The next frontier for managed print services

*How MPS will drive productivity and business transformation*

January 2013

The managed print services (MPS) market has matured since many organisations inked their first deal. Organisations moving beyond first generation engagements have often reached the end of their cost-cutting phase and are now looking for innovation to drive more business value.

MPS is extending beyond the enterprise print environment to address requirements of mobile and remote workers, as well as encompass IT infrastructure and business process outsourcing. By leveraging the synergies of managed print services (MPS), business process services (BPS) and IT services (ITS) through a single provider, enterprises can drive business process innovation that pays continuous dividends.
The next frontier for MPS

Driving business transformation

As businesses enter next generation MPS engagements, service providers are evolving their service breadth to include business process services (BPS) and IT services (ITS). The bar is being raised in terms of what businesses expect from their MPS providers. Next generation engagements are all about deep collaboration in order to deliver the continuous business improvement that today’s businesses are demanding.

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<th>Businesses are expecting more from MPS</th>
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<td>As the MPS market has matured, businesses are now looking beyond the cost savings and efficiency initiatives that can be gained from rationalising the printing infrastructure. MPS customers now expect innovation, industry expertise, customised solutions and a commitment to continuous improvement from their providers.</td>
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<th>Minimising ‘bad paper’</th>
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<td>MPS provides a way to move to a ‘less-paper’ environment through eliminating ‘bad paper’, such as the printing of emails, through a mix of analytics, print policy and change management. Equally, MPS can help organisations get more value from ‘good’ paper through digitisation and business process automation.</td>
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<td>More demanding buyers are now looking for total business impact and transformation, as well as partnering with vendors to boost value within their business. New opportunities exist to not only extend the scope of MPS engagements to encompass all aspects of enterprise printing (office, mobile, production and commercial), but also improve performance and the top line by outsourcing higher-value services such as IT operations and business processes.</td>
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<th>Leveraging MFP sophistication</th>
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<td>Multifunction peripherals (MFPs) are often underutilised devices in the office environment, yet have powerful document workflow capabilities that can be integrated with key business processes such as HR, legal, and finance and accounting. Leading MPS solutions allow seamless integration of MFPs with such vertical applications, optimising paper workflow and improving productivity.</td>
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<th>Providers need to demonstrate industry and domain expertise</th>
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<td>As MPS evolves and matures, providers need to deliver higher levels of business value. Part of this is the ability to use deep industry knowledge to drive strategic business outcomes. Companies need more than outsourced services; they need a provider that is aligned in its understanding of its customer’s long-term business goals.</td>
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<td>A single service provider is able to apply its greater scale, best practices, cost efficiencies and technological capabilities, allowing its customer’s internal resources to focus on its core capabilities that can further differentiate and expand its business. Such large-scale, next generation engagements typically prompts wider executive participation in shaping a deal – moving MPS beyond the remit of the CIO to the CFO and CEO.</td>
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Conclusion

The MPS landscape has evolved significantly over the past decade. As core services have become increasingly commoditised, leading providers are looking to differentiate through enhanced services such as BPS and ITS. In the long term, those providers who can support innovation and offer industry-specific business insight will be best positioned to help their customers drive greater business value and sustained long term performance.
Introduction

Printing remains a core element of many business processes yet, left uncontrolled, it can lead to escalating costs – both financial and environmental – as well as exposing an organisation to potential document security risks in today’s age of governance and compliance. Meanwhile, growing enterprise mobility and the consumerisation of IT are having a profound impact on the printing landscape. Tablets and smartphones are changing attitudes to printing with tablets, in particular, becoming an acceptable alternative for document viewing and sharing. Cost, security and mobility are now key trends that are reshaping MPS engagements, which must now reach all corners of an enterprise, not just the confines of office printing.

