

The Strategic Introduction of Colour into the Office

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WHITE PAPER

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Sponsored by: Canon Europe

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INTRODUCTION

"Colour printing in the office" is a phrase often thought synonymous with expensive acquisitions and spiralling costs, but while this belief may have been true in the past, after tracking this market for many years IDC has come to the conclusion that for a number of European companies this is not necessarily the case any longer. Primary research conducted in this area also supports the fact that if the introduction of colour into the office is given a strategic perspective, the benefits of colour can be achieved while also saving costs.

Methodology

In April 2005 IDC conducted 20 in-depth face-to-face and telephone interviews with medium and large businesses in five countries chosen to give a good representation of Western Europe; namely Germany, the UK, France, Italy and Sweden. Half of the companies interviewed were using Canon colour devices and half were using HP, Xerox or Ricoh colour products, or a mixture of equipment from these vendors. The interviews were held with a number of different types of managers, including IT purchasing managers, IT managers, technical managers and operations managers, who all shared a common thread in that they were heavily involved in the strategic implementation and management of a fleet of colour printers or MFP products. The topics of the discussion were guided along the headings of:

- The types of colour devices deployed within the organisation
- The departments that use colour printing and how they use it
- The cost impact of colour printing
- The acquisition process for the colour devices employed

IDC talked to a diverse range of organisations in order to gain feedback from companies that had a variety of colour needs, including a publishing company, a truck manufacturer, a designer clothing manufacturer, a fund management group, a media buying and planning company and an Internet banking company.

IN THIS WHITE PAPER

The purpose of conducting the in-depth interviews was to examine businesses that had invested in colour devices, and to assess the impact this move had had on the business and the employees. The interviews also help to knit together this White Paper, which aims to guide individuals who are considering making an investment in colour output technology in their business.

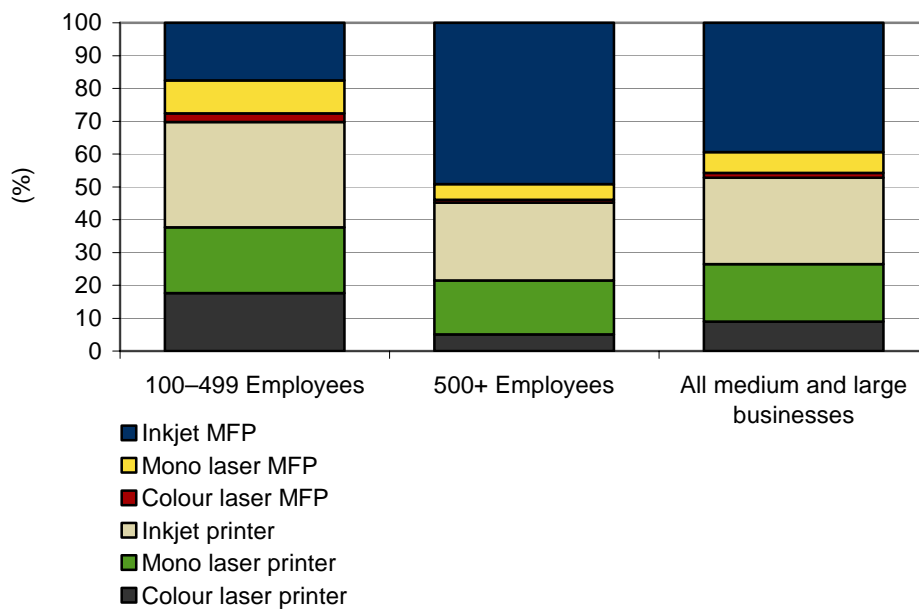
SITUATION OVERVIEW

Vendors are marketing a myriad of devices for businesses to solve their hardcopy needs, including printers, digital copiers, multifunction peripherals (MFPs) and business inkjet printers. There is also an increasing number of devices that employ these technologies to deliver colour output to businesses, and an increasing awareness among organisations that colour can bring great benefits to their businesses. But the question of cost usually arises when colour is mentioned, and is often a deterring factor when a company thinks about the widespread deployment of colour devices. This paper uncovers a number of interesting facts and dispels a lot of the fears that revolve around the implementation of colour solutions.

