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**Research Note**
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# Bank of America Puts New Controls on Document Printing Costs

**By right-sizing its output fleet and consolidating vendors and services, Bank of America realized much-needed savings and improved its profitability. The bank saved about $7 million during the past 12 months.**

**Core Topic**
Digital Documents and Imaging: Multifunction Peripherals

**Key Issues**
How do you cost effectively plan your document output devices around current and future road maps?

What key criteria will determine if a vendor meets your enterprise's requirements?

Following its merger with FleetBoston Financial in April 2004, Bank of America emerged as the first banking institution with a national scope, serving about 33 million consumers in 29 states and the District of Columbia. It has 5,700 banking centers with 180,000 employees, as well as 16,500 automatic teller machines (ATMs). Its 2003 combined net income would have exceeded $13 billion and made it the fourth most profitable company in the world.

With the creation of the Document Management group as part of Supply Chain Management, the bank recognized that it did not have control of its end-to-end cost of desktop print production for documents enterprisewide. The Document Management group took it upon itself to drill down on costs for devices, supplies and services as they related to printing, copying and faxing. The group, composed of employees representing stakeholders from across the organization, formed a steering committee to pull together this information and validate costs. Bank of America listened to Gartner's advice that savings of up to 30 percent could be realized if it controlled the desktop environment with measures including right-sizing its output fleets. Before the merger, Bank of America and Fleet had embraced the systematic, time-honored approach to improving basic business processes known as Six Sigma.

**Problem:** Bank of America managers discovered that they lacked centralized control over printing, copying and faxing. Fragmented purchasing methods created multiple buying centers managing multiple vendors' contracts for hardware, supplies and services. The lack of a strategic approach and the failure to manage costs and demand were expensive for the bank. To understand the cost per impression (CPI) of copy and print, Bank of America managers used data from copier contracts to calculate costs and page volumes. Tracking down paper and supply consumption and service agreements for printers was a challenge, because of the broad range of printer models, from personal printers to workgroup devices. Bank managers discovered that 70 percent of their printing was going to the most expensive devices. Only 5 percent of their digital multifunction products (MFPs) were connected to the network. Network administration software was not being used to monitor workgroup printers and MFPs, either for diagnosis of problems or for tracking page volumes. No one department owned document printing and nobody was excited about volunteering.

**Objective:** Seek a lower CPI by driving output to more-efficient MFPs and workgroup printers. Educate users to print output to the most cost-effective device. Reduce the number of personal printers and promote cost-effective high-speed shared devices. Get all digital MFPs connected to the network to enable shared printing and remote monitoring, diagnostics and page tracking. Eliminate the use of color devices, with a few exceptions. Migrate from stand-alone fax machines to a centralized fax server solution. Centralize the acquisition, business and support processes to minimize duplicate functions. Find a vendor that is willing to work in a multivendor environment and help implement changes to output fleet to drive savings companywide.

**Approach:** Bank of America executive management was committed from the top down to right-sizing the company's output fleets and creating an output strategy. The Document Management group sponsored an assessment of the bank's output fleet in cooperation with Lexmark International. The assessment provided an inventory of output assets, including estimated monthly page volumes and service contracts. It also included recommendations on how existing and new technology should be deployed and managed, and what the resulting savings would be.

Bank of America started the right-sizing program with a pilot project in a five-building location where employees would be flexible and help with the implementation. The pilot provided feedback to management regarding the proper mix of products, proximity to users and end-user satisfaction. Lexmark International, Xerox and Imagistics were selected as the output vendors to help with output strategy and implementation.

**Results: Product Optimization**

- The number of connected MFPs has increased to 30 percent.
- Personal printers have been removed, and primary and secondary shared devices have been provided.

- The device-to-user ratio has risen from 1:2 to 1:7.

**Management Optimization**

- Estimated savings of $7 million have been realized during the past 12 months.
- The number of approved hardware vendors has been limited to three.
- Shared color printers have been provided only to those who can justify the requirement with management approval.
- Acquisition of output equipment, services and supplies has been consolidated under one department.
- Service providers have been streamlined.
- Hardware is leased via a total cost of ownership (TCO) model based on CPI over three years and then refreshed.
- All printers and MFPs are connected to the network and monitored via a combination of software tracking tools for diagnostics and page volume tracking.
- Supply orders are included in the CPI TCO pricing model.

**Critical Success Factors/Lessons Learned:** Create a document management department responsible for enforcing standards and guidelines for all output acquisitions and expenses. Reduce the number of vendors doing business with Bank of America. Consolidate the number of authorized copier/MFP models and printer models used in the company. Reduce the number of printer drivers required companywide to simplify support calls.

To simplify ordering, stocking and training, reduce the variety of supplies required. Consolidate service providers and negotiate consistent standard-level service agreements. Establish a standard protocol for print servers. Replace and do not repair older devices. Standardize the print queue.

**Bottom Line:** Many financial institutions have tried to gain economies of scale by merely centralizing the purchase of printers, multifunction products and consumables. This approach helps by allowing centralized purchasing to make larger deals than decentralized business units, but does not improve control of acquisition decisions and overall corporate printer use. Often, when banks propose implementation of centralized purchasing models, business units oppose them because anecdotal evidence makes them believe that they can get a better price than that attained by the centralized purchasing unit and avoid the cost of centralized purchasing overhead. Business units also believe that local control of consumables gives them better control of costs.

However, Bank of America did more than merely centralize purchasing. It changed the printing function from a capital acquisition to a service. By offering business units a per-page price on printing, the bank gave its business units a manageable cost line (per page) while also giving the bank a single point of capital and consumable acquisition and management. Business units no longer have to worry about the total cost of ownership and depreciation schedules for printers and MFPs. These devices are the assets of the bank as a whole and business units "buy" document printing services from that organization. In effect, the bank has made local printing into a service and individual business units have outsourced that service to the bank. By moving management of printing to one in which the business unit manages through per-page printing costs and service-level agreements with the central document services organization, the business unit's control of costs is improved while the bank has better control of overall document management.

Creating an output "czar," a single point of responsibility and authority, has enabled Bank of America to centralize control, consolidate resources and realize significant savings from what was an unmanaged collection of devices, services and supplies. Implementing an output strategy and maintaining an ongoing inspection and reporting process will enable enterprises to keep operating costs under control.

**Acronym Key**

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| **ATM** | automatic teller machine |
| **CPI** | cost per impression |
| **MFP** | multifunction product |
| **TCO** | total cost of ownership |