Driving Down Print & Document Infrastructure Costs in 2010

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Agenda

Trends Impacting Printing and Document Infrastructure

- Economic recovery

- IT infrastructure trends

- Environmental sustainability

Managed Print Services (MPS) Has Evolved In Response

- Emphasis on proactive management, continuous improvements and cost savings

- How MPS delivers
  - Cost savings
  - Better business outcomes
  - Environmental sustainability
  - Secure print/document infrastructure
  - Maintenance of an optimized environment

- Getting the most from MPS
  - Factors that most influence provider selection
  - Most influential contract terms
  - Best in class solutions and services
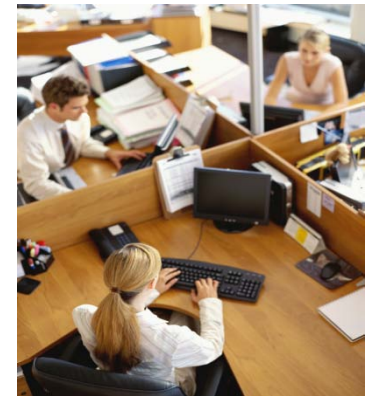 - Provider checklist

Trends Impacting Print and Document Infrastructure

- Economic recovery

- IT infrastructure trends

- Environmental sustainability

Trends Impacting Printing and Document Infrastructure

Economic recovery impacts will continue for some time, with requirements for:
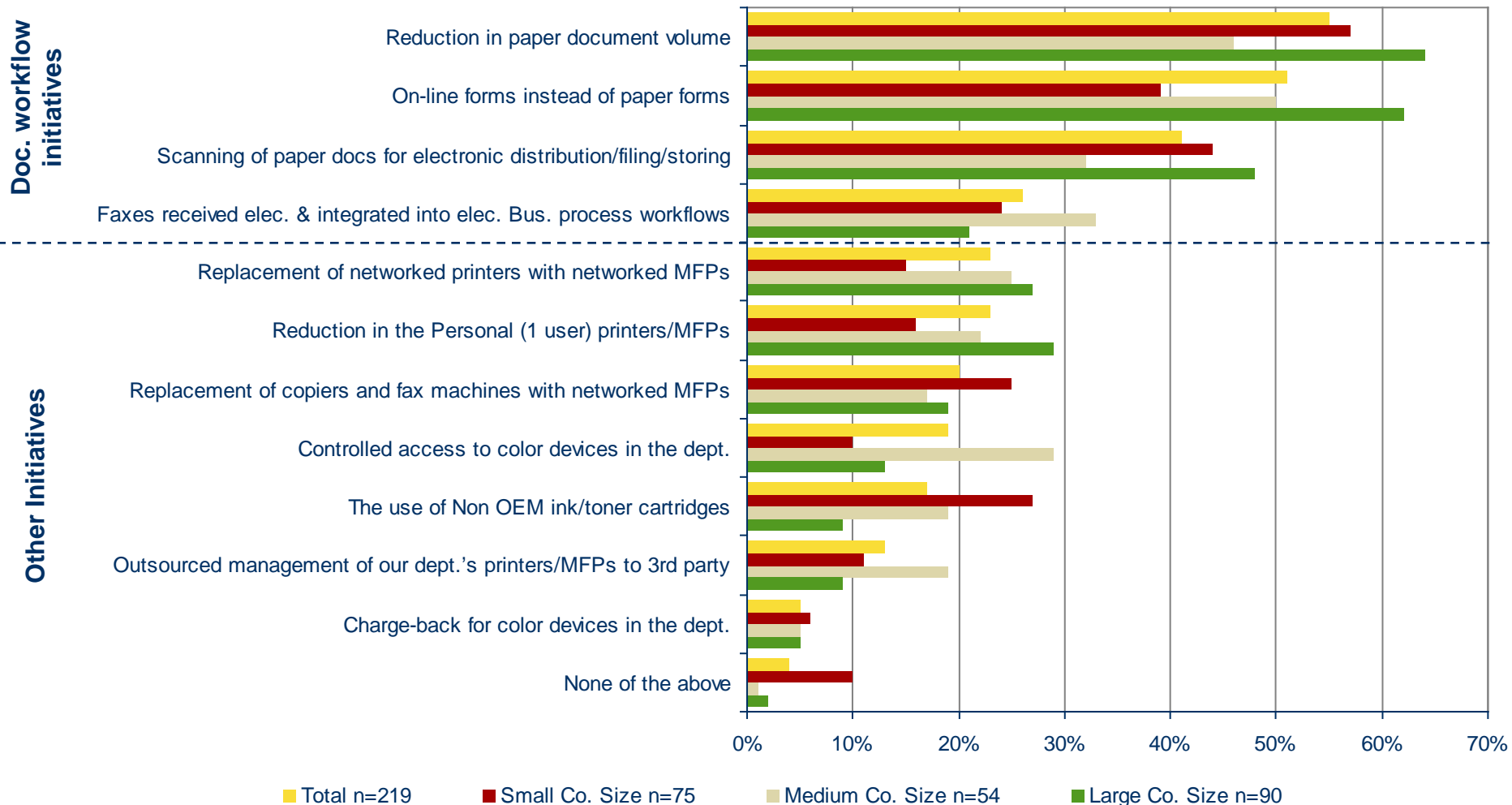
- Higher productivity
  - Unemployment continues to rise in major regions through 2H 2010
    - In U.S. alone, job reductions since 2008 eliminated job growth over the last five years
    - Previous recession…took 55 months for employment to recover to pre-recession levels

