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20-20  
VISION  
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SHIFT IN  
CONSUMER  
FOCUS  
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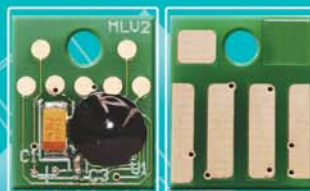
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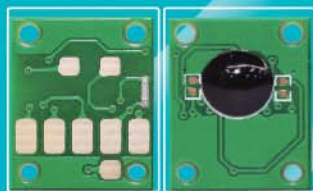
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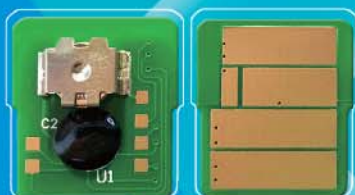
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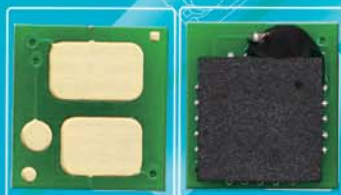
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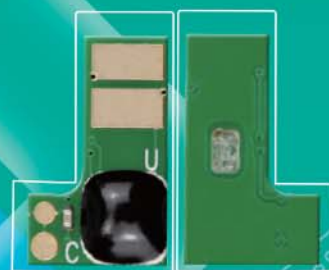
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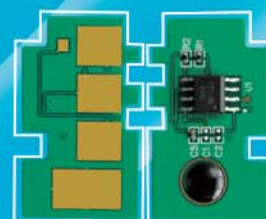
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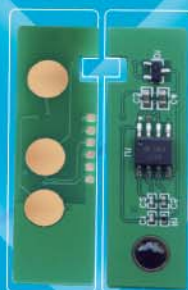
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*The Summit at this year's RemaxWorld Expo might be summed up in one sentence: the aftermarket is leaving money behind on the table. No less than 16 industry leaders shared their views on a host of topics, but chief among them was the need for aftermarket players to stop undercutting each other on price.*

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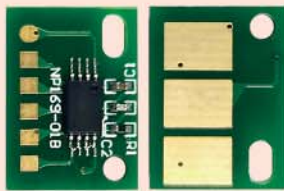


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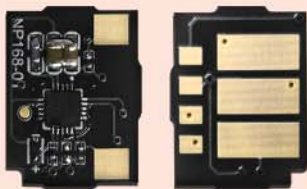


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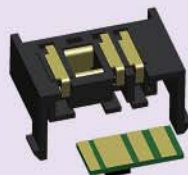
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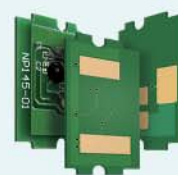
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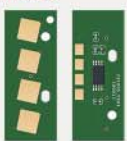
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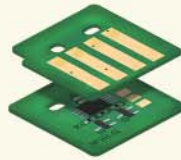
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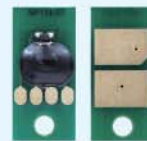
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# David Gibbons

It was a moving experience to be on stage with seven CEOs from around the globe. They held nothing back and were refreshingly outspoken on a number of industry issues as we head into 2020.

They were brave enough to be seen publicly by the hundreds who gathered at the popular RemaxWorld Summit held on the floor of the Expo in Zhuhai this year. Yes, there were many in the audience who represented various OEMs, but they let their wisdom and insights flow anyway.



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(Other CEOs had been invited to participate but did not want to be so public). You can capture some of their gems on pages 35, 39, 41, 45 and 52 or go to the video link on those pages to watch the full session.

The gems being absorbed by so many valuing the insights of the CEOs spurred us on to capture a wider range of CEOs. I pause to thank our dedicated RT Regional Consultants—Gustavo Molinatti in the Americas, Mark Dawson in Euro-Africa and Dhruv Mahajan in Asia—for pulling together such a great pool of talent for your reading pleasure in this edition. We have CEOs from Egypt (page 24), India (page 32), Australia (page 27), USA (page 56), China (page 28), Switzerland (page 10) and Romania (page 12).

We also chose CEOs from the UK (page 6) and the Netherlands (page 18) which are two of our key destinations for the intense one-day RT VIP Expos in May 2020. We chose another three CEOs in Argentina (page 36), Brazil (page 46) and Peru (page 42) because we will be running similar RT VIP Expos in those countries in July 2020. In fact, we will hold ten such VIP events for top suppliers and buyers in 2020. You can see more information about those on page 22-23 and our resident cartoonist (from Chile), Berto, jumps right into the mix on that score on page 64.

Are you a CEO that has something to say as well? Please let me know. In the meantime, please enjoy this special edition you hold in your hand, courtesy of our fine sponsors who make our content possible each edition. Support them!

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Dennis Haines  
Badger Office Supplies, UK

Dennis Haines



# Fear, Uncertainty and Doubt

**Badger's CEO Dennis Haines speaks frankly about bullying and taxes**

 Mark Dawson



Dawson joined the imaging supplies industry in 1987 as a graduate mechanical engineer and began his career in quality assurance and then production management before moving into sales and marketing. He has held senior positions with both American and European Corporations, including MSE and Clover. He is currently a Director with Real Time Communication BV with a mission is to help independent resellers find new revenue streams and optimize margins. You can reach him at [mark@iopbv.com](mailto:mark@iopbv.com)

Prior to getting involved in aftermarket printer supplies, Dennis Haines had a senior V.P. role in a large international computer hardware OEM. While not involved with OEM printer supplies, this background gave Haines a unique insight into how the OEMs operate when dealing with competition from so-called “aftermarket” operators. He is very well aware of what he describes as a strategy of Fear, Uncertainty and Doubt (FUD) and has seen how effective it can be. FUD is a deliberate attempt by OEMs. FUD can have many elements to it, including but not limited to real and implied issues relating to intellectual property, warranty and service.

His experiences in the printer supplies market began with inkjet cartridges around 15 years ago at a time when e-commerce was in its infancy. In those days, there were too many concerns from consumers about entering credit card details online to execute purchases. This is in sharp contrast to the situation today. While he has business interests in Spain, France, Australia and New Zealand, his primary operations are in the U.K., where the uptake of e-commerce is unparalleled.

According to Haines and the recent data he holds, the U.K. leads the way globally in terms of the percentage of total retail spending that takes place online. This is consistent with statistics published by [www.salescycle.com](http://www.salescycle.com): “Online retail had a 14.3 percent share of total retail sales in 2018, up from 12.9 percent in 2017 and 11.6 percent in 2016. In this respect, the U.S. is the third most advanced ecommerce market worldwide, with the UK and Germany in first and second place.”<sup>1</sup>

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### Remans vs New Builds

One of the key battles being fought in the aftermarket currently is the whole “remanufactured versus new build cartridge (NBC)” argument. On the one hand, NBCs have a significant cost advantage over the remanufactured. This is often perceived as unfair. Remanufacturers must support the significant costs of infrastructure to bring back used products from the market since without this raw material they cannot exist. NBC players do not have these costs to contend with. On the other hand, there is a growing awareness and understanding of the negative consequences of single-use plastic. Should this not be driving demand for remanufactured cartridges?

Haines’ view of the market is refreshingly simple, even if it does not make pleasant listening for remanufacturers. There are three market segments. These comprise, large corporate enterprises, SMEs and consumers. In his experience, the interest of each segment in NBC versus remanufactured can be summarised as follows:

- Consumer: Zero interest
- SME: Low interest
- Large Enterprise: Higher level of interest

Haines points out that large enterprises have more pressure to be, or at least to be seen, as good corporate citizens and are keen to enhance the CSR page of their annual reports. The Haines view would seem to indicate an urgent need for educating the consumer and SME segments to the green advantages of remanufacturing.

### OEM Strategies

The battle between NBCs and remanufactured, however, is only one of several important issues that impact the marketplace today, according to Haines. Another is the FUD strategies being used by the OEMs and referred to earlier. This impacts both NBC and remanufacturing players. Perhaps there was a time when, due to the right-to-repair doctrine, remanufactured products were perceived as less risky compared with NBC products. While we continue to see multiple take downs of new build cartridges on platforms such as Amazon, as Canon continue to target NBC HP compatible toner cartridges that they believe infringe, we have also seen multiple attacks by the OEM on Remanufacturers going back to the twisted prism gear patents and more recently the detached dangle.

Furthermore, and Haines has direct experience with this, HP has been using the first-sale doctrine as a tactic to knock our competition in the inkjet arena. Many of his reseller customers had received cease and desist orders which came back to him.

These allege that certain cartridges had been remanufactured and sold in one region but the empty cartridges had originated in another region. On the other hand, the manufacturer and/or the supplier of the empty cartridges claim that the cores have been sourced from the correct region. In such cases, he has asked HP to provide details that allow him to identify one region from another in order that he can be compliant. However, no such information has been forthcoming. He also has documents relating to challenges on items that have never actually been sold through into the market. Clearly, there is a strong feeling that certain OEMs are using scare tactics and unfair practices to create FUD.

A third major challenge facing importers, trade distributors and even resellers is “Amazonification” of the channel. Again, Haines’ analysis is refreshingly simple. In the UK, whilst the percentage of retail spending in total may only be 18 percent, he believes it is very much higher where printer cartridges are concerned. In SME and consumer

**Haines’ view of the market is refreshingly simple, even if it does not make pleasant listening for remanufacturers.**

segments, online is the major procurement route and there are three major channels which likely apply to many markets, not just in the UK:

- Amazon
- e-Bay
- Thousands of independents

The independents, of course, have SEO type challenges to mitigate against Amazon and e-Bay. However, another challenge of which Haines has personal experience is the disruption of the traditional supply chain, enabled by the advance of technology and the internet.

The traditional “manufacturer to importer/distributor to reseller to user” model no longer has the value it once did. Large successful online retailers are able to source direct from manufacturers. Haines has experience of his own vendors bypassing him to reach his largest trade buyers.

### Tax Abuses

Additionally, Haines highlights something more disturbing which relates to improper value-added tax (VAT) practices. He believes there is a significant volume of product being sold in the U.K. over the internet that is delivered to end-users from warehouses in the U.K. and on which VAT is not being charged or reported. This results in an unfair price advantage. If, and when, customers ask for a VAT invoice, they are met with one of two responses. The first being that the selling

company is not VAT registered. The second being that a new invoice will be issued with an additional 20 percent included. Often the VAT number is not genuine, and the selling company pockets the additional 20 percent.

Haines has been working with Retailers Against VAT Avoidance Schemes (RAVAS) on this subject. In the U.K. alone, the value of uncollected VAT is reported to run to more than £2 billion per year and a chunk of this is related to toner and ink cartridges coming into the U.K. from China. He has been personally involved in supporting RAVAS to collect information, which was forwarded to Chancellor of the Exchequer, George Osborne in the U.K. until 2016. Frustratingly, the government took an initial position that they make the rules and it would be up to Amazon, e-Bay and so on to implement them and it was not their job to police the situation. This seems to be changing now with more scrutiny from HMRC towards the likes of Amazon. However, there has been, as yet, no noticeable decline in the amount of products being sold through without VAT. The issue is not confined to the UK, and RAVAS has had meetings with The European Anti-Fraud Office (OLAF) in Brussels.<sup>2</sup>

He estimates that in the whole EU this practice accounts for tens of billions of Euros in uncollected VAT and results in unfair and illegal competitive advantage for unscrupulous operators.

When considering the broad market landscape, Haines believes that there is still room for him and his business, but of course it requires a different business model. While the market is mature and the volume of printing is reducing Western geographies, the market is still massive and there is an opportunity to succeed and grow, but it will require consolidation, a more direct approach and perhaps different channels.

