How Office Copiers Can Pay for Themselves – and Then Some

Understanding the ROI of distributed document imaging and workflow solutions

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Office copiers have earned their place as a permanent and essential fixture in the office landscape. They've achieved this position by delivering convenience and boosting the productivity of office workers who need to produce hardcopy duplicates of original paper documents. It is important to note, however, that these benefits are accompanied by costs that include monthly lease payments, ink, paper, waste disposal, and electricity, as well as equipment installation, management, service, and repair expenses.

To reduce these costs for customers, copier manufacturers have spent billions in R&D to design energy-efficient multi-function devices that offer printing, copying, and scanning capabilities in a single device. The latest multi-function devices offered by manufacturers are highly reliable, use less ink per page, can duplex print on inexpensive paper, and reduce the IT costs associated with deploying and managing single function devices. As a result, the total cost of ownership of the office copier has never been better than it is today.

In today's economic environment, businesses are being forced to find ways to cut costs even further, while increasing productivity. The current generation of office copiers, also known as multi-function printers or MFPs, is under-appreciated for its ability to drive even greater cost savings and productivity with the on-board scanner.

Probably one of the most significant methods for using MFPs to increase cost savings and productivity in the office is to add document imaging and workflow software. This is software that makes it easy for office workers to use the MFP to digitize and distribute paper documents using the organization's current business applications, which could include e-mail, fax server, content management, and other collaborative business applications. With the addition of document imaging and workflow software, office MFPs become *Smart MFPs,* a term coined by the industry analyst firm Gartner, Inc.

A Smart MFP is an MFP enabled with eCopy software that turns its scanning function into an intelligent distributed document imaging and workflow solution that is integrated into a business' systems. This combination of hardware and software provides a highly accessible and easy-to-use solution that all employees can use to streamline their paper document management tasks.

A key point is that the Smart MFP provides easy access to sophisticated document imaging technologies for every office worker right from the shared office copier. Traditional document imaging, or production scanning, as it is also known, has typically been a centralized function where paper documents are brought to a central location and are digitized and combined with the existing electronic document workflow. This combination of hardware and software provides a different type of document imaging solution; one that is highly accessible, so that all employees can use it easily to streamline their paper document management workflows.

 This paper is intended to help prospective MFP customers understand how they can benefit when deploying eCopy software with their MFP. It describes the Return on Investment (ROI) as determined by Nuance's eCopy Distributed Document Imaging and Workflow Business Value Calculator (https://www.estimatebusinessvalue.com/ecopy/web) a valuable tool for determining the benefits you can realize by deploying eCopy within your organization.

Benefits Explained

While there are many benefits to implementing a distributed document imaging and workflow solution when rolling out a new fleet of MFP's, Nuance has broken them into two major categories — hard-dollar savings and strategic benefits — for the purposes of our analysis.

We assign numeric values to certain benefits because of the comparative ease with which they can be measured. Strategic benefits, however, are no less valuable. In fact, strategic advantages can often dramatically outweigh the hard dollar savings detailed in the eCopy ROI calculator. It is simply that they are more difficult to measure and the effort required to analyze them is greater than most IT managers have time for. But perhaps most impressive is that Nuance's eCopy distributed document imaging and workflow solution can deliver an incredibly fast return on your MFP investment even without the added strategic benefits.

Tangible Hard-Dollar Savings

Hard-dollar savings from an eCopy-connected *Smart MFP* can be captured in multiple ways — from lowering document storage costs and reducing ink and paper consumed when making photocopies to decreasing fax and courier service fees and increasing productivity by cutting down on time spent managing paper files. What's more, Nuance's eCopy will enable IT to enjoy a lower cost of ownership compared to alternative or competitive solutions by centralizing and consolidating the management of the distributed imaging and workflow solution across a fleet of MFPs.

An eCopy-connected *Smart MFP* can deliver a host of different cost savings and productivity benefits. These include the following:

Reduced cost of managing paper documents

Management of paper documents represents a huge expense for today's companies. Research has shown that expenditures on office documents across the Fortune 1000 exceeded $7500 per employee.[1] Conservatively, office workers spend 20%[2] of their time on average filing, managing, searching and retrieving paper documents, of which 15%[3] are photocopies. In a typical 1000-person company about 20%[4] of the employees work in administrative or knowledge worker roles. That equates to about $600,000 in payroll spent annually on the management and handling of photocopies.

By using eCopy with your MFP to scan original hardcopies directly into electronic workflows as properly indexed, text-searchable digital documents, companies can easily attain a 50% reduction in time spent distributing, filing, locating and retrieving information contained in paper documents. Once the documents are filed online, workers can utilize tools such as enterprise search, document management, or records management to quickly find and retrieve the information they need. Reclaiming this time is equivalent to adding $300,000 in payroll or the equivalent of about four full time employees focused entirely on more valuable and meaningful work.

While it is not practical for many companies to reduce their workforce to capture these savings in hard dollars, it *is* reasonable that the use of eCopy would enable them to cut some portion of this labor or reduce pressure

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[1] All Associates Group, Inc., 2002

[2] *Document Management: Assessing Costs & Benefits,* ID Number: SPA-11-9200, Gartner, 2000

[3] http://www2.sims.berkeley.edu/research/projects/how-much-info/print/PaperChart.xls

[4] United States Occupational Employment Statistics, Bureau of Labor Statistics, May 2008

to increase staff. Both outcomes result in payroll savings, either through workforce reduction measures or lower headcount growth.