- Cost-effectiveness
  - The largest enterprises are most focused on cost reductions in their imaging/printing environment
    - Almost 60% of large enterprises but 45% of mid-size have initiatives in place
    - Focus of initiatives is changing
      - From hardware focus to document workflows (paper and digital)

Cost-Effective Imaging/Printing

Large Enterprises Shift Focus to Document Workflows

% of respondents reporting initiatives used to reduce print costs

Doc. workflow initiatives:
- Reduction in paper document volume
- On-line forms instead of paper forms
- Scanning of paper docs for electronic distribution/filing/storing
- Faxes received elec. & integrated into elec. Bus. process workflows

Other Initiatives:
- Replacement of networked printers with networked MFPs
- Reduction in the Personal (1 user) printers/MFPs
- Replacement of copiers and fax machines with networked MFPs
- Controlled access to color devices in the dept.
- The use of Non OEM ink/toner cartridges
- Outsourced management of our dept.'s printers/MFPs to 3rd party
- Charge-back for color devices in the dept.
- None of the above

Legend:
- ■ Total n=219
- ■ Small Co. Size n=75
- ■ Medium Co. Size n=54
- ■ Large Co. Size n=90

Trends Impacting Printing and Document Infrastructure

Economic recovery impacts will continue for some time:

- **Mobile/remote workforce expansion** requires IT infrastructure/support, and corporate data needs to be protected
  - 29% of WW workforce in 2008 is mobile; 35% in 2013
  - Largest group is mobile office worker (60% share, 5% growth); fastest growth in home-based (6% CAGR, 5% share)

- **Government economic stimulus and regulations** require cost cutting and streamlined, secure document workflows in
  - Hard hit verticals (e.g. Financial Services, Automotive Manufacturing) needing to cut costs
  - Government agencies involved in stimulus need to streamline workflows
  - Healthcare. $20B earmarked in the U.S. for EMR and Health Information Exchange will begin to be available in 2010. IDC predicts 2010 as the year of the EMR.
  - Increased regulations require streamlined and secure document workflows

Trends Impacting Printing and Document Infrastructure

IT infrastructure trends

- Web and the Cloud enable access anywhere, anytime, and increase security risks
    - Mobile devices proliferation
        - Smartphones, smartbooks, netbooks, tablets, laptops, e-readers
    - Smart MFPs are clients too, with direct access to the web and network resources

- IT is required to drive better business outcomes
    - More and more focus on the business-value of IT investments
    - Increases need to outsource to best-in-class providers

Environmental sustainability

- Reduce carbon footprint in the printing ecosystem from manufacturing through usage and disposal

  - Hardcopy devices

  - Ink/toner cartridges

  - Paper

  - Document storage

- Calls for

  - Print policies and governance

  - Network print management software and controls (driver management, color controls, etc.)

Managed Print Services Has Evolved In Response

Managed Print Services in 2010 and Beyond

- Contracts must have **pro-active management** and **on-going optimization** of the printing and imaging environment for **continuous cost reductions and productivity improvements**.

