

REPORT TO THE TRANSFORMATION PROGRAMME BOARD

Date: 20 July 2016

Subject: P033 Printer Migration Project

Author/Service: David Newton, Assistant Director – ICT and Facilities Management

Recommendations:

1. Acceptance of Xerox as new MFD supplier for cost and quality reasons
2. Adoption of a uniform fleet utilising the Xerox 7855 across all sites.
3. Procurement of a total fleet of 26 MFDs, with a review to ensure sufficient provision after 6 months.
4. Procurement of MFDs under CCS Framework RM1599 Lot 1, and Software under RM1599 Lot 2
5. Procurement on a five year lease
6. Procurement of fax capability on 5 MFDs
7. To agree the adoption of a target of 10% maximum colour printing
8. To commence removal and disposal of printers and old MFDs from business areas in a managed fashion immediately after MFD fleet is commissioned and accepted, and all training for users is complete.
9. All cartridge (£27,000) and photocopying budgets (£19,400) to be transferred to ICT

Reasons for Proposed Decision:

The Xerox pricing under the Framework gives the best value to the Council, and allows for the replacement of the current MFD and Printer fleet with a more capable and versatile solution which will dramatically lower print costs.

Other Options for Action:

Pricing from Canon under the Framework was also considered.

Report:

1. Selection of Supplier/Framework

2. The Project team considered quotations under Framework RM1599 Lots 1 + 2. Quotes were invited from Canon, Xerox and Konica Minolta – the latter did not respond. For comparative purposes a baseline specification as below was used for comparison of suppliers:
 - 17 Medium Capacity MFD (15 Civic + 2 Satellites)
 - 9 Low Capacity MFD (9 Satellites)
 - Fax Capability
 - Stapling/Collation Capability
 - Follow Me Printing
 - Use of Card Readers
 - 3 Year Contract
3. On the basis outlined above the following figures are reached as total costs for hardware and software over three years, including full fax capability:

Supplier	3 Year Cost	Quarterly Cost
Canon	£100,521.12	£8,376.76
Xerox	£87,552.84	£7,296.07

4. In terms of print costs, the assumption has been made of 2.4 million sides of printing annually (this is based on current MFD and printer usage), with an 80/20 split between mono and colour printing

Supplier	3 Year Cost	Quarterly Cost
Canon	£57974.40	£4831.20
Xerox	£40118.40	£3343.20

5. If we do manage the predicted print savings of 10%, and achieve 2.16 million sides, and improve the ratio to 90/10 the costs of printing are as below:

Supplier	3 Year Cost	Quarterly Cost
Canon	£35,448.60	£2954.05
Xerox	£24,954.60	£2079.55

6. There is also an additional one off cost of £7,560 to be added to the Canon costs, with the addition of this figure this indicates a saving in contract cost of £38,384.28 for Xerox based on current usage, or £31,022.28 if we manage to reduce printing and reduce usage of colour.

7. For this reason we recommend the selection of the Xerox quotation on cost reasons for both Hardware and Printing.

8. Quality

9. A number of quality factors were also considered

	Canon		Xerox	
MFD Class	Small	Medium	Small	Medium
Print Speed (pages per minute)	25ppm	30ppm Colour, 35ppm Mono	30ppm	50ppm Colour, 55ppm Mono
Usage (per month)	1,500-8000	5-30,000	8-12,000	15-22,000
Colour	Y	Y	Y	Y
A4/A3	A4 Only	Y	Y	Y
Print Resolution	600x600 dpi	1200x1200 dpi	1200x2400 dpi	1200x2400 dpi
Duplex	Y	Y	Y	Y
Tray capacity	550	5000 (max)	2180	3140
Bypass capacity	100	100	100	100
Feeder capacity	50	150	110	130
Automated Meter reading	Y	Y	Y	Y
Stapler	Option	Y	Option	Y
Call out SLA (working hours)	8 hours	8 hours	4 Hours	4 Hours
Print Software	Canon	Canon	Betasoft	Betasoft
Print Room solution	No	No	Yes	Yes

10. The Xerox solutions are faster, which will be important given the reduction in printer fleet size, and both models proposed will print in A3. The Xerox units also offer better resolution giving a higher quality print. The only area where the Canon out performs the Xerox is on monthly usage, but only one MFD location in the Civic offices (Benefits) has been identified which exceeds 20,000 pages per month.

