

XEROX®

Technology | Document Management | Consulting Services

An update for Xerox Accredited Channel
Partner sales organisations

Sell services, grow sales, **build loyalty**

what Xerox service offerings can do
for you and your customers



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Hervé Chauveau
Director, Marketing and Strategy
Xerox Office Europe

Dear Xerox Partner,

With your help, Xerox is making excellent progress in implementing its innovative, indirect service strategy.

Great response from customers, fantastic feedback from partners and positive comment from industry analysts confirm that we have taken a position of leadership with our services business.

The purpose of this document is to keep you up-to-date with developments to the service offerings themselves - eClick, PagePack and ServicePack - and to introduce some new tools and techniques that will make it even easier for you to take advantage of this new business opportunity.

Before you read on, I want to draw your attention to some of the highlights of our programme:

- eClick for printers, which gives large customers the benefit of a single contract for all their networked Xerox Office devices
- XOPA (the Xerox Office Document Assessment), a new online tool to help you assess customers' printing costs and sell products and services
- EDI (Electronic Data Interchange), which will be the preferred route for registering and managing eClick contracts between Partners and Xerox.
- COT, our Customer Online Tool, which will become the basis for future applications that will increase customer productivity and reduce costs for partners.

But perhaps the biggest highlight is that in our industry, only Xerox is already delivering such services in partnership with the channel. Our competitors are still working out how to do it (or bypassing the channel altogether). For Xerox accredited partners, this is an unrivalled opportunity to expand into new areas of the market and take your business in new directions.

We estimate that for every €1 of Xerox hardware you sell, you will generate another €1 in services over the next five years. In addition to this recurrent revenue, selling services can improve your competitive advantage as you develop deeper relationships with customers and use this knowledge to add value to your services portfolio.

The service updates, new marketing tools and administrative processes featured in this document are all designed to help you make the most of your services business.

I warmly encourage you to take advantage of all that we have to offer together.

Sincerely yours,



Hervé Chauveau

The story so far...

April 2002 Xerox announces plans to increase hardware sales through indirect channel

April 2003 Xerox introduces new service offerings: eClick, PagePack and ServicePack to be sold through concessionaires and resellers

Oct 2003 IDC publishes 'Documents: the lifeblood of your business?', research sponsored by Xerox, which highlights the hidden costs of office printing in European businesses

May 2004 eClick announced for printers

May 2004 Launch of the 'Go for Gold' training programme for European channel partners

May 2004 'Creating value for you and your customers', a guide to new service offerings for channel partners

May 2004 Xerox Office briefs European analyst community on services strategy

June 2004 Xerox introduces accreditation programme for channel partners

July 2004 Xerox Office Productivity Advisor (XOPA) assesment tool launched to support sales of eClick and PagePack

Sept 2004 New marketing collateral available for partners and end-users

Sept 2004 New service sales training

Sept 2004 Introduction of EDI Phase 1 (invoicing)

"Xerox is reinforcing its relationship with its channel partners by giving them the opportunity for additional revenue and innovative solutions."

- IT industry analyst, May 2004

"While many innovations within the device, such as duplex printing and efficient toner coverage, have emerged to help reduce costs, customers continue to express concern that they often do not have a transparent view of their real-time printing and document costs. Technologies like Xerox eClick help provide the cost transparency and control that customers demand in order to maximise the return on their workgroup print investment."

- InfoTrends/CAP Ventures - July 2004

What's new?

For customers

COT (Customer Online Tool)

To reflect the growing importance of COT within our services strategy, we have renamed it the Customer Online Tool.

To get the full benefits of COT, we need to establish it as the principal management tool for PagePack and eClick.

Every time you sell a PagePack or eClick contract, Xerox emails you details of the Web address, Login and Password for the customer to access COT. It is important that you forward these details to your customers so they can benefit from:

- Easy ordering for consumables, submitting meter reads and changing shipping addresses online
- No phone delays in ringing through consumable orders
- More regular recording and reporting of meter reads for you to view and monitor
- Availability to order 24 hrs a day, 365 days a year
- Functionality for customers to decide who can order consumables within their organisation.

