The Paper Trail
Solutions provide document accounting, analysis
by: Brent Hoskins, Office Technology Magazine

If someone actually planned for the emergence of the ideal dynamics, allowing office technology to facilitate the output of huge volumes of documents in the workplace, the plan is working. The Internet, e-mail and digital, connected imaging devices have helped propel paper output to new heights. It seems those now-unfathomable projections of a paperless office missed the mark by more than a few billion pieces of paper.

IDC Research estimates the volume in the U.S. market in 2003 was, in fact, 1.4 trillion pieces of paper. While that includes output from printers, copiers and MFPs in all environments, from use in homes through large businesses, clearly the volume of paper output in the workplace is huge, and it is growing. "We recently conducted a page volume study and, according to our findings, U.S. hard-copy page volume is growing at a 3.4 percent compound annual growth rate," says Daniel Corsetti, a research analyst with IDC's Peripherals Group.

Although the rise of paper volume output in the workplace provides office technology dealers welcomed sales and revenue opportunities, it also creates an often unrecognized problem or weakness in many businesses, especially when it comes to printing — the lack of any real awareness of total volume or costs. "I think if you go to many of your customers today and ask an individual department, 'How much are you spending on printing?' they will look at you cross-eyed; they have no idea," says Dennis Amorosano, director and assistant general manager of the Integrated Business Systems Division of Canon U.S.A's Imaging Systems Group.

The reason for the lack of awareness, says Amorosano, is simple: "It is one of those out-of-sight, out of mind types of expenses." The result, he adds, is equally as simple: "It tends to add up." Of course, it adds up in a big way. According to IDC end-user research, companies estimate they spend approximately 10 percent of their revenue on document production, management and distribution.

Chris Wyszkowski, vice president of product management for Equitrac Corp., says significant opportunity lies in the growing volume and cost of document output. "In a corporate environment of stringent cost controls and good management practices, we see output as the last bastion of untamed costs in the corporation," he says. "We believe, in fact, that the document-accounting market already has a very substantial latent demand in excess of $400 million in the marketplace right now."

What is document accounting? "It is a system to measure, manage and monitor all document-related activity within any office," says Wyszkowski. "Any office," of course, includes virtually every customer among office technology dealerships. So, while dealers have been enjoying the rewards of increased document output, many may now want to consider the opportunities offered by helping customers better manage that output.
variety of similar products at various price levels, include such companies as Control Systems Inc. (www.copitrak.com), Pharos Systems (www.pharos.com) and Print Control Solutions (www.print-auditor.com). There are also related solutions offered by the copier OEMs themselves.

Canon U.S.A., for example, offers its NetSpot Accountant software, designed to “help track and manage the cost of operating office equipment.” Its features include the ability to: specify and track output by paper type and size for relation to paper cost; track by individual, group or department, allowing users to segment how they account for output to understand who in the organization is driving device use; capture billing codes for the purpose of assigning output costs to particular internal or external accounts; and restrict or set output limits for individuals, groups or departments to ensure the devices are properly utilized.

“NetSpot Accountant is designed, primarily, as a cost recovery application software program,” says Amorosano. “So, typically, we find customers will implement and use the software when they want to bill back clients for the utilization of devices in connection with particular client work. We also find it used in situations where customers want to get a better handle on total output costs, and they want to assign those costs to the individual departments and users within an organization who are actually producing the output.”

Amorosano says the use of NetSpot Accountant also often helps to sell hardware. “We have a lot of dealers who actually use it as part of their presale process and will implement the product in a customer location in an effort to assess where their volume is going, how much they are driving and so forth,” he says. “They try to get a handle on what the existing cost of printing happens to be.”

Going forward, Amorosano sees such products being heartily embraced. “I think you are going to find that as more and more dealers bring products like NetSpot Accountant into a customer environment to do basic print assessment, a lot of customers are going to say, ‘You know what, why don’t you leave that here,’” he says. “‘We’re going to use it not only to do print assessments, but also to allocate and manage costs more effectively.’

Among the other OEM products is Panasonic Digital Document Company’s (PDDC) Network Accounting Manager. The software is promoted as a complete hard-copy management solution for networked MFP cost tracking, easily allowing managers to format the exact report styles they want.

