



Managed print services: An SMB priority

Escalating print costs and demand on IT resources drive the need for managed print services

September 2011

Small and Medium Businesses (SMBs), like larger enterprises, depend on printing for a variety of business activities. Even the smallest office needs a fast, reliable, cost-effective printer capable of professional output. Yet SMBs are faced with limited resources and expertise when it comes to the common tasks of dealing with printer problems and ordering supplies. Today, the vast majority of SMBs purchase their printer or MFP separately to supplies such as ink and toner, with most purchasing these on an ad-hoc transactional basis. Printers can place a huge administrative and support burden on staff, which diverts them from their core activities.

The solution is to use a managed print service (MPS), which combines hardware, service and supplies into a service based on a cost-per-page. A leasing model provides predictable costs as spend is moved from capital to operational expenditure, whilst automatic supplies delivery and meter reads lower the need to stockpile supplies and eliminate time-consuming manual tasks.

This paper discusses the printing challenges faced by SMBs and how, by using a simple and flexible MPS, a business can save time and money whilst improving employee productivity.

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Managed Print Services: An SMB Priority

Escalating print costs and demand on IT resources drive the need for managed print services

For many SMBs, printing plays a critical role, particularly for those who rely on professional colour documents to support their communications. Yet the print environment can be a huge cost and productivity drain for many SMBs, with staff time devoted to fixing printing problems, ordering supplies or meter reading. By offloading these routine yet vital print management duties to a managed print service (MPS) provider, SMBs can reduce operational costs, whilst freeing up employee time to focus on more strategic business issues and less on day-to-day print administration.

SMBs are far from paperless	Almost two thirds of SMBs indicated that printing is critical or very important to their business. Only 2% indicated that printing was truly peripheral and they were close to being a paperless office.
Increased colour printing is leading to escalating consumables costs	Almost 45% of respondents reported increasing colour print volumes, which is driving increased expenditure on consumables. Many SMBs are reliant on manual, costly and inefficient processes for supplies ordering with the majority of respondents indicating they purchase these on an ad-hoc basis.
Printing is a cost and productivity drain for SMBs	Daily problems such as paper outage, device failure or consumables depletion can be an administrative headache for IT and staff alike. Even small environments of 10 to 20 printers can prove to be a burden for businesses that don't have the time or necessary resources. Problems with printing can particularly hamper the productivity of smaller SMBs, with half indicating they have one or even no dedicated IT staff.
MPS maximises productivity and minimises downtime	The availability of basic MPS contracts enables SMBs to effectively purchase printing as a service. Basic MPS packages are specifically designed for SMBs and include leased hardware together with supplies, maintenance, support and recycling. Contracts are based on a cost-per-page charge, and newer charging models are emerging which do not require minimum volumes, enabling a pay-as-you-print approach.
Using MPS to lease hardware reduces capital expenditure	By leasing hardware, SMBs can minimise capital expenditure and gain savings in operational expenses through predictable monthly costs. This provides transparency of usage and costs, enabling businesses to improve cash-flow and divert money to other strategic areas of the business.
There is no one-size-fits-all approach	MPS comes in many flavours and is scalable across small and larger businesses, from basic print services to fully outsourced services. SMBs should consider what service best fits their need dependent on the size and diversity of their fleet, as some MPS offerings are limited to a single vendor's brand.
MPS users are seeing positive results	Overall, satisfaction levels with the management, control and performance of the printing infrastructure are higher amongst those who use MPS. The most improvements are seen in staff productivity through reducing time spent on manual tasks and better device reliability. However, less are seeing improvements in cost savings, suggesting SMBs are not making the most of device usage and reporting capabilities. It will be important that any cost reduction potential is clearly communicated by vendors and channel partners in order to push uptake of MPS services amongst SMBs.



