




# National Procurement Strategy: Office Equipment

April 2012



## Table of Contents

<b>Executive Summary.....</b>	<b>4</b>
<b>1 Purpose .....</b>	<b>8</b>
<b>2 Scope.....</b>	<b>8</b>
<b>2.1 Definition .....</b>	<b>8</b>
<b>3 Background.....</b>	<b>9</b>
<b>3.1 Canadian Industry .....</b>	<b>9</b>
<b>3.2 Government Spend.....</b>	<b>10</b>
<b>3.3 Overview of the Procurement Process .....</b>	<b>11</b>
<b>4 Summary of Analyses .....</b>	<b>13</b>
<b>5 Action Plan .....</b>	<b>14</b>
<b>5.1 Promotion of Fleet Management and Managed Print Services .....</b>	<b>14</b>
<b>5.2 Implementation of Fleet Management and Managed Print Services .....</b>	<b>17</b>
<b>5.3 Consistent Application of Environmental Criteria.....</b>	<b>22</b>
<b>5.4 Improved Communication .....</b>	<b>24</b>
<b>5.5 Increased Delegation of Authority .....</b>	<b>25</b>
<b>5.6 Additional Direction.....</b>	<b>26</b>
5.6.1 Integration of Like Sub-categories.....	26
5.6.2 Maintain and Improve Use of Standing Offers.....	27
5.6.3 Consistent Use of Vendor Performance Clauses .....	32
<b>6 Next Steps .....</b>	<b>33</b>
<b>Bibliography .....</b>	<b>34</b>
<b>Appendix A: Office Equipment Sub-categories .....</b>	<b>37</b>
<b>Appendix B: Glossary of Terms .....</b>	<b>38</b>
<b>Annex A: National Category Review - Office Equipment .....</b>	<b>40</b>
<b>A1 PWGSC Contract Activity Analysis .....</b>	<b>40</b>
<b>A2 Market Review .....</b>	<b>42</b>
<b>A2.1 Market Characteristics for Office Equipment .....</b>	<b>42</b>
<b>A2.2 Canadian Industry.....</b>	<b>44</b>
<b>A2.3 Canadian Market for Managed Print Services .....</b>	<b>45</b>
<b>A3 Current Procurement Analysis .....</b>	<b>45</b>
<b>A4 General Management of the Category.....</b>	<b>54</b>
<b>A4.1 Contracting Approach and Office Locations .....</b>	<b>54</b>
<b>A4.2 Supply Base .....</b>	<b>54</b>
<b>A4.3 Sourcing Strategies .....</b>	<b>55</b>
A4.3.1 Methods of Supply .....	55
A4.3.2 Bid Solicitation Process .....	55
A4.3.3 Bid Evaluation .....	56
A4.3.4 Call up Procedures and Methods.....	56
<b>A4.4 Special Considerations .....</b>	<b>57</b>



A4.4.1	Environmental Considerations and Products .....	57
A4.4.2	Aboriginal Access .....	57
A4.4.3	Small and Medium Enterprise (SME) Access .....	58
<b>A4.5</b>	<b>Contract Management .....</b>	<b>58</b>
<b>A4.6</b>	<b>Vendor Performance / Inspections .....</b>	<b>58</b>
<b>Annex B: Background Information On Managed Print Services .....</b>		<b>59</b>
<b>Annex C: Disposal Of Surplus And Electronic Equipment .....</b>		<b>68</b>



## **Executive Summary**

### **Introduction**

Public Works and Government Services Canada (PWGSC) has reviewed the means by which office equipment is procured for government departments with the objective of developing a national procurement strategy. Engaging government departments and suppliers to assess their needs and concerns was a key component of this review. This National Procurement Strategy for office equipment aims to provide a uniform and consistent national approach that will improve the ease and effectiveness of the procurement process for all stakeholders and be better able to respond to their needs. Additionally, the strategy builds upon the existing framework to assist government departments in applying a fleet management approach to the procurement, operation, management and disposal of office equipment.

### **Definition**

The Government of Canada (GC) office equipment category comprises paper-handling equipment such as printers, copiers, shredders, scanners, and facsimile machines, multi-functional devices, consumables such as toner and fusers and related services such as maintenance and Managed Print Services (MPS).

### **Background**


Over the past three years, the GC has spent an average of \$91 million annually on office equipment; this figure is taken from the Spend Cube, a procurement reporting and spend analysis tool that captures 85% of the total GC spend. The sub-categories Copiers, Scanners and Multi-function Devices (MFDs) represent 44%, the largest portion of GC spend over a three-year period, and the next most significant sub-category, Printers, covers approximately 16% over the same period; Toners and Small Office Machines account for 14% and 13% respectively.

The top three government departments (Department of National Defence (DND), Royal Canadian Mounted Police (RCMP) and Department of Foreign Affairs and International Trade (DFAIT)) accounted for approximately 30% of the total transaction volume and 40% of total expenditures.

PWGSC has established standing offers and supply arrangements as the main methods of supply for the majority of office equipment requirements, thereby allowing government departments to make their own purchases for office equipment. PWGSC procures office equipment goods and services directly on behalf of government departments in circumstances such as when government departments will exceed their delegated contracting authorities, for large fleet procurements, or where use of an existing procurement instrument is not an option.

### **Market Analysis**

In 2009, there was a decrease of shipments in the Canadian MFDs, copiers and laser printers market, due to the economic downturn. Forecasts predict that shipments will recover faster for the laser printer compared to the MFD and copier markets in 2012.



With respect to MPS, with the global MPS market experiencing outstanding growth, Canada is considered the fastest growing segment of the North American market.

Recent Canadian reports indicate that several large companies are improving their products and services by adding new features, responding to changing demands from clients who are looking for more advanced and complete products. Such innovation helps firms differentiate their products from competitors and attract new customers.

In Canada, several policies and regulations are in place in order to favour sound management and environmentally-friendly practices.

### **Findings**

This document has evolved to its current state following both informal and formal stakeholder consultations with both suppliers and clients.


At the informal consultation stage, respondents said that while existing procurement processes are generally effective, there exist opportunities for improvement to the manner by which office equipment is procured and managed. Areas of concern and opportunity raised by suppliers and government departments include:

- Better information sharing of the array of services available through the existing Managed Print Solutions National Master Supply Arrangement (NMSA), as well as improvements to ensure access to the full range of offerings available through this tool;
- Enhanced means to measure improvements from implementing better fleet-management solutions, whether vendor or government-owned;
- Inconsistent opportunities for suppliers to adjust pricing throughout the duration of a procurement tool;
- A lack of flexibility to add non-National Master Standing Offer (NMSO) options or accessories to call-ups resulting in a duplication of purchasing effort;
- The time and cost associated with preparing bid submissions;
- The costs associated with evaluation and contract handling; and
- Electronic tools and websites which could be made easier to navigate.

With respect to the formal consultation stage, responses were analyzed and found to be generally positive and it was concluded that government departments and suppliers agreed with the direction of the strategy as well as providing constructive feedback on a number of topics.

Feedback revealed that postage meters should not be included within the definition of Office Equipment, as these devices in large part do not have the same considerations as the other included equipment / services.

On the topic of Fleet Management / MPS, a small majority agreed with the movement of procurement in that direction, but some suppliers were critical of the direction.



While the consultation did not distinguish Fleet Management from MPS, it is clear from comments received that the majority of suppliers are supportive of increased fleet management of government imaging fleets.

Most respondents suggested that MPS needs a clearer definition – as there is no one industry standard definition and these words can be used to describe an array of possible services.

The finalized National Procurement Strategy has therefore been modified to reflect the need for flexible procurement tools to assist departments with print optimization.

During the formal consultation, suppliers supported the increased adoption of imaging fleet management within the GC.

### **Strategic Direction**


Over a five-year period PWGSC will promote and encourage departments to adopt the principles of print optimization and sound fleet management through existing supply arrangement services and hardware standing offers. Upon their expiration new and improved NMSA and NMSO procurement tools will be implemented.

The benefit of implementing an optimized fleet management approach is expected to:

- Allow for government departments to undertake the procurement of an entire fleet of devices including lifecycle management, performance measurement and disposal;
- Permit government departments to access flexible options to manage their unique office equipment requirements in the most effective way;
- Support the implementation of fleet management through project and change management support;
- Reduce the environmental impact of the office equipment use as well as lower costs; and
- Create efficiencies in how dedicated resources are allocated to managing current fleets.

During the five-year period, PWGSC will:

- Maintain and improve the use of standing offers through the exploration of:
  - Consistent opportunities for price refresh,
  - Consistent selection threshold,
  - Consistent call-up limitations,
  - Consistent application and clear guidelines for the inclusion of non-NMSO listed options and accessories on call-ups, and
  - Consolidation of standing offers where appropriate;
- Standardize standing offer / supply arrangement duration; and
- Consistently use vendor performance clauses.



PWGSC will be encouraging access to the print management consulting services industry which includes Small and Medium Enterprises (SMEs), as well as continuing to benefit from the SME services that support existing office equipment NMSOs (e.g. authorized reseller networks).

PWGSC intends to assist government departments with purchasing office equipment and provide tools to help them effectively manage their office equipment assets, including providing the means to transition towards a fleet management approach, with measurable and demonstrable benefits of improved efficiency and reduced environmental impact.

The implementation of the National Procurement Strategy and uptake by departments and agencies will:

- Reduce output hard costs (lease and purchase of equipment, consumables, paper and maintenance);
- Improve knowledge worker efficiency (have greater asset visibility and enhanced asset usability);
- Reduce administrative tasks;
- Obtain better asset utilization rates;
- Increase employee-to-asset ratios;
- Increase productivity through deployment of multi-functional devices and appropriate deployment of single function devices; and
- Improve environmental initiatives with more responsible asset and supplies acquisition, use and disposal practices.

# 1 Purpose

Public Works and Government Services Canada (PWGSC) has engaged key stakeholder groups including government departments and office equipment suppliers as part of a detailed review of how it procures office equipment on behalf of government departments. The review identified strengths of the current process as well as areas of opportunity that, if leveraged, should benefit government departments, existing and potential suppliers, and Canadians overall, through enhanced transparency, greater efficiency, and more predictability through standardized approaches to procurement.

The strategic direction for office equipment procurement based on the opportunities that have been identified by key stakeholder groups is described in this National Procurement Strategy.

## 2 Scope

Procurement of office equipment and related services by PWGSC on behalf of government departments including the lease, rental and purchase of office equipment, related professional services and technical services, maintenance and related consumables is examined in this National Procurement Strategy.

### 2.1 Definition

Office equipment is defined as equipment acquired by the Government of Canada (GC) for the day-to-day use of employees in their official functions. This equipment is primarily used for paper handling such as printing, copying, scanning, shredding and related services.

The GC itemizes office equipment into the following sub-categories: copiers, scanners, fax machines, multi-function devices (MFD), and printers. A list of the items contained within these sub-categories can be found in Appendix A - Office Equipment Sub-categories.

In addition to the items identified in the office equipment sub-categories above, the following related products and services are examined in this strategy:

- Specialty devices such as secure shredders, TEMPEST-compliant equipment<sup>1</sup>, and production equipment;

---

<sup>1</sup> Government activities may involve certain security requirements, such as the use of TEMPEST-certified equipment when printing or faxing sensitive documents. A TEMPEST machine has certain requirements that prevent conducted emissions from being intercepted from unapproved sources.



- Consumable products associated with office equipment such as toner and ink cartridges, and fusers and drums; and
- Services such as repair, maintenance, and Managed Print Services (MPS) including print optimization consulting, fleet management services, inventory and cost collection services and optimized solution design services related to imaging equipment.

### **Excluded from the Definition**

This strategy does not include the following goods and services: calculators, typewriters, micro-fiche reader-printers, postage meters, warehousing equipment such as bar code printers and readers, ID card printers / readers, cash registers and point of sale systems, services relating to document storage and destruction, outsourced printing services, hole-punches, staplers, scissors, small label printers, computers, and laptops.

The procurement of the excluded goods and services is examined in other national procurement strategies, for example: Office Supplies (including paper), IT Hardware and Civilian Audio-Visual.

In addition, the above goods and services should not, in most cases, be combined or bundled with the goods and services included, defined and governed by the National Procurement Strategy for office equipment. The specific details of a given requirement will, however, always dictate the preferred sourcing strategy.

## **3 Background**

### **3.1 Canadian Industry<sup>2</sup>**

In 2009, there was a decrease of shipments in the Canadian MFDs, copiers and laser printers market, due to the economic downturn. Forecasts predict that shipments will recover faster for the laser printer compared to the MFD and copier markets in 2012.

With respect to MPS, with the global MPS market experiencing outstanding growth, Canada is considered the fastest growing segment of the North American market.

Recent Canadian reports indicate that several large companies are improving their products and services by adding new features, responding to changing demands from clients who are looking for more advanced and complete products. Such innovation helps firms differentiate their products from competitors and attract new customers.

In Canada, several policies and regulations are in place in order to favour sound management and environmentally-friendly practices.

---

<sup>2</sup> Information provided from Datamonitor 2010, Business Edge 2006, Partner Research 2010, Photizo Group 2009 and IBISWorld 2010.

### 3.2 Government Spend

The GC relies on the Spend Cube, a procurement reporting and spend analysis tool, to report on transaction activities. The Spend Cube currently contains approximately 85% of all GC expenditures. Spend Cube information represents departmental data as provided by departmental financial systems. The information is then normalized to represent GC spend for various goods and services.

According to the Spend Cube data, over the period of FY 06-07 to FY 08-09, GC spent approximately \$91M on office equipment annually.