- They do so by evolving the contract focus beyond device consolidation
  - From hardcopy infrastructure to business-critical document workflows (paper and digital)
  - From office to data center and beyond
    - Remote employees, print procurement
  - From local to global
  - From sustainability in imaging/printing to a balance with proliferating client devices

Managed Print Services Has Evolved In Response

- Drives Cost Savings

Managed Print Services (MPS) – Driving Cost Savings

Large enterprises' overall cost savings

Cost savings (Roughly half in the first year and the rest in later years) — 29%

ROI (as reported by customers) — 40%

(bar chart x-axis: 0, 5, 10, 15, 20, 25, 30, 35, 40, 45)
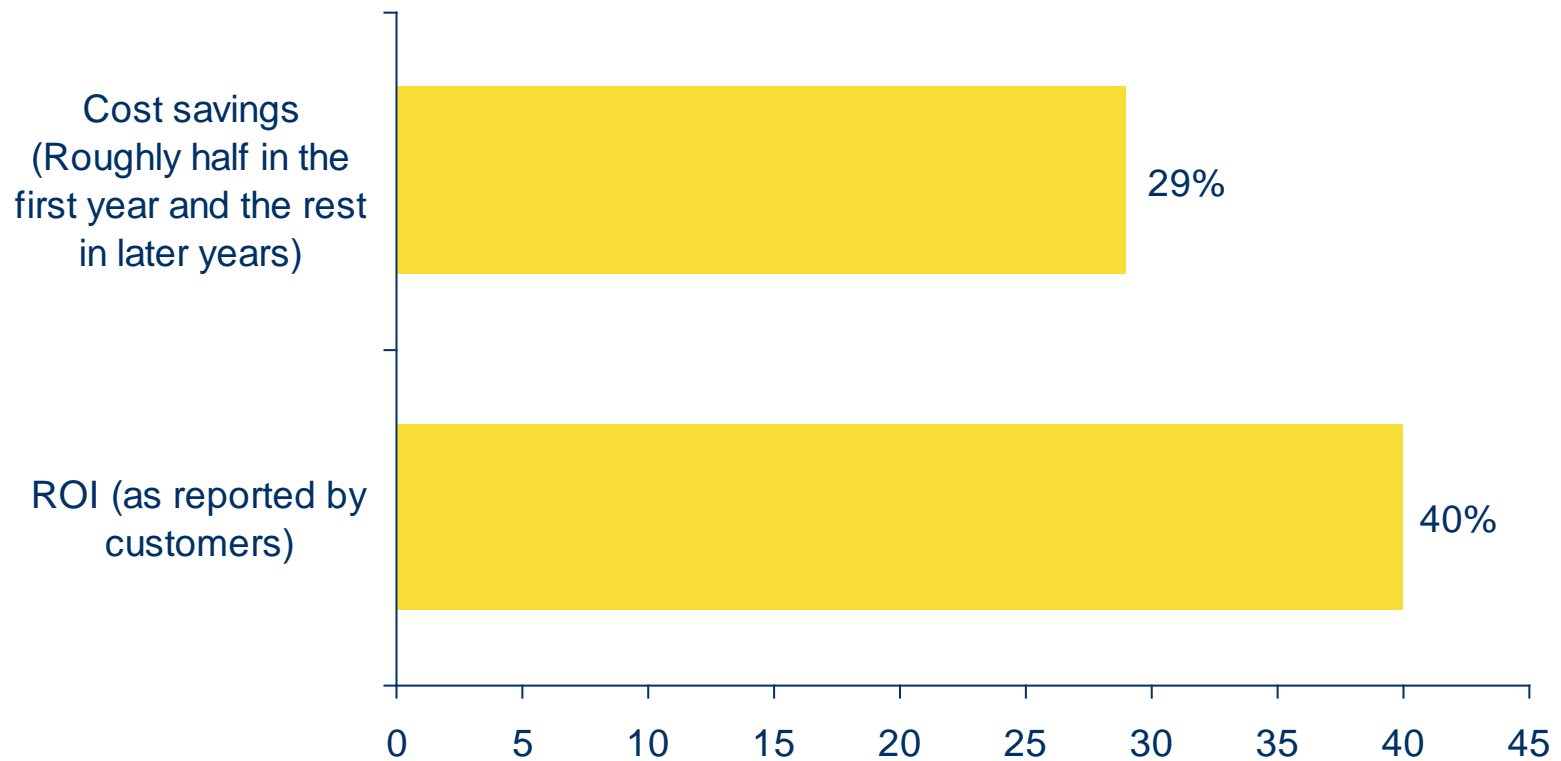
Managed Print Services (MPS) – Biggest Areas Of Cost Savings

Where organizations derive their biggest cost savings is expanding:

Tier 1

- Ink and toner, HC device break/fix, and HC device hardware.

Tier 2

- Paper, IT headcount, streamlined business process document workflows, and external print procurement.
  - Streamlined business process document workflows has increased in importance

Tier 3

- Help desk calls, paper document storage and impact on the environment.

