UNITED STATES

Major Metropolitan Transit System

Case Study

Public Sector

Major metropolitan transit system on track to save $1M through use of Lexmark output solutions

Summary

Consolidating aging standalone printers, expensive leased copiers and fax machines reduces device headcount, provides valuable usage information and reduces costs by 48%.

The Organization

Located in one of America's fast-growing metropolitan areas, this governmental agency operates the public transit system. Serving nearly 20 million riders annually via bus, light rail and commuter rail, this transit system is in the midst of a multibillion-dollar expansion that will double its right of way to more than 90 miles.

The Challenge

As this metropolitan rapid-transit agency has grown, additional staff has been hired at its headquarters and at two major satellite operations facilities. The number of printers, copiers and fax machines necessary to support this expanding and geographically dispersed staff rose dramatically. Page counts now exceed 12 million per year.

With different departments responsible for its networked printers and standalone copiers, the absence of a cohesive strategy led to inefficiencies and mismatches of user demand and device capacity. Unable to consolidate maintenance of all its devices under one blanket service agreement, overall output costs for copiers, printers and fax machines raced past $1 million annually. Maintenance for its fax machines surged to $48,000 a year and copier leases topped $549,000 annually. And, at that time, the average overall cost per page was nine cents.

Goal

For a major metropolitan transit agency to reduce costs by retiring aging printers, expensive copier leases and fax machines, consolidating their functions into integrated multifunction printers (MFPs) and placing them on the network strategically throughout the agency and under a single blanket maintenance plan; track paper and toner usage; use tracking information to replenish consumables from one central source to prevent waste.

Solution

A reduced-headcount of distributed networked laser multifunction printers and color laser printers from Lexmark that use standard supplies, can be centrally monitored through the network and generate status alerts, all covered under one long term, agency-wide maintenance agreement.

Results

- A projected five-year net benefit of $548,047, driven by a reduction in fleet headcount, elimination of costly copier leases, maintenance costs and consumables.
- An ROI of 95% with a payback period of one month.
- Reduced its cost per page from nine cents to four cents over five years.
- Eliminated nearly all standalone copiers and fax machines.
- Ability to analyze device usage patterns down to the individual device or employee level.
- Ability to continuously monitor status of all devices, allowing for preventative maintenance and speedy response for service calls.

As a first step to reduce costs, the agency converted its printers to a leased cost-per-page model in which the vendor assumed all responsibility for maintenance, toner and overall device management. “We did save money, but the level of service we received was poor,” said the agency’s Manager of Desktop Support.

The bottom line: A five-year projected cumulative net benefit of $548,047, an ROI of 95%, and a payback period of just one month.

The agency’s menagerie of printers, fax machines and copiers, all from different manufacturers, forced the agency to keep a wide assortment of toner cartridges in inventory, further tying up valuable funds. Physically securing this inventory against shrinkage became necessary, complicating the on-demand distribution of cartridges from the central repository to outlying locations. Central administration to gauge usage, measure toner and paper consumption, and monitor device health was not possible.

The Solution

Convinced of the potential for cost savings, the agency consolidated budgets for all output related equipment within IT and then embarked on a data intensive review of its current environment and potential solutions from several major printer and copier providers. The agency tested technology from the providers, reviewed service options and considered rental versus ownership options for the equipment.

“The other vendors we looked at all offered comparable hardware, but they paid more attention to the technology and less to the way our employees use the equipment every day,” the Manager of Desktop Support said. Following the review, Lexmark was selected as the agency’s primary provider of output equipment.

To reduce the number of devices it operates, cut operating expenses and maintenance costs, and to gain insight into actual usage patterns, the agency chose to remove separate faxes, copiers and printers, replacing them with Lexmark MFPs that include a printer, scanner, copier and network fax in a single unit designed to handle the demands of a document-intensive office environment.

