

Managed print services in European and US enterprises

Controlling cost, complexity and risk in the print environment

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Enterprises are continually seeking ways of driving cost out of managing their IT infrastructure without compromising service quality or business continuity. The printing environment is now an integral part of the IT infrastructure and organisations that use managed print services (MPS) are reaping the benefits of reduced cost and increased efficiencies. Using MPS optimises the way in which networked printers, copiers and multifunction peripherals (MFPs) are managed to minimise the wastage of paper and toner. Through device consolidation and ongoing proactive management, effective MPS offers cost transparency and reliable service levels.

This Quocirca report looks at MPS adoption across Europe and is based on interviews with 200 organisations with 1000 employees and above in the UK, France, Germany and the US that are either using MPS or are considering doing so. Research was conducted across five vertical sectors (financial services, government, pharmaceutical, retail and telecoms & IT). This report should be of interest to anyone who is considering managed print services or looking to improve the management and control of their printing infrastructure.

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Enterprise managed print services in Europe

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EXECUTIVE SUMMARY

Quocirca's latest research reveals that around 12% of European and US enterprises have already successfully adopted managed print services (MPS), or are considering doing so. The key drivers for this are cost reduction and a need to refocus IT on more strategic activities. Those that are using MPS are clearly more satisfied with the performance of their print environment than those who have yet to make the move. While MPS focuses primarily on the office environment, few organisations are using the same MPS provider to manage their print room, potentially missing on cost-saving opportunities in managing both environments through a single provider.

- **Printing is no longer simply a peripheral activity.** Over two thirds (67%) of respondents view printing as a strategic priority. This is particularly evident in the financial and government sectors that are still highly reliant on paper trails to support business processes.
- **Many are wrestling with cost and security challenges:** Operating a heterogeneous environment is costly and complex, and reliance on paper output brings with it security vulnerabilities. Overall 83% of respondents indicated cost as a major concern, followed by 76% who cited security challenges.
- **Cost-reduction drives MPS adoption.** The top drivers for moving to MPS in all countries surveyed were cost reduction, cost predictability and a need for IT to focus on strategic activities. In a challenging economic climate, MPS is an attractive proposition as it can reduce operational expenditure without the need for upfront capital expenditure. With many organisations moving to managed services for other aspects of their IT infrastructure, they are increasingly receptive to passing complete control of the print environment to a third party.
- **Cost savings expectations through MPS vary.** MPS providers determine potential cost savings based on a total cost of ownership (TCO) assessment of an organisation's existing printing infrastructure. Organisations had mixed expectations regarding cost savings. While almost half of financial sector respondents expect to gain savings of 30% or more, only 24% of government respondents expect to make the equivalent savings. The US is most optimistic, with 44% of organisations indicating they expect to gain savings of 30% or more, compared to just 30% of organisations in France and Germany.
- **Moving beyond office print to the print room:** Only 18% of organisations with MPS use the same provider for the print room, while 28% of organisations who are planning to engage an MPS provider plan to use a single provider for both environments. UK organisations are most likely to use a single provider while US organisations are more likely to manage the print room internally or outsource to a separate supplier.
- **MPS is delivering on expectations:** Those who are already using MPS are clearly more satisfied with the management, control and performance of their printing infrastructure. 91% of MPS users are satisfied or very satisfied compared to 58% of those who are considering MPS. Further, 20% of organisations that have used a printer or copier supplier indicate their provider is exceeding expectations, compared to less than 10% of those using a channel provider.

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1 Introduction

Managed print services (MPS) has come to mean many things for different organisations, and the market remains nebulous due to the different type of offerings categorised under the MPS umbrella. These range from basic entry level services to end-to-end printer and document lifecycle management. Many organisations purchase printer or copier hardware under a contractual relationship, which includes maintenance, support and supplies, based on a cost-per-page contract. While traditionally this has been the approach to buying copier devices, printer companies are now offering the same approach to build longer term relationships with their customers.

However, this basic approach overlooks the true value of a MPS engagement, which Quocirca defines as *an external provider assessing an organisation's print environment and subsequently optimising the infrastructure through a process of device consolidation, proactive management and continuous improvement*. As such, MPS is often a three to five year engagement and, while cost savings can reach 30%, it is a complex process that requires certain due diligence. Therefore it is enterprises that have been first to adopt MPS, due primarily to escalating print costs caused by a fragmented and uncontrolled print environment. Nevertheless, the adoption of MPS is still in its infancy. Quocirca's research indicates that around 12% of enterprises have implemented or are planning to implement MPS. The objective of this research was to discover why these organisations have adopted MPS, their top print management challenges and priorities and their levels of satisfaction with their MPS contract.

The survey was conducted with 200 executives in France, Germany, the United Kingdom and the United States, across the financial services, government, pharmaceutical, retail and IT and telecoms sectors. All respondents represented organisations with over 1000 employees who are either already using an MPS (100 respondents) or planning to adopt one in the next 12–24 months (100 respondents). This research is intended to help organisations understand the key reasons why enterprises are moving to MPS and formulate their own set of best practices to ensure successful MPS initiatives.

