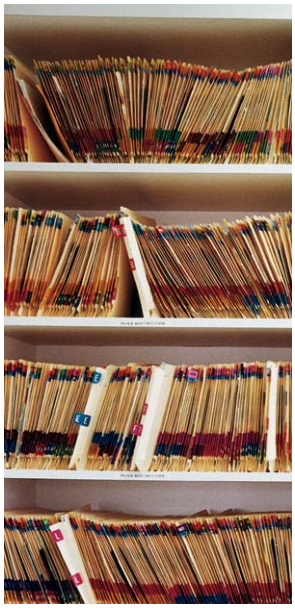
If It's Not Broke, Why Fix It?

A business case for taking a hard look at aging printing and imaging technology



There has been a significant shift in the way organizations think about the cost and value associated with printing and imaging. In view of the findings of leading industry analysts such as Gartner and IDC (see Fast Facts on page 4), organizations are eager to trim document output costs, which are now estimated at between one and three percent of revenue.[1] Productivity expenditures are thought to be even greater, with IT professionals typically spending up to 15 percent of their time on printing and related issues.[2] These experts and others suggest that savings of as much as 30 percent of overall printing costs can be obtained through active management of the document output environment.[3]

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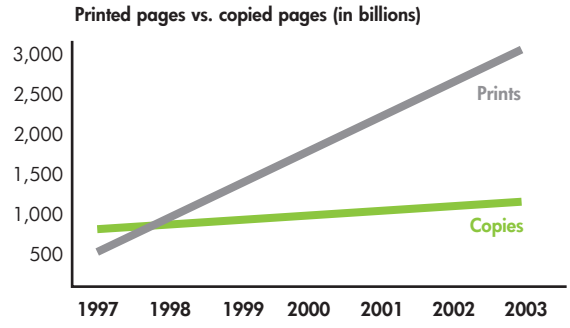
Because it pays to get rightsizing right

A growing majority of companies are turning to rightsizing as a strategy to optimize their document output fleet.[4] It's a move that is beginning to have a significant impact on fleet size.[5] Yet smaller fleets do not automatically add up to lower management and support costs.[6] The failure lies not in rightsizing as a strategy, but rather in the mistaken way some companies approach its implementation. Lacking a sound life-cycle management plan, such companies steadfastly hang on to document output devices until they are completely inoperable rather than invest in newer technology. Today it is not uncommon to find that as much as 50 percent of the devices in an organization's printer fleet are more than five years old.[7] Considering that supply costs for older workgroup printers can be as much as twice those for today's multifunction printers (MFPs), this effort to stretch initial capital investment, and thereby maximize ROI, leaves many organizations spending more, not less. Thanks to recent technological advances, many newer output devices now offer significant savings in supplies and energy costs while enhancing productivity.

Because now less is in fact more

There is no doubt that digital convergence has forever changed the way business information is created, distributed, stored and retrieved. With the introduction of the World Wide Web in 1991 and e-mail in 1997, the typical document workflow has shifted from "print and distribute" to "distribute and print." While these innovations have significantly increased the number of document pages printed,[8] the number of copied pages has remained relatively flat in recent years (see chart below).



MFPs must perform all tasks well, but superior printer functionality is especially important when you consider the number of printed pages continues to grow rapidly while copied pages have remained relatively flat in recent years. Source: IDC

What's more, the ability to digitally send documents to print anywhere, anytime has even reduced the costs associated with inefficient practices such as interoffice and overnight mailing and analog copying and faxing.

Despite the realities of 21st -century business communications, costly and underutilized stand-alone copiers and analog fax devices remain common fixtures in all too many printing and imaging infrastructures. HP has found utilization rates typically ranging between five and ten percent for these assets, which means many organizations are saddled with excessive payments for unused capacity. Because they combine multiple printing and imaging functions (typically print/copy/scan/fax) into a single digital device, MFPs can be effectively deployed to:

- **lower costs**
  An MFP may have a lower purchase price than the combined price of single-function products. MFPs may also reduce long-distance faxing costs as well as reduce the number of phone lines required. In addition, MFPs typically occupy less floor space than required by stand-alone, single-function devices, which makes valuable real estate available for revenue-generating initiatives.
- **enhance quality**
  Because MFPs make prints and copies digitally (i.e., the image is stored digitally in memory and then transferred to the imaging engine electronically), the results are of a higher quality.
- **simplify the copying, printing and imaging infrastructure**
  MFPs that combine, print, copy, scan and fax functions can reduce the number of network connections required in an office by utilizing a single Ethernet connection.