“Our oversight board was skeptical that this approach would achieve significant savings and simultaneous improvements in productivity,” the agency’s Manager of Desktop Support said. To allay that skepticism, Lexmark developed a detailed proposal based on field observations captured by its team of public-sector specialists. “The approach was very methodical and deliberate in order to assure the proposal was based on verifiable data,” he said.

With the support of the board and detailed equipment and employee usage information, Lexmark began replacing the agency’s antiquated equipment with fewer, strategically placed, new Lexmark MFP devices that are all connected to the agency’s network. For the first time, actual page count statistics for the agency’s output devices are being tallied, allowing the agency to predict when toner replenishment is necessary, improve its budgeting process and track the types of documents and page counts that individual employees print.

Training, which the agency budgeted for, turned out to be unnecessary, thanks to the self-explanatory color touch-screen operator panel on the Lexmark MFPs. “We planned to do classes on the MFPs, but our people figured it out themselves in just a few minutes,” said the agency’s Manager of Desktop Support. Easily customized, the operator panel uses full-color graphical icons to indicate most operations, permitting users to scan documents to their desktop or directly to an e-mail with just a few fingertip touches.

“We have saved over $1 million dollars just by taking a new approach to output. And we’ve dropped our cost per page from nine cents to four cents in just five years.”

—Manager of Desktop Support

The agency now owns all of its Lexmark equipment and is a Lexmark self-maintainer. The Lexmark equipment automatically alerts the agency’s on-site IT personnel when toner conditions are low so that replacement toner can be ordered and installed just in time. This approach eliminates the need to stock toner. Its on-site IT personnel perform routine and scheduled maintenance on the agency’s Lexmark devices at precise intervals and have access to extensive libraries of Lexmark support information.

The Results

Today, the agency operates 375 Lexmark networked output devices, far fewer than its former headcount of 600 standalone machines. Of these networked Lexmark devices, 110 are MFPs and 50 are color laser printers. Costs are down substantially and have yielded a 48 percent compounded annual print savings.

> "We would not have initially considered MFPs as the solution to our business challenge, but Lexmark listened to our needs, analyzed our unique business environment and demonstrated that it was the right way to go. As a result, on day one we were achieving substantial savings."
>
> —Manager of Desktop Support

In the project's base year, just over $1 million was spent to support printing throughout the agency. Annual savings in each of the project's first four years were $114,000, $270,000, $317,000, and $425,000, respectively; a total aggregate savings of $1.1 million.

"We have saved over $1 million dollars just by taking a new approach to output," said the Manager of Desktop Support. "And we've dropped our cost per page from nine cents to four cents in just five years."

As the agency shifts printing capacity to its MFPs and away from copiers, its toner costs have increased slightly while its copier lease costs have dropped dramatically. The substantial savings are attributable to two key factors: device consolidation to MFPs resulting in a smaller fleet headcount that operates efficiently and reliably, and a similar consolidation in its patchwork of maintenance contracts into a single long-term agreement with Lexmark covering the entire 375-device fleet. The agency has eliminated nearly all of its copiers and fax machines.

Additional savings are being achieved through standardization of toner cartridge models, and usage patterns measurable down to the individual employee level, allowing the agency to impose tighter control where needed or redeploy devices to better match capacity with demand.

Use of genuine Lexmark toner cartridges assures top-quality results while simultaneously protecting the printers and MFP devices against the problems often found when using aftermarket third-party supplies. "We tried aftermarket cartridges, but they frequently leaked, driving up the number of maintenance incidents and costs," he said.

Perhaps as important as cost savings and ease of use is the relationship Lexmark forged with the agency. "We would not have initially considered MFPs as the solution to our business challenge, but Lexmark listened to our needs, analyzed our unique business environment and demonstrated that it was the right way to go. As a result, on day one we were achieving substantial savings," he said.

Lexmark public-sector industry specialists continue to stay actively involved long after the initial sale, providing fast response to questions and proposing new uses for the installed products to provide additional savings for the agency.