2 Printing challenges for the 21st century enterprise

Despite the age of digital communications, printed output continues to drive business processes in many organisations today. Industries such as legal, financial services and health care continue to rely heavily on the quality and availability of printed documents and technology advances have made printing easy, accessible and fast. Affordable and high performance colour printing is commonplace in many offices driven by popular office productivity applications. Consider how fast a set of colour, graphic-rich PowerPoint slides can be printed; as presentation decks get larger and more complex, colour printed output increases—in volume and cost. 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, further boosting business print volumes. With all this taken into account, it is estimated that, on average, an office worker prints 8,000 pages per year. (source: NewField IT)

This reliance on paper comes at a high cost—financial and environmental—including the inherent security risks of unsecured paper output, which are even more of a concern in today's age of compliance and governance. However the concept of the paperless office is still a pipe dream. Paper remains a versatile, portable and personal reference medium for many office workers. Much better to consider the “less-paper” office, which reduces waste, improves secure printing practices and ties electronic and paper processes to maximise the efficiency of business processes.

Left to its own devices

However, this is no easy task. Organisations wrestle with the complexity of both their IT and print environments. While IT has

What is MPS?

- Quocirca defines MPS as the use of an external provider to manage the print environment.
- This includes the assessment, optimisation and ongoing management of the print infrastructure, including device consolidation, proactive supplies management and consolidated billing.
- An effective MPS can reduce print costs in the region of 30% but requires careful governance and implementation of document workflow solutions to maximise the impact on business process transformation.

become standardised, based on open architectures, printing has literally been left to its own ‘devices’. Photocopiers have been replaced by networked digital copiers, fax machines have given way to scanning and email, and multifunction peripherals (MFPs) have emerged as sophisticated document hubs. Yet there is little standardisation; devices are largely based on proprietary architectures requiring specific consumables such as ink and toner, and “open platforms” for MFPs are actually specific to a vendor’s own device architecture. As a result, many organisations operate a complex print environment characterised by a tangled mix of devices from multiple vendors requiring different consumables, software, drivers and service contracts. Fragmented ownership across departments and geographies has created device sprawl, which, in turn, has led to mounting costs. On top of this, a lack of centralised print management tools means that few organisations have full visibility into their overall print costs.

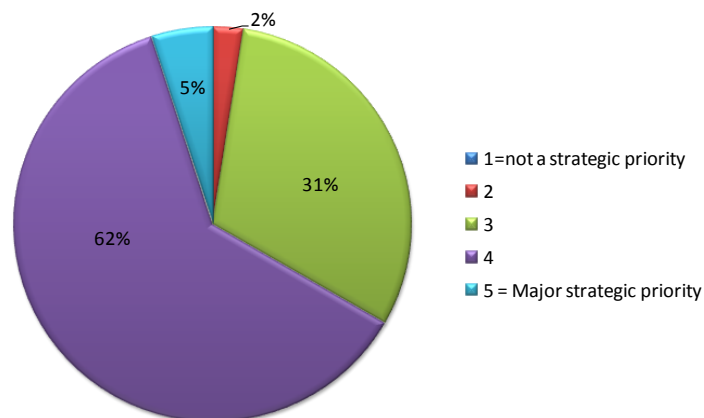
The emergence of managed print services

Once considered the last bastion of unaudited costs, an uncontrolled print environment is now recognised as a financial and productivity drain. MPS has emerged as a way to introduce efficiencies in the print environment through device consolidation, ongoing management and document workflow solutions to support business processes. While MPS primarily focuses on the office print environment, they can also include services to manage the print room. Using a third party to manage either one or both of these print environments offers a number of benefits, including reduced costs, predictable expenses through monthly billing and improved service and availability of devices—all leading to better business continuity.

3 Printing is no longer a peripheral activity

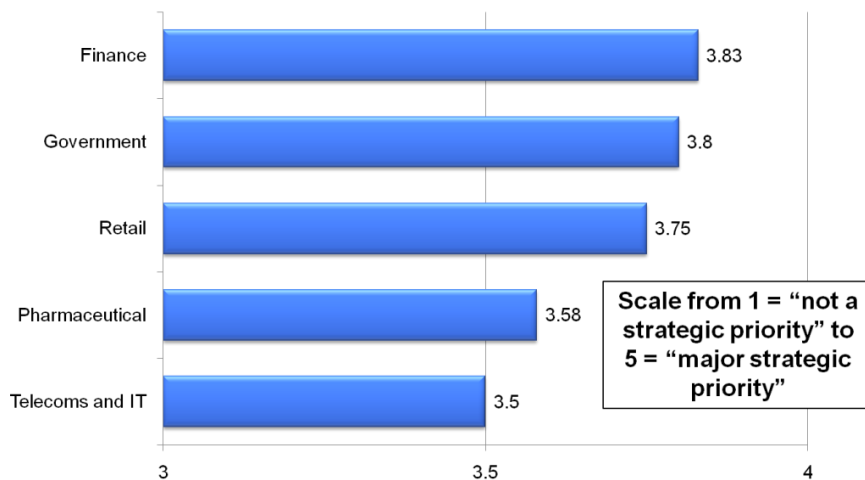
Overall, over two thirds, (67%) of organisations view printing as a strategic priority, although it is French and UK organisations that are most likely to place a higher strategic importance on management of the printing infrastructure. Almost 78% of French respondents rated this as 4 or 5 compared to 52% of US organisations.

