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White Paper

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The Secret Business Value of Enterprise Print Asset Management



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The Secret Business Value of Enterprise Print Asset Management

Six Steps to Unlock Your Secret Business Value

Executive Summary: Annually, enterprises spend nearly as much on printing documents as they do on telecommunications—but with little thought to the impact on the bottom line. Yet, the potential savings are substantial. Read this report to learn the secret value of Enterprise Print Asset Management.

Ever stop to think how much it costs to print a document?

Printing is one of those tasks that employees don't really consider: they need a hard copy of a document, so they click the Print button. Maybe they need four or five copies, or a few color copies just to be safe.

And yet to make this seemingly mundane action possible, the typical Fortune 3000 business spends between 1 and 3 percent of revenues on printing and copying, and it's not uncommon for each employee to spend between \$700 and \$1,000 per year on printing costs.

In fact, businesses spend nearly as much on printing as they do on telecommunications, but no responsible enterprise allows *those* costs to go uncontrolled. Why is printing unchecked? A couple of reasons:

IT and purchasing departments often share responsibility for different elements of the process. With nobody driving the printing bus, it's nearly impossible to get a handle on who's printing what, where they're printing their jobs, and why they're printing.

Users have no driving reason to think about the impact of their printing on the bottom line. No one has *given* them a reason to reconsider. From an employee's point of view, printing is uncontrolled and free. And it's easy to take advantage of things that are free. To the business, though, it's not free at all. And the potential for savings is sizeable: Gartner Inc. research from December 2005, "Use Total Cost of Ownership to Save on Printing," predicts that companies can reduce hard costs on office copying and printing by up to 30 percent through 2010 by better controlling and managing fleets of printers and the masses of paper those printers produce.

How does a business go about turning the management of print assets into an opportunity for real cost savings? By learning the secret value of Enterprise Print Asset Management, and then taking the right steps to unlock that value.

Six Steps to Unlocking the Secret Value

Step One: *Estimate what you're spending.*

The average employee prints between 650 and 1,000 pages per month, and most business printers run at between 1 and 2 percent of capacity. Color ink for inkjet printers costs \$4,700 per gallon (Dom Perignon, by contrast, costs a mere \$600 a gallon!). Those are sobering numbers, for sure. At www.thecostofprint.com, Pharos Systems, the leading Enterprise Print Asset Management company, has gathered data from more than 1,000 companies and 13 years of

research, and will use that data to help you estimate your total print costs and the potential cost savings your business can realize by better managing the printing environment.

Step Two: Run a discovery.

If the numbers you get from an estimate are enough to make you want to yank the power cords from every printer in the building, the next step is to obtain actual hard numbers on your printing environment. By getting a handle on what's actually going on, you can begin to control costs. The Pharos Blueprint Discovery service can supply that information by tracking printing activity over a two- to four-week period and compiling that data into a customized report based on your company's specific situation. With that information, you can prepare to make sound decisions on right-sizing your printing environment.

Step Three: Analyze the data.

With data from the Pharos Blueprint Discovery tool in hand, you can analyze the details of your printing environment: how many pages each user is printing, which devices are used most frequently, and where the potential savings lie.

In most companies, a giant chasm exists between the printing devices executives think they have and what they actually have. Many businesses run between two and five times as many devices as they think they operate. According to the Gartner article "Adopt Strategies to Minimize Office Output Spending" from December 2005, "Well-managed organizations that can account for all of their PCs and laptops often have only a rough count of the printers they own." In addition, say Gartner analysts, most businesses have no records of how many employees use each printer or how many pages each printer spits out per month.

Step Four: Build a business case.

Use your analysis to determine how big the problem is—and the size of the opportunity. In many businesses, the ratio of equipment to employees is one device for every two or three workers. Using Blueprint Enterprise from Pharos, your business can discover and locate print devices and identify which devices are underutilized to create a baseline profile of the printing environment. With the data Pharos Asset Optimization will supply, you can put together a detailed cost-savings analysis based on optimization of your print environment—and from that you can begin to build a compelling business case for how your company can start saving money.

Step Five: Make a plan.

The software will also help your business calculate total printing costs and determine where the potential for cost savings is the highest. Knowing that, you can make a plan to:

- Remove excess equipment
- Optimize the remaining equipment
- Eliminate reports that printers generate and no one reads
- Review all the aspects of printing in your organization
- Begin to take advantage of savings.

Most businesses can reduce the ratio of employees to printing devices to one device for every 10 to 15 employees, which can eventually result in savings of 20 to 30 percent. According to a 2004 article, "The Paper Trail," from *The Wall Street Journal Online*, a company that spends between \$100 million and \$300 million annually on printing stands to save as much as \$90 million from better management of the printing environment.

Step Six: Roll out the software.

While the word *implementation* conjures up images of a long, drawn-out process with plenty of headaches to go around, rolling out software to optimize a print environment is often quick and painless. Pharos cites the example of a Fortune 50 company that rolled out the software to 125,000 of its employees in three weeks, with very little impact on day-to-day operations. The sooner you have the software on the desktops and the data in hand, the sooner you can begin to realize the savings.

Next Steps Toward New Value

Document printing is one of the simplest business tasks we fulfill—and one of the easiest places to realize new business value. With help from Pharos, businesses intent on saving money on printing can do so through third-party, independent experts rather than piecing together a patchwork solution through the vendors of the devices themselves.

And while the first steps to optimizing the printing environment begin with knowing what equipment you have and improving the ratio of printers to employees, the potential savings don't stop there. With your printing environment in order you can begin to focus on the employees: Teach them awareness as to how the strain of unnecessary printing hurts a company's budget, and help them work with the software to make printing as efficient as it can be. At the same time, you can use departmental chargeback features in the software to hold departments accountable for their printing charges. Then your business journey will come full-circle: educated, accountable employees make better printing choices in an optimized printing environment, and that all translates into big savings. ■



Podcast with Pharos CEO Kevin Pickhardt and Gary Beach: Ever since his column, "The Paper Chase," CIO Group Publisher Gary Beach has discovered that printing costs are a hot-button issue for many CIOs. Printing costs can run from \$700 to \$1,000 per employee annually, a significant line-item that is notoriously unmanaged. In this podcast, Beach sat down with Pharos Systems CEO Kevin Pickhardt to discuss the enormity of this problem, and what CIOs can do about solving it. The podcast is available online at

www.cio.com/podcasts/authors/beach_paperchase.mp3.



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About Pharos Systems: Pharos Systems International, Inc. is the recognized industry leader in providing enterprise print asset management and cost-recovery solutions to both corporate office and higher education environments. With over a decade of experience, we help customers track, monitor, audit, and control their print and copy assets to reduce waste, optimize performance, guide the purchase of new devices, and make the most of existing ones. As a result, over a thousand customers in 22 countries are currently benefiting from optimized printing environments, and are experiencing significant expense reduction. Visit us on the web at www.pharos.com.