

Printer and copier fleets: The gold mine in the hallway

October 16, 2003

Gartner

By Ken Weilerstein

Most enterprises can trim their document output fleet spending by 10 to 30 percent while increasing the level of service they provide to users. However, they must pay closer attention to their multifunction products and printer fleets, first gathering information about the current state and determining the needs of each organization. Then they can employ a number of strategies to match the characteristics of the fleet to the needs of the organization. Enterprises that do so can expect large and recurrent savings.

Problem? What problem?

Until recently, few enterprises saw the need to actively manage their large output fleets. Many lack the most basic information about their fleets. Well-managed organizations that can account for all of their PCs and laptops often have only a rough count of the number of printers they own. Few know exactly what devices they have, where they are deployed, or how much they spent to purchase them.

Still fewer know how much they spend on their printers after they are purchased, even though operating costs (such as supplies, service, and support) soon surpass the purchase cost. Very few enterprises can document the benefit of the printers they own with such basic metrics as how many users each printer serves or how many pages it prints in a month.

Technical support nightmare

In contrast to closely managed copiers and data center printers, workgroup printers have no point of overall responsibility. Such control that exists is splintered—operating groups often pay for printers and supplies, while the IS organization approves the choice of models, installs them on the network, and obtains service from the vendor. Corporate purchasing may prenegotiate prices of equipment or supplies when buying hundreds or thousands of printers. Usually, the IS organization or purchasing department assigns this responsibility to a project manager, whose responsibility ends once the equipment is deployed.

In the absence of a central point of contact, lower levels of the organization are left to decide when to retire, replace, or redeploy equipment. They usually make fragmented, case-by-case decisions. The result is a confusing mix of makes and models of printers, and a technical support nightmare.

Why change now?

Although this pattern is entrenched in enterprises, it is finally changing. Why? The worldwide economic recession is forcing enterprises to cut costs to remain profitable or within budget. As the slump enters its third year, they have exhausted many of the familiar strategies of downsizing the workforce and reining in discretionary spending; and, for the first time, CFOs, CIOs, and senior IS managers have shown real interest in saving money on their printers and other document output devices. Gartner clients in all major business regions, including North and South America, Europe, and the Asia/Pacific region have expressed strong interest in reducing output costs. Technology changes are also forcing enterprises to manage their fleets in a more unified fashion, with copier and printer fleets merging into one. Enterprises can no

longer resist the opportunity to save up to 9 percent of their overall revenue. **Table A** shows the amount of money enterprises are spending on output and the opportunity for savings.

Table A

| Company Size—Annual Revenue (\$ in Millions) | Annual Print Spending (\$ in Millions) | Savings Opportunity—10% to 30% Annually (\$ in Millions) |
|--|--|--|
| \$500 | \$5 to \$15 | \$0.5 to \$4.5 |
| \$2,000 | \$20 to \$60 | \$2 to \$18 |
| \$5,000 | \$50 to \$150 | \$5 to \$45 |
| \$10,000 | \$100 to \$300 | \$10 to \$90 |
| \$20,000 | \$200 to \$600 | \$20 to \$180 |
| \$50,000 | \$500 to \$1,500 | \$50 to \$450 |

Source: Gartner Research (August 2003)

Strategies for savings

We summarize four main strategies that enterprises can pursue separately or in parallel to spend less on their document output fleets and get more in return, through gaining and retaining control of their output fleets.

Strategy 1: Rightsizing

Enterprises should reduce the number of output devices, while matching the capabilities of the fleet to the needs of each organization. Most clients that contact Gartner for advice on their workgroup printers report bloated, aging fleets, with printer-to-user ratios between 1-to-2 and 1-to-7. Although there is no magic ratio, smaller fleets mean fewer devices to purchase, track, keep in service, house, and fuel with electrical power, and to keep loaded with paper and supplies.

Even if they still work, aging printers tend to print more of the increasingly complex mix of documents more slowly. Aging printers also tend to fail more frequently. Older cartridges were designed for shorter replacement intervals, which drives up the cost of the supplies and increases the maintenance load relative to new printers. One 40+ ppm printer can replace several older, lower-speed printers.

The excessive number of printers is compounded by the large number of makes and models, sometimes running into the hundreds, each with its own drivers, service contract, and supplies. Simply standardizing the latest equipment can reduce costs. To prevent printer proliferation, enterprises should develop a standard list of products and configurations and hold buyers to it.

Many enterprises report large and increasing numbers of personal printers on workers' desks. Although inexpensive to purchase, these have double or triple the supply costs of workgroup printers and usually duplicate the resources already on the networks.

If the copier fleet is more than five years old, the number of copiers may also be trimmed because more documents are being distributed electronically rather than on paper.

