



WHITE PAPER

Managing Documents for Success in the New Business Information Paradigm

Sponsored by: Ricoh

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Setting the Scene

In recent years C-level executives in many of the world's largest and most successful organizations have been forced to introduce a wide range of cost-cutting measures as macroeconomic forces continue to create a challenging and uncertain trading environment. In many instances, and with growth becoming an increasingly difficult goal to achieve, organizations have been under intense pressure to reduce the cost base to help growth. But at what cost to future success? An overzealous attack on the bottom line to maintain shareholder value in the short term could mean organizations are leaving themselves open to damaging productivity shortfalls in the future.

Cost Reduction — A Balanced Approach

An unbalanced approach toward cost reduction will inevitably bring serious implications for mission-critical factors such as employee productivity, organizational efficiency, and competitive advantage. IDC believes that companies need to manage and improve key business processes in order to capture essential productivity and efficiency gains. They must also take measures to ensure the enterprise is ready to meet the challenges posed by the changing dynamic of the future workforce. This paper discovers how some of Europe's leading organizations are benefiting from taking an innovative approach to managing and improving the myriad document-intensive workflows and processes that together form the lifeblood of the contemporary business.

Changing Demographics — Managing Productivity and Efficiency

In a stark indication of what the future holds for businesses in the region, the European Union (EU) currently forecasts that the working-age population (15 to 64) will fall by 48 million between 2006 and 2050. (See *Commission Communication "The demographic future of Europe – From challenge to opportunity" COM 571*). As a result there will be a significantly smaller pool of knowledge workers in the future labor market, a trend that will mean companies will need to operate more efficiently in order to succeed. It is partly for this reason that, as this scenario continues to evolve, productivity and efficiency will become an increasingly significant item on the C-level agenda. IDC believes businesses must focus attention and expertise on rationalizing and improving business processes to remain competitive in the new economy.



Information Search — Success Through Document Management

The efficient management of information is a well documented challenge for all businesses, and its importance is set to increase over time. Content and information maintained in paper document format is inherently inefficient: the information should be digitized and efficiently archived for sharing, repurposing, and mining for better business outcomes. A recent IDC survey on knowledge workers revealed some alarming trends about how much time is actually being wasted through searching for information in the enterprise. The survey revealed that knowledge workers spent on average a combined 7.4 hours a week "searching but not finding information" and "reformatting data from multiple sources." The lost time spent carrying out these inefficient practices equates to nearly \$12,000 per employee per year based on average salaries.

Managed Print Services (MPS)

Post-recession Europe has seen a growing trend for large organizations to partner with print service providers in order to drive down costs. Managed print services (MPS) have been the hot area of the print and document imaging industry in recent years, and the MPS market is still enjoying strong expansion in the region as businesses continue to recognize its potential benefits. Current IDC data shows that the MPS market in Western Europe is set to grow by a CAGR of 10.1% over the next five years, from \$2.70 billion in 2009 to \$4.01 billion by 2014 (see IDC's *Worldwide and U.S. Outsourced Print and Document Services 2010–2014 Forecast and Analysis*, IDC #224913, September 2010). The strong growth is largely driven by MPS providers' ability to deliver significant cost savings, typically in the region of 30%.

Note: IDC defines MPS as "a contractual agreement between the user and a service provider to transfer the management responsibility of the printing and imaging infrastructure and applications for an agreed management fee and against a predefined set of service levels." Under such an agreement, the entire printing and imaging is outsourced to the service provider, where assessment (as-is/to-be), HW, SW, consumables, and services are covered within the contract.

MPS is Evolving — Beyond the Print Infrastructure

MPS market penetration among European enterprises is at least 22%, and many organizations have already benefited from the first generation of MPS engagements offered by a host of providers. The question now is to understand what the next phase of MPS can offer organizations, along with the type of services that a) providers are offering, and b) are required by the market. This paper explores this by examining the following key elements as identified by IDC:

- Document process optimization
- People and change management
- Technology and innovation

IDC European Survey

In order to better understand how current external forces are impacting large organizations, and to identify businesses' requirements relating to the challenges in managing business processes, productivity, and efficiency, IDC recently spoke to 477 qualified respondents at a number of Europe's largest organizations. The survey focused on MPS and questioned businesses that a) already have an MPS contract in place, and b) were considering an MPS contract in the near future. Interviewees included executives that held partial or entire decision-making responsibility or influence in companies based in nine Western European countries (Austria, Belgium, France, Germany, Italy, the Netherlands, Spain, Switzerland, and the U.K./Ireland).

