



OPINION ARTICLE

PRINTING CAN SERIOUSLY HARM YOUR BUSINESS' HEALTH

The hidden operating cost you could slash
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We all need to print don't we? It's an engrained behaviour to many of us and therefore difficult to shift. In fact, we've got hooked on printing - print volumes have doubled since the 1980s...¹



Nearly all businesses have taken or are taking a good look at their operating costs. Even when they do, they often pass over engrained costs, those which are simply "just the way things are". Falling squarely into this category is the cost of everyday printing. But that's not a significant cost, surely?

According to Gartner research, "the typical print costs for mid-market companies are around 1-3% of revenue (Gartner 'Managed services in Europe')". This could represent a staggering overhead to many organisations; one taken for granted by most organisations.

How the print industry "saves" you money

Enter the concept of the managed print service (MPS). MPS is a series of functions and structured plans offered by incumbent print vendors such as HP, Xerox, Ricoh and their agents. It's aim? To reduce ownership costs and reduce energy consumption. Secure printing, follow-me (or "pull") printing and the use of swipe and charge cards to release print-outs can reduce accidental printing, regretted prints and generally discourage unnecessary output. Policy printing-limiting output by paper size, paper quality (headed paper vs. plain) and output quality (black and white vs. colour) can also be brought into play.

Variations on the theme to move away from a leasing model will apply to smaller organisations. Output can be measured via "clicks" and, as with a mobile phone contract, agreeing to a bundle volume based on reduced output volumes created by MPS will mean a drop in costs.

These smart solutions appear good value – paper and toner is costly and environmentally unfriendly. Sensible cost reduction is inherently a good thing. But look at the quid pro quo: to take advantage of these new functions you may well need a new, more highly specified multi-function device (MFD). Almost inevitably this means a new lease contract, typically for a minimum of 5 years. Existing contracts may be rolled over to encourage adoption, tying customers into a never-ending loop of expense and paper wastage.

These "paper saving" solutions – solutions that claim to save on "clicks" – will never offer all the potential savings available. It simply isn't in the interests of the copier channel to erode its core value: clicks or output volumes.

By managing the process (or should that be your process), copier providers maintain their overall revenues. By managing the process, they ensure that your costs remain higher than they should be. You will make savings but it's shaving the costs as opposed to taking a knife to the overheads.

Let's take "Follow me print" as an example. Copier resellers offer a solution where the printer will not actually print, until you walk up to the machine and demand that it emits your document as paper. Sounds great doesn't it? No piles of paper on the copier, up to 30% reduction on printing costs² and a behavioural nudge towards the "green dream". In reality, this is a lack of functionality spooned to the SME business as progress.

Why set your company's sights so low? Why only save 30%? Why not make the care you take with valuable resources such as paper and electricity count on the balance sheet too? Why not save 90% instead of just 30%?

What about your needs?

Ask yourself: just how much printing do you really need? How accurate or complete is the volume proposed by the copier sales rep?

You will pay based on the number of clicks and the volume of output. Not only that, you'll still be paying for the consumables used – printer ink is famously one of the most expensive commodities in the world.

1. www.faxsolutions.opentext.com/common/files/datasheet-Going_Green.pdf

2. Gartner 2009

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Consider also the time impact of any print out – if the document isn't destroyed then it will probably require filing and storage. But 45% of all print outs and photocopies are destroyed before the end of each day³ so they have only temporary use. On this basis, almost half of your print costs are waste. Why not just start shredding £10 notes? The results are almost the same. Oh, and by the way, what does this say about your firm's green credentials? Your customers are starting to care about those. - according to IDC, "Survey respondents appear willing to change brands as a result of "green" although on the plus side "there is also some customer propensity to pay a premium to "green" suppliers (up to 10%)"⁴.

The behavioural changes to date are, perversely, about discouraging use of the printer by creating barriers to use. Removing desktop printers for example is a recommendation to limit printer use. This drives continuing business to the copier suppliers by use of the stick rather than the carrot. It's not enhancing your business efficiency – it is charging you to shackle your staff.

