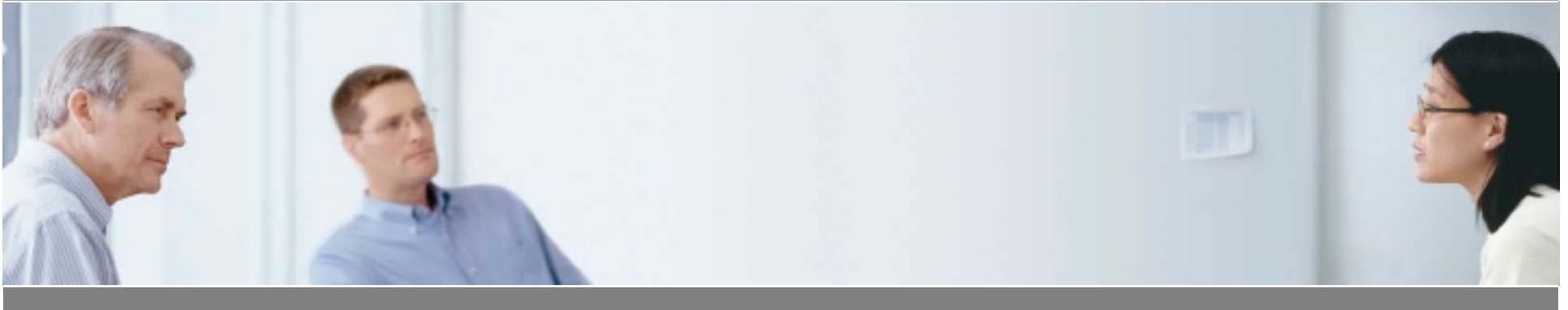


Best Practices for Copier, MFP and Printer Fleet Management



Ken Weilerstein
Research Director

Printer Management Blind Spots

- Few know exactly what equipment they have
- Fewer still monitor supplies or post-acquisition spending
- Few know what users are operating what equipment and how they are using it
- Most pay only intermittent attention to fleets
- Organizational responsibility is splintered
- Fairly low level of concern — not perceived as a serious problem or an opportunity

Economic Contraction — What to Do?

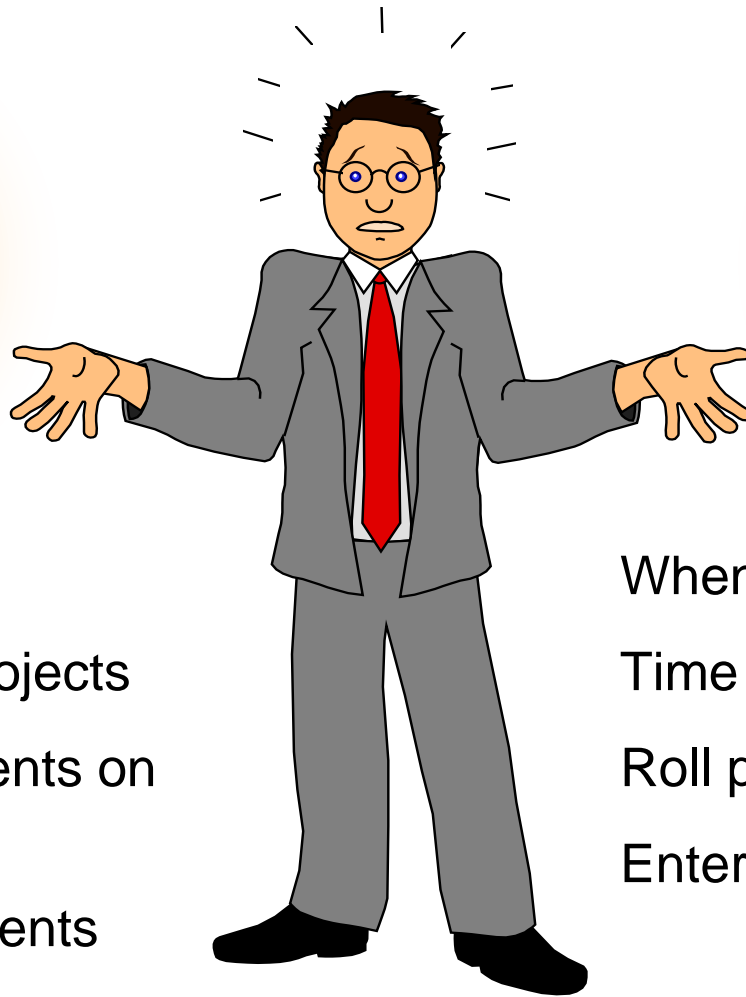


Money is tight . . .

Scale back new projects

Put major investments on hold

Localized deployments



When the economy returns . . .

Time to upgrade

Roll projects forward

Enterprisewide deployments

Strategic Planning Assumption

Through 2005, enterprises that actively manage their printer fleets can save between 10 percent to 30 percent of their overall printing costs (0.8 probability).

