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# A Strategy for Managed Output Adoption

**Outlining the Required Steps that  
Bring Structure and Efficiency to  
Distributed Print Fleets**

## Reducing Print Related Costs in Large Organizations

### Executive Summary

The following white paper outlines a strategy for organizations to create and implement a managed output strategy.<sup>1</sup> While the advantages of reducing costs by printing with fewer devices is clear to most organizations, determining the best path to success has been less obvious.

The industry has confirmed a savings potential of 20–40 percent by migrating to a managed and consolidated environment. But if organizations are not careful, they can struggle to quantify these projections to the satisfaction of management. Furthermore, adoption by users is a requirement for reaching these goals.

The following steps outline a path that will help organizations avoid or address the common barriers project teams face. There are five phases:

Phases	Steps
<b>Find a Partner</b>	1. Identify a Consulting Source
<b>Planning</b>	2. Gather the Appropriate Data 3. Identify Sponsors 4. Determine the Scope 5. Detailed Assessment
<b>The Bid Process</b>	6. Request For Information 7. Request For Proposal 8. Contracts
<b>Migration</b>	9. Assessment and Project Planning 10. Pilot 11. Communication 12. Implementation
<b>Control</b>	13. Management & Ongoing Optimization

Lexmark has found that implementing these steps in this order greatly enhances an organization's ability to reduce costs related to output and reduces the total time required to implement. It is not uncommon for organizations to spend 18–24 months trying to consolidate devices and implement a Managed Print Program, if unguided. Following this procedure should reduce the amount of time required to fully migrate by more than 50 percent.

<sup>1</sup> *Output:* Materials, equipment and services related to the production and use of paper-based data; typically includes copy, fax, print and scan.

## Measured Approach

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We should start by establishing that there may be more than one potential path to a successful implementation. The following steps and phases represent best practices developed by Lexmark International, having implemented hundreds of large-scale output migrations.<sup>2</sup> This methodology balances common objectives:

- Short-term savings
- Long-term savings
- Speed of implementation
- Avoiding rework
- Change management
- Limitation of an organization's internal resource requirements

While portions of some steps may happen concurrently, each is designed to build on the prior step's results. Managers are encouraged to read this document in its entirety to fully comprehend the context of each recommendation and its place in the list.

### 1.) Identify a Consulting Source – Find a Partner

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There is a temptation for organizations to oversimplify the requirements for such a project, considering that prior copier contracts and laptop rollouts may have seemingly paved the way. The concern here is that requirements for consolidated and managed print environments are considerably more complex. The distinction from PC rollouts is that output devices are a shared asset and therefore combine requirements from many users. Environmental and cultural factors also uniquely affect the print space. The distinction from copier contracts is that these devices have little in common with “copiers” or even standalone multifunctional devices. The final fleet in an optimized state will include many device types, accompanying Service Level Agreements (SLAs), and technical requirements not addressed by standard copier contracts.

Organizations should strongly consider working with an OEM, VAR, or an independent consulting source that specializes in this area. Consulting provided by the OEMs generally benefits from a much wider customer base. The independent consulting firms and VARs will point out that OEM studies can show bias and may focus too heavily on hardware solutions. The expectation for many OEMs and VARs is that consulting services are provided “free,” but this very fact generally can limit the resources they are willing to commit to a quality study, especially in the early phases of engagement. Fees may be justified given your project scope.

Lexmark recommends identifying a trusted source for consulting as early in the process as possible to avoid making mistakes that would otherwise result in project delays or substandard savings. In the case of OEMs, one should be extra mindful of potential bias. Results will become the basis for future bidding action and should thus be made available to all vendors, unabridged.

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<sup>2</sup> Lexmark's background and expertise are detailed on page 18.

## 2.) Gather the Appropriate Data – Planning

Gathering data at this phase will set the foundation for the project's business case and will serve as the justification to management for sponsoring such an effort. This step should not be confused with a later detailed assessment that will focus on culture, site logistics, and a validation of the data collected in this early phase. The goal here is to simply determine if the opportunity is worth the effort and if the appropriate sponsorship can be assembled.

For a bid process, potential vendors will be looking for the following information at a minimum:

Report	Source
Assets and Number of Users (listed by location).....	Facilities and IT
Monthly Volume per Device (this may not be known for local devices).....	Copier billings and IT network utilities
Annual Supplies Spend (detailed by SKU).....	Purchasing
Annual Paper Consumption (detailed by size/type).....	Purchasing
Annual HW Spend (new hardware, maintenance, repair).....	Purchasing and IT
Current Service Levels and Contract Expirations .....	Purchasing and IT

Most manufacturers provide free software utilities to gather information from networked devices. The most commonly used utilities are:

- WebJet Admin (HP)
- MarkVision Professional (Lexmark)
- NetSpot (Canon)
- CenterWare (Xerox)

Data should be gathered over a minimum of one month. Ideally, 12 months of data would be used to capture low- and high use cycles. In comparison, deriving average use from lifetime page totals (single data point) is not a reliable method of estimation. A strategic partner can help parse the data collected above. Some data points can be reverse engineered from collected data. Timing of current contract expirations can help determine the ideal timing for the transition.