### Footnotes

1. <https://blog.salecycle.com/stats/11-best-ecommerce-stats-2018-far/>

2. See: <https://www.ravas.org.uk>

<https://www.youtube.com/watch?v=bAkFnbsHey4>

[https://ec.europa.eu/anti-fraud/home\\_en](https://ec.europa.eu/anti-fraud/home_en). ■

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# Life is a Peach!

## —Mark Dawson talks with Swiss-based CEO Alfred Wirsch

Alfred Wirsch joined the industry in 1980 at Pelikan and was running the business there until the merger with Nu-kote in 1995. The newly merged company wanted to develop in a different direction, so Wirsch left the business to set up Peach in 1995 taking with him a number of former Pelikan colleagues.

His longevity in our industry gives him a rare perspective as he is one of only a few of us left in the so-called “aftermarket” that remembers the days before the OEMs sought to control the supplies businesses for their devices. When we consider this position today it is almost impossible for us to understand why it would be any different. But it was. “Back in the day, the OEMs came to OUR industry for their supplies. There was no aftermarket.” There were manufacturers of typewriters and printers. And there were manufacturers of supplies—predominantly ribbons and other ink carriers. Both groups of manufacturers had mutual dependency. The hardware players needed supplies and the supplies guys needed the hardware guys. Wirsch remembers the days when the OEMs as we call them now, came to the likes of Pelikan and Nu-kote to source their supplies.

One of the early milestones of Peach was setting up the manufacturing operation in Prague in 1996. In 2005, Peach set up a joint venture (JV) in China with a major operator in the office products market. Looking back now, Wirsch can see how ground-breaking this was. Peach was the first major player in Europe in our industry to begin manufacturing in China. As well as providing Peach with a range of stationery products, the JV partner was able to leverage its manufacturing expertise to produce inkjet cartridges.



Dawson

What are the key services and products you currently offer?

Peach operates only in Europe and focusses mainly in the Germany, Austria, Switzerland(DACH) and central east european(CEE) countries, which is logical given its locations. With its head office in Switzerland, manufacturing in the Czech Republic and with additional distribution facilities in Germany, Peach has its strongest presence in those local markets.



Wirsch



Dawson

What key messages do you want to share with your market?

Peach holds true to the principle that monopolies are bad for consumers and bad for economies. Fair competition is central to the value systems and Peach embodies this. Fair competition is one of the basic building blocks of wealth creation in western societies and the Peach mission revolves around making sure that consumers have a choice. He references anti-competitive by both OEMs and certain aftermarket players as being counter-productive for the growth of our industry.

The global development of online sales models is having a huge impact on our industry and our markets. The effect on traditional retail sales is clear for all to see. This trend will continue and the traditional retail business model with bricks and mortar will come under increasing pressure. The internet channel and platforms such as Amazon, e-bay and Aliexpress et al, facilitate sales into western markets of very aggressively priced supplies from China. This is part of the reason that the traditional European remanufacturing industry is in such decline. It could be argued that the battle between Chinese compatible products and



Wirsch





Alfred Wirch  
Peach, Switzerland

which spurred the remanufacturing industry in western markets. But as referenced above we have come full circle back to compatibles. This time, the price difference between the OEM supplies and compatibles from China is huge. The consequential impact is hitting OEMs harder than they may admit, as well as putting remanufacturing under so much pressure that there are very few players left.



Dawson

How does remanufacturing gain further leverage and marketing advantage over the single-use plastics used by NBC manufacturers?

European remanufactured products has already been won, and that the new frontier is the battle between Chinese compatibles and the OEMs.

The big question now is: can the OEMs stop the Chinese from taking further significant market share? Are the weekly takedowns we read about on Amazon, just a drop in the ocean?



Dawson

How about your local market? What are its strengths, weaknesses and greatest needs?

On its own, the remanufacturing industry has very little leverage. However, we may be approaching a tipping point. In September 2019, we saw what could be described as the start of a green revolution. We have seen school students strike and the wave of protests moved from Australia through California to the East Coast of the USA and into Africa and Europe, with more than 150 countries participating. Maybe the whole “No Planet B” Movement and Greta Thunberg will succeed. But it does require real action. The reality is that so far, the EU and European governments are only talking a good game. I saw some statistics recently that 90 percent of the goods we consume have a zero element of recycling and reuse. If the politicians get their act together and bring in tough penalties for all single-use plastic business models, then there will be a rebirth for local remanufacturing.



Wirch

Unlike the USA, Europe is not homogenous. The market is fragmented. Despite the adoption of the Euro we still have different currencies to contend with, especially in Switzerland and the Czech Republic, two of our main markets. Despite the expansion of the European Union (EU), there are still cross-border issues to deal with and of course even within the EU, there are significant cultural differences. This is true even within the DACH territories where Germany, Switzerland and Austria all exhibit different cultures and characteristics. This rich tapestry of cultures can be an advantage as well as a disadvantage when building a successful company. Peach has built teams with multi lingual capability, most notably, German, French and Italian.

The early value proposition offered by our industry can still be seen today. Don't forget that before Canon came with its CX and SX engines and cartridges, catalyzing the onset of remanufacturing, the bulk of aftermarket supplies were indeed new build compatibles, albeit focussed on ribbons and other ink carriers. The main pillar of the value proposition was to deliver enterprises and consumers with a high-quality alternative with a price advantage. That has not changed. The advent of remanufacturing added another benefit which was environmental. The Kyoto protocol of 1997 sparked a mini-green revolution



Wirch



Dawson

Will the OEMs continue to consolidate? What do you see happening?

Today's major OEMs face huge challenges in the coming period. Since the market is no longer growing, these OEMs are fighting each other, which is compressing prices and margins. On top of that, there is the loss of sales and cash flows from the above referenced flood of cheap compatibles entering the western markets from China. So far, the OEMs have not succeeded in stemming that tide. This will, for sure, result in further consolidation among the OEMs we know and love. However, it may be that the biggest threat is yet to come. This could be the emergence of multiple new Chinese printer OEMs.

Despite the fact that the market is reducing annually it remains huge and certainly big enough to attract new disruptive entrants from China. I am aware of at least ten up-coming Chinese printer OEMs and we may see a parallel with the market for mobile phones. ■



Wirch

# Celebrating 25 Years of Change

—TOKO's CEO Victor Matache is ready for whatever comes next

 Mark Dawson

Victor Matache's background in printers and supplies began in 1986 when he was employed in a joint venture company in Romania between the government and Control Data Corporation (CDC). CDC was one of the "Big Nine" original US supercomputer companies. The JV in Romania was the manufacturing site for peripherals for the entire Eastern Bloc, including the U.S.S.R. Such peripherals included dot matrix printers, band printers, plotters and of course supplies. Together with the Soviet Union, the Eastern European countries represented a huge market for U.S. technology companies. Trade always seems to find a way to overcome political barriers.

Matache specialized in band printers which were state of the art 30 years ago. There were multiple sets of embossed metal characters (like those you would see on a typewriter) connected on a metal chain loop that would revolve at over

5 meters per second (very fast even by today's standards) behind a continuous ream of paper. There was a strip of ink tape between the character chain and the paper. Unlike a typewriter where the characters are punched to force the impression from the ink ribbon to the paper, band printers would press the paper against the high-speed chain of characters. Such

**Such devices would be used by banks, insurance companies and other large corporate enterprises. They would create 140decibals of noise and require 2killowatts of power!**

devices would be used by banks, insurance companies and other large corporate enterprises. They would create 140 decibals of noise and require 2 kilowatts of power!

## Transformation

In 1989, the revolution began, and this eventually broke the JV. Matache needed

a new project. In 1992, he flew to the USA to meet with a former colleague. He stayed a year to help him build power electronics, while searching and ears open for new opportunities and new applications. The one that got him excited the most was desktop laser printing. Back in Romania in 1993, he saw IBM and HP printer placements, and significantly, he observed a dearth of supplies.

Research led him to Genesco Products in NY, USA, and he purchased \$1,000 of toner for the Canon CX, SX and LX engines. Some industry veteran recall the HP cartridge numbers as 92285A, 92295A, and 92275A. He set up a large room in his home to refill empty cartridges. Later in 1994, Matache incorporated his own company under the name Toko.

Realizing he was not alone, he saw an opportunity to distribute components. The growing network of cartridge refill operators had to source supplies from the U.S.A. and deal with complicated logistics





© Victor Matache  
Toko, Romania

and freight costs. He began building relationships with key raw material manufacturers including but not limited to Fuji (OPC drums), Kuroki (wiper blades), Tomoegawa (toner), Mitsubishi (toner and OPCs), and Apex (chips).

TOKO grew to become the premier one-stop-shop for materials for refill operations and remanufacturers in Romania. When Static Control began to emerge as a global player, through differentiated service, TOKO was able to protect its customer base in Romania. Components remained its core business until 2014 when the business model transitioned to finished products.

It was back in 2003 at the Paperworld show in Frankfurt that TOKO first became aware of HP compatible cartridges. Victor specifically remembers seeing (with some disbelief) the LINEA program launched by Lexmark. A year or two later he began importing small numbers of cartridges from China but stopped after about 6

months due to poor quality. However, he continued to observe developments from a distance.

By 2011 Matache had seen improvements in quality but the quality issues were still too big. In 2014, TOKO engineers conducted a large audit which identified significant advances in quality. TOKO concluded it could reliably source products good enough for the local market.

### **TOKO's ability to import volumes and distribute to its local channel, delivered serious competitive advantage.**

This was a game changer. The business quickly metamorphosized into one that distributes of finished products. There were some challenges along the way. However, TOKO's ability to import volumes and distribute to its local channel, delivered serious competitive advantage.

The next major transformation came quickly. TOKO recognized the shortening

supply chain, the margin compression, and the increased direct-to-user sales strategies being deployed by the OEMs. TOKO saw early the irrefutable OEM drive towards contract sales models and MPS.

This catalyzed direct sales activity in mid-2016. The TOKO value proposition includes new and refurbished printers to corporate end-user customers. Both purchase and lease options are available, and TOKO has built MPS models, which offer better value for users than the OEM equivalents.

### **Opportunity**

TOKO deploys a clever channel strategy in parallel with the direct sales activity. This delivers deeper geographical penetration. He protects his channel partners and focuses his direct activity in specific verticals and regions to minimise channel conflict. The combined volume generated by this dual-channel strategy makes TOKO one of the four major importers of new build cartridges to Romania.



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When asked about the battle between NBCs and reman carts, Matache is nothing if not candid. Remanufacturing is where he began, and he remains evangelical about it. However, he believes that battle is probably already lost. The remanufacturing industry has been unable to withstand the tsunami of NBCs into his market.

He does believe that if EU legislation were to be implemented to penalise those exporting single-use plastics into the EU, new opportunities would be created. If there really is the political will to introduce legislation to promote local remanufacturing, there could be a renaissance. However, he has observed how the NBC leading players from China have adapted to other challenges, notably quality and intellectual property issues. In such a scenario, he believes they would offer collection schemes and recycling initiatives that mirror those of the OEMs.

Nevertheless, such developments are not unrealistic and would present a challenge for the manufacturers. His entrepreneurial intuition has already led him to secure government authorisation to collect empty

cartridges nationally with full WEEE reporting. All such collections are diverted from landfill with metal and plastic components being salvaged for reuse or shredded for remoulding. He is cost neutral with this process. A charge is made for the collections. This together with the value

**Many smaller OEMs will disappear. The traditional “razor and blades” OEM model is disappearing as the market embraces the contract model.**

of the recyclable materials covers the associated process costs. It could become a profitable service to manufacturers in the event of tougher legislation.