Over the past decade, many businesses have turned to managed print services to help them reduce cost, improve productivity, enhance compliance and achieve environmental sustainability. As managed print services (MPS) contracts expire, enterprises must decide whether to renegotiate — or retire — existing MPS agreements. MPS is changing on multiple fronts with the key driver being a shift in goals. In the aftermath of the MPS boom, the low-hanging fruit has been picked with many (but not all) organisations reducing costs and improving productivity. Yet the pressure continues for businesses to cut more costs, gain more business efficiencies and drive innovation.

As MPS providers and their customers have gained experience and relationships have matured, we are seeing the emergence and implementation of the second and third generation of MPS engagements. More demanding buyers are now looking for total business impact and transformation, and partnering with vendors to boost value within their business. New opportunities exist to not only extend the scope of MPS engagements to encompass all aspects of enterprise printing (office, mobile, production and commercial), but also improve performance and the top line by outsourcing higher-value services such as IT operations and business processes.

Consequently, some large enterprises are using a single provider to address their MPS, business process services (BPS) and IT services (ITS) needs. A single service provider is able to apply its greater scale, best practices, cost efficiencies and technological capabilities, allowing its customer’s internal resources to focus on its core capabilities that can further differentiate and expand its business. Next generation MPS is a transformative step, moving beyond traditional MPS. This requires a change of mind set, but those smart organisations that have managed to take that step realise it can spur a cycle of innovation that reaps benefits far outstripping simple cost-savings alone.

This independent Quocirca paper will explore the characteristics of next generation MPS and recommends best practices that enterprises should consider.
Moving beyond MPS

Globalisation and intense economic pressures are driving more companies to outsource non-core activities, such as printing, to help minimise their cost structures. Many companies now view MPS as a key component of their overall business strategy, and the market continues to gather momentum. Quocirca estimates that around 50% of enterprises (with over 1000 employees) have adopted MPS, with over a third having used MPS for more than three years.

Today, most MPS offerings claim to save customers between 10–30 per cent by reducing and consolidating total print devices. Whilst cost reduction remains a key imperative, other factors such as the consumerisation of IT — driven by a more demanding mobile workforce, increased regulatory and security challenges and growing environmental mandates — have prompted many companies to take a much more aggressive look at their business models.

Whilst first-generation MPS has been aimed at rationalising and standardising the print environment, next generation MPS builds on this practice by off-loading non-core business processes such as IT, accounting, payroll, HR and other processes specific to particular industries. Transferring these tasks to an outside service provider can help boost an organisation’s productivity, standardise processes, cut costs and improve compliance with regulatory mandates.

Outsourcing these areas can also free relevant departments to gain a more focused business strategy aimed at providing greater business value and accelerating how the organisation achieves its goals. As such, next-generation MPS is designed to deliver business transformation through innovation and business process improvement, shifting the relationship between the provider and customer from trusted supplier to a vital business partner. Some key benefits of broader outsourcing engagements include economies of scale, process transformation, better performance visibility, access to best practices, process standardisation, process flexibility and, ultimately, an increase in shareholder value (Figure 1).

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Figure 1. Beyond MPS
Joining the silos with next generation MPS

A global enterprise MPS strategy means managing print across all environments – office printing, mobile printing and production printing. Integrating these silos provides a holistic view of enterprise printing which can be managed and measured effectively.

Quocirca broadly categorises next generation MPS engagements to include the following elements:

- **Optimised enterprise printing:** An optimised print infrastructure reduces costs, minimises risk and supports corporate sustainability goals. Through rationalisation of the existing office printer fleet, energy efficient printers and MFPs can be deployed, with lower up-front and on-going cost savings.

- **Document security:** Secure printing solutions such as pull-printing, which release print jobs upon user authentication, ensure document security and also provide audit trails to maximise security and compliance with regulations such as MiFID, Data Protection laws and Basel II. Secure printing not only enhances document security but also reduces paper wastage.