Managed Print Services Has Evolved In Response

- Drives Better Business Outcomes

Managed Print Services – Driving Better Business Outcomes

Better business outcomes by streamlining business-critical document workflows (horizontal)

- **Knowledge/general office worker** documents created and/or managed by in distributed office environments

- **Purchasing, billing, invoicing, expense report, check processing, account statement documentation and similar** types of documents

- **Human resources documentation** such as job applications/resumes, 401k applications, health plan applications (e.g. medical, dental, vision), benefits forms (pre-tax spending, changes forms), personnel changes, hiring/termination forms, government documents (e.g. I-9, W-2)

- **Marketing documents** such as flyers/brochures, newsletters, ad or packaging mock-ups/comps, direct mail

- **Legal documents** such as contracts, litigation support, wills, real estate deeds, automobile title/registration

- **Regulatory and Compliance documents** such as disclosure documents, SEC filings, pharma drug submission documents, stock trade documents, health care privacy disclosure, lending institution disclosure

Better business outcomes by streamlining business-critical document workflows (vertical industry-specific)

- **Manufacturing documents** such as shipping, inventory management, purchase orders, CAD drawings and other such documentation

- **Medical documents** (excluding imaging) such as patient records, patient admission forms, test results, doctor/nurse orders/notes

- **Financial applications** such as credit cards, mortgages, other loans, new brokerage accounts, or retirement accounts etc.

- **Insurance documents** such as claims, medical history, fraud investigation, new account applications, change forms, etc.

- **Education documents** such as transcripts processing, individual education plans

- **Government documents** such as benefit forms processing, secure identity records processing/management

Streamlining Document Workflows

Key Processes Undergoing Paper-to-Digital Conversion, By Vertical Industry

- **Healthcare:**
  - Medical documents (patient records, admission forms, test results, dr./nurse orders/notes, etc. but excl. X-rays),
  - Insurance documents (claims, medical history, fraud investigation, new account applications, change forms, etc.)

- **Financial:** credit cards, new account openings, mortgages, loans, etc.

- **Manufacturing:** shipping, inventory management, purchase orders, CAD, etc), drawings/designs.

- **Retail/Wholesale:** marketing documents (e.g. flyers/brochures, newsletters, ad or packaging mock-ups/comps, direct mail)

- **Services:** knowledge/general office worker

- **Education:** knowledge/general office worker, HR

- **Government:** HR, knowledge/general office worker, regulatory/compliance

Streamlining Document Workflows – Paper-to-Digital Conversion Methods

Three methods lead among the five we examined (43-62% mentions)

The leaders are:

- On-line forms replacing paper forms
- Scanned documents archived in electronic format
- Scanned documents integrated into an electronic business process workflow
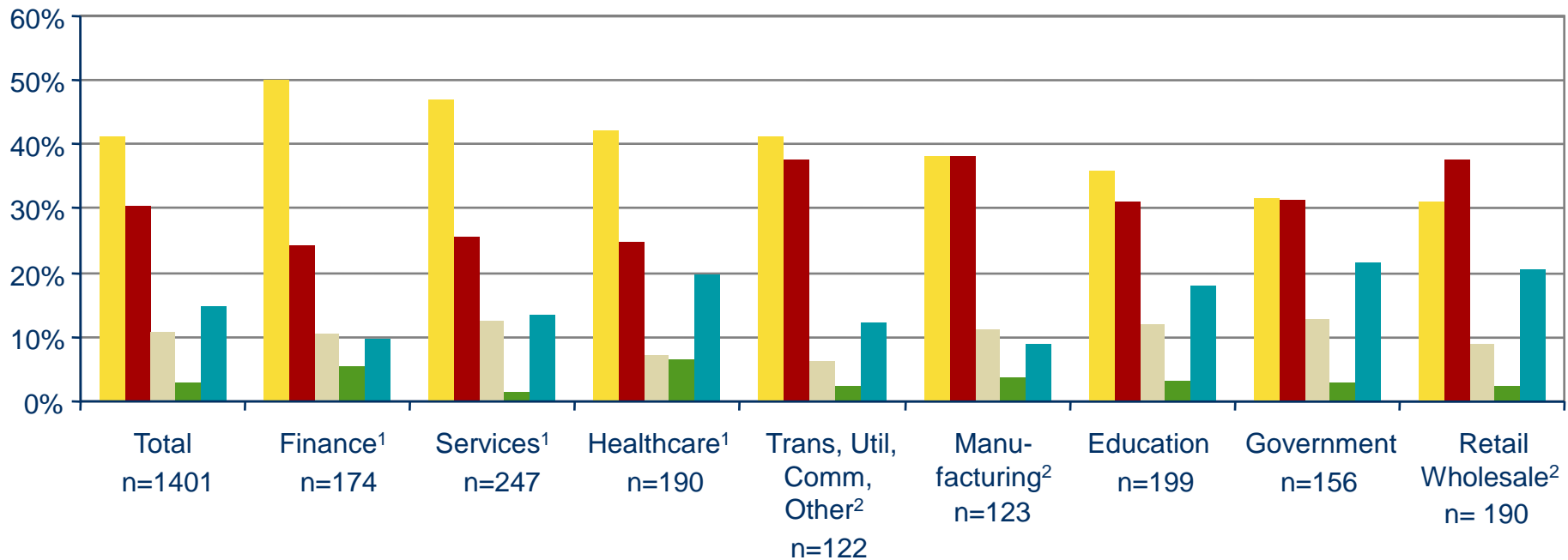
Other processes trail (26-30% mentions)

