



WorkflowOne Finds Major Cost Savings Opportunity Through Print Shop Assessment

Client

Ohio-based regional health system

Market

Healthcare

Solution

Baseline Print Assessment

Services

Consulting Services

Benefits

- Identified potential cost savings of \$500,000 and time savings of more than 1,000 hours per year
- Recommended process improvements to free up valuable staff time
- Increased visibility into true costs of total print lifecycle

SITUATION

A regional health system based in Ohio was looking to consolidate its print spend and standardize processes for print procurement as part of a major cost-saving initiative. The system owns several hospitals, various outpatient facilities and hundreds of physician practices.

Management knew that print was a multi-million dollar expense and was looking to achieve better pricing and greater control through a single print provider. What they didn't realize was how much money was being wasted through their in-house print shop.

SOLUTION

Supply Chain was considering whether to issue a request for proposal when WorkflowOne suggested a baseline assessment of their print spend as an initial step. From experience, WorkflowOne knew that controlling outsourced print is only part of the equation for most hospitals. Significant expense often leaks out the door of internal print facilities.

In the case of this health system, the internal shop handled a million dollars' worth of print annually. A bit more than half of that was billed back to end users, but the rest was an unallocated expense, not really visible to hospital management.

By conducting a thorough, onsite analysis of equipment, facility utilization, staffing and other variables, WorkflowOne was able to provide the health system with a clear picture of its actual costs for the very first time.

The print shop had black-and-white and color digital equipment, as well as a large format printer. WorkflowOne found that this digital equipment typically ran at 35% of capacity. They also had two- and four-color offset equipment, which ran at just 12% of capacity. The cost per impression was much higher than industry norms.

While the shop had equipment capable of printing upwards of 25 million impressions a year, it didn't offer the typical finishing and binding features associated with print projects (e.g., perfect binding, folders, die cutting, etc.). Even with such ample capacity, it might not have the bandwidth to handle certain orders at peak times. In those cases, jobs had to be outsourced to other vendors, yet there was no formal process for selecting appropriate suppliers.

Warehousing and distribution was done on-site in an empty room at one of the hospitals. Orders were picked and packed by relatively expensive members of the design staff (\$43/hour burdened compensation).

As a result of its baseline assessment, WorkflowOne concluded that the health system could save at least \$500,000 annually by closing its print shop and outsourcing all print production, storage and distribution. Alternatively, the system could narrow the focus of its print shop to just digital print, thereby saving \$400,000 – \$500,000, or just offset capability, saving \$100,000.

For the first time, this health system gained an accurate and complete view of its true print costs.



Armed with this new knowledge, the health system is better prepared than ever before to make smart, sensible decisions about how it manages print.

With WorkflowOne's information, the health system could see that expanding its print shop's capabilities was not a viable option, given the low utilization and need for significant capital investment. In order to be competitive with outside printers, the number of impressions would need to increase to approximately 9.8 million annually. This represented a 300% increase in volume with no increase in costs, which was an unlikely scenario.

Leaving things as they were would lead to a further decline in print shop utilization as the health system's product mix shifted toward greater use of high-end digital print and electronic communication tools. This would ultimately result in the eventual downsizing of the department.

BENEFITS

For the first time, this health system gained an accurate and complete view of its true print costs. While opportunities were identified to decrease spending by more than \$500,000, a deeper analysis could result in even more savings, given the high cost of maintenance, supplies and publications.

In addition, the system gained other useful recommendations:

- a decision tree that uses product specifications and quantity thresholds to help ensure the most cost-effective method of production,
- the transformation of static print to print-on-demand items,
- more rigorous processes for cost allocation back to user departments,
- outsourcing the storage and distribution of marketing items, which freed up 20 hours per week of design staff for annual savings of \$45,000.

Armed with this new knowledge, the health system is better prepared than ever before to make smart, sensible decisions about how it manages print.

CONTACT US TODAY

To learn more about how WorkflowOne can generate results for your organization, contact your local representative or visit our website:
workflowone.com

WorkflowOne
220 East Monument Avenue
Dayton, OH 45402-1223
877-735-4966