SPEAKEASY

THE RAPID PACE OF CHANGE

Q&A WITH PETER KOWALCZUK

EXECUTIVE VICE PRESIDENT,
ZONE OPERATIONS & MARKETING,
CANON SOLUTIONS AMERICA

By Patricia Ames

We recently had the opportunity to interview Peter Kowalczuk, executive vice president, zone operations & marketing at Canon Solutions America, during which we discussed the elusive paperless office, digital natives and the changing face of technology. Join me in the SpeakEasy.

Tell us a little about what you do at Canon.

I am the executive vice president, zone operations & marketing for Canon Solutions America. We are a direct B2B sales organization and are a wholly owned subsidiary of Canon U.S.A. Inc. We service, sell and support many of Canon's document imaging hardware products and also Canon's own solutions including Therefore, IRIS and uniFLOW. We also filter in third-party software solutions that we need to help us round out our portfolio to fulfill our customers' needs and wants.

Did you originally work at an independent copier dealership? I saw that Ambassador Office Equipment was in your profile.

I've been with Canon since August of 1984. I was hired by a small subsidiary at the time called Ambassador Office Equipment. In the late 1970s and into the 1980s, Canon bought four dealerships. One in New York called Metropolitan Calculator (MCS), one in Chicago called Ambassador Office Equipment, and one in Los Angeles called Astro Office Equipment in Los Angeles and one in Philadelphia called Dupli-Fax. These four acquisitions were run as standalone operations for many years. Together, they are the cornerstone of what Canon Solutions America is today.

We started embarking on an organic expansion, moving into cities like Detroit, Denver, Dallas, Houston and Boston. We were growing — we didn't acquire anybody. We opened up an office, put a shingle on the door and started selling Canon products and the limited solutions we had. We continued to expand and eventually Canon decided to take the four dealerships and consolidate them into one company, which became Canon Business Solutions. Canon Inc. then acquired Océ, a European company with large U.S. operations. With the acquisition, Océ's European operations were absorbed into Canon Europe and its U.S. operations into Canon USA. We worked on an integration strategy for three years to determine the best process. It was after that time that we became Canon Solutions America (CSA), bringing together CBS and Océ North America. Within the new company are three divisions — Enterprise Services & Solutions (ESS), the Large Format Solutions (LFS) and Production Print Solutions (PPS) divisions. I am part of the largest division, ESS.

That is one of the best descriptions of very complex maneuvering that I have heard — thank you Peter! It appears that you've had a lot of experience working directly with the clients.

I was hired as a salesperson right out of school. I graduated on August 9, a Saturday, and I was at work on August 11 in training.

Our readers are going to love your point of reference. Solution selling involves complex conversations with your clients. How do you train your salespeople and keep them up to date when technology is changing so quickly?

That's the constant challenge. It's continuous education, whether it be online, self-paced education or via our training department. When I was hired, there was a two-week training program — that's certainly not the case these days. Now we actually hire what we call mentors, who are usually former managers. They take our new hires and coach them and serve as a kind of guiding light for the new reps.

We have additional expert resources for the sales team as well. The salespeople understand how to create the opportunity, and our in-house analysts are brought into the discussion for additional support when the conversations get more technologically complex. The analysts not only help on the sales side, but they also assist on the implementation side. We also help our salespeople by subdividing the markets to create optimal workflow. When you've managed to secure a conversation with the IT folks at a prospect, for instance, you need to have someone with an equal skill set that can really talk to them, otherwise you have no credibility. When the sales discussion starts focusing on the client's network, then you absolutely have to have skilled experts on

hand, so we hire a lot of technical support for that purpose.

Additionally, Canon Solutions America has built a national help desk. It is staffed with highly skilled teams that will do the technical homework for the sales team while they are in front of a customer. We've made a very significant investment in technical expertise to meet the different needs of our customers from small to large. The various vertical markets we engage all have a little bit of a different flavor. They use different acronyms and have unique technical requirements.

As it pertains to business process management and workflow, what specific problems and opportunities are your customers most interested in lately?

The Internet has changed the world, and everyone is trying to figure out how to get things done faster. There are now companies from traditional vertical markets, like banking and insurance, that are native to the Internet — Allied Bank, E*Trade, and Esurance for example. The older companies in those vertical markets now have to figure out how to compete and deliver to the customer differently than they have in the past.

It's critical for these companies to become more productive. They need to create the products and outputs faster because the customers' expectations are for instantaneous delivery. How do you compete with a direct organization when someone's selling a similar product on the Internet?

In many vertical markets, we see companies looking to become more efficient with their documents. Health care is struggling with the explosion of documentation they are required to manage. Take a hospital as an example – when a patient is admitted, they need to submit their insurance card. The admittance staff is creating labels for the patient files, they create a wristband for the patient. All that information now exists and needs to be managed. When the patient gets to the floor where their doctor is, the staff is asking the same questions again and asking for the same documentation. How do you move that information around? How do you share that information? The hospitals use different types of manufacturers and often the different software components do not talk to each other.

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The health-care industry is very interested in efficiently moving documents around. Compliance is a huge consideration. You can't talk to a health-care organization without talking HIPAA. You have to have software that helps them fulfill all the HIPAA compliance criteria. Security is also extremely important. It's an interesting conversation to have with our customers when security solutions become the discussion. Everyone thinks security is about how employees access the network, what kind of ID card or badge they use for access, etc. They are completely blind to the fact that they have documents sitting on their desk that can be picked up and walked out of the building.

