

Contents

- 2 Abstract
- 3 Why a Managed Print Environment is Critical
- 4 Benefits of a Managed Output Fleet
- 6 Why Lexmark?
- 8 Successful Output Strategy Implementation
- 9 Concluding Summary
- 10 About Lexmark

Managing Business-Critical Print Devices in Manufacturing and Distribution Operations:

How a Seamless Output Management Strategy Delivers Ultimate Value to Business-Critical Processes

Abstract:**Managing Business-Critical Print Devices in Manufacturing and Distribution Operations**

How a Seamless Output Management Strategy Delivers Ultimate Value to Business-Critical Processes

This white paper focuses on why manufacturing and distribution operations need to re-assess how they view the management of their output devices and how they can realize the benefits of a fully managed output fleet.

Output devices, such as printers and multifunction printers (MFPs), are not ordinary office equipment - they are essential business enablers. Orders can still be processed and critical information communicated when the stapler is missing or the shredder is broken, but packing, shipping and inventory management can grind to a halt without a printer.

Lexmark has been developing and delivering unique document workflow solutions to the manufacturing and distribution industries for years. In fact, 75% of the top U.S. manufacturers use Lexmark technology in business-critical operations.

Today, this industry knowledge and expertise is being leveraged beyond solutions to deliver the ultimate value of total output management into business processes. Lexmark's Distributed Fleet Management (DFM) suite of services offers a comprehensive set of management services and reporting tools. These services let you maintain control of your output assets with a minimal amount of effort and allow your operation managers to focus on their core competencies.

Lexmark Global Services works with customers who have headquarters in 29 countries around the world and operations across the globe. As a result of having performed over 3,000 consulting engagements, Lexmark now manages over 180,000 devices and more than 7.7 billion pages annually for multi-national organizations on a world-wide project basis. Through proactive monitoring and asset optimization, our customers now have more control and visibility of their output fleet, leading to lower costs and more efficient use of their print devices.

Why a Managed Print Environment is Critical

Manufacturing and distribution companies depend on document output to drive their business. From packing slips and labeling to operational instructions and reports, printed output is a critical component of business operations. Companies cannot afford printer downtime that causes them to halt shipments. Management often needs printed reports and analyses immediately to make business critical decisions in a timely fashion. Printers and multifunction devices are assets without which both operations and office decision-makers cannot effectively function.

Even with such a critical element of the business, some manufacturers and distributors regard printers and multifunction devices (MFPs) as “just another piece of office equipment.” This could not be further from the truth. Business still runs when staplers or shredders are broken, but packing, shipping and inventory management can grind to a halt without a printer.

By their very nature, manufacturers and distributors are process-oriented. Most have developed and applied specific process efficiencies and management principles to virtually every area of their business in order to reduce cost and improve efficiencies. Areas such as accounting, logistics, HR, purchasing, production, security and design all have commonly published operational principles. Most of these lines of business can produce detailed key measurements for each of these areas to assure that they are properly contributing to the organization’s goals. But for many companies, output devices remain one of the last unmanaged areas within these business-critical operations.

These devices, on which manufacturers and distributors are so dependent, are typically procured, used and disposed of in an unmanaged manner, leading to exorbitant costs, misuse, user dissatisfaction and downtime that can slow decisions or stop shipping.

Most companies have no single organization or structure to manage all of these devices. As a result, visibility is limited with regard to the total number, actual use and location of the devices. This makes it impossible to accurately measure the total cost and efficient use of output across the organization.

Without structured knowledge, manufacturers and distributors find it virtually impossible to make necessary changes to improve device uptime, optimize devices across the workgroups or reduce the overall cost of output.

Without structured knowledge, manufacturers and distributors find it virtually impossible to make necessary changes to improve device uptime, optimize devices across the workgroups or reduce the overall cost of output.