As a starting point we will first look at the extent to which colour is being used in today's European organisations.

FIGURE 1

Types of Printing Devices Sold into Western European Business in 2004



Source: IDC Western European Hardcopy Tracker

Figure 1 shows the percentage split for different types of devices that medium and large businesses purchased in Western Europe in 2004. The amount of inkjet technology deployed is the first thing that stands out in this figure: inkjet MFPs account for 50% of the devices in businesses with over 500 employees, and although this only accounts for about 8% of the total inkjet MFP market, it is still a large figure. In fact, this is mainly down to the number of home workers that are operating out of large organisations. The majority of the businesses we interviewed spoke very little about inkjet devices within their actual organisations, and when we mentioned them we were often offered very derogatory comments about the devices and their ability to offer a reliable, robust and cost-effective solution to bringing colour into the office. As one of the IT managers we spoke to in a media buying agency in the UK put it when we asked if they had any inkjet devices:

"No inkjets at all; they absolutely drain money, and the documents have to be treated very carefully, otherwise you are faced with smudged ink."

There are, however, a number of very business-focused inkjet devices now on the market that can offer very fast speeds, high duty cycles and most importantly, high-capacity single ink tanks which can offer a competitive cost per page. Nevertheless, IDC does not believe that inkjet will ever be able to offer the same qualities that laser technology can when we are talking about the widespread deployment of colour in the office.

Colour laser technology is usually the perfect answer for workgroup and departmental needs as it can offer good consistency in colour output, reliability, high monochrome and colour output speed and high-capacity toner cartridges to minimize user intervention.

Over the past two years there has been a real drive by the industry to develop the range of colour laser devices that they offer. There has been a big drive to increase the colour output speed with the development of single-pass technology, which enables colour output speed to match, or at least approach, the high monochrome speeds we have come to expect from departmental devices. Therefore these devices are well placed in large departments with a high colour requirement.

The drive in single-pass development has also led the industry to reposition the prices for colour MFPs and printers based on the traditional multipass colour laser technology. These products offer colour speeds at roughly four times slower than the machine's monochrome capability. These devices are, therefore, having the effect of making colour output even more accessible to small workgroups and individuals who do not have such a high requirement for colour but still want the option to print in colour when they need to.

So businesses are now able to realise the benefits of colour laser technology as a great answer to differing departmental needs, without having the cost burden usually associated with colour printing.

The remaining sections of this paper will give real-life examples of how this is being achieved.

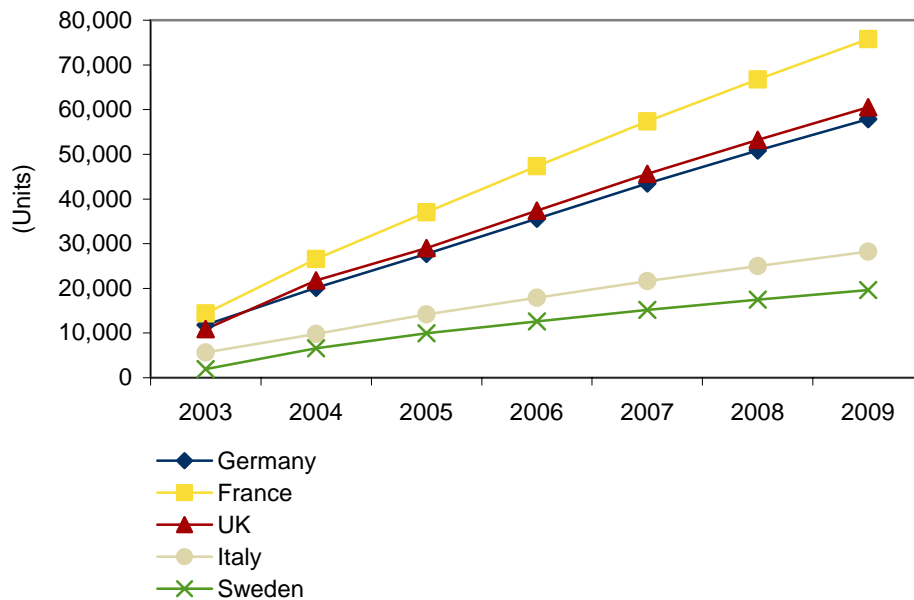
What Technologies Will be Used in the Future?