“Our accounting application is a very easy-to-use product that can be deployed to track many machines from a single server for one low cost,” says Rich Heckelmann, product development manager for PDDC, noting that the software tracks a number of job details. “It can manage multiple accounts and you can create a

Using Panasonic’s Network Accounting Manager, multiple cost calculation factors can be applied to each function (copy, print, etc.) to determine the total cost the user should allocate to an individual or department.

report with all of the data you need. After you create your report, you can see it from anywhere in a Web browser view, and you can import it to other applications. A key difference with our product is that no client software installation is needed, as all the usage data is gathered directly from the machines you define.

“Because it is not overly complicated, individual departments, IT administrators or an accounting department — whoever wants to create reports and allocate the costs — can use it,” he continues. “Also, many times, the software is used by the dealer at the customers’ sites to create clients’ billing reports for them directly.”

In addition to allocating print costs, the software can assist users in the allocation of the printers themselves, says Heckelmann. “In some cases, people will look at the total job counts and the total types of jobs on a machine and reallocate machines to different areas, depending on the device volumes,” he says. “So, if there is a high-volume machine that is not being utilized fully, it’s easy to see where it needs to be moved.

“You can also track the use of other functions, like scanning, e-mail and fax,” he adds. “This shows the users how much the MFP is truly used as an MFP, and should promote more option sales for dealers. It also lets dealers find new revenue sources by charging per page for these other functions.”

Like Machins and Amorosano note with their companies’ products, Heckelmann says the customer’s use of Panasonic’s Network Accounting Manager can ultimately help the dealer sell more hardware. “Absolutely it helps sell more hardware, because the uncertainty of cost allocation is eliminated,” he says. The customer no
determined how to improve based on that experience, and that’s what we will be launching in the second quarter of this year.

Again, Equitrac’s new drive into the dealer channel will focus on its Equitrac Office product. What are the product’s capabilities? It begins with Equitrac’s definition of document accounting: measuring, managing and monitoring document-related activity. "Emerging from that we have seven different applications that we can build," explains Wyszowski. "Equitrac Office has elements of all of these applications built into the product."

Wyszowski lists and describes the seven applications as follows:

1. **Asset Management.** "This allows the document-accounting system to keep track of output assets. These include printers, MFPs, copiers — any document-related asset can be managed and measured."

2. **Cost Recovery and Allocation.** "This is focused on the monitoring and the measuring of document activities for the purposes of billing back or allocating those costs."

3. **Cost Control.** "This is all about trying to reduce costs. And, of course, in order to reduce costs, the first thing you have to be able to do is measure it. So, you have to have a measurement regiment in order to provide the input to have cost control."

4. **Centralized Administration.** "The document-accounting system solutions Equitrac provides are enterprise-enabled systems, so we can provide centralized administration of assets, instead of just having document-accounting features built into a copier."

5. **Device Management.** "This is similar to asset management, but instead of just keeping track of which devices are where and what they are doing, device management allows things like setting up rules on devices, such as which ones are allowed to print jobs of a certain size."

6. **Security.** "We have the capability, in many cases, to provide access control to printing resources. And even if we are not doing access control, we certainly record the activity. So, we can see when printers are being used and, in some cases, what documents are being printed, which copiers are being used, when and by whom."

7. **Output Management.** "This includes applications like secure document release and print rules, used to help manage the actual output process and the way people interact with the output system and collect their jobs."

Wyszowski notes that because Equitrac offers products for the professional services sector, Equitrac Office is lacking some of the detailed cost-recovery capabilities that are, for example, required by law firms. Similarly, he says, it is lacking such features as campus-card and debit-card solutions that are required by the education market.

"However, Equitrac Office is the one that we feel has the broadest appeal and probably the strongest value to the broad dealer base," he says. "It is the kind of product that you can sell into just about any commercial segment."

**A Rising Star**
Based in Calgary, Alberta, Print Audit Inc. (www.printaudit.com) is a relatively new entrant to the market, but has come far in a short period of time. The company recently announced it has experienced 8,500 percent growth since 1999 and, in fiscal year 2003, doubled its sales for the fifth consecutive year. Like Equitrac, Print Audit has various OEM alliances. Currently, they include OKI, Pitney Bowes, Samsung, Sharp and Toshiba.

While there are similarities between the products offered by Equitrac and Print Audit, the emphasis and sales strategies are somewhat different. Print Audit, for example, does not necessarily use the term "document accounting" in describing the aim of its products — Print Audit 4, Print Audit Analysis, Reseller Printing Analysis Program and Print Audit PageCost.