The Benefits of a Managed Output Fleet

While organizations continually look for ways to reduce costs, increase productivity and streamline business processes, the print environment has long been overlooked. Proactively managing this space can free up IT and other critical areas of your business. The key benefits of implementing this business model are outlined below.

Focus on Core Competencies

Leading manufacturers and distributors are returning to a focus on their core competencies by relying on external experts to assist them in managing non-core parts of their business. This allows for a concentration on key strengths while utilizing the expertise of other organizations to optimize important, but non-core, aspects of their business. Traditionally, internal management of the output fleet has been intermittent and unfocused. By relying on outside experts to assist in the management of this process, your business can gain more control and visibility to these business-critical assets.

Freeing up Resources by Relying on Experts

Businesses have delegated parts of the management of their output space for some time, i.e. copiers and mass production print. Now more manufacturers and distributors are seeing the benefit of utilizing outside expertise to help them manage the maintenance, supplies and break-fix for all of their output devices. This frees up internal resources and delegates the responsibility of printer uptime, which is especially important in areas like production operations, to industry experts. Manufacturers and distributors are finding that relying on printer experts is a better service model, freeing the internal IT staff to focus on other priorities.

Improved Business Model – Better Reliability

Manufacturers and distributors also find that by having one organization manage all aspects of output, including copiers, printers, MFPs and fax machines, significant reduction in overall costs can be achieved. First, by consolidating these responsibilities into one management structure, companies have a consistent, comprehensive view of output operations. This consolidated visibility provides an efficient method of tracking and analysis, delivering a clear understanding of both device usage and related operational costs. With this information, companies can develop an optimized, holistic plan for placing appropriate devices in the areas where they are needed most. Using the reporting tools, management can easily evaluate printer requirements and make accurate adjustments to device placements as output requirements change.

Manufacturers and distributors are finding that relying on printer experts is a better service model, allowing internal members of the IT team to focus on systems and applications.

Pay for Pages Model Reduces Capital Expenditure

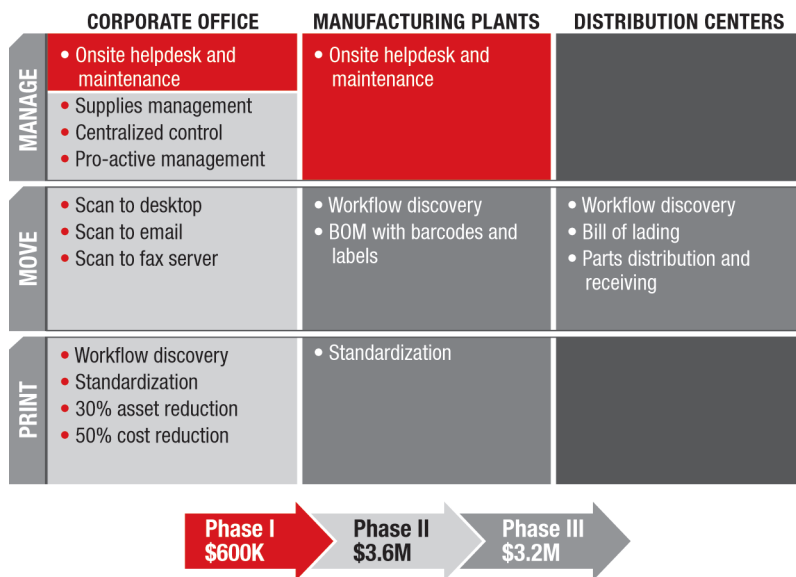
By using Lexmark's Distributed Fleet Management (DFM) services to manage output devices, manufacturers and distributors have the option of paying for printing only when they use it. Employing Lexmark's "pay for print" business model can free up cash that historically has been buried in capital expenses through depreciating assets. With this business model, output devices are typically leased or rented to eliminate capital expenditures. Additionally, consumables and media purchases are often included in this option and therefore treated as a cost of service.

This payment method frees up capital which can be used in other areas of the business and gives companies quicker access to the latest technology. With this model, fleet devices are generally upgraded on a regular cycle at no additional capital cost, reducing the average fleet age and ensuring the use of current technology.

