



The State of Delaware 2014 Cronin Submission

Delaware Copier, Printer and Multifunction Device Resource Management Program (CRMP)
Maximizing resources, improving efficiencies and eliminating costly redundancies in state government.

Executive Summary –

Created in October of 2011, the State of Delaware operates a Copier, Printer and Multifunction Device Management Program (CRMP) to standardize the use of output devices, streamline procurement, and complete efficiency review processes for all state agencies. State Agencies looking to place or replace an output device through either a purchase or a lease complete a review and approval submission to CRMP personnel. By analyzing current utilization, the CRMP team can make sure that device use and placement is right-sized to maximize efficiencies, helps to standardize equipment placement and reduce unnecessary inventory; thereby, eliminating the need for many personal devices and their on-going maintenance and supply costs. This program's optimization and efficiency reviews **have resulted in over \$3.4MM dollars in confirmed savings since the program began in October of 2011**. The State's program is regularly managed in-house by one dedicated full time employee. This approach compares to hiring an outside company to complete the reviews, thereby allowing the state agencies to keep all savings generated and without allowing vendor sales quotas to drive less efficient solutions and/or higher costs. The program is easily transferable to other states, and generates a significant return on investment.

Statement on Innovation –

In response to the Governor's state-wide Performance Review for Output Management Shared Services and Output Printing Spend, Government Support Services (GSS) within the Office of Management and Budget concentrated efforts to reduce overall spend in all Output Printing areas. The Governor's review calculated approximately \$1.4 million in fiscal spend was dedicated to printer supplies each year. Additionally, in FY12, total contract spend for the Statewide Copier contract was approximately \$4.7 million, and it was estimated that almost all agencies had multiple leased or purchased copier/multifunction devices on hand. Since program implementation, the CRMP team found in most areas that the devices were significantly under-utilized due to high inventories of "other print devices", including standalone printers and fax machines. Agencies were spending significant resources on supplies, maintenance and IT support. It was determined that the Agencies were not analyzing utilization to determine actual needs, but instead, devices were being bought based on what was previously in place. Oversized device procurements and device redundancies in functional areas resulted in underutilization and misuse of state-wide inventory, thereby wasting budgeted funds.

While the industry seeks to gain market share by selling the outsource of Managed Print Services, it begs the question...is the copier/printer vendor engaged in selling Managed Print Services doing everything possible in the best interest of the customer? If the vendors make money off of printing supplies, maintenance contracts and equipment placements, are the suppliers truly looking out for the best interest of the users? To this regard, the State of Delaware, through implementation of the program, instituted functions into the CRMP program that encompassed innovative processes that have had significant

positive fiscal impacts and process improvements that served needs across agency lines, school districts, municipalities and fire departments.

The CRMP directly interacts with all agencies for procurement of print related equipment. GSS included into its statewide contracts that the agency level *must* have a CRMP formal recommendation prior to procuring, thus ensuring a non-partial review of their output management platform for physical work environment and work flow. By including this at the contract level, agencies and departments may not move forward and procure on their own, but instead engage a subject matter expert to complete a comprehensive review. This review considers all existing equipment related to copying, faxing, scanning, and printing leading to a recommendation for a “right-sized” output device through the state’s central contracts.

Additionally, the review identifies redundant single use equipment for removal in favor of maximizing multifunction devices where applicable. If the CRMP cannot find an appropriate area for reallocation of these devices to block new purchases (i.e. school districts), the devices are sent to the State of Delaware Surplus Property for resale, recycling or destruction. This *forced removal* of equipment has eliminated redundancies in the work place and generated \$1.8MM from surplus disposal. If an agency or department refuses to eliminate redundant equipment, then the CRMP manager denies their request for new placements and/or their new equipment is “right-sized” to a smaller platform to save money on new equipment as redundant equipment is still in use. In many cases, a physical site visit by the CRMP personnel is accomplished to ensure a full understanding of the departmental needs and to identify efficiencies wherever possible. By completing through the CRMP program vs. an outsourced vendor, there is no sales pressure, no quotas to fill and no alternative motives for new equipment placement. The CRMP is only interested in improving efficiencies for the department and saving funds, while minimizing device inventories that unnecessarily tax limited agency budgets and IT resources.

Within the last several months, the CRMP program has received buy-in from the state’s Department of Technology, requiring CRMP be the first responder to requesting agencies. This avoids having the agency level technology and departmental personnel partake in the review. This has saved time and money as those personnel can focus on their specialized program areas, which is often not output device management.

The CRMP outlook is very innovative as GSS and the CRMP treat the state’s output device management and needs similarly across department lines, bringing consistency to all state agencies and eliminating preferential treatment of some agencies over others. This can be very challenging for most states as often budget lines are left to the individual agency and/or departments to use as they deem necessary, yet in our shrinking government platforms, rarely do these users have the expertise and dedicated resources to make the appropriate recommendations and procurements. The end result is overspending by millions as often the “wants” are fulfilled vs. evaluating the actual “needs”.

Statement on Transferability –

While the State of Delaware may be much smaller geographically in comparison to other states, this type of output device program management is very transferable as larger states could roll out this program across regions or districts. The demonstrated savings and better utilization that Delaware has achieved for these required state-wide resources shows that CRMP type activity or department can be created for every

state. Not only will states gain better control over device inventory management, but better contractual control for multifunction devices that were previously being driven by suppliers. By example, for a working model template, the State of Delaware's Copier, Printer and Multifunction Device Contract, which includes mass device platforms, *without metered fees*, can be seen at: http://contracts.delaware.gov/contracts_detail.asp?i=2139 . The contract also includes supplies, maintenance and mandatory reporting, all which provide greater transparency into the contract usage for the State.