Introduction

SMBs face the same competitive pressures and operational concerns as large enterprises, but often don't have the skills, resources or budget to support today's complex IT environments effectively. Printing is no exception and can be a huge cost and productivity drain for many SMBs. Few SMBs have dedicated IT staff, meaning employees must often wear many hats, dealing with IT issues as they arise – or finding the one person within the business who has at least some knowledge of how to deal with the multitude of problems that can arise with a modern printer, from paper jams to a need for new ink or toner, blocked printer heads and so on. Consequently, they often sink significant resources into mundane, day-to-day printer support and administration – not only the troubleshooting of printer problems, but also the ordering and stocking of supplies and meter reading. This drain on staff time is compounded by spiralling print costs as a result of poor visibility into print usage by device or user. As businesses grow in size and operate from multiple locations, the problem of keeping a handle on print costs is further complicated.

As competitive and regulatory pressure grows, this haphazard nature of SMB print management activities creates inefficiencies and diverts employees and resources from core business activities. For this reason, simple and flexible managed print services (MPS) are growing steadily in popularity amongst SMBs. Once only available to large enterprises, vendors have made big strides in creating cost-effective services to tap into the large SMB market opportunity. These packages include leased hardware bundled with supplies, support and maintenance based on a cost-per-page. This enables a business to reduce capital expenditure, gain lower and predictable expenses, improve device availability and free up staff time.

This report draws on research conducted in 2010 amongst 500 SMBs with 50–500 employees across Europe. Quocirca surveyed SMBs who are using MPS, those that are considering MPS and those that are not using or considering them at this time. Overall, two-thirds of respondents in this survey were using or planning to use MPS.

SMB printing challenges

Printing continues to play an important role within many SMBs, with 64% of respondents indicating it to be either critical or very important for business activities. Consequently, SMBs often have the same need as their larger counterparts for printers and multifunction peripherals (MFPs) that are reliable, affordable and produce professional quality output. Yet SMBs typically lack internal resources and budgets to manage an area that can be a significant cost and productivity drain. Over 50% of smaller SMBs in this study had one or no full time IT staff

Escalating costs

Although SMBs may often outsource large print jobs (for example sales and marketing material) to external printer bureaux, more are embracing colour printing in-house as the price and capabilities of available printers has improved. Quocirca's study revealed that 45% of respondents are seeing increased colour volumes with an associated rise in consumable expenditure. More often than not, consumables are purchased on an ad-hoc basis, with almost 80% of SMBs using such a transactional approach. This is not only time consuming and inefficient, but also costly, as consumables may be stockpiled and never used, may be the wrong consumables or may be more expensive than could be bought through an agreed formalised process.

While 48% of SMBs estimated that they spent less than 10% of their IT budget on printing, almost 40% had no idea of how much printing was costing them. This lack of insight can lead to spiralling print costs which often go unchecked. SMBs clearly recognise that tackling these escalating costs is a priority, rating it as the highest concern amongst all print management challenges (Figure 1).

SMBs are also worried about keeping their print infrastructure running smoothly. They are frustrated with the time that is spent on printer admin and support, rating it as the second highest challenge in managing the print environment. This is no surprise as most SMBs manage the installation, maintenance and support of printers and associated drivers with internal staff. Staff time is also spent on consumables management, including stocking,



purchasing and replacing toner/ink/paper. For devices bought with a service contract, staff also have the additional hassle of manually collecting and submitting meter readings which detail mono and colour page counts. These mundane tasks, although necessary for the smooth running of the print environment, divert staff from more revenue-efficient core business activities.