Figure 1: The strategic business importance placed on the management of the overall printing infrastructure



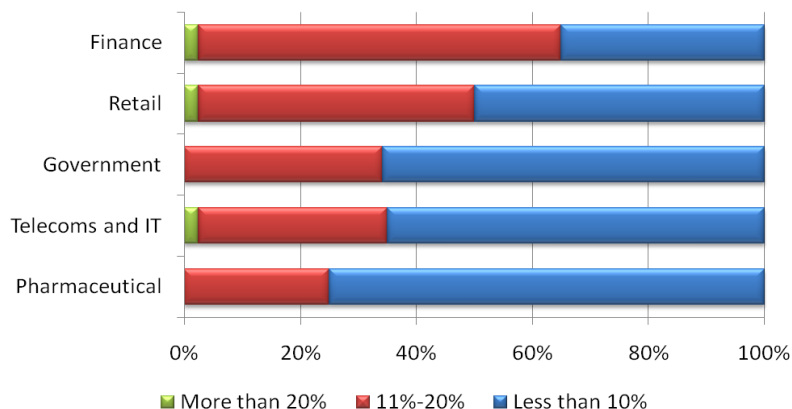
There are also differences across industry sectors. The financial and government sectors that are still highly reliant on paper trails to support business processes are more likely to place a higher strategic importance on printing than other sectors.

Figure 2: The strategic business importance placed on the management of the overall printing infrastructure, by vertical



Furthermore, enterprises recognise that printing is a significant cost drain with almost 40% of all respondents believing that they are spending between 11% and 20% of their IT budget on printing. It is hardly surprising that enterprises take a strong stance on cost control and efficiency with respect to printing.

Figure 3: What percentage of overall IT budget does printing represent?

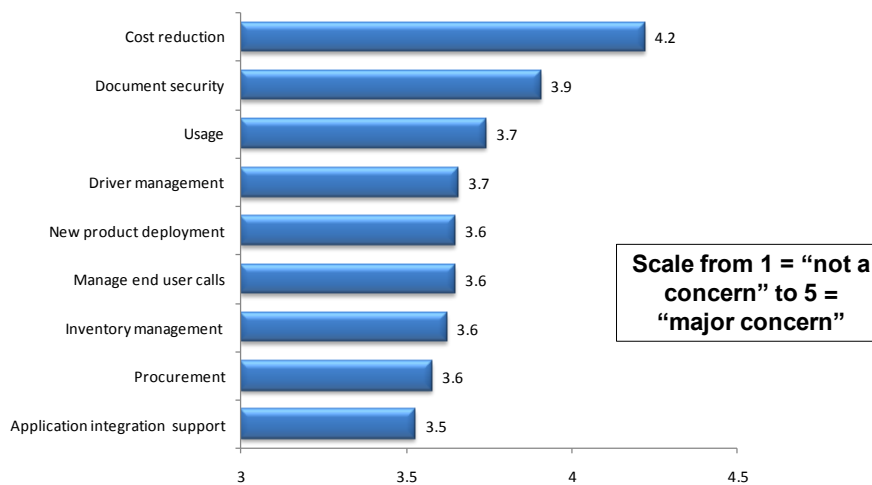


4 Enterprises wrestle with cost and security challenges

The costs of printing relate not only to the initial hardware acquisition cost and the ongoing costs of consumables, but also the hidden costs of IT support and reduced productivity caused by device failure or downtime. The advent of the multifunction peripheral (MFP) improves things somewhat, enabling organisations to cut costs by replacing outdated and energy-inefficient standalone printers. MFPs offer network printing, copying, faxing and scanning in a single device, reducing inventory and operating costs. However, these devices pose the same security risks as any other networked device and the security vulnerabilities relate not only to the risks of unclaimed confidential printed output but also the data stored on MFP hard disks.

Cost and security are major challenges for any business in any area, so it is unsurprising to see these as the major concerns when it comes to managing print. French companies report the greatest concerns in all areas, especially with respect to security. Cost concerns were highest in the government sector, which also rated all concerns more highly than other sectors.

Figure 4: What are main concerns in managing a print infrastructure?