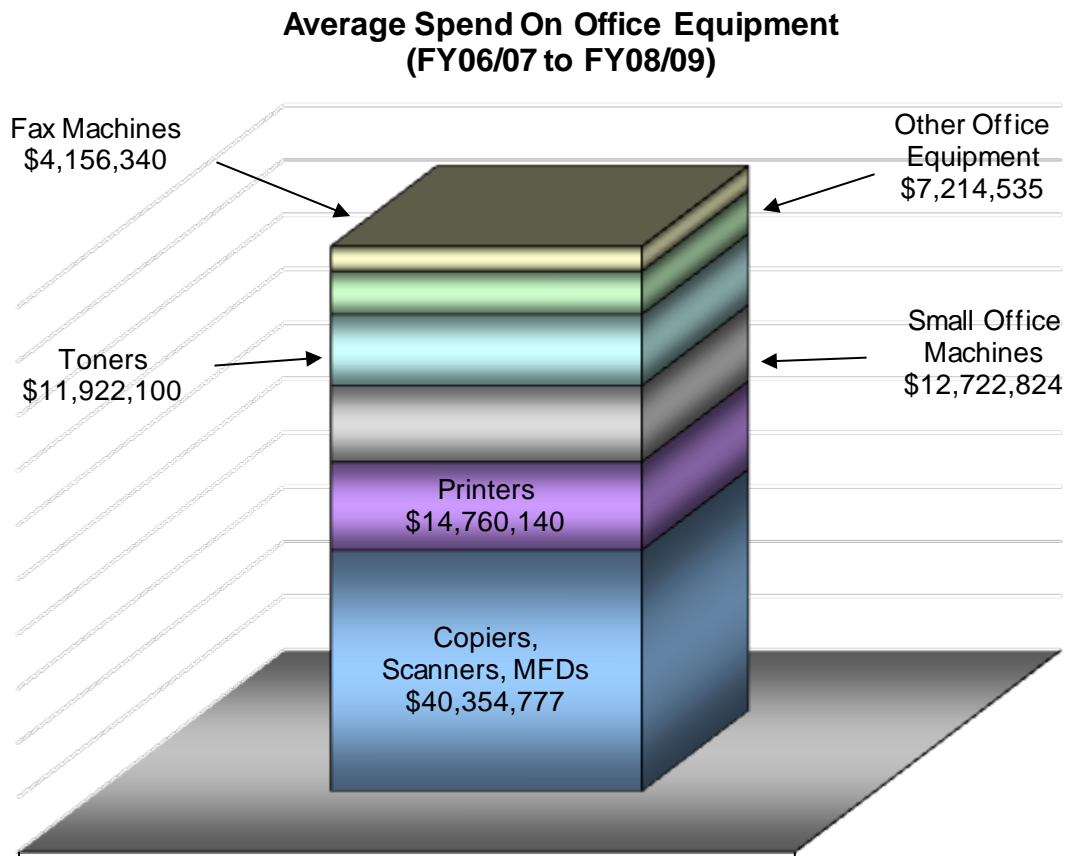
**Table #1. Average Annual Office Equipment Spend**

Fiscal Year	Total
FY06-07	\$92,112,499
FY07-08	\$91,323,437
FY08-09	\$89,956,213
<b>Three-Year Average</b>	<b>\$91,130,716</b>

Source: Spend Cube Data based on a 3-year average. Spend Cube Data: FY06/07 to FY08/09.

Notes: Spend data represents invoices that have been paid.

**Figure #1.**



Note: Figure is based on a 3-year average. Spend Cube Data (FY 06-07 to FY 08-09).

See Annex A: National Category Review, Section A2, Government of Canada Spend Analysis for more information.

### **3.3 Overview of the Procurement Process**

The Treasury Board Secretariat (TBS) has identified certain sub-categories, (e.g. facsimile machines, printers, wide format printers, scanners, consumables and managed print services streams) as mandatory, therefore, requiring government departments to use the procurement instruments established by PWGSC to assist in acquiring these goods.

The current method of supply being used for office equipment sub-categories is shown in Table #2.

**Table #2. Current Method of Supply**


Current Method of Supply	Office Equipment Sub-Category
National Master Supply Arrangements (NMSAs)	<ul style="list-style-type: none"><li>• Managed Print Services (MPS)</li><li>• Shredders</li></ul>
National Master Standing Offers (NMSOs)	<ul style="list-style-type: none"><li>• Wide format imaging equipment</li><li>• Document scanners</li><li>• Desktop and network printers</li><li>• Digital copiers and MFDs</li><li>• Facsimile machines</li></ul>
Regional Master Standing Offers (RMSOs)	<ul style="list-style-type: none"><li>• Consumables (e.g. toners)</li></ul>
Contracts	<ul style="list-style-type: none"><li>• Production imaging equipment</li><li>• TEMPEST imaging equipment</li><li>• Office equipment maintenance</li></ul>

Government departments and suppliers have identified standing offers as the preferred method of supply for office equipment. Standing offers are preferred for the following reasons:

- Clear requirement for a determined period of time;
- Easy to manage;
- Decreased administrative and procurement lead-times;
- Increased client authority to purchase directly; and
- Open and fair competition:
  - For existing and potential suppliers, and
  - For every size business (various capacity requirements).

The first standing offers for office equipment were established almost 20 years ago, and the NMSOs have evolved adapting to market changes and lessons learned. While PWGSC has continued to fine-tune the procurement vehicles based on continuous feedback from government departments and suppliers, changes have become increasingly minor and aimed at increasing utility while maintaining the quality, competitiveness and rapid turnaround times inherent in standing offers. This method of supply has a high degree of acceptance from both government departments and suppliers and supports efficient purchasing of office equipment but not necessarily better management of office equipment.

Certain office equipment sub-categories (as listed in Table #2) are for custom products, services provided by exclusive suppliers, or for unscheduled maintenance. Contracts are issued as and when required for these sub-categories. It is not practical for PWGSC to issue long-term contracts for these sub-categories due to the low demand (e.g. TEMPEST equipment) and the inability to predict the requirements.



The tools to acquire the majority of office equipment are established by PWGSC. On occasion, PWGSC handles procurement on behalf of government departments, for example when the requirement exceeds a government department's delegated contracting authority, or if only one company can fulfill the contract. Where mandatory standing offers do not exist, the government departments have the ability to procure directly from suppliers within their delegated authorities.

The OPI for Office Equipment (OPIOE) is a dedicated PWGSC commodity team located in the Pacific Region. Although regionally situated, the OPIOE handles the national category management for a number of imaging product lines including desktop and network printers, photocopiers, MFDs, wide format imaging devices, scanners, consumables, and MPS. The OPIOE have integrated strong category management processes and principles into their work, including:

- Incorporating product benchmark testing into evaluations in order to ensure that products are not evaluated solely on cost;
- Employing Total Cost of Ownership (TCO) evaluations for hardware;
- Incorporating comprehensive environmental criteria requirements into their procurement approaches;
- Conducting ongoing consultation with both suppliers and government departments;
- Leveraging technology-based tools for the distribution of pricing and technical product information (starting with bulletin board and faxline systems, continuing on with interactive websites); and
- Developing tools to support government departments' use of MPS.

Currently, PWGSC has in place an NMSA to provide government departments with an array of flexible and customizable services such as print optimization consulting services, concept design services and fleet management services. The NMSA provides a series of tools, techniques and accepted approaches used to assist an organization to quantify and optimize its imaging environment either through better in-house management of the complete lifecycle of their fleet of imaging devices, or through outsourcing of management to a contractor, up to and including the ownership of the devices themselves.

The NMSA aims to assist government departments with optimizing their office equipment fleets and to generate savings from using industry practices to help government departments' transition from currently decentralized internal printing, copying, scanning and faxing activities to a fleet management approach.

## **4 Summary of Analyses**

The delivery of procurement services contains both similarities and differences across the office equipment sub-categories. The components are presented in Annex A: National Category Review, Section 4, Table #A-4 'Comparison of Procurement Process Elements'.



The following issues have been identified during the review:

- There is a need for better information sharing relating to the Management Print Solution NMSA to improve adoption and to enhance the understanding of the array of services available under the NMSA which can be used in conjunction with the hardware NMSOs to meet the tailored needs of government departments;
- Improvements are needed to the existing Management Print Solution NMSA to ensure that it supports government departments' ability to manage their office equipment as a fleet and measure outcomes;
- There are inconsistent opportunities for suppliers to adjust pricing throughout the duration of a procurement tool;
- There is a lack of flexibility to add non-NMSO options to call-ups resulting in a duplication of purchasing effort;
- There are variations in the methods used to evaluate best value in the award of NMSOs, NMSAs and contracts, resulting in confusion and additional administrative effort for government departments and suppliers;
- Call-up limitations are inconsistent on NMSOs;
- Suppliers need to invest significant time and money in preparing bid submissions;
- There are high administrative costs associated with evaluation of bids for the standing offers and contract handling; and
- Existing electronic tools and websites are lacking information and are hard to navigate.

## **5 Action Plan**

PWGSC will promote the principles of print optimization and better fleet management, over a five-year period, through the improvement of existing standing offers and by encouraging departments to access service offerings available under the Managed Print Services supply arrangements. Upon their expiration in 2012, new and improved NMSAs and NMSOs will be implemented.


PWGSC will:

- Promote and educate government departments on the offerings available under the MPS procurement instruments;
- Improve the existing MPS procurement vehicle through assessment of current initiatives and piloting with departments; and
- Improve communication through an enhanced website presence.

### **5.1 Promotion of Fleet Management and Managed Print Services**

#### **Strategic Direction**

Government departments will be encouraged to explore the feasibility of adopting the services available under the MPS supply arrangements and the equipment standing



offers which may allow for them to optimize and better manage their imaging fleets efficiently and effectively.

The NMSA for print solutions offers a selection of customizable services to assist government departments in identifying their current baseline states and offering design services to optimize their environments. However, the NMSA needs to be enhanced in order to provide the full spectrum of services available, from basic inventory and Total Cost of Ownership (TCO) studies, up to and including the implementation and deployment of devices and / or a fully managed (out-sourced) print environment.

The existing printer and copier NMSOs employ a number of strategies and mechanisms to encourage and promote the benefits and savings of fleet procurement (i.e. Requests for Volume Discounts (RVDs), tiered pricing), as well as the promotion of print optimization through the establishment of NMSO categories for hardware that support cost effective networked multi-user devices.

In year one of the National Procurement Strategy, tools will be put in place to facilitate the application of fleet management approaches by government departments in the office equipment category and in this way ensure the tools provide value for taxpayer dollars over the coming years.

PWGSC will assure procurement tools will facilitate the application of fleet management approaches for government departments for the office equipment category while providing best value for the taxpayer dollar.

The overall goal will be to assist government departments to determine the optimal method of managing their office equipment, whether it is a single device, or an entire fleet.

### **Context**

Inefficiencies can be created when departments and agencies undertake procurement independently within their respective divisions for single devices of office equipment without a formal holistic plan. Consequences of not managing office equipment in this manner include:

- Low efficiency and high relative cost for the organization;
- Over-specified machines with low utilization rates;
- A low employees-to-asset ratio;
- Lack of ability to manage the overall fleet of equipment;
- Varying costs and service levels across the organization;
- Differing product end-of-life and lease termination dates;
- Requirement to maintain inventories of consumables and parts for various models of equipment;
- Difficulty training users and developing consistent processes; and
- Difficulty managing equipment with differing reliability and maintenance needs.

Administrative and financial economies of scale can be realized when departments aggregate their requirements and PWGSC procures for the entire fleet. Benefits of fleet management include:

- Improved records-keeping and measurement;
- Improved ability to benefit from multi-function printer capabilities such as scanning and e-mail services;
- Improved ability for management to analyze costs and outcomes;
- Improved ability to apply security and control protocols;
- Improved replacement and lifecycle management; and
- Ability to plan for transition from one supplier to another.

PWGSC will be constantly assessing the capabilities of the industry that will include Small and Medium Enterprises (SMEs) as value-added service providers and as a service component to support the fleet management by government departments.

### Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Provide meaningful information to departments regarding the benefits of fleet management and MPS and the available mechanisms under the existing equipment standing offers and MPS supply arrangements.	Starting in Year 1
Encourage government departments to transition towards a fleet management approach of their office equipment: <ul style="list-style-type: none"> <li>• Encourage government departments to baseline current office equipment fleet for large installations to facilitate planning.</li> <li>• Encourage government departments to plan purchases of devices to position for fleet management operations within their department.</li> <li>• Support the acquisition and use of software to measure and manage office equipment fleets or support services.</li> </ul>	Starting in Year 1
Encourage government departments to reduce the number of devices deployed and rationalize their fleet through the procurement and deployment of the most appropriate devices, with the most appropriate functionality, in the right locations.	Starting in Year 1
Establish a community of practice for sharing information such as best practices, RVD fleet management success stories, MPS measurement techniques, and MPS contract transition provisions.	In Year 1



## 5.2 Implementation of Fleet Management and Managed Print Services

### Strategic Direction

A National Master Supply Arrangement for print solutions currently exists; however, it will be enhanced so that government departments can purchase the imaging devices that are described in the roadmaps (baseline, project and change management implementation performance management and transition) that are created as part of the MPS implementation.

The implementation of fleet management and MPS is expected to:

- Reduce output hard costs (lease and purchase of equipment, consumables, paper and maintenance);
- Improve knowledge worker efficiency (have greater asset visibility and enhanced asset usability);
- Reduce administrative tasks;
- Obtain better asset utilization rates through better ongoing management;
- Increase employee-to-asset ratios, with planned targets;
- Increase productivity with multi-functional devices; and
- Improve environmental initiatives with more responsible asset and supplies acquisition, use and disposal practices.


In order to facilitate the implementation of an optimized state and yield the potential administrative and cost savings of an effectively managed fleet, government departments will be encouraged to acquire cost effective and environmentally preferable equipment and to deploy the right functional devices to meet their operational requirements in the right locations.

In addition, government departments will be provided with a set of guidance documents (e.g. sample Statements of Work and Evaluation Criteria, timelines, deliverables and risks).

### Context

#### *MPS Definition*

Managed Print Services (MPS) has multiple definitions that in some cases can be specific to a particular industry segment. Fundamentally, MPS is a service-based offering intended to more effectively manage an organization's imaging environment and imaging needs. While MPS may include hardware to produce the printed pages, MPS is not purely a product based deliverable, printing pages is simply part of the deliverable offered through MPS. Generally, this service offering is for a fleet or large group of devices, and may encompass the entire fleet.



For the purposes of the National Procurement Strategy for office equipment the services that are meant to comprise MPS are described in Annex B: Background Information On Managed Print Services.

It is important to note that MPS may not be the appropriate solution for all government departments, however for those departments that determine that MPS is the right solution significant efficiencies may be attained.

With implementation, government departments will have the necessary tools, including qualified professional services, to successfully transition towards MPS.

The new and enhanced MPS supply arrangements will:

- Allow for government departments to undertake the procurement for up to an entire fleet of devices;
- Permit government departments to access options and alternatives available for allowing increased vendor management of their fleet deployment;
- Improve the environmental aspects of the office equipment use as well as lower costs; and
- Reorganize how dedicated resources would be allocated to managing current fleets.

With increased focus on print optimization and the support of a holistic-centred approach to the management of their imaging devices, both government departments and suppliers have indicated a preference for the flexibility of being able to purchase and / or lease the larger multifunction devices through a single agreement.

## **Risks**

While experience has shown that savings may be possible from moving towards and adopting MPS services into the management of an imaging environment, it is important to understand that there are also significant risks involved with moving in this direction.

It is suggested that clients undertake a risk assessment based on their own environment and particulars prior to relinquishing control of any element of their printing environment to a private sector contractor.

Risks to be considered could include (but are not limited to):

### **1. Risk of excessive vendor control of the clients' imaging environment**

Risk mitigation tactics generally include appropriate use of Service Level Agreements (SLAs). The contract will need to clearly detail expectations and repercussions if these expectations are not met. Above all the SLAs must include clear language that is easy to understand and does not allow for multiple interpretations.