The apparent high volume of inkjet placement shown in Figure 1 masks the reality of the rise in colour laser-technology usage among businesses today. Figures 2 and 3 show the total vendor accumulated sales of colour laser MFPs and colour laser printers for the past two years and projected sales for the future in some of the most advanced countries in Western Europe. Business investment in colour showed a dramatic increase in 2004, and this was reflected in sales of colour laser printers and MFPs, which demonstrated tremendous growth of 89% and 75%, respectively.

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FIGURE 2

How European Businesses Are Investing in Colour MFPs — Now and in the Future



Note: Total Market for colour laser-based MFPs

Source: IDC Western European MFP Forecast and Analysis, 2005–2009 (IDC #KM01M, May 2005)

This dramatic growth was due to a number of reasons:

- Prices dropped considerably across all the products
- Businesses really had a need for colour and really began to look strategically at what benefits colour could bring to their business
- The vendors introduced products that offered good print speed, quality and consistency of print, which enabled a number of businesses to print many of their colour documents in-house

As one medium-sized UK media company explained:

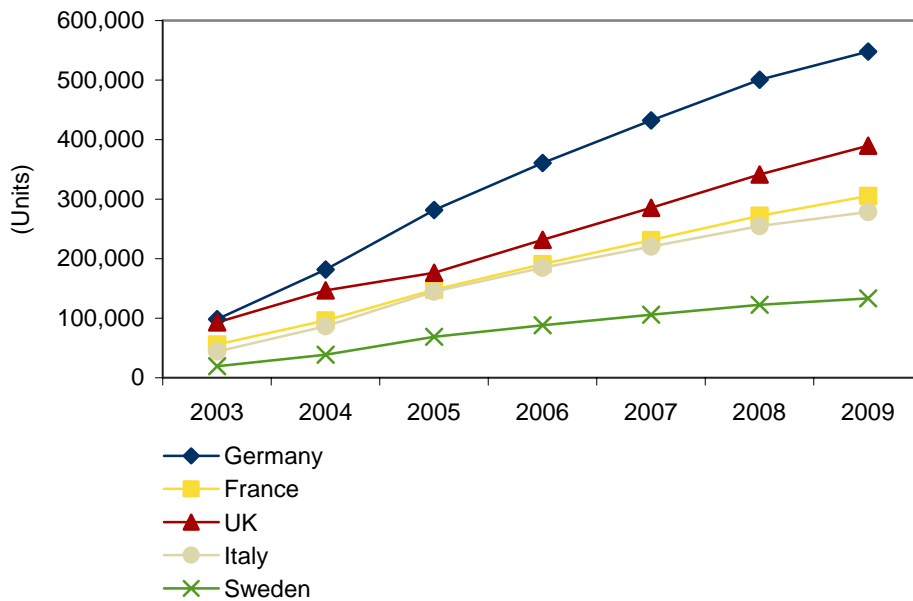
"Our company has a definite appreciation for the value of colour; it is a business necessity not a nicety. For instance, if we were to print a presentation for a client in black and white these days we would get laughed out of the meeting."