Using COT reduces administration costs for the customer, the partner and Xerox. Please encourage your customers to use COT, which will be the backbone of future service delivery.

Building on COT, Xerox is planning to introduce SMart eSolutions a set of intelligent applications that will further help customers manage their document costs.

SMart eSolutions will include:

- **Meter Assistant**, a revolutionary Xerox application that automatically collects factual meter readings from customers' printers and multifunction systems. We will use this information for annual contract reconciliations. (For this reason, it is a requirement that all printers covered by eClick must be network-enabled and that customers agree to remote meter reading). Automatic meter reading will directly benefit our Channel Partners, as the accuracy of its readings and clarity over usage will enable correct billing and avoid the cost and dissatisfaction of disputed invoices.

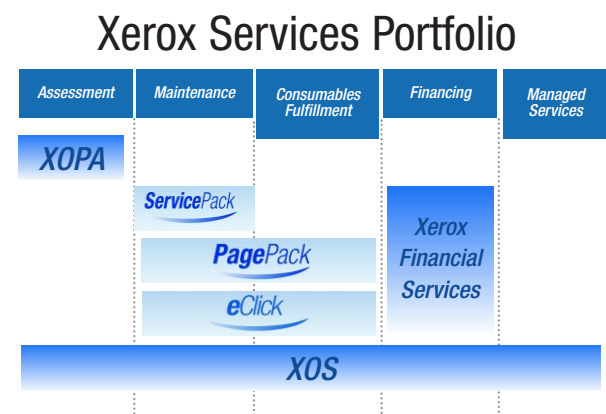
- **Supplies Assistant**, which will track toner requirements and automatically replenish supplies, eliminating the need for customers to order supplies.
- **Service Assistant**, to anticipate service needs and initiate action, which will increase up-time and availability of the device
- **Reporting Assistant**, customised reports and usage data for customers

****Please note**:** SMart eSolutions will not be introduced into Europe before 2005, following the completion of local pilot projects and trial implementations.

Meter reading is the first component expected to be available in Europe.

A comprehensive service portfolio to manage costs

Through its partner channel, Xerox now offers a complete portfolio of services that will help our customers control and manage their document costs. From assessment with XOPA, through installation, new service offerings, asset management and managed services to full support, we have a powerful proposition unmatched in the marketplace.

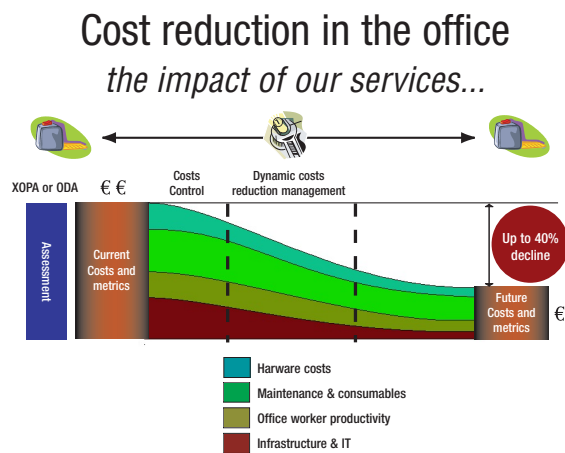


What's new?

For partners

A clear sales message: cost reduction

We have now developed a clear and consistent sales message around cost reduction for our cost-per-page service offerings, PagePack and eClick. With 90 per cent of organisations unable to estimate what they spend on documents, there is a big opportunity for partners to help customers identify and then reduce those printing costs.



Training materials, product guides, data sheets and other marketing materials are available to help partners understand and then communicate this message effectively to customers.

XOPA - Xerox Office Productivity Assessment

To help Channel Partners engage with customers on cost reduction, Xerox has introduced the Xerox Office Productivity Advisor (XOPA), a web-based tool to help organisations understand their document costs.

Using XOPA, a Partner can estimate an organisation's document costs, compare these with industry averages and make recommendations on how to make savings.