The other processes are:

- Electronic faxes integrated into electronic business process workflow
- Customer transactions and communications moved to web site

Note: IDC identified variations in the above by business process (e.g. medical processes, financial, etc.)

Streamlining Document Workflows – Vertical Industries Leading The Charge

(% end users reporting paper-to-digital workflow adoption)

Legend:
- Yes, co. has
- No, not dept. nor co.
- Yes, dept., unsure rest of co.
- Yes, dept. only
- Don't know

Categories:
- Total n=1401
- Finance[1] n=174
- Services[1] n=247
- Healthcare[1] n=190
- Trans, Util, Comm, Other[2] n=122
- Manu-facturing[2] n=123
- Education n=199
- Government n=156
- Retail Wholesale[2] n= 190

> **Example of how to read this chart: For the Finance Vertical, 50% of end users in the Finance vertical report paper-to-digital workflow adoption at a co.-wide level while 6% report adoption at the department-only level.**

[1] **Finance, Services and Healthcare** lead in adoption of digital workflows (company-wide and departmental).

[2] Transportation/Utilities/Comms., Manufacturing and Retail/Wholesale lag other vertical in adoption of digital workflows (departmental and company-wide).

Managed Print Services Has Evolved In Response

- Drives A Secure Print And Document Infrastructure

Managed Print Services – Driving A Secure Print/Document Environment

Your MPS provider should ensure the following:

- MFPs have secure access to network resources and corporate databases for both employees and visitors

  - Authentication and authorization via PIN, biometric card, proximity card, etc.

- MFPs support secure print, encryption, hard disk erase, audit trails

- Document retention policy compliance

  - E.g. medical and financial documents

Managed Print Services Has Evolved In Response

- Drives An Environmentally Sustainable Print And Document Infrastructure

Managed Print Services – Driving Environmental Sustainability

A right-sized imaging and printing fleet and a less-paper environment reduce your carbon footprint.

- Fewer devices use less energy (if right-sizing is done well).

- Shipping/transporting/mailing costs (e.g., devices, paper, documents, etc.) are reduced.

- Need for office and off-site facilities to store paper documents is reduced.

- Informed, trained, motivated end-users print more responsibly.

Managed Print Services –
Driving Environmental Sustainability

| Carbon Footprint Lever		Adoption	Impact
Duplex print		Moderate-High	50% paper reduction saves 60M trees/year & 11B-53B gallons of water
Lower energy devices and toner		Low	10% less energy saves 576M KW/year
Auto power-down		Low	10% less energy saves 576 KW/year
Recycling cartridges		Moderate	10% more recycling reduces landfills by 1.2B pounds/year
Cloud for document storage & document accounting		Low	Mild-moderate paper reduction
Customer goodwill and loyalty		**High**	**Priceless!**

Managed Print Services Has Evolved In Response

- Maintains An Optimized Environment

Managed Print Services – Maintaining An Optimized Environment

- **Establish effective policies and procedures**
  - Requires change management expertise to understand stakeholder motivators
    - Personal vs. departmental vs. corporate needs/benefits
      - Financial benefits
      - Productivity benefits (e.g. employee's quality of life vs. the organization's benefits)
    - Age-specific motivators (e.g. green/sustainability)

- **Educate, train employees**
  - Institute formal approval policies and procedures (e.g. hardcopy purchases; print procurement)
  - MFP advances (duplex, scan workflows, web access, secure print/hold, secure access, wireless print, etc.)

