

The CXO Series

Practical Strategies for Financial Executives
WHITE PAPER

The Importance of a Print Management Strategy

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Executive Summary

Today's rising overhead expenses drive organizations to find practical ways to reduce costs. Profit-conscious executives face the challenge of either reducing headcount or reducing overhead expenses. Much of the time, either of these strategies can have a negative impact on productivity and morale. Every so often a strategy appears that can provide significant expense control and enhance productivity. One of these areas is office printing.

Documents drive business processes. That's why an average of 1-3% of a company's annual revenues are consumed by document production¹. To make matters worse, this expense is growing in many organizations.

A Print Management Strategy allows you to control these expenses by outsourcing the management of your fleet of printers. In this type of usage-based model, you only pay for the prints you use. Best of all, no capital expenditures are required since the agreement is for the management of your existing fleet.

This paper presents the importance of a Print Management Strategy. Current economic, environmental, productivity and IT department impacts are explored. Benefits of implementing a print management strategy are itemized.

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The Importance of a Print Management Strategy

Many executives are looking for meaningful strategies to cut overhead expenses in today's tough economy. At the same time, they need to find ways to boost productivity and return on assets. The challenge is that these two goals are usually at odds. Boosting productivity usually requires capital expenditures, while cutting expenses means harming productivity.

Rising costs in virtually every area of business challenge executives to find ways to reduce overhead without harming productivity.

Every so often, a strategy appears that allows you to cut expenses without negatively impacting productivity. This may be possible by optimizing your office printing environment.

The Growing Impact of Printing

Economic Impact

According to the Gartner Group, office printing consumes 1-3% of a company's annual revenueⁱⁱⁱ. This means that a \$10 million company will spend between 100 and 300 thousand dollars on document output this year.

Office printing consumes 1 to 3% of annual revenues according to the Gartner Group.

Some statistics show that overall office printing volumes are declining at 1-2% per year.^{iv} However, much of this may be due to the overall contraction of the global economy. This statistic can be somewhat deceptive in that most companies continue to experience growth in printing inside their own organization. Other companies need to right-size their printing fleets to compensate for a smaller workforce.

Many companies are also doing more color printing in the office. This is especially important since color prints cost 5 to 10 times more than black and white prints.

The average office worker consumes 10,000 pages per year, the equivalent of 60% of a tree.

On top of the growing costs, most companies have multiple vendors for printer hardware, supplies and repairs. Managing these relationships and processing multiple invoices creates unnecessary costs.

Many companies have no idea what they are spending on office printing. Typically, this is because costs for supplies, service, hardware and support are buried across multiple budget lines.

Environmental Impact

Office printing also has a tremendous impact on the environment. The average office employee consumes 10,000 pages of paper per year^v. Since it takes 60% of a tree to make a case of paper, each office workers consumes approximately 1.2 trees per year^{vi}. Add to that the greenhouse gasses emitted by the heavy industry used to make paper, multiply that times the number of employees in your organization and you can see that printing can have a tremendous impact on the environment.

Printers are some of the biggest consumers of electricity in the office.

Printers and copiers also consume a large amount of electricity since they use heat during the print process to fuse the toner to the paper. As such, printers are some of the biggest consumers of electricity in an office.

Printer supplies can also have an environmental impact. The average printer cartridge takes 3 quarts of oil to produce. If it is not recycled, it takes over 1,000 years for the cartridge to decompose in a landfill^{vii}.

Productivity Impact

Printing also affects the productivity of your company. Delivering documents to the correct location at the right time is at the heart of many workflows. Inefficient, aging printers are prone to breakdown, hampering office effectiveness. The neglect of proper preventative maintenance not only leads to interrupted workflows, it also reduces the usable lifecycle of your printers.

Printer service distracts IT departments from critical initiatives like security updates, system upgrades and strategic IT projects.

IT Impact

IT departments are also impacted by inefficient printing infrastructures. It is estimated that in some organizations, up to 50% of the help desk calls are related to printers. Since printers are mechanical devices, many of these calls require an IT person to go to the printer.

Often, the problem with the printer is mechanical, meaning that the IT person has to call in a third party to repair the device. Multiple brands and models of printers further compound this problem. Each model has a different print driver and user interface that has to be updated each time Microsoft updates their operating systems.

Perhaps the biggest impact is that printers distract your expensive IT resources from critical corporate initiatives. Creating a strategy to outsource printer management can help you control your IT costs.

Opportunities for Improvement

Fortunately, these impacts can be reduced with a sensible managed print strategy. Many financial executives are excited to learn about our managed print services strategy that helps them manage expenses, boost productivity and free up IT resources along with minimizing their carbon footprint.

Manage Expenses

You cannot manage what you cannot measure. A managed print services strategy should begin with a comprehensive assessment of your current situation. The goal should be to discover the Total Cost of Ownership (TCO) of your office printing. This assessment provides both a baseline to measure improvement and a snapshot of the current situation to uncover improvement opportunities.