Strategy 2: Deploy multifunction products

Another way to reduce the size of the output fleet is to consolidate printers, fax machines, and copiers into a single device. The important thing to remember about this strategy is not to overdo it.

Some single-function copiers will remain because some workers, such as clerks and administrators, do too much copying to share the device as a printer. Each site must find the right balance of printers vs. copiers.

Some single-function printers will remain because people tend to print more frequently than they copy, and they need printers at closer reach.

Where practical, page volume should be moved from workgroup printers to higher-volume multifunction products (MFPs), which tend to have lower operating costs.

The page volume will shift more quickly if users are properly trained to use the MFPs as printers.

Because MFPs serve four functions (copy, print, fax, and scan), buyers should draw broadly on the enterprise's expertise in each area. The copier and fax experts from facilities, administration, or purchasing should join the IS organization in a single decision-making group. The group should balance the printing, copying, and fax functions in its decision making, rather than leaning too heavily on one function.

The scan function deserves special consideration because it allows changes in workflow that deliver business benefits that go beyond output fleet management. This is sometimes the main reason for deploying MFPs. For the most part, workflow engineering is done as a separate step. In either case, the built-in and optional scanning functions should inform the choice of MFP.

Strategy 3: Purchase competitively

Buyers should take advantage of the "cutthroat" market for printer and copier hardware to bargain for a competitive price. Requests for proposal should clearly state the buyer's needs for hardware, supplies, software, and services, but only as narrowly as necessary to meet the buyer's needs. Ideally, buyers should narrow the group to a handful of competitors to get the lowest cost.

By negotiating their copier, printer, and MFP purchases (equipment, supplies, and service) in a unified contract, enterprises can increase their clout and force vendors or dealers to compete aggressively for their business, not only on the equipment but also on the supplies and service costs.

Most enterprises purchase their printers separately from the service and supplies and fragment their purchases across divisions or sites. To centralize their purchases, growing numbers of enterprises have outsourced the entire workgroup fleet to a vendor or dealer on a fixed-cost per-page basis. Not only can this reduce the costs 20 percent or more, but it also shifts much of the responsibility for managing the document output fleet to the outsourcing vendor.

Considering the difficulty that enterprises face in managing their fleets, outsourcing alone is a big help. Copier buyers have used this approach successfully for some time. Before committing to the monthly minimum number of pages and the overage charges that

outsourcing contracts entail, buyers should first take good, reliable measurements of their printer, copier, and fax usage. They should then calculate a reasonable prediction of future usage.

Rather than replace their entire output fleet at once, enterprises should replace a percentage of the fleet each year. (Cost-per-page plans often allow for a certain percentage of an output fleet to be upgraded each year.) Lease expirations on the copier fleet may also dictate a staged approach. Enterprises should insist that "upgrade on request" clauses be incorporated into cost-per-page plans, even if there is a charge associated with the upgrade. For enterprises that continue to buy output devices on a purchase basis, annual budgets need to incorporate the necessary funds to replace 10 to 20 percent of the total fleet each year.

Strategy 4: The master strategy—gain and maintain control of the fleet

The success of the rightsizing and procurement strategies rests on understanding the fleet—that is, how much printing, copying, or faxing is done enterprisewide. The project manager or team (if such exists) must determine whether cuts are too deep or not deep enough, and whether the remaining equipment is optimally deployed to meet users' needs. Determining rightsizing requires undertaking a research project on a scale which many enterprises lack the staffing, expertise, or inclination to carry out. Those that cannot manage this on their own should consider getting help from vendors that perform such assessments.

Vendors have stepped into the breach with office document assessment services. Such services quickly gather usage information for the customer. Not all vendors are equal in this respect. Enterprises should also begin, at a minimum, to track how many pages are printed, copied, faxed, and scanned per device. Collecting these statistics can be automated with printer or MFP management and distributed output management software.

Gaining and maintaining control of the output fleet demands not only a strategy but a team to implement it. Because most organizations have no permanent team for output, the initial planning and research can be done by a task force with representatives from the IS organization, facilities, and corporate purchasing. To maintain control over time, some permanent responsibility must also be assigned. Often, this involves consolidating the responsibility for the output functions—such as printing, copying, faxing, and scanning—under one umbrella, with unified budgetary responsibility. The group may reside in the IS organization or in another part of the enterprise, as is the case at Microsoft.

Tactical guidelines

To manage a large, diverse, output fleet effectively:

- Reduce the number of output devices, while matching the capabilities of the fleet to the organization's needs.
- Consolidate printers, fax machines, and copiers into a single device.
- Negotiate for competitive prices.
- Understand how much printing, copying, or faxing is done in your organization.

Gartner originally published this article on August 19, 2003.