Sustained Savings and Productivity Gains Top of Mind for C-Level Executives

The study gave European enterprises the opportunity to voice their most pressing concerns. The research revealed that the top 3 concerns for C-level executives were:

- Achieving financial targets
- Increased sales focus
- Improving employee productivity

These findings tell us that business leaders are concerned with identifying new areas of the business to identify productivity gains to deliver growth.

The research also revealed that there is a range of MPS drivers. A one-size-fits-all approach will only provide limited improvements in operation and costs, and may also lead to a greater risk of customer expectations not being met. The following are the top 3 drivers in all countries, and IDC recommends that enterprises looking to partner with service providers pay close attention to these:

- Competitive sustained savings
- Global delivery ability
- Provider's experience

Document Process Optimization (DPO)

The survey revealed that beyond cost-related factors, the two most significant drivers in the decision to adopt an MPS contract are to:

- Change employee print habits
- Streamline business process document workflows

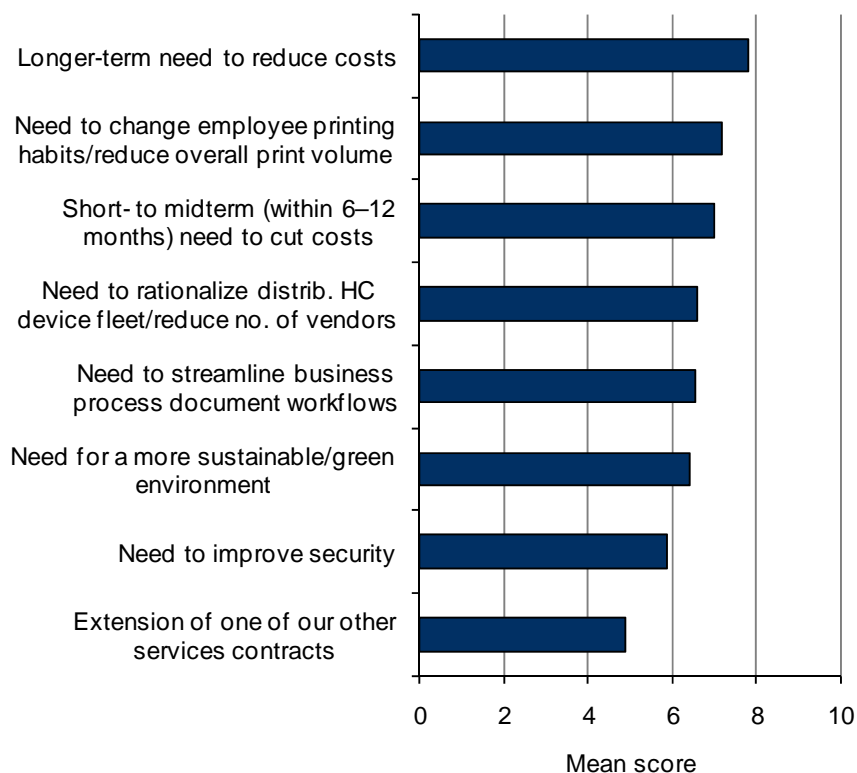
This response clearly indicates that businesses are now looking to improve internal processes, including document-intensive workflows. Evidence suggests that enterprises realize this tranche of the corporate IT infrastructure is one of the last areas that has the potential to offer significant productivity and efficiency improvements. The survey also identifies that organizations are demanding proven consultancy services from providers in order to address document workflow processes. The survey asked respondents to rank the likelihood of specific

components being included in any MPS contract. The highest response, after the usual hardware and supplies related components, was "consultancy services related to print/copy/scan infrastructure." This response had an average likelihood of being included as part of an MPS program of 6.5 out of 10. With this in mind, IDC believes that organizations looking to outsource or partner with print service providers should consider vendors that are able to demonstrate consulting expertise in document management and workflow improvement beyond the output environment.

FIGURE 1

Driving MPS Adoption

How significant are the following in driving adoption of MPS in your company?



Source: IDC's European MPS Survey 2010

MPS Requirements Beyond Print

In terms of the document services typically included in MPS contracts, 57% of the European survey respondents indicated that document capture, scanning, and routing were, or would be, included in their contract. Almost 30% indicated that digital document storage and management services are, or will be, included in their contract, evidence that further supports the growing market appetite for process improvement.

