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Managed Print Services Beyond the Day-to-Day Business

Interest in Managed Print Service programs (MPS) is increasing due to the necessity of cost savings, increasing printing complexity and changing customer needs. The ultimate goal is to help a customer achieve his targets – and the resulting spin-off of customer binding to his vendor.

MPS, or fleet management, refers to the outsourcing of a company's imaging products. It is an offer from the vendor to take-over certain services which were previously carried out by the customers' staff. The depth of outsourcing can range from simply purchasing all consumables from one source, to having a vendor employee on-site to manage an entire fleet of products.

Maintenance, printing and staff cost reductions as well as control of resources are initially the two main reason why a company installs a MPS, explained the Lexington, Kentucky, USA based company Photizo Group, LLC in a study on the emerging global MPS business. Only after these needs are satisfied is an end-user company usually interested in focusing on business process improvement in their organisation.

According to Photizo's study, there are three stages in a customer's adoption of MPS. In stage one, the customer wants to simply grasp control of his fleet, identify all costs and centralise decision making. In step two, the customer wants to optimise the fleet by installing the right devices in each work environment. In stage three, the customer wants to enhance his business/work processes by adding new capabilities to his hard copy fleet. The study found that most vendors are focused on offering their customers stage one and two MPS solutions – which is also typically a customer's first or second MPS contract.

"The MPS market is shifting to an IT-controlled, printer-based, MFP-centric environment. Since MPS contracts typically cover an entire fleet, this has significant consequences for vendors who are behind the curve with their IT-penetration, such as those who have traditionally sold through the copier channel," commented Photizo CEO Edward Crowley.

The Photizo Group estimates that the MPS market is growing over 23 percent annually and that by 2012; around one third of all hardcopy output devices will be under an MPS contract. This high MPS coverage is not surprising, considering the cost saving which MPS promises customers. The Gartner group estimates that the cost of print can be as much as three percent of a



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company's revenue and even calls it "the last great area of uncontrolled costs". Another study showed that improved work routines alone save 20 to 30 percent of printing costs.

Concepts such as total cost of ownership (TCO) or cost per copy (CPP) do not tell the whole story about a system's efficiency – that is if the system incurs increased costs within different areas in the company. Even technically highly productive machines become inefficient if they are no longer used as designated, as in cases caused by a company reorganisation or when human resources are squandered when employees carry out tasks unsuited to their qualifications.

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The key to this problem is change management, or simply a refocus from product to customer. A vendor's refocusing answer is increasingly becoming MPS. Vendors know that a customer is no longer satisfied with just a state-of-the-art product – they also want constant and all-around support before they are willing to undergo a long-term relationship with a vendor for their fleet.

A number of manufacturers are offering MPS already to their customers. Canon has fine-tuned its printer and MFP sales and marketing model, steering in a new direction with the recent introduction of its own MPS program. As with other MPS programs, such as Lexmark USA's Fleet Manager, (-> INFO-MARKT No. 8/2008) Canon's MPS concept is multi-vendor so that competitor models can be included in this program.

Just recently, Ricoh Germany announced their customized, eight module encompassing document management strategy called "Managed Document Services (MDS)". Hewlett-Packard launched their MPS already in 2003 and a few months ago reported that they quadrupled the total contract value of their MPS program.

Canon's MPS offer is modular in that a customer can pick and choose the services they would like Canon to take-over. The offer includes status analysis, priority identification, implementation, management and constant monitoring in the areas of consumables management, process optimisation and refinancing. If Canon manages an entire machine fleet – or in-house printing system – at the customer site, then a designated Canon customer service manager is assigned.

As Andy Vickers, Managing Director, Canon UK and Ireland commented at the start of Canon's MPS program: "Print isn't necessarily your core business, but it is ours."



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