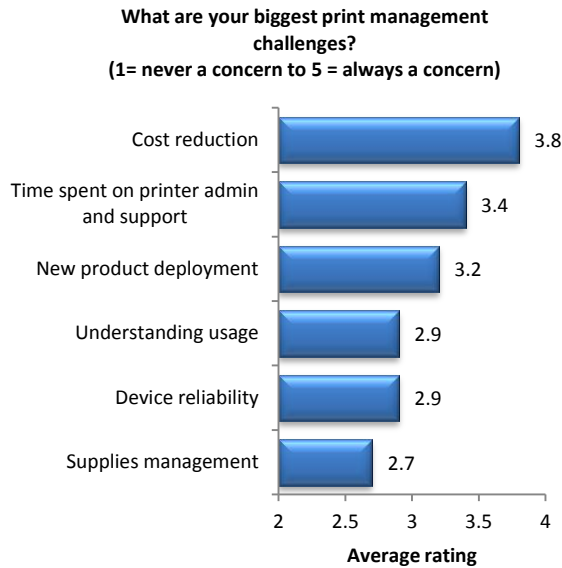


Figure1: SMB Print Management Challenges

Impact on employee productivity

Unplanned printer downtime can have a serious impact on any business that relies on printing for business critical activities – whether it is printing out business reports, sales and marketing collateral or just content needed to be read in order to support a business decision. Device failure can be caused by paper jams, paper/ink/toner running out or more serious problems that require a service call. All require manual intervention and so hinder staff productivity. Indeed, device availability and printer functioning problems are rated as the most common problems that impact SMB employee productivity (Figure 2).



Figure 2: Impact on employee productivity



Fortunately, the emergence of simple managed print services (MPS), available through manufacturers' channel partners, are designed to help SMBs to ensure their print infrastructure runs smoothly and cost effectively, whilst enabling staff to focus on more strategic activities.

What is MPS?

A basic managed print service provides a low-cost approach to printing that can be ordered, deployed and managed with a minimum of impact on productivity.

MPS offers the following benefits:

Reduced and predictable costs: Lease-based agreements overcome the need for capital expenditure to purchase new hardware and replace a front-loaded capital expense/operating expense model with one where monthly payments, which include hardware, service and supplies, provide SMBs with transparent and far more predictable costs. Predictable invoices also allow for more accurate budgeting.

Centralised and automated supplies ordering: Some MPS offerings include remote monitoring, which enables automated ordering and just-in-time delivery. Alternatively, centralised portals for supplies ordering mean that supplies delivery is faster and also eliminates the need for stockpiling.

Combined plans for service and supplies: Rather than having to manage disparate processes for ordering suppliers and service, a basic MPS combines these into one contract, minimising the effort to manage separate contracts.

Better visibility into usage: Consolidated invoicing and management reporting enables a business to understand consumption patterns by devices and users. This provides transparency and the capability for the business to exercise control on future usage where needed.

Improved staff productivity: By passing on manual tasks such as meter reading and support to a MPS provider, SMB employees are free to focus on more strategic activities.

What is a managed print service?

Basic MPS: This includes hardware, installation, supplies and maintenance in one contract.

The hardware is typically leased and supplies ordering is either enabled through a centralised web portal or triggered through remote monitoring capabilities.

Device usage data reports and service records are also typically available through the web portal. Contracts are based on a cost-per-page, which may or may not require minimum volumes.

Full MPS: This includes assessment, device consolidation, optimisation and on-going management. Full MPS is more suited to larger organisations with large heterogeneous device fleets.

Drivers for MPS

The top reason respondents turn to MPS is to improve service levels, with an overwhelming 75% of respondents indicating this as important or very important. Service quality received the highest rating amongst SMBs with 250–500 employees. This links with the need to “focus IT on more strategic activities” and the desire for “higher availability”. Gaining visibility into print costs and predictable expenses were also cited as key drivers, whilst addressing lack of internal expertise was a more important driver for smaller SMBs (Figure 3). This is unsurprising given that almost 50% of respondents with 50–249 employees had one or no full-time IT staff.

Notably, environmental concerns are also pushing more SMBs to consider MPS. Wasteful printing practices come not only at a financial cost but also have a significant environmental impact – in both energy and paper usage. SMBs can reduce their environmental impact by minimising wasteful printing and using vendor programmes for recycling empty cartridges. Using MPS to optimise the print environment should lead to energy savings as a bonus to the bottom line – and also gives the benefit of it fitting in with any sustainability message the business may have.