There are two XOPA methodologies. The full, standard XOPA analysis generates an in-depth analysis of document output and a customised proposal for reducing costs. This takes up to two weeks to prepare. There is also a 'quick' XOPA, which can take just two days to arrange and provides top-level insight into the customer's document costs.

Xerox makes no financial charge to the Channel Partner for using XOPA. However, we encourage Channel Partners to develop XOPA into a revenue stream or incorporate it into other fee-based consultancy for their clients.

XOPA is backed by a rich database of proprietary and Xerox's own studies, including data on more than 2,000 office products from each country, and powerful modelling algorithms, which makes the results unique to Xerox. By analysing direct costs such as equipment, maintenance and supplies, plus indirect costs such as employee productivity, infrastructure and IT support, XOPA provides real insight into an individual organisation's document.

XOPA is available to certified pre-sales consultants from Xerox Channel Partners, on completion of a two day training course. The course content includes how to carry out a XOPA analysis plus how to then develop appropriate sales messages and engage with the client.

SCOT II (Service Contract Ordering Tool)

Incorporating changes suggested by channel partners, SCOT II, the new version of the Service Contract Ordering Tool, is both easier and quicker to use.

Improved functionality means you can now:

- Renew or cancel contracts online
- View the status on the last service call for any given serial number or request ID
- Use enhanced selection and search criteria
- Access a comprehensive, online 'teach yourself' training module and supplementary training manual

With the implementation of SCOT II, more contracts will be activated immediately and fewer exceptions will need manual intervention. In addition, partners will notice faster processing and transactional times and new screen layouts that consolidate information into viewable pages.

The new structure of SCOT II also allows for future changes to be made much more quickly.

What's new?

For partners (continued)

EDI (Electronic Data Interchange)

EDI enables partners and Xerox to securely, accurately and automatically exchange contract data and is the preferred tool for setting up and administering eClick contracts.

While EDI requires some initial investment in IT systems and processes from channel partners, this should be offset by a considerable reduction in administration costs.

Consolidated billing

In response to feedback from partners, we have introduced consolidated billing. So, for example, if you sell ServicePack, PagePack and eClick contracts to the same customer, you can receive one consolidated billing invoice (CBI) at the end of each month (instead of a series of separate invoices throughout the month). The CBI provides you with a breakdown of individual contracts due for payment that month.

With some partners expected to receive more than 50 individual service-related invoices a month, consolidated billing has clear advantages.

To register for CBI, you should contact the credit control team by email to Irxl.office.europe.service.partner.credit.control.team@irl.xerox.com or by fax to **+353 608 6472**

eClick and PagePack datasheets

Local language versions of eClick and PagePack data sheets are available to order from the online Office Collateral Catalogue or to download from the Xerox Partner Extranet at www.xerox.com/office/resellers.

PagePack Handbook

Now available on the partner website, the PagePack Handbook is a comprehensive guide to selling and managing PagePack contracts, including answers to questions frequently asked by partners.



Summary of offering

Key features

- ServicePack is a maintenance-only contract.
- There are two versions of ServicePack. ServicePack is available via SCOT** (for concessionaires and partners) and as Service in a Box, sold only via a distributor to resellers.
- Designed primarily for smaller multifunction systems and for printers, ServicePack provides:
 - Access to the Welcome and Support Centre
 - Hardware support and maintenance
 - Parts
- ServicePack excludes supplies - customers will buy consumables from distribution as they need them.

Benefits

- ServicePack is channel-friendly.
- ServicePack (Service in a Box) meets the requirements of the IT distribution model.
- ServicePack via SCOT** has been designed to bring the benefits of e-business to concessionaires and partners.

What's new for ServicePack?

