

Straight Talking – An Overlooked Way to save Money

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According to industry estimates, between one and three per cent of a company's annual revenue is spent on printing. It is estimated organisations can save up to 30 per cent by implementing a print management strategy. After years of ignoring print, should organisations now take print management more seriously?

The office printing environment has undergone a significant transformation in recent years. Photocopiers have been replaced by networked digital copiers, fax machines have given way to scanning and email, and print volumes are growing, boosted by the increased demand for colour output.

Not only is the web driving colour printing but many businesses are also using high-end colour printer and copier devices to print material that would have previously been fulfilled by external print houses. As more print volume is being generated by businesses, paper consumption also continues to rise.

Paper documents remain essential across many business processes, and scanning volumes are increasing as organisations look to manage these documents electronically. The advent of the multifunction printer (MFP) has enabled companies to cut costs by replacing outdated standalone printers. MFPs offer network printing, copying, faxing and scanning in a single device, reducing inventory and operating costs.

With the ever present focus on cost savings, many organisations are under pressure to optimise their IT infrastructure. Whilst IT managers have focused primarily on consolidating desktops, servers, storage, applications and networks, the print environment has been largely overlooked.

One of the main reasons for this is that printers have not always been the responsibility of the IT function, either being purchased by departments or centrally through facilities management, along with photocopiers and fax machines. Now that the printing and copier technologies are converging in the form of the MFP device, IT managers are finding themselves in a position where they must take control of the complete printing and imaging environment.

However, the reality is that organisations are often faced with a print environment that is out of control. Ownership and management of printers, copiers and scanners is usually fragmented across business

departments, workgroups and locations. There may be no centralised record of who owns and uses the equipment, and no information on service contracts. Many organisations have too many devices, from multiple vendors, which are often underutilised. Many of the devices are old and expensive to run due to maintenance and supply costs. On top of all this, few organisations have document tracking systems that accurately measure the true usage for print, scan, fax and copy output.

As users, we are all familiar with common printer problems such as paper jams and running out of paper or toner. But what is the cost to the organisation to fix these problems? How many printers in the organisation regularly fail or run out of ink or toner? How is this affecting user productivity and satisfaction? How much paper is being consumed? What is the cost of colour printing? The reality is that most companies do not know.

So what is the true cost of printing? On average, the hardware price of a printer represents just five per cent of the total cost of ownership. Operating costs amount to 45 per cent of the total cost. This includes supplies and consumables costs such as toner cartridges, drums, ink and paper, and also power/electricity and service and maintenance costs.

Over the life time of a printer, the cost of supplies easily outstrips the price of a printer. In addition, the lack of standards in the supplies market makes it hard to reduce cost through bulk buying. Toner and inkjet cartridges are barely compatible across one vendor, let alone multiple vendors, leading to the need to stock a multitude of supplies being stored for every printer, fax and copier in the office. Support costs account for the remaining 50 per cent of the cost of printing, with an estimated 20 per cent of all calls to IT helpdesks being printer related.

Print management aims to 'right-size' an organisation's fleet of printers, copiers and faxes and improve productivity at the same time. The fundamental premise behind print management is analysing the total cost of ownership (TCO). This considers all costs associated with procuring, owning and using printing and imaging devices, including maintenance and ongoing support.

Recommendations can then be made on how to streamline the printer fleet. For example, eliminating expensive inkjet printers and replacing with high-quality colour networked printers which offer access controls and embedded security features.

Legacy and standalone printers could be replaced with MFPs and the number of printed pages could be reduced by using scan to email features. Most printer and copier suppliers including Canon, HP, IBM, Konica, Lexmark, Minolta, Ricoh and Xerox offer such office productivity assessment tools.

Once an organisation has analysed its existing fleet, tools are available such as HP's Web JetAdmin and Lexmark's MarkVision, which enables IT managers to remotely configure, troubleshoot and administer devices. This reduces downtime from undetected consumables depletion and job stoppages due to hardware failures. As a result, user productivity is improved and IT support requirements are reduced.

HP first launched its Total Print Management (TPM) strategy in 2003, and has recently announced further plans to bolster this, estimating that the addressable market for managed print services is at least \$40bn worldwide.

HP is not alone in recognising the profitability of offering managed print services. Xerox Office Services is a managed print service offered through Xerox Global Services, IBM offers Output Managed Services as part of their Workplace on Demand services and Dell and Lexmark recently announced their plans to partner in managed print services for Boeing, a current Dell services customer.

There is no question there are real cost savings to be achieved from better managing print. However, the challenge remains to convince organisations to invest, when many are still struggling to manage software licences, wireless services and address security issues, to name but a few.

Printing and imaging vendors need to educate organisations on the potential cost savings and productivity gains associated with managing their print environment. Any IT investment should ultimately add value to an organisation - investing in a more efficient and productive print environment is undoubtedly a step in the right direction.

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Quocirca is one of Europe's leading independent industry analyst firms. One of its biggest assets is the core team of highly experienced analysts drawn from both the corporate and the vendor communities. This team prides itself on maintaining a bigger picture view of what's going on in the IT and communications marketplaces. This allows all of Quocirca's activities to be carried out in the context of the real world and avoids distractions with fads, fashions and the nuts and bolts of specific technologies. Quocirca's focus has always been the point of intersection at which IT meets "the business".

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The insight and experience that comes from working as an industry analyst as well as a practitioner allows the Quocirca team to contribute significantly to IT Vendors, Service Providers and Corporate clients. To this end, it provides a range of consulting and advisory services. Details of these, along with some of Quocirca's latest analysis, may be obtained by visiting <http://www.quocirca.com>

Quocirca's primary research involves the surveying of many thousands of technical and business end users each quarter, analyzing their perceptions of the possible impact of emerging, evolving and maturing technologies on their businesses.