"We call it 'document analysis,'" says John MacInnes, president and CEO. "Accounting is important, but, really, what people are doing is an audit. They have to know what is happening in their world of printing. It has become such a huge cost that has snuck up on them in the last five to 10 years."
Document analysis, says MacInnes, is accomplished through the three applications included in the company's "mantra," as he calls it — "analyze, reduce and recover." The applications are at the heart of the company's flagship product, Print Audit 4, a client-based tracking software product used to "analyze, reduce and recover" costs and resources associated with the printing of all networked, local and direct-to-IP printers. (Print Audit does not track copies, but will be introducing a device later this year to capture codes for copies; the device is intended for customers interested in cost recovery.)

"Recover pulls apart from the 'analyze' and 'reduce,'" says MacInnes in describing the three key applications. "Recovery is for companies that have the ability to charge their customers or users for printing. So, unless they are larger, they may not be as interested in the 'analyze' and 'reduce' applications, because they are getting the costs back. That said, we have plenty of customers who bought Print Audit for cost recovery who are now using it to take a look at their entire print volumes and are reducing their overall costs based on what they have found."

Print Audit is ideal, says MacInnes, for the many businesses where no one has any real awareness of the company's printing volumes and costs. This is where the "analyze" application comes into play. "What Print Audit allows them to do is analyze those print volumes and get an idea of what printers are printing which documents, who is printing them, when and where," he explains. All of the information is automatically entered into a database on the customer's server, providing 23 different fields of information per print job — fields that are used to provide a variety of reports.

Finally, the "reduction" application of Print Audit manages network printing through user quotas and limits on print jobs, or redirection of print jobs to more efficient printers. "The customer saves a lot of money by sending the right document to the right place," says MacInnes, explaining the redirect function. "If dealerships are charging a cost per copy, typically their device is the newest one, and is the right place to send the print job. So, it is a win-win for the customer and the dealer."

MacInnes notes that the awareness among a company's employees that all print jobs are being analyzed by Print Audit has the effect of further reducing costs. "A lot of the unnecessary printing — wedding invitations, Web sites, etc. — just drops off," he says. "When users are aware that their printing is being monitored, the average print reduction is 15 percent, but we've seen up to a 70 percent reduction in printing."

As noted, Print Audit has a somewhat different sales strategy than Equitrac, which targets all of its product sales to the end user. At Print Audit, while Print Audit 4 is the flagship product, the company is more focused on initially selling its Reseller Printing Analysis Program (RPAP) to dealerships. The software, sold to the dealership for indefinite use, allows the dealership to assess clients' printing volumes for 30 or 60 days on all printers. "Then what happens is that (the software) usually gets them to the point where they can prove the need for the new hardware," says MacInnes. "So, the positioning of Print Audit is such that we promote our products as sales tools for the dealers to help them increase their sales of office technology. We rarely encourage our dealers to try to sell Print Audit."

Of course, selling Print Audit 4 is the ultimate goal for the company, right? "That's exactly it, on the dot," says MacInnes. "We call that 'conversion.' Once the customer has become accustomed to the various applications of RPAP, 'they recognize the value of having the information ongoing,' he says, noting that RPAP users generally see a 15 to 20 percent average decrease in printing costs. "That's when we see the sale of Print Audit 4 to the customer."

A Variety of Players
While Equitrac and Print Audit may be seen as leaders in the market, they are not alone. Other players in the field, offering a
Certainly, among the key applications in the document-accounting arena are cost-recovery systems, often referred to as bill-back systems (see “Cost Recovery: Systems ensure ‘no money is left on the table,’” October 2003 Office Technology). The systems allow a company to track printing and copying costs, and bill clients for any such costs related to their accounts or allocate costs to the appropriate internal departments. Cost recovery has been commonly used in the professional services sector, e.g., law firms, for many years. Today, however, systems are providing a much broader range of applications, each designed to recover and/or reduce costs and manage output through the monitoring of imaging devices.

"The market is shifting away from just bill-back and beginning to look at hard-copy peripherals as corporate assets and what we call asset management — examining who is printing what and where, and using that information to determine the optimum device placement," explains Corsetti in describing the changing nature of today’s document accounting systems. "Some savvy users are beginning to say, ‘Let’s figure out how to improve document processes, reduce the amount of waste paper and streamline our document costs in an effort to control costs and improve productivity.’"