5 Cost-reduction drives MPS adoption

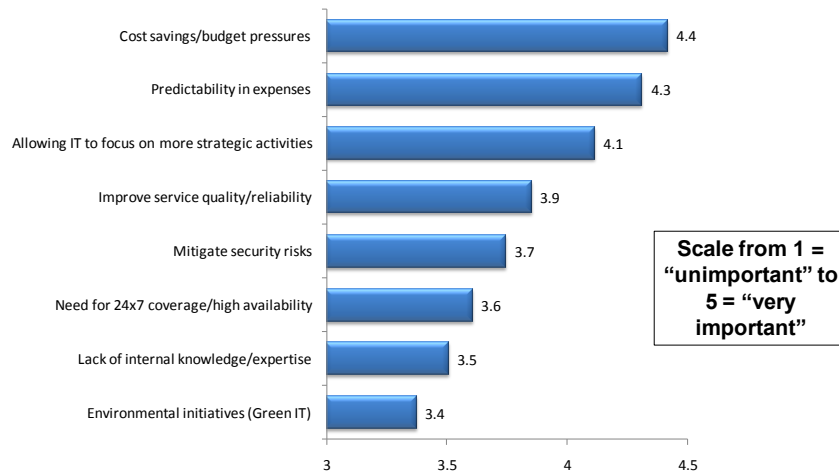
The overwhelming reason to move to MPS is to reduce costs. Intertwined with this is predictability in expenses, which is a key benefit of MPS as it enables an organisation to manage regular billing through cost per page contracts based on pre-determined usage. MPS does not require upfront capital expenditure, and savings can be made to operational expenditure. With many organisations moving to a managed services model for other aspects of their IT infrastructure, they are increasingly receptive to a similar approach to printing.

The third most important factor for moving to MPS is to enable IT to focus on more strategic activities. Heterogeneous print environments are costly and difficult to manage and, by using MPS, organisations can pass complete control to a third party. The organisation gains economies of scale as MPS leverages the provider’s tools, expertise and infrastructure to minimise obsolescence and maximise sharing of knowledge and resources.

Security is not a primary motivator for MPS, suggesting that enterprises lack understanding of the security benefits from implementing MPS. These are far reaching—from simple controls on document output to more sophisticated use of add-on technology for secure printing based on authentication such as user id, proximity cards and so on. This is an often overlooked element of MPS. Although MPS can reduce the environmental impact of printing through the use of more energy efficient devices and more effective printing practices to reduce paper consumption (such as duplex printing), overall it is not a primary motivator for adoption. Of all countries, German respondents showed the highest interest in green IT as a driver to MPS adoption; the higher regard that Germans show for the environment is a common theme in Quocirca research.

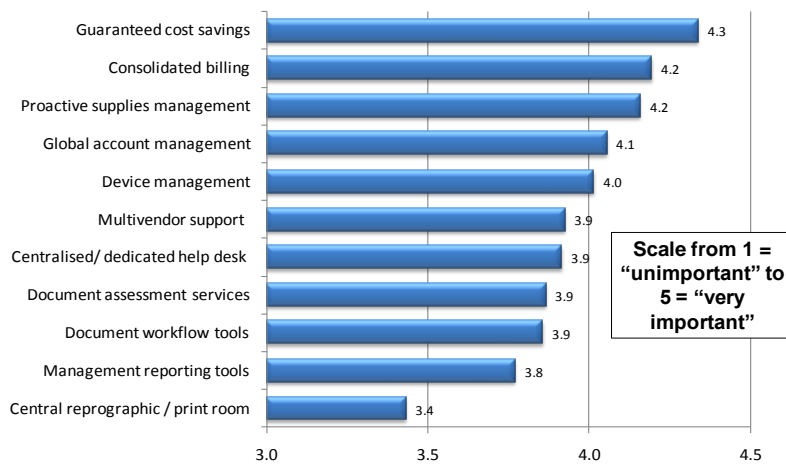
In terms of capabilities sought in MPS engagement, again guaranteed cost saving is the top factor, with over 60% of all respondents identifying this as the most important benefit. With expectations in this area so high, vendors that offer contracts with achievable guarantees are most likely to win. Proactive supplies management and consolidated billing are also highly rated factors, indicating that the reduced administration benefits are attractive in an MPS.

Figure 5: How important have the following factors been in motivating a move to MPS?



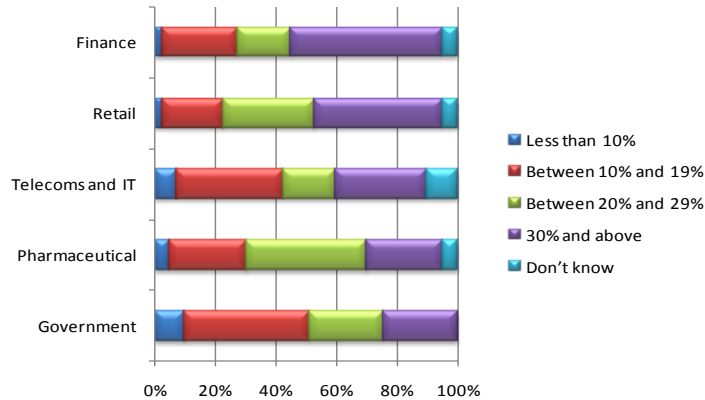
Regional variations show that, after cost savings, France and Germany place a much higher importance on consolidated billing and proactive supplies management than their counterparts in the UK and the US. Document workflow is rated most highly by French respondents, who also place a higher importance on CRD/print room management. Amongst the verticals, the highest average score for guaranteed cost savings was attributed to the government sector, where it averaged 4.6—undoubtedly driven by its high dependence on printing. Notably, the print room is rarely considered as part of an MPS contract, which typically focuses on the office environment. However, organisations could be overlooking a strategic opportunity to minimise the costs that arise from having separate providers for each area.

