

Ricoh Managed Print Services Helps a Global Pharmaceutical Company Optimize Print Infrastructure

An IDC Managed Print Services Case Study

THE RESULTS

- ▶ 30% reduction in overall infrastructure cost
- ▶ Consolidation and optimization of devices while providing robust end-user functionality

THE COMPANY

A leading pharmaceutical company with operations in 40 U.S. locations and 37 countries worldwide

BUSINESS PROBLEM

High costs and inefficiency resulting from a general lack of coordination within the company around purchasing, managing, and supporting output devices

THE SOLUTION

The company contracted with Ricoh to implement a global outsourcing solution covering 40,000 worldwide employees

WHY RICOH?

Higher guaranteed cost savings; track record for global synchronized delivery and multifunction peripheral (MFP) fleet management; superior service-level agreements (SLAs)

EXECUTIVE SUMMARY

IDC, through ongoing research, has monitored the success of multiple companies that have benefited from the adoption of outsourced managed print services. This new delivery model continues to be an important focal point for enterprises looking to reduce IT costs while maintaining a feature-rich print infrastructure for their end users. Ricoh Professional Services has applied its broad portfolio of capabilities to outsourced contracts. This case study of a major multinational pharmaceutical company and its selection of Ricoh as its outsourcing partner yields the following key findings:

- What started as a simple bid to replace a fleet of analog copiers with MFPs has grown to become a major initiative by the pharmaceutical company to outsource its print infrastructure in a series of calculated phases.
- Within a contract term of eight years, the company, with the support of Ricoh Professional Services, has deployed a worldwide print infrastructure that has both reduced and optimized the number of devices while providing robust end-user functionality to its 40,000-person workforce operating in 40 U.S. locations and 37 countries.
- The company, through its outsourcing partnership with Ricoh, reduced its overall infrastructure cost by approximately 30%.
- The company is currently pursuing a number of initiatives to extend the capabilities of the infrastructure to meet current and future document processing requirements.

SITUATION ANALYSIS

Historical Overview and Challenges

As a multinational corporation, the company operates in 40 U.S. locations and in 37 countries worldwide. Starting in 2003, the company faced a number of key challenges relative to its output infrastructure. Purchasing decisions for output devices were segmented and in most cases not coordinated. Facilities management was responsible for purchasing and managing both copiers and fax machines. The IT department was responsible for all networked printing devices. Individual departments purchased individual PC-attached printers at their discretion. This lack of coordination was evident in the deployment of approximately 3,500 personal printers; 700 standalone copiers; and a mix of networked printer brands.

The company first focused on replacing its existing fleet of 700 standalone copiers, believing that the cost of the devices was too high relative to the benefit that they provided. In coming to this decision, the company was seeking to replace the existing fleet with new MFPs that would continue to provide copy functionality but would also enable end users worldwide to utilize additional output capabilities. In addition to the decision to move to MFP platforms, the company was evaluating the benefits of engaging hardcopy vendors in an outsourcing arrangement for the MFP devices.

Outsourcing Decision and Requirements

The decision to outsource its entire output infrastructure was made gradually through a series of phases started by the company in 2003 and resulted in its current print services partnership with Ricoh Professional Services. These phases included:

- Phase I: Decision to move to an MFP infrastructure
- Phase II: Evaluation of the company's color devices and a planned approach to replace and upgrade
- Phase III: Replacement of standalone analog fax machines with a fax server infrastructure that could be tied to the company's networked MFP fleet
- Phase IV: Consolidation of the company's black-and-white printer fleet from multiple brands to two brands that would then be managed by the outsourcing vendor

To kick-start the phased initiative, the company assembled an internal team that consisted of multiple representatives from various functional areas who would bring unique perspectives to both the decision to outsource and the vendor selection. The assembled team included the following:

- IT was chartered with assessing the impact of the MFPs on the network. IT also understood the value of centralized management of budgets and the impact of centralized control.
- Purchasing participants were asked to provide ROI insight into the adoption of a managed print services contract.
- Representatives were also called upon from both Facilities/Operations and Engineering to assess the operational requirements required to deliver managed print services and also to identify any unique printing requirements found in various divisions. Specialty printing included thermal printers; MICR printing for checks; and support for host, SAP, and AS/400 print streams.