Reduced office consumable expense

Naturally, as more photocopies originally destined to exist as hardcopies are transformed into e-copies, the paper and ink consumed by reproducing duplicate hardcopies will, in turn, decrease. On average, businesses reproduce 40 photocopies per employee per day,[5] at a cost of five cents per page for consumables.[6] Based on these statistics, the total cost of ink and toner for the average 1000-person company is $112,500. With eCopy, one can expect the consumables expense related to photocopying to decline by a commensurate percentage of the reduction in time spent managing and handling paper documents to deliver total annual savings of just over $56,000 for the average 1000-person company.

Lower document storage costs

Once a document is scanned, it is no longer necessary to store that document on-site occupying costly office space. In densely populated areas such as Manhattan, office lease rates can run as high as $90 per square foot per year. [7] In some cases, companies can completely eliminate paper document storage costs and recycle the document once it has been scanned. However, for most companies there remains a need to continue to store paper documents for some period of time. This could be an organization's customary practice or it could be for legal reasons. However, when documents have been e-copied, hardcopy can almost always be moved to less expensive off-site storage, dramatically reducing the storage costs by as much as 90%.

Lower document courier and fax cost

Based on preliminary 2007 United States Census data, US businesses spent on average .7% of revenue on courier, messenger and long distance telephone services. [8] When factoring in the percentage of long distance traffic attributed to fax, the average expenditures for distributing documents over long distances decreases to .55% of revenue. This is equivalent to $2700 spent annually per administrative and knowledge worker.

Because it is directly connected to a network and to an enterprise email server, the eCopy-connected MFP can transmit a document to any email address located anywhere in the world, enabling companies to avoid the higher cost of either the public-switched telephone network or a significantly more expensive document courier service. For the same 1000-person company, an achievable 50% reduction in the number of documents sent by courier and fax implies total savings of $270,000 per year.

Reduced IT Cost

While nearly all distributed document imaging solutions can claim to deliver many of the same tangible benefits, such as lower consumables, storage and document courier expenses, the IT labor expense involved in managing software solutions and the extent to which employees utilize them can vary significantly. Simply put, the choice of software vendor makes or breaks the solution's ROI.

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[5] *EDAM Sector Summary & Pharmaceutical Industry White Paper, Document Systems: Dimensions for the Future,* All Associates Group, Inc., 2002

[6] *Office Document Sprawl, Clearing Up after the Perfect Storm,* All Associates Group, Inc., 2003

[7] *Office Space Across the World,* 2009, Cushman & Wakefield Research

[8] Percentage of 2007 US GDP accounted for by the total 2007 revenue of NAICS industry codes 492 & 517 and products and services code 35870 combined (NAIC 517). Source:

Nuance Document Imaging Solutions   **3**

MFP-based imaging and workflow solutions are by definition a distributed computing solution. Because of this, these systems are often integrated with several makes and models of MFPs and are required to perform a myriad of different workflows for different employees and departments. By extension, they must integrate with multiple enterprise applications and business systems. Additionally, since these systems are typically used occasionally by individual employees, it is critical the system requires no user training or re-training.

When one considers the effort involved in maintaining distributed document imaging solutions across an enterprise, across many integration points with several enterprise applications and across a fleet of non-standard MFPs and a variety of enterprise applications, it is clear that the wrong choice can completely negate all of the financial benefits previously outlined. Therefore it is critical to select a solution that delivers the lowest total cost of ownership.

Strategic Benefits

Aside from the more easily quantified tangible benefits, a MFP-based imaging and workflow solution can deliver significant strategic benefits. While these strategic advantages can be just as important to an organization, they are either more challenging to quantify or vary dramatically from customer to customer. Using Nuance's eCopy distributed document imaging and workflow solution can contribute to the achievement of common corporate strategic goals, including:

Ease of Doing Business

Employees gain improved access to information contained in searchable electronic documents as compared to paper files. As a result, they are able to provide faster, better service to customers and suppliers alike.

Improved Employee Job Satisfaction

With easy access to searchable electronic documents, employees experience less stress and frustration trying to find information. In addition, they are more likely to perceive their employer companies as innovative organizations that give them the tools needed to perform their jobs efficiently and effectively.

Reduced Risk of Business Interruption

Electronic document storage provides for faster data recovery in the event of business interruptions due to severe weather, natural disaster, health pandemic, labor strike, and other incidences.

Increased Document Security

Restricted system access reduces the risk of sabotage and improves intellectual property protection.

Reduced Business Process Latency

Electronic document storage enables more efficient dissemination of information across the enterprise.

Improved Corporate Sustainability Profile

Decreased consumption of paper, ink, toner, and energy as well as less frequent usage of courier and mail services reduces an enterprise's carbon footprint.

Strengthened Corporate Governance and Regulatory Compliance Enforcement

A securely integrated document imaging and workflow solution with full audit trail, document encryption, and secure access for all knowledge workers helps to ensure corporate compliance with privacy, security, and process controls of sensitive and regulated information.

Improved Cash Flow

By automating the flow of information contained in paper documents through the Order-to-Cash and Procure-to-Pay cycles, organizations are able to process transactions more quickly. This, in turn, enhances the organization's ability to collect customer debts and capture discounts for early payment of vendor invoices.

Conclusion

If you have been delaying the purchase or lease of the latest generation of MFPs, you may want to reconsider. With interest rates at an historic low, now is the perfect time to start realizing the cost-saving and productivity-enhancing benefits of Smart MFPs.

The experience speaks for itself™

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