11. For the reasons above we recommend the selection of the Xerox quotation on quality reasons.

12. Device Mix

13. After consideration of the baseline quote it becomes clear that the quote could be changed by changing the machine mix, or by adding additional machines. To prevent the issue of MFD 'camping' where users favour higher specification units over others in the fleet it is desirable to retain a uniform fleet across the Civic Offices. In terms of Satellite sites, the initial proposal was to install the higher specification units at Hemnall Street and Oakwood Hill. However the Xerox price differential between small and medium units is lower than that of Canon (as seen below) which opens the option of having a uniform fleet of MFDs across all sites.

Supplier	Small MFD	Medium MFD	Differential
Xerox	£145.09	£198.82	£53.73
Canon	£95.41	£260.85	£165.44
In addition to meet the requirements we have for stapling a further £25 (approx.) would added to the quarterly price of each Small MFD, further reducing the differential.			

14. The uniform fleet will give all sites the benefit of increased speed, capacity and capability. In addition this does allow for additional users at these sites in the event of an emergency elsewhere prompting the relocation of staff.

15. For this reason, if Xerox is selected we recommend the adoption of a uniform fleet utilising the Xerox 7855 across all sites.

16. Number of Units and locations

17. Initial proposals were based around 15 Units at the Civic Offices + 11 at 10 satellite sites (one each at Hemnall Street, Parsonage Court, Broadway, Oakwood Hill, Norway House, North Weald Airfield, Limes Centre, Sun Street Museum, Lowewood Museum, and two at the DLO).

18. The plans in Appendices 1-3 show the proposed Civic Office locations, and comments on any changes made/rejected from the initial proposals. These locations have been consulted on with staff and managers for comments, and the new locations do reflect amendments made because of this.

19. The agreed units are as follows:

MFD	Location	Estimated Volume per week	Comments
G/1	G56 Accountancy or G52 Benefits	4,298	Exact location to be finalised after accommodation Review
G/2	G53 or G55 Benefits	5,500	Exact location to be agreed locally
G/3	G34/G38 Revenues	2,000+	Replace Existing
G/4	G28 Reception	1,838	Replace Existing
G/5	G23 Housing	2,145	Exact location to be agreed

			locally
G/6	G18/G18b Housing	1,747	Replace 2 Existing - Exact location to be agreed locally
G/7	G11 Housing	3,067	Replace Existing
1/1	1.54 Legal Library	5,473	None
1/2	1.42	4,491	Replace Existing
1/3	1 st Floor Vending Machine location	3,050	Requires changes to Vending Machines
1/4	1.18	2,440	Replace Existing
2/1	2.38/2.40 Building Control/Support	2,451	Replace Existing
2/2	2.35/2.37 Support	1,887	Replace 2 Existing
2/3	2 nd Floor Vending Machine location	2,369	None
2/4	2.06 Store	2,188	Required here to service Safer Communities

20. To meet comments made two additional locations are also possible, and have been included on the list below and the plans. These two units would not be high usage, and only meet geographic needs; as such the Project group does not recommend they are proceeded with. In terms of meeting needs of high usage areas an additional unit in Benefits would be a more useful investment; however the Project group again does not recommend that this unit is proceeded with at this stage – it could be added if the current allocation of units proves insufficient in that area.

MFD	Location	Estimated Volume per week	Comments
G/8	G53 or G55 Benefits	c2,750 moved from G/2 (G/2 residual c2,750)	Exact location to be agreed locally
1/5	1.07 Members Room	Low c100	Additional unit to Replace Existing Copier + Printer
2/5	2.15 Waste/2.12 Land Drainage	c1,400 moved from 2/2 and 2/3 (residual on c1,400 on both those units)	Additional location to service needs from these areas Exact location to be agreed locally

21. In addition, Human Resources have a requirement for an MFD but only until the adoption of e-payslips at some time in 2017. As such we propose to retain the outright owned Canon MFD in HR at present.

22. We also assessed the option of swapping out one medium MFD for two small ones to meet demand in some areas, once equipped with staplers two small Xerox machines would cost £320.18 a quarter compared to £198.82 for one larger machine, and give roughly the same print capacity. The same comparison with Canon would cost £240.82 for two small machines, compared to £260.85 for one larger one – but print capacity would be halved. This option is therefore considered and not recommended out on cost grounds for Xerox (and quality grounds for Canon), and also because this option would mean we would not deliver the benefits that a uniform fleet would provide.

23. Xerox Comparative costs

24. The table below shows the costs of various numbers of machines and licenses on a quarterly basis, and for the life of the three year contract. Each additional MFD costs £198.82 per quarter or £2385.84 over the contract. These figures exclude Fax capability.