The assembled team then worked to develop a comprehensive request for proposal (RFP) that was issued to seven leading hardcopy vendors. The geographic deployment for the contract included the United States, Puerto Rico, and Canada. The scope of the formal RFP consisted of several requirements and was broken down into four key components:

- **MFP platform.** The major thrust of the RFP was to replace existing standalone copiers with MFP devices in order to provide broader output capabilities for end users. The MFPs required support of multiple operating systems and network protocols, PostScript and PCL, and a robust set of output features including duplex, collate, and edge-to-edge printing. In addition to the output features of the platform, the company requested that the scanning services on the platform provide scan to email, fax, and file directories. Images captured on the devices needed to be compressed in order to minimize network traffic impact. Integration with the company's directory services (LDAP) was also required.
- **Site assessments.** As part of the implementation process, each vendor would be required to perform site assessments at no cost to the company. These assessments were required to establish an asset database that would be used to monitor fleet performance and to facilitate the planning and installation process.

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- *Service delivery requirements and support.* Within the RFP, the company laid out a comprehensive list of services and support requirements that the vendor would need to meet. These requirements included:
 - ▶ The vendor would be required to manage the entire life cycle of its devices, including installation, moves, removals, and disposition.
 - ▶ Service levels associated with installation, management, and break/fix associated with the hardware were set to specific tolerances ranging from 85% to 98%.
 - ▶ Help desk support for the MFP fleet would need to be tied into the overall IT infrastructure help desk, which was managed by EDS. Specific response times and escalation processes were defined.
 - ▶ Onsite training and ongoing end-user support plans were also defined as part of the service delivery. Device training would need to be provided to all end users, and specific "concierge" services were requested for senior management.
 - ▶ A consumables program, excluding paper, was an integral part of the service delivery. The selected vendor would be required to identify all of its sourcing relationships in order to maintain an uninterrupted flow of supplies for the fleet.
 - ▶ A unique request for technology advancement required bidders to describe three innovation services programs that they believed would benefit the company and provide the rationale for the proposal and expected benefits outcome. In addition, as part of the ongoing contract, vendors would be required to provide a technology appraisal of market innovations on a semiannual basis. These reviews were intended to keep the company abreast of new technologies and process improvements that should be considered to maintain the efficiency and cost-effectiveness of the output infrastructure.
- *Reporting and contract management.* Because an outsourcing model was being requested from bidding vendors, the company established a rigorous set of requirements specific to the management and operational aspects of the contract. Specifically, the RFP called for:
 - ▶ A consolidated billing scheme reflecting color and mono impressions that would be both detailed and tied to the asset management database
 - ▶ A reporting process, delivered on a monthly basis, that identified key contract measurements, including performance against SLAs, end-user issue resolution times, equipment call history reports identifying the number of incidents and fix rate response times, and achievement of monthly goals and objectives

Decision-Making Process

After a comprehensive RFP process, Lanier, a wholly owned Ricoh subsidiary since 2001, was selected as the vendor to replace the existing copier fleet with MFP devices. A combination of a robust MFP platform and a professional services organization seasoned in managing output devices was a key reason for the selection of Lanier. The contract was later transitioned to Ricoh, which had merged Lanier's outsourcing organization into a single Ricoh delivery organization under Ricoh Professional Services. The length of the original contract was three years.

Solutions Profile and Implementation Strategy Delivered by Ricoh Professional Services

In discussions with the company, IDC identified several key criteria that the company utilized in the Ricoh selection. First and foremost, the Ricoh contract submission identified guaranteed cost savings for the company that exceeded those proposed by the other bidding vendors. Second, Ricoh's track record for global synchronized delivery and management of the MFP fleet carried additional weight in the company's decision. Third, the company stated that Ricoh provided the best SLAs in its contract.

As mentioned earlier, the outsourcing implementation strategy was built upon a phased approach, with the installation of the MFP fleet being the first phase. Upon receipt of the award, Ricoh (formerly Lanier) assembled a team of professional analysts and project managers to manage the copier fleet replacement. Ricoh replaced the existing fleet of standalone copiers, 700 in all, over a relatively short period of time, 60 days. This was a significant accomplishment due to the three geographic areas that the contract covered. Over the course of the three-year contract, Ricoh deployed additional MFP devices in other geographic regions. In 2005, the implementation went global as the company awarded a five-year contract to Ricoh as the sole outsourcing supplier for MFP devices.

From 2005 to the present, Ricoh has broadened its responsibilities under the contract and addressed the follow-on outsourcing phases that the company wanted to pursue:

Ricoh has delivered a variety of unique solutions that have improved the efficiencies of the output infrastructure, including deployment of Ricoh's GlobalScan portfolio to leverage the scanning utilities on the company's managed MFP devices.