#### **The Next Five Years**

Matache is mindful of further changes: “The market will be very different in five years. HP and Xerox will likely be one entity. Many smaller OEMs will disappear. The traditional “razor and blades” OEM model is disappearing as the market embraces the contract model. OEMs will increasingly use every weapon at their disposal to win back supplies share from

the aftermarket. These will include more aggressive IP activity, greater use of software and firmware to lock out anything but OEM supplies and of course pay-per-use contracts that promote OEM supplies.” He is also mindful of the continued advances being made with ink, suggesting that in the office environment, inkjet will capture a significant share from laser. HP, Epson, Brother, Memjet and others will continue to evolve their business ink offerings, resulting in new challenges for the aftermarket.

Ultimately, though, he believes that users will always demand choice, and that our industry is robust enough, creative enough and intelligent enough to prevent the OEMs from operating supplies monopolies. Will it become more challenging? Yes. Will there be casualties? Yes. Will those that are able to respond to change quickly, survive and prosper? Absolutely.

This year marks TOKO’s 25th birthday. Victor Matache has successfully and serially adapted to change. He is ready for whatever the market throws at him next. ■



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# Solid Growth Despite Zero Branding on Social Media

—Ecotone's CEO, Philip Knierim explains how 'outdated and old fashioned' methods still deliver a strong ROI

 Mark Dawson

Philip Knierim founded Refill BV, also known as Ecotone, back in 1987. As a young entrepreneur he had established four retail computer shops in the Netherlands. One of his customers at the World Trade Center in Amsterdam had purchased a QMS K8 laser printer and required a new cartridge. He objected to the “extortionate” OEM price of 400 Dutch Guilders, telling Knierim “it ought to be possible to refresh this thing with new toner powder.” That conversation would define much of Knierim's future business career.

He sourced a bottle of copier toner locally and refilled his customer's cartridge on the kitchen table. This, of course, did not work, but believing that it could be done, he found Laser Charge in Texas, USA, and a business in nearby

Belgium that had already developed a production line. He began buying and selling finished products.

## Entrepreneurial Beginnings

His business grew very fast. Timing was good. His first sales call was with the ING bank where 700 laser

**Yet again, the pull of our industry was too much and in 2010 he became involved in a project to consolidate multiple supplies distributors in the Netherlands.**

printers had just been procured. Product performance issues led him to set up his own manufacturing line in Rotterdam.

Knierim focused his manufacturing on quality and cleanliness and his marketing on brand building. Having established the Ecotone brand as the leading OEM

alternative for corporate end-users in the Netherlands he set about building a reseller network for his brand outside of the Netherlands. Volumes grew to around 40,000 toner cartridges per month making Ecotone the largest European player of its day. He never threw away an empty cartridge and was ahead of his time in implementing clever scrap recovery programs to maximize the reuse of materials.

In parallel, a major private label deal and relationship with Verbatim evolved quickly. The desire to diversify led to the acquisition of Ecotone by Verbatim in 1995. Knierim remained with the business for three years to focus first on integration and then on leveraging the Verbatim distributor network in Europe to grow cartridge volumes.





Philip Knierim  
Ecotone, Netherlands

Always a keen pilot, he founded two small independent airlines, one of which was a British Airways franchise, after leaving Verbatim. But it wasn't long before the lure of our industry drew him back in.

In 2002, he began consulting for Samsung Corporation, which wanted to enter the market. He set up a distribution business called Aesoon, establishing Samsung as a player in the OPC drum aftermarket. Samsung Corporation then launched a range of Samsung branded toner cartridges for use in HP printers. These were new-build toner cartridges produced by the Green Cartridge Company in China. The cross-license from Canon covered SX, LX, NX and EX engines and later Samsung filled out its range with remanufactured cartridges.

Aesoon was appointed as the exclusive distributor for Europe and grew volumes nicely until the corporate politics between Canon and Samsung resulted in the program being discontinued.

Samsung Corporation then approached him to come on board full time and set up a sourcing selling and logistics

**Some buyers don't even know which cartridge they need. They want to speak to somebody.**

office for its retail driven business for consumer products encompassing batteries and computer accessories.

Yet again, the pull of our industry was too much and in 2010 he became involved in a project to consolidate multiple supplies distributors in the Netherlands. These included Hoffman,

Despec and Dissit. In the intervening period, Ecotone had lost its way somewhat and Mitsubishi (the Verbatim parent) was ready to divest it. Knierim recovered ownership and rolled it into Hoffman. Consolidating the distributors proved very difficult, so he pulled Ecotone out in 2015 and has been running it as an independent business ever since.

#### Today's Market

How does he see the cartridge market today?

Within his target market, which is SME, there are three clearly defined segments. One is the OEM loyal buyer, the other is the price driven buyer who will choose new-build compatibles, and then there is the genuinely green buyer. He accepts this third segment is probably now the smallest. It is a niche. But it is "his" niche. Other commentators would argue

**GRATIS**  
verzending  
bij een Ecotone  
toner of inktjet



that SME buyers don't care. Knierim disagrees and his growth proves his point. He continues to grow at around seven percent per year at a time when we are told the market is shrinking by about the same rate. He is clearly doing something right.

What about the Z-Generation? What about Amazonification? Again, his response seems to buck the trend. Many would argue that younger buyers in the workplace simply wish to purchase with three clicks of a mouse.

How does this sit with the Ecotone model which is heavily driven by telemarketing? "Younger buyers are more receptive to strong ecological messages. By working very hard at articulating our value proposition, we are succeeding to win business away from the OEMs and even from NBCs. Additionally, the internet space is becoming like the wild west. Look at Amazon. Search for a popular toner cartridge part number and there are pages and pages of choices. Some would argue that most buyers will choose the cheapest or the one with the most positive reviews or whatever. Our experience is that many buyers are confused. There is too much choice. My sales agents are consultants for our





customers. They provide advice and they earn trust and credibility. Some buyers don't even know which cartridge they need. They want to speak to somebody."

The Ecotone brand has zero visibility on social media. Some may argue the telemarketing sales model is outdated. Yet, it works, and delivers a strong ROI. Knierim has developed huge experience with this model and is clearly an expert. He understands how to segment the market and how to profile the prospects. He understands the number of calls required to win a new customer and the total cost of new customer acquisition. He measures everything. He garners a premium for the service he delivers. His sales prices are sensible. He is one of the last players in the market that truly knows how to position and market extra-high-capacity cartridges.

Recently he has begun to establish offshore telemarketing teams for his main markets which are Netherlands, Germany and Austria. He has discovered there is good choice because availability of Dutch and German speakers who were raised and educated and have returned to their roots. Once on board, his customers are loyal. Ecotone is a sticky brand. He

rarely loses business back to the OEM, nor to NBCs.

He does not underestimate the challenges our industry faces. There is a place for NBCs but not within his Ecotone model. He is looking at another vehicle to exploit that market. He agrees strict EU legislation to restrict single-use plastics could help the remanufacturing sector but does not believe it will

**He agrees strict EU legislation to restrict single-use plastics could help the remanufacturing sector but does not believe it will happen any time soon and cautions our industry not to expect too much.**

happen any time soon and cautions our industry not to expect too much. He is not oblivious to the financial pressures being felt by the major players in remanufacturing in Europe which are indicative of the challenges the industry faces.

Clearly the impact of MPS and contract models is a factor, but he calculates that there are over four million HP devices in Western Europe and only five percent of those sit in contracts. He admits that percentage is increasing but the transactional space is big enough

for him to continue to grow during the coming years.

For him the bigger challenge is the reducing print volumes. While he does not ever see the paperless office as a reality, he is sensitive to the "paper light" concept that most document management and workflow consultants discuss.

Workplace environments are changing.

New types of knowledge workers are emerging. They may use less toner and less paper, but there will still be a market. And to mitigate any softening he is building a high-end coffee business.

Regardless of how much printing takes place, in the Netherlands at least, the desire for good coffee is only going to increase. And he has the database and customer base to exploit that. ■

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# Revealing the Treasures of Egypt

—Big Data's Ahmed Sultan digs up the truth about the key EMEA market

David Gibbons



Big Data Egypt for Systems. "My partnership with

Ahmed Sultan is the Mr Big of the Egyptian office supplies market. According to Sultan, this market is now ranked number three for the biggest growth worldwide after India and China (2018).

Genuine OEM supplies still dominate the market by more than 75 percent and there are very few "legal" compatible brands there. Fake, counterfeit products also steal a tangible share of the supplies business there. Most counterfeit products are HP, but Xerox and Samsung are also affected. Sultan estimates the real opportunity for aftermarket products, that respect intellectual property (IP) in the Egyptian market, could be worth US\$10 million if there was an effective control over illegal counterfeit activities.

Sultan is a business graduate from Ain Shams University in Cairo and he also undertook a Business Administration Major (1994) and a Masters' Degree in Business Administration (MBA) from the Arab Academy for Science & Technology (2007).

He worked at Xerox Egypt from March 1997 until December 2014. Where he held different roles and managed 40% of Xerox Egypt's sales revenue. At that time, Xerox Egypt was ranked as the number one operation among all Xerox operations worldwide in its Xerox Replacement Cartridges (XRC) business. The knowledge and experience he gained from the business provided Sultan with a paradigm shift in his career. He said,

"The Egyptian market needs a high-quality alternative for genuine supplies." He started his own business and became the founder of

Ninestar—a real milestone—helped me to launch the G&G brand which became the most recognized legal compatible brand in Egypt," he said.

## The Market

Of the 98.4 million people living in Egypt, most are under the age of 30. The country enjoys a US\$1.295 trillion domestic economy (2018), with about 5.6 percent growth rate during 2019. Economists and observers agree that it could possibly grow to a 7 percent growth rate in the next three years.

The economy is boosted in attractiveness to foreign and domestic investors due to its unique, central and strategic location between three major continents: Africa, Asia and Europe. Eleven percent of all international trade passes through the Suez Canal for example. There is also huge potential with gas and oil exploration. Then there is the moderate weather all year, together with long, charming beaches on the Red and Mediterranean seas.

Each of the OEM printing brands saw this potential many years ago. Xerox, HP, Canon, Samsung, Lexmark, Ricoh, OKI, Konica Minolta, Toshiba, Sharp and Kyocera among others, have their offices and distributors in Egypt. All are working in this country through an official office or even through authorized distributors.

Brand	Overall Turnover in Imaging (equipment, supplies, service, solutions & S/W)	OEM "Genuine Supplies" (direct selling or through MPS)
HP	US\$ 52 million	US\$ 30 million
Xerox	US\$ 40 million	US\$ 16 million
Canon	US\$ 12 million	US\$ 4 million
Toshiba	US\$ 10 million	US\$ 3 million
Samsung	US\$ 7 million	US\$ 4 million
Ricoh Affiliates	US\$ 5 million	US\$ 2 million
Lexmark	US\$ 3 million	US\$ 1 million
Konica Minolta	US\$ 3 million	US\$ 1 million
Sharp	US\$ 3 million	US\$ 0.5 million
OKI	US\$ 1.5 million	US\$ 0.5 million
Kyocera	US\$ 1 million	US\$ 0.3 million
Others	US\$ 5 million	US\$ 1 million

\* OEM "Genuine Supplies" means direct selling cartridges / toners in addition to genuine supplies that are included in MPS contracts

\*\* The above table is covering official shipments but does not include the parallel market "grey / used products" which is huge. Unfortunately there is no information about its true size.

