


 The logo features a red target icon with a white envelope in the center, positioned to the left of the text. The text "NetworkWorld" is in blue, "NEWSLETTERS" is in black, and "Reprint" is in a large, light blue font.

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Outsourcers step up to print services, document imaging

By Tim Wilson

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When IT executives think of the word “outsourcing,” most think of outsourcing core IT operations or business processes. Quietly, however, there has emerged a movement toward a different sort of outsourcing: print services and document management.

Ford Motor last week brought this new trend to light when it signed a nine-figure contract with HP, which will provide it with a range of printing, imaging and document management services. The exact financial terms and duration of the contract were not disclosed, but HP officials said the deal is worth more than \$100 million.

The pact is part of Ford’s effort to build an enterprise-wide imaging and printing network. Rather than taking a piecemeal approach to upgrading its printer and copier fleets, Ford is linking and integrating its complete set of devices, including copiers, faxes and printers, to develop a long-term cost savings for the company.

HP is supporting the Ford effort through outsourcing services as well as through Total Print Management, HP’s integrated family of software, hardware and imaging and printing services and supplies. By integrating printers, copiers, fax machines, document management and imaging systems, HP says it can reduce enterprises’ print management costs by as much as 30%.

Total Print Management appears to be catching on. HP has sold approximately \$650 million in printing services contracts since last October, officials said.

The Ford contract is the largest printing services pact ever signed by HP.

And HP isn’t the only outsourcing vendor catching the document management wave. According to a report released last week by research firm IDC, the global document management and imaging outsourcing market reached \$13 billion in 2003 and is expected to expand at a compound annual growth rate of 19.7% over the next three years.

The rapid growth of the document management market has been largely unnoticed by industry watchers because it is manifested very differently from industry to industry, IDC noted. While some industries are simply shifting their efforts from paper to electronic media in order to save money, others, such as the health care industry as part of its Health Insurance Portability and Accountability Act requirements, are attempting to implement cross-company document management standards and technologies.

“Growth in this market is being fueled by the rapid adoption of imaging, document, and content technologies overall, user demand for easy access to documents, as well as the evolving need for imaging and document management within particular vertical segments,” said Ron Glaz, director of IDC’s digital-imaging solutions and services. “In fact, survey participants indicated that the most important factors in choosing an imaging and document management outsourcing vendor is their track record and specific vertical industry expertise.”

What does this trend mean for your enterprise? First, it means that document management, print services and imaging offerings are becoming a lucrative area for many outsourcing providers, so there is greater competition — and perhaps lower prices — for most enterprises. Second, the offerings are becoming more mature, so it is now easier to make apples-to-apples comparisons between outsourcing services. Third, the penetration of outsourcing vendors into this market bodes well for the future development of standards and best practices that will enable enterprises to implement these technologies without having to re-invent the wheel.

If your organization is still awash in paper, it could benefit from a comprehensive document imaging strategy. Likewise, if your organization’s approach to purchase and maintenance of printers, copiers and fax machines is haphazard and high-cost, a print services strategy could provide a solution. In either case, it appears that outsourcing these initiatives will be an increasingly viable alternative over the next several years.

Senior Analyst Tim Wilson is with Enterprise Management Associates in Boulder, Colo., an analyst and market research firm focusing exclusively on all aspects of enterprise management. Wilson has over 10 years of experience in covering e-business and enterprise management issues, most recently with InternetWeek, where he was chief of reporters.