

PHOTIZO GROUP

A CXO's Guide to Managed Print Services

How to Achieve the Trifecta of Corporate Benefits

Saving Money

Saving Time

Saving the Environment

Whitepaper



The Executive's Introduction to Managed Print Services

Executives may suspect that their cost to print and distribute documents is probably too high, but the actual financial impact of printing is frequently underestimated – sometimes by a wide margin. Corporate printing is largely decentralized. Departments and individuals make their own decisions about hardware, maintenance, supplies and usage. As a result, the costs to create documents are spread across financial reports from multiple business units. Line item expenses are difficult to identify and impossible to compare.

Getting a handle on printing costs and identifying opportunities for potential savings is the initial interest in managed print services (MPS). Using information provided by a professional MPS assessment to affect change and improve other business processes is part of MPS as well.

MPS does not stop at cost savings. It is part of a total IT strategy that works to boost business optimization. Businesses that adopt MPS to cut cost, realize a dramatic boost in IT efficiency. A company with 750 employees cuts their IT department's time spent devoted to supporting the print fleet by 3,700 hours per year. Imagine how many more tasks are now getting attention. This same company would also reduce their environmental impact, reducing hardcopy fleet emissions by 60 percent.

Organizations from different industries have already decided that effectively managing their documents require a specialized set of skills and experience that is generally not available in-house. The trend to enlist the aid of knowledgeable partners that can manage the printing environment as a service is rapidly becoming the norm.

Companies have different objectives when it comes to MPS. Some of these are:

- Hardware fleet reduction
- Fleet standardization
- Reduction in print volumes
- Improved document security
- Better cost control
- Environmental benefits

In this paper we will introduce expanded MPS concepts, challenges companies face when embarking upon MPS projects and unconsidered benefits. Discover what MPS is and what it isn't, learn best practices for starting a successful MPS program and much more.

Photizo Fact:

The average annual cost of a hardcopy fleet supporting a firm with 750 employees is \$700,000.00

What MPS Is – And What it Isn't

Managed print services is a concept embraced by companies all across the globe. By 2012 more than one-third of hardcopy device procurement will take place through MPS contracts.

However, it's more than just a different way to acquire hardware, MPS proposals that focus only on price-per-page, duty cycles and click charges are missing the point.

Photizo Fact:

Companies that implement an MPS program reduce their printing costs by an average of 30 percent

A successful business relationship between MPS vendors and their customers requires the vendor to develop in-depth knowledge about the customer's devices and usage. Additionally, a keen understanding of business processes and workflow is vitally important. As companies seek out possible MPS partners they need to be able to discriminate between sales fluff and real experience. This is a strategic solution, not a day-to-day hardcopy offering.

Early MPS efforts focus on savings to be gained by eliminating waste, enforcing standardization and improving device utilization. Enterprise-wide printing has traditionally been undermanaged. Simply looking at printing from a corporate standpoint, rather than a departmental perspective and actively managing the process yields some immediate wins. This is only the first step in the MPS Customer Adoption Model. As the practice has matured, it has become clear there are additional benefits to be uncovered; even after those early savings have been realized.

The role of MPS vendors and their relationships with customers change as the organization progresses from a hardware-centric focus to using document management techniques to improve business processes.

Since 2006, Photizo has been gathering information from organizations around the world through market research surveys, interviews, case studies and conferences. We have studied numerous organizations that have designed and implemented MPS programs. In addition, we developed guidelines and best practices that keep organizations from wasting time and money. As the premier provider of analysis and information dedicated to MPS, Photizo strives to make relevant information and resources available to companies that are looking into MPS as a strategic initiative.

About Photizo

Photizo Group is the leading research and consulting firm specializing in the managed print services (MPS) industry. Uniquely positioned at the center of vendor, channel and end-user communities, we provide MPS insights, perspectives and success to clients across the globe. We do this through advisory services, proprietary research and consulting, industry publications and media, and educational events designed to help advise and educate clients as they navigate the rapidly changing MPS environment.

Photizo was the first firm to develop the concept of MPS-enabled Hybrid Dealers with the groundbreaking Hybrid Dealer Report. Thorough research and understanding led Photizo to define the 3-Stage Customer Adoption Model for the MPS decision-making process. This model has been widely accepted as an industry standard and expanded to include additional stages.