- Ricoh performed an assessment of color devices and then proposed Ricoh-branded MFP color devices to replace and optimize the installed fleet.
- Ricoh assessed the deployment of analog fax devices and found that the company was spending an inordinate amount of money on these devices. As a solution, Ricoh recommended the deployment of Open Text's RightFax application (formerly Captaris RightFax) as an integrated solution that would help the company scan documents from the MFP devices as well as enable desktop users to submit and retrieve electronic faxes. This initiative resulted in the replacement of over 800 analog fax devices companywide.
- Ricoh also performed an analysis of the company's network printer infrastructure of black-and-white printers. Ricoh utilized special discovery software to identify the various types, brands, and locations of networked printers and proposed a consolidation of the various branded installed fleet to just Ricoh and one other brand.

In addition to working closely with the company in executing the outsourcing phases, Ricoh has delivered a variety of unique solutions that have improved the efficiencies of the output infrastructure. These additional offerings included:

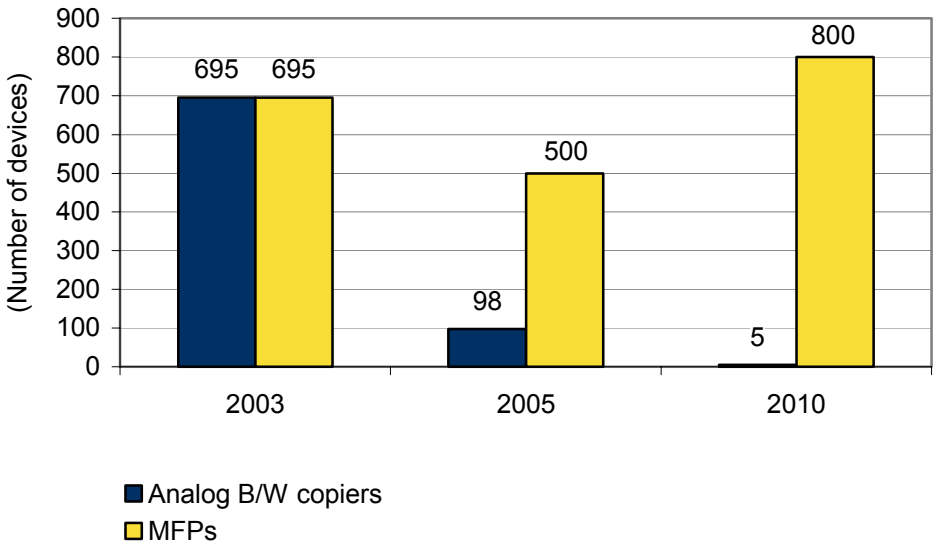
- Deployment of Ricoh's GlobalScan portfolio to leverage the scanning utilities on the company's managed MFP devices
- Remote diagnostic and management services to help address print-centric help desk calls
- Special printing capabilities for unique applications, including 1D and 2D barcode printing for the company's SAP enterprise implementation as well as MICR printing for checks

Ricoh spearheaded additional initiatives that have had positive impacts on the company. Most noteworthy was Ricoh's support of a corporate initiative to curb the utilization of personal printers. As IDC has reported, the utilization of personal printers by corporations is extremely costly and their removal from the print infrastructure is a quick way for companies to realize immediate savings. Understanding this situation, Ricoh helped the company first evangelize the value of utilizing MFP devices and then craft a corporate policy that required individuals to justify their need for a personal printer to the chief financial officer. Implementation of this policy alone helped the company reduce requests for personal printers from approximately 3,500 per year prior to 2005 to only 75 in 2010. Additionally, Ricoh has helped the company to improve business processes. For example, scientists and analysts who work in "clean" rooms typically had to wait until they left the room to print, file, and exchange reports with colleagues. Today, these employees scan notes from their research from within the "clean" room and distribute their findings in one step.

BUSINESS RESULTS

The pharmaceutical company has experienced significant cost reductions over the two contracts with Ricoh that now span eight years. What started out as an initiative to replace 700 analog devices with MFPs for specific geographic areas is now a global outsourcing implementation that supports 40,000 employees located in 40 U.S. sites and 37 countries. The company estimates that the contract has delivered between 25% and 30% savings since its inception. These savings have been realized primarily from the consolidation and optimization of the output infrastructure (see Figures 1–3). The transition from standalone black-and-white copiers to MFP devices has enabled the company to provide end users with more functionality. The 2003 figures represent the one-for-one replacement of analog copiers with MFPs. The increase in the number of MFP devices from 2005 to the present reflects the globalization of the contract.

