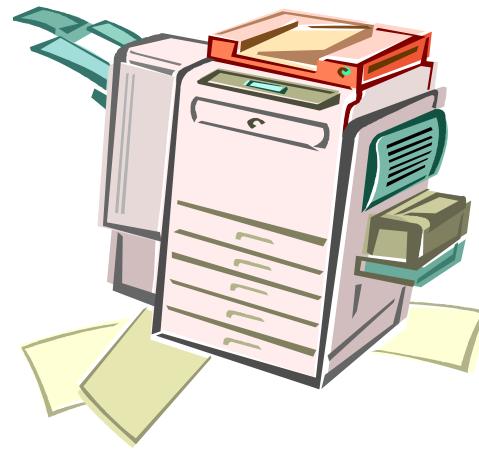


AGCMCC Copier Replacement



A significant opportunity

Why is this a significant opportunity?

- Typically spend approximately \$50,000 over a five year copier lease (wow!)
- One of the few areas in the church budget that has large discretionary choices
- Historically we have been locked into long-term expensive leases with equipment that we are unhappy with
- Chance to simultaneously improve publication quality, reduce cost, and improve ease of use

Why is this difficult?

- Confusing terminology and marketing materials
- Fear factor drives the status quo
- Simplicity of just signing a new equipment lease vs. understanding options
- Apples vs. oranges vs. kumquats
- Financially convoluted by not separating equipment cost, financing, service, and supplies

What choices do we have?

- Industry says same thing year after year
 - Lease another behemoth machine
 - Get the newest, fastest, and bestest
 - Never, ever buy
 - Don't even think of considering going without a comprehensive service contract
 - Bow down in awe of the world-class service that their brochures elude to
- Conclusion: pick one of the big six brands

What choices do we *really* have?

- New / used / refurbished
- Buy / lease / finance
- Full service contract / parts/labor only / time & materials / warranty
- Outsourcing
- Decentralized printing
- Alternate publication formats
- Reduced printing / projection / eCommunications

Strategic decision ahead...

- This is truly a strategic decision balancing cost with
 - Convenience
 - Reliability
 - Risk tolerance
 - Hassle
- Be brutally honest about true costs of each of the above



How much money are we talking?

- Easy to look at the “low monthly payment” or “just pennies a copy”
- Real costs can be staggering
- Cost difference between options is jaw-dropping
- Example of a mid-volume, full-featured copier
 - Rent for 60 months (no equity): \$29,000
 - With service contract: \$47,000
 - New, outright purchase: \$13,500
 - Used, refurbished purchase: \$5,000
 - Used, off-lease purchase: \$1,500

What are the major cost drivers?

- Depreciation – new copiers lose 75% of their value within 90 days
- Color – even if not used, the paper still goes through this additional mechanism
- Finishing – have you ever looked at the mechanics of folding, duplexing, etc? It is a wonder the thing doesn't end up eating itself
- Speed

What are the minor cost drivers?

- Paper
- Making a copy!

Where are we today?

- Two machines: Risograph and Savin
- Two leases: IKON
- Two service contracts: IKON

Savin

- Multifunction copier, network printer, scanner, and document management
- Monochrome, single color, full color
- Lease is “fair market value” (no equity)
- Lease term: Sept 2003 – Aug 2008
- Lease payment: \$297 per month
- Service contract: \$57 per month; covers parts, labor and toner
- Allowed copies: 3,000 per month; \$.019 for excess
- All color copies are charged at \$.10 each

Risograph

- Duplicator technology for high volume printing of bulletins and mailings
- Multiple cylinders – one color at a time
- Lease is “fair market value” (no equity)
- Lease term: Sept 2003 – Aug 2007
- Lease payment: \$196 per month
- Service contract: \$43 per month; covers parts and labor only
- Allowed copies: 15,000 per month; \$.0029 for excess