Figure 6: How important are the following capabilities when selecting MPS?



Cost savings are clearly the primary driver for using MPS, but respondents are divided on the potential savings that can be made. MPS providers determine cost savings objectives based on a total cost of ownership (TCO) analysis of the existing print environment. Almost half of respondents from the financial industry expect to gain savings of over 30%, whilst just under a quarter of government respondents expect to make 30% or more savings. This indicates that the financial sector already recognises the significant proportion that print costs account for, and the potential savings to be made. In contrast, government respondents, who are also high print users, are more conservative, suggesting that they are not aware of the extent of potential cost savings to be gained from using an MPS.

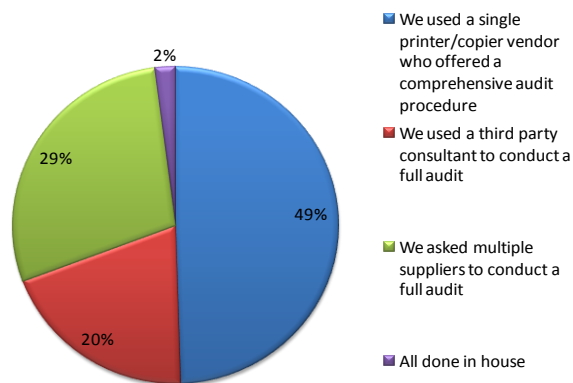
Figure 7: What cost savings on printing do you expect to make through using a managed print service?



6 Mixed approaches to assessment

An assessment of the print environment can be conducted by either a printer or copier manufacturer or a third party consultant. Almost half of respondents used a printer or copier vendor to assess their print environment prior to deployment of MPS, although a significant proportion used multiple suppliers to conduct a full audit, suggesting that respondents used a tender process to compare audit findings and recommendations. 20% of respondents used an independent third party consultant for the assessment process. Such consultants offer an independent assessment of an enterprise print environment that is not tied to an MPS deal, but serves more as a pre-sales assessment service. MPS assessments can vary in scope and there may be inconsistency between the types of assessment offered by different vendors. Buyers should certainly consider all options carefully and determine what is included in the assessment and how recommendations are built based on assessment findings.

Figure 8: Who conducted the assessment of your print environment?



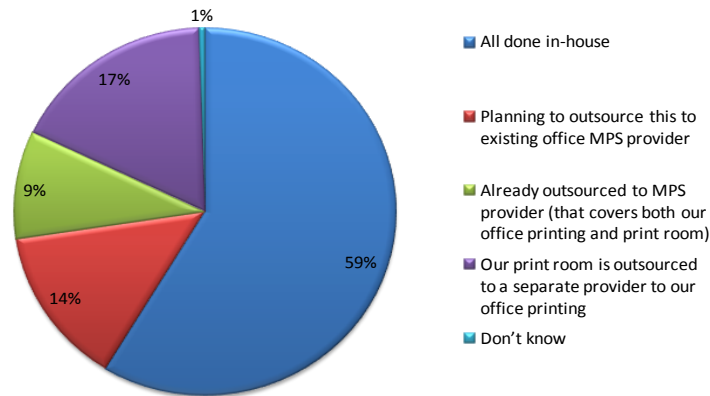
7 The missed print room opportunity

Although a high proportion of respondents knew that it is possible to manage the office and print room environments together, more often than not they are managed separately. This is likely to be because organisations are more aware of the spiralling costs surrounding office printing, and the print room tends to be a self-contained entity that operates outside of IT control.

Overall, only 23% of organisations use, or are planning to use, a single MPS provider to manage both their office and print room environments. The majority that are not are missing an opportunity, as there are significant cost savings and efficiency improvements to be gained from managing both environments together. Although print rooms may not be characterised by wasteful printing, linking the office and production environment enables devices to be better utilised, and be serviced and supported under a single integrated vendor contract.

With organisations only just beginning to understand the true extent of office printing costs, and with MPS providers also focusing on this area, it is probably not surprising that the two areas are managed and treated separately. However Quocirca expects the print room to become a more strategic area of focus as MPS contracts are renewed and MPS vendors look for additional service revenues on existing contracts.