Number of Units	25	26	27	28	29
Cost per quarter	£7,090.98	£7,289.80	£7,488.62	£7,687.44	£7,886.26
Cost over three years	£85091.76	£87,477.60	£89,863.44	£92,249.28	£94,635.12

25. The Project Team recommends the procurement of 26 MFDs as outlined on the plan, with an option to add in additional units following a review after six months live operation. This review will also check that the fleet is in the correct locations. Xerox have confirmed that we will be able to agree any contract for additional units to terminate at the same as the main contract,

26. The fleet should also meet needs in the medium term. Appendix 4 shows possible future locations for some of this fleet after the completion of moves currently planned.

27. Potential for longer Contract

28. Under RM1599 we could opt for a five year contract. This would have the following effect on the quarterly hardware pricing (assuming all recommendations above are selected, these figures exclude Fax capability):

	3 Year Contract		3 Year Contract extended to 5	5 Year Contract	
Number of Units	26	Number of Units	26	26	Difference
Cost per quarter	£7,289.80	Cost per quarter	£7,289.80	£5,439.83	£1,849.97
Cost over three years	£87,477.60	Cost over five years	£145,796	£108,796.60	£36,999.40

29. Opting for a five year contract would offer a quarterly saving on rental costs of £1849.97, and over the life of the five years, would save £36,999.40 compared to extending the three year contract for two years. For this reason, we recommend the adoption of a five year contract.

30. Fax Capability

31. The Canon offer was on the basis of universal fax capability (which is how their partner software works), for comparison purposes the Xerox offer was priced on the same basis. We have the option to make a saving if we opt to have fax capability on a limited number of machines only, each fax kit costs £18.84 per quarter, (£226.08 or £376.80 for three or five years respectively). We also have the option to buy fax kits at £280, which would make sense if we opt for the five year contract.

32. It is suggested by the survey results that 5 faxes would more than meet our needs, which is the option recommended.

33. Final Costings

34. Assuming print volumes are fixed at 2.4 million sides with 80/20 split the costings over five years for the 26 medium size MFD Xerox solution are:

	Contract Cost	Quarterly Cost
--	---------------	----------------

Hardware/License Costs	£108,796.60	£5439.83
Fax Costs	£1,884	£94.20
Sub Total	£110,680.60	£5,534.03
Printing	£66,864	£3,343.20
Total	£177,544.60	£8,877.23

35. If we can deliver the 10% reduction and the change in mix to 90/10 the costings would change as shown below. As such we would recommend that as well as the currently agreed target of a 10% reduction in volumes we should agree a target of no more than 10% colour printing.

	5 Year Contract Cost	Quarterly Cost
Hardware/License Costs	£108,796.60	£5439.83
Fax Costs	£1,884	£94.20
Sub Total	£110,680.60	£5,534.03
Printing	£40,834.80	£2,041.74
Total	£151,515.40	£7,575.77

36. This five year cost of £151,515.40, equivalent to annual cost of £30,303.08, represents the best value option for the Council and we recommend the acceptance of this option.

37. Current expenditure is difficult to get an exact figure for as much of the cartridge spend for printers is spread across the Directorates, and the current charging for Canon's is not recorded consistently. The following table is the best estimate from Accountancy, Procurement and ICT. Currently there is no rental cost for the majority of our MFDs as they are obsolete and end of life. Previously the rental for those MFDs was £4386.45 per quarter, that saving has been taken previously from budgets, but the figure is included here for reference.

	Annual Cost	Quarterly Cost
Cartridge Costs	£27,000	£6,750
Planning MFD	£2,058.68	£514.67
Printing	£19,400	£4,850
Current Total	£48,458.68	£12,114.67
Proposed Solution	£30,303.08	£7,575.77
Savings	£18,155.60	£4,538.90

38. **The annual saving of £18,155.60 equates to a saving of £90,778 over the 5 year life of the contract.**

39. **Removal of Old Printers and MFDs**

40. It is proposed to commence the removal of the old printer and MFD fleet immediately after the new MFD fleet is commissioned and accepted. As part of this acceptance process it will also be confirmed that all training has been completed.

41. In certain areas existing MFDs will be removed as part of the rollout as the Xerox units will be replacing existing Canon units in the same location. These, and all other rented MFDs will be returned to Canon.