## **2. Risk of restructuring / consolidation within the industry**

As with other contracts, it may be that restructuring and consolidation within a particular industry affect the services and service levels under an existing contract. These risks can be mitigated in part through appropriate SLA coupled with the inclusion of off-ramps within the contract, or the use of optional extensions to the contract (which may, or may not be, exercised).

## **3. Risk of having an unclear approach as which services to implement**

It is important for clients to develop clear / concise technology and service roadmaps to help guide them through the change which is inherent with relinquishing an element of control of their imaging environment. It is suggested that government departments establish a print manager position, and work with PWGSC to refine the terms of reference of the position, within their organizations to assist with the development, promulgation, and maintenance of technology and service roadmaps.

## **4. Risk to departmental data security**


If a vendor is asked to participate in the management of devices that are connected to the network, it will be important for government departments to fully assess any risks to data security within their organization. Government departments may choose an incremental approach towards MPS services, tied to the maturing of security processes / protocols within the department.

## **5. Risk of resistance to change within the organization**

As with other organization change, a move towards increased vendor management of the print environment may be resisted by elements inside the organization that do not see value in the shift. It is important for government departments to understand and develop change management plans to ensure that the organizational change can occur in a manner which minimizes the impact to staff, and that the benefits are understood by all so as to ensure that the organizational change is successful.

## **6. Risk of unclear objectives and ability to track progress**

In order to ensure that the project will deliver upon the expected savings and efficiencies it is important for government departments to develop and implement key performance indicators to assist with measuring, reporting and adjusting (if needed). In the context of cost-savings, where practicable, it would be highly advantageous if prior to undertaking the project, clients could develop an accurate accounting of the historical costs associated with the existing print environment, which would provide a benchmark against which progress could be measured and results assessed. Government departments should assess their ability to track progress and make adjustments as needed throughout the project. It may be that dedicated resources are needed to manage the project and track progress towards stated goals effectively.



In addition to the risks specifically detailed above, there may be significant organizational readiness, governance, technology roadmap, budgetary realignments, change management and other implications for departments planning to adopt MPS services in the hopes of generating efficiencies. The decision to transition an enterprise to a MPS solution requires a business decision at the highest organizational levels backed up with robust governance and change management within a technology road map. It is a major Information Technology and Facilities Management Project that crosses organizations boundaries and is deeply intertwined with the culture and performance of an organization.

### **Summary**

The following diagram summarizes the flow associated with strategic directions 5.1 and 5.2.

**Departments encouraged to explore Fleet Management/Managed Print Services (MPS)**  
**Strategic direction 5.1**

To successfully implement Fleet Management/MPS, baseline data and a plan is needed

**Inventory/TCO/Concept Design**

- Can the data gathering and plan development be completed in-house?
- Has a departmental/branch print manager been established?
- Contractor support is available through the MPS NMSAs\*\*.
- The concept design should chart a path towards an optimized - imaging environment, which increases the ratio of employees to devices.
- Concept design should consider merits of moving towards increased vendor management of the imaging environment, though risks must be carefully assessed.

**\*\*NOTE:** the **MPS NMSAs** have categories of service to assist with every phase of fleet management. These agreements can be accessed for a single phase, or to establish a fully-vendor managed print environment from inventory through to measure and improve.

Additional, non-equipment NMSO services that might be scoped into a contract through the MPS NMSA can include (not an exhaustive listing):

- Change Management services;
- Paper replenishment;
- Fleet management of a mixed-fleet;
- Onsite contractor help desk support.

On the far end of the spectrum a fully-vendor managed MPS project may simply pay a cost per print for the delivery of device-agnostic print services meeting specified SLAs.

**Reduce**

Surplus owned equipment must be disposed of in accordance with the Table at Annex C.

Equipment with residual life should be moved, or reallocated in accordance with the Concept Design.

Surplus leased equipment should allow the leases to expire, or consider early terminations of leases. Note: early termination may be cost prohibitive.

**Implementation of Fleet Management/Managed Print Services (MPS)**

**Optimize**

**Hardware NMSOs:** The equipment NMSOs for printers, scanners, and copier/MFDs allow for fleet procurements (RVDs, or elevated call-ups), which can save money and reduce the proliferation of equipment from different vendors. Robust colour fax-enabled multifunctional devices may allow increase the ratio of employees to devices.

**MPS NMSAs:** The MPS NMSAs can be accessed to assist with optimizing the Imaging Environment. These agreements allow departments to access services and deliverables falling outside of the scope of the hardware NMSOs. If concept design determines that services are required, or a deliverable that is different to that which is available through the hardware NMSOs - the MPS NMSAs can assist.

**Governance:** Efficient hardware coupled with device reductions will not yield potential benefits unless coupled with appropriate print policies and governance. Mandating duplex printing, and rules relating to colour printing are a key requirement to optimizing the use of imaging resources.

**Measure and Improve**

In order to assess the effectiveness of the fleet management/ MPS initiative, it is essential that results are measure and continued improvements are made to maintain the efficiency of the fleet and progress towards the stated objectives.

## Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Use the current NMSA: <ul style="list-style-type: none"><li>Identify three to five pilot departments for vendor-owned or government-owned MPS.</li><li>Work with pilot departments to identify strengths and weakness of the current NMSA as to how it works for the government departments.</li><li>Identify lessons learned.</li></ul>	In Year 1  Pilot departments identified within 4 months
Establish print optimization and fleet management tools: <ul style="list-style-type: none"><li>Establish or enhance procurement instruments for print optimization and fleet management to address needs and lessons learned.</li><li>Develop guidance documents.</li></ul>	Within 18 months
Implement MPS in the pilot departments using the revised procurement instruments.	Starting in 30 months
Implement MPS in those departments that have sufficient need using the revised procurement instruments.	Starting in Year 3

## 5.3 Consistent Application of Environmental Criteria

### Strategic Direction

PWGSC will continue to explore all applicable environmental considerations and standards and include them in the evaluation of all goods and services.

PWGSC will also continue to support emerging environmental technologies and demonstrate environmental leadership by influencing suppliers and government departments to use environmentally preferable goods, services and processes while striving for the optimal balance of government department requirements, supplier capacity and ensuring value to Canadians.

### Context

The National Procurement Strategy aims to raise the awareness of environmental issues to suppliers and demonstrate that the Government is working towards implementing its *Policy on Green Procurement*, for details see <http://www.tpsgc-pwgsc.gc.ca/ecologisation-greening/achats-procurement/politique-policy-eng.html>.

The development and subsequent incorporation of appropriate and consistent environmental considerations in office equipment solicitations and contract documents will provide departments with procurement instruments that can be easily used to meet their requirements under the Policy on Green Procurement and their targets under the Federal Sustainable Development Strategy (FSDS).

For a list of current green considerations and related information that will be incorporated into office equipment solicitations and contracts, visit the PWGSC Green Goods and Services Page at <http://www.tpsgc-pwgsc.gc.ca/app-acq/ae-gp/paer-cgpp-eng.html>.

Office equipment solicitations and resulting contracts include a variety of environmental considerations, specific to particular sub-categories.

Examples of environmental considerations include:

- ISO 14001 certification;
- Consumables Container Recycling Programs;
- Hardware recycling;
- Packaging recycling;
- EnergyStar certifications;
- Third Party Environmental Performance Labelling; and
- Automated or semi-automated faxing of double-sided originals capability.

Lifecycle considerations are also implemented into the procurement of office equipment. Extended warranties are available on most standing offers and government departments are encouraged to use the electronic waste recycling standing offer for product pick-up, recycling, re-use and disposal.

Surplus owned equipment must be disposed of in accordance with the table at Annex C.

### Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Include ISO 14001, EnergyStar and other applicable environmental standards and considerations as a mandatory requirement in solicitation documents for all sub-categories as applicable.	Starting in Year 1
Explore the applicability and feasibility of including additional or emerging environmental criteria and certifications such as EPEAT, Ecolabelling of toners, etc. as they become available.	Starting in Year 1
Support emerging environmental technologies and demonstrate environmental leadership by influencing suppliers and government departments to use environmentally preferable goods, services and processes through mandatory and point-rated environmental criteria in the solicitations.	Starting in Year 1
Establish specific measurements for the environmental impact of fleet management (i.e. paper usage reduction; reduced number of devices going to landfill)	Starting in Year 1

## 5.4 Improved Communication

### Strategic Direction

The National Procurement Strategy will consolidate PWGSC's office equipment electronic communication tools to improve service delivery and government departments' familiarity and understanding of available procurement instruments.

There will be a focus on ensuring that information for all office equipment sub-categories is accessible and that the information can be found in the same place; this may be achieved by ensuring that hyperlinks create a seamless interface for government departments attempting to navigate the various agreements.

The primary tool will be the website [Buyandsell.gc.ca](http://Buyandsell.gc.ca).

PWGSC will provide government departments with the tools needed to undertake more focussed procurement for entire fleets. PWGSC will explore electronic ways to support a community of practice for fleet management implementations.

### Context

The use of accessible, relevant and user-friendly electronic tools will result in efficiencies to government departments by enhancing communication and reducing the margin of misuse of the existing electronic communication tools. Moreover, such tools will provide the foundation for ongoing two-way communication between PWGSC and government departments.

Government department feedback indicates a strong need to have better (more frequent and simpler) communication with PWGSC, to improve their understanding of how to use the procurement tools available.

The Standing Offer Index (SOI) is an internal government website designed to communicate the availability of standing offers and supply arrangements to government departments. The SOI assists government departments with their procurement activities by allowing them to determine if a procurement instrument exists that meets their requirements.

To facilitate the communication of standing offer arrangements specific to office equipment, other additional websites have been created, for example the OPIOE (Imaging Product Management Group / OPIOE) website (<http://www.tpsgc-pwgsc.gc.ca/OPIOE/>).



### Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Review communication needs with selected government departments.	Within 6 months
Review PWGSC's existing electronic communication tools related to office equipment (e.g. <a href="http://Buyandsell.gc.ca">Buyandsell.gc.ca</a> , IPMG).	In Year 1
Consolidate PWGSC's electronic communication tools in order to meet government department communication needs and assist them to undertake more focussed procurement for entire fleets.	Starting in Year 2
Establish a community of practice for sharing information such as best practices, measurement techniques, and contract transition provisions. Start with pilot departments and departments that have implemented print optimization or fleet management	In Year 1

## 5.5 Increased Delegation of Authority

### Strategic Direction

PWGSC will explore the feasibility of increasing the delegation of authority to government departments and modify as appropriate.

### Context

PWGSC wishes to move from a transactional to a strategic level of procurement. An increased delegation of authority would allow PWGSC and government departments to achieve a more efficient use of resources.

### Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Assess impact to PWGSC and government departments of increasing the delegation of authority (e.g. resource requirements and fee for service).	In Year 1
Identify government departments with potential need to increase the delegation of authority.	In Year 1
Recommend new delegation of authority.	In Year 2

## 5.6 Additional Direction

### 5.6.1 Integration of Like Sub-categories

#### Direction

PWGSC will determine the feasibility of integrating procurement instruments for office equipment sub-categories, where similarities and industry participation warrant.

Integration of sub-categories (e.g. printers and copiers) will provide the ability to compete Requests for Volume Discounts (RVDs) that would allow for an expanded array of possible equipment delivery models including leased or purchased devices and cost per copy models. This will provide flexible solutions for the procurement and implementation of a fleet of devices as a result of an internal or consultant led optimization study or concept design or even facilitates the implementation of MPS model. It may also and yield the potential administrative and cost savings of a single supplier-managed fleet.

#### Context

There is an overlap in resource allocation being utilized by PWGSC and suppliers to submit offers and administer the agreements for the lease of digital copiers and MFDs, and the purchase of printers.

#### Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Survey industry to determine potential integration opportunities.	In Year 1
Review existing office equipment procurement instruments for similarities.	In Year 1
Determine which procurement instruments offer the best opportunities for savings (e.g. RVDs).	In Year 1
Develop a schedule on the integration and inform industry.	By end of Year 1
Integrate sub-categories as existing procurement instruments expire.	Ongoing

## **5.6.2 Maintain and Improve Use of Standing Offers**

### **5.6.2.1 Consistent Opportunities for Price Refresh**

#### **Direction**

The NMSO suppliers will have the opportunity to refresh prices every two months in the following sub-categories:

- Copiers and MFDs;
- Document scanners;
- Desktop and network printers;
- Wide format imaging equipment; and
- Consumables (including toners).

#### **Context**

This will increase market competition and provide suppliers with the opportunity to account for market and economic shifts in their industry.

Consistency in this area will reduce the administrative efforts for suppliers and ensure that government departments have consistent expectations of when changes to NMSOs will occur.

PWGSC will achieve a more consistent application of price refresh opportunities for NMSO suppliers. The price reduction frequency must allow sufficient flexibility and account for the particulars of the affected sub-categories. This suggestion should be respected in establishing new NMSOs for office equipment, unless particulars of a sub-category dictate otherwise. Shredders and facsimile machines have unique or special characteristics and may be handled differently.

Most office equipment procurement is handled through the issuance of call-ups against NMSOs. Suppliers are able to reduce their pricing on some of these NMSOs. Many of the office equipment methods of supply employ frequent price refreshes that promote savings and competition. The frequency with which suppliers are allowed to reduce their pricing is not consistent amongst office equipment sub-categories. The bulk of the sub-categories within the NMSOs have a downward price refresh frequency of monthly, bi-monthly (every two months), quarterly (every three months) or semi-annually (every six months).

See Annex A - National Category Review, Section 4, Table #A-4 'Comparison of Procurement Process Elements', Item #7 'Price Refreshes'.

## Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
New office equipment standing offers will allow suppliers price refresh opportunities every two months for the following office equipment sub-categories: <ul style="list-style-type: none"><li>• Copiers and MFDs;</li><li>• Document scanners;</li><li>• Desktop and network printers;</li><li>• Wide format imaging equipment; and</li><li>• Consumables (including toners).</li></ul>	Ongoing

### 5.6.2.2 Consistent Standing Offer Qualification Process

#### Direction

Office equipment NMSOs will be awarded to suppliers whose products are within 50% of the best value product and allow only those products that are within 20% of the best value product to be available for call-up. This will provide an adequate or sufficient selection of products for government departments in each sub-category.

There may be sub-categories such as facsimile machines and shredders where application of the proposed range will unnecessarily restrict the number of products available for call-up. In this case, the recommended range may not be implemented.

This direction is not intended to result in a situation in which only one or two products will be available for call-up. If the situation is present, the value of consistency in methodology will be weighed against other considerations, such as adequate or sufficient product variety.

#### Context

Many of the office equipment goods and services acquired through call-ups against established NMSOs are shown in Table #1 'Current Method of Supply'. The determining factor for establishing selection thresholds varies among office equipment sub-categories.