- **Enforce policies and motivate with rewards**
  - Use dashboard to measure progress
  - System alerts for good and bad behaviors
    - When policies are broken, repercussions
    - When behavior advances goals, reward employees and departments
      - Earn points and use them for rewards

- **Secure executive-level sponsorship and cascading sponsorship**
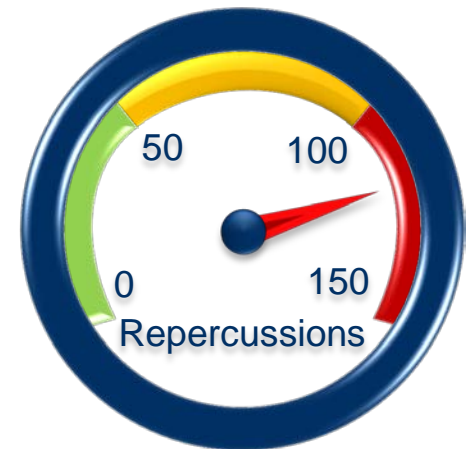
Getting Started or Getting More From Your Provider

What to look for in your MPS provider

- ✓ Factors that most influence provider selection

- ✓ Most influential contract terms

- ✓ Best in class solutions and services

- ✓ Assessments and contract execution

Most Influential MPS Provider Selection Factors

(% citing 4 or 5 on scale: 1=No influence at all 5=Very high influence)