"What I value most about Lexmark is the people," said the Manager of Desktop Support. "The team suggests ideas and approaches that make sense and really work. They are there to help us even when we aren't buying. That's what keeps me loyal to Lexmark."

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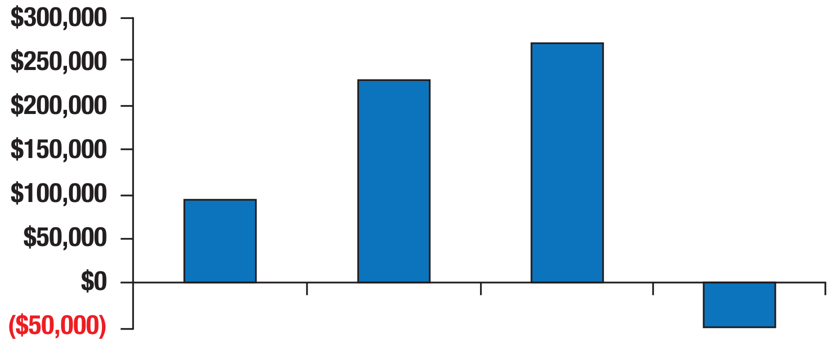
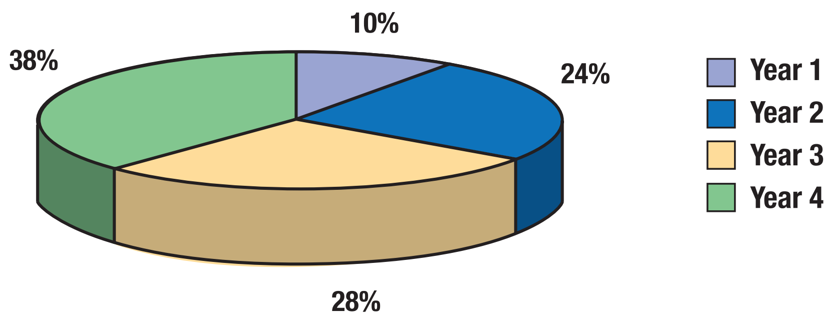
In public transit, keeping the trains and buses running on time is the key customer deliverable. Yet doing so in an efficient, cost-effective manner is equally crucial. Through its partnership with Lexmark and the use of Lexmark technology, the agency is saving more than a half-million dollars each year on output. These are valuable taxpayer funds that are being redirected to the agency's primary mission. Now, the agency's output fleet is as efficient as its transit system.

Cumulative Net Value = $548,047



In year four, a one-time reinvestment of $472,897 will continue the positive impact in future years.

Cumulative Net Benefit = $1,125,656



The following chart provides a detailed, four-year analysis.

Project Summary						
ROI	95%					
Payback Period (in months)	1					
Cumulative Net Value	$548,047					
Project Costs		**Startup**	**2003**	**2004**	**2005**	**2006**
Investment		$0	$18,792	$40,170	$45,750	$472,897
Total Project Costs		$0	$18,792	$40,170	$45,750	$472,897
Benefits		**Startup**	**2003**	**2004**	**2005**	**2006**
Print Savings			$114,253	$269,533	$316,677	$425,193
Total Benefits			$114,253	$269,533	$316,677	$425,193
Financial Analysis		**Startup**	**2003**	**2004**	**2005**	**2006**
Net Value		$0	$95,461	$229,363	$270,927	($47,704)
Cumulative Net Value		$0	$95,461	$324,823	$595,751	$548,047
Net Present Value (NPV)		$492,038				
Payback Period (in months)		1				
ROI		95%				
Return on Investment: ROI (return on investment) is the percentage return expected over a specified period of time. ROI is the total benefit divided by the total costs. This ROI metric is good for assessing the multiplier provided by the benefits relative to the total investment and costs.						

The financial analysis provided in this case study was calculated by Case Study Forum and ROI-Calc, Inc. Results shown are not a guarantee of equivalent performance.

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