See Annex A - National Category Review, Section 4, Table #A-4 'Comparison of Procurement Process Elements', Item #2 'Selection Process'.

A 'value factor' is used to determine the following: the awarded supplier(s); relative rankings; product availability (for call-ups); and associated call-up limitations. The 'value factor' is based on TCO evaluations and technical criteria rating in most cases. Products offering value within a certain range of the best value product are issued a standing offer.

Opportunities to employ more consistent selection thresholds that will facilitate easier government department navigation of the agreements and promote the inclusion of an adequate selection of products to meet government departments' needs have been identified.

### Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Communicate process of awarding office equipment NMSOs to suppliers whose products are within 50% of the best value product and allow only those products that are within 20% of the best value product to be available for call-up.	Immediate

#### 5.6.2.3 Consistent Product Call-up Process

##### Direction

The establishment of consistent call-up limits and clear processes for identifying available products across the office equipment sub-categories will take place.

This will assist government departments to efficiently identify products that will satisfy their requirements.

##### Context

The majority of office equipment NMSOs have tiered call-up limitations that direct the government departments in selecting available products. See Annex A - National Category Review, Section 4, Table #A-4 'Comparison of Procurement Process Elements', Item #11 'Call-up Limitations' for details.

Product availability is restricted based on the call-up value. The call up limit and available product selection criteria varies by sub-category. Table #3 provides an example of the range of products available and the associated call-up limits.

**Table #3. Product Selection**

	Level 1	Level 2	Level 3	Level 4
<b>Product selection</b>	Any Listed Product Available for Call-up	Within 10% of the Best Value product	Best value or within 5% of Best Value	RVD or RFP as applicable
<b>Call Up limitation</b>	Up to \$25K	\$25-\$100K	\$100-400K	Over \$400K

The call-up limitation tiers and available product selection methods are different for each of the office equipment sub-categories.

Government departments have expressed that the method for identifying available products is confusing and requires clarification.

## Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Establishing consistent call-up limits and clear processes for identifying available products across the office equipment sub-categories.	Immediate
Communicate the revised call-up limitation tiers and available product selection method to government departments as the instruments are awarded.	Ongoing

### 5.6.2.4 Consistent Application of Call-ups for non-NMSO Products

#### Direction

Where applicable, office equipment standing offers will permit the addition of unlisted options or accessories to a call-up against the NMSO, where approved by the Standing Offer Authority and where use of other procurement tools would not lend themselves to efficiency in government operations.

#### Context

Consistency in allowing non-NMSO items and accessories to be included in an NMSO call-up would assist government departments and suppliers in following appropriate call-up procedures. This would reduce the administrative effort involved in the issuance of simultaneous call-ups and separate purchase orders to the same supplier making procurement more efficient for suppliers and government alike.

Government department feedback identified the need for consistent guidelines regarding the acquisition of non-NMSO products. Currently certain NMSOs allow for call-ups of a certain dollar value, within the total call-up limitations, for the inclusion of spare parts, accessories or related options (excluding systems and products covered under other procurement instruments) that do not form part of the NMSO. Occasionally, government departments need to procure accessories for older devices of office equipment or non-NMSO listed accessories.

Guidelines within the call-up procedures and limitations will be clear and limit the products to related options and accessories, excluding systems or options available on other standing offers. Parameters around the inclusion of such items will be made consistent and clear and will require the approval of PWGSC before being incorporated.

## Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
When issuing new office equipment category standing offers, include clear guidelines and parameters for the addition of non-NMSO listed options or accessories to a call-up upon approval of PWGSC.	Immediate

### 5.6.2.5 Standardization of Standing Offer / Supply Arrangement Duration

#### Direction

The standard duration for office equipment standing offers and supply arrangements will consist of a period of one-year plus two one-year options with a notice sent prior to invoking the options.

#### Context

In determining the duration for any procurement instruments, such as standing offers or supply arrangements, a number of factors are considered:

- Type of good or service being procured;
- Industry's capacity to deliver; and
- Speed of technological advancement.

Many of the current office equipment standing offers and supply arrangements have been awarded for a one-year duration with two one-year option periods. See Annex A - National Category Review, Section 4, Table #A-4 'Comparison of Procurement Process Elements', Item #5 'Duration' for more information.

The option periods are often exercised resulting in three-year duration.

The solicitation process for office equipment procurement instruments can require significant effort and timelines to establish. Given the nature of office equipment categories and continuous evolution of technology-based products, the requirements for government departments and Industry consultation leading up to the creation of a new procurement instrument can be extensive. Additionally in order to ensure the offer of the best value products, many office equipment standing offers require testing of all products during the evaluation process, leading to longer than standard evaluation timeframes. A short-term procurement instrument would not be optimal for the office equipment category.

Office equipment standing offers are mature procurement vehicles that have a high degree of acceptance from both government departments and suppliers. Standing offers of a longer duration reduce the administrative efforts for suppliers to compete. It also enables government departments to study and effectively use the procurement instruments over a longer period of time. Both industry and government department feedback has strongly supported the use of multi-year

standing offer and supply arrangement durations. PWGSC works with industry and government departments on an ongoing basis to improve the process. The use of option periods provides contracting authorities the flexibility to adapt to any concerns raised by stakeholders during the initial year of an instrument's implementation, and to revisit any substantial changes in technology or process that might warrant an alternate tool or approach.

Office equipment standing offers have employed a variety of dynamic approaches to ensuring competition and accessibility throughout the standing offer periods. Regular downward price revisions create competition within the standing offer agreements while consistently driving savings. The inclusion of substitution clauses, and the ability to compete new categories during the period of the agreements, ensures that the products available on standing offers are of current technology and enables new market entrants with innovative new products access to the government market.

In many cases, office equipment requirements are satisfied by the Original Equipment Manufacturers (OEMs), who engage SMEs from their value-added reseller channel to act as NMSO agents for the purpose of receiving and fulfilling the contractual requirements. The listings of authorized agents are updated on an ongoing basis thereby providing opportunities for SMEs to access the business opportunities at all times throughout an existing standing offer period.

### **Implementation Plan**

PWGSC will implement as follows:

<b>Activity</b>	<b>Timeframe</b>
When issuing new standing offers or supply arrangements for office equipment, identify the duration period of one-year plus two one-year options.	Starting in Year 1

### **5.6.3 Consistent Use of Vendor Performance Clauses**

#### **Direction**

The National Strategy will include vendor performance clauses appropriate to the sub-category in all solicitation documents.

#### **Context**

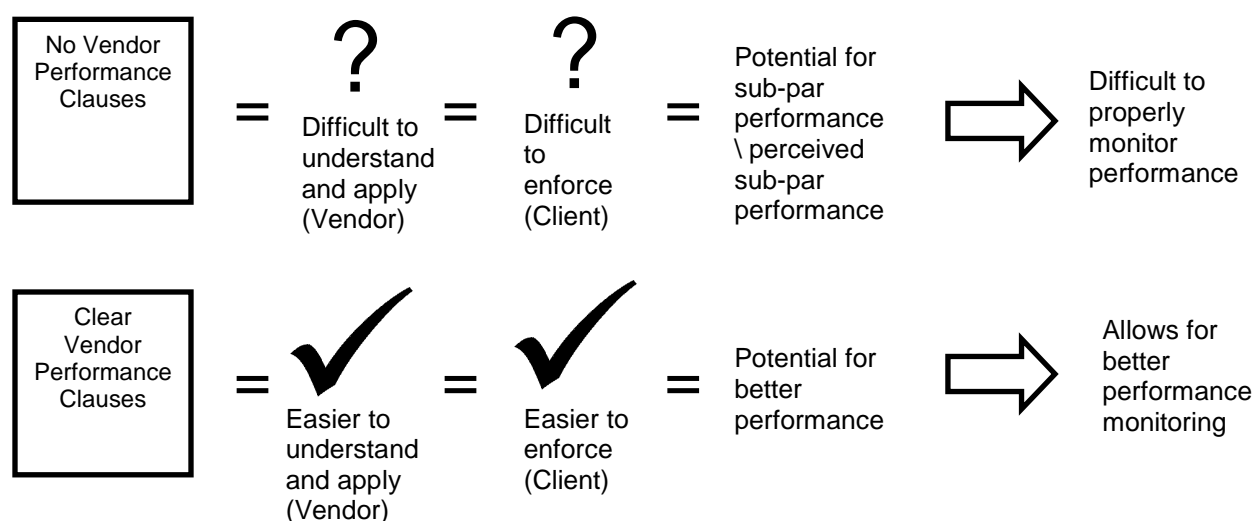
The vendor performance clauses will enable government departments to receive the products and services that meet their requirements, and provide a standardized process for remedial action should performance issues occur. It will also allow suppliers to receive meaningful feedback on their contractual performance and support the development of positive ongoing relationships. Once implemented, the performance of contracts can be monitored in a consistent and transparent manner, mitigating risks for future contracts.



The fair, open and transparent treatment of suppliers is a fundamental principle of all GC procurement. Vendor performance standards are intended to mitigate the risks involved in any contract. Some office equipment sub-categories monitor vendor performance by including vendor performance clauses within solicitations. However, performance standards and related clauses are inconsistent across and within particular sub-categories from one document to another in a particular sub-category. See Annex A - National Category Review, Section 4, Table #A-4 'Comparison of Procurement Process Elements', Item #3 'Vendor Performance'.

Performance can be inadequate or perceived to be inadequate if standard clauses are not properly developed, understood, and applied. This is demonstrated in Figure #2.

**Figure #2. Application of Vendor Performance Clauses**



### Implementation Plan

PWGSC will implement as follows:

Activity	Timeframe
Include vendor performance clauses appropriate to the office equipment sub-category in all solicitation documents.	Starting in Year 1

## 6 Next Steps

The National Procurement Strategy will be posted on [Buyandsell.gc.ca](http://Buyandsell.gc.ca).

## Bibliography

Alberta Recycling Management Authority. Electronics Recycling Bylaw. July 17<sup>th</sup>, 2007. June 1<sup>st</sup>, 2010.

<http://www.albertarecycling.ca/WorkArea/showcontent.aspx?id=590>

Bulkeley, William M., "Print Outsourcing Gives Boost to Xerox, H-P" The Wall Street Journal. December 22, 2009. Public Works and Government Services Canada. June 30, 2010. <http://online.wsj.com>

The Canadian Press. "Paper Consumption on Rise: Study". Business Edge. November 24, 2006. June 1<sup>st</sup>, 2001.

<http://www.businessedge.ca/archives/article.cfm/paper-consumption-on-rise-study-14161>

Datamonitor, "Global Office Electronics." Datamonitor Industry Profile. April 2010. EBSCOhost. EBSCO Publishing. Public Works and Government Services Canada. 16 November, 2010.

EcoLogo Program. Third-party certification of environmentally-preferable products. November 18, 2010. <http://www.ecologo.org/en/index.asp>

Environment Canada. CEPA Environmental Registry. November 19, 2010. <http://www.ec.gc.ca/ceparegistry/regulations/detailReg.cfm?intReg=84>

Federal Communications Commission. Equipment Authorization. August 18, 2010. November 19, 2010. <http://www.fcc.gov/oet/ea/>

First Research. "Computer Peripheral Equipment Manufacturing." First Research Industry Profile. April 26, 2010. Public Works and Government Services Canada. 26 July 2010.

Foreign Affairs and International Trade Canada. North America Free Trade Agreement. Part Four Government Procurement, Chapter 10 Government Procurement. May 7<sup>th</sup>, 2010. June 1<sup>st</sup>, 2010. <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/nafta-alena/texte/chap10.aspx?lang=en#Annex1001.1b-1>

Freedonia. "Freedonia Focus on Printing Machinery and Equipment." Freedonia Industry Report. Freedonia Group, Inc. Publishing. July 2009. Public Works and Government Services Canada. 15 June 2010.

Gerson Lehrman Group. "Canon Sees Office Equipment Market Has Hit Bottom, Gradual Recovery Ahead." Gerson Lehrman Group. May 4 2010. November 18 2010. <http://www.glgroup.com/News/Canon-Sees-Office-Equipment-Market-Has-Hit-Bottom-Gradual-Recovery-Ahead-48160.html>

Global Ecolabelling Network. November 19, 2010.  
<http://www.globalecolabelling.net>

Government of British Columbia. Environmental Management Act. Recycling Regulation. May 1<sup>st</sup>, 2010. June 1<sup>st</sup>, 2010.  
[http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/449\\_2004#section%2010](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/449_2004#section%2010)

Government of Manitoba. The Waste Reduction and Prevention Act. Electrical and Electronic Equipment Stewardship Regulation. February 3<sup>rd</sup>, 2010. June 1<sup>st</sup>, 2010. <http://web2.gov.mb.ca/laws/regs/2010/017.pdf>

Government of Nova Scotia. Nova Scotia's New Electronic Waste Regulations. September 8<sup>th</sup>, 2009. June 1<sup>st</sup>, 2010. <http://www.gov.ns.ca/nse/waste/ewaste.asp>

Government of Prince Edward Island. Province, Industry to Develop E-Waste System for Prince Edward Island. May 13<sup>th</sup>, 2009. June 1<sup>st</sup>, 2010.  
<http://www.gov.pe.ca/news/getrelease.php3?number=6312>

Government of Saskatchewan. The Waste Electronic Equipment Regulations. December 2<sup>nd</sup>, 2009. June 1<sup>st</sup>, 2010.  
<http://www.qp.gov.sk.ca/documents/English/Regulations/Regulations/E10-21R4.pdf>

Hitchcock, Nancy, "As the Economy Recovers, Buyers Look to Office Products for Cost Savings" Purchasing. January 14, 2010. Public Works and Government Services Canada. June 30, 2010. <http://www.purchasing.com/office>

IBISWorld. "Copy Machine, Optical and Other Machinery Manufacturing in the US: 33331." IBISWorld Industry Report. March 30, 2010. Public Works and Government Services Canada. 23<sup>rd</sup> April 2010.

IBISWorld. "Computer and Peripheral Manufacturing in the US: 33411." IBISWorld Industry Report. June, 2010. Public Works and Government Services Canada. 26 July 2010.

Industry Canada. Canadian Industry Statistics. June 22, 2010.