Current costs

- Savin
 - Single-sided: 12.2¢
 - Double-sided: 23¢
 - Ledger: 47.7¢
 - Envelope: 13.2¢
 - Bulletin: \$1.94
- Risograph
 - Single-sided: 2.7¢
 - Double-sided: 4.8¢
 - Ledger: 3.9¢
 - Envelope: 3.5¢
 - Bulletin: 37.7¢

Current Statistics

- Savin
 - Average 4,500 copies per month
 - Average 610 color copies per month
 - Average time to failure: 24 days
 - Average usage to failure: 4,765 copies
 - Average excess copies charge: \$89 per month
- Risograph
 - Average 10,040 clicks per month
 - This equates to approx. 20,000 copies per month
 - Average time to failure: TBD
 - Average usage to failure: TBD
 - Average excess copies charge: NONE
 - Paying for 4,960 clicks per month that are not used

Where do we currently fall short?

- Total cost of ownership is very high
- Trapped by IKON
- Confused equipment configuration
 - Risograph is for high volume publications, yet has no finishing capability
 - Savin is for low volume *casual* copying, yet has full finishing
 - Savin has many advanced and expensive features that are not needed
- Limited usage accountability
- User frustration with equipment

Requirements

- Did formal survey and analysis of our requirements for the next 3-5 years
- Separated *needs* from *wants*
- Categorized by regular publications and casual day-to-day copies
- Included computer printouts
- Anticipated 10% annual growth for 3 years

Requirements

- Publications
 - Weekly bulletin
 - Annual report
 - Board elections
 - Quarterly giving statements
 - Special mailings
 - Pew cards
- Casual Copies
 - Board reports
 - Music reproduction
 - Education
 - Staff and office
 - Other ministries

Requirements

- Monthly Copies
 - Letter: 4,200
 - Ledger: 15,000
 - Envelope: 370
 - Postcard/Pewcard: 325
- Total Clicks
 - Monthly: 36,000
 - Annually: 432,000

Two kinds of technology available

- Duplicator
 - A cross between a copier and a printing press
 - Similar to the old mimeograph
 - Uses masters to print with ink
- Copier
 - Makes photo static images using toner
 - Most are digital; the original is only scanned once and a print engine makes the copies
 - Generally includes document management

Pro's and Con's

- Duplicator
 - Very simple with few moving parts
 - Very cheap and very fast
 - No online finishing available
 - Can be somewhat messy
 - Not practical for casual copying
 - Can use virtually any kind of paper
 - Some people don't like the newspaper style ink
- Copier
 - Complex with many moving parts
 - Can be reasonably inexpensive and fairly fast
 - Wide variety of finishing available
 - Can be large and clumsy to use
 - Can be used for all types of copying
 - Must use high grade paper to avoid jams

What is next

- Considering three solutions
 - Status quo
 - Hybrid
 - Dream machine
- Equipment test drives
- Cost analysis
- Make specific recommendations to the Board within two weeks

Status Quo Solution

- Lease new machine with one of the big local players
 - Metro
 - IKON
 - AIS
 - Xerox

Hybrid Solution

- Production Copier
 - For publications
 - Used Risograph
 - Optional offline booklet maker
- Office Copier
 - Use Savin until lease expires
 - Replace with 2-4 workgroup multifunction laser printers (one color) for copies and computer printouts

Dream Machine Solution

- Behemoth copier for publications, casual copying, and computer printouts
- Move up to enterprise class machine with only monochrome capability
- Only practical if purchased used
- Research reliability (much easier to do on a used machine than a new one) and assume risk for maintenance to reduce per click expense
- Control the environment (humidity and temperature)
- Purchase one color workgroup laser printer

Decision Factors

- Recommendations will be broken down by
 - Equipment cost
 - Financing cost
 - Service cost
- The Board can then make an informed choice by weighing the merits of each cost component
 - New vs. Used
 - Lease vs. Buy
 - Service Contract vs. Time and Material Repairs

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**"Don't knock it. The copy machine
hasn't broken down in a month."**