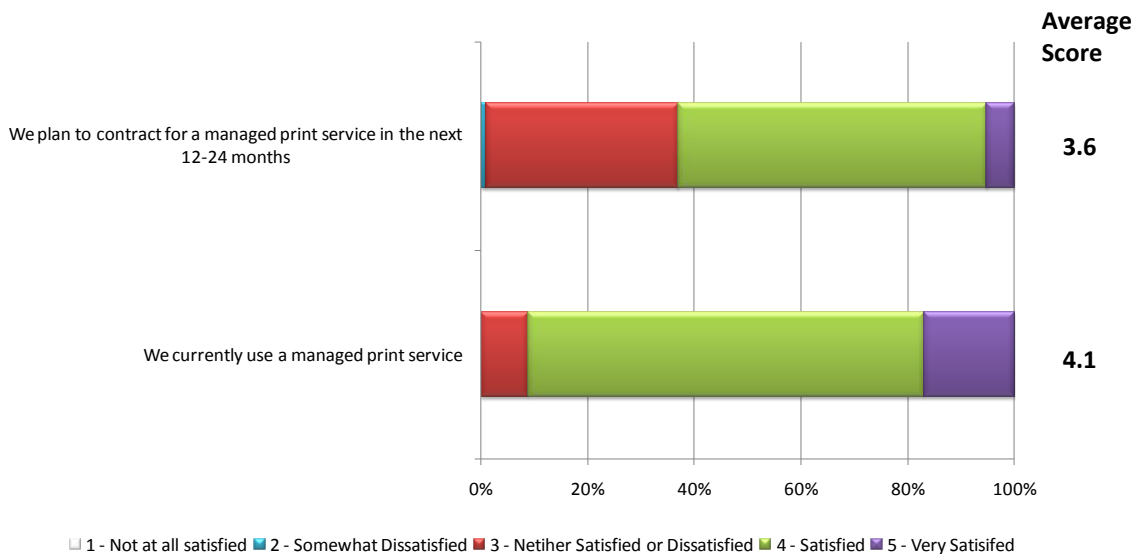
Figure 9: How is the print room managed?



8 MPS delivers on expectations

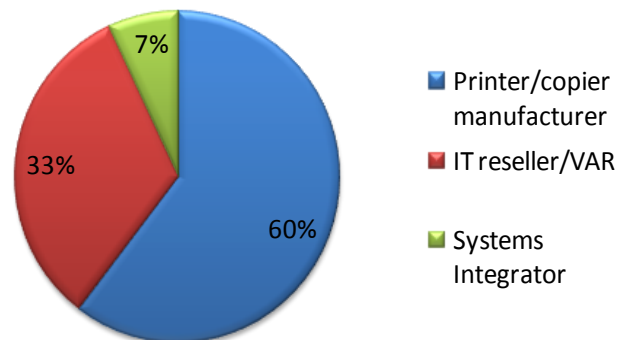
Respondents who are already using managed print services are clearly more satisfied with the management, control and performance of their printing infrastructure. 91% of MPS users are satisfied or very satisfied, compared to 58% of those considering adopting MPS.

Figure 10: Overall, how satisfied are you with the management, control and performance of printing infrastructure?



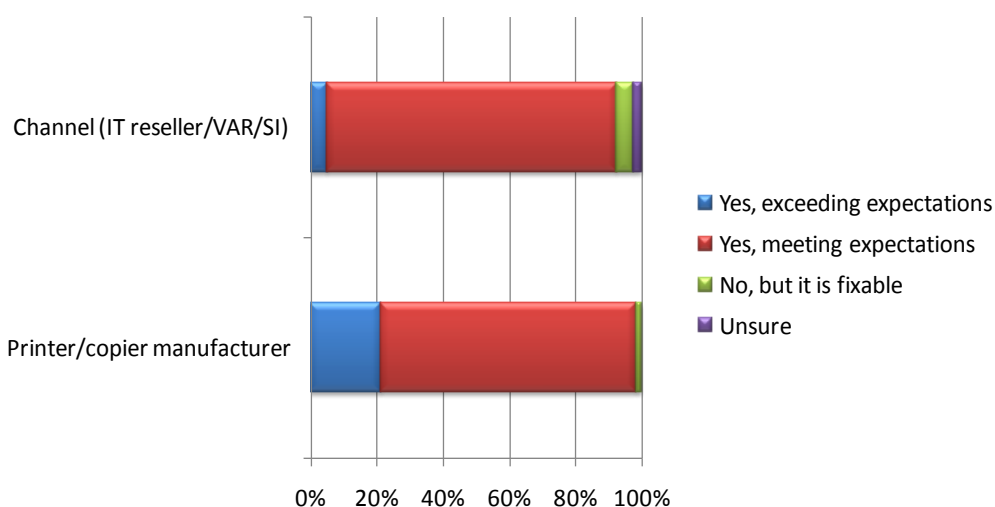
MPS can be delivered either directly through the manufacturer or through printer resellers. To date, enterprises are mostly served through direct vendor programmes, as is the case with 60% of respondents in this research. However resellers are also developing offerings, which is slightly more common in the UK than other countries. Systems Integrators (SIs) are also building their MPS capabilities, typically through alliances with printer and copier companies. This will be an important route to market for printer and copier manufacturers as more enterprises begin considering printing as part of their overall IT infrastructure outsourcing contracts.

Figure 11: Who did you purchase your MPS from?

