

Managed Print Services for the Small Enterprise

The past 18 months has brought many headlines about architectural, engineering and construction (AEC) companies across the country scrambling to find ways to cope with a steeply declining marketplace.

*"Nonresidential Building
Construction Drops 17.6%
Since Last October."*

*Reed Construction Data
December 2nd, 2009*

One way companies cope is drastic cost reduction, as any unnecessary expenses are cut away. One overlooked expense for most companies is the real cost of printing. Yes, printing. Print costs can be significant, especially in industries like construction. A common strategy popular the last few years for reducing overall print costs has been to initiate a Managed Print Services (MPS) agreement with a trusted vendor.

*"Layoffs Sweep Architecture
Profession as Economy
Worsens"*

*Architectural Record
December 29th, 2008*

The reason? For the typical larger corporation, Managed Print Services programs, on average, result in:*

- \$1 Million print related cost savings annually (30% of total hardcopy cost)
- 60% reduction in carbon emissions
- 10% of IT staff time freed up from print related support activities
- Improved productivity of employees
- Improved print infrastructure

*"Construction Jobless Rate
Climbs To 19.4% in
November"*

*Architectural Record
December 7th, 2009*

These programs have been quietly effective at reducing the print costs of large corporations. And now these same strategies are being utilized by medium and small enterprises.

So while these benefits are significant and easy to measure for multi-national corporations, for smaller companies it's difficult to predict the savings. Most architectural firms, for example, employ fewer than 10 people. A company with 5 employees, or even to one with 100 employees, won't see such significant return on investment in an MPS strategy.

So, how does a small or medium size company reap the benefits from more closely managing their print services?

This paper explores the basic concepts of MPS and looks at how they can be applied in a smaller organization in a cost-effective way.

**source: The Photizo Group*

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Managed Print Services (MPS)

New business strategies, especially those focused on cost control, often get their start with large businesses. A large company with hundreds of millions in revenue has the economies of scale and resources to develop these ideas into viable programs. As these practices mature and are more clearly defined, smaller organizations can also benefit from them. An MPS program will not be the same for a small or medium-sized enterprise as it is for a 3M, GE, or Boeing, but the founding principles remain.

With Managed Print Services (MPS), the accepted basic principles which deliver efficiencies and cost-savings are:

- Workflow optimization
- Fleet optimization
- Fleet standardization
- Ongoing fleet management
- Pay-by-usage

Many small businesses look at one or two of these areas, but in a more comprehensive MPS program, they are looked at holistically. And typically it's difficult to manage the multiple relationships involved with vendors to do this in-house. So finding the right vendor is paramount. The right vendor can consolidate multiple vendor relationships into a single, easier to manage partnership.

So combining each of these principles into a plan, MPS ensures that the needs of a company are addressed initially, but then also continues into a long term partnership between the company and the supplier. The best MPS programs align the goals of the company and the MPS vendor so that both achieve a successful long term relationship. It's not simply about print equipment, a service agreement, or advertised lowest price for supplies. It's about gaining control of the sometimes hidden costs of print.

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Workflow Optimization

At the beginning of an MPS partnership, and often even before an agreement is signed, the MPS provider performs a workflow study. This includes not only an audit and evaluation of what printers and copiers exist in an organization, but an evaluation of the production needs, which software applications are used, output quality requirements (print type, color, large-format, etc.), common deadlines and other factors.

Print device discovery and analysis software is typically used to determine machine inventory, printer use volumes and related print software. The complete study often takes 30-45 days, but results in the information required to correctly determine the equipment needs of an organization.

For larger corporations, the study will often also highlight process disparity within a company's departments or business units and create an opportunity to standardize workflows throughout.

In smaller organizations, this kind of process review is equally beneficial. With the rapid pace of technology change, it is not uncommon to find that a new, better approaches to tasks are available. A fresh look at an organization's print related processes could result in significant savings. For instance;

- Converting invoices to PDF and emailing vs. printing and mailing can save significant print, labor and postage expenses.
- Utilizing batch plotting utilities rather than single file print operations saves time, improves quality and standardizes print output.
- Electronically transmitting sets of construction documents and producing closer to a jobsite, instead of printing and overnight shipping can save the labor of producing and packaging the prints as well as the overnight shipping costs. In some cases it may be possible to have them delivered same day. Huge cost benefits result if project time is reduced.

Each of these is a benefit that can be recognized by any organization, not just big business.

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Fleet Optimization

Once a Workflow Optimization study has been completed, an MPS provider will review equipment assignments for each department, location or employee and determine the true needs objectively. Equipment is assigned and deployed based on objectively demonstrated need and unnecessary or expensive equipment can be eliminated or re-deployed more appropriately.

It is not uncommon to find some departments will utilize only a fraction of a device's capacity, while another department may be causing maintenance issues by running their equipment at 100% or more of the device's rated capacity.

MPS providers offer the expertise to know which equipment is best suited for each environment based on equipment capabilities, durability ratings and experience. This knowledge comes from experience with thousands of on-site print installations they manage service or install.

For a smaller organization, it is possible to see these same benefits by working with a traditional print equipment provider. Sharing the results of your own workflow optimization study or engaging them to perform a study on your behalf can begin the process. Many of today's equipment providers are beginning to offer MPS or similar services as they too have recognized the need in the marketplace, for both large and small companies.

Because a smaller organization may not be engaging a MPS provider in a full MPS capacity, it is important that stakeholders of the organization's management team, who are familiar with the various departments' needs, are engaged. By utilizing some of the same software tools used by larger organizations, good, objective decisions can be made about how to balance budgets and print needs for the small company.

