

Issue Brief

How to Achieve Best Value vs. Best Price in Public Sector Print Environments

State and local governments are turning to a range of print and document management solutions to address their complex business environments. Although many solutions promise enticing benefits, government organizations may be missing out on the full value of print and document management solutions because of budget concerns and other challenges. What appears to be a good value initially may actually cost more in the long run, and result in unexpected complications down the road. This issue brief examines some of the challenges organizations face when purchasing print and document management solutions, and offers best practices for selecting and procuring devices and services. Using these strategies, organizations can still work within existing budgets while getting the best value for today and the years ahead.



Understanding the Implications

In procuring print and document management solutions, state and local governments often face funding shortages, unexpected costs and other budget-related challenges that impact their decisions. To save money and work within budget allocations, organizations may be tempted to choose the lowest-price equipment and services. In these scenarios, organizations may focus on solving an immediate, localized need without considering long-term, enterprise-wide goals. However, operating in this mode has a number of potentially costly consequences, including:

- **Integration issues** associated with getting heterogeneous pieces of equipment and software to work together efficiently — not only across the print and document management environment but also in terms of integration with enterprise resource planning (ERP) and other back-office or legacy systems
- **Increased complexity** related to learning multiple vendors' technology, maintaining different devices, and managing multiple patch and upgrade cycles
- **Inefficiencies** related to maintaining multiple relationships such as troubleshooting and resolving technical issues, escalating support with the proper vendor, and handling billing and other vendor management tasks

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- **Security gaps** that arise when multifunction printers (MFPs) and other devices with varying, uncoordinated security mechanisms are connected to the network; this issue is exacerbated by the fact that the IT team is not always responsible for print and document management

Print and Document Management Procurement Best Practices

The following practices can help organizations receive the best value from their print and document management solutions while avoiding the pitfalls associated with solutions that focus primarily on price:

1 Adopt a “best value” mindset and strategy.

Instead of focusing on one-time transactions that meet an immediate need or budget requirement, organizations would do well to adopt a long-term, solution-oriented strategy that emphasizes achieving the best value and optimizing performance across the whole organization. Broadly speaking, “best value” means an organization is using a request for proposal (RFP) process that considers factors other than price. Doing so can create efficiencies and lower costs. For example, organizations can consider important factors such as sustainability or security in the procurement decision. “If your agency defines the procurement process so that value relates to things such as small minority-owned business, local business, or environmental, economic or social sustainability issues, you can procure in a manner that, by definition, brings best value not only to the organization, but also to the community it serves,” says Brent Maas, executive director of the National Institute of Governmental Purchasing (NIGP).¹

To succeed with an organization-wide strategy that focuses on best value, procurement organizations may want to consider these related best practices:

- **Obtain executive sponsorship** — Someone in a leadership position must recognize the value of an organization-wide strategy and be in a position — from a policy and architecture standpoint — to advocate for and require adherence to the broader vision and goals.
- **Include end users, IT and other stakeholders in the decision-making process** — People are more likely to adopt new technology, follow security and usage policies, and let go of personal printers and other redundant (but personally convenient) equipment if they understand the broader goals and have a say in the decision-making process.

2 Assess needs across the enterprise and design accordingly.

It’s important to identify use cases and requirements across the organization, understand how a potential solution can benefit the whole organization and set clear objectives. With this insight, organizations can avoid inefficient technology silos, take advantage of broader functionality (e.g., sharing the print system and its costs with other departments or agencies), optimize spending and establish clear metrics for measuring success.

- **Understand the environment’s current design and layout** — To optimize productivity, security and cost, organizations need an in-depth analysis of the current print and document management environment. This task is typically performed

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by an independent third party and includes analysis of needs and architecture. Because many print and document management devices are connected to the network (and are therefore at risk of security breaches), the assessment providers should have expertise in security policy and best practices. In addition, assessment providers should evaluate the current environment’s readiness or capability for integration with proprietary and/or standards-based technology from other vendors.