- **The print room:** Print rooms are challenged with keeping devices running and productive whilst meeting faster turnaround times. Print rooms face constant battles of downtime and peak loads as they may run at full capacity, but only for part of the day, week, month or other cyclical period. Such poor device utilisation can be costly, yet few organisations effectively optimise utilisation of production devices. Whilst the different stakeholders involved in print room decisions, such as facilities and IT, have inhibited joint print room and MPS contracts, there are a number of efficiencies that can be gained through an integrated approach. For instance, integrated job submission tools enable the redirection of jobs to the most appropriate devices – so print jobs are redirected to more cost-efficient print room devices away from office workgroup printers. This improves device utilisation and also the cost-effectiveness of the print room. There is interest in combining MPS and print room contracts, with 15% already doing so and 22% investigating or planning to investigate using a single provider for the print room and office environments.

- **Mobile print:** The consumerisation of IT, due in part to ‘bring your own device’ initiatives, is accelerating the adoption of smartphones, tablets and other mobile devices in the workplace. Consequently, the print infrastructure must extend to the mobile worker. Whist tablets are now commonly used to view and share documents as an alternative to printing, there is also a need to provide quick and flexible printing from mobile devices. Quocirca’s research reveals that there is certainly the appetite for mobile printing, with almost 60% of respondents stating that their organisations would like to print from their mobile devices, with around 25% currently investigating mobile print solutions. To ensure mobile printing is accounted for, buyers should consider an MPS provider that offers mobile device management along with integrated solutions for secure mobile printing that can be tracked and managed through enterprise reporting tools.

- **Commercial print procurement:** Large enterprises may often outsource all their production printing of marketing collateral, brochures, company reports and so on to external printers. However, gaining control of externally-procured print spend can be a challenge as it tends to be a fragmented, unmeasured process undertaken by a large number of individuals, usually as an incidental part of their main job. Printed material is often commissioned by employees with little or no formal experience in buying print. With no central coordination, complex print specifications and spend information is inconsistent – or usually not available at all. Consequently, it is almost impossible to enforce procurement compliance, negotiate best prices and manage the print supplier base. An MPS provider can provide fully centralised print procurement services that provide control and visibility of external print spending.

- **Business Process Services (BPS):** Next-generation MPS helps businesses transition to a ‘less-paper’ office. This can be achieved by minimising or eliminating the printing of ‘bad’ paper, such as emails, through a mix of detailed analytics, print policy and change management. Areas such as payroll, claims, mortgage processing and accounts payable are full of time-consuming, transaction-based tasks that can stifle productivity and innovation. Leading MPS providers offer such BPS as part of wider MPS engagements and can often leverage existing investments in multifunction peripherals (MFPs) by utilising sophisticated document capture and routing features. For instance, providing medical forms processing capability directly from an MFP helps accelerate document capture and digitise paper-based workflows into critical back-end healthcare applications. Quocirca’s research shows a strong interest in using a single provider for MPS and BPS. While less than 5% currently use their MPS provider for BPS activities, almost 40% of large enterprises plan to investigate this approach.

- **IT Services (ITS):** This tends to be most effective when offered as a set of discrete services – for example print server/queue management, or help desk integration. Leading providers adopt the ITIL (information technology infrastructure library) service delivery framework, which covers best practices for activities such as assessment, planning, design, implementation and change management. Quocirca’s research revealed that 30% of enterprises are investigating using a single provider for both MPS and ITS.
As businesses move into second and third generation MPS contracts, extending the scope to encompass all enterprise printing will help to ensure the holistic control of printing wherever it occurs in the enterprise. Even wider benefits, in the form of cost efficiencies and productivity improvements, can be gained by broadening the scope to include business process improvement and IT service management (Figure 2).

![Figure 2. Elements of Next Frontier MPS](image)

**Case study: Healthcare business process improvement**

**Background**
Worcestershire Acute Hospitals NHS Trust manages three hospitals that serve a population of 550,000 in England. The quality of care it delivers to each patient depends fundamentally on the availability and completeness of the patient’s record, held in the Trust’s central library in more than a million paper files.