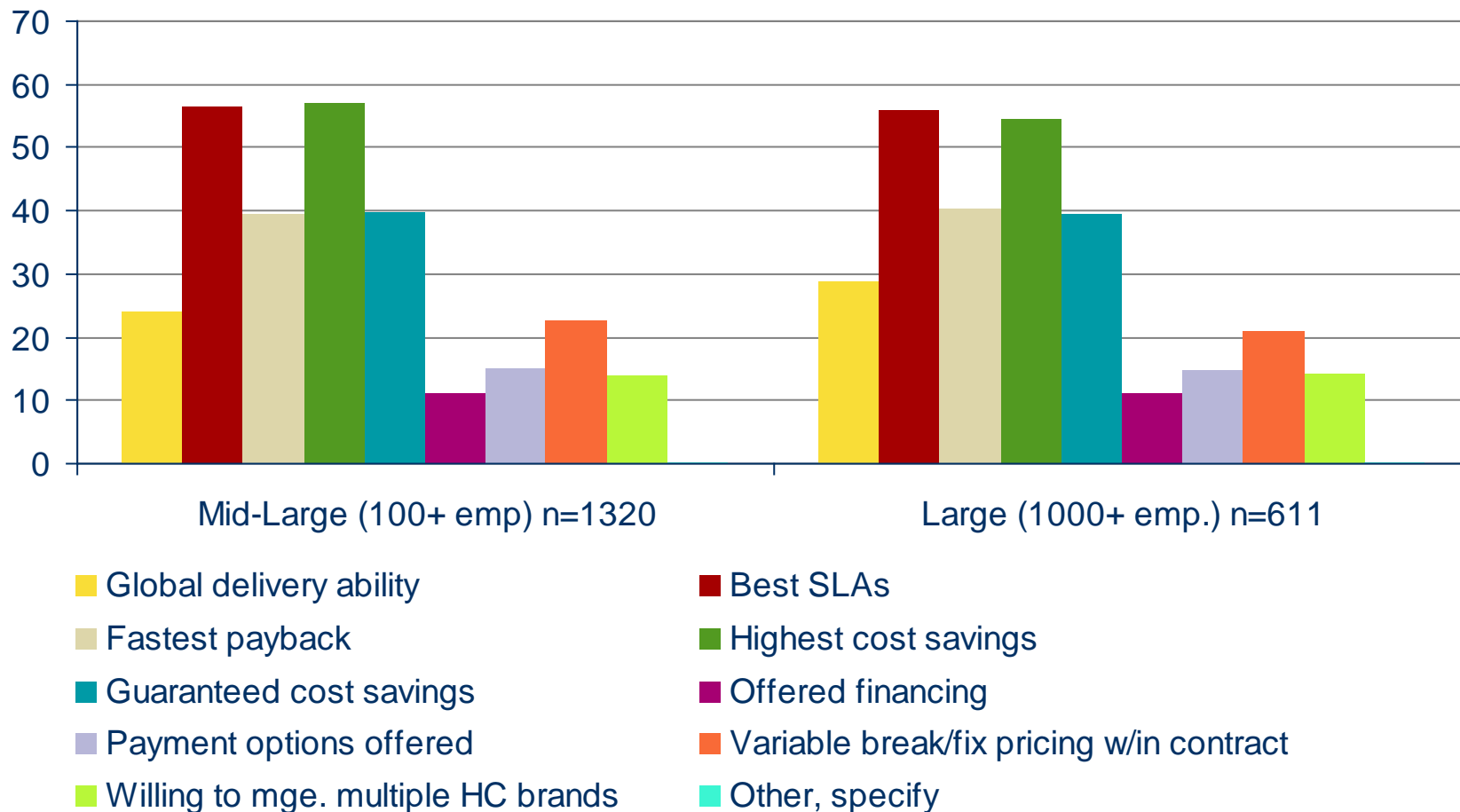Mid-Large Cos. (100+ emp.) n=1513   Large (1000+ emp.) n=703
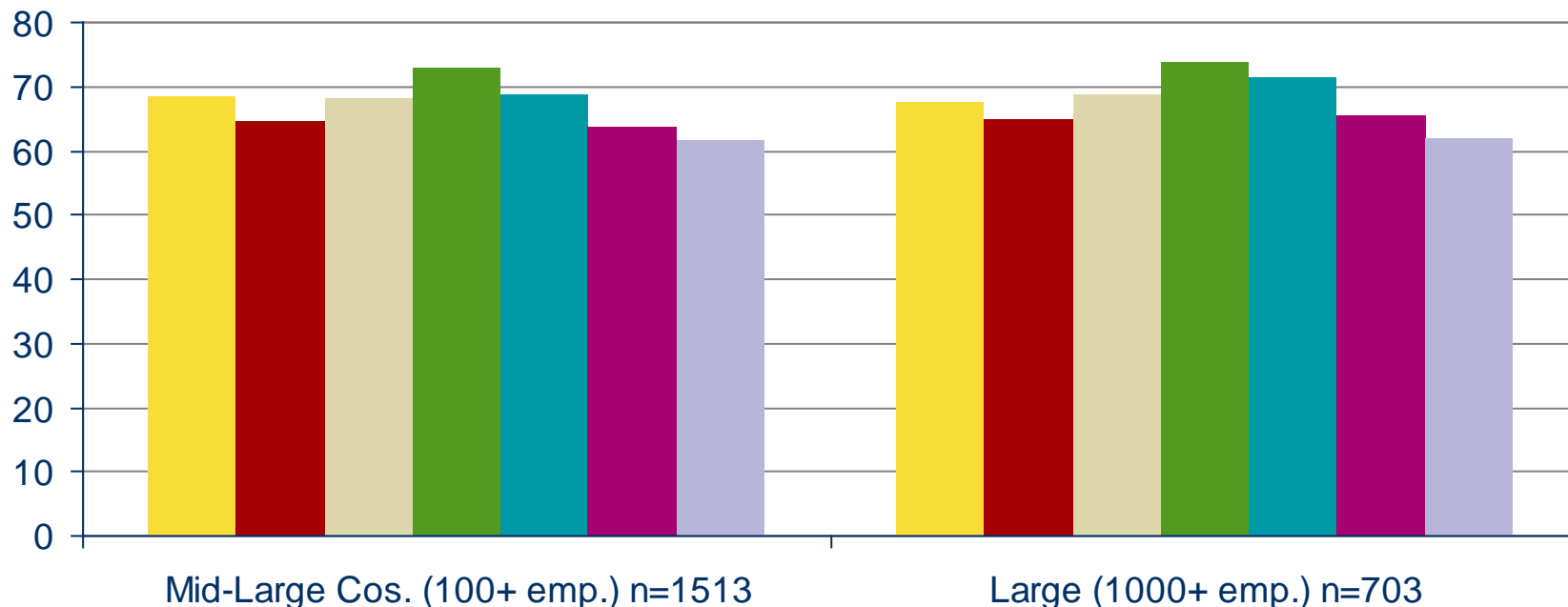
- Best contract terms, flex. or geog. scale
- Existing services relationship w. provider
- Provider's best in class solutions
- Provider's experience
- Provider's financial/bus. viability
- Provider's high printer share at your co.
- Provider's high copier share at your co.

1000+ employee companies – provider's experience and provider's financial stability have a slight edge over other factors.

Most Influential Provider Contract Terms

(% respondents)

Mid-Large (100+ emp) n=1320   **Large (1000+ emp.) n=611**

Legend:
- 🟨 Global delivery ability
- 🟥 Best SLAs
- ⬜ Fastest payback
- 🟩 Highest cost savings
- 🟦 Guaranteed cost savings
- 🟪 Offered financing
- 🟦 Payment options offered
- 🟧 Variable break/fix pricing w/in contract
- 🟩 Willing to mge. multiple HC brands
- 🟦 Other, specify

1000+ employee companies – Best SLAs and highest cost savings are most important .