Thought leadership in the MPS industry has not come without experience. The consulting team averages 20 years of individual industry experience with leading firms like IBM, Dell, Ricoh, QMS, Lexmark, Konica Minolta, Kyocera Mita, Sharp and NewField IT. This team has been invited to keynote and speak at industry and CXO conferences around the globe. Photizo publishes the industry's only professional journal and authors articles in many publications as well as being quoted in the Wall Street Journal, on CNN Money and in the Economist.

Justification for MPS

Moving to a managed print services model has a generous return on investment, even though some of the benefits are hidden from view until a thorough analysis has been done. Getting corporate approval still requires an exercise in justification.

Photizo Fact:

Carbon emissions are reduced by an average of 60 percent after implementing MPS

Every company wants to save money. There are frequently other objectives to be met besides cost savings. Here are some of the focus areas connecting MPS benefits to corporate goals:

- Printer fleet reduction – Fewer devices deployed across the enterprise
- Hardware standardization – Limiting variability in device manufacturers, models and user interfaces
- Reduction in print volume – Printing fewer pages without negatively impacting business processes
- Improved security – Enforcing walk-up user authentication before print jobs are released, tracking user activity
- Environmental benefits – Reducing paper use, recycling toner cartridges, lowering electrical consumption
- Control/Accountability – Accurately allocating costs and charge-backs, capturing billable activities, analyzing departmental and individual usage patterns

7 Best Practices for Starting an MPS Program

Photizo has conducted research, one-on-one discussions and profiling of over 3,000 decision companies engaged in MPS. These companies are all in different stages of the adoption model. Photizo has found recurring themes in these organizations and has identified key strategies that have contributed to their success.

- 1) Identify Objectives and Priorities & Set Goals
- 2) Understand User Requirements

The Financial Aspects of MPS

Time after time companies have found there are significant financial benefits to be realized by converting to a managed print services environment. It is obvious that fewer, better-utilized machines and a lower volume of paper and other consumables will result in cost savings. There are plenty of financial benefits that go beyond these easily-recognized examples.

Most organizations (that haven't implemented MPS) don't really understand their printing costs today. Some of the expenses are buried in departmental budgets and expense reports. Others, such as technical support, are often not broken out at all. According to Photizo research, printing costs can run in the range of 3 percent to 6 percent of revenue.

Hardware costs, the easiest to identify and track, account for only 5 percent of the total cost of ownership. Operating costs account for 45 percent and the remaining 50 percent is spent on support. Internal assessments typically identify only 10 percent of the total costs associated with printing. An objective assessment by a knowledgeable vendor or consultant is very important.

*Do you **really** know your printing costs?
Have you included these factors?*

A professional MPS assessment can find and eliminate expenses you didn't even know you had. Research by Photizo reveals that the average annual printing cost per employee is \$725. This is just the out-of-pocket cost for acquiring equipment, buying supplies, and maintenance. Not included in this figure are IT support costs, which can be enormous. Photizo surveyed companies with 750 employees and found an average of 3700 IT hours are spent each year supporting printers.

Photizo Fact:

Photizo's survey of 105 companies revealed an average ratio of 2.2 employees per device

- 3) Secure Sponsorship and A Dedicated Project Management
- 4) Prepare Your Organization and Communicate
- 5) Separate MPS Vendor Services From Hardware
- 6) Keep the Stages in Mind
- 7) Evaluate the Vendors Based on Objective, Quantitative Data

Want to know more about the strategies for building a successful MPS program?

Visit: www.mpsinsights.com/white-papers/ and download the *Best Practices for Starting and MPS Program white paper*.

Stage III – The Softer Side of MPS

A managed print environment is really a managed document environment - or a managed information environment. Once an organization has achieved the savings and efficiencies associated with right-sizing their fleet of equipment and is monitoring their print activity they need to look elsewhere for more MPS benefits.

Capturing the information contained in paper and electronic documents and using it to improve workflow or automate processes is the next step for many companies. Newly acquired knowledge of document use and detailed information about the departments or individuals who interact with documents allows companies to extend control to business processes beyond printing.

Some of the common operations that an MPS partner can help their clients improve are:

- Document scanning and routing
- Archiving and retention
- Information retrieval
- Standards enforcement
- Automated workflow



Reducing Print in the Workspace

You've already implemented an MPS program, and are now looking for ideas to further impact the bottom line and increase manageability.

In an article published in the *MPS Insights Journal*, Josh Feathers, Office Technology Engineer at Nationwide Insurance and MPSA board member provides some simple, yet insightful tips for boosting your MPS program.