As we look into the future and towards 2009, as Figures 2 and 3 show, annual sales of colour printers and MFPs increase dramatically, as we expect that companies already using colour devices will want to expand their range and those that currently do not employ any colour will realise that they are missing an opportunity.

Growth in the colour laser MFP and colour laser printer will be driven further by the replacement of monochrome devices, as the pricing delta between mono and colour devices shrinks and the gap between their speeds narrows, the need to have two machines, one to print monochrome documents and one to print colour, is reduced.

FIGURE 3

How European Businesses Are Investing in Colour Printers — Now and in the Future



Note: Total market for colour laser printers

Source: IDC Western European MFP Forecast and Analysis, 2005–2009 (IDC #KM01M, May 2005)

So, as is apparent, the need for colour in business has definitely arrived, and the next step in a company's process is to look beyond its general need for colour towards the specific needs of individual departments. The future requires a concentration of effort to make sure that a strategy is implemented that will answer departmental needs in terms of speed, paper size, document finishing and paper handling, and so on.

Which Technologies and Products do You Use For Your Document Needs?

The companies we interviewed for this study had all introduced colour printing into their organisation. The majority of companies had also looked at their printing needs and requirements and had come to the conclusion that colour was increasingly required by a number of users and departments in their organisations. The real question however is how is this need best addressed strategically and what devices are the best to use?

Replacing all monochrome printers with colour ones is certainly overkill, but the placement of a high-speed, single-pass colour or colour-capable MFP device in each large department or floor was the most common response. Generally, users don't like to walk too far to collect their prints.

We spoke to one financial services company that was faced with the enviable prospect of equipping a brand new office for 800 staff, and changed the parameters of how staff worked by implementing an MFP-only strategy. The equipment rollout included a 21ppm, A3 colour MFP (restricted to a print-only function, but with the paper handling and finishing capabilities of a copier) and four departmental monochrome MFPs on each floor. The marketing department was also given a high-volume graphics-centric MFP. The idea behind this strategy was to go with a single vendor and to minimise the number of devices that were deployed in the building in order to simplify administration and minimise maintenance. The technical consultant who worked on the project almost realised this dream, apart from the directors' secretaries who got in the way and demanded local 12ppm mono printers for their own personal needs — there are some people in the organisation you just can't argue with.

The fact that this was a greenfield site certainly played in favour of making this MFP strategy work, and the staff were generally very happy with the fact that they had access to colour when they needed it, and they also used the MFPs for their scanning, copying and faxing needs. This is the reply we got when we asked for an assessment of how the project went:

"I am confident that 90%–95% of the users have taken to the concept of not having a desktop device and embraced the concept of having an MFP; because it was a new building we got away with introducing a new way of working."

Your Workers Multitask and so Should Your Hardcopy Devices

The strategic introduction of colour into the office usually means a significant investment of time and money and as the company above realised, it was worth trying to change the day-to-day habits of its knowledge workers by introducing a large number of multifunction devices. This has the effect of spreading the cost of the devices across a number of functions in the business as well as saving valuable office space by consolidating office machines into one device.

One of the key recent technological developments in a number of MFPs is that even if you don't feel your organisation is ready for all the functions of an MFP from the outset, then the function can be "turned on" and upgraded at a later date. So, for example, colour printing and copying may be your first priority from the device and at a later date you could choose to activate the more advanced document distribution functions. With the addition of software and the activating of the scanning and faxing capabilities, the device can then be transformed from just a hardcopy output device into a communication hub which can address the distribution, storage and management of the company's or department's documents.

The colour MFP, when used to its full ability, has the potential to be the most productive piece of hardware in the office, and it does not have to be prohibitively expensive.

A Swedish Internet banking company was an example of how MFPs can be used to their true potential as its IT manager said:

"The great thing for us is that we can use the machines [Colour MFPs] for other jobs as well, meaning we can consolidate on fax machines and scanners as well."

