



COLORADO
Division of Central Services

Department of Personnel
& Administration



FY2018 Cost Comparison & Savings Report

First Choice for Service

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Division Overview



Tom Montross
Director of Central Services

Focused on creating economies of scale, cultivating strong and sustainable partnerships, and emphasizing quality, the Division of Central Services' (DCS) mission is to promote the highest possible value for customers, support the most effective use of State government resources and tax dollars, and earn our reputation as an excellent service provider.

In order to achieve the highest value and ensure the fulfillment of its mission, DCS maintains a policy of surveying service rates every two years, enabling DCS to ensure pricing is competitive or offered at lower rates than private industry in each of its key service areas.

Created by statute in 1976 (§24-30-1101), the Division of Central Services (DCS) exists to provide business support services to state agencies. Housed within the Department of Personnel & Administration, DCS consists of three main program areas: Address Confidentiality Program (ACP), Integrated Document Solutions (IDS), and State Archives. Each of these units provides an innovative mix of services and/or programs tailored to the unique needs of internal customers and/or citizens, such as:

Address Confidentiality Program

- Legal substitute address
- Mail forwarding

Integrated Document Solutions

- Business Card Ordering
- CD-DVD Duplication
- Copier/Multifunction Printers
- Data Conversion (data bases, data entry, OCR)
- Flash/Thumb Drive Duplication
- Fulfillment/Kitting
- Graphic Design
- Mail Delivery (security screening, courier)
- Mail Outgoing Solutions (mail processing)
- Microfilm Solutions
- Printing/Copying/Bindery

- Scanning Solutions (high production/digital, maps/blueprints)
- Secure Document Storage
- State Branding
- Variable Data Printing
- Warehousing Solutions

State Archives

- Records Management
- Records Disaster Recovery
- Records Destruction Services
- Micrographics/Optical Imaging
- Disaster Recovery Services
- Records Transfer & Storage Services
- Research & Reference Services

Before soliciting business options outside of state services such as the examples listed above, all state agencies are required to participate in the program until they are granted a project-based waiver through the DCS waiver system and have discussed service options with DCS. As specified under §24-30-1104, state agencies within the counties of Adams, Arapahoe, Boulder, Douglas, Pueblo, El Paso, and Jefferson, the city and county of Broomfield, and the city and county of Denver, and within any other areas in the state of Colorado where central services are offered are statutorily required.



Procedures for Preparing Rates

DCS has adopted the following procedures when conducting rate comparisons for goods and services:

- 1) When obtaining pricing from the private sector for print and mail services, standard rates are gathered through annual national studies using the Print and Mailing Services Pricing Guides published by Q.P. Consulting, Inc.
- 2) When comparing costs, commonly used goods and services will be compared.
- 3) Services compared must be comparable. For example, the rate charged by IDS for data entry includes storing data, yet the private sector rate is for keystrokes only. Graphic design service rates are compared to lower level "house designer" rates, whereas the quality of professionals employed by DCS would more typically be charged at a higher "agency designer" rate.

In these scenarios, DCS must *a)* not compare services, *b)* determine what percentage of the rate is due to the additional service not provided by the private sector and adjust the rate accordingly; or *c)* err on the side of comparing the DCS service rate to the lowest private sector rate.

- 4) DCS rates include statewide indirect costs when those costs would be redistributed to other cash-funded agencies were DCS not in existence.
- 5) Although "value-added" cannot be quantified, statements that illustrate convenience, efficiency, and other benefits will be included. DCS also publishes a complementary "Cost Savings Study," which includes detailed information on value added and real cost savings components achieved by the use of DCS services.



Goods & Services

DCS services being compared in this report include those within the IDS unit:

- Graphic Design
- Commercial Printing
- Quick Copy/Digital Printing
- High Volume Digital Printing
- Mail Processing/Sorting/Postage
- Office Copiers/Print Devices
- Imaging/Scanning
- Data Entry/Keystrokes

Integrated Document Solutions (IDS)

From design and print to imaging, mail, and delivery, IDS partners with state agencies to deliver creative, cost-effective solutions for every stage of a document's life. Blending subject matter expertise at all staffing levels, strong private sector partnerships, and the convenience of integrated service delivery, IDS maintains two campuses, one in Denver and one in Pueblo, to provide services to state agencies along the Front Range. The full spectrum of IDS services includes: graphic design, commercial, digital, and variable data printing, copying, bindery, copier equipment/management, USPS mail sorting and processing, special delivery and courier services, interoffice mail and package delivery, imaging services, microfilm, and data entry.