Industry Canada. Spectrum Management and Telecommunications: ICES-003 - Digital Apparatus. November 19, 2010.  
<http://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/sf00020.html>

International Organization for Standardization. Environmental Management: ISO 14000 essentials. November 18, 2010.  
[http://www.iso.org/iso/iso\\_catalogue/management\\_standards/iso\\_9000\\_iso\\_14000/iso\\_14000\\_essentials.htm](http://www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000/iso_14000_essentials.htm)

International Organization for Standardization. Quality Management: ISO 9000 essentials. November 18, 2010.  
[http://www.iso.org/iso/iso\\_catalogue/management\\_standards/iso\\_9000\\_iso\\_14000/iso\\_9000\\_essentials.htm](http://www.iso.org/iso/iso_catalogue/management_standards/iso_9000_iso_14000/iso_9000_essentials.htm)

Ontario Electronic Stewardship. Waste Diversion Act. June 27<sup>th</sup>, 2002. June 1<sup>st</sup>, 2010. <http://www.ontarioelectronicstewardship.ca/about/about.html> and <http://webservices.siriusweblabs.com/dotconnector/files/domain4116/Waste%20Diversion%20Act.pdf>

Partner Research. "The Canadian MFD / Copier Market: First Quarter 2010". Partner Research Canada. Public Works and Government Services Canada. 8 July 2010. <http://www.partnerresearch.ca/snapshots/mfpcopier.html>

Partner Research. "The Canadian Laser Printer Market First Quarter 2010". Partner Research Canada. Public Works and Government Services Canada. 8 July 2010. <http://www.partnerresearch.ca/snapshots/printers.html>

Photizo Group. "North American MPS Market Growing at 27 Percent, Canada Has Fastest Growth, According to Latest Photizo Group Report" PhotizoGroup November 17, 2009 Public Works and Government Services Canada. June 30, 2010. <http://www.photizogroup.com/>

Reuters. "Update 2 – Lexmark profit rises sharply; share up". Reuters News. July 27, 2010. November 18, 2010.  
<http://www.reuters.com/article/idUSN2725262020100727>

Sciadas, G. "Our Life in Digital Times". Statistics Canada Research Paper 2006. Public Works and Government Services Canada. June 1<sup>st</sup>, 2011.  
<http://www.statcan.gc.ca/pub/56f0004m/56f0004m2006014-eng.pdf>

Statistics Canada. North American Industrial Classification (2002). November 18, 2010 <http://stds.statcan.gc.ca/naics-scian/2002/cs-rc-eng.asp?criteria=41791>.

Stewart, Ken, "Managed Print Services: the Theory, the Tools, and the Targets" Change Forge. Public Works and Government Services Canada. June 30, 2010.

U.S. Environmental Protection Agency, Energy Star, November 18, 2010.  
[http://www.energystar.gov/index.cfm?c=about.ab\\_index](http://www.energystar.gov/index.cfm?c=about.ab_index)

## Appendix A: Office Equipment Sub-categories

The federal government office equipment sub-categories are:

**Copiers:** Copiers and accessories, such as photocopiers, digital duplicators, including photocopier supplies (belts, transfer rolls).

**Scanners:** Scanners and accessories, such as scanners, readers, scanner accessories (endorsers, scanner document feeders, scanner transparency adapters, etc.), including supplies and consumables (lamps, transfer rolls, pads).

**Fax Machines:** Facsimile machines, digital senders, fax switch machines, and related products and accessories, such as facsimile handsets, facsimile units for office machines, tele-printers, etc., including facsimile supplies (belts, transfer rolls).

**Multi-function Devices:** Multi-function office machines (such as an all-in-one printer / scanner / copier / fax machines provide colour printing, flatbed colour scanning, stand-alone colour faxing).

**Printers:** Printers (desktop, network and mainframe printers) and supplies, including CPU printers, such as band, dot matrix, inkjet, laser, plotter, point of sale (POS) receipt printers, CD or labelling, digital image, and airline ticket or boarding pass ATB printers, other printing machinery, belts, transfer rolls.

**Secure Shredders:** Paper shredders used to destroy paper documents that have been tested against specific security, safety and performance requirements and listed in the Security Equipment Guide (SEG).

**Managed Print Services:** Consulting Services (including inventory and Total Cost of Ownership (TCO) of the current state imaging environment, development of a concept design for an optimized print environment, and / or support for procurement of a fleet management solution), and / or Managed Services (including transition of the current state to the optimized state, fleet management services, and / or services for continuous improvement of the optimized print environment).

## Appendix B: Glossary of Terms

### Consumables

Goods used in the course of operating or using imaging devices, including, but not limited to, such items as: ink, toner, staples, transfer assemblies, drums, fuser components, fuser assemblies, imaging kits, waste containers, user replaceable parts, and other similar items.

### Equipment Ownership

The imaging equipment aspects such as: purchasing, lease, rental, title to equipment and disposal. Within MPS the following three equipment ownership models are recognized:

- Vendor-owned and operated model;
- Government-owned and operated model; and
- Mixed equipment ownership model.

### Fleet management

Consists of services involving the provision of effective and responsive service / support, measurement, planning and management of office equipment devices as a fleet as compared to individual machines.

### Government-Owned Fleet Management

Defines an equipment ownership arrangement where the government department will own all existing and new printing, copying, scanning and faxing infrastructure hardware and manage the assets as a fleet in order to achieve enhanced benefits, including planning, disposal, project and change management.

### Imaging

Encompasses all printing, copying, faxing and scanning activities conducted internally within an organization on all equipment, whether networked or standalone. Printing and copying services purchased from private sector companies are not included in this requirement.

### Managed Print Services

A selection of technical and business services used to analyze, transform, manage and monitor imaging environments. The degree of service delivery is based on the individual requirements of each organization. Professional services offered may include one or more of the following: current imaging environment analysis, optimization recommendations, transition services and management of entire internal day-to-day imaging environment activities (e.g. consumables, equipment maintenance, support, training, equipment ownership, tracking and reporting). A customized service model may consist of only selected managed services such as: equipment maintenance and provision of supplies.



Within the MPS NMSA, the term “Managed Services” is intended to support internally-managed or externally-contracted improvement initiatives.

**Mixed Equipment Ownership Model**

Defines an equipment ownership arrangement where existing and new printing copying, scanning and faxing infrastructure hardware ownership will vary between organizations and Managed Services vendors.

**Vendor Owned Fleet Management**

Defines an equipment ownership arrangement where the Managed Services vendor will own, operate and maintain all existing and new printing copying, scanning and faxing imaging infrastructure hardware.

**TEMPEST**

TEMPEST is a codename referring to investigations and studies of compromising emission. Compromising emanations are defined as unintentional intelligence-bearing signals that, if intercepted and analyzed, may disclose the information transmitted, received, handled, or otherwise processed by any information-processing equipment. TEMPEST is a codename only and is not an acronym.

**Total Cost of Ownership (TCO)**

A measurement of the complete cost of maintaining (or investing in new) technology based system(s) which includes primary / direct costs such as: equipment, shipping and finance charges, and secondary / indirect costs such as: accessories, software, installation, support, electricity and maintenance / support services acquired over the lifetime of system usage.

## Annex A: National Category Review - Office Equipment

### A1 PWGSC Contract Activity Analysis

Over the five-year period Fiscal Year (FY)05/06 to FY09/10, the average value awarded annually for office equipment was \$59M per year, while the average number of documents issued was 259.

**Table #1. Number of Documents Awarded by Document Type**

Document Type	Value Awarded	% of the total value awarded	# of documents	% of the total documents
Amendments	\$32,100,331	54%	158	61%
NMSO	\$14,847,680	25%	8	3%
Contract	\$6,481,474	11%	83	32%
RMSO	\$4,922,919	8%	8	3%
RISO	\$619,449	1%	2	1%
NISO	\$181,669	0.3%	0.4	0.2%
Call Up Against DISO	\$1,119	0.002%	0.2	0.1%
<b>Total</b>	<b>\$59,154,641</b>	<b>100%</b>	<b>259</b>	<b>100%</b>

Source: AIS based on 5-year average. AIS Data: FY05/06 to FY09/10.

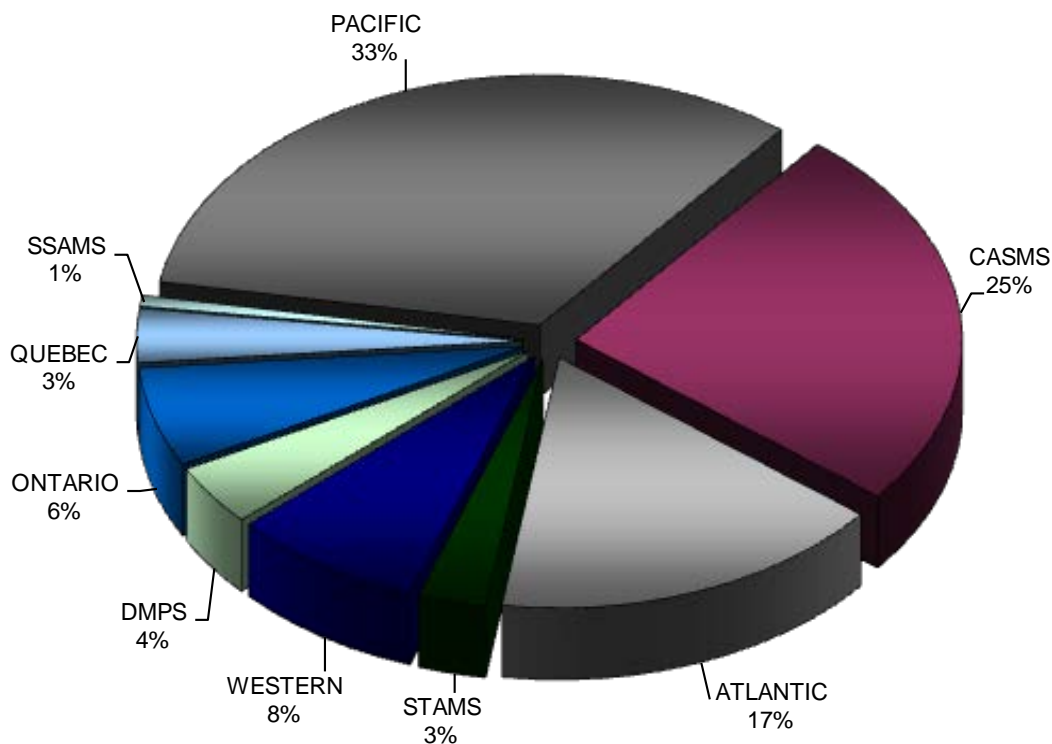
Notes:

- DISO = Departmental Individual Standing Offer
- NMSO = National Master Standing Offer
- RISO = Regional Individual Standing Offer
- RMSO = Regional Master Standing Offer
- NISO = National Individual Standing Offer
- Contracts include Formal Agreements, Store Transfer Orders, Purchase Orders, and Contracts.
- Amendments include Normal amendments and Pre-approved amendments, Contract termination by mutual consent, Contract termination for convenience of the Crown, and Contract termination for default.
- These figures exclude the following standard document exclusions: Supply Arrangements, Transfers into the Supply Revolving Fund, and Consultant Open Agreements (Real Property only). The estimated total values of DISO are excluded but call-ups against that instrument are accounted for in the table.

It is shown in Table #2 that on average, between FY05-06 and FY09-10, the Pacific region accounted for 33% of the number of documents awarded and 73% of the total value awarded. CASMS sector, on the other hand, handled 25% of the number of documents but accounted for 14% of the average annual contracts awarded.



**Table #2. Annual Office Equipment Awarded Value by Sector and Region**



Region/Sector	Value Awarded	% of the total value awarded	# of documents	% of total documents
PACIFIC	\$43,273,967	73%	85	33%
CASMS	\$8,392,373	14%	65	25%
ATLANTIC	\$4,228,324	7%	43	17%
STAMS	\$1,940,711	3%	7	3%
WESTERN	\$535,371	1%	21	8%
DMPS	\$342,801	0.6%	10	4%
ONTARIO	\$251,185	0.4%	17	6%
QUEBEC	\$118,031	0.2%	9	3%
SSAMS	\$71,876	0.1%	2	1%
<b>TOTAL</b>	<b>\$59,154,641</b>	<b>100%</b>	<b>259</b>	<b>100%</b>

Source: AIS based on 5-year average. AIS Data: FY05/06 to FY09/10.

Notes:

- CASMS = Commercial Acquisition and Supply Management Sector (HQ – Gatineau)
- DMPS = Defence and Major Project Sector (HQ – Gatineau)
- SSAMS = Service and Specialized Acquisitions Management Sector (HQ – Gatineau)
- STAMS = Service and Technology Acquisitions Management Sector (HQ – Gatineau)
- PACIFIC also includes Yukon.
- WESTERN also includes Northwest Territories.

These figures exclude the following standard document exclusions: Supply Arrangements, Transfers into the Supply Revolving Fund, and Consultant Open Agreements (Real Property Only). The estimated total values of DISO are excluded but call-ups against that instrument are accounted for in the table.

## **A2 Market Review**

The Canadian market for office equipment is described in this section. The office equipment industry produces both goods and services including:

- Equipment that is used for paper handling such as printing, scanning, shredding devices;
- Devices such as photocopiers, printers, scanners, fax machines, and shredders;
- Consumable products such as toner, ink cartridges, fusers and drums; and
- Services such as Managed Print Services and maintenance.

### **A2.1 Market Characteristics for Office Equipment**


Between 1999 and 2007, the office and store equipment industry has been growing at a slower rate compared to the wholesaling industry (IBISWorld, 2010). Given that the sales in this industry are heavily dependent on consumer markets, the industry faced several challenges throughout the recent economic downturn. (IBISWorld, 2010)

The demand for machinery and for photographic printing-related equipment has been declining over the years, while the demand for multi-function devices has remained strong (IBISWorld, 2010).

From the first quarter (Q1) of 2009 to Q1 of 2010, shipments in the Canadian copier and Multi-Function Device (MFD) market grew at an average rate of 13%. The laser multifunction sector grew 8%, and the single function printer sector grew 16% during the same time period. However, fax-based Multi-Function Printers (MFP) performed poorly, with an 8% decrease in shipments throughout the same time period. Shipments in the Canadian printer market increased 16% from 2009 to 2010, following a 19% fall between 2008 and 2009 (Partner Research Canada, 2010).

#### ***Competitive Landscape***

Barriers to entry in the office equipment market are moderate. Start-up manufacturing costs are quite high, but can be mitigated by entering into supply contracts to lower-cost regions. Firms entering the office equipment industry must invest heavily in research and development in order to stimulate consumer demand, and differentiate their products from competitors. (Datamonitor 2010). Additionally, the cost of compliance with applicable government regulations such as waste disposal and recycling can be high for new entrants.



There are several substitutes for office equipment. For example, the increasing use of computers and the Internet has been putting downward pressure on demand for printed products. As information technology and wireless networks become more and more important in consumers' day-to-day operations, there is less demand for office equipment. Additionally, businesses may choose to encourage electronic transactions in an attempt to reduce operating costs. (Datamonitor 2010)

Competition in the office equipment market is strong due to intense rivalry among leading international manufacturers and a high threat of substitutes. As such, product differentiation through branding, research and services is an important source of competitive advantage.