Strategic Planning Assumption

Through 2008, enterprises will spend between 1 percent and 3 percent of their revenue on document output (0.8 probability).

How Big Is the Opportunity?

Company Size (\$M)	Printing Spending (\$M)	Savings Opportunity (\$M)
500	5-15	0.5-4.5
2,000	20-60	2-18
5,000	50-150	5-45
10,000	100-300	10-90
20,000	200-600	20-180
50,000	500-1,500	50-450

Three Main strategies

- Right-size the fleet
- Control the purchasing
- Monitor and manage the fleet better

Strategy No 1 — Right-Sizing: The Promise and the Problem

The Promise

A smaller but up-to-date and well-integrated fleet will cost less to operate and do a better job of meeting user needs.

Strategic Planning Assumption

By 2005, there will be 10 percent fewer document output devices (copier, printer, MFPs and fax machines) installed in U.S. corporations (0.8 probability).

Update Aging Printer Fleets

- Many printers are more than five years old
- Few enterprises have a retention schedule for printers
- Supply costs are declining
- Speed and durability are increasing
- Replenishment intervals are increasing
- There is no MIB or power management on the oldest printers

Are MFPs the Answer?



Digital Copier



Multifunction Systems





- Copy
- Print
- Fax
- Scan



Network Printer

Scanner + Printer = Copier

Functions

		Printer	Scanner	Fax Modem With Phone Line	Network Connection
Copiers		✓	✓		
Printers		✓			✓ (Via print protocols)
Fax Machines		✓	✓	✓	
Scanners			✓		✓ (Via e-mail)

IT Discovers the Benefits of MFP

- Fewer mouths to feed (supplies, service, maintenance)
- Fewer assets to acquire and track
- Space and power savings
- Shared finishing and paper supplies
- Moves documents faster and at lower cost

Put Desktop Printers in Their Place



Desktop Color Printers

- Inexpensive to buy
- Expensive to run
- Color is often used to print even draft documents
- Coming in under the radar of IT departments

Supplies: The Main Cost Factor

Output Category	Area Coverage	Cost Range (Cents per Page)
Desktop Monochrome	5%	2-6.5
Desktop Color Inkjet	20%	9-20
Workgroup Color	20%	5-12
Workgroup/ Departmental Office	5%	0.8-1.5
Production Monochrome	5%	1-2

Private Printing via Password

Personal Printers

1-1 printer-to-user ratios

Security via proximity

Suitable for very high levels of private documents

Shared Printers

No impact on ratios

Security via password

Suitable for small percentage of private documents

Rising Speeds, Falling Costs



Right-Sizing Pitfalls

- Wrong balance of copiers and printers for enterprise's needs
- Deployments based solely on user-device ratios
- Personal printers return from the ashes

Right-Sizing: The Promise and the Problem

The Promise

A smaller but up-to-date and well-integrated fleet will cost less to operate and do a better job of meeting user needs.

The Problem

Enterprises must understand their needs to achieve the right mix of equipment and to maximize the savings and productivity benefits.

Right-Sizing: The Promise and the Problem

The Promise

A smaller but up-to-date and well-integrated fleet will cost less to operate and do a better job of meeting user needs.

The Problem

Fleet managers need good data to make the case to LOB managers for removing personal printers and replacing personal color printers with workgroup models.

Strategic Planning Assumption

By 2005, 60 percent of all enterprises will have begun an enterprisewide effort to optimize document output fleet spending through changes to their purchasing and asset management policies (0.8 probability).

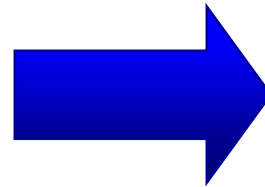
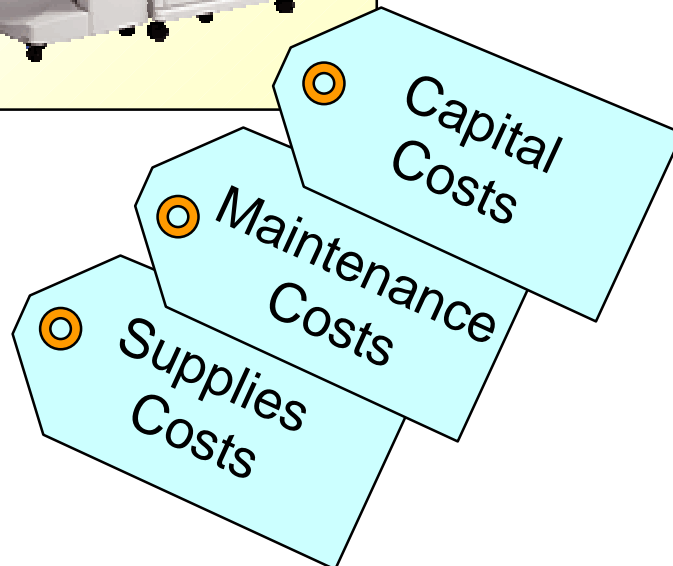
Output Fleet Outsourcing: The Promise and the Problem

