Take Printing under Control! MPS – The Way to Boost Productivity and Reduce Costs

Office printing is an integral part of expenses, be it with a large or a small company. On average it is 1-7% of the company's budget. Maintenance, cartridges, and paper – all of these require considerable amount of money. However, office printing is not always kept on a good level. How to combine 'cost' and 'quality' in this field?

For many companies the convenient solution was found in MPS services – integrated management of office printing infrastructure. Today it is new and perspective area. So, what is MPS?

Managed Print Service (MPS) is an outsourcing of all processes related to office printing. Unlike one-time or regular (subscription) working printing fleet support, MPS services include processes that provide uninterrupted quality printing together with cost reducing. Those processes are:

- Audit of all printing-costs at a point of MPS transition;
- Supplying and installment of consumables;
- Whole fleet maintenance, repair or replacement of malfunctioning equipment;
- Providing control and statistics concerning number of prints and other printing-related expenses;
- User-access management;
- Providing data security during printing;
- Optimization of printing fleet and its placement within office area;
- Customers regular support service.

The main criterion of price-forming in MPS-segment is an average cost of a print. And the most wide-spread form of payment with these contract types is per-page-payment. Besides, there is another radical distinction, namely, passing of the responsibility for office printing processes and documents workflow onto a provider. In another words, the provider becomes responsible for optimal printing organizing.

This pattern of work makes this segment transparent for a customer despite the 'printing-is-costly-and-hard-to-control-field' myth. Even now many customers build their budget based on their previous experience and assumptions. The primal task of MPS is to give a clear picture of how much money is spent and for what. Then the solutions are offered to customer on how to reduce printing costs and raise the effectiveness.

MPS – Emergence on the Market and Development

Since the moment of their emergence copiers were sold together with cost-per-copy (or service) contracts, because they were very costly and required continuous and qualified maintenance. But the time went on, and Canon together with HP created first all-in-one cartridges that didn't require servicing and consequently cost-per-click-contracts. Users started to buy personal printers and cartridges separately. This was called transactional mode of partnership. With a passing of time the volume of printing for cartridge-machines exceeded the volume for traditional models. Due to this there were a number of changes in a way of doing business. In the mid-90s the main market players decided to bring back the popularity of service contracts. For

this purpose MFPs were created – machines with a range of functions. So the idea established itself that printer alone is not enough for document workflow, it is just a part of it. This was a background for MPS to appear.

Today MPS is new, but already popular printing and workflow management service in different-sized companies. The main reason for its powerful growth is market stagnation. Users are over-satiated with an abundance of products. They are no longer surprised by low prices or unique actions. With every year it gets harder and harder to sell the equipment. That is why progressive vendors and distributors are searching for new forms of activity that will attract the attention of the customers. One of those is a transition from selling "boxes" to selling services.