The improved functionality of SCOT II means you can now:

- Renew or cancel contracts online
- View the status on the last service call for any given serial number or request ID
- Use enhanced selection and search criteria
- Access a comprehensive, online "teach yourself" training module and supplementary training manual

** SCOT is the Service Contract Ordering Tool

PagePack

Summary of offering

Summary of features

- PagePack bundles together maintenance and pages printed (or 'clicks')
- The service agreement is based on a cost per page
- There is a minimum annual commitment for black and white printing but for colour multifunction systems there is a contract option with no minimum commitment
- Designed for smaller and medium sized businesses, PagePack includes:
 - Toner supplies (it is 'toner in')
 - Access to the Welcome and Support Centre
 - Hardware support and maintenance
 - Parts and labour
- There are PagePack contract bands for each product, for high, medium and low volume usage. You can adjust the band at the end of each year on the anniversary of the contract date.
- A meter reading will be taken on the contract anniversary (or quarterly for contracts with no minimum commitment) and any pages printed over the contract band will be invoiced to the partner.
- No credit is given to any unused pages within contract band entitlement.
- Contracts are available for one, three, four and five years.
- Contracts will exist between Xerox and its business partner (not Xerox and the end-user).
- The partner owns the contract and the relationship with the end-user customer.
- There are no changes to the operation of service delivery. Customers will continue to have their products serviced in the same way by Xerox or Xerox TPM.
- End-user customers request supplies and provide a meter reading online via COT.
- Xerox will deliver supplies directly to the end-user

Benefits

- Customers want and now get a click-based (cost-per-page) agreement.
- Bundled maintenance and supplies means no risk to partner or customer on print area coverage.
- Easy to understand price plans.
- Customers contract directly with their supplier (Xerox channel partner).
- An opportunity for channel partners to build an on-going relationship with the customer, and to grow both revenues and profit.
- Efficiency for partners - it's easy to set up a contract online.
- Efficiency for end-user customers - its easy to order toner supplies online at any time.

What's new for PagePack?

- **For customers...**
 - ...there is now **no minimum annual commitment for colour** printing
 - ... a **discounted PagePack** is available for larger accounts with multiple products..
- **For partners...**
 - you can now get one **consolidated billing invoice (CBI)** at the end of each month, instead of a series of separate invoices throughout the month. The CBI provides you with a break down of individual contracts due for payment that month.



Summary of offering

eClick is a service offering designed specifically for large enterprise customers and sold through Xerox Channel Partners. Importantly, eClick is the first service agreement on the market to incorporate network printers in a cost-per-page (or 'click-based') contract.

eClick's unique cost-per-page agreement includes all service and supplies for Xerox Office printers, copiers and multifunction systems in one simple, pan-European contract.

Key features

- eClick is the key Xerox Office service offering for very large accounts and ITTs
- eClick bundles routine service, onsite repairs, parts and labour and toner supplies in one contract
- A price-per-page is established at the beginning of the contract, based on the number and mix of qualifying machines in the organisation
- Qualification for eClick is based on revenue and pricing is agreed on a deal basis.
- There is no minimum volume commitment - customers only pay for what they use
- Customers order toner and other supplies online, via COT, the Customer Online Tool and toner supplies are delivered directly to the customer by Xerox
- Bulk ordering of consumables is available for multiple product placement customers providing it is identified at contract initiation and monitored by Xerox.
- There are three billing options for eClick. All three options will have fixed and variable elements but billing options can vary to support partner or customer requirement.

Option 1

- Fixed quarterly amounts billed in advance (at the start of the contract)
- Variable quarterly amounts billed in arrears
- One annual reconciliation based on a meter reading, to determine additional charges or credit
- The customer can choose the billing date

Option 2:

- Fixed contract amount billed in advance (at the start of the contract)
- Variable billed annually in arrears on actual meter reads
- One annual reconciliation based on a meter reading, to determine additional charges or credit
- The customer can choose the billing date

Option 3:

- Fixed contract amount billed in advance (at the start of the contract)
- Variable as for Option one
- One annual reconciliation based on a meter reading, to determine additional charges or credit
- The customer can choose the billing date
- Xerox Direct Sales, channel partners and Xerox Business Services can sell eClick.