Over the past five years, the combination of slow economic growth, reduced demand and increased foreign competition has resulted in significant price pressure. Firms have generally responded to price competition by offering more innovative and differentiated products while maintaining prices. Firms have also developed a larger portfolio of products and / or acquired different product lines in order to maintain and increase market share (IBISWorld 2010). Overall, firms in the office equipment industry compete mainly on the basis of price, innovation, and services. (Datamonitor 2010)

### ***Demand Analysis***

Several factors influence the demand for office equipment including technological advances, changes in the price of complementary products, and general macro economic variables. The industry is very sensitive to economic variables such as growth rates, interest rates, exchange rates, and future financial and economic expectations (IBISWorld 2010). Additionally, changes in the price and demand for complementary products affect the demand for office equipment. For example, an increase in the price of paper and pulp will lower the demand for paper-intensive machinery, and / or increase the demand for technological advances that may help reduce the use of paper. Growth in the use of the Internet and digital cameras may affect demand for scanning devices and printers (IBISWorld 2010). Other important determinants of demand include business operating expenditures and seasonal fluctuations.

There is a large variety of potential customers within the office equipment market. Among them are a number of large multinational companies with strong bargaining power and the ability to exert downward pricing pressure. However, a few large global manufacturers with established strong brands dominate the market and weaken buyer power; in order to satisfy end-consumer demand, retailers and resellers must ensure particular brand name products are in stock. (Datamonitor, 2010)

### **Supply Analysis**

Typical inputs used to produce office equipment include ferrous and non-ferrous metals, copper tubing, aluminum, and nonferrous castings. There are several suppliers of raw materials to the office equipment industry; however, buyers often rely on sole-sourcing for certain products. Many large manufacturers of office equipment have supply agreements with manufacturing service companies to outsource components of their manufacturing. These types of agreements may increase switching costs for manufactures of office equipment and strengthen supplier power. However, supplier power will be weakened if firms choose to cancel outsourcing contracts and carry out all manufacturing in-house during economically difficult times. (Datamonitor 2010)

Productivity in the office equipment industry has been increasing due to the adoption of newer and more advanced production and assembly technologies. The adoption of more efficient assembly line production technology has reduced the demand for labour, as fewer workers are needed to complete certain tasks. As a result, employment and wages have declined in the copy machine, optical and other manufacturing intensive industries. In the United States, wages in copy machine, optical and other machinery manufacturing industries have declined at an average annual rate of 3% from 2004 to 2010. (IBISWorld, 2010).

Additionally, over the past five years, many products and components have been more competitively manufactured at facilities located in foreign countries where resources are cheaper. Manufacturing has been outsourced primarily to China, Europe, Asia, Mexico, and South America (IBISWorld, 2010).

### **A2.2 Canadian Industry<sup>3</sup>**


In 2009, there was a decrease of shipments in the Canadian MFDs, copiers and laser printers market, due to the economic downturn. Forecasts predict that shipments will recover faster for the laser printer compared to the MFD and copier markets in 2012. Regarding Managed Print Services, with the global MPS market experiencing outstanding growth, Canada is considered the fastest growing segment of the North American market.

Recent Canadian reports suggest that several large companies are improving their products and services by adding new features, responding to changing demands from clients who are looking for more advanced and complete products.

In Canada, several policies and regulations are in place in order to favour good quality management and environmentally-friendly practices. For example, governments and businesses have implemented new policies to reduce their

---

<sup>3</sup> Information provided from Datamonitor 2010, Business Edge 2006, Partner Research 2010, Photizo Group 2009 and IBISWorld 2010.



environmental footprints and to cut costs over the last decade, following various surveys stating that paper consumption had increased since the 1980s.

## **A2.3 Canadian Market for Managed Print Services**

### ***Market Characteristics***

Global forecasts predict that the MPS market will earn approximately \$60 billion in revenues worldwide by 2013, which account for 50% of the distributed imaging business market; in North America, Canada is considered the fastest growing segment (Photizo Group, 2009).

### ***Competitive Landscape***

In order to increase their MPS capacity, firms are merging and / or are acquiring other companies.

Also, with MPS contracts being so large and long-lasting, frequent competitive bidding is discouraged.

The need for companies to improve efficiencies, increase productivity, cut costs and implement green initiatives in the office environment are the primary influences for demand in the MPS industry.

By implementing MPS, companies have seen on average a 30% cost savings. It is important to identify, however, that these estimated savings are typically tied to industry average costs of operation, and current PWGSC equipment NMSOs yield the very best pricing in Canada due to the strategic sourcing dynamics of the tools and, therefore, lower costs of operation.

Energy savings is also significant with some companies such as Staples that has seen a 34% reduction in energy usage after outsourcing MPS ([Purchasing.com / Office Equipment](#), 2010). With over 4.6 trillion pages printed per year in American offices, MPS are becoming strategically important for many companies (ChangeForge, 2008).

## **A3 Current Procurement Analysis**

PWGSC completed a review of how office equipment is procured for government departments with the objective of developing a national procurement strategy. Table #A-4 outlines the elements that were examined during the review.

Although there are differences in the management of sub-categories underlining similarities provide an opportunity to implement a uniform and consistent National approach. This analysis revealed that procurement approaches for office equipment differ across the country. Key elements of the current procurement process are identified and summarized in the Table #A-4 – Comparison of Procurement Process Elements. Sub-categories are further explained within the table.

Table # A-4. Comparison of Current Procurement Process Elements

Comparison Legend:

Most commonly consistent
Similar, or close to common

	OFFICE EQUIPMENT MAINTENANCE	TEMPEST EQUIPMENT	FACSIMILE MACHINES	DIGITAL COPIERS & MFDs	DESKTOP AND NETWORK PRINTERS AND MFPs	MANAGED PRINT SERVICES	DOCUMENT SCANNERS	CONSUMABLES (INCLUDING OEM AND REMAN TONERS)	WIDE FORMAT IMAGING EQUIPMENT	PRODUCTION EQUIPMENT	SHREDDERS
1. COMPETITION	Mainly competitive (Some sole-source based on certification of suppliers to service specific brands of equipment, but where multiple companies are certified, competitive procurement is done.)	Limited tendering for TEMPEST certified products. (Competitive where possible within those vendors that are device certified)	Competitive - MERX (on MERX 40 days even though NAFTA exempt)	Competitive - MERX	Competitive - MERX	Competitive - MERX	Competitive - MERX	Competitive - MERX	Competitive - MERX	Limited Advanced Contract Award Notice (ACAN) and Competitive	Limited tendering for RCMP-approved products. (Competitive where possible within those devices that are RCMP approved)
2. SELECTION PROCESS	Mandatory requirements and lowest evaluated cost.	Mandatory requirements and lowest evaluated cost.	Best value based on mandatory requirements TCO evaluation.	Best value based on mandatory requirements TCO evaluation and technical requirements.	Best value based on mandatory requirements TCO evaluation and technical requirements.	Mandatory requirements for NMSA resulting RFPs define selection process.	Best value based on TCO evaluation and technical requirements.	Mandatory requirements and lowest evaluated cost (based on a basket of pre-determined goods).	Best value based on mandatory requirements TCO evaluation and technical requirements.	Mandatory criteria.	Mandatory requirements and lowest evaluated cost.
2.1 POINT RATING OR BENCHMARK TESTING	N/A	No	No	Yes - Benchmark	Yes - Benchmark	No	Yes - Point Rated	No	Yes - Benchmark	No	No

	OFFICE EQUIPMENT MAINTENANCE	TEMPEST EQUIPMENT	FACSIMILE MACHINES	DIGITAL COPIERS & MFDs	DESKTOP AND NETWORK PRINTERS AND MFPs	MANAGED PRINT SERVICES	DOCUMENT SCANNERS	CONSUMABLES (INCLUDING OEM AND REMAN TONERS)	WIDE FORMAT IMAGING EQUIPMENT	PRODUCTION EQUIPMENT	SHREDDERS
2.2 SELECTION THRESHOLDS FOR AWARD OF PI	N/A	N/A	50%	50%	15%	N/A	50%	50%	50%	N/A	N/A
2.3 SELECTION THRESHOLDS FOR 'ACTIVE' STATUS	N/A	N/A	50%	20%	15%	N/A	20%	N/A	20%	N/A	N/A
3. VENDOR PERFORMANCE	Regular review of invoices. Typically no additional corrective measures.	Standard clauses, no additional corrective measures.	Standard clauses, withdrawal and set-aside of the Standing Offer (SO), liquidated damages.	Standard clauses, withdrawal and set-aside of SO, liquidated damages, enhanced maintenance clauses and remedies.	Standard clauses, withdrawal and set-aside of SO, liquidated damages, enhanced warranty clauses.	Not addressed in NMSA; would be addressed in the resulting contract.	Standard clauses, withdrawal and set-aside of SO, liquidated damages.	Standard clauses, withdrawal and set-aside of SO for 3 plus infractions.	Standard clauses, withdrawal and set-aside of SO, liquidated damages, enhanced warranty clauses and remedies.	Standard clauses, liquidated damages, enhanced maintenance clauses and remedies.	Standard clauses, no additional corrective measures.
4. ACCESS FOR SUPPLIERS	Limited to equipment certified service providers.	Limited to TEMPEST approved products, approved equipment and certification requirements posted to MERX twice a year to encourage companies to be Canadian Industrial TEMPEST Program (CITP)-certified.	Open to all businesses capable of meeting requirements. Generally manufacturers bid on the SO, Small and Medium Enterprise (SME) and aboriginal vendors act as sales and service agents.	Open to all businesses capable of meeting requirements. Generally manufacturers bid on the SO, SME and aboriginal vendors act as sales and service agents.	Open to all businesses capable of meeting requirements. Generally manufacturers bid on the SO, SME and aboriginal vendors act as sales and service agents.	Open to all businesses capable of meeting the requirements.	Open to all businesses capable of meeting requirements. Generally manufacturers bid on the SO, SME and aboriginal vendors act as sales and service agents.	Open to all businesses capable of meeting the requirements, SMEs have strong participation. Simultaneous set-aside.	Open to all businesses capable of meeting requirements. Generally manufacturers bid on the SO, SME and aboriginal vendors act as sales and service agents.	Limited as software and interchangeability requirements often necessitate limited tendering.	Limited to equipment approved by RCMP.



	OFFICE EQUIPMENT MAINTENANCE	TEMPEST EQUIPMENT	FACSIMILE MACHINES	DIGITAL COPIERS & MFDs	DESKTOP AND NETWORK PRINTERS AND MFPs	MANAGED PRINT SERVICES	DOCUMENT SCANNERS	CONSUMABLES (INCLUDING OEM AND REMAN TONERS)	WIDE FORMAT IMAGING EQUIPMENT	PRODUCTION EQUIPMENT	SHREDDERS
5. DURATION OF SO/SA OR CONTRACTS	Typically 1 - 2 years with options.	N/A	1 year, plus 1 option year.	1 year plus two 1 year options.	1 year plus two 1 year options.	4 years with annual refresh tenders.	1 year plus two 1 year options.	1 year, plus 1 option year.	1 year plus two 1 year options.	N/A	N/A
6. LEASE VS. PURCHASE	N/A	Purchase.	Purchase.	Lease, accessories for purchase.	Purchase.	N/A, resulting contracts could recommend lease, purchase, or combination.	Purchase.	Purchase.	Purchase.	Lease (some purchase).	Purchase.
7. PRICE REFRESHES	N/A	N/A	Quarterly	Bi-monthly	Monthly	N/A	Bi-monthly	Semi-annual	Bi-monthly	N/A	N/A
8. TOTAL COST OF OWNERSHIP AND CONSUMABLES	N/A	Yes, ongoing consumables not included in contracts, low usage equipment.	Yes, used in TCO evaluation and available through SO.	Yes, used in TCO and included in copy-per-page.	Yes, used in TCO evaluation and available through SO.	N/A	Yes, used in TCO evaluation and available through SO.	Yes, offers consumables, ink, toner, fusers, rollers, transfer kits etc. For printer, fax and copy machines.	Yes, used in TCO evaluation and available through SO.	Yes, used in TCO and usually included in copy-per-page.	N/A
9. LEVEL OF EFFORT	Low	Low	Med-high	High	High	Med-high	Med-high	Med	Med-high	Med	Low
9.1 LEVEL OF EFFORT TO ESTABLISH PROCUREMENT INSTRUMENT OR CONTRACT	Low-med	Low	Med-high	High	High	High	Med-high	High	High	High	Low
9.2 LEVEL OF EFFORT FOR CONTRACT AND CLIENT MANAGEMENT	Low	Low	Med-high	High	High	Med-high	Med-high	Med	Med-high	Low	Low



	OFFICE EQUIPMENT MAINTENANCE	TEMPEST EQUIPMENT	FACSIMILE MACHINES	DIGITAL COPIERS & MFDs	DESKTOP AND NETWORK PRINTERS AND MFPs	MANAGED PRINT SERVICES	DOCUMENT SCANNERS	CONSUMABLES (INCLUDING OEM AND REMAN TONERS)	WIDE FORMAT IMAGING EQUIPMENT	PRODUCTION EQUIPMENT	SHREDDERS
10. DOCUMENT TYPES	RFP MERX or source list and Contracts.	RFP from source list, Contracts.	NMSO	NMSO	NMSO	NMSA	NMSO	RMSO AND NMSO	NMSO	CONTRACTS	Local Purchase Order and RFP from source list, Contracts
11. CALL-UP LIMITATIONS	N/A	N/A	Up to \$25K any product and / or accessories and consumables, \$25k-40K best value (lowest cost per page or within 10%, \$40K to \$400K Request for Volume Discount (RVD), over \$400K RFP	\$25K for any active product, \$100K for any product within 10% of best value, \$400K for any product within 5% of best value, \$400K-\$5M RVD, over 5M RFP	Up to \$25K for any active product, consumables or accessories, up to \$200K and \$400K for best value, up to \$10M call-up by SO authority	Up to \$400K, over \$400K RFP outside of NMSA	Up to \$25K for any active product, or any accessories and consumables, \$25K-\$40K within 5% of best value, 40K to \$400K RVD, over \$400K RFP	\$40K	Up to \$25K any product and / or accessories and consumables, \$25K-\$40K within 5% of best value, \$40K to \$150K best value, \$150K – \$2M RVD, over \$2M RFP	N/A	N/A
12. PRICE VALIDATION	Competitive and historical pricing, price certification.	Competitive and historical pricing.	Competitive and historical pricing.	Competitive and historical pricing.	Competitive and historical pricing.	N/A, price validation would occur after competitive award of contract.	Competitive and historical pricing.	Competitive and historical pricing.	Competitive and historical pricing.	Historical and price certification.	Competitive and historical pricing.