Ahmed Sultan - Big Data Egypt (Egypt)





### Compatible Supplies Importers in Egypt

Company Name	Sales Turnover in Compatible Supplies	Sourced From
Big Data Egypt	US\$ 1.2 million	G&G / Print Service
Q Company	US\$ 0.6 million	Local Brand "Different Sourcing"
Engineering Company	US\$ 0.4 million	SCI
Altra Print	US\$ 0.3 million	Print Rite
Copycom	US\$ 0.3 million	Retech
IMPRO	US\$ 0.3 million	Katun
Different Companies	US\$ 0.5 million	Compatible Brand less "Premium Toner Cartridge"
	US\$ 3 million	Counterfeit Products

Consumers look to the aftermarket to provide them with guaranteed benefits. According to Sultan, it used to be a price driven market only. However, all that is changing and while cost savings are still an important factor, they are becoming less important as consumers seek a better-quality product, consistently reliable sources, stability and patent legality.

"Page volumes are increasing as government investment in a new capital and new cities continues to take hold," Sultan says. He adds a stronger domestic currency and support for serious local manufacturing is also a key factor.

"We still struggle, however, with suppliers who have little or no interest in intellectual property rights and the requirement to hold a license for color copier and laser printing (to control currency counterfeiting) along with the high cost of finance and importing limitations continue to threaten stronger industry development.

#### Facing the Future

As he considers the strengths, weaknesses and the future of this key EMEA market, Sultan is quick to respond. "Let me summarise

it quickly for you," he says. He lists off each factor on his hands as quickly as a child learning to count to ten using fingers:

1. there will be more mergers and acquisitions;
2. a mature industry that will target high quality standards over pricing;
3. the price wars will diminish;
4. MPS is the future – selling services rather than commodities;
5. SOHO and SME products will provide a much-needed boom;
6. key accounts will require high quality high yield cartridges;
7. inkjet will continue to target the traditional laser share of the market;
8. those investing in R&D will make a difference and reap the rewards;
9. there will be more demand for handheld printers; and
10. there will be a total environmental or zero waste solution for empty cartridges.

When I asked him about the battle for market share between remanufactured and new-built products for dominion in the aftermarket sector, he said there would be no winner in the short term. "If there is genuine, there will always be an aftermarket. If there is an aftermarket, the battle between remanufactured and new-built will continue. But I expect the big win will be new-built in the long term when the American and European factories leave the game."

He also expects further consolidation among the OEMs. "Following HP and Samsung, the outcome between Xerox and Fuji, and the rumors about Xerox and HP, you have to expect more to follow," he reasons. "I am expecting a big fight between consolidated American brands and consolidated Japanese brands." He adds he expects some OEM brands to disappear from the imaging equipment and supplies industry within the coming five years.

In the next five years, the Aftermarket will become more reliable, more advanced, more adaptable for consumer needs, more innovative and revolutionary. "I am expecting new printer brands to be designed and manufactured by aftermarket leaders, mainly in China."

As for Big Data? "We will continue to offer the highest quality in the aftermarket space along with reliable after sales services, strong key accounts management, management stability and product availability." Sultan says he will ignore fast profits over long term relations with customers. The MPS approach in the Middle East is catching on including the sale of paper. "Yes! Paper," he exclaims. "The purchasing of paper is a headache for all key accounts because of all the usual price variations, the commitment of resellers, lack of continuous supply." So Sultan is confident Big Data can handle all fears and provide a smooth customer experience they won't get anywhere else. ■

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# Disruption Brings Thunder Down Under

✍ David Gibbons

Peter Mitropoulos is the “new kid on the block.” That’s not to say he’s naive as a businessman. Rather, the Australian with Greek heritage has an enviable track record in business dealings as a quick Google search will reveal. Mitropoulos acquired the well-established Ausjet Inkjet & Laser Supplies company from Dermot Murtagh in late 2014—a company that was established in the late 1980s on Queensland’s Gold Coast.

“This industry has changed my corporate direction for the better!” exclaims Mitropoulos who has since added the iconic Cartridge World Franchisor rights to his national interests in Australia and New Zealand. “I am now in a position to provide a fully vertical, total printing solution for my B2C customers, my B2B customers, and their customers as well.”

Mitropoulos is very optimistic about the future of the aftermarket. “Particularly in a time of economic slowdown, consumers become more conscious of their spending,” he says. “The aftermarket is a recession-proof business strategy and is full of opportunity.”

He is concerned, however, about the fallout from the current trade wars between China and the USA. “I presume the current U.S. trading tariffs will put pressure on Chinese manufacturers to offset lower consequential revenues from that market,” he says Australia is already over-commoditised and a price-war race to the bottom helps no one.

The remanufacturing sector of the aftermarket has already been disrupted with the advent of high quality new-build compatibles. “We are no different to the

aftermarket car parts industry, UBER and other economy disruptors in offering alternative solutions to the end user.” Online sales in the region have been severely affected by cheap, low-to-medium quality of mostly-infringing cartridge products. According to Mitropoulos, this is giving responsible firms a bad name.

“New-builds are also an environmental nightmare in our region,” he says. “I’m concerned the new-build manufacturers are doing very little about the environmental fallout with their products.” He recalls a time when cartridge remanufacturers hated the OEM initiatives to recycle the empties. He urges new-build compatible manufacturers to build recycling solutions and costs into their product development too. “It’s quite unfair OEMs contribute to the recycling process, but aftermarket manufacturers don’t. It’s not a level playing field which in my opinion will not be sorted out unless we see government regulation.”

He believes the industry is going to have to address climate change regulations that will be introduced, sooner or later, similar to what is already happening in the European Union. “This could see a resurgence in remanufactured cartridges. We should watch this.”

Mitropoulos also believes the industry’s future is heavily influenced by the Chinese manufacturers and their integrity towards supporting their buyer base. “From what I see, there is no real plan to supply the aftermarket in the same way the OEMs do. “While aftermarket manufacturers continue to

sell to everyone and anyone, they will further drive poorer quality product based upon cheaper and cheaper prices.” He also calls all manufacturers in this mature aftermarket to work beyond simply making product, but to deliver product data, marketing and services support behind their merchandise.

Mitropoulos sees consolidation within the OEM space continuing. His crystal ball also reveals there will be more litigation by the OEMs against the aftermarket. “In my view this seems to be a huge waste of resources. We should be finding working solutions instead.” He can see a time when a responsible, mature aftermarket will have stronger collaboration with OEMs. Already he can see a growing, sophisticated consumer base taking advantage of an arbitrage environment between printer hardware pricing and cheap aftermarket consumables. The OEMs must subsidise the development and sale of the hardware devices through the sale of the consumables. “I think a forward-thinking OEM would be better off working

with responsible aftermarket firms to regain balance between its hardware and consumables market.” ■



Peter Mitropoulos -Ausjet (Australia) [peter@ausjetinks.com.au](mailto:peter@ausjetinks.com.au)

A portrait of Benjamin Young, a middle-aged man with glasses, wearing a blue blazer over a patterned shirt. He is standing with his arms crossed in an office setting with large windows in the background. A blue callout box is positioned in the lower-left corner of the image.

Benjamin Young  
Beihai Speed (China)





# Staying True to Your Mission



 *Natalia Zhou*

Natalia Zhou has been actively involved in the imaging supplies industry for almost ten years and continues to be actively involved in the development of both the Chinese domestic and international markets.

When it comes to the supply of remanufactured inkjet cartridges there is one company that should not be ignored, Speed Infotech.

Benjamin Young has spent 18 years in order to position Speed as the number one inkjet cartridge remanufacturer in the world and he shares the secrets of his success with Speed Infotech.

Young set up Speed together with Charles Zhao and Ricky Lee in 2001. As pioneers in aftermarket printing supplies, especially in remanufacturing, they brought 15-years' experience with them.

"We started production in 2003 in Shanghai," Young explains. "It took us just five years to become a leading inkjet remanufacturer in China." Young adds that in 2013, the decision was made to shut down the 10-year factory in Shanghai and move everything to Beihai, 2,000 kms away from Shanghai. "We needed 60 large trucks to transport all the machinery," Young reminisces.

Then, in 2015, Speed was the first to gain a license to import empty, used inkjet cartridges into China. Gaining this importing license set a new standard within the Chinese industry and, as a leader, other brands followed suit to gain licenses of their own. In this way, Speed raised the industry bar, especially with remanufactured products in China.

As a top remanufacturer, Speed has always focused on its reman business only. Young



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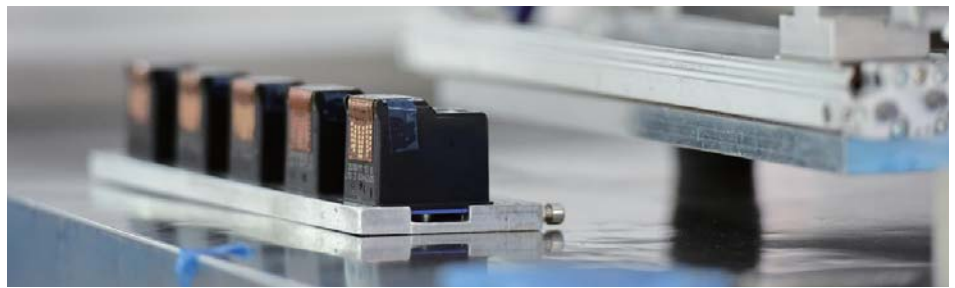
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says, “Our focus on reman inkjet allowed us to produce more than 100 million reman inkjets accumulatively which gave us huge experience in producing and maintaining high quality reman inkjet products.”

According to Young, customers come first. He calls it an essential business principle. Being a professional supplier and meeting the needs of customers first provides the foundation for the company’s bottom line. “There have been many players in the aftermarket industry,” Young says. “Many come in and many leave as well.” Reaching the 18-year mark has proved Speed to be a reliable company. For this reason, Young reiterates that placing the customer first is not a slogan but a continuous action. “Of course, Speed knows its products, but they come second to our customers. Meeting the needs and demands of our customers can only be achieved when you know them well.”

Another Speed secret is its willingness and ability to help customers to win over the market. Young talks about his customers as if they are old friends. “One of our European customers has bought reman inkjets from us since we first started. We not only sell him the products, but the whole sales solution as well. Now he has won the largest share of the market in his country. We are solid friends.”

This is how Speed works: it supports its customers rather than pushing orders onto them.

Today, Speed belongs to the Hubei Dinglong Group as an essential part of the group’s supply chain. Young keeps the acquisition low key. “Dinglong is a big family and supports us fully. We have Chipjet (chip company) and other component supplier factories in the group. It enables

### “We are cautious and excited to be known as one of the best inkjet cartridge remanufacturers in the world.”

us to develop better products and solutions for our customers.” Young adds that joining Dinglong it is like refueling mid-flight without having to land. “We do not need to stop. We can provide consistency and reliability for our customers.”



Customers choose partners which make them feel satisfied. “In order to thrive in today’s market, you have to have an edge,” Young says. Speed claims its secret is having respect for the market and customers. “They will vote which is the most reliable business partners with their orders and money.”

Internally, as a company, Speed is motivated to create value for the market, customers and the industry. “Running a

company is like running in a marathon,” Young suggests. “It depends on your goal. Our constant goal is to be a values-orientated company. We help drive business and the industry towards a healthy eco-environment.” Young and Speed obviously care about the added value they offer.

“Stay true to our mission,” CEO Young concludes. “We continue to patiently develop and market reman products and with our 18 years’ experience, we are the ‘pro’ when it comes to quality, management systems, equipment, staff and standards.”