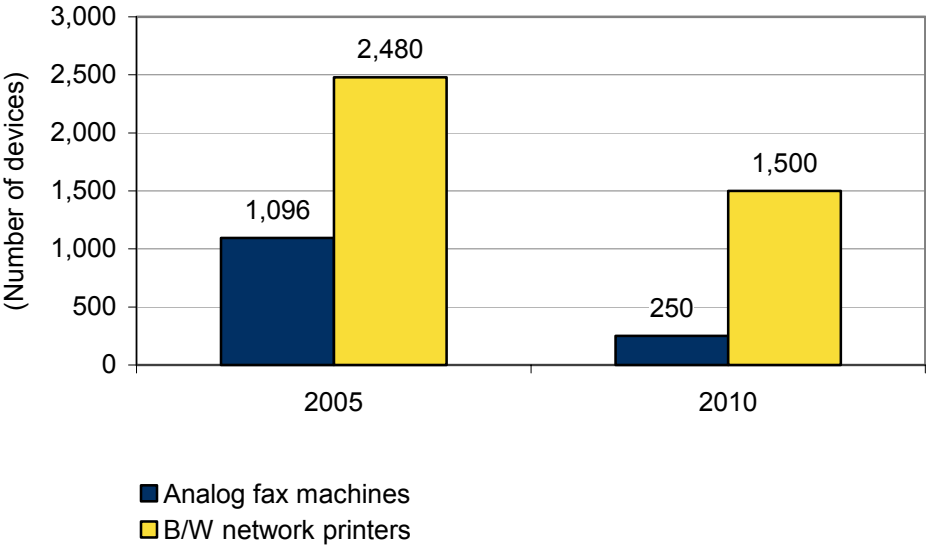
**Figure 1
Fleet Optimization: Analog B/W Copiers and MFPs**



Source: Customer Data

Cost savings were also realized from the reduction in the number of analog fax machines and the reduction of the number of brands supported for black-and-white networked printers. Consumables for analog fax machines were reduced, and the consolidation to two network printer brands enabled Ricoh to reduce toner supplies.

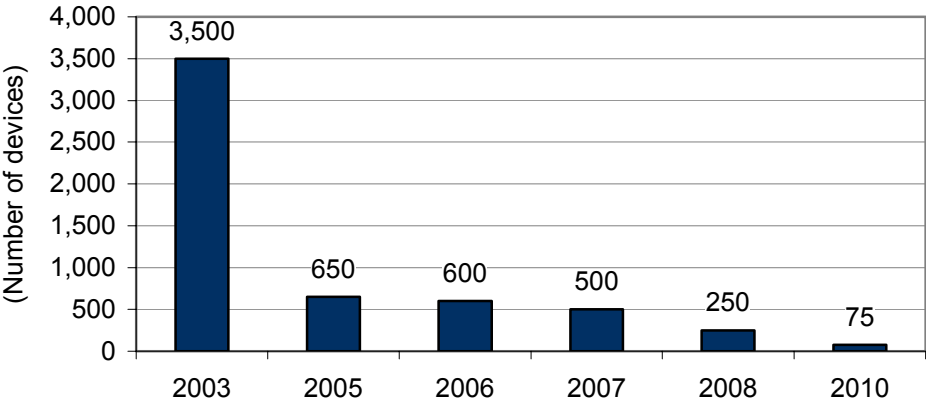
Figure 2
Fleet Optimization: Analog Fax Machines and B/W Network Printers



Source: Customer Data

The dramatic drop in requests for personal printers reflects the change in corporate culture from personalized devices to shared, more functional MFPs.

Figure 3
Fleet Optimization: Personal Printers



Source: Customer Data

Beyond the numbers, the Ricoh outsourcing engagement has yielded significant gains for the company. Operationally, end users now have a much broader set of capabilities in printing and delivering their documents. Additionally, with the implementation of the outsourcing contract, help desk calls for print-centric issues have been reduced, and the company, through various end-user polling, has found a high level of satisfaction in the user community.

CASE EPILOGUE

The value of the managed print services outsourcing contract has had significant impact on the company, and future plans are now being developed to focus on continuous improvement and optimal leverage of the installed fleet. The company is undertaking, with Ricoh as its partner, a number of new initiatives that it believes will foster its momentum. These initiatives include:

- Evaluating business rules that would be applied to print policies to automatically implement duplex printing and manage access to color output devices
- Extending user support to enable satellite offices and remote users to better utilize the output infrastructure
- Evaluating additional business processes that would benefit from the Ricoh GlobalScan services that are being deployed on the MFP devices (A targeted area is integration of the scanning with Microsoft SharePoint.)

In the final analysis, the company has benefited significantly from the Ricoh partnership and has publicly attested to the benefits of the relationship at multiple public forums.

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