Most Influential Provider Best In Class Solutions And Services

(% respondents)

Mid-Large (100+ emp.) n=1446 Large (1000+ epm.) n=668
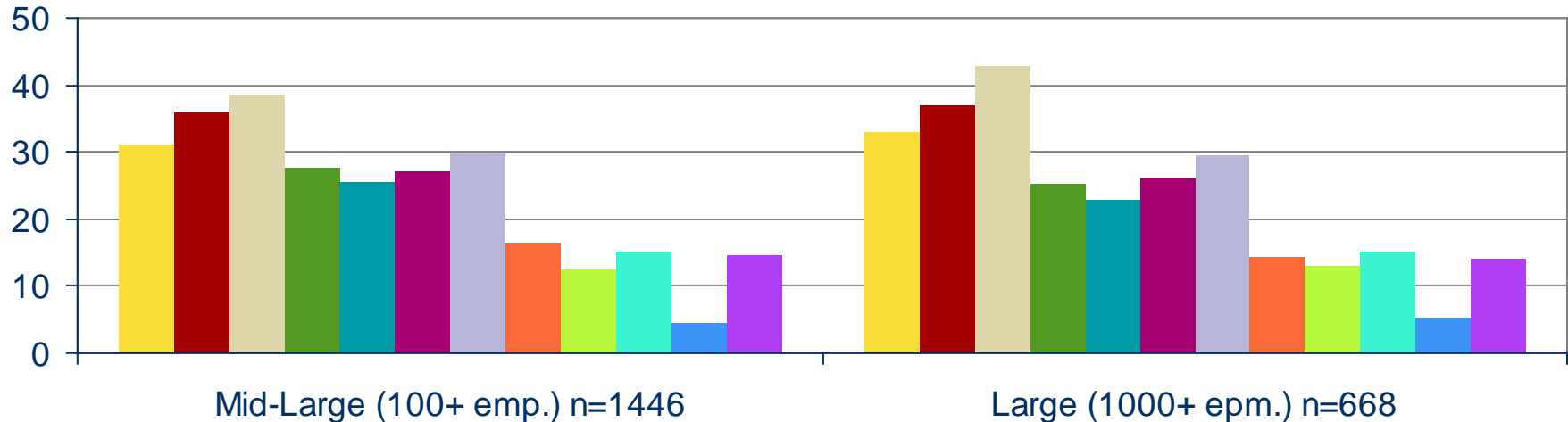
- ▮ Experience in Managed Print Services for your industry
- ▮ Ability to integrate Managed Print Service with other IT projects
- ▮ IT services breadth (PC help desk, data center, etc.)
- ▮ Print/document services breadth (central print/copy department, imaging/archiving, etc.)
- ▮ Ability to streamline business-process document workflows
- ▮ Hardcopy device technology
- ▮ Security solutions for documents and print/copy/scan/fax
- ▮ Environmentally sustainable solutions
- ▮ Change management ability (tools, training, etc.)
- ▮ Service level agreements
- ▮ Contract governance and print policies
- ▮ Ability to deliver end user satisfaction

1000+ employee companies – IT services breadth, ability to integrate MPS w/other IT projects, and MPS experience in your industry clearly lead, followed by security solutions.

✓ Continuous optimization and improvement of your imaging/printing environment

✓ Capabilities and expertise

- Industry expertise and benchmarks
  - **Provider who understands your business and will be a partner, not just a vendor**
  - **Provider who can scale up or down as the economies of your organization evolves**
- Comprehensive and thorough assessment
- Change management expertise
- Global delivery footprint
- Document workflow professional services and technologies
- Secure print and document infrastructure
- External print procurement
- SLAs

Join The Industry Leaders!

- Vertical Industries most likely to adopt MPS in 2010
  - Discrete Manufacturing
  - B2B Services
  - Retail/Wholesale
  - Banking
  - Securities & Investments

- Vertical Industries with below average MPS penetration
  - Education
  - Government
  - Resource industries
  - Retail/wholesale (but among most likely to adopt in 2010)
- Other Verticals Industries are average in their adoption rates

Don't Miss The MPS Opportunity!

- Reduces cost an average of 29%, providing continuous optimization and improvement of the print and document infrastructure

- Streamlines paper/digital workflows for top and bottom line benefits and productivity

- Secures your organization's information assets

- Mitigates risk around regulatory compliance

- Creates an environmentally sustainable print and document infrastructure