“We are cautious and excited to be known as one of the best inkjet cartridge remanufacturers in the world.” Speed Infotech will keep staying with the markets and continuously creating value for customers. ■

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A portrait of a middle-aged man with dark, slightly graying hair and glasses. He is wearing a dark suit jacket over a light blue button-down shirt. He is smiling slightly and looking directly at the camera. The background is a plain, light-colored wall with a framed abstract painting in red and black tones visible behind him to the right.

Rajendra Seksaria  
Balaji Solutions Limited



# Meeting the Markets Changing Demands

 Dhruv Mahajan



Dhruv Mahajan works as International Business Development Manager at Fast Image Products Co., Ltd. - Member of Huiwei Group. He is now responsible for developing Business on Aftermarket Imaging Supplies across the GCC (Gulf Cooperation Council) and SAARC (South Asian Association for Regional Cooperation), and increase market awareness and presence of Fast Image Products Co., Ltd in these regions.  
<dhruvm@zhfast.com>

India today is one of the world's fastest-growing economies. The economy is growing at seven percent and has an economic forecast of US\$5 trillion by 2025. GDP (nominal) in 2019 is at \$2.972 trillion which places the growing nation as the world's seventh largest economy. With an estimated installed base at 7.5 million laser printers, the opportunities are limitless.

Rajendra Seksaria (pictured), who founded Balaji Solutions Limited in 2001 in Kolkata, is excited.

Seksaria founded his company two decades ago with a primary focus on IT hardware products on operating on two main IT channel nodes, Telecomm and Electronic Lifestyle, for both national and regional distribution. The company was well received in the competitive IT market and grew rapidly, but Seksaria sensed the absence of a good reliable brand. As a result, he created an in-house brand called Foxin in 2006.

## Amazing Growth

Today, Balaji Solutions enjoys more than US\$100 million annual revenue and is among the ten leading IT hardware distribution houses in India. Seksaria attributes the growth and positioning to the company's long-term vision and commitment to the demands and trends of the market. Leveraging significant support and sustainability from his team at Balaji Solutions he has been able to emerge as a major player in the IT distribution industry in India.

With the growing demand for eco-friendly products, he saw potential in the huge but disorganized Indian Aftermarket. With a high level of enthusiasm and optimism, Seksaria launched the Foxin brand of compatible toner cartridges both in online and retail outlets across India.



- High Quality of Printer / Copier Parts
- Source Manufacturer
- Free Samples







India is a huge country with a total area of 3,166,391 sq km making it the world's seventh largest, with 28 states and nine union territories. Therefore, it is quite some achievement for the Foxin brand to have more than 25 of its own offices working directly with more than 6,000 resellers across India.

According to Seksaria, the reason for the good success of this product was being able to sell a stable product. "From the outset, the first rule for sustainable success is to sell a product that provides your customers with consistently good quality prints and priced competitively to provide them with the best deal to the buyer so they are able to get full value for their money," he says.

He has found that providing stable products provides you with a stable customer base that keep coming back to buy your products.

#### Warning

Seksaria remains optimistic with the market for the next five years. "With my experience in business, which now spans almost three decades, I have to say this market has immense potential and has much scope for expansion," he says.

He raises a finger of warning. "However, this is conditional. Quality stands out as the major concern and challenge for our industry." He goes on to say the compatible cartridge business model must avoid price wars and focus more on quality. "If we

focus on prices alone, we are doomed. If we focus first on quality, then we have the high potential to capture more of the OEM cartridge market."

Seksaria adds after sales service must also provide quality. "Both the product and support are the key mantra of the Foxin brand and are part of all we do at Balaji Solutions," he says. "Becoming a leading distributor of IT peripherals for more than 18 years through the establishment of a network of branches and service centers has been core to the success of our business."

The transformation to digital media has captured the attention of consumers and this has caused Seksaria to reinvent his approach to marketing. He has set up a dedicated team to develop digital and social media marketing strategies for both B2B and B2C markets using online engagement, community management, digital lead generation, inbound and content marketing. This has found him new distributors, new distribution strategies and channels, and revenue streams. ■



## IN MY VIEW

How is the health of the office equipment and supplies industry?



UK

**Dennis Haines**  
Badger Office Supplies

I think the whole of the industry needs reshaping. I think we have not moved with the times, and there are now too many manufacturers, ways of distribution are antiquated, and I'm ready to help shake the industry up and looking to work with people on a global basis.



Mexico

**David Aguila**  
CEO, Inkfinity

We must start think about the real purpose of money. Money means nothing if you don't have a place or somebody to share with. The planet is getting dirty because all of us. We need to solve the problems that we are creating, otherwise the planet will go its own way. So, thinking in a modern healthy way, all the printing market must create reusable products, let's say garbage-less. It must happen.



USA

**Shelly Eastman**  
CFO of Liberty Laser Solutions

The biggest issue is what pricing is doing in the market. For some reason the wider aftermarket is not working together. Instead, compatibles are driving down prices so fast that the rest of the market's following suit. I think we need to try and slow that down a little bit so that it's a healthy, sustainable environment for everybody to work in.





# The Future's Not Easy but Not Impossible

—Veneta Rosario's Rosanna Recchia follows  
the trends

 *Gustavo Molinatti*



A portrait of Rosanna Recchia, a woman with curly brown hair, wearing a blue and white patterned jacket over a dark ruffled blouse. She is standing in front of a blue wall.

 Rosanna Recchia  
Veneta Rosario S.A., Argentina



Gustavo Molinatti holds a degree in architecture from the University of Buenos Aires, Argentina. As publisher of *Guía del Reciclador*—a Spanish language trade magazine first published in 2002 for the Latin American printer cartridge aftermarket—he has organized more than 20 technical and MPS training events in several countries including Brazil, Argentina, Colombia, Venezuela, Chile & Perú. For more information please contact [info@guiadelreciclador.com](mailto:info@guiadelreciclador.com) or visit [www.blogdelreciclador.com](http://www.blogdelreciclador.com)

A little over 20 years ago, Rosanna Recchia started Veneta Rosario S.A. in Santa Fe, Argentina. She was a biochemist, a lover of quality and the environment. She was not alone. “My friend Mabel, an accountant, helped me get started,” She said.

“Remanufacturing was a bad word at the time,” she remembers. “Because it was time of boom for the inkjet and laser printing technology. We went ahead anyway and Veneta was born with the ecology, quality and economy encoded in its DNA.” Recchia wanted to position Veneta as a company caring for the environment, providing quality for the customer and guaranteeing transparency and professionalism in management while offering innovative solutions. That’s some vision, but the two ladies were committed to it.

In 1999, they were trained by an Italian company to remanufacture laser, inkjet and ribbon printer cartridges. “This was helping us to ‘tick’ the environment and quality goals,” Recchia says. “We remanufactured good quality cartridges





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and were the first company in our field to establish ISO 9001 production standards. “It cost us a lot because we were new in the market and... we were women!” she adds. “We wanted to establish women in business and also help people with disabilities or the socially vulnerable with a job.”

Recchia says in spite of experiencing economically difficult years in the country, the Veneta product was well accepted because it was of good quality and at a lower price than the OEM. The “Venetas” (Mabel and Rosanna) grew and built a remanufacturing plant where up to 5,000 cartridges each month were remanufactured.

By 2014 the market shift toward the Chinese-made compatible cartridges was becoming obvious. “Little by little our business model began to change. We were doing less production and were migrating towards the rental of equipment and the cost per copy model, which today is our core business.”

They claim that, while visiting RemaxWorld in Zhuhai in 2017, they discovered the gigantic aftermarket was constantly improving and open to

the world. “From that moment we also bought alternative quality cartridges,” Recchia says. They found an additional partner back in Argentina. This time it was a man, Fernando Rodríguez, and he was made CEO of the company,

responsible for operations. “This allowed us, the ladies, to focus on making Veneta

Rosario very well known.”

### Providing Services, Meeting Challenges

Today, the Veneta Rosario brand is a well established managed printing service firm providing full service with equipment, variable data printing centers, remanufacturing of monochromatic and color laser cartridges and, in alliance with a local supplier, document management. Recchia says they have not lost their passion for the environment and work with their customers to collect their used cartridges to have them reprocessed and reused in other products.

In order to thrive in the market, Recchia says they have to be constantly tuned to market trends. “We must keep up the process of transforming and training ourselves to face the latest advances in our field,” she says. “At the

**Veneta was born with the ecology, quality and economy gene encoded in its DNA.**

## IN MY VIEW

How is the battle for supremacy between new-built and remanufactured cartridges faring?



USA

**Aaron Leon**  
founder and CEO of LD Products

We launched our new compatible premium line of cartridges two years ago and it won the Quality Award this year of which we're very proud of. Our customers have voted that quality is not a problem with new-built cartridges. Historically, it's still difficult to make some new cartridges where the quality is as good as remanufactured cartridges. We wear the new-built flag proudly, but we still sell hundreds of thousands of remanufactured cartridges every single month. So, there's going to be a place for both in the market.



China

**Jason Wang**  
CEO, Apex, G&G (Ninestar Group)

I am against the saying that brand new means cloned. That is simply not true. A lot of work goes into reengineering workaround solutions that respect OEM patents. New build products are winning recognition and awards for their quality. They can do very well in the quality aspect and can be very safe in the patent aspect.

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heart of it is the strengthening of the relationship with the clients and offering a more personalised and attractive shopping experience for them.”

Another challenge is deciding what to do with all the waste cartridges. “We want to be a 100 percent sustainable company in environmental, social and financial matters while incorporating new technologies.” In Recchia’s view, remanufacturing will continue as a niche market because there are a small number of her customers who really desire an environmental solution. At the same time, the company will continue to apply the circular economy by reusing the waste collected, into other products.

Along these lines, Recchia says there is an opportunity in the recovery and remanufacturing of printers and copiers. “This also helps to lower the costs to compete in cost-per-copy,” she says. “By offering a differentiated service, we reduce the amount of waste material, we reduce the emission of CO<sub>2</sub> to the atmosphere and we reduce the metal and cardboard packaging.” She adds that it also helps to minimize electronic waste. At the same time the remanufactured devices are also the very models in which aftermarket supplies can be best used (both new build compatibles as well as remanufactured).

### Finding Great Opportunities

Other challenges come in the form of partnerships. “Many of the Chinese suppliers do not maintain consistent quality,” she reports. “Apart from a few exceptions, this is becoming a struggle for us. We are constantly having to test.” Recchia says the company needs to establish better relationships with good foreign companies wanting a strong partner in Argentina. This will require a lot of due diligence on both sides.

Of course, there are many other challenges apart from the slow death of remanufacturing. The trend for people to print less and angry consumers who try poor quality compatible cartridges sold by others, are just two. Albert Einstein said, “in the midst of every crisis, lies great opportunity.” Recchia adds, “The future is not easy, but it’s not impossible either.” She says we have to put the millions of neurons we have, to work. “We will find great opportunities indeed.” ■



## IN MY VIEW

How is the battle for supremacy between new-built and remanufactured cartridges faring?



UK

**Dennis Haines**  
Badger Office Supplies

In the consumer market, people don’t understand remanufactured or new built, they don’t care, they just want to buy something that works. In the SME market, a few people are interested, maybe 10 percent. The only people that might care are the high-end, large corporates. If you look at it by numbers, 99 percent of the market don’t care, don’t understand. All they want is good quality.



USA

**Shelly Eastman**  
CFO of Liberty Laser Solutions

Liberty is strictly into remanufacturing. We don’t do anything with the new builds but there’s definitely a place for both in the market. There are certainly products that the new-builders are doing amazingly well. I see Liberty continuing to grow with the tougher coloured cartridges with higher yields where it’s a little more difficult for the new builds to truly get near to the OEM quality standard.