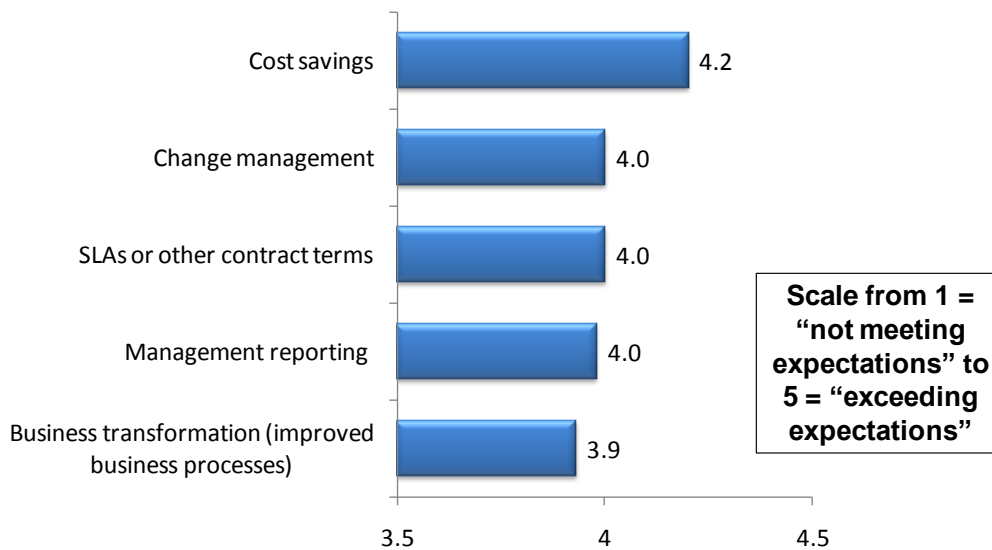


Respondents using a printer or copier manufacturer have higher satisfaction levels, with just over 20% indicating their MPS supplier is exceeding expectations. This compares to only 5% of those using a reseller’s MPS service. Manufacturers such as HP, Lexmark, Ricoh and Xerox have been offering MPS for some time through their direct services organisation. As a result, they have developed robust print management tools, change management programmes and work to stringent, but flexible, SLAs. Many resellers are new to MPS, and are unlikely to be able to offer it on the same scale as the manufacturers. However, in an increasingly commoditised market, resellers can gain significant long term revenue from offering MPS and, as manufacturers build out their channel MPS programmes, Quocirca expects to see more MPS delivered through this route, particularly in the mid-market.

Figure 12: Is your current MPS provider delivering against expectations?



MPS providers are doing well in meeting customer expectations, particularly when it comes to cost savings. However, ultimately, MPS is a two-way street—buyers and providers must share responsibility for reviewing and changing course should expectations not be met.

Figure 13: Satisfaction with MPS contract

9 Conclusion

Enterprises are seeking more value from their IT investments and look for ways to reduce costs without sacrificing performance or quality of service. MPS provides these organisations with a way to reduce operational expenditure while maximising use of existing print technology. Effective printing practices can be implemented that reduce paper usage, improve document security and lower energy consumption.

Quocirca believes that the relentless drive to control costs will lead to continued increase in MPS adoption in the near term; ultimately MPS must focus beyond cost savings to provide a platform to support business processes. While consolidation and standardisation will be two trends that drive simplification of the print environment, security appears to be an afterthought. With the importance of good governance and compliance, organisations must recognise the risks of an unsecured print environment and make more of the benefits MPS offers to plug potential security gaps. This is a significant opportunity for existing MPS users as their use of such services matures.

10 Buyer recommendations

Recognising the integral role that the printing infrastructure plays is essential in implementing a successful enterprise MPS strategy. Quocirca recommends that enterprises consider the following criteria when embarking on an enterprise MPS engagement:

- **MPS expertise:** Capabilities vary significantly between different vendors so it is important to consider the MPS provider's track record. Can the provider provide reference customers? How long has the provider been offering MPS?
- **Executive sponsorship:** Organisations implementing MPS must align this with a governance and sponsorship structure that covers IT, facilities, procurement and stakeholders. A clear matrix of roles and responsibilities should be defined within the organisation and the MPS provider.
- **Due diligence:** The first step in any MPS framework should be due diligence to discover a common ground or baseline between the enterprise and provider. This usually means conducting upfront assessments to agree the current total cost of ownership (TCO) so that both parties have a "single version of the truth" on which to base their on-going relationship.
- **Device support:** Some MPS vendors support only their own brand devices, whilst others manage third party devices too. Consider if existing equipment can be retained. What is the upgrade policy on existing devices? How is service handled on multivendor equipment?

- **Service level agreements (SLAs):** Based on a comprehensive assessment, the enterprise and MPS provider can suggest, negotiate and agree upon delivery metrics and key performance indicators. This should also define a technology (hardware and software) roadmap, support plan and service offerings.
- **Measurement and reporting:** The MPS provider should offer regular reporting to ensure SLAs are being achieved, and to identify and address any changes in printing usage. Ongoing management is fundamental to the success of any MPS engagement.
- **Payment plans:** Cost transparency through utility pricing is effective if tools are utilised to monitor usage and departmental print spend. To ease administration, MPS billing should cover all enterprise print devices.
- **Change management:** The impact of MPS should not be underestimated, and employees should be involved and educated on the objectives of MPS and the changes to their printing practices from the outset. Consider what change management methodologies and processes are adopted by the MPS provider.
- **Sustainability:** An effective MPS can significantly enhance an organisation's environmental credentials through reduced energy consumption and lower paper usage as a result of device consolidation and better device utilisation. The use of document workflow solutions can further minimise wasteful printing and should be considered as part of an overall MPS platform that supports business process transformation.