At the office level, stand-alone copiers, printers and fax machines will increasingly be replaced by MFPs, which combine one or more of these functions in a single machine.
–"The Business Benefits of Digital Convergence," Avi Basu, IT Journal, November 2001

Because when technology works well, people work well

MFP technology consolidates printer, copier, scanner and fax capabilities into a single device. This improves printing and imaging ROI and creates competitive advantage by:

- **increasing productivity**
  MFPs move, print, copy, scan, and fax capabilities closer to workers, effectively providing them with the tools they need, when they need them. And because MFPs are digital devices with shorter paper paths and fewer parts than older, stand-alone printing and imaging devices they are more reliable, which means less downtime. Powerful digital send technology enables many MFP users to convert paper documents to digital format for fast, easy transmission over a variety of networks, including the Internet. At the touch of a button, documents can be sent by e-mail or dispatched to fax machines, files, PCs, network folders or distribution lists.

- **reducing labor costs**
  Consolidating four stand-alone business processes (printing, copying, scanning and faxing) into a single unit provides quicker, more convenient printing and imaging. Considering that most people print, copy, send or receive documents several times every day, saving just a few minutes per user, per print job can translate into thousands of dollars.[9] Plus fewer devices means IT has less to manage and support.[10] In addition, MFPs are networked devices so they can be re-supplied automatically and managed remotely which reduces the time valuable IT professionals must spend supporting them.

- **ensuring compliance**
  In nearly every industry, there are government and industry regulations with which businesses must comply. MFPs provide the functionality to capture information in a secure way to ensure that organizations meet these requirements.

Because change is the only constant

Just as there have been powerful advances in document output technology over the past decade, the very nature of business and business communication has evolved as well. While an organization's aging output fleet may still "work," it is important to ensure that it is still providing a workable solution to current business challenges. Here are some common change drivers that signal that a technology refresh may be in order:

- Is a merger in progress or is any moving, downsizing or consolidation taking place?
- Are any cost-cutting initiatives being contemplated or underway?
- Are copier leases expiring?
- Are HIPAA or Sarbanes-Oxley regulations requiring any major changes?
- Is the ratio of employees to devices lower than 10:1?
- Do older devices (three to five years old) account for 25 percent or more of total devices?
- Are copiers still not networked?
- Is physical space an issue?
- Has a LAN fax system not yet been implemented?
- Are users overwhelmed with paper or suffering due to long lines, downtime and maintenance issues?
- Are documents an important part of your work? (This would be particularly true, for example, of the legal, accounting and medical fields.)

Fast Facts

Printing and imaging technology trends

[1] "Through YE08, enterprises will spend between 1 percent and 3 percent of their revenue on document output."

—Gartner, "Printer and Copier Fleets: The Gold Mine in the Hallway," 19 August 2003

[2] "IT spends 15% of their time on printing and related issues."

—IDC

[3] "Through YE08, enterprises that actively manage their document output fleets will be able to save between 10 percent and 30 percent of their recurrent spending."

—Gartner, "Printer and Copier Fleets: The Gold Mine in the Hallway," 19 August 2003

[4] "By YE05, 60 percent of all enterprises will have begun an enterprise wide effort to optimize document output fleet spending through changes to their purchasing and asset management policies."

—Gartner, "Printer and Copier Fleets: The Gold Mine in the Hallway," 19 August 2003

[5] By YE05, there will be 10 percent fewer document output devices (copier, printer, MFPs, fax machines) installed in companies in developed markets.

—Gartner, "Printer and Copier Fleets: The Gold Mine in the Hallway," 19 August 2003

[6] A large site with 1,000 plus employees is paying $200 plus per employee in direct hardcopy costs alone.

—IDC, "Managing your imaging and output infrastructure to maximize productivity and minimize cost," AngŹle Boyd

[7] Enterprises report large numbers of aging printers, perhaps 25 percent to 50 percent that are more than five years old."

—Gartner,"Best Practices for Copier, MFP, and Printer Fleet Management," Ken Weilerstein

[8] In 1998, 929 billion document pages were printed. In 2002, 1.49 trillion document pages were printed. In 2006, it is estimated that 1.84 trillion document pages will be printed.

—IDC Executive Brief, "Minimizing Document Costs, Maximizing Efficiency," March 2003

[9] Printing and imaging processes can account for as much as 40 percent of labor costs.

