



Managed services can reduce printing and paper budgets

Bleeding red ink

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According to [analyst IDC](#), printing costs account for between one and three per cent of any company's expenditure. In cash terms, that means the average firm prints off 1100 pages per employee per year, costing between \$500 and \$1500 (£309 and £926) per user.

And it could be even worse than that, according to another analyst, Infotrends. In 2001, it estimated that for every dollar spent on printing, another \$6 is spent on other related costs. Though that proportion has fallen since then, the hidden costs of printing are still substantial. Print costs are hard to identify and police, as aspects are controlled by different people. And any-way, even in the digital

age, people love printing. Who wouldn't rather look at a printout over a coffee in the canteen, than be stuck at their desk with their eyes on a glowing rectangle?

It has taken a long time for companies to wake up to the fact that printers are the cause of millions lost on paper and toner, not to mention the man hours yielded to opening and closing print trays, disposing of failed layouts, hopefully pressing buttons and sorting through other people's output collections.

Until the recession, nobody cared. Environmental concerns are a low priority among end users - otherwise, why would they be working in a big corporation? Time is an infinitely more precious commodity than toner though and the only way to -rationalise printing is to change people's behaviour. Before that can be done, you need to look at the relationship your -users have with their printers. A printer is regarded as a status symbol: the boss in each department gets their own printer, so everyone else aspires to this status. If they can't get a laser, an inkjet will do.

"Many organisations are swarming with printers," says Tracy Trevallion, enterprise services sales manager for HP, which sets out to make savings for clients. "People in departments buy printers for under a hundred quid imagining they're cheap, but of course they're not."

[Steve Saito](#), chief operating officer at Ricoh Europe, says that such false bargains, and the need to be seen to be green, give IT chiefs headaches.

"CIOs are under pressure to balance environmental commitments with the business bottom line, maximising efficiencies and saving costs. They should optimise performance from equipment in order to support their own business goals," he says.

"Managed print service providers help businesses understand their needs and transform document workflows. That leaves the CIO with more time to focus on core areas of their business.

"They also need to mitigate the business risks associated with the abuse of office equipment." Nobody can have all the tools to make a truly effective printer strategy because there are many different competing agencies in control. The procurement department might be buying, say, multifunction devices (as it historically paid for the copiers) while IT has responsibility for printers, and budget holders in each department pay for consumables. Just to complicate matters further, human resources, or even the board, may have some kind of environmental axe to grind, which could conflict with your print strategy.

The CIO who can tie up all these strands, or unify purchasing and management under one authority, is laying the groundwork for a much more effective strategy. Again, human vanity is at play so reverse psychology may work in persuading others of your wisdom. Ask budget holders if they want to absorb all the costs for consumables and they may well decide to relinquish control.

The good news is that all manufacturers know that the game is up for box shifters. Selling hardware hasn't been a lucrative business for a long while. Even the market for consumables isn't what it once was, especially since sellers can no longer exploit users over toner. So vendors are competing over a shrinking market.

Under these conditions, the printer suppliers are anxiously trying to re-launch themselves as service suppliers, with varying degrees of success. [Analyst firm Gartner Group outlined the strengths and weaknesses of each vendor's managed service](#) provider capability in a report in September 2008. While, for example, Lexmark, Canon, HP and Xerox seem to come in for praise, there are niggling criticisms. Lexmark, for example, needs a wider range of devices, Canon isn't forthcoming with information and customers of Xerox, while getting good service, have to make sure they get the right cost-per-page plan.

[Phil Sargeant of IDC](#) says that many CIOs are unaware of the savings that are available. "People don't realise it can save millions of pounds per year and there's very little investment needed upfront as it's a managed service," he says.

Peter Romaine, general manager of [Xerox Global Services UK](#), adds, "If you went to a CFO and said you could take 30 per cent off the fuel bill they'd bite your hand off but in print there's a scepticism. The reason it's untapped is the technology has changed and because print and copy were managed by different people. It was seen as the men with the white socks."

[Canon Business Solutions](#) marketing manager Greg Wilson believes it is important for solution providers to build a level of intimacy with customers.

"You can take 10 to 30 per cent of cost out of the business with managed print services but where there are additional savings and opportunities come in where providers are fully engrained into the business process and workflow," he says. Standardising on fleets, unified drivers, reducing estates and best practices such as mandating duplex printing will only get you so far, he argues.

"It's really important to get to a partnership approach and get aligned with the aims of the business so, for example, with a financial institution we're looking at integrating document capture, workflow and approval systems. The CIO is looking to bring value back into the business and will have top-level objectives, but is unlikely to get involved with the day-to-day stuff and will hand off to his project of infrastructure teams for the details, but at the outset we need to move beyond an old-school relationship where you're beaten up on price and being a second out on the SLA."

Firms like Canon want to move from a transactional to a consulting relationship with customers but it takes time. Wilson says he would like the process to be one where the provider helps the

prospect who is "like a customer in a restaurant who is hungry but isn't sure what to eat... but trust is earned".

Saving sheets

A cheaper alternative could be to create your own regime, rather than paying a service provider. The basic steps are all the same (see [How to encourage more thrift](#)). However, one area where a third party can make you a saving you might not have been able to achieve on your own is in negotiating supplies.