**Business challenge**
Some 60 records management staff struggled with 10 different legacy filing systems to respond to thousands of requests for patient records every day. Unsurprisingly, records didn’t always get to those who needed them on time. Inevitably, 1–2% of records would go missing through being misfiled or never making it back to the library. Too often, Worcestershire NHS staff had to cancel appointments when records couldn’t be found; and there was an ever-present risk of errors in diagnosis or treatment due to incomplete records.

**Solution chosen**
The Trust decided to outsource its record transformation project because it didn’t have the capital budget to invest in new systems and it wanted to focus its tightening operational budgets on healthcare, not records management. Xerox was chosen in 2009 after a careful two-year negotiated tender process that started with more than 100 responses.

A three-phase project was outlined. First Xerox took over the Trust’s existing operation and staff. In phase 2, completed a year later, Xerox overhauled the Trust’s records management function to fully comply with health and safety regulations and turn the paper-based system into one that meets clinical needs. The Trust implemented an electronic document warehouse management system that uses barcodes to help reliably shelve and find files in the library. The Trust trained the records management staff, introduced new roles and rationalised their file request and distribution processes.

**Benefits gained**
The Trust has not received any complaints from medical staff since records management was outsourced to Xerox. Another key measure of success is that more than 7,500 records previously deemed misfiled or lost have been located. The staff transferred to Xerox have learned new skills and have opportunities for career development within and beyond the Trust.

The Trust gets a continually improving service, measured against advancing targets, without the cost of managing a traditional blame-heavy supplier relationship. As well as giving hospital staff a service that actually meets their needs, an expected £2m will be saved on records management over the ten years of the contract.

By the second half of 2010, the Trust was ready to start digitising records management. In phase 3 of the project, Xerox will scan the Trust’s paper records and make them available electronically. The transformation project is on course to fully digitised records, trust-wide.
Case study: Global print and IT transformation

Business challenge
A global utilities organisation was challenged with driving cost reduction across all non-core back office activities. As part of a range of company-wide IT projects, which included IT infrastructure, data centres, desktop and the network, the company was looking to modernise and optimise its out-dated print infrastructure. Its printer fleet was spread across a wide range of sites and locations form large offices to sub stations and field stations. The company needed to address cultural change as user to device ratios increased significantly as a result of the large unmanaged printer fleet, which also had implications on the company’s environmental impact.

Solution chosen
The company selected a Xerox global managed print service to manage over 100 US and 200 UK locations. This encompassed a comprehensive print assessment using discovery and analytic tools to fully analyse the existing printer fleet, workflow and processes and recommend a device optimisation plan. As a result, the company’s fleet of approximately 4,000 devices was reduced to approximately 2,000 energy efficient devices.

The move to a shared printing environment also meant that the company needed to improve its document security controls. To address both security and cost recovery, Equitrac’s ‘follow-you’ secure print and cost recovery system was deployed across all locations. This allows users to release documents upon authentication at an MFP whilst also providing centralised visibility of print cost and usage.

Global and consistent service delivery is delivered through Xerox Global Delivery Centres, which integrates with the company’s service desks, which offer first line support. Xerox manages all print server implementation and the company plans to move to a cloud solution once physical servers have reached their full bandwidth capacity.

Benefits gained
It is predicted that the company will gain a 20% cost reduction through the deployment of Xerox managed print services. The reduction to approximately 2,000 devices from approximately 4,000 has helped reduce environmental impact as well as drastically reduced user to device ratios. Now, 15–25 users share one device compared to four users sharing one device previously. Through the use of an optimised energy-efficient printer and MFP fleet, the company has also reduced its mono and colour page costs.

Xerox will work with the company to continuously adapt the MPS as business needs change. Future innovations, including mobile printing capabilities, are currently under discussion.
Recommendations

Managed Print Services (MPS) is clearly moving up the value chain towards innovation and business process improvement. Consequently, today’s new breed of collaborative MPS providers base their relationships on clearly defined business benefits, shared risks and rewards, and increased transparency with regard to pricing, strategic planning, and joint governance.

Today, the best MPS providers are leveraging customer analytics, technologies such as software-as-a-service (SaaS), cloud computing and mobility, which are catalysing further evolution of MPS.