Finding alternatives to printing is the quickest and easiest way to reduce a company's carbon footprint, decrease costs and incorporate more efficient process workflows. However, simply asking your employees to stop printing isn't likely to work. You need to get them interested in, and understand the benefits. Depending on the organizational culture, the information and tools required may vary widely. There is no doubt that a college student will be motivated differently than a bank manager. It's important to consider and adjust your print reduction plans around your organization's culture.

Provide employees with granular information on their own printing. Keep in mind, some employees may care more about the environmental impact of their printing more than the cost to the organization. Telling Julie that she used 76 trees in paper proved to have a meaningful effect on her printing behavior, even after the cost of printing didn't faze her.

Encourage your employees to print smarter. One of Feather's own studies found that 2.4 percent of print jobs are printed twice due to mistakes made the first time printing. If associates have the foresight to preview the document, end users will see the Excel spreadsheet is going to print portrait when it should be landscape. Oh, and it is going to print 32 pages of blank data with a footer too.

Remember, your company will reach the fullest savings potential from their MPS when you have associates that are knowledgeable, responsible and accountable.

To read more become an MPS Insights Pro member at www.mpsinsightspro.com. MPS Insights Pros receive the bimonthly *MPS Insights Journal* and unlimited online access to the MPS Insights Community.

Stage IV – Convergence with ITO and BPO

A new trend involving the integration of the first three stages into broader information technology outsourcing (ITO) and business process outsourcing (BPO) strategies that are not document centric has led Photizo to recently expand the Customer Adoption Model to include a fourth stage.

This fourth stage, termed managed information services represents fundamentally a new phase in communications management where a document-centric world of managed print services converges with the world of information technology outsourcing and integration.

An advanced fleet infrastructure-optimization is the foundation for building more advanced workflow applications. However, many MPS vendors are just now getting their arms around Stage 3. As a consumer of Stage 4, you have the opportunity to identify vendors who can provide a complete Stage 4 services in addition to their MPS support. By consolidating vendors, organizations will reap even greater efficiencies and cost savings. This also represents challenges, you must evaluate vendors even more closely to determine if they provide a full range of MPS, ITO and BPO services.

MPS Q&A

What is MPS?

The Managed Print Services Association (MPSA) defines managed print services as the active management and optimization of document output devices and related business processes. Managed print services is NOT a click-charge, click-charge with meter reading or a marketing sales program.

Is MPS just for larger companies?

No. Even small companies benefit from MPS. Nearly half of companies benefiting from MPS are small and medium business

If I sign an MPS contract how long should I expect to be locked in?

Most MPS contracts last three to five years.

Where can I learn more about building and growing a successful MPS program?

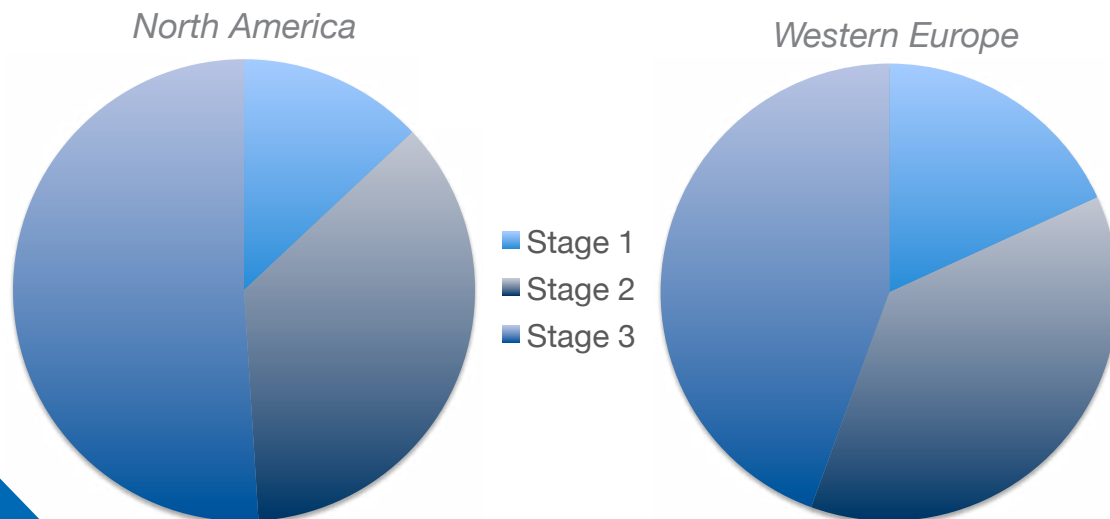
As the leading research and consulting firm in the MPS industry, Photizo provides reports and studies at www.photizogroup.com. The online resource portal, MPSInsights.com provides free MPS news and insights. We also encourage you to attend an MPS Conference for MPS education, training and networking. Visit www.mpsconference.com to learn more.



