

WHITE PAPER

Achieving The CXO's Agenda: Bottom-Line Benefits of the Optimized Imaging Infrastructure

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EXECUTIVE SUMMARY

Many companies searching for areas where they can show operational improvements while also cutting costs have turned their focus to their imaging and printing infrastructure. A new set of tools, technologies, and processes — combined with more networked environments — has given companies the means to optimize their imaging operations.

Remote management of imaging assets now enables companies to centralize key functions, improve their ability to respond to changing business priorities, and ultimately reduce the cost of support and maintenance. Improved reporting capabilities have helped companies optimize their mix of imaging assets and streamline their imaging investments. Companies also have shown that core business processes can be made more efficient by improving the way documents are integrated into traditional workflows. Overall, the companies implementing these measures achieved direct cost savings of between 8% and 41%, with the greatest savings a result of reduced spending on hardcopy devices, reduced IT support costs, and lowered consumables spending.

IMAGING: OLD PROBLEMS, NEW SOLUTIONS

Looking at the state of imaging and document management in the enterprise today, it's apparent that cost issues continue to have a major impact on business operations. Indeed, IDC research has found that, as a percentage of revenue, as much as 5% is spent on the document production and management processes, while as much as 0.2% is spent directly on hardcopy expenses like hardware, supplies, maintenance, and help desk support.

A \$10 billion company with direct hardcopy costs of \$10 million per year could save up to \$4.1 million per year. Over five years, it would save \$20.5 million.

Do you know how much your company spends to support imaging and document management or whether it is possible to measure the number of printers and other imaging assets maintained by your business? If your answer is no, you are not alone. IDC research shows that the vast majority of companies lack the capacity to measure and track key cost parameters, such as device usage and supply consumption. This lack of visibility leaves companies vulnerable to inefficiency, both in their uncoordinated mix of imaging devices and in their management of supplies.

Compounding this problem is an ongoing shift in imaging practices that now has hard copy devices such as printers, copiers, and faxes operating at just 5% of their capacity — well below the 12–25% that optimizes their overall return on investment. Given these factors, it's never been more important to manage and optimize the entire print and document management process to extract the most value from an organization's imaging investments.

A New Approach to Print Management

IDC recently interviewed nine companies that represent a cross-section of companies around the world — most with 10,000 or more employees, all HP customers — to examine the new methods they have employed to address these imaging issues. If yesterday's transformation efforts were guided by the vision of a "paperless" environment, today's more pragmatic efforts are guided by a drive for more control, flexibility, and integration. As seen below, new tools, devices, and processes enabled this new vision to unfold.

Paper-based documents remain firmly entrenched across a wide range of processes and industries; however, companies are now beginning to leverage new types of devices and software-based tools to integrate paper-based documents into smoother, more efficient and more cost-effective workflows. A good example is the scanning of paper documents directly to alternative media, such as fax, email, or digital storage for more efficient and flexible handling. To satisfy the requirements of regulations like HIPAA and SOX (for data security, audit trails, etc.), these integrated workflows leverage a new level of encryption and authentication features embedded in new devices.

Another major shift relates to the devices used to meet a company's imaging needs, and how that has induced an evolution in the device market. Two key factors have driven this. First, while scanning and printing are on the rise, copying and fax volumes have fallen steadily, resulting in a capacity glut. Out of this paradigm came the need for multifunction printers (MFPs), which — by integrating the functionality of printers, scanners, copiers, and faxes — lead to much more efficient and cost-effective levels of utilization. Secondly, in addition to integrating more functionality in a smaller number of devices, companies are increasingly networking them. In so doing, these companies have established the foundation to gain greater control over their imaging and document management resources. On top of this networked foundation, companies have driven some of the most important and far-reaching developments. By using tools like HP's Web JetAdmin, companies now have a means of centralizing the management of their device infrastructures. Moreover, sophisticated reporting capabilities give companies the information they need to optimize important aspects of imaging operations, such as:

- ☒ **Supply management.** By enabling companies to centralize the management of supplies like toner, rollers, and paper, remote reporting helps companies more precisely manage their inventory levels while at the same time relieving department staff of time-consuming duties.

- ☒ **Flexible resource control.** Centralized management capabilities give company administrators a more precise ability to control which employees have access to specialized resources (e.g., color printing) as well as usage density (i.e., the number of users per device).
- ☒ **Device mix.** Timely usage reporting provides companies with the information they need to optimize the mix and location of devices across the enterprise.
- ☒ **Support.** These same remote reporting capabilities enable support staff to respond more quickly — even proactively — to device-related issues, improving uptime, maximizing the productivity of end users, and reducing help desk costs.

The Payoff of Imaging Management

By implementing some or all of the measures outlined above, the companies surveyed by IDC reported substantial benefits across a number of areas. By implementing a managed imaging and output environment, the studied sites achieved direct cost savings of between 8% to 41% and significant indirect cost savings. The average cost savings was 23%. These savings are broken down as follows:

- ☒ 37% from reduced hardcopy device equipment costs
- ☒ 28% from reduced IT support costs for printing/copying/faxing/scanning user issues (Print-related help desk calls were reduced from 15% to 7%, a 51% reduction.)
- ☒ 17% from reduced costs for consumables
- ☒ 9% from costs to order and manage inventory, etc.
- ☒ 4% from reduced costs for print/copy/fax/scan repairs
- ☒ 5% from reduced costs to install and upgrade hardcopy

FINAL THOUGHTS FOR CUSTOMERS

The opportunity for CXOs to fulfill their priorities by leveraging imaging advances is real. Critical business processes will be more productive and responsive, employees more satisfied, and direct cost savings of 8–41% can be achieved. IDC offers the following advice to customers:

- ☒ Look for a partner who will address both cost reduction and employee productivity. Maximizing one over the other will fail to achieve true ROI.
- ☒ Look for a partner with a track record of satisfied customers.
- ☒ Ensure early buy-in from both C-level executives and end users.
- ☒ Create, implement, and enforce policies to sustain the desired environment.

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