42. Removal of printers from Council Tax and Benefits will be delayed until it is confirmed that ProPrint templates used by their Academy system have been amended to work correctly on the MFDs.

43. Printers will also be left in place in Accountancy for the invoicing system, and Licensing for plate

printing until a full technical review of their printing requirements is completed, this review may result in the retention of these printers.

44. At present the following printers are out of scope and will definitely be retained:

- All Large format units (A2 and above)
- All units in Reprographics
- Elections Printers
- Cheque Printer
- Receipt Printers
- Scheme Managers
- Home workers
- Printer at Biffa Waltham Cross Depot
- Printer to be provided for MOT centre
- Main Reception

45. As stated above the owned Canon MFD in HR will be retained as an interim measure, the disposition of the owned Canon MFD in communities needs to be agreed.

46. All removed printers will be reviewed with one of the following outcomes:

- Retain as an ICT emergency reserve printer (3 units)
- Reallocate to a location where a printer is being retained to replace an older or less capable unit
- Retain and store offsite for future usage
- Disposal/Donation/Recycling

Legend for Appendices:

Location unchanged from proposal



New Location



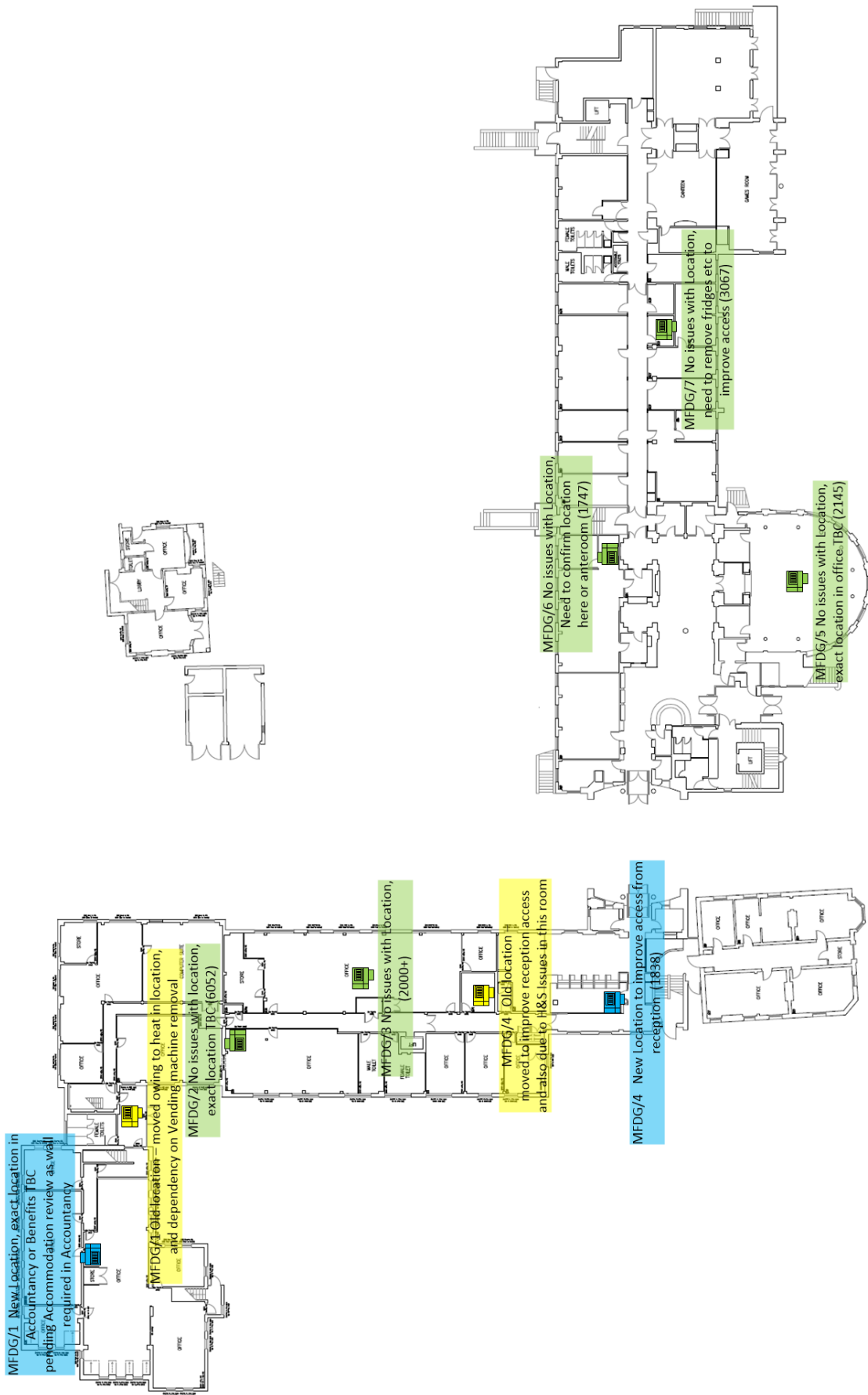
Originally proposed MFD Location



