

Document Management Program

Discussion Points

August 10, 2005

1) Observation

DISD does not fit the model designed by Fedex/Kinko's. There isn't a large amount of outsourcing to be done. Most campuses appear to be running a large volume of small jobs and need in-house production capability to handle this.

2) Current Experience

Favorable

- Like outsourcing complex "processed" jobs, i.e. booklets, binding, tabs – timely and quality. The majority of campuses want to keep the Kinko's option available.
- Like having newer equipment to use and MFD's. Some campuses were pleased with the program just didn't like the cost.

Unfavorable

- Don't like the price/charges – not enough budget to cover the expenses (lease, service, consumables). Expenses are 125%-500% over budget.
- Majority of campuses feel the equipment doesn't meet the overall need, too slow and uses too much toner
- Too many service calls for new equipment – failure rate (last year at least \$45K in maintenance parts)
- Campuses report that service response time (could be DISD driven) is too slow, takes days?

3) Apples to Apples Comparison – No Can Do!

- Very hard to arrive at considering this model is totally different from previous approach
- Industry data used does not represent the DISD actual expenditures
- Lexmark equipment is simply not on par with industry duplication equipment – it's "printer" equipment
- Expenditures vs. Budget: Analysis of 10 campuses shows the math – program is simply too expensive
- Example below of just one piece of common equipment in the program

▪ Closest example:	<u>Lexmark 632</u>	vs.	<u>Minolta 470</u> (similar 40-45 ppm)
	3YR Lease	\$ 3,420	\$10,800
	3YR Service	\$ 1,767	\$ - 0 -
	Consumables	\$13,214	\$ - 0 -
	Repair parts	\$???	\$ - 0 -
	Total:	\$18,401	\$10,800

4) Management Oversight – Value Add

- All items identified by Fedex/Kinko's & Lexmark are included as part of the deal by the competition
- Includes all services: assessments, install, training, data reporting, dedicated staff, etc.

5) Proposed solution:

- Cancel the contract – Cancellation clause in contract calls for thirty days written notice!
- Consider allowing Lexmark to compete as one of 3-4 vendors
- Consider reverse proposals: Here's the budgeted amount for campus "X". What type, qty, etc. equipment do you propose – consumables, maintenance, parts included (Bang for the Buck!).
- Principal could then accept the offer they feel best meets the need