The Promise

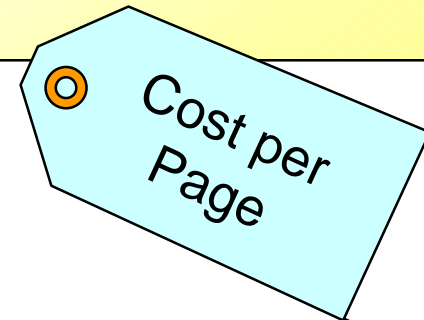
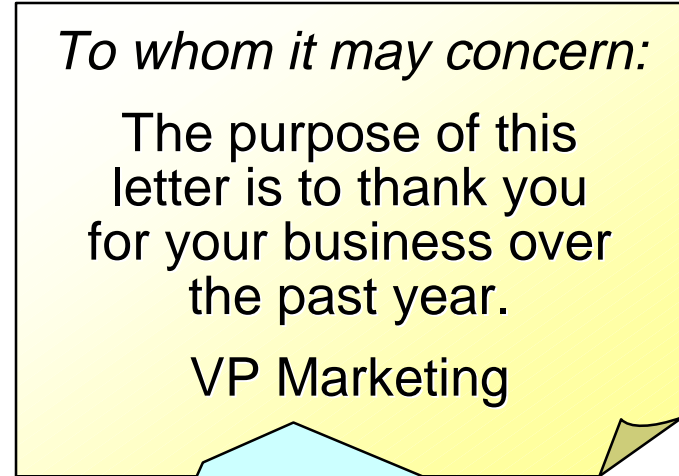
*Lower costs and offload
the management.*

To Save, Buy Pages, Not Devices

Traditional Product Purchase



Service Purchase



Spreadsheet Exercise: Financial Case Study

MFP Lease

vs.

Outsource

Lease	Cost/Page*
Machines	0.03
Service	0.01
Supplies	0.01
Total	0.05

Outsource	Cost/Page*
	0.03/page**

**At 0.03 per page,
outsourcing would save
\$1.08 million over 36 months**

*Average volume is 1.5 million per month

50 Machines Total

**Includes cost of machine, service and supplies

Output Fleet Outsourcing: The Promise and the Problem

The Promise

Lower costs and offload the management.

The Problem

Enterprises need better data on page volumes to ensure cost savings and cost data to justify the change.

Fleet Management Initiatives

Use Assessments
for Guidance

Eliminate Aging
Equipment

Use Selective Outsourcing
to Buy Pages



Leverage MFP
Technology

Eliminate Some Personal
Printers

Get Ahead of the
Color Tidal Wave

Office Document Assessments: The Promise and the Problem

The Promise

ODAs will give us the information we need to guide and justify our fleet management efforts.

A Tale of Two Assessments



Ad Hoc Class

Reduce cost per page
Manage fleet
Equipment focus



Enterprise Class

Reduce page counts
Manage workflow
People/process focus



A Tale of Two Assessments



Ad Hoc Class

Hasty data collection
Estimates
Small sample

Enterprise Class

Careful data collection
Interviews, cross-checks
Large sample



A Tale of Two Assessments



Ad Hoc Class

Sales tool
Free or contingent
Buyer sponsored
Pay less, save less



Enterprise Class

Strategic tool
\$50,000-\$150,000
CIO sponsored
Pay more, save more



ODA Pitfalls

- Focusing too much on short-term cost
- Scope of ODA does not match the role or goals of the sponsor and is never acted on
- Confusing quality of presentation with quality of research

Office Document Assessments: The Promise and the Problem

The Promise

ODAs will give us the information we need to guide and justify our fleet-management efforts.

The Problem

Most ad hoc ODAs lack the scope and integrity to allow the full range of savings and improvements

We really need a movie, not a snapshot

Printer Management Blind Spots

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Meet the Output Czar

- Provides permanency and continuity
- Coordinates output actions across IT, facilities/administration, purchasing and LOB units
- Applies best practices uniformly across the enterprise
- Monitors ongoing fleet efficiency as needs change
- Coordinates output efforts with BPR, CM and other enterprise initiatives
- Really cares about output

What the Output Czar Is Not

- Manager of all of the people that support and service the output fleet
- Partisan advocate of one department
- Temporary position
- Budget owner for all output spending

Closing Recommendations

- Right-size your output fleets today — deployments can begin with a pilot and scale up
- Purchase competitively and consider cost-per-page purchasing
- Choose your output document assessments carefully
- Make fleet management and usage tracking an ongoing process
- Appoint an output czar and align your output fleets to the changing needs of the enterprise and strategic initiatives

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