What is it that your staff are requesting: access to information. More and more it's ubiquitous access they'll be demanding. They are not asking for printers in every room.

Workers need to pull up documents, statements, reports on devices that are where they are and right now – and that means their PCs, web browsers, iPads and Smart phones. If they want to share that document – they'll email it or upload it, not stick a hardcopy in an envelope. They also need to know that the information is not fragile: Lost that piece of paper? No problem, I can call it up on my laptop – signed and sealed.

None of this is free unfortunately but the returns are compelling - you do need systems and tools to replace the copier. You need a secure business repository for your documents. You need tools for viewing and manipulating electronic documents: comments, redaction, mark-up and conversion. You need big monitors and, yes, some change management and training. But these tools can not only reduce your clicks to a tiny fraction of what they are today, they can speed up your business and save you more money than your copier reseller dare tell you.

What's the alternative?

This is where Document Management (eDM) and Content Management systems (ECM) come in to play. Examples where print costs have been halved by implementation of an eDM solution are not uncommon – if the Gartner statistics are correct then this equates to 0.5% - 1.5% of annual revenue saved and this is even prior to taking efficiency benefits into account.

Removing paper from any organisation creates a fundamental shift in productivity and cost levels. Readily accessible electronic content means behaviours for searching, amendments, sharing and document processing change away from using paper. Take Info-Tech's calculations - these represent an unbiased view on the value of simple day-to-day performance enhancement based on a 10 person department or firm:⁵

Annualised costs and savings are italicised in the table below. A median 54% saving is compelling, reinforced by similar findings from IDC (see lozenge aside⁶). But there are more significant benefits still.

Function	Original costs		Saving (Best)		Saving (Worst)		Median Saving	
	£pa		£pa	%	£pa	%	£pa	%
Electronic admin	£ 17,600		<u>£ 8,800</u>	50%	£ 12,320	30%	£ 10,560	40%
Paper admin	£ 46,200		£ 12,976	72%	£ 23,648	49%	£ 18,312	60%
Copying	£ 528		£ 264	50%	£ 400	24%	£ 332	37%
On-site storage	£ 4,256		<u>£ 1,584</u>	63%	£ 3,256	23%	£ 2,420	43%
Off-site storage	£ 3,080		£ 888	71%	£ 1,664	46%	£ 1,276	59%
Distribution	£ 1,728		£ 864	50%	£ 1,304	25%	£ 1,084	37%
	£ 73,392		£ 25,376	65%	£ 42,592	42%	£ 33,984	54%

3. www.panda.org/paper

4. IDC, "Green IT & Sustainability Survey", 2009

5. Info-Tech, "First Steps to Electronic Document Management: An ROI Calculator", revised 2010. US \$ figures converted using £1:\$1.50 rate

6. IDC tracked the use of eDM tools across 6 US businesses – the results in the lozenge take a Sterling: US Dollar conversion rate of £1

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eDM/ECM solutions are also proven to streamline operational processes, improve service levels and boost decision-making with better access to information. The behavioural and cultural changes brought about by such systems should be more readily acceptable to all concerned, after all they are enabling functions not barriers to the existing working methods. There is also a reduction in carbon footprint to consider. (There's more on this in Invu's Whitepaper ["Going Green – does eDM work for the environmentally conscious?"](#))

Summary

Simply printing a bit less and following the latest print-driven option is to be duped by an inefficient fallacy. There is another choice alongside replacing your print solution with more of the same at high cost. Reducing consumption by throwing up a few barriers to the way you work doesn't aid efficiency. Technology doesn't begin and end at the multi-function device – in fact, clever though much of the copier technology is, it is an evolution of a naturally waning, if not limiting medium.

We're not talking about the death of paper – that's a long way off.

Paper is naturally restrictive, inefficient and all-in-all costly. It makes sense for your business to work smarter, slash those costs hidden with print and to simultaneously enhance the way you work.