



**Managed Print Services
for Your Business**



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One overlooked expense for most companies is the real cost of printing. Yes, printing.

A strategy for reducing overall print costs that is becoming increasingly popular is to initiate a Managed Print Services (MPS) agreement with a trusted vendor.

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

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

MPS programs are quietly effective at reducing print costs at large corporations. And now these same strategies are being put into practice at small- and medium-sized businesses too.

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.

* The Photizo Group

Over 7000
Companies
Have Implemented
an MPS Solution
Through ARC

“With the money we’re saving, we’re able to purchase workstations and other non-printing/copying equipment.”



Steve Kuzelka
HBA Partner
Holland Basham Architects
— a 35-person firm in Omaha, Nebraska



Managed Print Services (MPS)

New business strategies, especially those focused on cost control, often get their start with large companies. A 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's for a 3M, GE, or Boeing, but the founding principles remain.

The accepted basic principles of Managed Print Services are:

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

Many small businesses look at one or two of these principles, but in a comprehensive MPS program all the principles are dealt with holistically.

It's not simply about print equipment, a service agreement, or advertised lowest price for supplies. It's about gaining control of the hidden costs of print.

Workflow Optimization

At the beginning of an MPS partnership — often before an agreement is signed — the MPS provider performs a workflow study. This includes an audit and evaluation of what printers and copiers exist in an organization, plus an evaluation of all production

needs, the software being used, requirements for output quality (print type, color, large-format, etc.), common deadlines, and other factors.

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

For larger corporations, the study also highlights any disparities in processes among departments or business units and creates an opportunity to standardize workflows.

In smaller organizations, this kind of process review is equally beneficial. With the rapid pace of technological change, it's not uncommon to find new and better approaches to tasks. A fresh look at an organization's print-related processes could result in significant savings. Several examples discoveries might be:

- Converting invoices to PDF and emailing them versus printing and mailing can save significant print, labor, and postage expenses.
- Using batch plotting utilities rather than single-file print operations saves time, improves quality, and standardizes print output.
- Electronically transmitting construction documents and producing them closer to a jobsite, instead of printing and overnight shipping them, can save 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.

Workflow Optimization continued

Fleet Optimization

Once the workflow study is complete, the MPS provider reviews equipment assignments for each department or employee and determines the true needs objectively. Equipment is assigned and deployed based on objectively demonstrated need. Unnecessary or expensive equipment is eliminated or deployed more appropriately.

It's not uncommon to find that some departments are using only a fraction of a device's capacity, while other departments are causing maintenance issues by running their equipment at 100% or more of the device's rated capacity.

MPS providers have the expertise to know which equipment is best suited for each environment. This knowledge comes from experience gained at the many other on-site print installations they manage, service, or install.