	OFFICE EQUIPMENT MAINTENANCE	TEMPEST EQUIPMENT	FACSIMILE MACHINES	DIGITAL COPIERS & MFDs	DESKTOP AND NETWORK PRINTERS AND MFPs	MANAGED PRINT SERVICES	DOCUMENT SCANNERS	CONSUMABLES (INCLUDING OEM AND REMAN TONERS)	WIDE FORMAT IMAGING EQUIPMENT	PRODUCTION EQUIPMENT	SHREDDERS
<b>13. CONSOLIDATION OPPORTUNITIES</b>	Overlap with current equipment categories. Consider consolidation with MPS agreements or equipment agreements.	Unique product with limited vendors, difficult to consider consolidation with other tools.	Some overlap with printers, scanners in the multifunction categories, consider stand-alone vs. MFDs.	Overlap with printers, industry trend towards MFDs and desire to purchase and lease devices and better-managed fleet of imaging devices, ideal consolidation with printers.	Overlap with copiers, industry trend towards MFPs and desire to purchase and lease devices and better-managed fleet of imaging devices, ideal consolidation with copiers.	MPS is strong support for the consolidation of other tools like copiers and printers. Possible to consolidate equipment maintenance under existing MPS stream MS2/3.	Some overlap with fax MFDs and photographic supplies. As a stand-alone device not leased, probably not a candidate for consolidation.	Overlap with equipment offering consumables, possible consideration of cost-per-copy plan, given the SME components for supply of these goods, not ideal for consolidation for OEM bid NMSO.	Overlap with printers and copiers, and scanners, product can be leased or purchased, may be considered with printer, copier convergence.	Possible consideration with copiers and printers.	Unique product with limited vendors, difficult to consider consolidation with other tools.
<b>14. ENVIRONMENTAL CRITERIA - MANDATORY</b>	N/A	None considered.	Mandatory - ISO14001, Energy Star, consumables container recycling, packaging recycling.	Mandatory - ISO14001, Energy Star, consumables container recycling, packaging recycling, hardware take-back and recycling.	Mandatory - ISO14001, Energy Star, consumables container recycling, packaging recycling, hardware take-back and recycling, third party ecolabelling.	N/A	Mandatory - ISO14001, Energy Star, consumables container recycling, packaging recycling.	Mandatory - ISO14001, consumables container recycling, packaging recycling.	Mandatory - ISO14001, Energy Star, consumables container recycling, packaging recycling.	Typically that of copiers PI - mandatory - ISO14001, Energy Star, consumables container recycling, packaging recycling, hardware take-back and recycling.	None considered.
<b>14.1 ENVIRONMENTAL CRITERIA – POINT RATED</b>	N/A	None considered.	None	Third party ecolabelling.	None	N/A	None	None	None	Third party ecolabelling.	None considered.

**Table # A-5. Synopsis**  
 Timelines are defined as follows:

Short-term	<ul style="list-style-type: none"> <li>Immediate or in the next refresh available for a particular Procurement Instrument (PI) (assuming the refresh is within 1-2 years).</li> <li>Where a refresh is occurring, changes would be made to any given PI or Sub-Category.</li> </ul>
Mid-term	<ul style="list-style-type: none"> <li>Within the next 3 to 4 years.</li> </ul>
Long-term	<ul style="list-style-type: none"> <li>Within the next 5 years, assuming that all PIs would have a refresh to incorporate within the 5 years.</li> </ul>

SYNOPSIS	TIMELINE		
	Short-term	Mid-term	Long-term
Communication strategy to educate and facilitate ease of use for government departments, including face-to-face communication and improved websites and electronic tools. Government department feedback indicates a strong need to improve communication with them in order to increase their understanding of the procurement tools. Improved websites and tools will also facilitate ease of use for them.	√		
Consider a RVD process over multiple NMSOs. The ability to do an RVD across multiple PIs such as copiers, printers, scanners, and fax may facilitate the implementation of MPS and potential administrative / cost savings of a single offeror managed fleet.	√		
Consider aligning durations of standing offers. For consistency to government departments and Industry consider all PI s at 1 year plus 2 one-year options where appropriate.			√
Consider consistent environmental criteria. Most PIs have very similar criteria including ISO, Energy Star, Ecolabelling, and Recycling, but there are some inconsistencies on point-rated versus mandatory.			√
Strive to achieve highest environmental standards while finding the optimal balance between the interests of small businesses and the environment. Consider additional certifications not currently considered, such as Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE). Balance recycled requirements, and certifications with the cost to SMEs.			√
Consider consistent selection percentage criteria where applicable. Many similarities across the PIs provide consistency that would lead to ease of understanding by government departments and suppliers.			√
Consider consistent value ranges and percentage for best value.			√
Consider whether delivery should be included in unit prices for equipment. Due to the equipment NMSOs being national, it is can be difficult to get competitive delivery prices included in the unit prices for devices. Vendors could be overpricing to manage the risk, could be more cost-effective to have delivery bid separately if a consistent price mechanism could be established that ensures competitive and best prices.			√

SYNOPSIS	TIMELINE		
	Short-term	Mid-term	Long-term
Consider consistency with allowing \$5,000 call-up of non-NMSO products. Many government departments want to purchase accessories for older devices, or non-NMSO listed accessories with their hardware call-up. Current NMSOs inconsistently allow for the purchase of non-NMSO items via call-up against the NMSO. Improved consistency in application would assist government departments and suppliers by ensuring they are following the appropriate call-up procedures.			√
<b>OFFICE EQUIPMENT MAINTENANCE</b>			
Consider gradually migrating to MPS. The MPS arrangements include fleet management under the MS2 and MS3 streams. Government departments often look to the OPIOE group in Vancouver who establish the PIs for the equipment to facilitate longer-term maintenance; available contractors would be the same as those available from the equipment categories.	√		
<b>FACSIMILE MACHINES</b>			
Over the long term, consider the potential for synergy with other imaging equipment. The hardware sub-category PIs have very similar characteristics and there is some overlap in industry players. Consistency would assist government departments and suppliers with a better understanding of the process and use of the tools. Could be part of MPS solution.	√		
<b>DIGITAL COPIERS AND MFDs</b>			
Consolidate with printer NMSO. The PIs are very similar. There is a 100% industry overlap with current NMSO holders. Government departments are looking for the option to both purchase and lease printers. This is not currently an option with the available tools. For example, the existing tools allow for the lease of copiers and purchase of printers. A converged tool would facilitate the implementation of an MPS-type of arrangement and lead to efficiencies in resources. Government departments would only need to familiarize themselves with one PI.			√
Consider higher call-up limitations for RVDs. The current \$5M RVD call-up not adequate to meet government departments' requirements without having the administrative effort to have to re-compete to the same vendors. The Printers NMSO has \$10M call-up authority. Converged with Printers NMSO, requirements will be even higher value.			√
<b>DESKTOP AND NETWORK PRINTERS AND MFPs</b>			
Consolidate with copier NMSO. The PIs are very similar: there is a 100% industry overlap with current NMSO holders. Government departments are looking for the option to both purchase and lease printers. This is not currently an option with the available tools. For example, the existing tools allow for the lease of copiers and purchase of printers. A converged tool would better facilitate the implementation of an MPS-type of arrangement and lead to efficiencies in resources. Government departments would only need to familiarize themselves with one PI.	√		

SYNOPSIS	TIMELINE		
	Short-term	Mid-term	Long-term
<b>MANAGED PRINT SERVICES</b>			
Consider the move to incorporate all aspects of MPS. Consider marketing and incorporating maintenance streams. Incorporation of maintenance streams would require industry communication to increase the number of NMSA holders.	√		
<b>CONSUMABLES (INCLUDING OEM AND REMANUFACTURED TONERS)</b>			
Examine the current evaluated basket of goods. Consistent updating of the basket of goods should be examined to ensure that products reflect the equipment in use and available via the equipment PIs.	√		
Administrative changes to the solicitation and evaluation process. Current evaluation process may be too restrictive and limit access to best-value vendors.			√
Refer to as imaging consumables not "toner". SO includes consumables such as toner, ink, and drum fusers, not just toner.	√		
Consider changing call-up limitations. There seems to be some interest in requirements that exceed the \$40K limitation.	√		
Consider a more frequent price refresh. Current price refreshes at 6 months do not allow for the addition of new products in conjunction with the equipment PIs. More frequent refreshes may lead to better pricing, and would create more consistency with other office equipment PIs.	√		
Keep apprised of standards and certifications for toner to ensure best value for Canadians.	√		
<b>WIDE FORMAT IMAGING EQUIPMENT</b>			
Consider consolidation with printers and copiers given the mix of purchase and lease options and similar service plans. The PIs are very similar with very similar service plans and requirements. Government departments request to purchase and lease, some industry overlap.			√
<b>SHREDDERS</b>			
Consider establishing a PI for secure shredders. Current procurement is done by Local Purchase Orders (LPOs) by government departments and some contracts through PWGSC, a PI could reduce effort by government departments in obtaining quotes. Could achieve savings by larger competitive procurement such as a SO. Could reduce number of smaller PWGSC contracts for these devices. The RCMP must certify devices.	√		

## A4 General Management of the Category

### A4.1 Contracting Approach and Office Locations

Currently, the main methods of supply in place by PWGSC for office equipment are National Master Standing Offers (NMSOs), National Individual Standing Offers (NISOs), Regional Master Standing Offers (RMSOs), Departmental Individual Standing Offers (DISOs), National Master Supply Arrangements (NMSAs) and contracts. Standing offers are usually in place for one year with two optional one-year extensions.

These tools are available to be used by all government departments and agencies to meet their office equipment requirements.

The regions involved in administering the procurement process and their respective sub-categories are:

Region	Office Equipment Category
Atlantic	Facsimile machines, and mailroom machines
STAMS	Maintenance contracts for machines
DMPS	Secure TEMPEST equipment
STAMS	Small office equipment
Pacific	Copiers, printers, MFDs, plotters, scanners and MPS
Pacific	Consumables (Toner)

The OPI for Office Equipment (OPIOE) has managed a suite of standing offers since 1992 when national Centres of Expertise (COE) were established in certain regional PWGSC offices allowing them to play an increasingly significant role in commodities that had historically been managed within PWGSC Headquarters.

The Atlantic Region received the mandate to manage the procurement of fax machines in 1992 as part of the same COE initiative to ensure that best practices are leveraged and consistent approaches considered where the commodity dynamics warrant consistency.

Despite the differences in handling office equipment requirements, the current procurement processes all comply with GC procurement policies and practices.

### A4.2 Supply Base

There are approximately 18 active vendors holding Standing Offers (SOs) and / or Supply Arrangements (SAs), for office equipment. Generally, major multinational manufacturers bid on the SOs and SAs with value added resellers providing the service and invoice directly. Resellers are usually SMEs who act as agents, and provide service and sales coverage in each region.

The category has historically been managed through the following best practices:

- Best Value Evaluation – a combination of the rates quoted and points given for testing of the equipment. Machines are rated on a basis of ‘cost per copy’ or ‘cost per print’ and the costs include the cost of consumables and cost of warranty. The cost also includes percentage reductions for environmental credits. Volume Optimization – this is tiered pricing based on pre-determined expected volume groupings; this is a commonly used for Request for Volume Discounts (RVDs) for large procurement requirements.
- Policy and practices – mandatory use of standing offers.
- Joint Process Improvement – suppliers are routinely consulted in order to respect to category specifications; government departments are now being proactive in defining their needs. A third-party equipment testing company has been engaged for benchmark testing of printers, copiers, and plotters.

### **A4.3 Sourcing Strategies**

#### **A4.3.1 Methods of Supply**

The best manner to source a requirement is a major consideration in determining the most effective and efficient procurement strategy to satisfy a particular request. To decide the most appropriate sourcing method, contracting authorities should have a solid understanding of their program needs and should be able to clearly define the requirement and the elements deemed essential to satisfying that requirement.

PWGSC uses different procurement tools and instruments to assist government departments in procuring required goods and services. These include:

- Delegation of authority for government departments to purchase goods up to the Treasury Board threshold of \$25,000;
- Standing offers: offers from potential suppliers to provide goods and / or services at pre-determined prices, under set terms and conditions, when and if required; and
- Supply arrangements: non-binding framework agreements between PWGSC and suppliers to provide a range of goods or, more commonly, services on an “as required” basis. They include a set of predetermined terms and conditions that will apply to any subsequent contracts.

Government departments are encouraged to aggregate their requirements for savings on volume purchases, done through tiered pricing discounts or Request for RVDs.

#### **A4.3.2 Bid Solicitation Process**

The bid solicitation process for office equipment requirements is generally conducted in a consistent manner. Requirements are usually competed (posted

on GETS (MERX™)) through Requests For Proposals (RFPs) and Request for Standing Offers (RFSOs).

Request for Quotations (RFQ) may also be used when the requirement falls outside the categories available on the competed procurement instruments and for requirements that will result in contracts of low-dollar value.

When a non-competitive (sole-source) procurement strategy is chosen, it must be fully justified by the government department with reference to one or more of the exceptions to competitive bidding that may apply under the Government Contracts Regulations (GCRs) pursuant to the Financial Administration Act, and the limited tendering provisions of Canada's national and international trade agreements.

While the government department provides the rationale for an exception to the competitive process, it is the responsibility of the contracting officer to assure that the rationale is adequately supported.

#### **A4.3.3 Bid Evaluation**

During the bid evaluation, proposals are assessed in accordance with the entire requirement of the proposal including the technical mandatory / point rated criteria and financial evaluation criteria.

With certain office equipment standing offers, successful offerors may be chosen based on a value factor. A value factor comprises both pricing and technical criteria, and may be calculated on either an individual category or an aggregate category basis. Other categories are evaluated based on lowest evaluated cost and total cost of ownership.

#### **A4.3.4 Call up Procedures and Methods**

Office equipment standing offers incorporate a variety of call-up procedures and methods. Some of the agreements have tiered call-up limitations allowing for higher value of call-ups for products within a certain range of the best value product.

Call-ups are addressed to authorized offerors or, in some cases, their authorized lease, sales or service agents. Only authorized call-ups can be accepted when submitted on a PWGSC-TPSGC 942 (Call-up Against a Standing Offer) form. The call-up limitations for office equipment standing offers vary and are established based on the sub-category and price of the item.

#### **Downward Price Revision**

Some office equipment standing offers allow for standing offer holders to reduce their product prices on a periodic basis. In cases where the standing offer incorporates tiered call-up limitations, a vendor may qualify for a higher call-up limitation if they reduce their pricing for higher-priced products.



## **Promotional Pricing**

Promotional pricing may be offered for listed products on certain office equipment standing offers. Promotional pricing is defined as temporary pricing that is put in place for a period without lowering the ceiling price of the item. Promotional pricing must be requested at the time of submission of downward price revisions.

## **A4.4 Special Considerations**

### **A4.4.1 Environmental Considerations and Products**

Office equipment agreements include a variety of environmental considerations, specific to particular the sub-categories.

Environmental considerations may be mandatory or point rated. Examples of environmental considerations include:

- ISO 14001 Certification;
- Consumables Container Recycling Program;
- Hardware Recycling;
- Packaging Recycling;
- Third Party Environmental Performance Labelling; and
- Automated or Semi-Automated faxing of double-sided originals capability.