Obviously, the end-user strategy Corsetti describes is appropriate for "any office" as Wyszowski suggests, but when will such solutions be widely embraced? "When the third-party software providers, copier vendors themselves or even distribution channel partners ‘crack the nut’ of the general office, and the general office wakes up to, ‘Oh my goodness, our document expenses are unregulated and high; we’ve got to do something to control this,’” answers Corsetti. "That’s starting to happen. Soon, hard-copy peripheral vendors and dealers will not be asked, but required, to offer some means of document accounting."

Several vendors, including OEMs, have an eye on "cracking the nut" of document accounting in the general office market. However, many would agree, to gain a better understanding of the opportunity and nature of the product category, one must begin with a look at two of the leading players in the field — Equitrac Corp. and Print Audit Inc.

**An Industry Veteran**

For many, Equitrac Corp. (www.equitrac.com), based in Coral Gables, Fla., is the top-of-mind player in the cost-recovery-systems industry. The 25-year-old company’s flagship product, Equitrac Professional, is a suite of integrated software and hardware products focused on providing firms the means to track and recover expenses incurred on behalf of clients for copying, printing, etc. The company also offers Equitrac Express for the education/library market. However, what is most likely to interest office technology dealers is the company’s third key product, Equitrac Office. It is also the system that Equitrac management sees as its greatest source of new growth in the coming months and years.

"The area that is providing the largest growth in terms of top-line revenue for the company is the general office market," says Jim Kwocz, senior vice president of marketing and global alliances. "It has been growing in the double digits on a year-over-year basis for the past several years."

The Equitrac Office brand was launched in early 2003 as a replacement for the company’s previous general office product, Printer Accounting Server (PAS). In the second quarter of 2004, the company will be introducing Version 3.0 of Equitrac Office. "Simultaneously, we are going to be announcing a new dealer and VAR program that is going to be heavily promoting the capabilities we have in the new product and the new program elements we will offer to support the dealer channel," says Kwocz.

The launch of the dealer support program will mark the beginning of a new era for Equitrac as it strives to build direct relationships within the dealer channel. For the past three to four years, the company has been best known through its alliances with various OEMs. In fact, Equitrac works with virtually every OEM — Canon, Konica Minolta, Kyocera Mita, Ricoh (Gestetner, Savin), Sharp, Toshiba and Xerox. "So, there is usually heavy influence of our manufacturer partners in influencing their dealers to work directly with Equitrac," says Kwocz, noting the OEM alliances remain intact and will continue. "We have now
longer says, "I'd like to buy this machine, but I don't know how to pay for it. A dealership can show customers it is a technology partner, conscious of saving them money and maximizing their investment in the new MFP. Knowing how to allocate costs, they can plan for the expense of a new machine."

**A Growing Opportunity**

In today's workplace, where more documents than ever are available in digital form and outputting those documents is often uncontrolled and unallocated, document accounting and analysis make sense. Perhaps more dealerships should take a look at the products available and also consider another key benefit beyond simply helping them sell more hardware. As Amorosano says: "From a channel perspective, they serve the purpose of being a tool to help dealers become more tightly integrated with their customers."

Fortunately, says Amorosano, today's customers are becoming increasingly receptive to any software that helps them track document-output costs and volume. "Years ago, that didn't seem to be that big of an issue," he says. "But today, more and more, I think customers are really starting to get educated about the fact that they spend a lot of money producing paper. So, they are trying to figure out ways in which to handle that more effectively."

When will the day arrive when the demand for such software is commonplace in the general office? "Right now, there is still a lot of selling involved," says Amorosano. "We haven't reached the point in the existing channels of distribution where NetSpot Accountant is talked about as part of the basic, down-the-street sales activity. But, I think we will get to that. It will probably be another 12 to 18 months before we reach that point."

Print Audit's Machines is also anticipating the day when document accounting and analysis are prevalent in the general office. He believes, "based on the rapid pace that we're signing up dealers," that the demand for the capabilities of the software will ultimately be widespread. "I would say there are two or three years before it's part of the way everybody does business."

Equitrac’s Kwock has similar expectations and expresses excitement when considering the possibilities. "This is an amazing place to be," he says. "There is just an amazing, intrinsic need by the industry for this. It's just that we are early on in the cycle here, so people don't recognize it yet, but they will — very quickly."

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