

# Appealing to local authorities – a remanufacturing view

**In our scenario, the remanufacturer is trying to discover the best way to convince the local authority in question to consider their services again, and to try and tempt them away from the OEM's MPS programme.**

So how can a remanufacturer considering MPS work towards getting the local authority onside?

One ideal way to do this is to make the advantages of such a programme immediately and clearly apparent to such a client, particularly in economic and environmental terms.

"In order for a remanufacturer to compete with managed print services, it is important the remanufacturer presents the information in such a way that is specific to the printing requirements of the local authority," said Laura Heywood, General Manager of remanufacturer Kleen Strike.

"If the advantages can be measured against their own key performance indicators, they are more likely to understand the importance of using remanufactured over MPS."

She adds that institutions and authority organisations often require a higher level of printer use and are more observant of cost and expenditure.

"Local authorities need printers that can do a multitude of tasks easily and quickly and can monitor paper usage in order to justify their cost. These printers also need to be the best environmental choice over their entire life cycle."

Greg Walters, an industry blogger known for his site Death of the Copier, states that MPS is more than just a programme.

"MPS is not simply toner and on-site service, there is little value in this offering. Why are you calling this service MPS? Has anything changed in the client offering deserving the moniker or is this simply the re-branding of a process that has remained the same for the past decade?"

## Presenting the differences

Heywood continues by adding that the actual presentation of your benefits can make all the difference.

"By presenting the different scenarios open to them and supported by facts, it will demonstrate in almost every respect the advantages environmentally, financially and user choice that



Greg Walters



Laura Heywood

**"If your only sales argument is price, what else is there you can do but lower your price or margins?"**

can be achievable by using remanufactured toners."

She stated that by listing the options, you can give the authority an overview, and in turn elaborate on the details you have already presented.

"Option one - the local authority has the option of a full print managed service contract. Option two - the local authority purchases the same type of devices outright, manages their own printing output and uses remanufactured toners.

"Option three - the local authority opts to include a combination of both large format multi-function printers under a MPS contract and retention or new purchase of a number of cost effective simpler printers (that use remanufactured toners), with a 'best endeavour' clause included in the IT managed contract for quick and simple repairs."

This "best endeavour" clause is one particular angle that would allow a remanufacturer to present the human side of their business, as it concerns the quick and cost-effective local repair of devices.

"Best endeavour is usually a base line specification (paper jams, electrical faults, and etcetera) that allows for a certain amount of time, usually 10 to 15 minutes, so as to not incur penalties, for the on-site technician employed by the MPS contractor to fix the printer."

## Help yourself

Walters adds that whilst presenting information and benefits to your service is good, there are certain recommendations that remanufacturers can take into account before presenting themselves up to the local authority as a viable alternative.

"Move higher up the value chain. Invest in additional infrastructure supporting value add services. Auto-toner fulfilment software may not be enough; look into partnering with a software provider in behavioural management or Document Management."

He adds that another route to be taken is to appeal to the IT department of the local authority – these people could help

## Appealing to local authorities – a remanufacturing view continued

to swing the decision makers your way, particularly as it is them and not the decision makers that will be using the service most.

“Explore other services through partnerships. ITVARs (IT Value-Added Resellers) and MSPs (Managed Services Providers) work with IT and MPS should be pursued through IT, not procurement. If your primary contact within a prospect is purchasing or procurement, you are not selling MPS, nor are you perceived as a high-value partner.”

Marketing yourself in a better way is also a sure-fire route towards greater acceptance by institutions or bodies, who are often beset by many provider enquiries across the board.

“Re-align marketing focusing on the additional services provided, not cartridge pricing,” Walters added.

Also, in many cases, questioning your approach and re-evaluating how you lost the client might be a better way to understand how to win them back. Walters states that questioning yourself is the best way to start.

“Ask why the opportunity went to an outsider OEM and begin to build a matching or superior offering. Was it scale? What services is the OEM providing? Was the offering truly expensive? Was it priced out in a CPI (Consumer Price Index) manner and did it include service?”

“If your only sales argument is price, what else is there you can do but lower your price or margins. In essence, this probably had little to do with pricing, structure or any identifiable reason. It was just a case of being outsold.

“The sales dynamic inside the procurement process and board itself was most likely not understood. The odds of a positive outcome miscalculated.”

### Cold hard facts

As previously stated, the facts are what will help the most. Presenting to the decision makers how exactly you can benefit them with your programme will place you in the best possible situation to try and compete with the OEM to get your client back.

Heywood agrees, adding that cost comparisons often work best.

“A comparison over five years of the running costs between a MPS contract and total cost of ownership of a large format multi-function printer, that would include a five year manufacturer's warranty, would be useful. Owning the printers outright, the local authority has the choice of using remanufactured

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toners, but it would still cover call-out, service and repair.”

Actually owning the printers themselves is a sensible step for the authority to take, Heywood continues, as such organizations are sometimes administered or part of a government infrastructure, and so monetary issues could complicate matters for a provider trying to lease printers.

“By the local authority owning the multi-function devices, they would still have the advantages of managing their own print monitoring, print accounting, print quota management and control of network printing,” she said.

“The OEM will have only presented the advantages of MPS where large format multi-function devices are installed in central or common areas that are accessible, and the entire printing output will be from these. They usually print at very high speed (up to 80 ppm or more), handle a large volume of printing with multiple paper trays and perform such tasks as finishing (including stapling, binding, hole-punching).

“These devices include, as part of the contract, original new toners that are supplied as and when needed.”

Taking charge of certain elements would allow the local authority to work on its own printing practices.

Heywood stated: “They would still be able to eliminate waste by restricting duplication and abuse of printed output - who prints what, where, when and how

much - and identifying black holes of cost within their print environment, and enforcing best practice policy tailor-made to the local authority's rules and restrictions.

“A further advantage is that the local authority can enable locally-attached printers, photocopiers, smaller MFDs, plotters and high volume print room devices to be monitored as well as network printers.

“One of the main reasons MPS is appealing is that it promotes the benefits of its ability to cut down on printing, paper usage and needless printing, and is an initial small outlay in cost.”

She notes that finding this information out may be difficult for some, but there are tools available to help calculate the benefits.

“The same benefits by managing printouts can still be achieved with several different software packages on the market today such as P-Counter, which offers scalable print accounting, cost control, quota management, [and] charge-back and secure pull-printing.”

### Financial benefits

Of course, a local authority, like any business, is going to want to know about the cost, and this is the area in which the remanufacturer can truly prove their worth. Heywood notes that this is important in not only being able to show how much more reasonable a remanufacturer's programme might be, but also to demonstrate the environmental positives.

“Here [financially] the advantage is solely with the remanufacturer. In looking at total cost of ownership over five years, which is the normal PMS contract [length], it is also important to show not only the total cost of operation but total carbon cost of operation as well.

“The operational emissions are those associated with the consumption of electricity (many large multi-functions use one kilowatt per hour in active mode) and break down into the emissions associated with the printers in print, standby and sleep modes.

“To compare the cost per page and the CO<sub>2</sub>e (embodied cost per page) is essential as well. The embodied cost per page is associated with the printers, cartridges and paper. In comparison, the printers using remanufactured cartridges have not only the lowest cost per page but also the lowest CO<sub>2</sub>e footprint.”

The environmental cost of MPS, and the benefits of a remanufacturer's MPS programme, is covered in the feature starting on page 75.