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Fleet Standardization

In 2005, 3M implemented an MPS program which resulted in the number of their standard printer and copier options dropping from 101 distinct machine types to 9*. By standardizing on a single provider, the company was able to minimize the need for ordering and storage of dozens of different inks, toners and maintenance parts. Firmware and print driver updates became easier as the IT staff only had to deal with nine variations, and they were able to use software deployment tools to keep all devices current at all times.

The benefits of equipment standardization are often seen only indirectly but they are powerful. For smaller firms, the simple effect of minimizing IT time by standardizing on a printer model may translate to hundreds or thousands of dollars in reduced IT consulting costs. More time and budget can then be spent on revenue-generating projects.

Standardized equipment reduces training requirements and consumable inventory as well as the maintenance and warranty challenges associated with printing; and improves employee productivity by minimizing frustration and lost time due to unfamiliarity.

Implementing standard equipment based on an objective needs analysis typically also reduces the number of personal printers which often otherwise simply "show up" due to frustration with inappropriate or overworked equipment. As the costs to operate these "inexpensive" printers are generally many times higher than those of a multi-function device, the savings can be significant.

For smaller organizations, the benefit from adopting a standardization policy is as tangible as it is for the largest corporation. Firmware, maintenance and consumables for multiple devices are equally problematic and time consuming.

**source: Hewlett-Packard*

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Ongoing Fleet Management

Once a fleet has been optimized and standardized, it's equally important that it change with the needs of the organization. MPS providers utilize sophisticated printer and print tracking software to ensure that the fleet stays optimized as business needs change. With strategic or operational changes in an organization, it is important to recognize that the printing needs of a location or department may change also.

Because companies typically look at printers as asset purchases which are not changeable, very little thought has traditionally been given to how the print requirements might change should a department or company begin to offer new or different services. Typically, an organization will simply make do with existing print equipment, or add another device if the existing machine cannot meet the new need. In this way, companies become wasteful with their printer usage and excess cost enters the business. And this is typically a process which remains outside standard budget analysis for most firms.

Under an MPS program, equipment is moved among departments, locations or replaced as part of the service agreement with the provider. The best MPS agreements offer customers flexibility, not commitment.

Fortunately, the printer and print tracking software that is used during this maintenance phase is generally priced in a scalable manner and can be utilized even by firms with just a few people. Regular review of the reports generated by this software allows for the printer fleet to be adapted appropriately.

In addition to the general fleet management uses, these tools are beneficial and serve several additional duties; providing tools for budgeting, waste management, cost allocation and print cost reimbursements.

Simply tracking the printing an organization does and reporting it to the users can often save 15-20% or more in print costs as users realize the cost of unnecessary printing.

For companies whose clients offer reimbursement for print costs, this can lead to significant costs savings and frequently profitability from the print room.

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Pay-By-Usage: It's About Service, Not Machines.

A key difference between an MPS program and a traditional equipment purchase is that the printing is treated more as a service and not an equipment sale.

Under an MPS contract, typically the program is structured so that a significant part of the cost is based on employee print usage. These programs will typically include a small base fee, plus a variable cost for each print from the devices. Equipment becomes incidental to the service of providing the print and can be replaced with bigger or smaller equipment as required.

By structuring an MPS agreement this way, the costs associated with printing scale up and down based on a company's print activity. When slow business cycles occur, a company pays a lower cost instead of a fixed cost associated with buying printers outright. And as business and revenues increase, print costs track to a lower but predictable percentage of a company's revenue.

Large companies benefit from being able to cycle equipment in and out of the fleet with some regularity and having the ability to re-deploy underutilized equipment. Smaller organizations typically don't have this luxury.

However, many small organizations can benefit from similar flexibility as many print equipment providers now offer Pay-Per-Click (PPC) service programs. PPC replaces the traditional one-time sales of the machine. These PPC programs, or Facilities Management (FM) programs, often include the ability to change equipment when customers require it. This allows for quick deployment of higher volume machines during peak business times. If business cycles to slower growth, appropriate and cost-effective machines can just as easily be deployed.

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Conclusion

While not every organization is large enough to benefit from a Managed Print Service relationship with one of the large providers, it is clear that by implementing some of the same basic strategies from these programs any organization can benefit.

Smaller businesses can see substantial savings from implementing all or some of the strategies from an MPS program. For a typical small firm in the AEC marketplace, the annual savings can still be in the thousands, even for companies with only one or two printers.

The benefits of implementing MPS strategies in a smaller organization include:

- Lower print costs
- Improved employee productivity
- Lower training requirements
- Improved print output
- Lower IT costs

About the Author

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Mr. Styrlund joined ARC in April 2001 as Director of Integration, responsible for directing ARC divisions in their use of corporate standards, best practices and programs. Today, as Director of Technology, he is product manager for two technology products, AbacusPCR & MetaPrint. Prior to his position with American Reprographics, he was employed as a visual effects producer for Manex Visual Effects in the Hollywood film industry. He earned his B.A. from the University of Minnesota.

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About ARC

ARC is the leading reprographics company in the United States providing business-to-business document management technology and services to the architectural, engineering and construction, or AEC industries. ARC provides these services to companies in non-AEC industries, such as technology, financial services, retail, entertainment, and food and hospitality, which also require sophisticated document management services. ARC provides its core services through its suite of reprographics technology products, a network of hundreds of locally-branded reprographics service centers across the U.S., Canada and the U.K., on-site at more than 5,000 customer locations, and through UDS, a joint-venture company headquartered in Beijing, China. The Company's technology applications are supported by three technology development centers, allowing the provision of services both locally and internationally to more than 160,000 active customers.

ARC also develops AbacusPCR, a print cost recovery software application. Over 25,000 users around the world use AbacusPCR to control and recover print costs. Details at www.abacuspcr.com