Continuous Improvement

When Lexmark manages the entire output fleet, manufacturers and distributors receive ongoing tracking, analysis and advice on how to improve the placement and usage of these output assets. Through Lexmark's industry focused expertise and a phased approach to implementation, companies around the world have been able to develop a roadmap for delivering a total output management strategy to drive incremental savings over time.

Example Output Strategy Roadmap



Why Lexmark

Lexmark Global Services provides an integrated portfolio of services which has helped major manufacturers and distributors worldwide to more proficiently manage their output technology assets across multiple facilities. Companies are able to realize many benefits related to improving productivity and reducing costs. By improving device uptime, companies can rest assured that the right device is in the right place to meet the business needs.

Additionally, once Lexmark has implemented an optimized device infrastructure, this technology is used to improve business processes. Lexmark recommends ways to re-engineer forms and document processes for more efficient workflow, helping distribution operations improve accuracy and productivity. By managing document-driven business processes in packing, shipping, receiving, accounting, legal, human resources and records management, manufacturers and distributors can reduce the total cost of output.

IDC Research shows that “companies that have implemented a total print management plan have achieved direct cost savings of between 8% - 41% and significant indirect cost savings.”

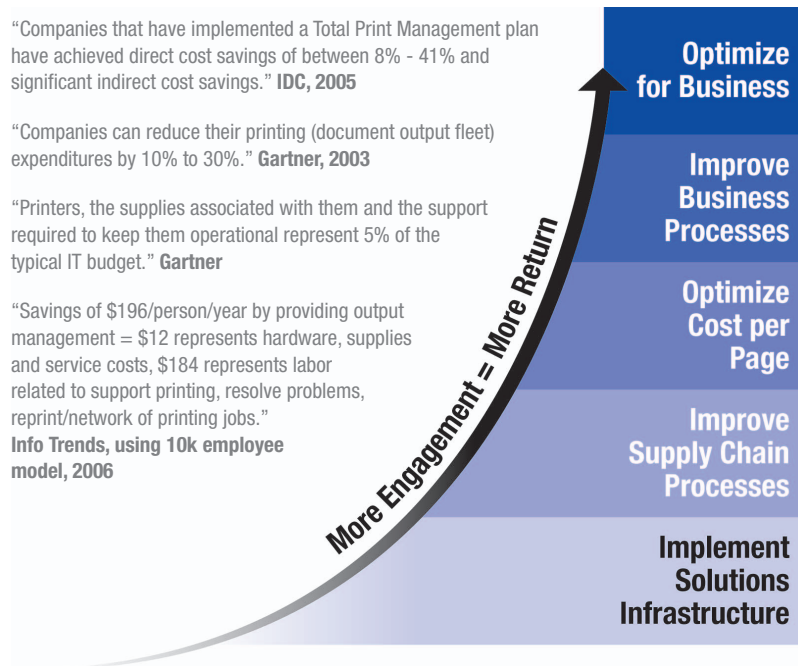
“Companies that have implemented a Total Print Management plan have achieved direct cost savings of between 8% - 41% and significant indirect cost savings.” **IDC, 2005**

“Companies can reduce their printing (document output fleet) expenditures by 10% to 30%.” **Gartner, 2003**

“Printers, the supplies associated with them and the support required to keep them operational represent 5% of the typical IT budget.” **Gartner**

“Savings of \$196/person/year by providing output management = \$12 represents hardware, supplies and service costs, \$184 represents labor related to support printing, resolve problems, reprint/network of printing jobs.”

