

SPOTLIGHT ON COSTS

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The top five most common hidden imaging and printing infrastructure costs

A recent InfoTrends study found that organizations perceived that they spend an average of three percent of their annual revenues on printing, copying and fax-related costs. But in actuality overall document expenditures (including hardware, supplies and “people” costs) averaged six percent of annual revenues across all industries.¹ So why the confusion? Many of the largest cost components of document output are often hidden and grow over time. Here is a quick look at five of the most common concealed costs (read: savings opportunities) and why it pays to act on them now.

1. Device proliferation

Think fast: how many hardcopy devices are in operation in your organization? If you are drawing a blank, you are not alone. HP found that to be the case within its own walls. A comprehensive self-assessment of HP’s printing and imaging environments revealed that unmanaged purchasing processes had resulted in user-to-device ratios that were in some instances as low as two users per device (or 2:1).²

Best practices suggest that device consolidation should be considered whenever an organization’s user-to-device ratios fall below 10:1 to avoid excessive expenditures associated with equipment redundancy, including:

- » IT support (networking, help desk)
- » Consumables (acquisition, storage)
- » Office real estate (footprint)

As a result of its efforts to understand and transform its own printing and imaging environments, HP managed to reduce its fleet by nearly 2,400 devices—ultimately cutting millions from its annual general office printing expenditures.

Pre- and post-transformation numbers (HP general office printing)

Category	Before	After	Net impact	Percent impact
Number of devices	4,385	2,004	2,381 fewer devices	down 54%
Total annual costs (in millions)	\$15.2 M	\$8.3 M	\$6.9 M	45% savings

2. Underutilization

Perhaps one of the least understood yet most costly effects of device proliferation is underutilization. InfoTrends' research indicates that in many organizations the utilization rates of equipment are half of the industry average, and some companies have more devices than people.³

Segment 3 and Segment 4 copiers make up one category of devices that may especially lend themselves to underutilization. While these copiers typically support a normal output range of 15,000 to 45,000 pages per month, recent HP data suggests that the average copier in the US actually produces fewer than 8,000 pages per month. In other words, many organizations today may have between two to six times more copying capacity than they actually need. As the chart below illustrates, some of the print capabilities commonly found in today's printing and imaging environments may be costing organizations more than is justified by their use.

Typical output by function	Feature	Percentage of overall output
	Print	67
	Copy	30
	Fax	3
	8.5x11	90
	8.5x14	6
	11x17	4
	Duplex	Less than 2

Source: Communication Supplies Consulting Service⁴

3. Multiple print architectures

Generally speaking, the more geographically and strategically diverse an organization is, the more heterogeneous print architectures it will have spawned over time to meet its disparate printing and imaging needs. While the initial localized IT decision-making driving the development of each and every network may have been sound, the resulting assortment is likely to be extremely challenging and costly to manage. Once again, HP's in-house experience provides a compelling case in point. As a result of collapsing nine separate systems into a single worldwide architecture based on HP Output Server, HP not only saved millions but also significantly reduced downtime.

Pre- and post-transformation numbers (HP worldwide print-server consolidation)

Category	Before	After	Net impact	Percent impact
Number of print architectures worldwide	9 disparate systems	1 worldwide architecture based on HP Output Server	Reduced print escalations, network traffic & network latency	down 89%
Number of print servers worldwide	525	325	Reduced # of people needed to manage print servers environment	down 38%

4. Multiple print drivers

An estimated 20 percent of all calls to IT help desks are printer related.⁵ Little wonder when you consider the multitude of printer brands and models (and the attendant multitude of print drivers) at work in many organizations. HP's Universal Print Driver provides a single, easy-to-use, self-updating, intelligent driver replacement for all of HP's PCL5 and Postscript printers. According to a recent strategic assessment,⁶ individual organizations cited a range of benefits of this versatile print management tool:

For IT

- » 20-30% less time adding new sites
- » 5-10% drop in necessary operator assistance time
- » Elimination of expensive print servers (which cost between \$300/month and \$2,900/month to maintain)
- » 75% decrease in staffing required to integrate printers
- » 50% reduction in working hours per month installing, certifying, maintaining and deploying print drivers
- » 50-75% drop in administrator time

For the Help Desk

- » 40-50% drop in time spent resolving printer problems
- » 5% drop in monthly call ticket volume

5. Energy drain

According to Federal Energy Management Program data, the lifetime energy cost for a base model, 17-page-per-minute, networked laser printer is \$110.⁷ Lifetime energy costs are defined as the present value of annual energy costs based on average usage and an assumed printer life of six years. While the energy costs associated with a single networked printer may seem insignificant, it adds up when the entire fleet is taken into account. Once again, HP's own printing and imaging transformation provides a compelling example.

Pre- and post-transformation numbers (HP general office printing)

Category	Before	After	Net impact	Percent impact
Number of devices	4,385	2,004	2,381 fewer devices	down 54%
Total lifetime energy costs	Approximately \$485,420	Approximately \$221,843	Approximate savings \$263,577	45% savings

Source: HP data

What's more, ENERGY STAR qualified laser printers use one-quarter of the energy as regular laser printers. Many HP printing and imaging products are ENERGY STAR qualified to the new Imaging 1.0 rule in effect as of April 1, 2007.

How HP can help

HP has been an industry leader in printing and imaging innovation and reliability for more than 20 years and has shipped more than 100 million LaserJet printers worldwide. Whether you need to buy one printer, consolidate your devices under a single, standardized contract or you want to improve and transform the way you manage your printing environment, HP has the expertise, experience and technology to deliver the right solution, right now.

Looking for more accountability, agility and a better return on your printing and imaging investments? HP Managed Print Services (MPS) can:

- » Quantify the total costs of your existing printing and imaging infrastructure
- » Help you identify savings opportunities and reconfigure your environment to take advantage of them
- » Provide ongoing supplies, service and support designed to meet your company's unique business needs
- » Monitor performance to maintain cost-effective operation over time

Your local HP representative can help you explore a variety of cost-effective strategies for enhancing your printing and imaging environment today and into the future.

Want to know more?

- » To find out more about HP's remote print management and job accounting solutions go to www.hp.com/large/ipg
- » To learn more about HP Managed Print Services visit us online at www.hp.com/go/mps
- » For the remaining whitepapers in this series plus the latest research, tips and tools for lowering costs and improving IT visit the HP Printing and Imaging Resource Center at www.hp.com/large/ipg

Notes

1. "Assessing & Benchmarking Document Costs: Developing a Future Document Strategy," InfoTrends & ALL Associates Group, March 2006
2. "HP Print Transformation Case Study," October 2005
3. "Moving Toward More Effective Print Management," InfoTrends, Adoniou, Corr, Duek, Maziarka, June 2007
4. Communication Supplies Consulting Service, a division of InfoTrends
5. "Print Management: Taking Control of Hidden Print Costs," Louella Fernandes, AIIIM E-DOC Magazine, 4/10/2007
6. "One Driver to Rule Them All: The Universal Print Driver," InfoTrends, Duek, Goodreau, Maziarka, Reardon, November 2006
7. "How to Buy an Energy-Efficient Computer Printer," U.S. Department of Energy, Federal Energy Management Program Fact Sheet, April 2006

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