

Interview

Solution-Based Answers

An Interview with Murray Martin,
Chairman, President, and Chief Executive Officer, Pitney Bowes Inc.



Murray Martin

EDITORS' NOTE Murray Martin assumed the role of Chairman of the Board in January 2009. He was appointed to his current position in May 2007, after serving as Pitney Bowes' President and COO since September 2004. Prior to that, he was Executive Vice President and Group President for Global Mailstream Solutions, following a three-year stint as President of Pitney Bowes International. He also served as President of Pitney Bowes Copier Systems and President and CEO of Dictaphone Canada Ltd., a former division of Pitney Bowes. Prior to joining Pitney Bowes in 1987, Martin worked at Monroe Systems for Business, a division of Litton Industries, where he ultimately served as President. He attended the University of Waterloo in Ontario, Canada.

COMPANY BRIEF Celebrating its 90th year of innovation, Pitney Bowes (www.pb.com) provides software, hardware, and services that integrate physical and digital communications channels. Long known for making its customers more productive, Pitney Bowes is increasingly helping other companies grow their business. Pitney Bowes, with headquarters in Stamford, Connecticut, is a \$5.6 billion company and employs 33,000 worldwide.

What impact did the economic crisis have on Pitney Bowes' business, and how far has the economy come back?

We look at our business in a couple of segments: large enterprise and small-and-medium-sized

business (SMB). We're roughly 50 percent enterprise and 50 percent small business.

Very early on, enterprise locked up their spending on big ticket items, and that had a significant impact on our enterprise business, particularly in the financial services market, which is our largest enterprise market.

Enterprise started to have some loosening in the fourth quarter of 2009. After almost 18 months of having been very restricted, targeted spending on things that had been put off began to occur. That continued in both the first and second quarters before the crisis in Europe hit, which has been a negative. But we see some light in the enterprise segment.

The SMB segment was affected earlier, when credit was actually tightening before it even became a point of public discussion. We still see small business under significant financial stress, not just from the economic downturn but also from their continued lack of access to credit to invest in growing their business, and that has still not moved a lot.

How do your product and service offerings differ between the two segments?

Our managed service business, our software business, and our high-volume production mailing business are in the enterprise segment. Those offerings are not a big piece of the business that is sold into the SMB space.

The mailing equipment, leasing, and payment sides of our business are sold in a very high percentile in the small business segment. While there is some crossover into the enterprise segment, it's really a small percentage.

How much of a focus have the emerging markets been for you and are they strong growth areas for Pitney Bowes?

The U.S. was our dominant position up through 2000. We're now more than 30 percent outside the U.S., although that has fluctuated based on currency values recently.

We've had significantly more growth outside of the U.S., and we've been targeting expansion in those areas and will continue to do so. For example, our Asia operations were in the 20-plus percent growth rates before the recession, while we were growing three to five percent in the domestic market.

We see continued investment in the BRIC countries in particular, and in other areas in Asia. Europe has also been an expansion area for us, where we are offering a broader range of our services than we have previously. We continue to expand the services we offer globally

and are moving to a global line of business approach rather than a regional approach.

Will you talk about how new technology is affecting the business and how Pitney Bowes maintains a leadership position in regard to innovation?

Historically, we have been a productivity improvement company, and we have now been moving from a pure productivity improvement focus to one where we assist customers in growing their businesses through both productivity and new goods and services. That means expanding our technology away from being hardware based and into a mix of hardware, services, and software.

Our expansion has been in the services and software component – that is where the majority of our enterprise growth has come from, and that is the biggest transition.

As we do that, we are exploring how to innovate in those new spaces and leverage our historical technologies, as well as moving into cloud-based applications rather than traditional legacy systems.

We just launched our first cloud product, which is Web-based and also has a hardware component. So it's a fully integrated product that takes advantage of all of the new technologies rather than relying on a legacy base.

As you look to differentiate in your service areas, how do you show what makes your brand unique?

We don't want to deliver a "single point" answer for our customers. We look for solution-based answers, and therefore, as we make our acquisitions and expand organically, we look to expand the portfolio of offerings to enrich the solution for the customer.

In the future, customers are going to be much more demanding in evaluating the total capability of the solution, rather than just the point solution they're looking at. They're going to be less willing to spend the effort to string a group of individual solutions together for a total solution. They're going to be looking for suppliers to be very capable and broader in their offering and service areas.

Is there an effective understanding among future leaders about the opportunities that this industry can provide?

Particularly in the software and marketing services space, it's very attractive, and as people enter those fields and begin to understand the full breadth and capability of Pitney Bowes and how we can leverage off our legacy, it generates a lot of excitement. ●