How important are the following objectives in motivating your adoption of a managed print service?
(1=unimportant 5=very important)

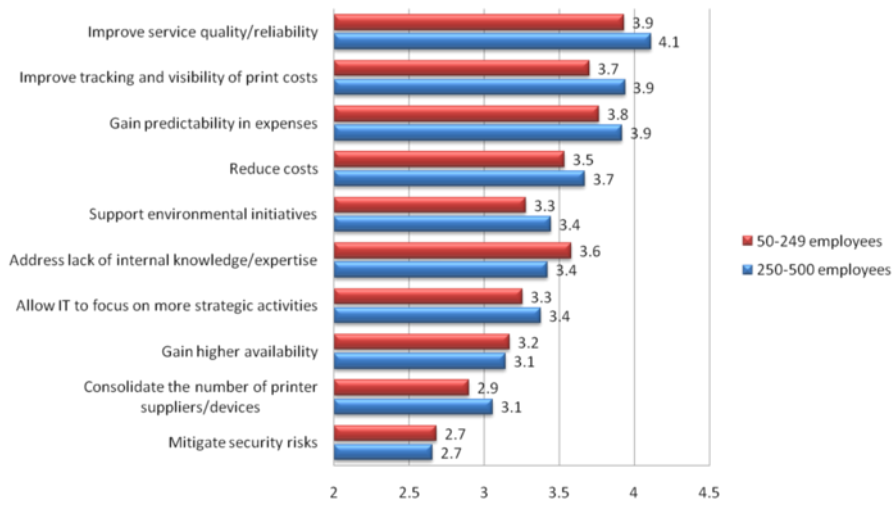


Figure 3: Drivers for managed print services

Positive impact on productivity for MPS users

Respondents that are using MPS are realising significant benefits in productivity, with time spent on printer admin and device reliability receiving the highest improvement scores (Figure 4). However, MPS is seeing a relatively low impact on cost reduction which is closely tied to poor visibility into print usage. This suggests that SMBs currently do not use or have access to the necessary reporting or management tools to enable usage and cost to be monitored and controlled effectively. Basic MPS programmes do not always offer assessment services of the print environment which is crucial, particularly for larger SMBs, to get a real handle on what is being printed, by device and user. As market demand for SMB MPS grows, vendors and their channel partners must improve this situation by providing customers with simple tools and reports to monitor their print usage. With more services starting to emerge that offer service portals for reporting, SMBs must fully exploit these capabilities to enhance their visibility into print costs and usage.

How would you rate the impact of using an MPS on the following areas?
(1= no improvement to 5 = significant improvement)

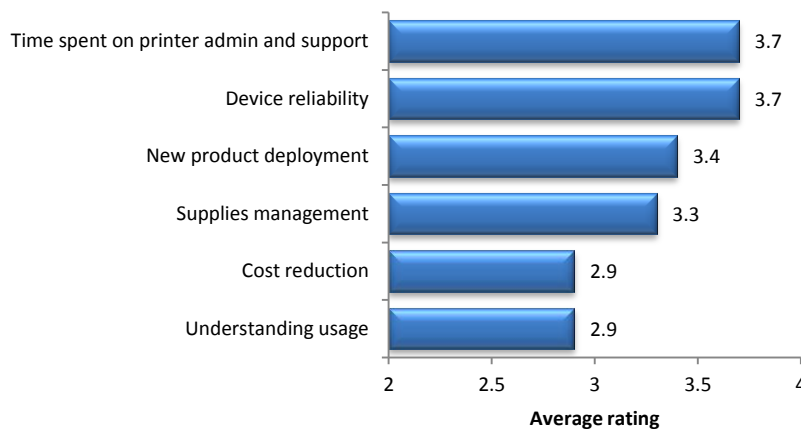


Figure 4: The impact of MPS usage



Conclusion

As printing remains a critical part of many SMB activities, it is crucial that businesses keep their print infrastructure up and running to avoid productivity loss and unnecessary down time. With limited IT staff and budgets, SMBs should offload routine maintenance and support to a trusted MPS provider. SMBs should move from a transactional to a contractual approach to buying “printing” rather than “printers” to avoid on-going costs associated with ad-hoc supplies purchasing and problems with device availability.