Understanding your current situation gives a baseline to work with to contain the growing costs.

Understanding your current situation gives a baseline to work with to contain the growing costs. Your print management strategies can be compared to this benchmark to assess the effectiveness of the program.

Minimize Carbon Footprint

Proactively managing your fleet of printers also enables implementation of strategies to reduce the carbon footprint of your company. Reducing paper usage not only reduces the amount of trees consumed by your company, it also helps offset the rising cost of printer paper.

The most obvious place to start is by reducing paper usage. There are several practical ways to do this. You can leverage duplex or two-sided printing to cut paper usage. Some companies leverage electronic forms technology to eliminate the use of costly pre-printed forms.

You can also reduce electrical usage by ensuring power-saving measures are implemented to put the systems in standby mode during slow usage times. Fleet optimization could include consolidating redundant devices, further reducing your electrical usage and costs.

Boost Productivity

One concern that many clients have about an optimized printing strategy is how it will impact their productivity. If productivity is hampered in the process or reducing costs, there is no benefit.

Fortunately, a well-implemented managed print strategy can boost productivity. At the most basic level, employees will face less distraction from printers that are broken or out of toner. Unlike most IT departments

that simply respond to broken systems, a preventative maintenance strategy combined with an automatic supply restocking program ensures your fleet is operating consistently.

A managed print strategy typically boosts productivity by maximizing system uptime.

Re-deploying the right systems to high-volume locations can also enhance productivity. In our quarterly reviews with your print management partner, you can continually explore for ways to help boost productivity. Sometimes this may include refreshing technology to provide new functionality where appropriate.

Free Up IT Resources

Perhaps the biggest cost savings can be found in a more productive IT department. IT resources are some of the most costly inside a company. It doesn't make sense to use these resources to fix mechanical devices like printers. Instead of fielding calls from frustrated users with printer issues, your IT team can focus on core initiatives like security and new software deployments.

Free up IT staff to focus on core business initiatives instead of being distracted by printer support.

A Managed Print Strategy

Deploying a managed print strategy is a logical sequence of events that begins by understanding your current environment and getting it under management. Once the fleet is managed, then it makes sense to find ways to optimize the environment on an ongoing basis to continue reducing costs and environmental impact.

Following is a strategy that can be leveraged to achieve these benefits:

1. Stop Buying Equipment

When it comes to managing your expenses, the first thing most hardware sales people recommend is buying newer equipment. Instead, the first step should be to stop buying new equipment. Chances are you already have more equipment than you really need! Despite the advice of hardware vendors that want to sell more devices, the solution to your problems probably does not begin with buying new equipment.

Step one: stop buying equipment.

2. Discover What You Have

The next step is to uncover your current situation.

- What devices do you have? Where are the redundancies?
- What are your current print volumes and usage patterns?

- ❑ What is the Total Cost of Ownership (TCO) of your printing infrastructure?

Rapid assessment technologies streamline the process. These non-invasive applications quickly scan your network, find your printers and gather useful information from each device.

This information can be compiled using print assessment software like DocuAudit™ to create a report detailing your current device inventory, usage patterns and TCO.

Rapid assessment applications quickly scan your network, find your printers and gather useful information from each device.

3. Outsource Printer Management

With an understanding of the current volumes, usage patterns and costs, the next logical step is to consider outsourcing the management of your printer fleet. Similar to outsourcing non-core functions like coffee service, a managed print services provider can manage your fleet of printers on a usage-based model which includes everything you need: supplies, service and support. These outsourcing programs do not require capital expenditures since they simply manage the printers that you already have.

4. Optimize Your Fleet

With your printers under management, you could work with your provider on a quarterly basis to review your actual usage and implement recommendations to further optimize your printing infrastructure.

A Print Management Strategy is an effective way to reduce expenses and increase productivity. As such, companies with these objectives should seriously consider implementing strategies to manage their office printing expenses.

Print management outsourcing programs do not require capital expenditures since they simply manage the printers that you already have.

About Convergence Consulting

www.convergenceconsulting.biz

Convergence Consulting helps document technology end users and resellers understand how to leverage emerging document technologies to streamline business processes and reduce expenses.

About DocuAudit International

www.docuaudit.com

DocuAudit International provides assessment tools and training to help managed print services providers enhance their service to their clients. The company produces DocuAudit software that analyzes print usage data and compiles optimization recommendations.

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Endnotes

ⁱ "Printer and Copier Fleets: The Goldmine in the Hallway," Gartner Group

ⁱⁱⁱ Gartner Group

^{iv} IDC

^v "Assessing and Benchmarking Document Costs," InfoTrends/ALL Associates

^{vi} www.printgreener.com

^{vii} CA.gov, Green California, Best Practices Manual, Toner Recycling.