Lifecycle considerations are also accounted for, in the procurement of office equipment. Extended warranties are available on certain standing offers and government departments are encouraged to use the electronic waste recycling DISO for product disposal. Standing offers also include provisions for pick-up, recycling and re-use at the end of the product's life.

PWGSC should continue to work with government departments and vendors to ensure that the objectives of the Policy on Green Procurement are maintained. These objectives include advancing the protection of the environment and supporting sustainable development by integrating environmental performance considerations into the procurement decision-making process. The National Procurement Strategy will embrace these objectives and enable all businesses to comply with and support the Policy of Green Procurement.

### **A4.4.2 Aboriginal Access**

Aboriginal firms are offered the same access to view and bid on opportunities as non-aboriginal firms. In collaboration with government departments and suppliers, PWGSC ensures that the objectives of the Procurement Strategy for Aboriginal Businesses (PSAB) and comprehensive Land Claims Agreements (CLCAs) are integrated into the procurement decision-making process.

PWGSC will continue to work with government departments and suppliers to ensure potential aboriginal bidders are notified during bid solicitation periods, specifically if the opportunity is applicable to the PSAB and CLCAs. Consultations with Aboriginal Affairs and Northern Development Canada

(AANDC) will continue to be part of the current approval process for office equipment RFSOs.

#### **A4.4.3 Small and Medium Enterprise (SME) Access**

On certain office equipment standing offers, SMEs are authorized by the standing offer holder to act as agents for the purpose of receiving call-ups, invoicing government departments, and receiving payment. This allows SMEs who do not offer national sales or service to participate in standing offers that are national in scope. SMEs who can meet the national sales and service requirements are not precluded from bidding on National Standing Offers and Supply Arrangements. Incumbents of Regional Master Standing Offers are often SMEs.

#### **A4.5 Contract Management**

Within the Acquisitions Branch of PWGSC, contracting officers are encouraged to use templates to assist in the management of low, medium and high complexity procurement where appropriate.

The bid solicitation process for office equipment requirements consistently includes standardized general conditions and Standard Acquisition Clauses and Conditions (SACC) manual clauses.

#### **A4.6 Vendor Performance / Inspections**

Failure of suppliers to follow any of the identified terms and conditions could result in the setting aside of the procurement instrument, or termination of the contract and the application of a vendor performance corrective measure.

Several performance mechanisms are in place to measure vendor performance, but no formal standards or structure currently exists. Government departments are responsible for monitoring supplier performance and, where a problem exists, are also responsible for notifying PWGSC who acts as an intermediary between the supplier and government department to ascertain the severity of the complaint. Issues raised by government departments are investigated as reported, handled within the framework of the terms of the agreement, and resolved. No specific, agreed performance monitoring is conducted and reported on. The standing offers for copiers, however, include specific provisions to credit government department accounts in case of equipment downtime.

Failure to follow any of the identified terms and conditions could result in the setting aside of the procurement instrument and the application of a vendor performance corrective measure. The Vendor Performance Policy (VPP) will / could be implemented as required.

## Annex B: Background Information On Managed Print Services

Managed Print Services (MPS) are intended to improve the way the GC acquires and manages imaging devices such as copiers, printers, faxes and scanners. By utilizing technologies and proven industry-accepted best practices, the objective of MPS is to deliver substantial cost reductions and improved efficiencies to government organizations.

MPS can assist with the management of imaging and related infrastructure aspects associated with imaging needs. It is expected that MPS will assist government departments in making informed business decisions associated with internally-managed imaging environment options. The determination and alignment of imaging fleet specifications with actual organizational requirements will result in reduced costs and complexities, and increased efficiencies and user satisfaction.

MPS services can broadly be grouped into the following categories:

### **1. Inventory and Basic Total Cost of Ownership Determination**

Inventory and basic Total Cost of Ownership (TCO) services are intended to establish an overview of the organizational business and technical environments in order to quickly determine the extent of imaging device inventory and spending estimates.

Key aspects of the inventory and TCO process generally include:

- Development of a general business and technical profile in terms of equipment inventory, people and organizational aspects; and
- Determination of basic a TCO summary for the current imaging environment.

The tasks associated with, but not necessarily limited to Inventory and Basic TCO services generally include:

- Review of the equipment inventory including the number of networked and locally attached copiers, printers, scanners and fax devices with their locations; and
- Determination of the basic TCO summary as a result of equipment, consumable, service, and rental / lease costs. The summary calculation will be based on accepted industry usage and ownership metrics.

## 2. Concept Design

Concept Design services consist of formal planning and requirements definition aimed at developing a business solution to create a reduced cost-imaging environment. Essential recommendations will be made along with specific targets for areas of improvement to ensure the best possible outcomes of a managed service arrangement.

Developed business solutions will clearly define a number of concept design elements, such as:

- Implementation requirements;
- MPS deliverables;
- Expected quality of service conditions;
- Accurate costs; and
- Procedures for corrective action if problems occur.

Key aspects of the Concept Design process generally include:

- If not previously obtained, review of the existing print environment and compile an existing inventory of the imaging devices with associated direct and indirect costs;
- Further analysis of the imaging environment in key areas as required to establish a baseline profile of the current environment, including items such as:
  - Current level of standardization,
  - Technology used,
  - Device utilization,
  - Ratio of users to devices,
  - Identification of network / floor plans and
  - Greening objectives;
- Identification of improved approaches and best practices to reduce costs and improve efficiencies;
- Engagement of client organization stakeholders and staff to gain a client-centric perspective of the business environment in order to better understand goals, objectives and requirements;
- Development of an optimization strategy to address:
  - Equipment right sizing,
  - Use of existing equipment,
  - Equipment disposal and
  - Other anticipated changes related to device changes required to achieve desired objectives;
- Performing a cost feasibility analysis of alternative approaches which result in maximum savings and best value;
- Application of appropriate solutions based on business objectives rather than technology features;

- Formalization of identified business requirements into Statements of Work (SOWs) and Service Level Agreements (SLAs); and
- Development of implementation strategy and requirements.

The tasks associated with, but not necessarily limited to Concept Design services generally include:

**Optimization of hardware consists of:**

- Reviewing of the imaging environment, Information Technology (IT) aspects and analyzing strengths and weaknesses;
- Reviewing of the security aspects associated with the imaging infrastructure;
- Determination of the current level of standardization;
- Development of a hardware optimization model in order:
  - To improve the mix of printing and imaging assets encompassing;
  - Standardize to reduce model varieties and personal printers; and
  - Lower costs while maintaining / improving functionality and user satisfaction;
- Identification of potential opportunities for reallocation of existing assets to minimize new equipment acquisition;
- Development of a proposed strategy to migrate print volumes to lower cost devices and improve utilization rates;
- Development of an acceptance testing plan to ensure the delivery of all:
  - Capabilities,
  - Functionalities,
  - Configurations,
  - Security,
  - Documentation, and
  - Training and related aspects as defined in the MPS contractual agreement; and
- Agreement on software and data format so as to meet the organization's requirements for internal reporting, and implementation (minimum requirements will be required for any implementation of software within an organization's infrastructure).

**Optimization of imaging environment processes consist of:**

- Reviewing of in-place purchasing practices related to the imaging environment;
- Reviewing of in-house support mechanisms and third party involvement;
- Determination of how to integrate best practices into the client organization's equipment management activities;
- Identification of transition requirements and major elements that will affect work plan;

- Proposing of processes for Move-Add-Remove-Change (MARC) (asset management, tagging, installation, roll-out and disposal);
- Development of recommendations to align services with best practices; and
- Proposing of management reporting requirements defining: allowable data formats, styles, or delivery method (e.g. web-based, hard copy, raw data).

**Reduction of ownership costs consisting of:**

- Calculation of the Total Cost of Ownership (TCO) summary as a result of an accurate baseline independent of accepted industry usage and ownership metrics;
- Development of cost models for alternative ownership / management scenarios and corresponding implementation time frames;
- Development of an optional all-inclusive payment model that includes:
  - Service delivery,
  - Installation,
  - Consumables,
  - Monitoring, and
  - MARC requests; and
- Identification of possible transition costs including fees for termination of leases and / or service agreements, costs of disposal of surplus equipment, updating of wiring, reconfiguring of workspaces.

**Identifiable targets for Improvement consisting of:**

- Measurement of cost savings and determination of under-performing areas;
- Reviewing and preparation of suggestions for improvement of in-place practices and policies that have an impact on imaging efficiencies;
- Assistance in meeting the financial targets set by the client organization;
- Identification of methods of reducing ownership costs beyond the initial optimized state;
- Regular reviewing of financial and operational information to identify issues, concerns, and areas of user frustration;
- Controlling of future equipment purchase or lease to minimize changes to optimized environment;
- Development of approaches and technologies to reduce paper usage and the promotion of the use of recycled paper;
- Assistance with the development of an environmental policy guide for imaging including default duplex for printing and fax, greener ink content, Original Equipment Manufacturer (OEM) toner cartridges and remanufactured cartridges;

- Continual reviewing, improvement and development of services offered and collaboration with IT to maximize the advantages of digitization via the network; and
- Measurement and improvement of user satisfaction.

### **3. Procurement Support Activities**

Firms may be contracted to assist or provide organizations with procurement support for a future implementation. Procurement support activities consist of a number of advanced business analysis services that may be selected to assist with the finalization of MPS service development options.

The tasks associated with future procurement support activities may include:

- Development of the business case;
- Preparation of the SOW;
- Preparation of evaluation criteria for solicitations; and
- Provision of Independent Verification and Validation.

### **4. Transition Services**

Transition services focus on the development and execution of a roll out / deployment schedule to define the steps required to transition the current imaging environment to the optimized state and achieve desired results.

Key aspects of the transition process generally include:

- Project management consisting of:
  - Work plan task control,
  - Cost containment,
  - Risk mitigation,
  - Change control, and
  - Milestone management;
- Scheduled management consisting of:
  - Project status,
  - Milestone briefings and
  - Regular updates;
- Change management consisting of:
  - Business transformation and
  - Stakeholder communication;
- Delivery of all assigned work activities (equipment set-up, training, solution set-up, etc.) within specified time-frame and costs;
- Acceptance testing of solutions to meet specified capabilities, functionalities, security and configuration requirement; and
- Implementation based on a consistent approach defined within the MPS framework optimization tools.



The tasks associated with transition services generally include, but are not necessarily limited to:

- Project management;
- Acceptance testing;
- Compatibility testing;
- Configuration testing;
- Validation of claims of product capabilities;
- Equipment disposal;
- Equipment delivery;
- Equipment configuration and network connection;
- Training;
- Project set up (1-800 telephone numbers, support mechanisms);
- Logistics;
- Configuration of the tracking mechanism;
- Configuration of the reporting mechanism;
- Varying levels of "hands on" assistance for managing the transition from the existing imaging environment to the identified optimum one as required in the contract;
- General assistance during transition period from current to optimized state; and
- Report generation describing: detailed findings, project task status, and results of acceptance testing and specific equipment and environment settings / configuration.

## **5. Fleet Management Services**

Fleet management services consist of the provision of a number of related services throughout the duration of the MPS contractual agreement, including:

- Provision of responsive equipment service / support,
- Provision of timely supply / consumable replenishment, and
- Imaging device tracking, monitoring and reporting services.

Key aspects of the Fleet Management process generally include:

- Effective and efficient equipment maintenance and support services for in-scope new and existing equipment;
- Provision of supplies and consumables for in-scope existing or new equipment operation;
- Day-to-day management of imaging fleet operations;
- Usage monitoring and performance measurement of important fleet information;
- Activities aimed at gathering information related to usage, support statistics, inventory, and equipment performance for further analysis in determining overall program effectiveness.



MPS will be delivered in accordance to established SOW and SLA requirements defined within each client organization location and standardized approaches established within the MPS framework.

The tasks associated with Fleet Management services may generally include, but are not necessarily limited to:

- Ordering and replenishment of supplies and consumables such as: toners, inks, paper and other supplies necessary for existing or new equipment operation;
- Provision of incident management services to provide client organization with easy access to service and supplies;
- On-site situational response (and preventive maintenance), repair, spares and problem resolution time-frames delivered as defined in SLA provisions for each location;
- Provision of on-premises site manager;
- Equipment move, add, remove and change services, as required;
- Greening activities such as:
  - Proper waste cartridge disposal,
  - Equipment disposal,
  - Packaging disposal, and
  - Energy consumption aspects;
- Adherence to all security requirements;
- New copier and printer equipment acquired as part of the MPS contract;
- Services associated with existing copier and printer equipment as defined by the MPS contract, such as:
  - Removal,
  - Disposal,
  - Relocate,
  - Service,
  - Supplies, and support; and
  - Management of security aspects of service delivery;
- Provision of analysis services to provide client organization with items such as:
  - Invoice reconciliation,
  - Trend identification,
  - Cost determination, and
  - Technology portfolio review for contracts, leases and rentals.

MS vendors may be required to establish a tracking, monitoring and reporting mechanism that will provide the client project authority with a comprehensive overview of selected key imaging environment indicators.

Tracking, monitoring and reporting capabilities generally include, but are not necessarily limited to the following:

- Detailed tracking and reporting for inventory, usage, and consumables;
- Financial reporting for all fleet ownership costs;
- Regular quality of service delivery (SLA);
- Client satisfaction;
- Identification of issues;
- Measurement of actual versus plan savings;
- Determination of factors that determine program effectiveness;
- Identification of methods to improve program effectiveness (manage and improve);
- Report on greening;
- To ensure best results, the activities will be co-ordinated according to a monthly, quarterly and annual master schedule. The master schedule will be defined within the contractual agreement;
- Regular gathering and compilation of equipment usage and service statistics
- Analysis of tracking information to identify issues, bottlenecks and opportunities for improvement; and
- Provide report describing detailed findings, equipment usage, issues and related information.

## **6. Manage and Improve Services**

Manage and Improve Services are associated with the continuous improvement aspects of imaging environment management, such as:

- Measurement of key metrics,
- Determination of overall progress towards established MPS objectives, and
- Corrective action to be taken as required throughout the duration of the MPS contractual agreement.

Performance measurement metrics generally include, but are not necessarily limited to the following:

- Measurement of actual versus plan savings;
- Reduced spending;
- SLA and quality of service delivery measurement;
- Greening initiatives;
- Client satisfaction;
- Over- and under-utilized equipment;
- Suggestions for imaging environment improvements;
- Equipment usage;

- Identification of issues and problems;
- Determination of factors that determine program effectiveness; and
- Identification of methods to improve program effectiveness (manage and improve).

To ensure best results, the activities will be co-ordinated according to a monthly, quarterly and annual master schedule. The master schedule will be defined within the contractual agreement.

## Annex C: Disposal Of Surplus And Electronic Equipment