11 Appendix

This appendix shows how the 200 interviews were distributed across the country, industry, company size and job roles categories covered by the survey.

Figure 15: Respondents by country

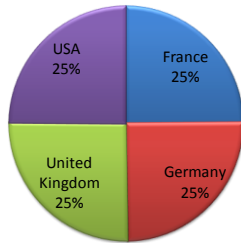


Figure 16: Respondents by company size

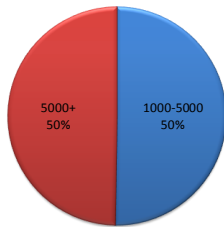


Figure 17: Respondents by industry sector

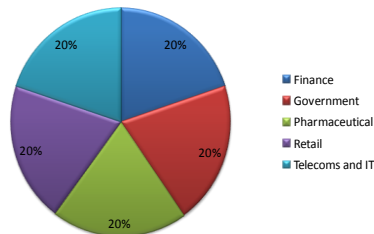


Figure 18: Respondents by job role

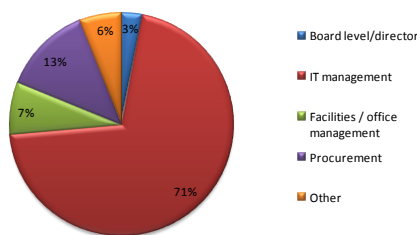
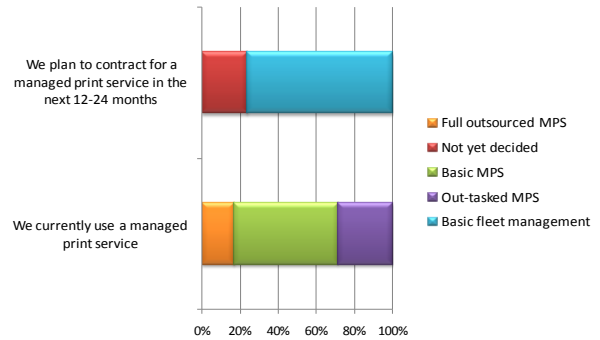


Figure 19: MPS profile



Definitions

Basic fleet mgmt: We own and manage printers ourselves and use basic service contract(s) for copiers/MFPs

Basic MPS: We have a principal MPS provider that manages and supports only their own devices but does not support third party devices

Out-tasked: We have a principal MPS provider who supports printers and copiers under an integrated MPS contract, (but we retain control of areas such as implementation and management in-house)

Full MPS: Control over the printer and copier fleet is completely delegated (outsourced) to a single MPS provider who manages the print environment to agreed SLAs (service level agreement) and acts as a single point of contact for ALL print and copy issues

About Sponsors

	<p>Xerox Europe, the European operations arm of Xerox Corporation, markets a comprehensive range of Xerox products, solutions and services, as well as associated supplies and software. Its offerings are focused on three main areas: offices from small to large, production print and graphic arts environments, and services that include consulting, systems design and management, and document outsourcing.</p> <p>Xerox Europe also has manufacturing and logistics operations in Ireland, the UK and the Netherlands, and a research and development facility (Xerox Research Centre Europe) in Grenoble, France. For more information visit, www.xerox.com</p> <p>Xerox® is a trademark of Xerox Corporation. All non-Xerox brands and product names are trademarks or registered trademarks of their respective companies. Prices, features, specifications, capabilities, appearance and availability of Xerox products and services are subject to change without notice.</p>
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About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With worldwide, 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 in the following key areas:

- Business process evolution and enablement
- Enterprise solutions and integration
- Business intelligence and reporting
- Communications, collaboration and mobility
- Infrastructure and IT systems management
- Systems security and end-point management
- Utility computing and delivery of IT as a service
- IT delivery channels and practices
- IT investment activity, behaviour and planning
- Public sector technology adoption and issues
- Integrated print management

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 advise 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 proactive 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, Dell, T-Mobile, Vodafone, EMC, Symantec and Cisco, along with other large and medium-sized vendors, service-providers and more specialist firms.

Sponsorship of specific studies by such organisations allows much of Quocirca’s research to be placed into the public domain at no cost. Quocirca’s reach is great—through a network of media partners, Quocirca publishes its research to a possible audience measured in the millions.

Quocirca’s independent culture and the real-world experience of Quocirca’s analysts ensure that our research and analysis is always objective, accurate, actionable and challenging.

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The logo for Quocirca, featuring the word "quocirca" in a lowercase, sans-serif font. The letters "qu" are blue, "o" is red, "c" is blue, "i" is red, "r" is blue, "c" is red, and "a" is blue.