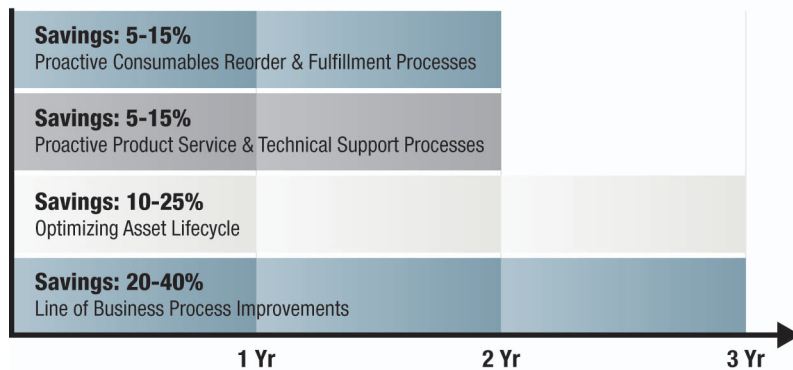
Info Trends, using 10k employee model, 2006



Benefits of Lexmark DFM:

- Lexmark's DFM infrastructure is unique in its ability to collect and manage necessary information on assets deployed; i.e. location, usage, acquisition cost, service history, and contract lifecycles.
- DFM manages this information to support a client's business environment, including regional and global locations, sourcing of assets, supplies and services, timely reporting and complex billing requirements.
- Lexmark uses this information to assist in reducing and controlling the cost of the output environment by providing visibility to assets and improving asset management

Adding and improving each element of DFM over time increases the total business value for the customer.



*Estimates based on Lexmark's internal measurements. Actual results may vary and are dependant on many factors.

Device availability is greatly improved. By having printer experts resolve printer issues, rather than depending on IT generalists as first line of support, critical devices are up and running faster.

Key benefits of Lexmark's DFM implementations

- By placing virtually all output devices on the network, users and IT have improved visibility, manageability and accessibility to the devices they require
- Support, training and supplies management are simplified by significantly reducing the number of devices, makes and models of devices
- Device availability is greatly improved. By having printer experts resolve printer issues, rather than depending on IT generalists as first line of support, critical devices are up and running faster
- Older output technology is updated based on age and user requirements, reducing maintenance and supplies costs
- More efficient user-to-device ratio and average volume per device provides better utilization of each asset
- Continual monitoring of devices assures that assets are being used as they were designed to be used and are optimized for their environment

Example of a successful output strategy implementation

Coca-Cola Enterprises: Leverages far-reaching output strategy to consolidate vendors and devices and reduce costs

Coca-Cola Enterprises Inc. (CCE) is the world's largest marketer, distributor and producer of products manufactured by the Coca-Cola Company. CCE maintained about 6,000 printers which were installed over several years and purchased from a variety of manufacturers. CCE wanted to increase its ability to monitor device efficiency, location, usage, status and overall cost. Lexmark was able to provide products that met CCE's specifications and offered the lowest five-year total cost of ownership (TCO). As a result, CCE chose Lexmark as its sole supplier of monochrome laser printers and a provider of MFP solutions in North America.

Coca-Cola Enterprises (CCE) estimates that it has reduced its hardware costs by about 10 percent and reduced its supplies costs by 17 percent. Its Distributed Fleet Management contract with Lexmark has freed its IT staff to focus on other priorities, while providing the company with actionable information upon which to make business decisions and keep its output devices operating at optimal levels. Utilization is carefully tracked and analyzed, allowing CCE to quickly redeploy its Lexmark models to match user demand with device features and capacity.

“One of the things we truly value about our relationship with Lexmark is the continued focus on helping us reduce the amount of pages we print and our costs,” said David Bondi, former Manager of Corporate Procurement for CCE's Business Information Services department. “The Lexmark team is diligent about suggesting new concepts and approaches that will help us achieve our business objectives.”

CCE is also implementing Lexmark's consumables management service across the organization, eliminating the need for CCE employees to monitor, order, stock and replace consumables for printers and MFPs. CCE will gain additional time and cost savings, improving device uptime and allowing employees to focus on their jobs and not on printer-related administration tasks. Further savings will be achieved by leveraging the existing MFP devices for process and workflow efficiencies. Next, CCE will look to leverage this solution in other regions of the world, including Europe.