When the State of Delaware benchmarked against other state and cooperative contracts, we found our contract to be more cost effective for our program since it offered more favorable terms, including placement, maintenance and repair conditions, service response times, and equipment pricing along with free supplies. The State of Delaware CRMP program is still in its infancy with regards to technology and personnel dedicated to this program, however, the dedicated resources of just (1) Full Time Employee (FTE) to this program has realized a 3 year cost savings of \$3.4 million since October 2011 by just changing processes and adding in a comprehensive review process. The State is realizing a significant Return on Investment through mass savings, inventory reductions and improved utilization of equipment and personnel resources. Creation of this type of CRMP platform and inclusion into a state's centralized contracts would be manageable, especially when the potential cost savings are evaluated. The Delaware CRMP platform can easily serve as a guideline to the NASPO members, demonstrate a better direction to take, and then be customized by state, agency and/or department to best suit the needs of the individual states. Best of all, over the past year the program has grown tremendously. Individual agencies, resistant at first to 'outside' interference, realize the monetary and personnel savings and have become advocates for the program, streamlining future agency access and site reviews. The State of Delaware is firm that leaving these decisions to the department levels or vendor community is almost certainly not in the best interest of the using state.

Statement on Service Improvement–

Service response times, device replacements, and availability to all equipment band levels, which is written into initial contracts, clearly identifies agency and vendor expectations, and has improved fiscal and inventory controls for the devices and has generated positive results. The CRMP receives requests for print related equipment and works directly with all state agencies to better manage their output platforms and gain insight into their needs and wants, while understanding that there is no open checkbook for this service. Most agencies enjoy not having to work directly with the vendors as the amount of sales pressure and information pushed at them can be overwhelming. The CRMP acts as the agency's agent, reducing the chance of having over-sized and/or costly placements made. Since vendors must respond to the CRMP, the program personnel provide consistent contractual support. This is managed by leveraging the predetermined and detailed contract terms and conditions, and not subjecting those terms to individual agency or personal interpretation. Many agencies and/or departments are not well versed in contractual language and are therefore more susceptible to accepting vendor directives. Meanwhile, the CRMP representative is extremely knowledgeable about the contract, overall printer program opportunities and can quickly leverage solutions to benefit the target agencies.

Turnaround times remain an agency concern, from initiation of a request to formal recommendation, but the State of Delaware has proven that the quick procurement of buying equipment without a review can

be more costly. As the CRMP has captured millions in savings for a 36 month timeline placement of equipment for the State, it's proven to be more efficient to take the time to do the review appropriately. The CRMP continues to work with agency procurement personnel and front-line users to educate them in the processes and to ensure requests are submitted in a timely manner.

Most importantly, some of the best service improvements have occurred in the contracts themselves. The Copier, Printer and Multifunction contract for the State has been improved dramatically to ensure that the best interests of the State are realized. All inclusive terms such as no metered fees, inclusion of supplies and maintenance have been integral in making the contract a success. Maintenance response times of 4 hours statewide, firm delivery/removal timelines, no additional billings/fees or placements exceeding the lease/purchase terms with CRMP approval are just some of the highlighted improvements to this contract. Inclusion of the CRMP along with unit processes and support have provided positive service improvement impacts on a state-wide level.

Statement on Cost Reduction-

This initiative has directly resulted in CRMP capturing over \$3.4 million in savings since implementation of October 1, 2011. The CRMP has received over 1,300 requests for device reviews, has conducted over 100 site-visits and has provided over 1,100 formal recommendations for equipment. These numbers are expected to grow significantly in the next 2 years as the State's technology department is now asking for all CRMP requests to be processed through the program. This directed utilization effort should free technology resources from current output device management and allow them to be used elsewhere.

Further, the CRMP is responsible for initiating removal of over 1,000 redundant equipment placements statewide. Total dollars associated with physical removals is estimated at over \$1.9 million in removal of redundant equipment. Right-Sizing savings is estimated at over \$900 thousand. Avoided/blocked and repurposed equipment savings is estimated at over \$700 thousand. These savings numbers are all estimated because not all agencies track actual supply costs. But, when our savings calculated are compared against agencies that do track their consumable dollars; the CRMP numbers are often on par or below the costs involved in the life cycle of the device.

For "right-size" savings reflected, we compared the current lease recommendation cost and compare it to the expiring leased equipment costs. Additionally impacted are IT personnel time/dollars resources dedicated to upkeep of mass equipment/networking. Based on a review of technology personnel costs, GSS determined that one (1) hour spent on printer maintenance, set-up and support is approximately \$24.00. In almost every case, the agency already has a leased multifunction unit that includes a vendor maintenance agreement. If IT can eliminate this time spent on redundant devices, the state agencies would realize a savings of roughly \$24.00 every time IT had to spend time supporting printers. All cost details are captured in weekly reporting by the CRMP based on statewide procurement activity directly through the CRMP.

Without the CRMP program and enhanced contract terms and conditions, the State of Delaware expenditures for output management would be significantly higher. What state could not benefit from a Return on Investment of \$1MM per year per FTE? Finally, technology resources already strained would be freed from device support and allow agencies to better utilize their human capital.