



I D C E X E C U T I V E I N S I G H T S

Managed Print and Document Services for Controlling Today's -- and Tomorrow's -- Information Costs

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Unmanaged Information Explosion: Costs and Impact

By 2020 IDC predicts the amount of digital information will grow by a factor of 30, the number of files, by a factor of 60, but the number of IT professionals in the world will only grow by a factor of 1.4. Driving this information explosion is the Web, social media, and mobile device usage (smartphones, tablet PCs, netbooks, etc), which enable the creation and dissemination of content. Meanwhile, average file sizes get smaller due to the growth of embedded systems in everything from smart grid to logistics item tracking, as the number of things to manage grows twice as fast as the total number of available gigabytes. While CIOs, IT executives, and line-of-business managers ponder the ramifications of these trends, they can't forget the more immediate and worrisome challenges currently heaped on their plates.

Creating, finding, organizing, and analyzing information is crucial to maintaining the health and well being of business. Making good business decisions and gaining a better understanding of customers and business conditions requires monitoring, analyzing, and disseminating information from a large array of internal and external sources including employees, media, customers, shareholders, and social media such as blogs, wikis, etc. Accordingly, worker communication has expanded beyond email to incorporate collaborative and social networks such as instant messaging, Twitter, Facebook, etc., further depleting concentrated productivity time each day.

The inadequacies of the tasks associated with these activities are consuming increasing amounts of employees' time each day and negatively impacting the bottom line. IDC surveys find that the time spent searching for information averages 8.8 hours per week, at a cost of \$14,209 per knowledge worker per year. Analyzing information consumed an additional 8.1 hours, costing organizations \$13,078 annually. Furthermore, an organization employing 1,000 knowledge workers loses nearly \$6 million annually in time wasted when employees reformat information as they move between applications.

Information work is costly and only valuable if the time spent finding that information is productive. Work processes that are not efficient, organized, and automated cause enterprises to bleed money. If workers are spending over one-third of their time searching for information, another quarter analyzing, and even more time reformatting information, it's essential to find tools to make them as productive as possible. Organizations coping with recovering from the financial crisis and operating within leaner budgets need to streamline and automate information tasks and processes if they are to survive with fewer workers. And, if finding the information can cost an enterprise \$6 million annually in

wasted time, what does it cost in terms of poorly-based decisions? Failing to find existing information can be attributed to one or more of the following circumstances:

- Poor search skills
- Inadequate retrieval tools
- Paper-based and digital documents
- Information scattered among multiple repositories and applications
- Information residing in both structured and unstructured formats

Role of Managed Print and Document Services

IDC was recently commissioned by Ricoh to conduct focus groups with IT and line-of-business (LOB) decision-makers in the U.S. and Europe. The participating companies were midsize to large from a wide range of industries, including financial, manufacturing, healthcare, and telecom. The objective: to understand printing and document workflow cost dynamics and awareness of managed print services (MPS) and managed document services (MDS) among these decision-makers. IDC also identified the extent of participants' current printing cost-reduction initiatives.

Many companies acknowledged having a document management problem. Indeed, companies admitted drowning in information, but didn't know where to begin to solve the problem. C-level and IT executives interviewed by IDC assumed that a solution was too costly or difficult to implement, or that their existing costs and consequences were insignificant. In the latter case, this is because executives didn't realize how much money their organizations were actually spending beyond the cost of paper, toner, and hardcopy-device hardware. Fragmented cost ownership and the distribution and management of various components in the document life cycle across different departments obscured the huge costs. For example, previous IDC research shows that document production, distribution, and related costs as a percent of revenue range from 11% in manufacturing to 15% in healthcare.

MPS and MDS Scope and Benefits Go Well Beyond Basic Costs

The focus group findings in both the U.S. and Europe revealed that companies primarily want savings on printing/faxing/copying basics, but some participants were realizing benefits far more transformative, such as streamlined business-process document workflows -- an increasing trend. The research showed that savings from MPS average 25%, and are even greater in some industries. By deploying MPS/MDS, companies report the following areas where they've achieved the biggest cost savings:

- 48% to 55% savings in reduced ink and toner consumption, fewer repairs, and reduction in hardware costs
- 18% to 27% savings through using less paper, reducing IT headcount, streamlining document workflows, and external print procurement
 - Streamlined business-process document workflow rates increased over the three periods study
- 7% to 14% savings from fewer help desk calls, improved paper document storage, and reduced environmental impact

The focus groups also revealed that many decision-makers do not realize that the scope and benefits of MPS/MDS go well beyond reducing basic printing and related costs. The top corporate concerns of

focus group participants included achieving their company's financial targets, innovating and developing products or services, and improving customer care and support. These executives were also concerned with improving employee productivity and being able to focus more resources on sales activities. All these concerns can be addressed with MPS/MDS.

IDC believes that, while achieving financial goals is important, the underappreciated value of MPS/MDS is its ability to organize information residing in multiple business processes and functions across the organization, enabling enterprises to be more responsive to customers and market requirements. Some benefits are far more transformative than printing/copying/faxing cost reduction, such as streamlining business process document workflows or improving the way information is communicated and shared. MPS/MDS also increases employee productivity while reducing soft costs and the time IT staff uses to perform maintenance, administrative, and support activities (e.g., help-desk calls related to hardcopy device downtime).

Improved information management through streamlined business processes can free all lines of business and IT to focus on addressing core business goals and needs. It allows organizations to focus on revenue-generating and customer-care activities, which are crucial in a recovering global economy. Organizations can also achieve sustainability goals by reducing environmental impact through lower use of paper and less waste from empty toner cartridges, etc. Furthermore, by cutting wasteful print and document management-related costs, organizations are financially able to retain or invest in employees to drive revenue, or, for governments, to provide critical services (e.g., hiring more police officers or teachers, retaining social services, etc.).