© José Agüero  
SAC Telecommunications  
Providers, Peru

# Battling Totally Deficient Products Entering the Market

—RT Media's Latin American event partner and editor, Gustavo Molinatti, caught up with José Agüero, CEO of SAC Telecommunications Providers in Peru.





José Agüero can remember when the sales of IT products increased in leaps and bounds, year after year for more than a decade. “We founded Sac Computer Telecommunications Providers in Lima, Peru back in 1997 selling original supplies and some computer accessories,” he reminisces.

The startup business commenced in a small office conducting telemarketing to attract customers. There were only two people in sales and another operative in purchasing and running the office. They had very few products in the portfolio, but each had profit margins that currently only remain as a good memory. “In 1999, we expanded and opened a branch in the south of the country in the city of Arequipa and a year later in the north, in Trujillo.” It was at that time Agüero began to import compatible ink cartridges, ribbons and some supplies for laser printers.

In 2003, Agüero became interested in the remanufacturing of toner cartridges, importing and selling wholesale supplies and accessories of pioneer brands in the industry. “By 2007, we started to consolidate our company by distributing UniNet products from Los Angeles, and in June 2009 we opened, together with Uninet Imaging, a branch in Peru called Uninet Peru SAC, the same business that still operates today.”

Apart from distributing supplies to remanufacture cartridges of almost all brands for printers and photocopiers, and inks and accessories for continuous printing systems, Uninet Peru has a new product line. The ICOLOR digital printing devices prints labels on rolls and thermal transfer printers printing on t-shirts and various substrates. This creates added value and allows their clients to have greater benefits ahead of the competition.

#### **Facing Challenges**

Agüero understands challenges in tough markets. Positioning the UniNet brand in

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the consumables market, for example, was a challenge because many competitor brands had already entered the Latin America market. Agüero believes though, they have succeeded because they focused on their advantages. He claims the quality of the UniNet products is higher because it has been thoroughly tested before being launched into the market.

At the SOHO level, both new-built compatible and remanufactured cartridges have a respectable demand and acceptance. In the corporate segment and state institutions. However, OEM brands have captured more than 90 percent of the market, especially with outsourcing and MPS systems. This provides another challenge for the aftermarket.

Remanufacturing is also under threat. “We saw the problem on the horizon a decade ago and it is now a reality,” Agüero says. “The proliferation of compatible Chinese finished products has captured a very significant market share.” According to Agüero, cartridge remanufacturing had achieved national recognition in Peru. Skilled labor and accreditation was in place with state purchases being 20 percent of national production. This has all but been lost due to competition from poor quality, cheap and what Agüero calls “totally deficient” products entering the market.

A large number of compatible Chinese branded cartridges, of regular quality have continued to come in at lower and lower prices.

On the other hand, Agüero says the OEMs are doing their part to squeeze the aftermarket. They are consolidating their largest corporate businesses with contracts of up to five years, preventing the entry by the aftermarket. To all this, there is the added threat of aggressive firmware updates by the OEMs.

On the other hand, Agüero says many private companies with ISO 14001 prefer remanufactured products. “If this market exists for remanufacturing, why does it not develop further?” he asks.

“The answer is obvious,” he adds. “The Chinese compatibles

are here to stay and the opportunity of owning and operating a well-equipped remanufacturing laboratory with qualified personnel is slipping away fast. The spearhead which should be targetting the planet’s ecology is buckling. It could have been the driver to develop the industry in the future.” ■

*A one-day, intensive VIP Expo and Gala Dinner will be held in Lima, Peru on Thursday July 9, 2020. This event is for industry leaders in Brazil to meet with leading suppliers mainly from China.*



## IN MY VIEW

How has this year impacted the Aftermarket given the notorious number of OEM firmware upgrades?



USA

**Aaron Leon**  
founder and CEO of LD Products

Firmware is a very effective OEM strategy. However, it has created a wedge between the customer and the OEM printer brand. Customers are not stupid, and they want choice. They’ve bought after-market cartridges from us and saved a bunch of money. They’ve got a cartridge that worked, then all of a sudden, their cartridge doesn’t work. So, this is a very slippery slope that the OEMs are on as it’s just alienating the customer base.



Australia

**Peter Mitropoulos**  
CEO Ausjet

I agree with Aaron, the public aren’t silly. A few years ago HP did a firmware upgrade and it really backfired on them in Australia because with tools like social media the situation gets magnified. There were a lot of angry people in Australia that supported our aftermarket product as opposed to the HP, and many wanted to switch printers.



USA

**Shelly Eastman**  
CFO of Liberty Laser Solutions

We’re seeing the same thing. We’ve not seen customers moving away because of firmware upgrades in the United States, if anything we’re seeing people going and change out entire fleets of printers. You know they’re getting frustrated with what the OEMs are doing. I don’t think the OEMs have succeeded on that side.

# Confronting Market Challenges and Opportunities

 *Gustavo Molinatti*

Helton Mourao  
Katun Corporation Brasil







RT Media's Latin American event partner and editor, Gustavo Molinatti, caught up with Helton Mourao, Katun Corporation's CEO in Brazil.

Helton Mourao has been with Katun for 16 years, having started out as the operations manager and then the marketing director for LATAM. For the past six years, he has been general manager of the Brazilian office.

Katun celebrated its 40th year in 2019 as one of the world's leading suppliers of compatible products for copiers and printers. "Since our humble beginnings in 1979," Mourao says, "we have pioneered the alternative market for image reproduction supplies and have made an investment to legitimize the aftermarket." Today, Katun boasts some 10,000 customers in 116 countries served by its corporate offices in Minneapolis, USA and from dozens of locations around the world. "We entered the Brazil market 21 years ago and even had our own warehouse."

Katun is well known for offering supplies for printing including ink and toner cartridges, toner powder, and bottled inks as well as photoreceptors, spare parts for copiers, printers, multifunctional equipment (MFP) and other image reproduction equipment.

#### **Challenges**

Mourao claims the market has many competitors, some of which are not what





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he calls “orthodox.” “There is enormous pressure for low-cost products,” he says. “This is the main problem and the margins we used to enjoy have all been stripped away.” The pressure on pricing has always existed and Mourao opines this is the very reason why Katun existed in the first place: to provide consumers with a more affordable choice in copier and printing supplies. “Price, however, has to be secondary given the primary concern needs to be for quality.”

Mourao explains there are three different levels of products on the market:

- 1.OEM: high price, high quality, constant stability;
- 2.Equivalent: medium price, high quality and constant stability;
- 3.Compatible: low price, uncertain quality, uncertain stability.

“In this way, the market is divided into niches where customers can choose to navigate between the three classes according to their risk appetite,” he says.

### Opportunities

According to Mourao, a consumer migration continues across to inkjet printers. MPS providers are installing inkjet devices that are more robust than previous models, from the likes of HP, Epson, Canon and others. “I believe the OEMs will take this opportunity

to be much more competitive in their pricing with the high-quality new build equivalents,” Mourao says. “Given the high cost of the original equipment purchase many consumers may not be willing to take a risk on potentially damaging that equipment with cheap, usually diluted and low quality inks.”

In the longer term, Mourao says the 3D market will certainly represent a new revolution in the industry. Not only in

**“We have had a series of revolutions in print since Gutenberg invented printing 600 years ago, but the concept of print is still here and is constantly being reinvented.”**

the printing industry, but also throughout the manufacturing chain, since stocks is essentially a print supply component and not a finished product.

### Trends

Brazil is a “sui generis” or unique market as it is able to provide a huge opportunity given its large continental size. Mourao says that many would think this should allow for a very stable internal market. “However, we are a country that is poor in foreign exchange.” He explains Brazil is a large exporter of raw materials and commodities, but, on the other hand, the country is a larger importer of technology and finished products. “We are always

affected by crises in other countries. Any macroeconomic effect has a strong ripple in the domestic market because the local currency does not support its parity to stronger currencies, such as the US dollar.” This means affecting the entire domestic market is constantly at risk of inflation and recession.

In respect to the domestic print market, there is no local manufacturing of printers and copiers, toner or ink, or new cartridges. “Everything is quoted in U.S. dollars yet the domestic MPS contracts must be quoted to the consumers in the local currency (Real),” Mourao explains. “There is always a threat that there will

be a devaluation of the Real,” he adds. “There is an enormous pressure on competitive or falling prices since the MPS providers have to maintain their costs and cannot pass on any price increases to their clients before the end of the contract.”

Katun has been able to deal with these pressures by having its own R&D laboratories to develop its own products. It has at its disposal a network of more than 30 plants around the world to produce its more than 8,000 SKUs. It can maintain production control from supplies to the functionality of the final product. In order to deal with cost pressures, a production line for any particular SKU will migrate to wherever

# Certified Quality



## Benefits of Certification

### Seal of Approval for Cartridges

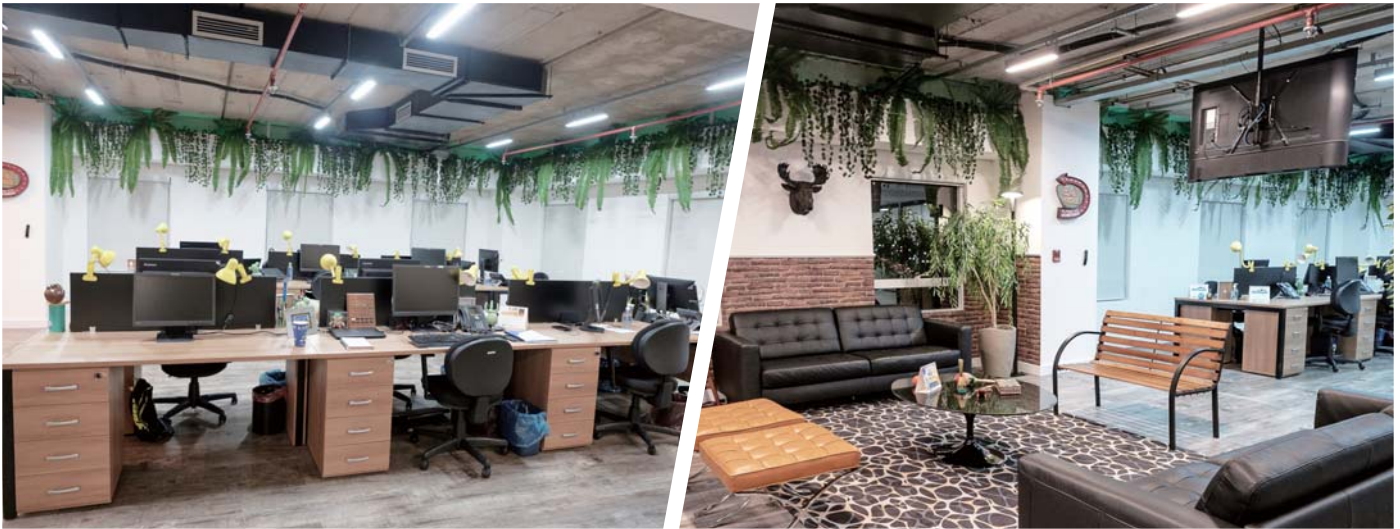
STMC certification proves that the company certified uses the highest industry-approved standards in manufacturing its cartridges. The STMC logo means that the cartridge in the box has been remanufactured by a company that cares about quality.

STMC stands for the Standardized Test Methods Committee. This global committee formed to find and promote standardized test methods for the printer cartridge industry.

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you have lower production costs. Of course this can introduce new difficulties in ensuring no loss of quality control through the development and production process and to manage shipping logistics and time.