IDS maintains a solid foundation of integrated value-added features to ensure the final product is delivered on time, of high quality, and competitively priced. IDS is committed to excellent service, cost efficiency, innovation, integrity, teamwork, and building sustainable partnerships with our customers.



Summary of Cost Savings/Comparison

Recognizing that the rate comparison data does not fully capture the value provided by the Division of Central Services and the Department of Personnel & Administration, the cost savings data aims to provide context and detail concerning the impacts. Reported savings are NET of all budgetary expenses (personal services, operating, capital, and overheads).

Integrated Document Solutions Northern Region	\$ 4,408,279.00
Integrated Document Solutions Southern Region	\$2,479,700.09
TOTAL SAVINGS TO THE STATE	\$ 6,887,979.09

With an annual total budget of approximately \$23.6 million, this savings represents about a 29% return on total investment in DCS. The total personal services expense paid in FY18 was \$8,242,389. DCS is generating a NET savings of \$1.20 for every \$1 spent in personal services.

Integrated Document Solutions (IDS)

NORTHERN REGION

Graphic Design	\$9072.00
Commercial Printing	\$488,732.00
Digital/Quick Copy Printing	\$66,866.00
High Volume Digital	\$674,326.00
Mail Processing/Postage	\$2,880,935.00
Office Copiers/Printers	\$288,348.00
TOTAL SAVINGS TO THE STATE	\$4,408,279.00

*IDS converted from standard quick copy printing to transactional printing in 2015-16, resulting in a delayed analysis and will not be available for reporting until FY17/18.

**An accurate comparison is not possible due to fluctuating factors and prices.

Graphic Design

As the cost of design services is often built into a larger project expense and only “house” or basic design projects are bid by the hour, it is difficult to separate this service for a true rate comparison. IDS designers are award-winning professionals who supervise both complex and basic projects, yet their rate is compared here to the lower, “house” standard rates.

Additionally, IDS often absorbs portions of service that would otherwise be billed hourly by an outside vendor. Using a simple hour-to-hour basis for comparison, IDS offers the highest quality design staff at a competitive rate. Depending on the complexity of a given job, IDS is frequently better positioned than commercially available rates.



*From State Purchasing & Contracts state price agreements

**This is a base rate for simple design, the rate for more complex work increases based on level of design needed.

Design Cost Savings

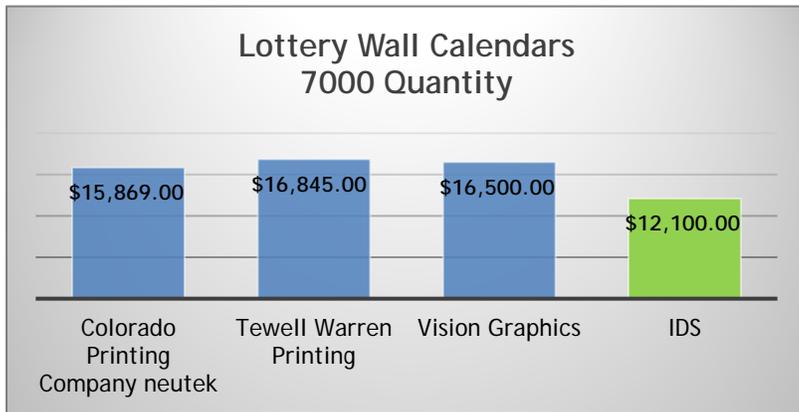
From simple carbonless forms and stationary to complex publications including books and manuals to display panels and all-weather banners and signage, IDS’ internationally recognized design staff can accommodate almost any request. In addition, IDS maintains the State’s graphic standards, including the State seal. The cost comparison uses an average savings based on total annualized hours for FY18, which translates to 1296 hours. When compared to private sector graphic design rates, IDS’ FY18 cost savings is \$9,072.00.

Print Operations - Commercial Printing

Printing projects can vary in size and produced either by a four-color ink process or digitally. For digital printing, all commercial vendors include paper in their impression charges. IDS charges by the piece of paper, not the impression count which creates additional savings when printing double sided. All prices quoted were obtained in September 2018.