The market for outsourced print/imaging services will grow from \$23.4 billion in 2009 to \$29.4 billion in 2014 in the United States and \$31.7 billion to \$42 billion, respectively, worldwide. This growth is being fueled in large part by pent-up demand that is being met by leading MPS/MDS providers. These providers are bringing together industry-specific expertise, technology, and tools to optimize enterprise-wide document workflow and output in core business processes.

Many providers offer advanced capabilities such as housing data in the Cloud, which enables data to be accessed anywhere, anytime for improved productivity and information sharing. Many also provide access to mobile or remote workers along with the necessary security protection to safeguard sensitive data and intellectual property on mobile devices including smartphones, netbooks, tablet PCs, MFPs, on the Web or Cloud, and on printers, copiers, scanners, and fax machines.

Business Value of MPS/MDS

On-site or off-site, MPS/MDS streamlines document management and helps organizations understand and control their document life-cycle and output-related costs and assets. MPS/MDS's initial cost savings come from a more rationalized office print/copy/scan/fax environment, but should then move to an enterprise-wide focus that spans geographies and extends to the following areas:

- Print procurement (e.g., marketing collateral produced by a print service provider)
- Imaging/archiving (e.g., batch scanning of legal documents, customer contracts, invoices, etc.)
- Transformative business process document workflows (e.g., paper document reduction, paper document integration with digital workflows, structured and unstructured content capture)

MPS/MDS enables companies to easily scan information directly into enterprise content or document management systems, as well as consolidate traditional document distribution functions (e.g., scan, fax, etc.) into a single, versatile multi-function solution. Web-based document products or subscription services simplify, speed up, and secure the process of accessing, editing, and sharing documents online. They also reduce the costs of paper-intensive activities by minimizing or eliminating expensive manual processes (e.g., overnight mail deliveries, courier services, etc), making it faster and easier to

distribute documents to hundreds of recipients while reducing the need for in-house IT support and maintenance.

Leading-edge providers will customize a plan to address and optimize an organization's printing and imaging needs with a full suite of services, technology, and solutions that improve document workflow, productivity, and the end-user experience. For example, providers can help organizations identify underutilized or overworked devices, remove unnecessary systems, and make more cost-effective management decisions including restricting some device usage and redirecting jobs to more appropriate and inexpensive output devices to reduce output volume.

Providers can also ensure ROI and significant cost savings by changing the way companies and employees work with documents and output devices. Top-tier MPS/MDS providers ensure success by offering comprehensive change-management implementation along with specialists that provide best practices and expert advice to change work habits. These vendors can implement initiatives and programs to transition costly paper-based document handling and storage into electronic or Cloud-based storage solutions.

Equally important, MPS/MDS providers can alleviate concerns executives typically have about Cloud-based services (including document and printing services) being inherently risky for data privacy. These concerns are valid, particularly with employees using mobile devices, social networks, and hard-copy devices to access or transmit sensitive customer and business-critical data. However, providers have the technology, processes, and necessary staff to secure the network and end-to-end document output environment to protect data and customer privacy with the following features:

- Security monitoring
- Intrusion detection
- Hard-disk theft deterrents
- Audit trails for every document printed, scanned, copied or faxed
- Version control
- Secure in-house or Web-based storage
- Managed access by authorized users
- Corporate and regulatory compliance assurance

Selecting a MPS/MDS Provider

IDC research clearly shows that customers in mid-sized and large enterprises are increasingly aware of the opportunity MPS/MDS presents to better manage their documents and printing, but do not know what to look for in a provider to maximize results. Thus far, we have detailed what MPS/MDS can provide, from basic cost reduction around one's hardcopy infrastructure, to transformative document processes that help companies achieve their corporate goals. We turn now to considerations when selecting an MDS/MPS provider to ensure a successful engagement.

Enterprises want providers to demonstrate cost savings and to have vertical industry experience -- especially if the provider is going to develop business-process workflow solutions. Enterprises should seek a partner that can perform an upfront assessment that not only determines accurate enterprise costs, but goes beyond a simple walk-through and interviews. This assessment should include e-discovery of all devices (PC and network connected), all printing and imaging of documents, and industry-specific benchmark data. The assessment should also determine how to improve core

business-process document workflows -- e.g., the integration of paper and digital, the use of Web and Cloud services, and security practices.

IDC research finds a tight correlation between customer satisfaction and contract components that have service-level agreements (SLAs). However, enterprises should consider SLAs that go beyond the basics, and cover the more value-added, transformative elements of the contract. Enterprises also need a provider with IT capability to address security issues for documents, devices, and employee access, along with the ability to integrate MPS/MDS with other IT projects.

With more attention being paid to sustainable resources and carbon footprint, enterprises also want their MPS/MDS provider to have a sustainability strategy that addresses the entire ecosystem, from manufacturing and materials used in devices, ink/toner, paper, to recycling and disposal. The provider should be able to take sustainability to a new level by reducing paper in business-process workflows.

Finally, enterprises need a partner with change-management skills to help bridge corporate silos to ensure that proposed cost savings and benefits are realized.

In short, the MPS/MDS provider should be able to offer the complete package: innovative R&D and solutions that address critical IT trends in the Cloud, mobile workforce, security, remote management, sustainability, and transformative business-process workflows.

A B O U T T H I S P U B L I C A T I O N

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