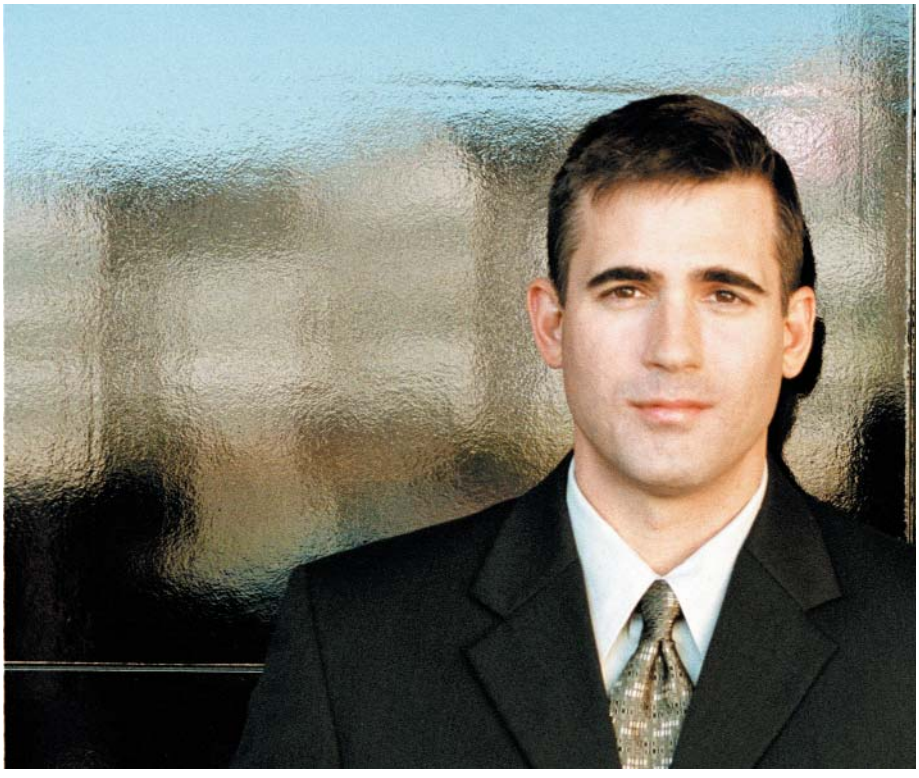
—Avi Basu, "The Business Benefits of Digital Convergence," IT Journal, November 2001

[10] In a study of the effects of balanced MFP deployment, 86 percent of those surveyed said that print-related help desk calls had decreased. 71 percent said that device availability had increased. 71 percent reported better document workflows and smoother business operations as a result of use of MFPs for document management and distribution.

—IDC study of eight medium to large organizations, October/November 2003

Old versus new: a quick look at just some of the business costs newer printing and imaging technology can impact

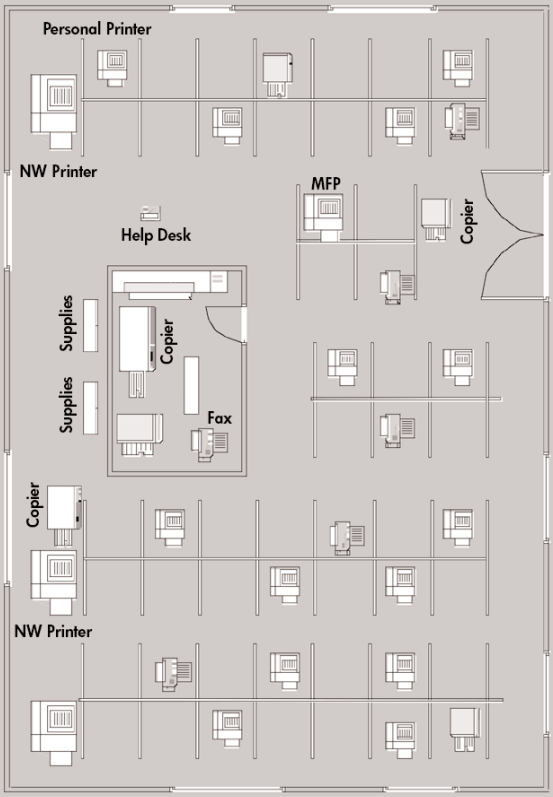
Business cost	**Impact of newer technology**
Supplies	Lower costs by more than one cent per page
Energy	An ENERGY STAR qualified multifunction device (MFD) can save you about $220 dollars in electricity bills over its lifetime. – U.S. Department of Energy
Document delivery (42 pages, 10 copies to 10 locations)	US Mail (3-5 days): $61.00 Fed Ex (1 day): $196.00 Fax (hours): $144.00 PC-Fax (1 hour): $127.00 E-MAIL (5 minutes): $1.78 Source: Deutch Morgan Grenfel Technology Group
IT support	Reduced by 40 percent
Printer-related help desk calls	Reduced by 52 percent
Lost productivity	Based on $40/hr., 90 seconds of waiting, retrieving, checking printing costs $1.00 (note: exceeds price of printed page)
Overall costs	**Reduced by 23 percent**