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Departments and Their Need for Colour

It became glaringly obvious while speaking to the companies that colour had become key to their operations. Perhaps not surprisingly colour was employed the most in the marketing department, and it was here that employees had the most knowledge about colour and used it in the most effective way, and where the use of in-house colour had actually realised some significant costs and time savings.

We spoke to a German steel manufacturer that had installed five high-end, graphics-focused colour MFPs that were used by its marketing services and publishing department to print brochures, leaflets, shareholder information and other marketing collateral in-house; all these jobs were previously carried out by a local third-party printer. The company's general manager of facilities summed this up:

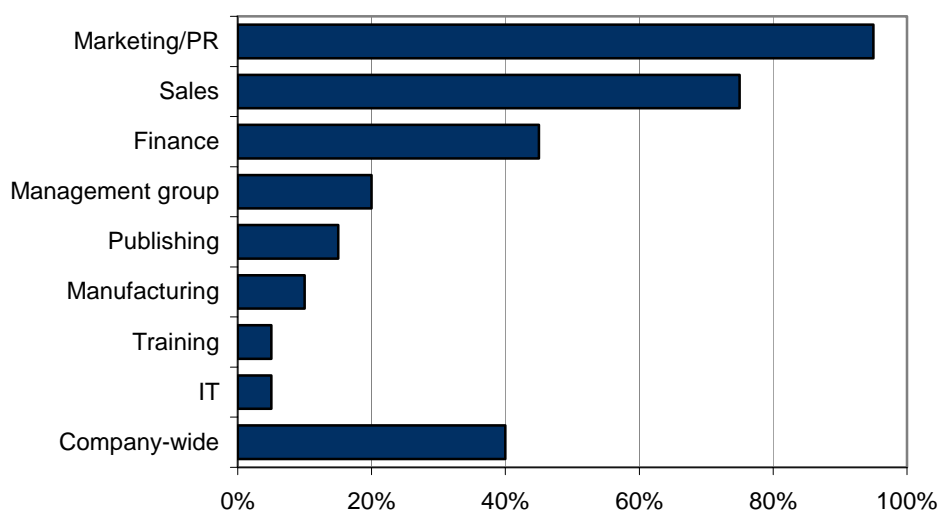
"We have now insourced nearly all our creative jobs and the related printing; we now save up to 70% on previous costs. This equates to an annual saving of around €250,000."

Colour Makes its Mark in the Rest of the Company

Figure 4 shows where colour is being used in the businesses we spoke to. Marketing has now established itself as the key department for colour. This can be seen in the figure below, which shows that 95% of respondents said the marketing department uses colour devices regularly to print a broad range of materials. In addition, almost all respondents mentioned marketing as the department that was the most colour-savvy and used colour to its best effect.

FIGURE 4

Where Companies Say Colour is Used



n = 20

Note: Percentage of respondents that mentioned colour use in a particular department

Source IDC, 2005

However it is not just marketing that needs colour in today's businesses, and as the chart shows the other key departments are sales and finance — two very different departments that use colour in different ways.

A number of organisations we spoke to said that the Finance department now uses colour in very specific ways. The main uses were the printing of complicated charts and spreadsheets on A3 paper for their own internal analysis; invoicing with highlighted colour sections for amounts owed; and contracts and annual reports for external use.

The sales department was also mentioned frequently as a comprehensive user of colour. Its main requirements generally included the need to print customer-facing materials such as reports and proposals, with A4 sized paper being most commonly used.

It also appears that colour is finding a broader appeal, with 40% of the respondents saying that colour is used throughout the company.

Costs — Can the Widespread Use of Colour Actually Bring Savings to the Organisation?

The widespread use of colour in the office is a proposition that could scare finance managers in many businesses. But is colour adoption always going to prove more expensive? It is apparent that the insourcing of colour print jobs can bring huge savings to the organisation, but what about the rest of the company?

