

BEST PRACTICES



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End Users: Outsource Printing To Specialists

Outsourcing Printing Services To Desktop Outsourcers Looks Totally Inefficient

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EXECUTIVE SUMMARY

Companies increasingly wish to include printing services in outsourcing contracts, especially when they buy desktop management services. Apart from HP Services, most service providers cannot deliver satisfying printing services and don't seem to possess specific skills for this. To avoid client disappointment, these service providers should build alliances with specialists like Xerox Global Services, Canon, and Lexmark.

TARGET AUDIENCE

Chief information officer, IT operations executive, IT sourcing and procurement executive

LINKING PRINT SERVICES TO DESKTOP MANAGEMENT: NO RECIPE FOR SUCCESS

Few IT service providers regard managed printing services as a discrete services market. However, buyer companies increasingly want to outsource their printing. Very often, these services end up tied into desktop outsourcing contracts, infrastructure management contacts, or global outsourcing deals. Does this provide a platform for success? Forrester observes that:

- **Print management is a real challenge.** Over time, printers have multiplied in the office environment, and their management raises many issues. Asset management has become painful because of the large variety of brands and models and the lack of standardization in procedures and monitoring. Overall performance and usage is poor; most assets are underutilized and the employee-to-device ratio is low. Costs spiral out of control with no page volume tracking, no knowledge of the real TCO, and no measurement tools or processes in place. Moreover, companies either discover — or, worse, ignore — the hidden costs of printing activities: administration, technical support, and IMAC tasks.¹ According to a Xerox study, 90% of companies don't measure their document costs and have no idea what they spend.²
- **Companies tie printing services to desktop management . . .** Companies have pushed printing services around between general services, utilities management, IT infrastructure, desktop management, and even network management. Procurement departments, in their quest for provider rationalization, seek to put printing *somewhere*. They find it more “natural” to push it to desktop management. Indeed, when it comes time to initiate or renew desktop management contracts, many companies attempt to push print management into their desktop outsourcing contracts. For

example, Schneider Electric did this when it outsourced the major part of its IT to Capgemini.³ Workplace management specialist Getronics also confirms that more and more outsourcing deals include printing.

- **... with disappointing results.** Based on its ongoing analysis of outsourcing deals, Forrester notes that companies commonly indicate that printers — considered a utility detail when signing the contract — become a matter of concern or disagreement between client and service provider. When firms examine outsourcer performance, all too frequently they see no improvement in terms of cost savings and user satisfaction compared with when they did it internally. One large European firm that Forrester spoke with sees no sign of pricing clarity or progressive cost savings in its printing services more than 18 months into its outsourcing contract.
- **Few service providers can properly manage printing services.** Vendors accept printing processes under client pressure and without enthusiasm. But traditional desktop outsourcers have great difficulty in delivering satisfying printing services.⁴ Only HP Services can claim proven experience in this domain. Surprisingly, service providers such as Getronics, IBM Global Services, SBS, Dell, and Fujitsu Services seldom subcontract printing to specialized third parties — despite the existence of offerings like Xerox's Enterprise Document Outsourcing, Canon's Output Management, and Lexmark's Managed Print Services.

RECOMMENDATIONS

TURN TO PRINTING SPECIALISTS

Today, only specialized firms properly manage printing services. If you don't want to deal directly with them, at least demand that your preferred desktop management provider subcontract the printing domain to a specialist.

- **Specialized firms better deliver basic printing services . . .** Market leaders in this field are mainly printer vendors — Xerox, HP Services, Lexmark, and Canon. They competently support basic services: technical support; hardware and its maintenance; procurement and/or leasing; processes; and monitoring. They provide on-site staff when necessary.
- **... and offer advanced printing services as required.** Monitoring is likely the most important, as it allows for the best asset management and reconfiguration. For example, monitoring tools highlight bottlenecks and underused printers, reroute documents away from overworked printers to less used ones, and suggest network printer reconfiguration. Xerox Global Services offers services based on user expectations like the maximum time and distance to deliver a document — for example, that one should be able to pick up a printed document in less than three minutes from a printer less than 20 meters away. Companies should note that most of the specialists mentioned can manage any type of equipment, while HP Services tends to push its technology and thus replace all printers with HP Services products over time.

- **Impose your own specialist on desktop outsourcing contracts.** If you really want to include printing services in your desktop services contract, you need to check the competence or alliances of your desktop outsourcer. Obtaining a best-of-breed expert as a subcontractor doesn't demand intense negotiation with most desktop management specialists.

WHAT IT MEANS

SERVICE PROVIDERS NEED ALLIANCES WITH PRINTING EXPERTS

Apart from HP Services, we don't see IT service providers developing specific skills for managed printing services. To meet client expectations, service providers need to build alliances with specialists, as EDS does with Xerox.⁵ Forrester anticipates steep growth in such alliances rather than a new business for general service providers.

ALTERNATIVE VIEW

BUYERS MAY IGNORE PRINTING MANAGEMENT ISSUES

Some procurement departments may underestimate the difficulties of printer management and so continue to put managed printer services in desktop or infrastructure contracts, taking little care for required capabilities. In this case, companies will miss potential cost savings, and they will continue to get poor delivery, low quality, and no asset optimized usage. To compound the problem, the service providers involved will usually fail to make any margin on this unsought-after business.

ENDNOTES

- ¹ IMAC stands for "install, move, add, and change." This acronym, which comes from desktop management, is also used for printer management.
- ² Forrester met with Xerox Global Services at its analyst event in London in May 2006.
- ³ Capgemini is operating the majority of Schneider Electric's IT. The contract is divided in main domains (like desktop and user support, application management, etc). Printers, PDAs, and mobile phones are included in the desktop and user support part of the contract.
- ⁴ Managed printing services are not regarded as a common activity for desktop management outsourcers. Forrester doesn't include these services in its evaluation criteria when assessing the desktop management capabilities of service providers. See the March 9, 2006, Tech Choices "[The Forrester Wave™: Integrated Desktop And Service Desk Outsourcing](#)."
- ⁵ Getronics and its "printing partners" used to put together a joint proposal. Getronics is discreet on the partner names, so this looks like opportunistic cooperation rather a recurring, long-term alliance.

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