In addressing the important area of compliance-related business requirements, companies are significantly reducing their physical document storage in favor of digital document storage. 68% of survey respondents indicated that physical storage was reduced or the same, while 76% indicated that digital storage had increased over

the past 12 months as companies try to stay abreast of new and planned business legislation.

Streamlining Document Workflows

By effectively managing documents, companies can also extend access to resources across the organization, among mobile/remote employees and to partners. This results in faster response rates, more productive employees, and easier collaboration across departments and between partners and suppliers. Web-based services are seen as low investment options to achieving all of these potential benefits.

From a storage perspective, the ability to "house" data in the cloud is seen as the second greatest benefit of Web-based services (a mean of 7.14, where 10 is "very beneficial") after "applications that reduce the need to print."

People and Change

Change Management

The ability to "change employee printing habits" is a major driver for enterprises in the decision-making process prior to embarking on an MPS program. The survey reveals an average importance rating of 6.5 on a scale of 1–10. This underlines the importance that organizations are now placing on the ability to effectively manage change in order that technological and process related improvements are fully leveraged.

Escalating the importance of change management ultimately protects the investment by supporting return on investment, while also generating additional business value via the implementation of effective and proven change management procedures. IDC recognizes the importance and value for businesses in partnering with service providers that can deploy expert change management consultants. Only then can organizations truly understand and influence the complex ways in which knowledge workers carry out their work.

People — Employee Behavior

The key drivers of MPS adoption may not initially take into account the challenges of ensuring employee commitment to new document policies and processes or employee efficiency and satisfaction. But as we have already seen, employee productivity is a top 3 concern for C-level executives and the successful implementation of an MPS program must address the effective management of employee behavior to achieve the desired productivity gains.

Having implemented effective management of the document infrastructure, one of the initial employee-related benefits is the reduction in time spent by IT personnel in responding to helpdesk calls. For this reason IDC recommends partnering with providers that can demonstrate a comprehensive approach to service management in order to realize the full benefits. Helpdesk support is one of the key MPS contract components (with a mean of 7.4, where 10 is "very likely") and 25% respondents identified the reduction in helpdesk calls as a key MPS benefit. This frees up IT personnel to focus on core, business-critical tasks.

Requirement for C-Level Engagement

MPS implementation will not be effective without C-level commitment. This message must also be rolled out throughout the organization. MPS providers should place a genuine emphasis on supporting the internal communication of the implementation and resulting operational changes. In terms of MPS success, one of the top 3 concerns or reservations is the fear that there will be a low level of employee acceptance/adoption (with a mean of 6.6, where 10 is "very concerned"). This fear is felt more acutely among managed service decision makers currently considering a contract (a mean of 7.02, compared with 6.21 for those with a contract).

Success cannot be achieved without attention to people. Change management is an integral part of the implementation process and a critical ongoing consideration throughout the contract term. IT decision makers often look to potential service providers to gain C-level commitment. But service providers also need to provide significant support for the change management process in terms of:

- Communicating the change — why, when, and how
- Responding to concerns and acting on feedback
- Identifying company and, specifically, employee benefits
- Highlighting alignment with corporate policy (corporate goals and ideals, focus on sustainability, greater process efficiency and online collaboration)

Internal Communication

An internal communication plan aims to effectively communicate and govern the print and document policy as developed by customer and provider. Proper development and implementation of the plan ensures that businesses can communicate effectively with employees, helping to promote and maximize operational savings while lowering the risk of employee alienation. For C-level executives, a provider's ability to deliver end-user satisfaction is extremely influential in the provider selection process.

The survey also highlighted companies' expectations of service providers in defining and implementing a change program. It is crucial that a provider supports the internal education initiative (a mean of 7.79, where 10 is "very important") and provides recommendations on how to initiate the change (a mean score of 7.62).

IDC believes that if businesses do not correctly address change management by including it as a central pillar of any strategic decision to implement MPS, they risk the following:

- Reduced or low gains in employee productivity
- Lack of governance
- Failure to realize cost savings
- Barriers to innovation
- Low improvement in end-customer service
- Slow response to customer needs

Technology and Innovation

The successful implementation of extended MPS technology can be accelerated by taking a three-pronged approach of people, process, and technology. It's not enough to invest in MPS without consulting the wider business and clearly understanding how this fits with the people and processes. But technology remains a key part of the solution design and the successful deployment of MPS is dependent on best-in-class technology.