The assumption is that making colour available to everyone in the organisation is going to mean a dramatic increase in costs. This is not always the case if the introduction is viewed as a strategic step forward. The strategic implementation of colour means that the provision of colour should be considered as part of a measured review of the company's total printing and copying infrastructure and associated costs. This is something that is still overlooked in many organisations' drive for efficiency.

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The tracking of print-related costs is becoming increasingly difficult as the two separate worlds of IT and facilities are faced with the new technologies of digital copiers, MFPs and document-management solutions. The implementation of these new technologies can have the effect of drawing the departments to collaborate for the common goal of saving costs and increasing efficiency.

Fragmented Ownership

Leading up to the event when facilities are faced with the prospect of replacing their analogue copiers, or when IT decides that connecting the digital copier to the network, the costs associated with the total print and copy outputs would have been divided between the two departments. The ownership of the devices is fragmented and therefore the costs are fragmented. Contracts for printers, and copiers would have been negotiated separately with suppliers and a diverse range of equipment would be scattered across the organisation. That equipment is more than likely to be from a number of different vendors. Crucially, this can lead to the running costs being neglected.

Featured Case Study

A pertinent example of this situation is a medium-sized financial services company that we spoke to which employs about 400 people at its UK offices. Before reviewing its situation, the company had three colour 12ppm MFP products scattered across the organization, which some people were already using for general office colour printing. It also had 16 analogue monochrome copiers, a handful of fax machines and about 100 monochrome printers. All this equipment was supplied by a number of vendors, and the contract for the copiers and colour MFPs had been in place for four years. As well as general office colour printing, the company already used the colour MFPs for a number of time-critical in-house print jobs. Specifically, portfolio managers used them to print end-of-quarter reports for their clients, which equated to a print requirement of about 50,000 colour pages produced in a very small, two-day window.

It was the IT department that identified that there was a drastic need to examine the document needs of the organisation, as colour requirements had outgrown provision over the past few years and the lack of efficiency across the company in relation to its printing was becoming evident. The first step was to implement a project team consisting of personnel from:

- ☒ Facilities
- ☒ Marketing services
- ☒ Network specialists from the IT department
- ☒ Purchasing

Five vendors were asked to tender and the company eventually opted for a single vendor to supply it with 15 departmental 32ppm single-pass colour MFPs for general office use. These were placed where the analogue copiers had previously been. A further eight 32ppm colour MFPs were acquired and used by marketing services to print the client reports and the majority of the company's marketing collateral. The black and white printers stayed, but they said goodbye to all the aging black and white copiers.

By addressing the company-wide need for colour and opting for a single vendor to supply them with all the equipment, the organization negotiated a deal which saw its colour cost per page plummet from 12 pence to 5.6 pence; a saving of over 50%.

The costs of prints and copies are now easily tracked through the IT department, and the total printing needs of the company are now administered through IT. As the IT purchasing manager we spoke to enthused:

"We had x-number of colour sheets coming through on the previous contract at 12 pence, but that 'x' is now obviously coming through at half the price. Financially, we will probably save a projected minimum of £500,000 over the next 5 years, and that's not even allowing for the maintenance charges and various other costs associated with using the old black and white copiers or allowing for the fact that some people are printing in colour now that weren't previously. The other factor is time; we are saving a lot of time."

So in this instance, because the company addressed its company-wide printing and copying policy and brought the two areas of facilities and IT together, the widespread provision of colour actually saved it money.

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De-Fragmenting by the IT Manager Leads to Cost Savings

Another good example of how the saving can be realized is when these two departments come together and work as one. A design company we spoke to in Italy had recently installed 4 colour MFP products and was in the process of reducing the number of monochrome printers and single function copiers. The IT manager commented on the project:

"There were two objectives from the outset: the first was to save money on printing which was managed by IS, the other was to reduce costs on faxing and copying which was managed by General Services. These two departments got together and decided the best way to reduce costs across the board was to move towards employing colour MFPs."