First this transformation occurred in America. Nowadays it is Europe that evolves. Our country also shows a growth in a demand for service-model. According to analysts, 2013 will be a break-through year in this field, 50% of sales would be through MPS-contracts. And some even say that in 2015 Russia will become one of the world leaders on MPS market in terms of volumes.
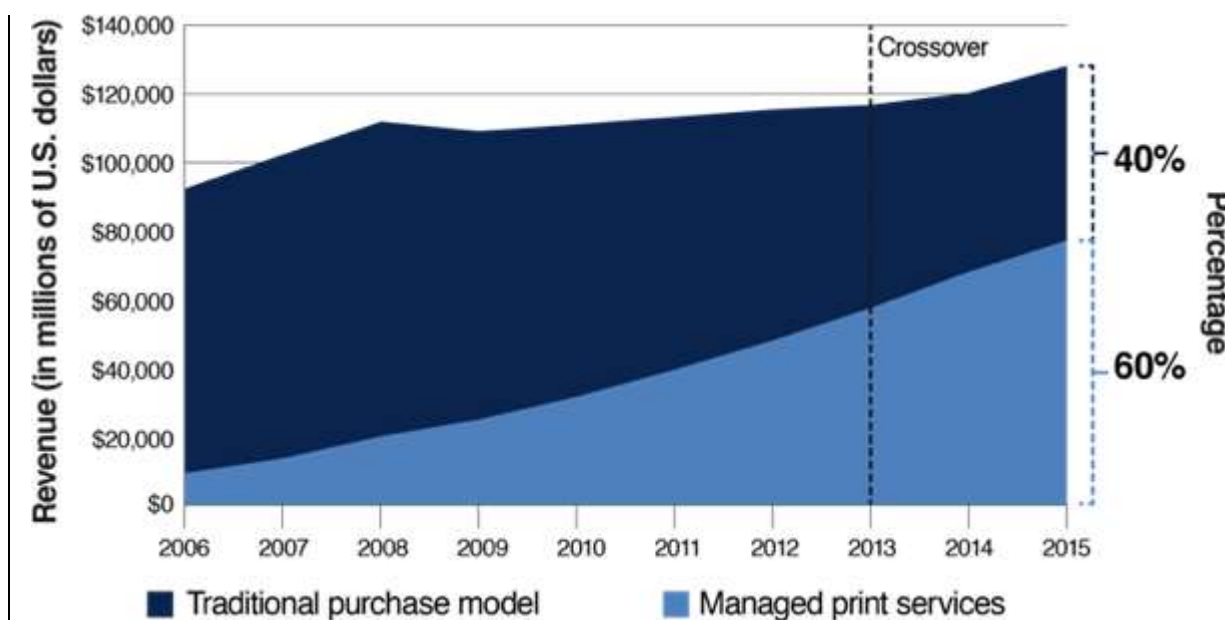
The diagram shows the tendency of MPS-service development in comparison with traditional model. The y-axis shows profitability in millions of dollars. The x-axis shows the time in years. The dark-blue shows traditional purchase model. The light-blue is MPS-model.

Today many well-known equipment and supplies producers are actively involved in MPS-projects. Among them are: Xerox, Ricoh, Canon, Kyocera, Konica Minolta, Toshiba, and others. But it is not easy to get good results in this field. For instance, in the USA, one third of the dealers who switched to MPS-contracts suffered heavy losses. In Russia there are single cases of successful realization of such contracts, but the infrastructure simply doesn't exist. That is why our company is now preparing a project aimed at on realization of such infrastructure for our dealers.

Printing outsourcing – Advantages and Risks

The effectiveness of MPS was proved by many researches. One of them was carried out by IDC agency in 2010. Its aim was to determine – how correct are large companies IT-managers from

Western Europe and the US in their estimations of document workflow and office printing costs. It turned out that in most cases this part of spending was larger than expected. And no-one from the respondents was able to tell the real level of spending on cartridges, paper, and printing devices. After transition to MPS, large companies (around 500 people) were able to save approximately 25%. The savings depended on company's field of activity.

How is it possible to achieve such results? By choosing MPS, the customer gets the possibility to analyze all costs put together (energy, supplies, repair, etc.). Then he will find that the expenses are bigger, than he thought. To reduce them without specialized stuff is problematic. MPS is a chance to transfer another non-profile activity into the hands of professionals. The provider takes all responsibility for workability of equipment and printing quality. Moreover, the provider's specialists perform audit of existing fleet and document workflow. After getting the results they make a detailed recommendation on choosing the right equipment for the fleet to optimize document's workflow and make it as efficient as possible. Mr. Igor Silitskiy, the head of Consulting Department, Xerox Russia, said: "The service of managing office infrastructure ensures the reducing (10-30% on average) of structure managing, provides transparency of processes, raises the productivity of work".

Undoubtedly, MPS has its shoals. One of them is that MPS is relatively new service. Potential clients understand that printing costs are high and are not easy to control. They discuss these questions, but are not resolved for outsourcing. This is because it is little known about the product, so incorporating it into business cause suspicions. Another risk is connected with calculation of cost-per-copy payments. Cost-per-copy depends on many factors: equipment series, load, working time-frame, and many others. That is why MPS agreement is, perhaps, the most difficult part of the partnership. All this leads to the decrease in a demand for this type of products.