Coca-Cola Enterprises (CCE) estimates that it has reduced its hardware costs by about 10 percent and reduced its supplies costs by 17 percent.

Lexmark's Distributed Fleet Management is a comprehensive set of management services and reporting tools that lets you maintain control of your output assets with a minimal amount of effort and ultimately drive down costs.

Concluding Summary

Lexmark has been developing and delivering unique workflow solutions to the manufacturing and distribution industries for years. In fact, 75% of the top U.S. manufacturers use Lexmark technology for business-critical output. Now, this industry expertise is being leveraged beyond solutions to deliver a seamless Output Management Strategy that delivers ultimate value to business-critical processes.

Lexmark's Distributed Fleet Management is a comprehensive set of management services and reporting tools that lets you maintain control of your output assets with a minimal amount of effort to ultimately drive down costs. It's a customized, dynamic solution, tailored specifically to your company needs.

These DFM services can help your organization:

- Reduce the number of pages printed and minimize the cost per page
- Improve management of your output fleet
- Improve productivity of your document processes
- Help you make the right decisions for the future

Implementing our managed print service offering allows manufacturers and distributors to focus on their core business while relying on output device experts to assure that business-critical output assets are available when they are needed and used in the most cost-effective manner. Your facilities receive operational efficiencies and control over the cost of your assets with minimal effort from you.

- Lexmark's DFM infrastructure is unique in its ability to collect and manage essential device information on asset deployment, their location, usage, acquisition cost, service history and contract lifecycles.
- DFM manages information to support a client's business environment. This can include regional or global locations, asset sourcing, management of supplies and services, as well as the timely reporting and complex billing requirements.
- Lexmark utilizes this information to assist in reducing and controlling the cost of the output environment by providing visibility to assets, improving asset management practices and reducing administrative overhead related to the day-to-day 'care and feeding' activities.

About Lexmark

Lexmark International, Inc. (NYSE: L XK) makes it easier for businesses and consumers to move information between the digital and paper worlds. Since its inception in 1991, Lexmark has become a leading developer, manufacturer and supplier of printing and imaging solutions for customers in more than 150 countries.

Lexmark's enterprise sales force is organized into industry-specific vertical teams that identify the unique challenges of each major industry in terms of output and workflow processes. Our solutions and customer-focused approach is what makes us different in the market, but our award-winning products are at the heart of our business. Lexmark is the only printer manufacturer that internally develops and owns all three core print technologies in the market. We pride ourselves on understanding our customer's specific needs and developing innovative solutions to meet those needs.

With close to 10 years' experience in providing managed print services, Lexmark Global Services now works with customers with headquarters in 29 countries around the world. As a result of having performed over 3,000 consulting engagements, Lexmark now manages over 180,000 devices and more than 7.7 billion pages for multi-national organizations on a world-wide project basis. Through proactive monitoring and asset optimization, our customers now have more control and visibility to reduce the cost and maximize the value of their output fleet.

Lexmark reserves the right to change specifications or other product information without notice. References in this publication to Lexmark products or services do not imply that Lexmark intends to make them available in all countries in which Lexmark operates. LEXMARK PROVIDES THIS PUBLICATION "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. This publication may contain third party information or links to third party sites that are not under the control of or maintained by Lexmark. Access to any such third party information or site is at the user's own risk and Lexmark is not responsible for the accuracy or reliability of any information, data, opinions, advice or statements made by these third parties. Lexmark provides this information and links merely as a convenience and the inclusion of such information and/or links does not imply an endorsement. All performance information was determined in a controlled environment. Actual results may vary. Performance information is provided "AS IS" and no warranties or guarantees are expressed or implied by Lexmark. Buyers should consult other sources of information, including benchmark data, to evaluate the performance of a solution they are considering buying.

**For more information about Lexmark's Manufacturing and Distribution Industries:
www.lexmark.com/manufacturing**