Costs — Don't Fight Them Manage Them

There is another issue in relation to costs and the introduction of colour into the office and that is management of the costs or rather the management of the users that can affect the costs. IDC was surprised that out of all the 20 companies we spoke to in this survey, only one had installed any form of document accounting software, or used network management tools available to it to limit the use of the colour devices, although 5 were in the process of or were considering it.

The facilities manager at a German steel manufacturer was one of those considering purchasing such software:

"We didn't install any software at the time of purchase, although we do plan to do so in the very near future in order to strengthen our whole 'print cost controlling' strategy."

Meanwhile, the general purchasing manager of a utilities company in Germany that had installed a document accounting solution said:

"We took the decision to install the solution to control both individual user and departmental costs. It works perfectly and means users no longer have any reason to complain about unfair cost allocations."

Colour prints can be tracked and billed back to the relevant user or department. Each individual worker, department, location and terminal has a specific identification allowing full monitoring and control in the use of the IT infrastructure.

Controls can even be implemented to limit the time of day colour is allowed to be used and to disable the function on certain days such as bank holidays and weekends. Through the use of document accounting software, the billing of individuals or departments for their usage is also possible. This helps to keep control of cost and maintains a sense of responsibility over the use of the machine.

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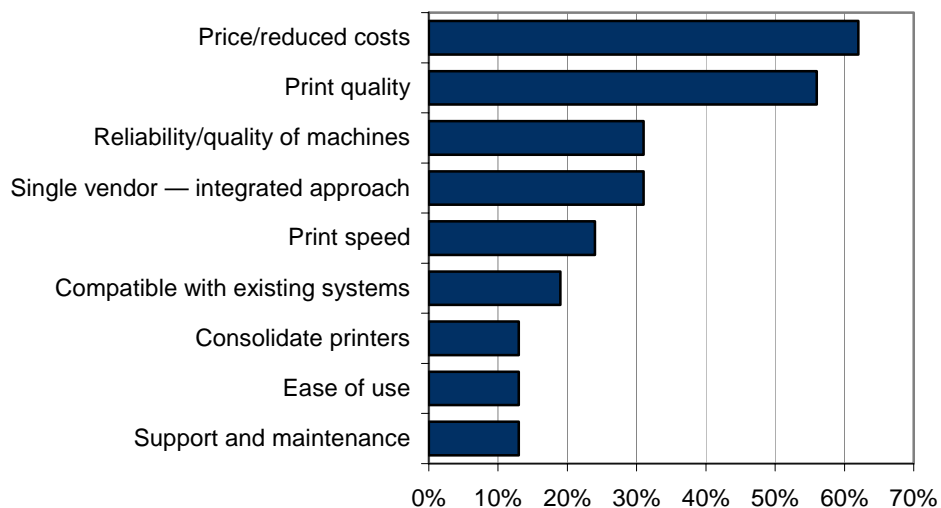
Software and management solutions allow MFPs to be effectively used as a monochrome device through default settings. Therefore, while each individual may have access to a specific device, the IT department or management can restrict each individual's use of colour as well as the quantities or times of the day that the individual can use the machine.

The Acquisition Processes

Figure 5 shows the main factors that the companies we spoke to considered important when they purchased colour devices, with price or the need to reduce costs being the most important factor, followed by print quality. A number of companies now also like the idea of moving to a single vendor for all their hardcopy and document needs across colour and monochrome printing and copying, and this is certainly a strategy that can provide the most bargaining power when it comes to contract negotiation.

FIGURE 5

Important Factors Considered When Purchasing Colour



n = 20

Note: % of respondents that considered these factors important

Source IDC, 2005

Following our numerous in-depth interviews, a number of best practices were identified in relation to introducing colour to the office. These practices are explained below:

- Assess your company's document needs and how colour usage fits the departmental requirement. Measure and evaluate your company's existing document related costs so you have a starting point. In order to control document costs in your organisation, you first need to know what they are (vendors tendering for the business can usually help with this).