Today there are multiple companies active on outsourcing market, but not all of them have practical experience. As examples of successful providers one can name Xerox and Ricoh. Anyway, it seems that consumers are ready for a new service, and it is our job to foresee their demands.

TEKO's Prisma MPS-Project – Smart Printing for You

Each MPS-doing vendor dreams of installing his own fleet of equipment in client's office. But this prospect doesn't look good for businesses, which already own a set of equipment. To change it immediately is not profitable.

As a result there are independent players on the market that can work with existing fleet. They can supply materials from different producers freeing the customer from excessive spending. Lately, the share of universal MPS providers has been growing, because it is much more convenient and effective to work with them.

The Teko company is one of the independent market players. It was preparing for a long time to changes occurring in the printing field, performed detailed studies of MPS possibilities, and now it is ready to present its own project - Prisma[1]. We've purchased software, signed contracts with equipment producers (Xerox, Kyocera, Sharp, Toshiba, Brother), performed tests together with

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[1] The name Prisma is made of words 'print' and 'smart' (meaning 'smart printing').

our partners. In 2013 it is planned to launch the project officially and get our partners involved in it.

Prisma is a unique service that consists of three levels: servicing of existing printing infrastructure, its optimization, and its modernization. Target customers will mostly be dealers, who wish to raise their profits. Besides all of it, MPS takes company's stuff on a whole new level, by raising their professional qualification.

Today we can offer our customers equipment of different manufacturers, supplies and parts to the whole spectrum of printing machinery as well as a unique proposal concerning compatible supplies. This proposal consists of offering high-quality components for remanufacturing as well as professionally remanufactured cartridges made especially for MPS program. The ratio of resource/quality is the same as with OEMs even sometimes better.

According to project manager Dmitry Klimov, our company sees MPS in a larger perspective than many providers that inactively offer printing optimization services. So, what are the unique features that Teko offers?

- **Printing monitoring system**. This allows to alert users of a resource-low-state in a pro-active mode disregarding the brand of the equipment. Its main advantages are:

  a) Ability to work with different equipment even with those that have MPS limitations;
  b) Open platform that guarantees high safety level;
  c) Possibility using smart algorithms to "predict" various possible events (breakdowns, need to replace consumables, etc.);
  d) Possibility to install without having administrator's access;
  e) Low requirements to net and computing resources;
  f) Possibility of getting quickly a fully-detailed report about the device by just entering its serial number;
  g) Localized (Russian) interface.

- **Convenient system of cost-per-copy calculation**. It takes into consideration risks, connected with equipment wearing, overloads, real intensity of printing, and other data acquired as a result of monitoring. We are also performing negotiations with vendors in order to get support within MPS-contracts framework. One of the features will be fixed per-copy-price during the whole period of partnership.

- **Printing quality control system**. Thanks to this system, every group of the staff gets optimal (in terms of quality and resource savings) printing settings. These settings can be done not only in relation to users, but also in relation to applications and printing devices. Smart-processing of the image depending on its type saves toner without any real damage to the quality.

- **Equipment fleet optimization system.** With its help the end-customer gets clear picture of equipment's placement and load, as well as recommendations on how to correct it to cut the costs. The system allows to calculate the effect of replacement of old equipment by new.

- **Possibility to control user-access**. When sending a task for printing, the company employees do not have to worry if it will be seen by someone else. Because every

user can get his own password. The system will request it every time there is a need to get copies printed. Due to unique driver there is no need to set up personal access for each user. Besides it, during printing all documents are converted into PDF and are compressed. This allows to reduce traffic considerably.

- **Recommendations and help in acquiring equipment via leasing**.

- **Allocation of ServiceDesk services for work with end-customer.**

Among the nearest future plans are the series of learning seminars for dealers. They will include informational software studying course, software product demonstration, sharing working and administration experience, cost calculation and contract signing recommendations, and many other things.

Besides this, according to Dmitry Klimov, preparation are under way for making a customer support center, whose specialists will be able to answer any customers questions related to the service.

Teko will officially present its MPS-product during Business-Inform 2013 Expo. The framework of this event will also include MPS-seminar and solutions' demonstration, during which visitors will be able to evaluate the advantages of Prisma service.