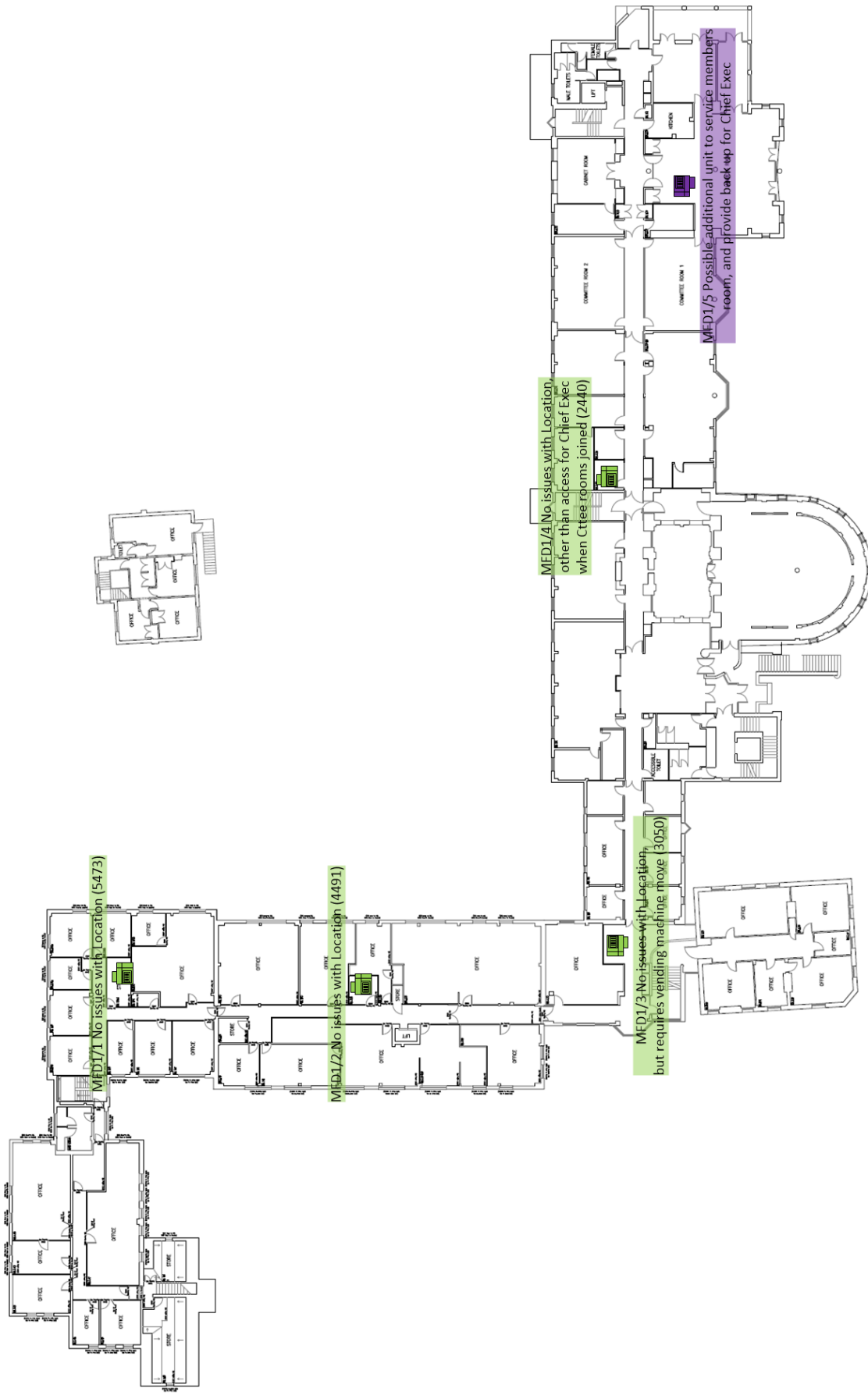
Potential Additional MFD



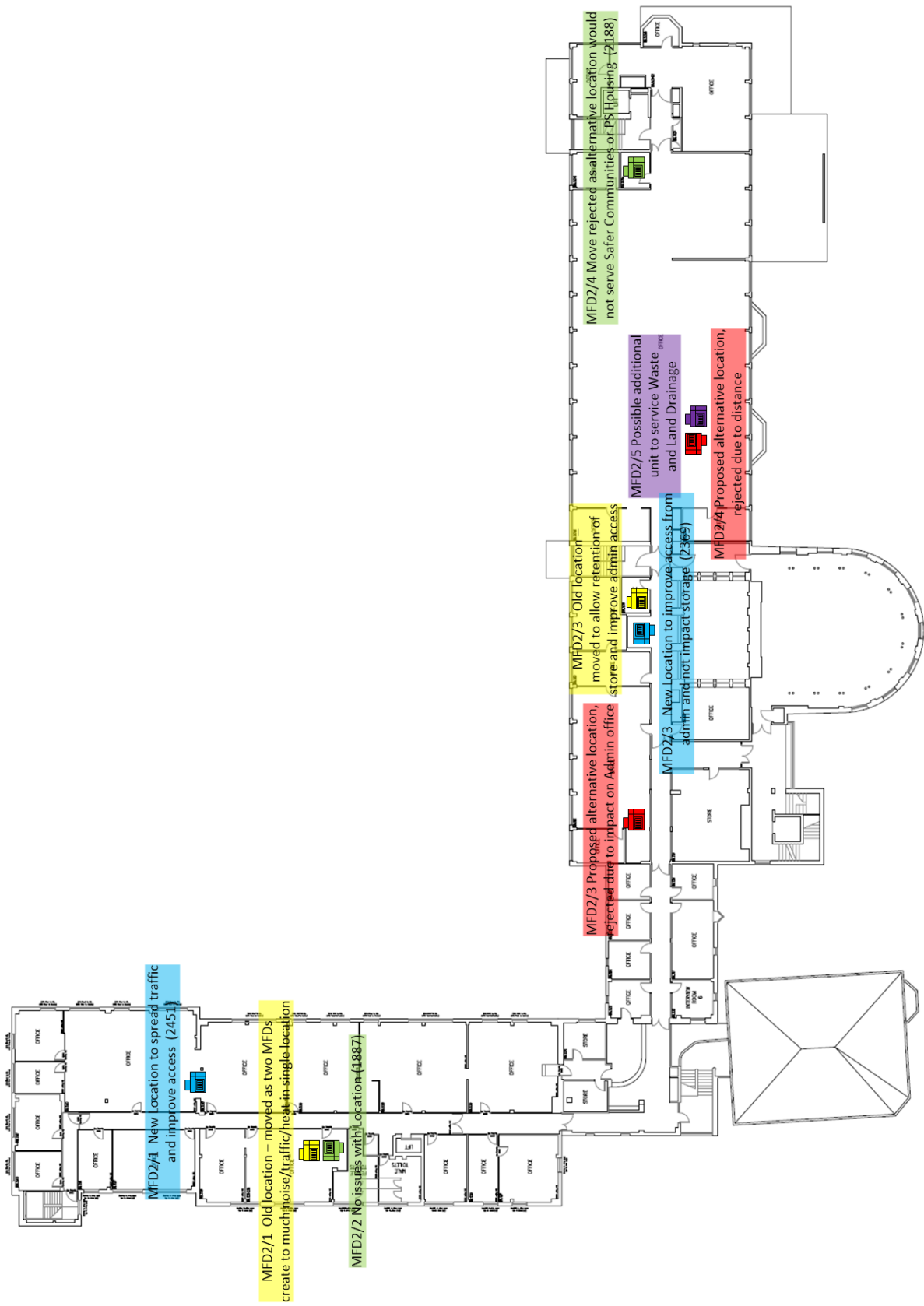
Appendix 1 – Civic Offices Ground Floor



Appendix 2 – Civic Offices First Floor



Appendix 3 – Civic Offices Second Floor



Appendix 4 Future Redeployments

These are indicative based on current plans, but show how the current fleet would meet future needs

Repairs Hub

The Hub would have two MFDs, both redeployed from the DLO.

Customer Reception

A new expanded reception would have one MFD, G/4 moved from Benefits reception

Communities staff redeployed to Current Training Room

MFD G/6 would move to this location

Potential Contact Centre in G23

MFD G/5 would be left in place