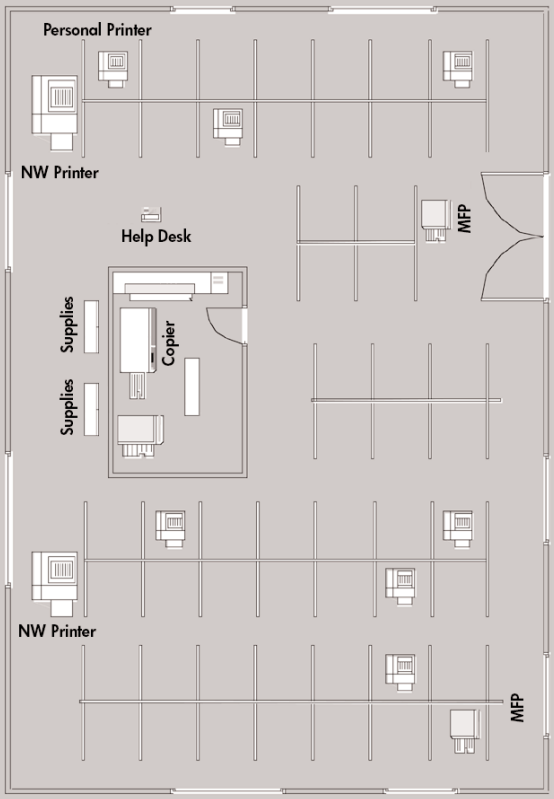
The bigger picture

As the before and after site plans provided below illustrate it is possible to save money and improve productivity by refreshing and rightsizing your copying, printing and imaging infrastructure. Visit us at www.hp.com/go/assessment to check out the HP Self-Assessment Tool. This easy-to-use Web-based assessment tool will help you estimate how much you are spending on printing and imaging and shows you how much you could be saving.

Floor Plan: Before



Floor Plan: After



- Reduced costs by 15–26%
- Streamlined the number of brands and product categories
- Increased asset utilization

Results

	Before	After
Estimated yearly output volume	1 million pages	No change
Scope	Single site	No change
Total # of devices:	160	134
# of printers	120	44
# of copiers	30	20
# of fax	30	8
# of mfps	0	62
Average age of fleet	5 years	<3 years
Estimated annual cost*	$306,000	$228,000 to $259,000

*Source: www.hp.com/go/assessment + 25% for indirect costs

The bottom line

Many organizations have failed to keep pace with recent advances in printing and imaging technology. MFP technology in general and HP's family of MFP products in particular have introduced powerful new features such as digital send that enable organizations to digitally capture documents and integrate them directly into their business processes. Such innovations ensure that organizations that are willing to take a hard look at their aging printing and imaging devices will likely discover a wealth of opportunity to reduce costs and increase revenue.

Key terms

Balanced Deployment The process of applying appropriate printing and imaging technology in a manner that is cost effective and facilitates user access.

Digital Sending Enables an MFP to capture paper-based documents in digital format so they can be easily distributed (via email or fax) or archived in a data storage system.

LAN fax A local area network-based fax solution.

Multi-Function Product (MFP) also known as Multi-Function Device (MFD) A single device that performs multiple printing and imaging functions, typically print/copy/scan/fax.

Rightsizing Increasing, decreasing and balancing the number of devices within an organizations printing and imaging environment to achieve balanced deployment. (See above.)

Total cost of ownership (TCO) Refers to the total costs associated with an enterprise's document output environment including both hard and soft costs. Hard costs include hardware, consumables and maintenance. Soft costs include productivity, network management, problem resolution/help desk, training and upgrades and updates.

Want to know more?

At HP we understand that knowledge is the most powerful business tool. Visit us on the Web at **www.hp.com/go/printingandimaging** to find everything you need to know to understand what's going on in your printing and imaging environment and what you can do to get the most from your investments.

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5982-6638ENUS, 06/2004 (T4B)

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