Understanding usage is the key to gaining on-going reduced costs and, for those SMBs with less predictable monthly output, pay as you go contracts avoid the excess charges that can be incurred when exceeding volume commitments. Larger SMBs that operate a mixed device fleet should consider a full assessment of their printing practice to determine how best to optimise their print environment. However, for most SMBs a simple MPS, which covers hardware, service, supplies and support along with usage monitoring and reporting for a monthly fee, will help minimise capital expenditure and reduce on-going operational expenses.

Getting started

Quocirca recommends the following guidelines when evaluating a basic managed print service.

Initial assessment: How do you assess the existing print environment? What tools and methodology does the provider use and how long will it take?

Multivendor environment: Does the provider have experience in managing mixed print environments?

What is included in the contract: Does the contract cover hardware, service, supplies and support? Is delivery and installation included? How easily can the contract be changed?

Supplies ordering: Is a centralised portal or tool available for online supplies ordering? Does the supplier provide automated supplies delivery based on device alerts and remote monitoring?

Pricing: Are minimum volumes included? If so, what are the cost-per-page charges for excess pages? What pricing bands are offered? Alternatively, is a pay-per-print approach used where you only pay for what is printed and there are no minimum volumes?

Monitoring and reporting tools: What tools will be made available to monitor usage of devices? Will these tools need to be installed on site or will they be made available via a remote system or web portal?

Service levels: How fast will the vendor guarantee to be on site to fix a problem? How fast will the problem be fixed? At what point will the vendor agree to replace a failed item?

Any exceptions: What happens if non-standard consumables are used (e.g. envelopes, card)? Does this invalidate the support side of the agreement, or can it be dealt with as an additional cost item?

Accidental damage: What happens if a device is damaged through an accident, such as the spillage of liquid?

Recycling: Does the provider offer a programme for recycling empty cartridges and disposal for devices at end-of-life?

Monthly volume commitments or pay as you go?

Minimum monthly volumes: A traditional MPS contract with basic fixed monthly costs allows for a number of pages to be printed within that cost. Any pages printed over and above the contract commitment is charged at a flat rate per page. Whilst this approach allows predictable budgeting it is critical that SMBs determine their typical monthly print volumes in advance to avoid overages when monthly averages are exceeded.

Pay as you go: A pay-per-page agreement means that the business only pays for what it does print – but also means that the predictability of monthly cost is reduced to a small extent.

For those with highly predictable print loads, a fixed-price contract is generally better. For those with less predictable print loads – particularly where certain months may have very little printing – a pay-per-page model may be a more cost-effective approach.

A print audit is vital: SMBs should conduct an upfront audit together with on-going monitoring, measurement and reporting of usage to determine the approach that best meets their needs.



About Brother

The Brother Group of Nagoya, Japan, is a truly global company with offices and manufacturing plants throughout the world and products sold in over 100 countries.

Brother's European Managed Print Service (MPS) Programme.

As the market leader in printing solutions for small and medium sized businesses, Brother brings its many years of experience to deliver a new kind of Managed Print Solution providing a simple MPS offering that is no longer just something for the large corporate environment. It is specifically targeted to meet the output needs of small and medium businesses.

The programme is a leasing package, which includes hardware, service and supplies based on a cost per page or "pay per click" basis. It includes automatic meter read collection and no minimum print volumes and supports Brother's networked devices including a large number of monochrome and colour laser printers and MFDs as well as A3 business inkjet products.

Other Programme highlights include:

- It offers a lease package for hardware and service with easy manageable payments.
- Supplies are charged on a per page basis.
- Automatic meter reads ensure complete accuracy with no administration.
- The "No Minimum" policy ensures you only pay for the pages you print.
- Brother provides access to an online web portal to order supplies, log a service request, view device usage and individual running costs of each machine to ensure the right device is in the right place to run your business effectively.

For more information about Brother and its MPS programme visit www.brother.eu

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first-hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to provide advice on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium-sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at <http://www.quocirca.com>