- **Choose the right machine for the job** — Government organizations can achieve the best performance and best total overall cost by choosing technology based on the needs, layout and operational capacity of the office. For example, in a large office building, an agency might install an expensive high-production printer in a central area to serve all floors, and install smaller, lower-cost machines on each floor to serve daily printing needs. This approach would allow the agency to eliminate personal printers on employees’ desks and decrease the associated complexity and cost of maintaining numerous printers. It would also maximize the use of the high-production printer and reduce the need for additional high-end printers.

3 Understand the impact of hidden costs and lost opportunities.

When it comes to calculating total costs, it pays to be detail-oriented. Overlooking the following costs can give government organizations an inaccurate picture of best value and total cost of ownership (TCO).

- **Know the TCO** — Gartner Research defines TCO as “a comprehensive assessment of information technology or other costs across enterprise boundaries over time. For IT, TCO includes hardware and software acquisition, management and support, communications, end-user expenses and the opportunity cost of downtime, training and other productivity losses.”² TCO for print and document management might also include expenses related to the network and the opportunity cost associated with using physical space for equipment versus desks or other purposes.
- **Understand the costs of NOT making certain choices** — Scrimping on security, quality or other features can cost more in the long run. For example, failing to incorporate

security mechanisms and a rigorous security policy may result in security gaps that expose an organization to significant financial risk. Choosing lower-quality devices may result in frequent replacements, adding to capital investment costs and an organization's carbon footprint.

- **Understand the costs of avoiding the cloud** — Cloud-based print and document management systems offer savings because organizations do not have to invest in and maintain the system. In addition, they allow organizations to flexibly scale usage according to demand. Although many government organizations have concerns about control and security, cloud solutions may have fewer security vulnerabilities than on-premises solutions. According to Gartner Research, "The recent history of public clouds has demonstrated that brand-name, externally provisioned, multi-tenant services are not only highly resistant to attack, but also are a more secure starting point than most traditional in-house implementations."³

4 Develop a competitive solicitation process that focuses on best value.

When best value is the overarching purchasing goal, RFPs or invitations for bid (IFB) include consideration of items beyond cost. In crafting RFPs/IFBs, it's important to solicit advice on not only features and functionalities that are critical to the solution, but also items that impact overall costs and long-term value.

The following practices contribute to a successful solicitation process:

- **Encourage a competitive procurement process** — According to the NIGP, "Suppliers base their bid/no bid decisions on a number of factors, including having adequate time to complete a response, their ability to offer alternate responses, the quality and complexity of the terms and conditions, and the opportunity to inform the agency about new technologies or solutions."⁴ If an organization doesn't receive responses from a wide field of potential vendors, it should evaluate its RFP for flaws so it will not miss opportunities offered by specific segments of the vendor population.
- **Consider the pros and cons of local preference** — Although giving preference to local suppliers contributes to the development of local economies, it does not always align with basic procurement principles such as lowest overall cost, impartiality and open competition. When organizations include local preference criteria within a solicitation, it is wise to consider it as one of several criteria that contribute to best value and organizational and community values. It is also important to weigh benefits such as having a local contact when issues arise, as well as disadvantages such as relying on a smaller, less proven vendor.
- **Understand where to measure value** — With a traditional copier/printer purchase, value is typically measured by the

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cost per impression for a single machine that meets all the needs of a single office. In a digital print and document management environment, the demands of multiple offices are aggregated and the total cost per copy per machine is not likely to identify all the costs that should be considered (e.g., the network, software and machine costs associated with serving multiple offices). A simple way to look at this is to compare the annual cost of all print and document management equipment in a before-and-after analysis. An individual piece of equipment may be higher in cost, but overall costs should be lower and performance should be consistent (if not improved) because fewer machines are leased through the budget cycle.

- **Establish metrics** — Baseline measurements and ongoing evaluations can be used to demonstrate success, justify purchases, identify areas for improvement and plan for the future.

