

## PRODUCT FLASH

### Xerox Brings ColorQube Value to Desktop Printing

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#### IN THIS PRODUCT FLASH

This IDC Flash analyzes Xerox's latest ColorQube offerings launched on October 19, 2010. It offers a quick review of the two new models — their pricing, availability, and go-to-market details. It also captures Xerox's positioning of the new products vis-à-vis competition and the role of these products in the overall cost per page (CPP) discussion in the hardcopy peripherals market space.

#### SITUATION OVERVIEW

On October 19, 2010, Xerox introduced two new additions to its solid ink portfolio. This can perhaps be viewed as a first round of Xerox's ColorQube portfolio expansion since the introduction of the series more than a year ago. This time around, Xerox has brought solid ink printers to the desktop with the introduction of ColorQube 8570 and ColorQube 8870 — with both products being targeted primarily at SMB users and small to midsize workgroups in the enterprise.

Both products are available in North America and Europe through Xerox direct sales, agents, resellers, and dealers. They are also backed by the Xerox Total Satisfaction Guarantee program.

Key highlights of the new devices are:

- ☒ **ColorQube 8570 series.** This series comprises three model configurations — ColorQube 8570N (\$699), ColorQube 8570DN (\$849), and ColorQube 8570DT (\$1,149). Key features include:

- Product type: Color solid ink printer
- Print speed: Monochrome/color — 40ppm/40ppm
- Duty cycle: Up to 85,000 images per month
- Standard/maximum input paper capacity: 625 sheets/2,200 sheets (on 8570N and 8570DN only)
- Memory: Standard/maximum — 512MB/2GB
- Resolution: Up to 2400 FinePoint
- True Adobe PostScript 3
- Format size: A4
- First-page-out time: 5 seconds

These features (with the exception of paper capacity) are available on all three model configurations. In addition, the three configurations of the 8570 are network ready. However, standard duplex capability is available only on the 8570DN and the 8570DT. Duplex is optional on the 8570N. The standard paper capacity on the 8570DT is 1,150 sheets, while maximum paper capacity is 2,200 sheets.

- ☒ **ColorQube 8870DN.** Priced at \$2,499, the ColorQube 8870DN offers a more robust duty cycle for higher-volume print jobs than the ColorQube 8570 series. Key features include:

- Product type: Color solid ink printer
- Print speed: Monochrome/color — 40ppm/40ppm
- Duty cycle: Up to 120,000 images per month
- Standard/maximum input paper capacity: 625 sheets/2,200 sheets
- Output paper capacity: 350 sheets
- Memory: Standard/maximum — 512MB/2GB
- Processor speed: 1GHz
- Resolution: Up to 2400 FinePoint
- True Adobe PostScript 3, PCL 5c emulation, PDF
- Format size: A4

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- ❑ First-page-out time: 5 seconds

The ColorQube 8870DN is network ready and offers standard duplex capability. It also offers optional wireless capability.

## FUTURE OUTLOOK

Staying with its core message of cost savings, green, and reliability with its solid ink technology, Xerox has touted these latest ColorQube products as making color affordable for businesses of all sizes:

- ☒ **Green highlights.** With the ColorQube 8570 series and ColorQube 8870, Xerox has emphasized the green office message significantly. According to Xerox, the packaging for the printer and solid ink sticks creates 90% less waste, up to 30% lower life-cycle energy demand, and a carbon footprint that is up to 30% smaller than comparable laser printers. Additionally, the printers have "EarthSmart" printer driver settings, which allow users to choose the most environmentally conscious print settings.

All the printers (with the exception of ColorQube 8570N) are ENERGY STAR qualified and are bundled with GreenPrint software. The GreenPrint tool helps users print only those pages needed, thereby eliminating waste. To optimize energy usage, the printers are built with Intelligent Ready technology that senses usage patterns to conserve power during low usage times.

- ☒ **Cost savings.** The ColorQube 8870 has been made available with customizable pricing plan options similar to those of the ColorQube 9200. This means that users have the ability to customize and determine how much they are willing to pay for the amount of color they print. According to Xerox, the color CPP of the ColorQube 8570 is \$0.123, which is lower than the color CPP of HP Color LaserJet CP3525dn (\$0.135) and Lexmark C734dn (\$0.128). Similarly, the color CPP of ColorQube 8870 is \$0.035 compared with the color CPP of HP Color LaserJet CP4525dn (\$0.097) and Lexmark C782dn XL (\$0.057).

- ☒ **Market impact and outlook.** The new products are Xerox's first lineup of color printers in the ColorQube portfolio, the earlier ColorQube 9200 series being color MFPs. However, Xerox has been shipping Phaser 8860 solid ink printers since 2009. The new ColorQube products are good additions to Xerox's overall color printer category, especially in the color laser 31–44ppm speed segment that IDC projects will grow at a solid 21% CAGR over the next five years. According to IDC's United States Quarterly Hardcopy Peripherals Tracker, 2Q10, Xerox, with a market share of over 40%, was the market leader in this segment until end of 2009. However, HP overtook Xerox in 1H10 with a share of 54%, relegating Xerox to the number 2 position with a share of 19%. HP's success can largely be attributed to its success with the relatively new Color LaserJet CP4025 and CP4525 series.

IDC has been observing the extent of the impact of Xerox's solid ink technology on the overall hardcopy landscape. We believe the core message of color cost savings and sustainability of the ColorQube portfolio continues to have appeal. The new ColorQube products reflect this core message well and are likely to hold potential as both transactional type devices and competitive MPS products.

The new introductions demonstrate Xerox's commitment to Xerox's solid ink technology. We believe Xerox has a compelling value proposition as well. However, to be able to hold its own against HP and perhaps Lexmark, Xerox will need to engage more closely with the SMB channel, especially office retailers. Additionally, Xerox faces near-term challenges from HP's aggressive promotions on the Color LaserJet CP4xxx series. For example, HP has been running a "Risk Free HP Care Pack Services" offering free with the CP4xxx series for end users. This has been offered since July 2010 as an extension of HP's standard three-year next business day onsite warranty.

Overall, IDC believes Xerox has made a move in the right direction with the expansion of its ColorQube portfolio in a speed segment that has a high growth potential. While there are challenges, for the moment, Xerox is well armed with its core message of total cost savings.