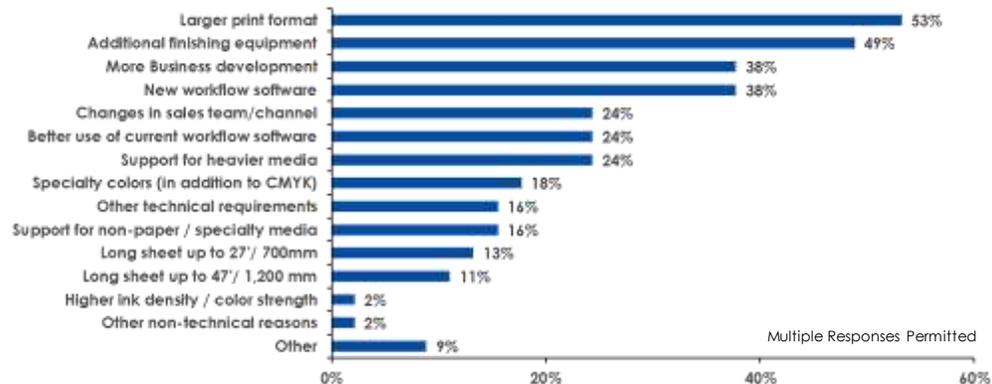
Avoiding Buyer's Remorse

Print service providers (PSPs) are under enormous pressure to remain competitive. The quickening pace of technological innovations brings new software to the market faster – potentially overhauling workflows by improving production and shortening time to market. In this ecosystem, new hardware can be a serious boon. Data taken from InfoTrends' 2018 Applications in Digital Print Survey shows that PSPs have a plethora of desires – including larger print formats (53%) and additional finishing equipment (49%). A new device can answer those requirements.

When they go to tradeshows like drupa, buyers expect to find products that suit their needs. Vendors know this, and a few may gloss over certain product shortcomings (such as release date) to secure a sale.



What would you need to expand your print application range?



N = 45 U.S. Respondents who plan on expanding their range of print applications
Source: *Applications in Digital Print Survey*; Keypoint Intelligence – InfoTrends 2018

The best practice for buyers is to avoid overcommitting their resources to a product that is unlikely to be ready on time. Build a business case for buying new hardware before attending the show. Consider these reasons as part of your due diligence:

1. Volume increases
2. Expiring hardware leases
3. New application expansion
4. A desire to shift to digital printing
5. A desire to reduce running costs/wastes

New hardware at drupa often promises to address these issues. While the technology may meet all of the requirements, when released – the road to that release consumes internal resources. While travelling the road to release the vendor may choose to back away from the launch date or change specifications. And, while that is embarrassing for the vendor, it spells even more severe trouble for purchasers left on the hook.

For instance, a PSP who can no longer handle the intended volume increase may have to outsource work to competitors to keep up with expected delivery requirements and contractual agreements with clients. New product offerings may have to be delayed, resulting in a loss of revenue.

While it is important for everyone to be aware of tradeshow announcements and launch date promises, it is also important to understand the HP advantage. InfoTrends data segmented technology demonstrations by company, and we are pleased to report that HP products that began as technology demonstrations or announcements were all released on time – scoring a 1 on InfoTrends' scale.

Contrast this with companies such as Kodak (who averaged between a 3 and 4 with three technology demos) and Xeikon (a company with three cancellations) and HP can



consider themselves worthy of consumer confidence. It is HP's pledge not to join the ranks of these other companies who make promises they do not keep. Instead, at HP, the management requirement is to not sacrifice long-term confidence for short-term sales.

In short, while buyers should expect the products shown at drupa to be released, they should understand that initial release dates may vary from actual release dates – especially if the announcement is a technology demonstration or preview. Review the track record for any company showing a technology demonstration or preview before making buying decisions. Tradeshow hype is no match for a cool, objective business plan – one that takes a realistic look at hardware expansion and improvements.

Decision-makers should consider a vendor's past when making a deal for the future. HP has a history of delivering upon its products.



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Marc Mascara is the Director of the Customer Communications Advisory Service. In this role, he will support Keypoint Intelligence customers with strategic go-to-market advice related to customer communications. Marc's responsibilities include conducting market research and analysis, consulting engagements, forecasting market growth, client care, and providing coverage of industry events.

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