Information about non-networked devices can be more elusive. These devices include fax machines, locally attached printers and specialty printing devices like plotters or thermal printers. Software utilities exist at the client level that can capture some of this data, but often, a physical assessment is required for an accurate figure. Fortunately, estimates can be used at this early phase. Estimates should be validated at a few representative sites. If detailed information is provided for paper consumption and toner/ink purchases, this data can be used to validate estimates. If all values are known, then Toner Consumption + Copier Click Counts will equal Paper Volume.

Goal: A profile of the current state should be contrasted against benchmarks to identify the areas that offer the greatest opportunity.

This information will help determine the savings potential of the effort, the scope of the project, and the appropriate sponsors.

### 3.) Identify Sponsors – Planning

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Nearly all printing- or output-related projects will be led by the information technology group within an organization. This is logical because more than 70 percent of all output will be printed content from the network and its applications. However, most successful projects will have sponsorship in facilities, purchasing, and key business lines as well. In highly diverse and autonomous organizations, many champions may be required. Most sponsors are aligned with budgetary silos and/or core business processes. Many projects with a single VP or even CIO sponsor have failed because it is rare that a single business unit will be responsible for all affected budgets prior to consolidation.

Sponsors are generally required at three levels: executive, operational, and user level. Executive Sponsors will help communicate why such an initiative is important to the company. They will champion the project to other areas of the business and provide the influence required to combine disparate budgets or responsibilities.

Operational sponsors will be responsible for overseeing the project from concept to daily operations after migration. This person will be an internal expert, guiding the corporation toward more efficient practices.

User-level sponsors are key to adoption. For most organizations, administrative resources are good candidates as they have broad visibility to departmental needs and are high-use individuals. User-level sponsors will often promote the program at a “local” level and address questions that may arise from executive communications.

### 4.) Determine the Scope – Planning

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The lists below are samples of some of the ways organizations define the scope of an output project. Clearly defining the scope of the project will help limit questions during later RFI/RFP stages.

#### **Hardware Categories:**

Network Print  
Local Print  
Fax  
Scanning  
Copying  
Plotters  
Thermal Printers  
Dot Matrix  
Central Reprographics Department

#### **Applications:**

Electronic Forms  
Fax Server Integration  
Paper Workflows  
Electronic Workflows  
ECM Integration  
ERP Integration  
RFID Integration  
Prox Card Integration  
Electronic Kiosk or Application Emulation

**Geographical or Functional Areas:**

Administrative (back office)	Global
Production areas	United States
Corporate or union assets (joint funds)	Retail

Organizations are encouraged to work with a consulting source to examine best practices for leveraging a managed fleet in their industry. Lexmark uses a structured workshop format that brings key process owners together to discuss potential strategies and technologies. The workshop should also identify requirements for a Detailed Assessment.

## 5.) Detailed Assessment – Planning

Assets not on the network are often missed, but are an important data point. The impact of workflow, site logistics, and culture should also be captured as best as possible. Using assessments at representative sites can be valuable for quantifying requirements and setting realistic assumptions.

These studies can require the commitment of staff time for interviews and data gathering. The scope should be as limited as possible while still providing a representative sample. A Detailed Assessment should also be used to target or validate specific areas identified during scoping.

The Detailed Assessment is one of three assessment types that will be required.

Note: The Detailed Assessment is the second of three that are recommended:

Step #	Assessment Type	Conducted by	Data Targeted
2	Data Collection	Company	Asset list, volume, contracts, estimates
5	Detailed Assessment	Company & Consultant	Workflow, culture, validation of estimates
9	Site Survey	Chosen Partner	Full device mapping, pre-deployment plan

## 6.) Request For Information – The Bid Process

Given the complexity and scope these projects often entail, RFPs can require a great deal of effort to author as well as evaluate. The prior steps should have provided a relatively clear picture of what “Managed Print” will encompass for your organization. Presumably, all companies will not meet your expectations. The goal of an RFI is to determine if they are a suitable vendor and if their general approach is agreeable.

This benefits the selection committee because it should significantly reduce the amount of material they will be required to evaluate.

RFIs require much less effort to author, can reduce the amount of detail required in the RFP, and will reduce the number of final respondents. This benefits the selection committee because it should significantly reduce the amount of material they will be required to evaluate. Left unchecked, it is not uncommon for responses to exceed 100 pages for Managed Print Services.