European businesses highlighted the importance they place on technology in the survey by naming technology driven services as a key component of existing MPS contracts. "Tools enabling device management and remote diagnostics" were mentioned by 65% of respondents when asked which services are included as part of an MPS program.

There is a Clear Managed Services Evolution

The following points show how MPS is evolving by focusing on process, people, and technology:

- Companies initially benefit from a host of often unanticipated benefits such as fewer helpdesk calls and lower energy consumption, resulting in a reduction in the carbon footprint.
- Companies move on to address other operational challenges that will enable greater access to information for employees, as well as catering to mobile and remote workers and developing tools to better enable employee productivity.
- The managed service evolves to help companies develop business value and drive innovation, creating a more agile business and competitive differentiation.

New Advanced Services and Solutions

Aside from mobile or "print anywhere" technologies, the survey showed there are a number of additional offerings and benefits relating to new advanced services that are hosted or delivered via cloud technology. The following responses are the most popular and are ranked on a scale of 1–10 where 10 is "extremely beneficial to my business":

- Applications that reduced the need to print at all (7.53)
- The ability to "house" data virtually rather than physically (7.14)
- Immediate access to latest technology and functionality without heavy investment (7.03)
- Extending access to resources to mobile/remote workers (6.79)
- Sharing systems with partners for easy and rapid access (6.77)
- Providing a secure way of increasing the ability to process forms (6.46)

As well as being more focused on innovation, C-level executives are also concerned about security issues (24% of respondents in contrast to 17% overall) and the need to improve security to drive managed services adoption in Europe. Security is definitely

top-of-mind, with document security solutions a likely contract component when considering implementing MPS.

Summary

IDC's research clearly supports the well documented and growing trend for European enterprises to partner with print services providers in order to reduce costs, increase productivity, and improve organizational efficiency. IDC also believes that the MPS market is now rapidly evolving beyond the output infrastructure. Business demands extended services from providers in order to manage and improve complex document-intensive business processes.

The survey showed that companies should pay particular attention to the following key areas if they are to realize the full potential of managed print and document services:

- Document process optimization
- People/change management
- Technology and innovation

IDC recommends that businesses should examine these areas closely in relation to a provider's capabilities. Failure to address all these key elements will result in organizations not realizing the full potential benefits, which in turn could have serious implications on future business success.

MPS Considerations for the Enterprise

In relation to new MPS contracts IDC believes it is essential to benefit from proactive management and ongoing optimization of the document process environment for continuous cost reduction and productivity improvements. As we have seen earlier in this paper, this can be achieved by evolving the contract focus beyond device consolidation and toward document workflows that are critical in the efficient sharing of information across the enterprise, from office to datacenter and beyond.

As the industry continues to evolve, benchmark services offered by leading providers will increasingly offer innovative solutions to cater to remote employees, harmonize global information sharing systems, and improve the environmental performance of the organization.

IDC advises enterprises to take the following points into consideration when partnering:

- A demonstrable document heritage beyond output
- A genuine service management framework, including service delivery and service support capability
- Proven capability to innovate and lead improvement through a proactive and ongoing program of consultation
- Placing people and change at the heart of the implementation strategy

About Our Sponsor

Ricoh Company Ltd. is a global technology leader, specializing in the office and production printing markets. Ricoh works with organizations around the world to modernize work environments and optimize document efficiency.

With more than 108,500 employees worldwide, Ricoh operates in Europe, the Americas, Asia/Pacific, China, and Japan. Ricoh Europe Holdings PLC is a public limited company and the EMEA headquarters of Ricoh Company with operations in London and Amstelveen, the Netherlands. In the fiscal year ended March 31, 2010, revenue from EMEA operations was over 458.5 billion yen (\$4.5 billion). Ricoh Company's worldwide sales were more than 2,016 billion yen (\$21 billion) in the year ended March 31, 2010.

Ricoh's Managed Document Services (MDS)

Ricoh's MDS approach is an extension and evolution of MPS, which addresses the three fundamental functions relating to the entire document management ecosystem of input, throughput, and output. Ricoh's MDS aims to streamline core business processes by focusing on process, people, and technology and innovation to create a state of continuous improvement.

Ricoh aims to help organizations better manage and leverage information for improved business outcomes through a flexible partnership-led approach. Service management is the fundamental pillar to govern the print and document services program, aided with expert consultancy as well as proven project and change management methodologies.

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