# Outsourcing in the **Public Sector** – a **'Joined Up'** approach

**The strategies required to successfully implement outsourced print and document management in the public sector are considered by Alex Scott of consultancy Wyse Solutions.**

The rate of both change and growth within the general outsourcing market appears to be racing ahead faster than ever. It has become a global phenomenon, and it affects every significant business in one way or another. In the US alone, it has an estimated value of $150 billion. It follows that US business trends inevitably hit the United Kingdom, and this principle certainly applies to outsourcing.

In the UK the Public Sector is currently awash with cost reduction/outsourcing initiatives, which includes reviews such as Best Value (Local Government), Value for Money (Higher Education), and the now infamous Gershon Efficiency Review (Central Government), where in Whitehall alone, outsourcing could reach £7 billion a year as a direct result.

According to a report published from public sector research firm Kable, the UK public sector is set to outsource a further £20 billion worth of services – representing a growth of 50 percent over three years. One of the main factors influencing the expected outsourcing boom is the government's efficiency agenda to achieve £21.5 billion in savings by 2008. This is clearly driven by a political agenda.

The government has been using private companies to deliver public services for over 20 years, so this should not come as a big surprise. However, the breadth of the growth is quite impressive, and shows there will be considerable business opportunities over the next few years.

In general terms though, the Public Sector is not renowned for managing large complex projects, outsourced or otherwise. There is no common approach to achieving the benefits of outsourcing at a strategic level. There is no 'joined up' strategy.

*Alex Scott of Wyse Solutions: "Purchasing managers consistently state that print procurement is recognised as the second biggest opportunity for organisations to reduce internal costs."*

Printing services are needed by practically every company in the UK. It is generally acknowledged that large corporations and institutions spend approximately 5% of annual revenues on printing and general communications, for both internal and external purposes. Some major document companies put the figure as high as 9%.

Additionally, purchasing managers consistently state that print procurement is recognised as the second biggest opportunity for organisations to reduce internal costs. In the UK, the value of the print market is estimated to be circa £15 billion, of which 10% is outsourced to specialist document/print production companies. This figure is estimated to rise to 50% in the next five years as the momentum grows.

Print procurement is a non-core competency for most organisations. It is a back-office function, an expense, and therefore lends itself to being a perfect outsourcing opportunity, with the potential to save large sums of money. It's important to note that outsourcing is more than just contracting with one or more companies to print corporate material. That's been done for years.

Outsourcing involves re-engineering the entire print procurement and production process - a significantly closer link between supplier and client. It's a shift from a vertically integrated supply chain to a horizontal one.

In the past few years there have been many technology breakthroughs in the printing industry, which have opened up a significant number of printing options not previously available. The increasing use of digital printing techniques in the traditional offset and volume copying arena, combined with the rapid increase in performance and features in distributed network printers makes it very hard for non-specialist organisations to keep up.

A new breed of print production firm has emerged to serve this growing area of opportunity. These companies are generally characterised by small staff numbers with vast production knowledge and excellent client relationships – a complete understanding of their clients needs. These firms make investments in people, processes and technology and turn print production into a science.

By specialising in the one defined discipline, print production outsource companies help reduce administration costs, contracting costs and management costs (not to mention printing costs) for their clients.

All too often, outsourcing print projects are mismanaged. It is important to understand what outcome is desired. To do this, a 'joined up' approach to outsourcing is recommended, thereby ensuring that the desired outcome is achieved. As a process, 'joined up' means creating a strategy that links all the different print elements across an entire organisation.

A strategy should incorporate every aspect of design, print procurement and production, copying, fleet management,

network printing, scanning, archiving - the entire document life cycle, with every user, both internally and externally. This is a holistic approach to outsourcing, and draws out all the hidden costs that are so easily absorbed into the fabric of an organisation.

The process of outsourcing can be fraught with difficulty if it is not managed in a professional and sensitive way. The staff who are affected by outsourcing only naturally feel let down by their company, particularly if they have been performing a function successfully for many years.

There are three key phases to the successful implementation of an outsourced print and document management strategy:

### Phase 1: Enterprise Wide Print Review

Managing the entire process from start to finish, and in particular, the implementation phase, is critical to success. It may be advisable to use the expertise of a consultant.

Effective print outsourcing starts with a comprehensive review of existing printing processes, practices and technology utilisation. A simple takeover of existing procedures is a recipe for failure. The overall business needs of the enterprise, structured with a sound strategy, will ensure the future direction and success of a project.

Enterprise wide printing, and the technologies in use, need to be examined, focusing on people (printing-related human factors), processes (information and work flows) and technology (equipment and support logistics). Depending on the company's priorities the review should consider a broad context, encompassing areas such as design, archiving, desktop printing, networked printers, central reprographics, document management systems and offset printing.

Following the review, a report can be compiled which describes the optimal deployment of all printing technologies in an organisation. The recommendations should be aligned with business needs, fully integrated with current and future IT structures and incorporates output management standards. The report should also suggest an implementation

plan which is supported by tangible cost and performance analysis.

Implementation, when undertaken as part of the recommendations, will also incorporate aspects such as specific service levels, performance metrics, user education, preventative and remedial maintenance and a price matrix.

### Phase 2: Implementation and Systems Integration

Consultants should work in partnership with a client, and take responsibility for planning and implementing recommendations in an agreed priority. They should assist in identifying appropriate suppliers and equipment, integrate this with software and other devices, and train users.

Typical activities undertaken during this phase are: Write PQQ and ITT; Advice on suitable suppliers; Contract Negotiations; Site planning; Equipment decommissioning and disposal; Electronic forms design and implementation; Equipment installation and commissioning; Network integration;

and technical and user training. Consultants should advise clients on every aspect of the process, to ensure they implement their new printing environment on time and to budget.

### Phase 3: On going Reviews

Once the new processes are implemented, service level management and performance becomes an important aspect of the relationship. It is essential to have a clear set of performance metrics to understand response times, and financial measures to indicate contribution to the business.
It is important that the outsourcing arrangements have flexible provisions to allow for changes in business requirements over time. All contractual aspects need to be regularly reviewed in order to ensure the outsourcing arrangement is truly to be a successful long term partnership.

This process guarantees a 'joined up' approach, which if adhered to, will deliver the desired outcome.
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## The benefits of outsourcing print procurement and production

### Cost reductions
Re-engineering process improvements, and the introduction of the latest technologies, will eliminate unnecessary operational costs, capital expenditure and the high risk in investment in new technology and personnel.

### Focus on core business
Management is free to focus more time, energy, and resources on the organisations core activities.

### Improve service quality
By engaging professionals, the management of printing will achieve a higher level and quality

### Meet changing demands
Flexible and scalable services can be developed to meet changing requirements, and to support workflow through peaks and troughs.

### Gain access to the latest technology
Leading-edge technology to support business needs. This avoids the unnecessary investment in capital expenditure or the high risk associated in investment in new technology.

### Achieve revenue enhancements
Outsourcing maintains a focus on increasing sales, developing new and improved products, expanding into new markets, and enhancing customer service.

### Make continuous improvements
Professionals manage the print processes, allowing the outsourcer to operate better, faster, and less expensively, and make continuous improvements in processes, effectiveness and efficiency.

### World-class standards/benchmarks
Introduce performance measures and benchmarking to improve performance and reduce costs.

### Maintain competitive edge
Focus on building a more competitive business.

### Obtain outside expertise
Access to experienced specialists providing management with valuable advice and skills.