5 Establish mutually beneficial relationships.

Although it makes sense to approach certain purchases as one-time transactions, the time and effort invested in creating longer-term, ongoing relationships with vendors, peers and industry organizations can pay off in important ways.

- **Create strategic relationships with vendors** — In a strategic relationship, each party respects the other's capacity to contribute to their mutual success, and the contract provides incentives for each party to work together to create a win-win situation and ensure contract performance is as successful as possible. A strategic relationship with a vendor helps an organization maintain awareness of what is possible — or what is on the horizon — in terms of improving performance and value for the overall enterprise. In addition, it allows ongoing dialogue where each party can better understand and accommodate the other's needs, which is something NIGP fully supports. "When we launched our sponsorship program in 2006, we did so with the premise that you can't be maximally effective as a procurement professional if you're not having conversations with suppliers outside the confines of contract-defined transactions," says Executive Director Maas. Maintaining strategic relationships and ongoing communication with vendors positions agencies to become more immediately aware of new solutions and opportunities to participate in

trainings and events while providing input into solutions being developed by the vendor.

- **Maintain relationships with other providers** — To optimize efficiency and achieve the best value on an ongoing basis, organizations need to stay abreast of technology changes, best practices, innovation and new ideas that can be applied to improve print and document management for end users. Staying current is especially important if an organization is planning to rebid its contract. To better understand the industry and new opportunities, it's a good idea to participate in forums, openly communicate with industry representatives and conduct periodic meetings with multiple vendors.
- **Share information and consolidate buying power** — Extensive research and numerous decisions go into the procurement process. By teaming with other agencies or municipalities, organizations can share the workload, draw on the collective experience of the group and save time. Organizations can also unite to consolidate buying power and obtain volume discounts.
- **Take advantage of cooperative purchasing agreements** — The National Intergovernmental Purchasing Alliance, the National Association of State Procurement Officials (NASPO) ValuePoint, the National Joint Powers Alliance (NJPA), US Communities and other cooperative purchasing organizations award contracts to leading vendors to offer cooperative purchasing agreements. These agreements simplify the procurement process by allowing state and local governments to utilize existing publicly awarded contracts to acquire print and document management solutions. In addition, these agreements typically offer national aggregated pricing (for volume discounts), as well as access to a range of vetted vendors.
- **Standardize** — Using a standard print and document management solution allows organizations to negotiate better prices, lessen end-user and IT learning curves, and simplify IT management and maintenance. It also

strengthens security by providing a single, well-integrated platform that has been optimized to protect data and the system itself.

Opportunity Ahead

Today's print and document management solutions offer state and local governments the opportunity to increase productivity, contain printing costs, strengthen security, reduce their carbon footprint and more. A best value procurement strategy can help organizations realize these benefits by prioritizing overall value to the organization instead of focusing solely on cost. In many cases, a best value approach costs less in the long run, once TCO and other costs are considered.

Key practices in achieving best value include thoroughly assessing needs across the enterprise and designing the solution accordingly, understanding the impact of hidden costs and lost opportunities, developing a competitive solicitation that focuses on best value, and establishing mutually beneficial relationships. With these practices, state and local governments will be well on their way to a solution that provides long-term value to the organization and the community it serves.

Endnotes

1. CDG interview with Brent Maas, Executive Director, National Institute of Governmental Purchasing, conducted December 2015.
2. Gartner Research, IT Glossary, accessed December 2015, www.gartner.com/it-glossary/total-cost-of-ownership-tco
3. Gartner Research, Clouds Are Secure: Are You Using Them Securely? September 2015, www.gartner.com/doc/3134527/clouds-secure-using-securely
4. National Institute of Governmental Purchasing, Everybody Wins: Craft a Solicitation That Fosters Transparency, Best Value, and Collaborative Partnership, 2014, www.nigp.org/docs/default-source/New-Site/white-papers/everybodywinswhitepaper7-23-15.pdf?sfvrsn=4

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