A new crop of independent corporate procurement specialists is emerging. Companies like [Buying Team](#) claim they can shop around and negotiate the best deals for companies on all 'non-core' items such as printers, toners, paper and all forms of IT consumables.

"The key to rationalising is to make it easy for the end user to save paper. Configure all the printers to print on both sides, and make the default setting black and white," says Buying Team CIO Anson Chuang. "That worked for us. The action that had complete effectiveness for us was creating a walk-up printing regime, where each person can only print something out when they swipe their smartcard."

This stops people printing duplicates and leaving possibly confidential documents lying around, so smart cards could solve a compliance issue too. Also, since the smartcard will let you print on any printer, it makes life easier for the end user, as they can easily track down an alternative printer when their usual machine inevitably becomes jammed or otherwise broken.

User friendliness is one issue where many vendors struggle to delight. This causes massive frustration and impatience among end users, which in turn carries a cost in lost productivity and, inevitably, panic measures, such as bulk printouts.

[Japanese manufacturer OKI](#) is a rare exception. It has invested heavily in online training programmes for end users, so they waste less time being bamboozled and can take full advantage of all the features. An OKI UK employee devised a set of interactive lessons and training videos called Ask Dave, which was so successful it has been copied around the world. You can see Dave in action at www.askoki.co.uk/askdave.

"We tend to be less proscriptive with users," explained OKI UK managing director Phil Scrase. "We think running free training seminars for end users will help them get full productivity out of their investment."

For example, most users only use a fraction of the features on a printer, and if company employees could print off their own business cards, rather than getting them done externally at great cost, firms will save money. OKI also offers users training on the next, tricky stage of printer rationalisation - document management.

Finding a fix

The consensus among vendors and analysts is that this addiction to printing needs to be addressed. Everyone interviewed for this article, be they manufacturers, managed service providers, analysts or procurement specialists, shared the conclusion that organisations have too many printers. End-users are happy to have the printers, but won't take the responsibility for managing the costs, so they have to be reined in.

Most vendors and service providers follow a similar three-step programme for printer rationalisation. Step One: audit your printers. Step Two: cull your less efficient printers and rationalise around the fastest, most efficient and reliable lasers, then change your payment plan

for paper and toner. Step Three: change user behaviour, either through technology, or via user training.

Auditing is the key stage of rationalisation, according to Dorothy Frankland, head of [Skipton Building Society's](#) computer services department. This is where you need an outsider to come in and make the tough decisions and, rather than do this in house, Frankland appointed a managed service provider, Azzurri.

Read the full case study of how [Skipton Building Society reduced costs](#) here.

"Most companies have no knowledge of who prints what, how much their print fleet is utilised or which departments are paying for it," says Kevin Craft, head of digital print at [Azzurri](#).

Larger companies have as many as one printer for every three employees, he says. Auditing is difficult enough, for reasons which will become apparent, but acting on that audit is even harder. Few big companies are organised so that one person has overall authority, complains Craft.

[HP's](#) Trevallion agrees. "There's a lack of control and ownership," she says.

Workflow automation

The paperless office is the workplace of the future and, as the old joke goes, it always will be. But slowly we are getting there. Xerox, like all major printer manufacturers, is pushing users to embrace the concept of automated workflow.

[Managed service providers](#) claim it not only eliminates paper and toner waste, but makes business processes far more efficient. End users may take some convincing, however.

[Robert James Partnership](#), an accountancy practice in Surrey, exemplifies how to get your users onside. It implemented an online document management scheme, asking all end users to scan their documents in when they start a project, and keep records online. "We didn't take the printers away from end users overnight," says partner Simon Paterson. "We ran two parallel systems for three months, to acclimatise people."

People soon adjusted to the absence of clutter and the noise of printer trays being angrily yanked in and out of position, he says. Paterson implemented the regime to improve productivity rather than aspire to a paperless office. But the end result is the same, although with all proofing now done on-screen and with every user now having two screens on their desk one for their usual work, and one for the document they are referencing. The company has cut its paper and toner costs, and freed up entire rooms of office space. "We don't need to store printer paper or documents any more," says Paterson.

In some environments, sophisticated work processes aren't possible, in which case you have to keep it simple, says [Lexmark](#) sales manager Phil Pate. As a company that specialises in supplying the retail trade, with its high staff turnover, you sometimes have to cater for the no-brainer situation. "You need to provide something that requires no training to use or support," says Pate.

Ultimately, who can blame humans for printing out so much? It doesn't hit us in the pocket, and reading from paper over a coffee is much nicer than being chained to a desk. Perhaps the most succinct advice for printer rationalisation comes from the Buying Team's Anson Chuang.

"Own your own printers, and get a pay-per-click maintenance contract for those printers, because the black toner and servicing come free. Then get a separate contract for colour print and paper."

And beware geeks bearing gifts. HP once created a fish-tank screensaver for end users, where

the fish got fed every time a user printed something off. But corporations found that fish-lovers were inspired to print more, just to keep the fish looking healthy. Printers were suddenly awash with needless printouts.