

Start of a Beautiful Relationship

Creating an Agile Printer Relationship with Managed Service Providers

The “start of a beautiful relationship,” remarked Humphrey Bogart in the movie Casablanca, showed that opposite sides can form trusting relationships. IT departments often see real-world printer management in terms of opposite sides: vendors and resellers of printers such as Xerox, IKON and HP are on one side and IT people on the other side. The key objective of IT is to reduce printer costs with guaranteed 100% uptime, while vendors seek fleet control and predictable returns. Harmonizing these objectives is achieved when ongoing printer usage and service data serve as metrics for best practices, creating transparency. Doing this creates a beautiful relationship.

The trend to outsource printer management is quickly occurring as mid-market and enterprise-level organizations, which often have little desire and expertise to manage printers, opt to prioritize IT resources elsewhere. These organizations need to proceed cautiously before assigning the role of ‘trusted advisor’ to their managed service provider. If not, all that may be gained is a comprehensible monthly bill without achieving real cost reduction or improved service.

There are good reasons to outsource printer management. Among most compelling reasons are:

- 1) reducing the hassle of procuring and managing

supplies

- 2) eliminating or redeploying underutilized and obsolete printers
- 3) alleviating the headache of printer support, whose complex printer operations can make for haphazard resolution times
- 4) facilitating the arduous process of tracking and reporting costs.

In the absence of a centralized print management structure, which many companies do not have, outsourcing these responsibilities and more makes sense.

Outsourcing eliminates some but not all internally managed costs. Knowing what costs can be outsourced and which ones the organization must streamline helps to control total costs. The table below illustrates six major cost areas. Organizations frequently underestimate their total printer costs by ignoring what is considered fixed costs such as electricity, user downtime, inventory carrying costs and others. In reality these are variable costs. For example, networked printers offer sharing capabilities with energy saving features while local printers do not. While it is widely understood that consumables for local printers cost more, over time, they also add significantly to energy costs.

Six Major Cost Areas:				
1.	Hardware		4.	Supplies
	Purchase & Lease			Ink/Toner/Paper/Fuser
	Network & Power Usage			Carrying/Inventory Cost
	Unnecessary Features			Obsolescence/Waste
2.	Operations		5.	Administration
	Setup & Training			Procurement Costs
	Break/Fix & Warranty			Vendor Management
	Floor Space			Meter & Other Reporting
3.	Help Desk		6.	Governance
	Call Volume			SLA Enforcement
	Call Duration			Print Volume Penalty Avoidance
	User Downtime/Productivity			Invoice/Billing Oversight

What is the price for outsourcing printer management? There are multiple programs, but one popular trend is for the outsourcer to provide the printer hardware, supplies service and some administration as an all-in-one price per page or 'click'. For example a monochrome click price runs from \$.03 to \$.04 and a color click price is \$.05 to \$.08. One downside to this model is there usually is a minimum annual print volume commitment. (Based on quarterly print volumes, organizations get charged regardless of their actual volumes, meaning printing less than the commitment results in a print penalty.) Based on Netaphor's research, the benchmark for the average annual print volume is 35 million pages for a typical organization with a 1,000 printers. Taking this print volume and the above price, an estimate of annual costs for an all color fleet runs \$2,800,000 annually and an all-monochrome fleet is \$1,400,000. Most organizations have a mixed fleet, so they fall in between these numbers.

Of course outsourcing by itself does not lead to cost reduction and service accountability. This occurs with a best practices approach to printer management, which the outsource partner should be required to adopt. Several steps to implement best practices are outlined in the list below:

- 1) Establish a print management committee consisting of members that are responsible for supporting, procuring and managing printers--the stakeholders. Ideally this is represented by people from IT, help desk, facilities, procurement and accounting. The committee should be charged with mission, strategy, objectives and outsource selection. Often the committee will formulate a RFP which is used to select an outsource provider.

One recommendation is to set a timeline. One

California bank took three years to make its vendor selection.

- 2) Establish a baseline of printer costs and service performance. Preferably use an organization unaffiliated with printer sales and service; CompuCom is a company that does this. The idea is to collect data over 30 to 90 days to assess the inventory, printer feature needs, operations costs, capacity requirements, and service performance records to date. Important information is:

- Inventory List
- Fleet Age
- Printer Utilization
- Feature Needs
- Operation Cost
- Service Problems
- Help Desk Calls
- Consumables
- Print Volumes
- Administration Cost
- Warranty
- Critical Assets
- Frequency/Duration

Knowing this information from an independent source provides the foundation for setting cost and service goals. These can be communicated within a RFP process.

- 3) Contained in the RFP and/or outsource provider agreement should be a set of printer data metrics that gets reported on a monthly basis with quarterly trends. This provides ongoing best practices. A minimum list of metrics is shown below.

Printer Management Metrics	Comments
Printer Utilization	High & low utilization to show balanced deployment
Meter Counts	Actual copy, print, scan & fax counts; color & monochrome; duplex & output options by printer & location to verify model selection
Print Volume	Total color and monochrome print volume to track print penalty avoidance
Downtime	Total & average downtime by fleet, select models by error description, frequency & location to track problem printers & uptime availability
Response/Resolution Times	Total service fix times by location to track SLA compliance & productivity loss
Inventory	Track make & models, local & networked, output type; track printer location changes, to control fixed costs

- 4) Select an outsource partner with the right data collection and reporting tools. As much as you will depend on an ongoing stream of printer management information, the outsourcer needs to collect and process the data in a timely and efficient manner. The outsource partner should be willing to share this data as demanded and there should not be overhead charges to collect it.

In addition, if the outsource partner does not offer help desk and service, then they should supply the tools to report on incidents. They should also provide a way to integrate incident management into the customer's help desk application.

Creating an agile relationship with the printer outsource partner means you can have oversight over cost and service performance. It should not be a situation of abdicating oversight due to a lack of information. Clearly spelling this out before entering the relationship in the RFP will prevent frustration and mistrust. It will also help speed the process along if you are aware of what data is important going into a print management initiative.

Most search engines like Google can list the independent data collection tools that specialize in printers. A caveat is that printer vendor tools themselves have the limitation of only collecting data on their own printers. Also, asset management tools do a fine data collection on desktop and servers, but are quite limited on printers.

If you decide to outsource your printer management function, creating an agile partnership with an external provider can be challenging. But, if you follow the guidelines in this article, you'll be well on your way to creating a beautiful relationship that enables you to effectively manage your printer fleet, reduce costs and maximize uptime.

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