### Market Perceptions

Mourao sees the market's views as being very black and white. "If we start from the principle that there is only a heaven and a hell, then we have to accept anything that is not OEM is not in heaven. It's in the other place. That is how the market sees us."

He goes on to explain there are many reasons for this given the vast number of countries that make up South America. There are so many product alternatives in this large territory and this includes contraband. Even well known aftermarket brands are counterfeited.

Mourao adds, "Over many years, the task for our aftermarket has been to position itself as far as possible from hell without trying to ascend to heaven."

Katun has been somewhat successful in distancing itself from the bad apples at the bottom of the barrel, to use another metaphor. It has successfully positioned itself as a brand that respects:

- OEM patents
- import and trade taxes
- the clients of your clients
- fair competition

### Future

The print industry, as we know it, is a mature industry. Mourao notes, "We have had a series of revolutions in print since Gutenberg invented printing 600 years ago, but the concept of print is still here and is constantly being reinvented."

He is, of course, referring to ink stamping, large presses, analog copiers, digital printers and now the revolution called Internet 4.0, where the IOT is connecting everything to everything. "We must accept there are great changes in the way we print, but not necessarily in the concept of printing."

He says that if we only look at the 2D printing of documents, then we now have competing apps, competing data and digitizations. Some may dispute that fewer and fewer pages are being printed but even in a flat market he says it must be spread across a large field of competitors. "Despite seeing the inks and inkjets taking off again and a growing number of sales, we have the counterpart in the decrease of the laser market in the same proportion," he says. "So it's not about growth, but of a change of technology."

Mourao looks to direct printing opportunities, where even in 2D consumers can print onto a greater diversity of substrates. This is a market that is growing.

He also looks to the opportunities

emerging with 3D printing. "This market is surely going to be much larger than the paper printing market ever was," Mourao says. "We can print three-dimensional pieces in various types of materials—plastics, metals, foundation, earrings, acrylic, glass, vinyl and groceries—quickly. This will transform the impressions industry into the 5.0 revolution, because it will impact more markets such as:

- transport logistics (will no longer be necessary as you can print the part where you need it);
- material stores (you will not need to keep stocks of finished products);
- restaurants (which can print dishes and meals);
- it will reduce human labor and processes. ■

*A one-day, intensive VIP Expo and Gala Dinner will be held in Sao Paulo, Brazil on Monday July 6, 2020. This event is for industry leaders in Brazil to meet with leading suppliers mainly from China.*

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# Building an Exemplary Customer Experience

RT ImagingWorld magazine publisher, David Gibbons, caught up with LD Products' founding CEO, Aaron Leon

In October 2019, LD Products was presented with the Quality Leader Award during the RemaxWorld Expo in Zhuhai, China. A panel of sixteen independent judges overwhelmingly supported those who had nominated the Californian-based company which has become the largest aftermarket consumables reseller on the internet in the world.



Gibbons

Congratulations, Aaron Leon. What was the citation on the trophy and certification?



Leon

Let me read it to you... "The Quality Leader Award for 2019 is presented to LD Products for achieving consistent OEM-level quality, and the lowest industry defect rates, as determined by rigorous independent testing on its premium-quality, new-build cartridge range. LD also sets stringent criteria in its selection of suppliers."



Gibbons

You founded LD Products in 1999. How did you get it started?



Leon

I was studying finance at the University of Southern California at the time. I saw flyers around the campus advertising printer cartridges for sale. I recognized that printer consumables were an ideal product to sell online. Believing I could do a better job of marketing, customer service and delivery, I began my own business. We've grown every year since and today we operate out of two facilities in California and Pennsylvania, with a third distribution center planned for Texas.



Gibbons

You run the largest aftermarket consumables reseller on the internet? Really?



Leon

Our target customers are primarily end users and small businesses that purchase office products transactionally over the internet. We have all inventory of around 6,000 SKUs and on an average day we ship approximately 7,500 individual orders, which amounts to around 40,000 inkjet and toner cartridges per day. In the past, we used to sell mainly remanufactured consumables, but over the last ten years that has shifted towards more new-build compatible products as quality has improved and prices have fallen.



Gibbons

What do you see happening in the global market? Key customer, OEM, aftermarket trends?



Leon

There seems to be a lot of fear, uncertainty and doubt around new-build compatibles, with many competitors disparaging perfectly legal products by using the term "clone." While LaD sells millions of remanufactured cartridges a year, we want to offer our customers







© Aaron Leon (USA)

the best product at the best price and often those cartridges are legally reverse-engineered, new-build compatible cartridges. The days of all compatibles being low-quality products with infringement concerns are well behind us. If you want to offer your customers a robust product line of thousands of different cartridges, it's going to be a mix of remanufactured, compatibles and OEMs because ultimately, the customers decide with their wallet.



Gibbons

**What are your observations about the battle for market share between remanufactured and new-build products?**

As I said at the RT Media Summit in October, end users generally don't know the difference between inkjet or laser printers, let alone the difference between remanufactured or new-build cartridges.

A lot of laser printer technology is decades old and the basic patents that support that technology have expired. Unless there is a quantum leap in new technology, the industry will continue to evolve around small changes from engine to engine and those types of changes are easier for new-build manufacturers to overcome. New cartridges are released all of the time that are 99 percent the same as a previous generation, with the only difference being an end cap, fin or chip. The OEMs make it easy for new-build manufacturers to quickly adjust and have a new compatible offering right away. That being said, if a printer comes to market that is built new from the ground up or something about the toner or technology is revolutionary, it could take a few years for new-build components to be good enough for our customers and remans often make the most sense. At the end of the day, we want to sell high quality cartridges that print well, don't infringe and save customers' money. As such, the cartridge model, printer and the technology involved all play a role in determining which cartridge type we go to market with.



Leon



Gibbons

**How can the aftermarket gain more market share, particularly in markets where OEMs are using various strategies including price wars?**

LD is rapidly gaining market share with our channel partners division by offering an exceptionally high-quality product. Earlier this year, BLI Labs gave our Goldline cartridges a glowing report and that contributed to the reason for the Quality Leader Award we won in October at RemaxWorld Expo and Summit.

Twenty-five percent of customers are fine with the current range of traditional aftermarket cartridges and all the suppliers, distributors and retailers are competing on price for a piece of that pie. The other 75 percent don't buy aftermarket because they haven't been happy with the quality in the past or are still uneducated about their benefits. These customers are an untapped market and our Goldline cartridges create a new opportunity to change the narrative. With Goldline, we are trying to offer a true OEM alternative product to customers where printing is mission critical.



Leon



Gibbons

**Why do you think you and your company have been successful in a tough industry where some are struggling? What are your points of strength?**

From the very beginning we've created a brand. With our branding and packaging, we want to make it feel like you're buying a premium product—just because it's inexpensive doesn't mean its low quality. All of our decisions are made to benefit the customer first and that's what drives us. Our call-center hours, warehouse locations, product quality, purchasing decisions, shipping cut off times, time in transit—every detail—are not about what is most convenient for LD. It's all about what will lead to an exemplary customer experience. Quite frankly, that pays huge dividends.

Companies that are looking to make a quick buck with no after-sale support are after just that, a quick buck. From what I've seen over the last twenty years, that is not a sustainable business model.



Leon

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# 5 QUESTIONS

## Meeting the Market's Changing Demands

Static Control's Juan Carlos Bonell and the evolution of customer demands

### What is your industry background?

I joined Componentes de Colombia as general manager more than 15 years ago. In 2006, Static Control Componets(SCC) hired me to develop the Mexican and Chilean markets. I eventually became the vice president of sales for our global distribution in Russia, India, the Middle East, Australia, Japan and North Africa as well as all of Latin America.

### What transition is SCC making to extend its brand into finished products?

We proudly continue our more-than-30-years' brand reputation by serving our global remanufacturing customers with quality products including toners, components and chips.

At the same time, many of these same customers, under a lot of price pressure competition from the entrance of new build cartridges (NBCs) into their

markets, are asking for our support to deliver a premium quality, finished product that would differentiate them from the large offering of NBCs in the market.

We have evolved by taking our market-leading know-how about producing and selling high-quality chips, components, toner and other imaging solutions and launched our own premium quality, finished cartridge products that are considerate of intellectual property (IP) and provide customers with a reliability that is unmatched in this industry.

### What technical and market perception problems about new build compatibles (NBCs) have been resolved?

Over the past five years, we have identified many inconsistency issues related to the various business models used by manufacturers in China. Some factories would dramatically increase the production volume in order to decrease their cost per unit and therefore, decrease the cost to the customer. Many of those factories also changed its Build of Material (BOM) to lower quality materials in order to have continued production.

We have worked hard to solve those issues with our manufacturers from the outset: to create a BOM that delivers a premium level of performance. Nor do we accept BOM variations. We protect our customers from those quality variances to make sure they receive the most consistent product in the industry, the same way we have been delivering on our component products for years.

We have also implemented an APQP (Advanced Product Quality Planning) quality control process

of strict procedures and techniques that was created for the automotive industry. Our own quality engineers in the factories ensure products meet our specifications.

### IS SCC able to deal with the OEM firmware upgrade strategies to lockout third-party consumables?

Our chip development group has made our chips the most firmware resistant in the market. New firmware changes impact more than just the chip, but also the cartridge quality.

We have a unique advantage because we are pioneers in dealing with firmware changes and understand the OEM technology better than any other aftermarket competitor. Our cartridges and chips can keep up with these changes and avoid the frustration and bad customer experiences from end users that occur with other suppliers.

### Do international buyers still buy on price alone, or is there a shift towards quality and an awareness of IP rights?

The entrance of NBCs into international markets was solely driven by price and that's how the NBCs displaced the remanufactured products and gained a strong market share—60 percent of the market in countries like Brazil and growing by double digits in other international markets, like Russia.

The distribution channel (wholesalers and dealers) are more sensitive to quality changes and are demanding better products for end users. Consequently, the larger importers and traders prefer to keep the same suppliers to avoid issues with their products and the supply chain.

IP rights are more of a concern in regions like the US and Europe, but recently there have been more OEM actions in emerging markets like Russia and Brazil where where the aftermarket dominates the market.

Static Control looks forward to growing and finding more companies to partner with to offer the necessary quality and reliability to thrive. ■



Juan Carlos Bonell accepts the Best Global Supplier of the Year Award in Zhuhai, China. Contact him at <juanb@scc-inc.com>

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# 5 QUESTIONS

## Dealing with Printer Firmware Upgrades

### How long have you been involved with the printing supplies industry?

I joined the printing supplies industry back in 2009. I joined Zhuhai Megain Technology Co., Ltd (Megain) as sales manager when the company was established in 2010 and became its CEO in 2017.

There have been many key milestones in these past 10 years. We had significant launches with compatible chips for Samsung printers in 2012, followed up with major releases in 2013 and 2015, and Brother and HP printers in 2018. In 2017 as well as 2018, Megain was awarded National High-tech Enterprise certification.

### What's happening in the global market?

The speed at which some companies will continue to disappear is increasing as the aftermarket continues to consolidate. It means only the stronger companies, which

master the core resources, will survive the cruel competition which is becoming more and more evident. At the same time, the OEMs are raising the game through firmware upgrades, patent barriers and more complicated chip designs. It continues to be a very tough fight for the aftermarket.

### Are you able to find solutions for firmware upgrades for your customers?

There are ever more and more problems caused by printer firmware upgrades. Everyone is aware of it. So, we seek to help customers from the first time they encounter these problems. We have established a professional R&D team in Zhuhai, Shanghai, Hangzhou and Taiwan. We are very fast in delivering products: established products between two and four days, and newly-launched chip products within seven days.