As businesses prepare for renewal or seek more advanced MPS engagements with providers, they should consider these factors:

- **Partnership and innovation.** Look for a service provider willing to be a true innovation partner. Growing MPS provider capabilities in delivering innovation services will provide clients with new sources of savings that requires client/industry specific knowledge. Look to work more collaboratively with the provider to build sustainable solutions from a process and technology perspective. Everyone at the MPS provider, from CEO down, must be service oriented. The provider’s senior executives must remain interested in the client’s business over the long term, not just during the contract period.

- **Pricing.** Whilst price is always important, there is only so much a buyer can squeeze without sacrificing quality. Bear in mind that second generation contracts are about improving service delivery, managing risk and positioning the business for an uncertain future.

- **Flexibility.** As a business continually adapts to the marketplace, next generation MPS agreements should be adaptable as well – in terms of the commercial offering, contract terms, staffing and delivery location. When agreeing on the service offering, negotiate for the flexibility to incorporate new solutions. For example, next generation MPS may look to take advantage of evolving technologies such as software as a service (SaaS), web-based technologies, open standards, cloud computing, business intelligence and ITIL-based process methodologies to ensure that business objectives continue to be met throughout the duration of the contract.

- **Mature service level agreements.** Next-generation SLAs are based on business drivers, and have to be driven by the value associated with them. SLAs have to be flexible, and the MPS provider must use analytics to be able to advise on future needs with sufficient notice – and to offer a range of different approaches based against the customer’s own risk profile, balancing risk, cost and perceptions of added business value.

- **Mature program governance.** This is the most important differentiating factor between first- and next-generation MPS. A strong alignment is required between the strategy and operational aspects of solution delivery to ensure that business goals and objectives are realised. Continuous improvement and best practices focus must be integral to the MPS provider and inherent in the expectations set out in the contract. Much of this relies on robust business intelligence, which provides comprehensive analytics across print related business processes.

- **Business and process knowledge.** The service provider must understand the customer’s industry to successfully deliver the required service. It should be equipped to align IT strategies and applications with business, industry and market concerns.

- **Proof of concept.** Next generation MPS providers must be able to deliver a proof of concept (PoC) to demonstrate the feasibility of the full range of services while committing to deliver identified benefits.

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**Benefits of using an MPS provider for BPS and ITS**

- Streamlines procurement and contracting
- Simplifies the governance process
- Reduces duplicate management layers, processes and costs
- Mitigates delivery risk through simplified points of contact
- Achieves operational synergies

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Conclusion

The MPS landscape has evolved significantly over the past decade. As core services have become increasingly commoditised, leading providers are looking to differentiate through enhanced services such as business process services and IT services.

The original benefits of MPS have not lost their appeal. Cost-saving and improved efficiency still matter, but these are now standard expectations. The enhanced expectations that clients have of their MPS providers are increasingly more ambitious than ever – for example, improving financial flexibility, driving free cash flow, increasing market penetration, expanding in emerging markets and strengthening customer satisfaction.

The road may get bumpier for those providers who do not offer the industry-specific knowledge that business transformation demands. Those providers that can support innovation and offer industry-specific business insight will be best positioned to help their customers drive greater business value and sustained long term performance.

References

1 Quocirca Enterprise MPS Study, April 2012. 100 respondents UK, France, Germany and the US
About Xerox Managed Print Services
Founded on rigorous, data driven Lean Six Sigma-based methodologies, Xerox’s Managed Print Services offerings help customers gain visibility and control of their spending. This helps them free up budget for innovative projects that improve efficiency and drive competitive advantage.

From small businesses to global enterprises, Xerox optimises the use of multi-vendor output devices while delivering change management support so customers can successfully adapt to new technology and streamlined work processes. Xerox also helps clients meet sustainability goals by reducing paper use, decreasing power use, and eliminating landfill waste.

About Quocirca
Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first-hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets. Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation’s environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to provide advice on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca’s mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time. Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

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