**RFI Focus:**

- Experience and history delivering MPS
- Methodology for assessment and implementation (not specific to your company)
- Identify what unique value each supplier can bring
- Scope and Reach of Products and Services
- Quality of response

Some details will be required by the vendors so they can be more specific in their responses. You should share general background information about the project and what you hope to achieve.

**Shared Information:**

- Background about the project: Who is involved? How does this project relate to corporate objectives?
- General objectives: Are there specific targets? (paper reductions, cost reduction, reduction of color, improve service levels, application integration, etc.)
- What is the general makeup of the current fleet: Asset count by type, number of users, age of fleet, percentage owned, and number of device contract expirations in the next 1, 2, 3 years, and the percentage of color pages.
- What do you anticipate will be this project's biggest challenges? Existing contracts? Autonomy? Technical integration?
- Scope: Global, divisional, device types. Will it include applications or software? What is out of scope?

A general description of your current state is appropriate, but spreadsheet detail is not required in an RFI. Your goal is to determine likely potential partners. The specifics about how they would implement can be very detailed and should be reserved for the RFP phase.

Some organizations may elect to visit potential vendors at this phase or as a final selection step of the RFP. Visiting the OEM can provide insight to a corporation and its culture. Consider that such a relationship can last many years.

## 7.) Request for Proposal – The Bid Process

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Given the prior steps, the RFP should now have considerable focus. The RFI process will have reduced the consideration set to less than five potential vendors. The data collected from all prior steps will have reduced ambiguities in the RFP that would otherwise have resulted in rework or drastically disparate responses. The RFP is reserved for sharing the many details collected in the earlier phases. Vendors will use this data to formulate a plan based on the methodology described in the RFI.

The temptation will be to create a strict set of specifications for the project. The more specific these specifications, the easier it is to identify compliance and compare costs. However, taken too far, such approach can discourage creative solutions that would otherwise leverage the unique strengths of each potential partner, resulting in the lowest total cost. Specifications also require that organizations know what the final solution will be. While our scoping efforts have identified what is not included, there still should be room for creativity on the part of vendors. Lastly, given strict guidelines, suppliers are motivated to be minimally compliant in an effort to keep their price low. This is not always in the best interest of the requestor or the total solution cost. It is unlikely that the final device mix and number of devices will be known with much specificity until a full and exhaustive assessment by the chosen vendor is completed.

Given strict guidelines, suppliers are motivated to be minimally compliant (and). . . this is not always in the best interest of the requestor.

The RFI should have eliminated any vendors that would not be able to meet your requirements, so now the question becomes more “how” and “what” vs. “if.” Consider the following core questions:<sup>3</sup>

- How many devices will be required (estimate) and why?
- How will you meet our service requirements? Why is this strategy best for cost and user satisfaction?
- What is the device mix and why were these specific devices chosen?
- What is the total cost for your solution to deliver the number of pages specified?
- How will pricing be affected if the actual page volume is significantly higher or lower than the current/estimated volume?
- What is included in that price?
- What is not included in the price?
- How much of the total cost is fixed? (addresses minimums)
- How will you migrate this environment? (project plan and resources needed)
- What will you do with the old devices?
- How does the billing work?
- What does the escalation process look like? (sales and service)
- How will you deliver continued cost reduction over the life of the contract/agreement/relationship?

Note that the focus is on the total cost to produce a specific number of pages, not individual costs per device or per page. By arriving at a single number, it avoids the confusion of trying to compare the details of pricing models, with additional clarification of the fixed costs and the effect of changes in volume.

The data collected thus far should give potential vendors adequate (macro) visibility to your organization to devise an overall strategy.

<sup>3</sup> Upon request, Lexmark can provide a more comprehensive list of questions/topics based on the specific scope of your project.



Expect to see a range of device types and sizes and various ways to meet SLAs. The vendors' experience in your industry should provide them with enough guidance to respond. Again, the exact details of implementation, devices, or models are seldom confirmed until months after a partner is chosen and has had the opportunity to fully examine your environment and resources. Some details, including the models offered, will change over the life of the contract. The RFP, therefore, should focus on identifying the supplier with the best toolset, personnel, and methodology to reduce costs over time.

A remaining element of selection is directly product related. Teams should test a sampling of hardware on their network, configuration procedures, and general operation of the hardware and software. Teams are encouraged to conduct product evaluations with end users to gauge ease of use and reliability in "live" environments.

It is not uncommon for the RFP process to require a step for reconciliation of the leading bids. This should be anticipated. It may involve a refinement of bid specs and/or oral presentations where details are clarified. Prior steps have been designed to limit this potential risk.

## 8.) Contracts – The Bid Process

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After you have determined your strategic partner for Managed Print Services, the final step is to settle on the terms of your partnership. You should anticipate that some of the terms specified in the RFP may change, given the final scope of the project. Note that shifting too much risk to the vendor will result in higher costs. The RFP process and subsequent presentations may have changed final preferences.

