

NBR special report

OFFICE AUTOMATION & TECHNOLOGY

Efficiency and cost effectiveness are the main qualities sought by purchasing managers when considering technology. Equipment and services need to make work faster and easier. NBR's team checks out the latest cost reduction (the latest tools and process for reducing costs – running costs and consumables) and virtual

Print cost savings can bring major benefits

Businesses spend on average between 1% and 3% of their annual revenue on printing and up to a third of that can be saved by implementing simple management strategies.

Ken Weilerstein, Gartner research vice president specialising in document-related technologies, says office printing is one of the most underexploited savings opportunities, and actively managing it can reduce a company's spending by between 10% and 30%.

By eliminating banner page printing, a 1000-person company could cut up to 1.6 million pages and save \$33,500 per year, according to the IT research and advisory company.

Changing staff habits and raising awareness of the financial and environmental impact of excessive printing is as important as replacing copiers and software.

The issue of overprinting takes its roots from the emergence of the modern computer.

Companies were excited about the opportunities it offered: the prospect of saving

time, costs and storage space by moving towards what was dubbed a "paperless office." Computers could now safely store all information on the hardware without the need for a hard copy.

But with the birth of the electronic printer mass production of paper documents became easier than ever – simply with a click of a button. The computer made it easy to fill out pages with information, as opposed to the old-fashioned and time-consuming way of typing documents by hand, and printers made it effortless to print it in hard copies.

As a result, office workers now produce on average 10,000 pages every year, 44% of which is unnecessary and avoidable printing, with 21% of all printouts being thrown away at the end of the day, according to Gartner.

It is clear the mass production of paper is the product of user waste and inefficient workflows, which directly impacts not only on the environment but also on companies' balance sheets.

Of course with printing

being only one part of office automation there are many more savings to be made across all office equipment and functions with the use of new technology in combination with strategic management.

Ultimately office automation helps to optimise and automate office procedures. It includes varied computers, machines and software, which are used to create, collect, manipulate and store information, with all office functions – such as typing, filing, copying and faxing – being the core of office automation.

To ensure optimal cost reduction it is crucial for businesses to implement the most suitable office technology for each company and its individual needs, and to use this technology in an appropriate way that is carefully managed and controlled, continuously measuring the outcomes.

All areas of office automation must be addressed to ensure best savings including the top three technology costs – print, telecommunications and IT – as well as stationery office suppliers, electricity and



SAVINGS: Michael Masterson

ink and toners.

Michael Masterson, managing director of The Bottom Line Expense Reduction, said simply by choosing the right carrier, companies could save up to between 60% to 70% on their telecommunications expenditure; between 50% to 60% on ink and toner; 60% on IT management; and 10% to 20% on their electricity bills.

But it's no easy task for businesses trying to achieve those targets. Companies change constantly so any

office automation and technology needs to be reassessed regularly. Constant monitoring is equally important to make sure your business has the most productive and cost effective system.

Modern technology is also developing so fast that it is challenging even for the experts to keep up with, so getting external advice is vital. For example there are numerous telecommunication companies in New Zealand and their technology and packag-



VISIBILITY: Peter Chambers

es change constantly. Not one business can be across all of this – let alone the other areas they need to monitor.

Mr Masterson said the IT and office automation market is moving so quickly his business – a company that specialises in bottom line savings – struggles to keep up with it.

"The reason why we started the Bottom Line is because we are all former chief executives who never had time to review these costs on our own business, because we are always too busy driving revenues."

Because many businesses don't "benchmark properly" due to lack of time and market knowledge, their office automation spending only tends to increase in 80% of the cases when they try to review and control their costs by changing suppliers in the chase for a better deal.

Businesses are busy running their own operations and there are very few where technology is one of their core strengths.

Mr Masterson, more optimistically than Gartner, believes that on average up

to 60% of total office costs can be reduced by implementing the right technology and processes.

For example, typically companies don't even measure their paper usage, underestimating its cost, and are often "shocked"



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Saving printing costs

From facing page

to find out how much they are actually paying for it.

Many businesses only see what's on the invoice from the copier company, ignoring the power, paper and office stationary expenditure. They would be surprised to learn that reduced and managed printing could have a significant financial impact on their business.

"Businesses are looking at costs that are visible to them: how much they're paying for their photocopiers and printers but they fail to look at how they use that technology and whether they are being efficient with how much they print," said Peter Chambers, Canon New Zealand general manager, business.

"But a lot of it is about making sure you've got the right technology for the type of work you're doing."

Another area businesses should look into is laser printers, as many companies tend to have an excessive number of desktop laser printers, which is expensive and unnecessary. To reduce costs most businesses should aim to decrease the number of laser printers and promote the use of shared devices.

In New Zealand the ratio for every photocopier is typi-

cally four laser printers sitting on people's desks and in some instances it gets as high as 10. But the most cost effective way of managing, measuring and controlling these costs is actually through a single device.

Many corporates prefer to



NEGOTIATE: Richard Penny

have a laser printer sitting on their desk to ensure privacy of their printed documents.

But with modern technology, pin codes and swipe cards can be used to secure printing modules to protect confidential materials. Print jobs can remain secure until selected by the user and can be collected from any machine in the office.

Although it is important to look at every component of office automation when

looking to cut costs, businesses must remember it is an interlinked system that is complex and that needs to be managed as a whole to ensure the optimal spending.

"You can do things to reduce the number of prints and you can negotiate with your supplier to reduce the cost of print but the real opportunity to drive that cost out of your business is making your staff more efficient and reducing the number of wasted manual processes by integrated paper work and digital work flows," said Richard Penny, Fuji Xerox New Zealand marketing manager.

Mark Hucklesby, Grant Thornton national technical director, said from an accounting perspective, it is crucial businesses remember that many costs incurred when a new activity or line of business came on stream and it may no longer be needed.

"To prevent falling into the trap of complacency and not turning off start-up costs soon enough, seek a peer review to challenge the decisions you are making."

"[Also] the more complex the process is - the greater the costs of monitoring it will be. So if you can focus on ways to remove process complexity, it will usually produce some useful cost savings."