

Nuvera 288. "That's changing."

It had to. No longer captive to Xerox, customers are buying Canons, IBMs, Kodaks,

and other machines. And though Xerox has long emphasized R&D, investing 5% or 6% of revenue in it, lately that hasn't been doing enough for the top line. In 2006, Xerox invested \$922 million in R&D and engineering, got 558 U.S. patents, and finished refreshing 95% of its product line. Still, revenue grew just 1%.

So Vandebroek decided to spend more energy finding out what customers think of Xerox' bright ideas. Promoted to the top technology spot in January, 2006, Vandebroek expects more than just talk. Scientists and engineers are encouraged to meet face to face with some of the 1,500 to 2,000 customers who visit showrooms at the company's four global research facilities each year. Others work on-site for a week or two with a customer, observing how they behave with the product. A team of ethnographers is also charting customer behavior.

# Xerox' New Design Team: Customers

## Its dual-engine printer was a close collaboration with users from idea to sketches to final testing

BY NANETTE BYRNES

**T**HREE YEARS AGO, A team of Xerox researchers came up with an idea for a new kind of commercial printer. But rather than follow the company's standard development process—build the prototype, then get customer feedback—they decided to hold focus groups with customers first.

In a video clip of a session in Boston, seven men sit around a conference table. They look bored. Then comes a question that snaps them to attention: What would they think of a high-speed machine that wouldn't have to shut down if a problem arose but could operate at half-speed? Smiles break out. "I'd buy that!" one participant shouts. "You're dead if you're down," says another customer. "You're over."

This was a surprise back at research headquarters in Webster, N.Y., where 30 Xerox Corp. engineers and scientists were watching via live Webcast. The product being debated would be Xerox' first two-engine model. The team of 30 thought customers would want to use the second engine for fancy inks or special colors, not to help a broken machine limp along until help arrives. "The team had a certain idea of what customers wanted," says Stephen P. Hoover, vice-president for Xerox' research-and-development hub. "Actually talking to them...really changed that."

If a good example of what Xerox Chief Technology Officer Sophie V. Vandebroek calls "customer-led innova-

tion." The process played a key role in the design of the company's new dual-engine Nuvera 288 Digital Perfecting System, which was officially introduced on Apr. 18. Brainstorming, or "dreaming with the customer," is critical, she says. The goal: "Involving experts who know the technology with customers who know the pain points."

Customers didn't always have this kind of sway at Xerox. For most of the



**LISTENING** Technology chief Vandebroek says "dreaming with the customer" is critical

company's history, certainly up until the 1990s, the \$15.9 billion maker of copiers and printers so dominated the market that it could put out a product with little customer input. "When I first worked with Xerox in the '90s...they didn't listen so well," recalls John M. Lacagnina, founder of ColorCentric Corp., a \$14 million Rochester (N.Y.) company that specializes in Web-ordered printing, whose team Xerox consulted repeatedly during the development of the

Whether it all pays off will ultimately rest on products like the dual-engine printer, which was developed with customers sitting in on everything from early sketches to final beta testing. Along the way, more than 1,000 customers helped solve problems like the thorny challenge of compensating for the fact that any two engines will age differently and over time will produce prints that don't match. One good preliminary sign: Most of the customers who were involved in final testing have already bought one.