Here is an example of a floor plan before and after optimization

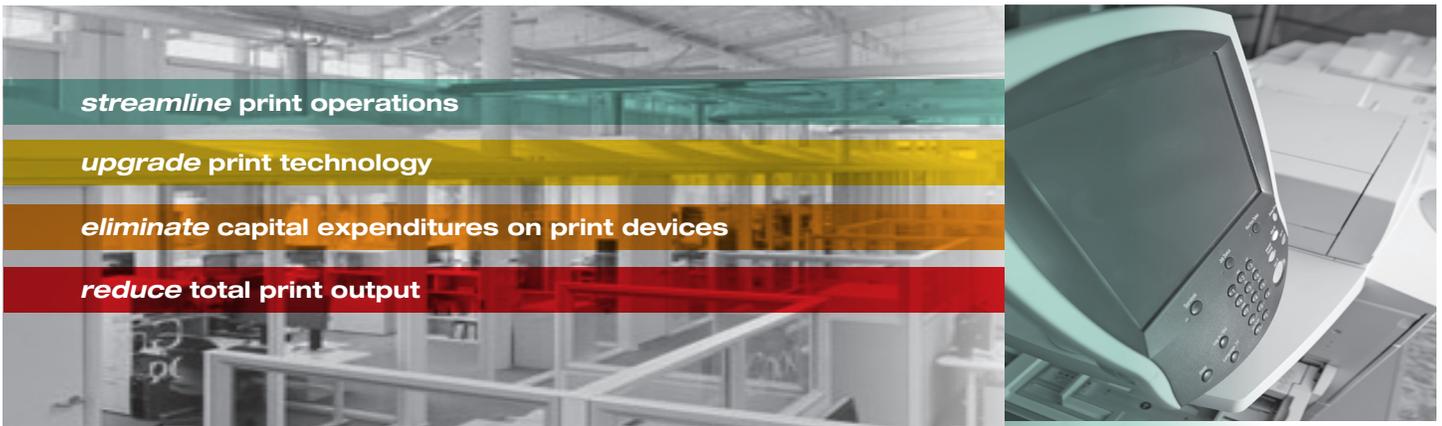


Fleet Standardization

In 2005, 3M implemented an MPS program that resulted in a decrease in their standard printers and copiers, from 101 distinct machine types to just nine.* By moving to 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, minimizing IT time by standardizing on a printer model may translate into 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 maintenance



Fleet Standardization continued

and warranty challenges associated with printing. It also improves employee productivity by minimizing lost time due to unfamiliarity and frustration.

Implementing standard equipment based on an objective needs analysis typically also reduces the number of personal printers, which often simply “show up” when an employee is frustrated by inappropriate or overworked equipment. As the costs to operate these “inexpensive” printers are generally many times higher than those of multi-function devices, weeding them out can result in significant savings.

The benefit of adopting a standardization policy is as tangible for a smaller company as it is for a big corporation because juggling firmware, maintenance, and consumables for many different types of devices is problematic and time consuming for them too.

* Hewlett-Packard

Ongoing Fleet Management

When strategic or operational changes occur within an organization, it’s important to recognize that the printing needs may change as well. MPS providers use sophisticated printer and print tracking software to ensure that the fleet is always optimized, as business needs change.

Companies typically look at printers as asset purchases that are not changeable. Very little thought is given to how the print requirements could change if a company should offer new or different services. 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. This is often a process that remains outside standard budget analysis for most firms.

In an MPS program, equipment is moved and/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 used during the management phase is priced in a scalable manner and can be used 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 general fleet management, these tools have several other valuable uses, such as for budgeting, waste management, cost allocation, and print cost reimbursement.

Simply tracking printing in an organization and reporting it to the users can save up to 20% in print costs, as users realize the cost of unnecessary printing.

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

Ongoing Fleet Management continued

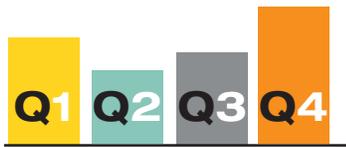
Pay-By-Usage: It's About Service, Not Machines

An MPS program is typically structured so that a significant part of the cost is based on employee print usage. These programs often 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 needed.

By structuring an MPS agreement in this way, costs associated with printing scale up or down based on a company's print activity. When slow business cycles occur, a company pays a lower cost, instead of the 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 underused equipment. Smaller organizations usually don't have this luxury. However, many small companies can benefit from such 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 slows down, appropriate and cost-effective machines can easily be deployed.

Summary of Benefits

Smaller businesses see substantial benefits from implementing all or some of the strategies of an MPS program.

Businesses that adopt an MPS program will:

- Eliminate capital expenditures on print devices
- Reduce total print output
- Streamline print operations
- Improve employee productivity
- Upgrade technology
- Lower IT costs



Document Solutions

About ARC

ARC Document Solutions is a publicly traded company (NYSE: ARC) that provides technology and document-related services to businesses of all types. We offer managed print services (MPS), off-site document printing and fulfillment services, digital shipping, archive and information management (AIM), software and web-based document management applications, as well as the sale of printing equipment and supplies to more than 90,000 customers. ARC provides its solutions on-site in thousands of its customers' offices, off-site in more than 170 service centers around the world, and in the cloud.

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

ARC has received awards and recognition from Forbes magazine (as one of its "Best 200 Small Companies"), Gartner, BERTL, and Océ.