- Invite a minimum of three vendors to tender.

- ☒ Most of the organisations we spoke to had implemented a colour MFP as part of their colour initiative to great effect. However, it would be a mistake to think that a device is not efficient unless it can perform more than one function. Some situations and certainly some users will always need and demand local desktop printers.
- ☒ Request evaluation units and assess the equipment you are considering on your own site, not just in the showroom, in order to see how it sits on your network. Prepare well in advance for the delivery of the evaluation units and try to place them in the environment in which they will be used.
- ☒ Have a specified list of evaluation criteria to test the colour equipment against and get input from as many departments as possible. Typical criteria could include print speed, colour print quality, monochrome print quality, scanning speed, scanning ease of operation, warm up time, collating/sorting and noise.
- ☒ Set a minimum requirement for your expectations of the project. You will then be able to assess how successful the implementation of colour has been in your company.

CONCLUSION

As we have seen, the number of colour laser printers and MFPs being sold into European businesses has grown tremendously over the last two years, and the future projection is for offices to become even more colourful. What the research conducted for this whitepaper has shown is that an office full of colour does not mean that finances also have to move from black to red. In fact, as the case study above highlighted, thinking about colour strategically can force a company to examine its total printing costs from the bottom up and savings can be made in all areas.

The maturity of the hardcopy industry and the convergence that has occurred between printing and copying now put the buyer of this technology in a great position. Buyers can now invite tenders from vendors that have the ability to supply all their hardcopy devices and address document needs holistically, rather than with a fragmented approach. Of course, this is great news for vendors that can supply the equipment, but it's also good news for the buyer, as an invitation to supply such a broad range of IT equipment provides a strong negotiation position. It is also good news for the users, as a single vendor will supply devices that will share the same user interfaces and drivers. And it is also good news for IT and facilities, as maintenance will be consolidated to one vendor and the general administration and day-to-day dealing with the contract and equipment will be simpler. Most importantly, this also enables costs to be kept under control.

As Table 1 shows, there are actually great savings to be made when an organization thinks strategically about its use of colour documents. In fact, over 60% of the people we spoke to said that they had saved money through rethinking the way they address colour, and 57% said they saved time — two of the most vital commodities for any business. In summary, these cost and time savings were made by:

- ☒ Equipping the marketing or client services departments with high speed, robust colour MFPs, therefore enabling in-house production of the majority of their marketing material

- Introducing colour devices to all departments as part of a general review of their total document requirement
- Inviting tenders from vendors that can supply all document needs
- Using software to track, monitor and control costs

The marketing department has been singled out as the heaviest user of colour and the department in which most of the savings have been made in relation to print jobs being bought in-house. This is a phenomenon that has been gradually spreading over the last three or four years. What this survey has also shown is that the other departments are now gaining access to colour and enjoying the benefits of working with colour internally and using colour to positive effect externally — and all without breaking the bank.

TABLE 1

Colour in the Office Survey — At a Glance

Question/Quote	Answer/Response
Which department uses colour the most?	95% of companies said marketing were using colour
"All departments are now using colour"	40% of respondents specified all departments now use colour
Largest cost saving for addressing colour strategically	£500,000 projected over 5 years
Highest cost saving	70%
Lowest cost saving	50%
Average cost saving	61%
Has implementing colour resulted in cost savings?	63% of companies have reduced costs by implementing colour*
Has implementing colour allowed your business to save time?	57% of companies have saved time since introducing colour*
What is the most colour-savvy department in your company?	44% of respondents pointed towards Marketing as "most colour savvy"
What are the most important factors when considering colour?	Quality — 63%, and speed — 50%

* For a detailed explanation please see paragraph 3 and subsequent bullets of the Conclusion.

Source: IDC, 2005

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