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Little Printers, Big Expense: How to Control Imaging Costs

– Meridith Levinson, CIO

February 28, 2008

Two years ago, in a bid to reduce costs and enable new technologies, the University of Pittsburgh Medical Center (UPMC) merged its print shop, which handled bound materials like flip charts and insurance booklets, with its technology print center, which produced paychecks, W-2 forms and clinical handbooks. In the process, UPMC began looking at the amount of money that the \$7 billion healthcare provider spent on printing, and the number of printers, fax machines, scanners and copiers deployed across its 20 facilities in western [Pennsylvania](#). The figures were staggering, says Jeff Szymanski, UPMC's director of IT. The organization was spending approximately \$10 million on imaging devices, supplies and maintenance every year.

It had 13,000 printers, copiers, fax machines and scanners for 43,000 employees. There was one device for every 2.5 employees, 10,000 print queues, and a tangle of IP addresses for the networked devices.

"When you look at the number of devices [in your enterprise], its overwhelming and embarrassing," says Szymanski.

Most companies don't pay much attention to the amount they shell out for printing, not to mention the cost to procure, supply and maintain their fleet of imaging devices. "It tends to get overlooked because it's not sexy or up front," says Don Dixon, Gartner's research director for printing markets.

What's more, printing and imaging usually isn't controlled centrally in organizations. IT departments will be in charge of buying and installing printers because they run on the corporate network, while supply chain organizations or facilities departments will control purchasing supplies for those printers as well as other imaging devices. Consequently, enterprises waste anywhere from one percent to three percent of their revenue on imaging, according to Gartner's estimates. And in some paper-intensive industries like insurance and legal, that number is even higher, says Dixon.

In this time of increased focus on the health of the U.S. economy, CIOs would benefit from taking control of printing and document management within their organizations and investigating opportunities to consolidate and upgrade their fleets to MFDs that combine printing, copying, scanning and faxing functionalities. Not only can that save their companies money Gartner estimates as much as 30 percent annually but the MFDs and document management systems help automate and streamline business processes such as traditionally manual workflows and, in some cases, improve compliance with certain federal regulations through security features. By taking control of imaging, CIOs can also reduce their company's impact on the environment. Those benefits should help you make a business case for upgrading your company's imaging devices and for convincing recalcitrant users to give up their pet printers and change their attitudes toward hard copy, which ranks among the biggest challenges associated with these projects.

Assess the Printscape

Sy Esfahani, executive vice president and CIO of GES, the events company that produces the annual Consumer Electronics Show in [Las Vegas](#), says identifying potential cost-savings from consolidating and upgrading imaging devices is the first and most important step of the process. "Take your time with that,"

says Esfahani, who began analyzing his company's printing and imaging costs in 2005. "This is a major undertaking." If it wasn't going to save his company money, he was not going to replace every device.

But how to figure out those cost-savings? Esfahani worked with one of his long-time printer vendors to inventory the total number of devices throughout GES's Las Vegas headquarters and 20 regional offices. The company had 754 printers, copiers and fax machines for 1500 employees. Most were more than five years old; some had hung around for more than a decade.

They then took a closer look at the devices at three locations that GES chose as representative of all of the company's offices. They determined how many people were using each device at those offices and the total cost of ownership for each device. GES was spending more than \$1 million per year on printing and imaging. "The cost was outrageous," says Esfahani.

If GES put an MFD at each location, it could anticipate savings of 28 percent per year by paying a base monthly price for leasing devices as well as per page per device, which includes the cost of maintenance and ink and toner cartridges, instead of purchasing devices, ink and toner on an as needed basis, says Esfahani.

With the estimated cost-savings in hand, They went to each of GES's offices and drew up floor layouts pinpointing where each device was located. The blueprints allowed GES to determine which devices could be dumped and where to put the new MFDs, taking into consideration the distance between MFD and employee and the number of steps required to get to the MFD. GES also took requirements from its offices for color devices.

GES wound up reducing its fleet by 64 percent. It now has just 268 MFDs and is saving close to 32 percent in printing costs every year.

Calm Users' Nerves

Esfahani says his number-one concern was angering employees who didn't want the personal printers and faxes that they had earned by rank taken away.

"As a symbolic gesture, the CEO and executive team were the first to give up their printers to set an example for the rest of the organization," he says. That example also demonstrated the executive team's commitment to the new print management paradigm inside the company, which everyone was encouraged to follow.

UPMC took the same approach: Szymanski, his technology group and UPMC's executive team gave up their individual printers.

Szymanski says he went to lengths to communicate the reasons why UPMC was consolidating devices and the benefits that users would experience from the move, using e-mails, meetings and UPMC's internal company newsletter. He also made sure that printers were close to the clinical and lab workers who needed them handy.

If your users don't care about how much money the new approach to print management is going to save the company (after all, it's not the like savings are going to show up in their paychecks), you might want to appeal to their inner tree-hugger. Szymanski says even though going green wasn't UPMC's initial objective, all the employees are proud of the fact that the move to fewer MFDs reduces the amount of energy wasted. "We're pleased that this project decreases our costs, improves efficiency and reduces waste and power consumption," he says.

Establish New Processes

The cost savings associated with fewer machines and supplies is just the start of a printing and imaging revamp. To reap even more benefits on an ongoing basis, companies need to take advantage of the full capacity of their MFDs and document management systems to automate and streamline business processes, says Gartner's Dixon.

For example, GES employees now scan their paper time cards into the MFDs, which automatically route the electronic files to a centralized electronic mailbox. Previously, they FedExed the cards to headquarters. The new, automated process has cut GES's shipping costs.

GES also uses the MFDs in tandem with a document management system to electronically route contracts with vendors around the office.

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