What role do partners play in helping to develop the BPM and document management landscape?

Canon has made some strategic acquisitions of software companies. Our European affiliated company acquired an interest in NT-Ware, a European company, which brought us a product called uniFLOW. This software has a number of different modules that give us a broad security portfolio that includes card scanning at the device, statistical background data, the ability to understand who's printing what, when and in what quantity. It also incorporates rules-based routing, so that print jobs are sent to where they're the most productive or least costly. Another company we acquired has a product called Therefore, which has become our main electronic management software. Canon acquired a company called IRIS in 2013 that provides unique technologies for document capture, identification, recognition, conversion and compression.

If we need additional capabilities, we'll research partners and bring them in to fill gaps or fulfill the needs of our customers. For instance, we have fax capability on our hardware, but there's also software

"CLIENTS WANT SECURE MOBILE PRINT, THEY WANT A SECURE METHODOLOGY FOR MANAGING THE DEVICES."

fax capability like RightFax, which is another company that we work with. We work a lot with Nuance and incorporate eCopy into our solutions. This is a robust scanning product that's very dominant in the legal and health care verticals because it offers a very secure way of scanning documents and using the multifunctional device as the launching pad for the digitization of the information.

How is the demand for mobile devices and applications changing the way customers utilize your products?

Initially, the mobile device just gave clients the capability to connect to their printer remotely to let them print. It was a very open environment where they could just put a memory stick on the side of the multifunction device and scan a document straight onto the memory stick. Now clients want secure mobile print, and a secure methodology for managing the devices, so more controls are instituted — documents are tracked, people need to be authorized to print on devices. Some clients may not want to allow scanning to mobile devices; instead they want to allow scanning only to a secure folder, and then the document can be viewed and emailed from that folder. The clients' expectations are a lot higher and that has opened up the opportunity to talk about security.

Our uniFLOW product offers very robust security, not only for device management but also for mobile print. Assignments are given within the system in uniFLOW that require credentials to print. Yes, mobility is a big issue but the security element plays a big part in it and we need to be able to fulfill both.

There are cost savings and operational efficiencies that can be realized from adopting the types of new technology that Canon offers. Why do you think organizations are slow to embrace some of the new solutions?

Companies are tentative because of the fast pace of change. Some technology becomes obsolete so quickly. Look at mobility, for instance — initially mobility was simply remote printing or scanning to a memory stick, but as I mentioned earlier, most organizations stopped allowing that, and companies were forced to make further investments in security. Because of issues like that, clients want to do their best to make sure there are no changes pending in government or industry requirements before making an investment in new technology, and if they don't absolutely have to make the investment now, they will opt to hold off. Clients also want to make sure there are enough competitive offerings available before making an investment in new technology. They know technology gets better with competition and it affords better value for the consumer.

You've been in this industry since you were 19 years old. What are the biggest changes that you can think of that you've seen?

I'm amazed by the constant ebb and flow of companies and the capacity for government to create laws but not seem to have the ability to look at the impact these can have downstream. Companies have to try to adjust to the new regulations very quickly. I don't believe the government fully comprehends the investment it takes to make those changes. Especially with security, the proliferation of requirements companies are being faced with is astounding. Some companies just can't pivot fast enough to comply and don't make it.

I'm still waiting to see the paperless office everyone talks about! What I've seen happen is the volume of printing has become more distributed. We're working with a major school system at the moment; they thought their print volumes were decreasing and we'd be installing fewer devices. Instead, what they've learned is that their volume has actually grown — it has just become more distributed. Users don't send the print jobs to a centralized reproduction center

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anymore. Users want to use mobile devices and they need to turn around the prints quicker, so the school system has to install more devices at the local operation.

What is the main driver for this change in behavior?

Electronic documents. Teachers can scan in a workbook and then they can print it out for their students wherever they happen to be on campus. If they had to send it to a central reproduction center, by the time they get it back, it could be a full week. Expectations have changed and they don't want to do that anymore.

What do you like most about your career?

The reason I've stayed in this career and why it has made me very proud of this company is that we really act as a partner to our clients and not just a vendor. I think that's what has allowed us to grow and move properly.

Canon has never been the low-cost provider. We've always been above the fray, selling the best value, which normally means that we've had the best technology, the best service organization and the best sales organization out there so that we train and service our customers well. We position our products well and make sure that we provide our clients with the right solutions.

If you take into account all the items we've talked about in this interview — security, mobility, electronic content management and so on — Canon is very well positioned because of the investments that we have made. We've always gone to market with the best technology and concentrated on creating the best value proposition. When customers look for someone who can do it all, that's where we come in. We'll never be the least expensive one in the market but we're always going to be the best value. All the changes in the market that create chaos in the industry cause companies to look for security in a vendor that they feel comfortable will be there. They also look for a vendor that has the capabilities to start them small and scale bigger or start large and be able to deliver on a big enterprise solution.

I think, from that perspective, I'm excited because of all the new tools and products that we're working with. It really gives us a lot more capability, gives us a lot more opportunity to really stretch our wings out and talk to customers, not just about printing, which is the low cost margin area, but about fulfilling a customer's needs and wants and helping them grow their business. I think that's what we're all about. Ⓦ

Patricia Ames is a senior analyst at BPO Media. Contact her at patricia@bpomedia.com