Benefits

- For the first time, customers can have pan-European contracts - this is unique in our marketplace and is a major selling point.
- eClick covers the full range from printers to high volume multi function devices. Again, this is unique in our marketplace and a major competitive advantage.
- eClick is page-based - customers like that, it is easy to understand.
- eClick gives customer more control over printing/copying costs
- eClick creates new opportunities for partners to generate a services revenue stream for their business and to build their own unique services offering for their end customers

What's new for eClick?

- **For customers...**
eClick now covers **network printers**, so customers can get the full benefit of a single contract for all their Xerox Office devices. To qualify for eClick, the customer must purchase at least €100,000 of eligible products in a single deal. The minimum number of colour printers in a mixed printer / multifunction system agreement will be 30 and all printers must be networked to enable remote collection of meter readings.
- **For partners...**
...you can now get one **consolidated billing invoice (CBI)** at the end of each month, instead of a series of separate invoices throughout the month. The CBI provides you with a break down of individual contracts due for payment that month
... **XOPA**, the Xerox Office Productivity Assessment, an online tool to help you analyse a customer's printing output and sell eClick
... **EDI** will be operational for invoicing service contracts. Contract registration will be enabled in early 2005.

How to sell services

The core sales message for Xerox Office new service offerings is that they can help customers reduce the cost of printing. Our click-based offerings, PagePack and eClick, will give customers an insight into their document costs and the ability to manage and reduce those costs over time.

These are the four steps to successfully selling PagePack and eClick:

1. Engage with the customer and discuss the cost of documents in his/her organisation.

- For example, how much do they spend on documents? Research conducted by IDC for Xerox found that 90 per cent of organisations cannot estimate what they spend on documents. IDC also estimates that on average, annual documentation costs represents between 5 and 15 per cent of revenues. So getting control of these hidden costs can generate big and sustainable savings... up to 40 per cent in some cases.
- You can download this research 'Documents - The Life Blood of your Business? IDC for Xerox October 2003' from the partner web site to use with your client.

2. Use XOPA to assess the customer's current document costs and make recommendations on savings

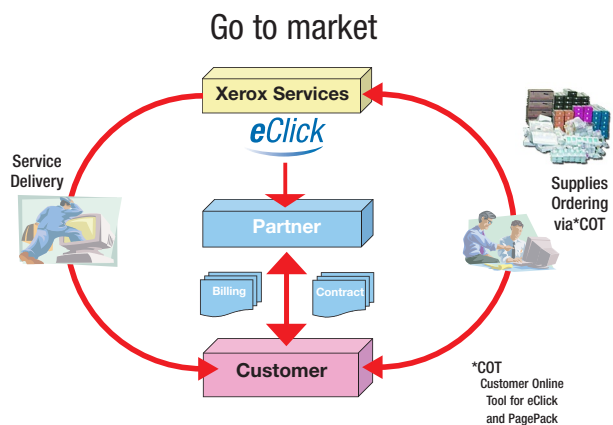
- XOPA is a web-based tool, available to accredited Xerox Partners who have completed XOPA training and certification.
- The full, standard XOPA analysis generates an in-depth analysis of document output and a customised proposal for reducing costs. This takes up to two weeks to prepare.
- There is also a 'quick' XOPA, which can take just two days to arrange and provides top-level insight into the customer's document costs.
- XOPA delivers a report, for you to discuss with your customer, which includes detailed recommendations on how to reduce document costs.

3. Develop a service plan to meet your customer's needs

- PagePack and eClick have been designed to give Xerox Partners the flexibility to tailor a service offering to their clients.
- You can check for eligible products and base pricing on the partner website.
- Your Partner Account Manager will help you with any queries and confirm pricing.

4. Propose and close the sale

- Once you have agreed a sale with the customer, it is quick and easy to set up eClick and PagePack contracts electronically.
- You will find standard contracts, terms and conditions on the partner website for you to use.
- Other useful documents to download include 'Build your business with eClick' and the 'PagePack Handbook'



Questions and Answers

Q. What do channel partners gain from selling Xerox services?

- A. Services offer Xerox Channel Partners the opportunity for consistent revenue growth, a platform for expanding value-added services and the development of long-term relationships with customers.