Completed contracts are required prior to engaging the implementation and assessment teams, as their activity and liability will be governed by the contracts.

Often, organizations will create two documents to govern the relationship: a static Master Services Agreement (MSA) to govern general contractual policy (terms and conditions) and a Scope of Work (SOW) that defines specifics of the products and services being delivered. As product models change or services are added, the SOW is updated over the life of the contract. Global agreements may require additional terms to address local laws.

## 9.) Assessment & Project Planning – Migration

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Once the contracts have defined the final terms and scope of the project, formal implementation teams can begin their work laying out a formal project plan. Your partner's consulting organization will conduct the final and most detailed assessment just prior to deployments. Minor adjustments to final device mix and placement are not uncommon.

Executive communication should begin, letting the organization know of the assessment effort, the project rationale, and the objectives. A general timeline for activities should be given. Giving the project a formal internal name can be very helpful for promoting best practices over time.

## 10.) Pilot – Migration

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A pilot program in a highly visible area should be conducted prior to full deployment. For most organizations, piloting in an executive area will display management's commitment to the project. Starting in an executive area will also reduce objections related to confidentiality or convenience.

The pilot program will allow the deployment team (internal and partner) to finalize their plan for a smooth transition and validate procedures such as training, disposal, and driver deployments. The help desk is typically trained at this time to ensure support is ready prior to full deployment.

## 11.) Communication – Migration

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Now that the project has been finalized and validated, the Executive Sponsor should communicate that a successful plan has been confirmed, reiterating the benefits to the organization and individuals. Users will be particularly interested in the timing, available training, and who they can contact with concerns. The user-level sponsors can be particularly valuable to address questions at the departmental level. Posting information on an internal Web site is also advised. Your strategic partner should be able to help your team with timing and content.

## 12.) Implementation – Migration

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Given the prior steps, execution should offer little drama. Depending on your strategy and current fleet, full migration from a disparate fleet to a standardized one can take months or even years. Make sure you have a clear understanding of how deployment will take place beyond the initial rollout. In the case of a large-scale rollout, it is common to have assigned project managers who specialize in transition management. Once implemented, responsibility for fleet management is then passed to an operations team for ongoing support.

Over the life of the contract, moves and adds should be expected and planned for ahead of time. General terms for these changes should be defined during the RFP stage. Carefully designed fleets will anticipate changes over the life of the contract and seek to avoid the need for any fleet growth.

### 13.) Ongoing Management & Optimization – Control

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Fleet optimization is an ongoing process. According to Gartner, as much as 80 percent of the gains can be lost in a few short years if the fleet is not continuously managed. Your business is constantly changing, and the fleet must be monitored to ensure it is always operating at optimum levels of efficiency.

Ongoing management involves assigned responsibility. This typically requires a full-time resource during planning and transition, reducing to part-time once in the operational phase. Review meetings may be as often as weekly during transition, reducing to quarterly during the operational phase. These meetings are used to review SLA performance, volume trends, migration progress, and savings targets. Your partner should also include consulting resources to review ways to further reduce spend and volume and leverage your investment.

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Notice: This report was created by Lexmark Professional Services, Lexington, Kentucky. Assumptions are based on data from over 3,500 assessments, industry data, and successful implementation of hundreds of Managed Print Services projects. Distribution of this document is prohibited without the express written consent of Lexmark. Last updated: March 2010.

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Lexmark International, Inc. (NYSE: LXX) provides businesses of all sizes with a broad range of printing and imaging products, solutions and services that help them to be more productive. Since separating from IBM in 1991, Lexmark's product line has expanded to include laser printers, inkjet printers, and multifunction devices, as well as associated supplies, solutions and services. Visit [www.lexmark.com](http://www.lexmark.com) for more information.

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Over the last few years, Lexmark has earned more product awards in the U.S. than its major competitors. Lexmark is also a leading provider of global print management services, resulting in more than a 90 percent customer renewal rate over the past several years.

**Assessment Experience**

Lexmark Professional Services has performed more than 3,500 assessments encompassing nearly every industry. The average tenure of our consultants is more than 12 years, and 60 percent have advanced certifications in CDIA+ and Six Sigma. Our vertical expertise is aligned as follows: financial services; healthcare; federal, state and local government; education; retail; pharmacy; and manufacturing and distribution.

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- 84 of the Top 100 Retailers
- 49 of the Top 50 Pharmacies
- 85% of the Top U.S. Branch Banks
- 17 of the Top 25 Manufacturers
- 7 of the Top 10 Healthcare Providers
- 21 of 22 U.S. Department of Veteran Affairs Hospital Networks
- 7 of the Top 11 School Districts
- All 6 branches of the U.S. Military
- 12 of 15 Federal Executive Agencies