Expanded Customer Adoption Model



Decision Maker Tracking Study Results by Stage in 2010





Key Questions for MPS Decision Makers

Stage 1

Do you know how many hardcopy devices are present in your organization?

Is there a single point of decision making for the hardcopy device fleet?

Do you know the total cost for operating your hardcopy fleet (including supplies and maintenance costs)?

Can users or departments procure desktop devices independently?



Stage 2

What percentage of your devices are being used at their optimal level of productivity?

When devices are under or over utilized, do you have a regular, methodical approach for identifying these devices and ensuring they are deployed correctly?

Do you have a program for addressing the 'cultural' issues which are often associated with transitioning from personal printers to a 'workgroup' hardcopy device fleet?

Can you measure cost savings (or cost avoidance) associated with your MPS contract?

Do you have long term cost management goals for your fleet?

Stage 3

Have you identified the critical business and transaction flows which significantly impact productivity and/or customer satisfaction?

Does your hardcopy fleet have the functional ability to implement electronic workflows in the place of paper workflows?

Do you have a corporate (or division) strategy for retention? Are you actually executing consistently with this strategy?

Photizo By The Numbers Benefits

\$700K

average annual cost of a hardcopy fleet for a firm with 750 employees

3,700

average number of IT support hours a hardcopy fleet for a firm with 750 employees will require per year

\$1M

average total savings companies realized after implementing an MPS program based on an analysis of 105 companies

30%

average percentage of savings after implementing an MPS program

60%

average reduction of hardcopy fleet carbon emissions after implementing MPS

Evaluate your MPS Program Online

To evaluate your MPS program, visit: www.mpsinsights.com/mps-program-evaluation

[MPS Insights](#) > Corporate MPS Program Evaluation

Corporate MPS Program Evaluation

The MPS Program Evaluation is a self-assessment instrument designed to help MPS clients and end-user project managers to determine the overall health and strength of their MPS projects.

The MPS Program Evaluation was designed by Randy Elliott, Independent Consultant and licensed by Photizo Group.

STEP 1 OF 7

1 Communications

The Communications function aids the program manager in effectively determining what kinds of messages to send, who should send them, and when to send them.

Please check all that apply

The project has a committed client sponsor.

A strong partnership exists between the MPS vendor team and the client.

A communication plan, documenting the required assessment, design & optimize communications, exists and is being followed.

A Project Announcement was made to both the client & MPS vendor organizations to increase project awareness.

Project status reporting procedures are established and are followed.

Project successes are documented for inclusion in client communications and a final success story.

NEXT

Conclusion

Organizations that are considering a move into managed print services have a lot to learn. MPS is a more complex and far-reaching undertaking than most realize. Some of the necessary knowledge can be acquired internally, some from prospective MPS providers, and some from reports and studies supplied by sources like Photizo Group. A great deal of valuable knowledge comes from networking with other companies that have already undertaken the task, and from working with industry experts.

Chances are, printing documents is not the core focus of your organization. There is no one on your staff who has spent their career understanding how documents and people interact. But those documents are vitally important to what you do. Very few companies could continue to function without the documents that they create, send or receive. Successfully implementing an MPS project means bringing in some document professionals to help. They know what questions to ask and where to look for the answers.

Managing your print services has many advantages. With the right kind of help and guidance companies can turn a wasteful and expensive administrative expense into a strategically integrated function of the workflow. Actively managing the documents your company uses to do business can add value to the products and services you provide – not just lower your costs.





Contact Info

HEADQUARTERS

107 West Main Street
Midway, KY 40347
PO Box 4160
+1 859 846 9830

ASIA PACIFIC OFFICE

1, Fullerton Road
02-01 one Fullerton
Singapore 049213
+65 6832 5586

EUROPEAN OFFICE

Regus House, Highbridge
Oxford Road Uxbridge
UB81HR United Kingdom
+44 1895 876210

www.photizogroup.com
www.mpsinsights.com
www.mpsinsightspro.com
www.mpsconference.com

info@photizogroup.com