We estimate that for every €1 of Xerox hardware you sell, you will generate another €1 in services over the next five years. Moreover, this is recurrent revenue that you can plan for every year.

Q. Which service offering can different channel partners sell?

- A. Xerox Office service offerings are only available under accreditation.

Accredited Concessionaires and Accredited Business Partners can sell eClick and PagePack across the full Xerox Office Portfolio.

Accredited Select Resellers can sell eClick and PagePack on the product portfolio to which they have access. That is, the eligible, network-able printers for eClick and the Phaser® 7750 for PagePack, plus the WorkCentre® M20/M20i.

Q: Why is a 'click-based' contract so important for large accounts?

- A: A click-based contract such as eClick lets customers pay for their hard copy output on a per page basis. This pay-per-click model delivers total clarity on the cost per page, which is the key to controlling costs and improving productivity in the office - major issues for the majority of larger organisations.

For many organisations, the introduction of eClick will mean that, for the first time, they will see the real costs of document production and better understand the ROI of their office products. eClick will bring together in one contract and one invoice a whole range of the organisation's printers and multifunction systems, which will help to improve management of office assets and to re-allocate costs internally.

eClick also simplifies accounting for document costs as there is no minimum monthly commitment or issues over 'area coverage'. Customers will simply advise meter readings to Xerox online and order toner online as it is needed.

The pay per click model is also very advantageous to the reseller as a means of retaining and developing a closer relationship with the customer and opening up new business opportunities as a supplier of hardware, service and support solutions.

Q. What qualifies a customer for eClick?

- A. To qualify for eClick, the customer must purchase at least €100,000 of eligible products in a single deal. Other criteria include:
- The minimum number of colour printers in a mixed printer / multifunction system agreement will be 30
 - All printers must be network-enabled
 - Customers must be prepared to accept remote collection of meter readings by Xerox's 'eMeter' application
 - Customers cannot mix old-style ('toner-out') service agreements and eClick on the same products

Q. Which products are available for which service offering?

- A. For an up-to-date list of qualifying products, see the Xerox Partner Extranet. Network printers, multifunction devices and copiers can all be covered by eClick.

Q. What marketing support is available for the channel?

- A. There are several documents available on the partner website to help you sell and operate Xerox Office services, including:

- The PagePack Handbook
- The 'Build your Business' guide to eClick
- eClick datasheet (for customers)

In addition, you can sign up for monthly E-mails with the latest news and check the partner website for more detailed information.

Q. Is there a discounted PagePack for large customers?

- A. To allow more pricing flexibility for partners, a discounted PagePack is available for larger accounts with multiple products. This will be centrally managed by Office Europe with country input.

Q. When will SMart eSolutions be introduced to Europe?

- A. We will implement after we have completed local pilot projects and trial implementations. Partners will be kept fully informed of the launch programme for SMart eSolutions, which will add further value to our shared services portfolio.

What next?

Since Xerox announced its new service offerings earlier this year, response from customers and industry commentators has been very positive. We are confident that Xerox and its channel partners can build a position of leadership in the provision of innovative services to our mutual customers.

We will therefore continue to build on and extend our lead by introducing new features that add value for customers and enhance the business opportunity for our partners.

Over the coming months, partners can expect to hear more about the following:

- The introduction of SMart eSolutions, which will be spearheaded in Europe by remote meter reading.
- Further automation of administrative processes that will increase efficiencies and responsiveness
- New evidence to support the message of 'cost reduction', with associated sales and marketing materials
- More engagement between Xerox and its partners, so that we can together drive forward our services business

We are committed to keeping our partners fully informed of developments that affect their businesses.

Where to get more information

Xerox Partner Extranet (visit Service pages under "Resources" at www.xerox.com/office/resellers)

Glossary

COT: Customer Online Tool

XOPA: Xerox Office Productivity Assessment

CBI: Consolidated Billing Invoice