Our core products include compatible laser cartridge chips, copier chips and inkjet cartridge chips. IoT products include Near Field Communication (NFC) recorders including temperature and humidity recorders and Bluetooth temperature and humidity recorders.

### What key messages do you want to share?

First, keep healthy, rational competition in place to allow the industry to mature. This is the only way the whole supply chain can benefit. It will encourage technology development and innovation.

Second, you can only provide a better customer experience if you focus on the pursuit of extreme quality control.

And last, but not least, I have found extraordinarily high, effective company management is the root of success. It works for us.

### What is the role of the aftermarket today and in the future?

It's important to remember that the aftermarket provides choice for consumers. Megain provides universal chips which are compatible with a larger range of printer and copier models. We increase the options for choice for consumers.

The trend for the aftermarket in the future will be to see more consolidation. It's already happening. There will also be a greater integration and centralization of resources. It will be even more obvious and common to see an increase of capital from company mergers, acquisitions and public listings. Companies that have no core competitiveness will exit the stage.



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# IN MY VIEW

What are the reasons for this dynamic industry to still be positive?



Netherlands

**Mark Dawson**  
CEO, IoP

This industry has demonstrated it can overcome all the challenges presented to us by the OEM. Despite the printing in the western world changing, the thing that makes me positive is that there's still a requirement for a hard copy document and the size of the market is still huge, some US\$80 billion globally and there's always going to be room for an OEM-alternative option.



Australia

**Peter Mitropoulos**  
CEO Ausjet

I had my fingernail intricately painted by an inkjet printer here at the expo in Zhuhai. This actually fascinated me, not for cosmetic reasons, but as a great example of what is happening in the evolution of printing. There are opportunities in the new ways we're printing. The Chinese manufacturing industry is excellent at replicating, but are innovating as well.



China

**Jason Wang**  
CEO, Apex, G&G (Ninestar Group)

Manufacturers need to have better collaboration with those working in the markets. We need technical and marketing solutions and should not engaging our efforts in a price war. Let's unite the supply chain with the manufacturers and the marketers. Our problems won't be resolved because we talk—we need to take cooperative and innovative action to find win-win solutions—difficulties that can be resolved within one to two years.

# New Sustainability Story Reflects Growing Impact of Environmental Initiatives

*Christine Dunne / Deborah Hawkins*

Society is constantly seeing evidence of climate change, resource depletion, pollution, and destruction of the ecosystem. With everyone needing to play a role in reducing harm to the environment, Keypoint Intelligence deemed it important to conduct a study of efforts by office equipment vendors in this area.

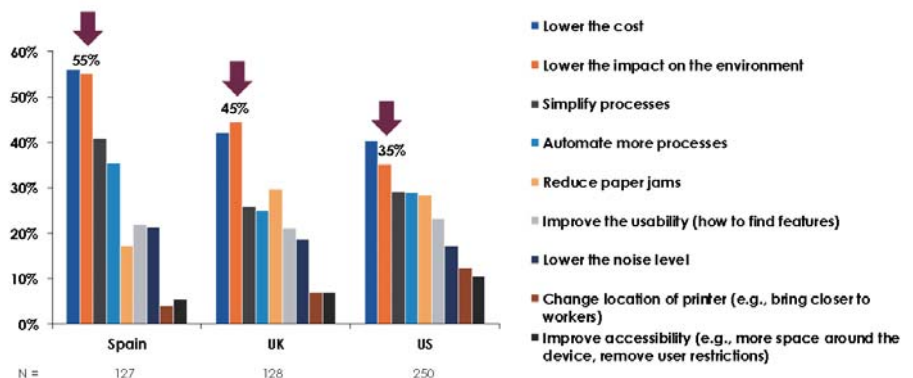
This article will review some of the trends in sustainability occurring in the office equipment industry, how Keypoint Intelligence evaluated vendors for sustainability, and the winners of the evaluation.

Vendors see shift in public consciousness

Vendors are observing a shift in customer focus on sustainability; this is reflected in recent Keypoint Intelligence research. When asked what they would change about their work print environment, general office workers selected “lower the impact on the environment” as their number two response option—following “lower the cost.”

The concern over the environmental impact of print may reflect an overall attention to green behavior as well as perceptions around the negative impact of using paper, ink/toner, and energy—in addition to disposing of print supplies and devices.

**If you could change something about your work printing environment, what would you change?**



Source: Future of Office Printing (Keypoint Intelligence, 2018)



# Study Importance Initiatives



## Vendors highly focused on ecolabels

Manufacturers are increasingly ensuring their products follow guidelines set forth by the various ecolabels in existence. The German ecolabel Blue Angel was first introduced in 1978 with the aim to give consumers a clear orientation on environmentally friendly purchases.

Now a variety of ecolabels are driving sustainability product development and marketing, some of which are shown in the below table. All of these directives, labels, and guidelines are evolving over time and must be constantly analyzed to fit the needs of today's society.

### Timeline of ecolabelling milestones

Ecolabel	Established	Country of Origin
The Blue Angel	1978	Germany
Our Common Future	1987	United Nations
Green Seal	1989	United States
The EcoMark	1989	Japan
The White Swan	1989	Nordic Countries
Energy Star	1992	United States
Rio Conference	1992	United Nations
The EU Ecolabel	1998	European Union
Agenda 21	2002	United Nations
RoHS	2002	European union
WEEE	2003	European Union
EPEAT	2006	United States

## United National's goals also driving vendor efforts

Vendor sustainability efforts are also increasingly focused on the United Nations' global sustainability development goals (SDGs). Whereas ecolabels were developed with consumers in mind, the SDGs respond to a need for wider-reaching regulation. The SDGs were implemented in 2016, following the signing of the UN's Paris Agreement for mitigating climate change.

These SDGs are described by the UN as a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. They comprise 17 individual goals, which guide UN policy and funding until 2030 and provide real impetus for manufacturers, vendors, and service providers alike to change processes for the good of mankind. They have three pillars:

- How can companies change the products they sell to have a less adverse effect on the environment comprising circular economy elements, closed loop recycling, and/or reuse?

## IN MY VIEW

What are the reasons for this dynamic industry to still be positive?



USA

**Aaron Leon**  
founder and CEO of LD Products

The United States market is not growing. It's declining, but the bright light there for us, selfishly, is that we have economies of scale, we've been around for twenty years, we have superior suppliers, superior supply chains, superior distribution, so in a declining market we're able to grab more market share. You know, we're looking forward to taking advantage of that.



Mexico

**David Aguila**  
CEO, Inkfinity

Since ancient times people have always needed to keep a record, or evidence of who I am and what I have. We want to print, sign and keep everything that is important. The industry will remain productive while a vision of its creator is still deemed to be important.



UK

**Dennis Haines**  
CEO, Badger Office Supplies

We need to show some leadership, like Aaron, and push the factories here in China to produce the very best quality cartridges. We all need to be doing it. I would like to lead a change in the industry to having an international network where people sell the best quality cartridges at a fair price. I'm optimistic we can do that.



USA

**Shelly Eastman**  
CFO of Liberty Laser Solutions

There are fewer companies left in the U.S. now. For those of us left standing, there are big opportunities. Liberty is still standing because we are privately owned and not controlled by external factors. That has made us unique and allows us to move fast when we need to compete.

# IN MY VIEW

What tactics are the OEMs using to try and win market share?



Netherlands

**Mark Dawson**  
CEO, IoP

Europe is very much a flat marketplace, probably a declining marketplace. I think there are two different OEM strategies. Ricoh is an example of one strategy where they are diversifying and becoming IT companies and getting into workflow, digital workflows and software solutions. HP is going for more of a cash-cow model where they sweep up others to capture more share, such as what they did with Samsung.



UK

**Dennis Haines**  
Badger Office Supplies

The one thing I'd add to what Mark said is that they're using retro rebates as a weapon to keep aftermarket cartridges out of the market. They use the retro and the margin on the OEM-only printer to "force" or encourage retail to only carry the products where they make good margins.



USA

**Aaron Leon**  
founder and CEO of LD Products

Twenty years ago, many OEMs fought other OEMs to gain market share. Now it seems many of the new innovations on their printers and cartridges are to focus on the aftermarket at all levels of the market. And that really doesn't benefit the consumer at the low-end, the medium-end or the high-end.

The OEMs have also been very successful on their eco-tank, inkjet printers where—especially Canon and Epson. Now they're just putting one big bottle of ink in the printer which takes ten to thirty cartridges out of the market. They've been very successful in the low-end inkjet market in the U.S.



- How can manufacturing processes be adjusted to the SDGs?
- How can companies help the community whether local or global?

## Keypoint Intelligence vendor evaluations

With these and other trends in mind, Keypoint Intelligence identified categories by which it would evaluate office equipment vendors' current positions and offerings around sustainability. The eight categories included in information collection and evaluation were:

- Company-wide vision
- Achievements and targets in the office environment
- Product innovations
- Product labels
- Environmental management
- Marketing
- Advocacy
- Other sustainability differentiators

The information gathered was used to generate numerical scores for each vendor in each of the categories.

## Keypoint Intelligence sustainability findings

Major trends that emerged from the data collection include:

- All vendors are avoiding landfill and not only recycling, but also reusing and repurposing parts, devices, and components. There are still vast differences between whether this is made available free of charge, sub-contracted, or not available as well as the level of return, reuse, and repurposing relative to production.
- All vendors are striving to reduce environmental impact at every step of the product lifecycle from raw materials to component suppliers,





transportation, packaging, energy consumption, device longevity, emissions, as well as footprint or volume of print through managed print services (MPS) or print management.

- Community contribution is increasing in importance to any vendor's offering. The relative size of companies should be guidance for the level of contribution.
- All manufacturers are shifting to renewable energy sources as far as possible, and sales operations are expected to do the same.
- The first tools are appearing to help guide consumers or companies on calculating their environmental impact and assessing where saving should be made. This is quite a change to the "cost-focused" assessment tools of the past ten years.

And based on its scoring exercise, Keypoint Intelligence determined three leaders in the office equipment sustainability space: HP for sustainability programs in North America and Western Europe, Ricoh for sustainable office technology in North America, and Epson for sustainable office technology in Western Europe. More information about these awards can be found in recent North America and Western Europe press releases.

### Conclusion

Media coverage has elevated sustainability to become a very high-ranking priority. Industry manufacturers and vendors are already doing a tremendous amount relative to their manufacturing footprint as well as improving the energy efficiency of products; leading vendors are also hot on community contribution quite apart from office equipment.

Keypoint Intelligence expects, however, the focus for the coming years to move to the circular economy. It is no longer enough to offer a supplies recycling program. The new standard will be to directly compare the amount of recycled content in devices or renewable materials in packaging or longevity of parts or supplies. Repair and reuse will also play a more dominant role, and all of this will be at no additional cost to the user.

It is a new challenge for the industry that will require a lot of rethinking for many vendors whose main business focus has previously been profit. ■

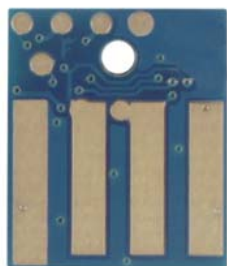
*For more information on Keypoint Intelligence's "Market and Vendor Insights: Sustainability" study, please contact Deanna Flanick at [deanna.flanick@keypointintelligence.com](mailto:deanna.flanick@keypointintelligence.com).*



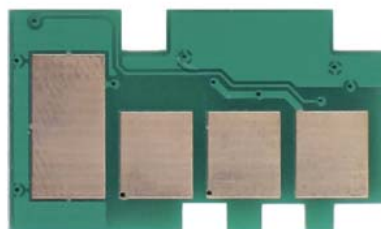
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