



The Challenge of Entering the Wide-format scanner Market

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With only a few major players around the world, it is attractive to become a wide-format dealer (a.k.a., a large-format scanner dealer). If you are considering becoming one, there are a few things you need to know in order to be successful.

A wide-format scanner is part of a solution, not the solution by itself. Scanners need an application to form a solution and sometimes a printer as an output device. Now you can begin to address industry-specific solutions in the market place.

The Challenge

Unlike a printer, there are virtually no consumables with a scanner. Granted, if you treat your customers nicely, they will probably buy their next scanner from you a couple of years down the road. On the other hand, if you offer a scanning application, you have the opportunity to specialize and upgrade the application as needed.

Wide-Format Scanner Market

Today wide-format scanners are successfully deployed in various industries, including:

- CAD
- GIS
- Reprographics
- Photo labs
- Graphic arts
- Vertical market segments, such as contractor estimation

The graphic arts segment is growing as the quality of wide-format scanners continue to improve. In addition, we have seen growth in the vertical market segment that contains industry-specific solutions tailored to unique and specific needs.

For a new scanner dealer, it is important to know at least part of the industry or already have solutions within an industry segment. To penetrate and get a scanner solution accepted in a new industry segment can take awhile.

A new scanner dealer benefits from having ties to at least one of the main wide-format scanner industries.

The Solutions Matter

Scanner customers want and need solutions. Reprographers combine a scanner and a printer with a software application that scans and print documents. Within



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the CAD world there is a need for archiving documents in an electronic file format and also bringing legacy drawings into a CAD program.

Fast retrieval and tracking current versions can be daunting without the help of an electronic document management system, or EDMS. In an EDMS system users can scan media, index the content, and save it in a database for later retrieval. A number of EDMS systems exist, from simple systems in the \$500 range to professional high-end systems of \$1,500 to \$5,000 and on up to enterprise systems that exceed \$5,000.

A scanner software application is probably the most important component of a solution, and often it is the only differentiation parameter you have. Therefore, offering a rich set of software packages that address the needs of the industry you are focusing on is mandatory for success.

A scanner dealer should have access to software solutions that address the needs in the targeted industry segment.

A Printer Need

Scanner software is a great way to improve your portfolio, however you still are missing a critical component — the output device. Without a printer, users can only flow from the original media towards an electronic form, but not back to media. Believe it or not, we are using more and more paper.

Exposure is Everything

If you already have customers in the wide-format scanner industry segment, you are off to a great start. If you are completely new, you have some work in front of you. Exposure is everything, and you need to tell potential customers who you are, what your value propositions are, and why they should buy from you.

Traditionally, you would want to tell potential prospects about your company and your offerings. Today, there are old and new ways to reach your prospective clients.

The old school, traditional way is to use magazine ads, brochures, fliers, direct mail, and TV and radio ads. The new way is via the Internet. Here you can get exposure to the whole world with one ad. To be sure, it is important to use both ways of contacting customers. Customers are used to be able to find relevant information fast, any time of the day or night.

The Internet is growing all the time, and in order for your potential customers to be interested in your product, you must use many different Internet tools. It pays to pay attention to your Web site. Update it often and be smart in how you organize information and set up your site. Most new prospects have an attention



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span of less than 30 seconds for a Web site. So, if you don't catch them right away, they are probably lost forever.

Solutions for Vertical Markets

The wide-format scanner market originated in the late 1980s and was geared towards the CAD market. At that time, the software solution everyone wanted was a simple raster-to-vector conversion program to move hard-copy CAD drawings into CAD software. Later on, the same need arose for the GIS community to move maps into software solutions.

With add-ons like Autodesk RasterDesign and ESRI ArcInfo that could import raster files directly from the scanning process, the market dried up. After that, digital archiving was the hot product with sophisticated indexing products.

Today's typical customer just wants a flat file in either TIFF or PDF file format or they are looking to find new uses for scanners, such as take-off estimation — a fast way for contractors to use customer blueprints of their office building and quickly estimate new flooring costs, and the like.

What to Expect

If you decide to become a wide-format scanner dealer, what kind of margins can you expect? If you plan to sell to state or local governments, you will quickly find the laws require that they receive at least three bids and in general this means that the lowest bidder wins. Expect a typical margin of 6%-15% in these cases. When selling to private entities, you should expect a slightly higher margin of 10%-20%.

This does not sound too bad, considering the even lower margin on the wide-format printer market. However, keep in mind that the entire market for wide-format scanners is also considerably smaller. For example, in 2008, it is expected that the U.S. market will consume 2,500 wide-format scanners. With a typical average selling price of \$12,000, we are talking about a market size of approximately \$30 million. Given the relatively small market, the chance of selling wide-format scanners in volume is slim. With this information in mind, unless it is strategic for you to go into the wide-format scanner business, you may be better off by just referring scanner sales to specialized scanner dealers and getting a finding fee for your effort.

We Can Help You

Starting as a scanner dealer or improving your existing business requires hard work and many tools. If you do not want to waste your advertising dollars, it is important to know who your prospective customers are and what they need. With more than twenty years experience in the wide-format scanner industry, the Stanley Adams Group can help you starting a new scanner business or improve your existing wide-format business.



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About the Author

Henrik Vestermark is an independent consultant and professional who has worked in the wide-format scanner industry since 1988. His expertise includes experience in all aspects of the wide-format and large-format digital capture market, including the development, sales, and marketing for a large-format scanner manufacturer. In 2008, Henrik Vestermark founded the Stanley Adams Group, a consulting group focusing on the wide-format industry.