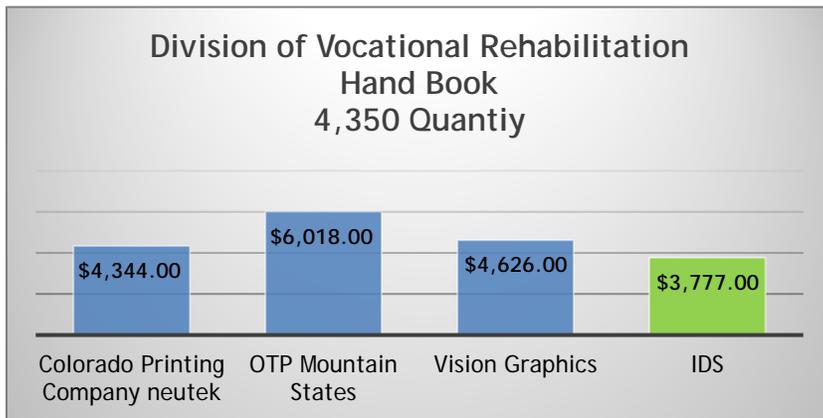
IDS accesses commercial printing services through a pool of pre-qualified vendors in Colorado.

Project 1 – Calendar (Print ready PDF): 4-color, plus satin aqueous, double-sided with 15 sheets, plus cover and bleeds, printed on 80# matte cover and guts 80# matte book with black wire-o bound. This project has a volume of 7,000 pieces.



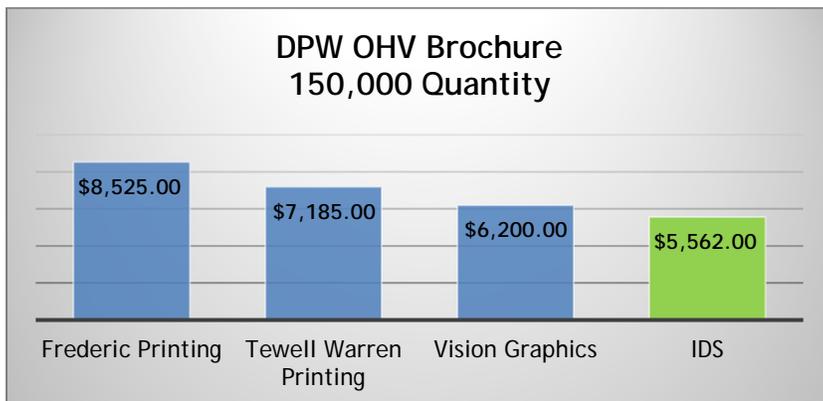
Commercial Average
\$16,404.67
Average State/IDS SAVINGS
26.2%

Project 2 – Hand Book (Print ready PDF): 4-color, double-sided with 6 sheets, plus cover and bleeds, printed on 80# matte cover and guts 80# matte book with saddle stitch and fold. This project has a volume of 4,350 pieces.



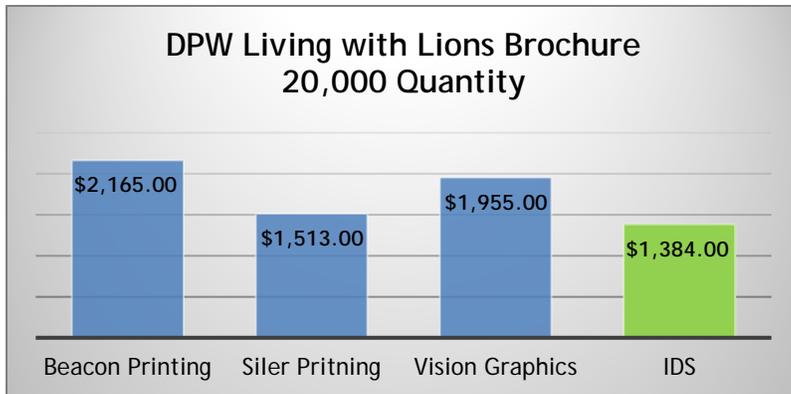
Commercial Average
\$4,996.00
Average State/IDS SAVINGS
24.4%

Project 3 – Brochure (Print ready PDF): 1-color k/k, 50# yellow offset, double-parallel to letter fold. This project has a volume of 150,000 pieces.



Commercial Average
\$7,303.33
Average State/IDS SAVINGS
23.8%

Project 4 – Brochure (Print ready PDF): 1-color k/k, 70# white offset, double-parallel fold. This project has a volume of 20,000 pieces.



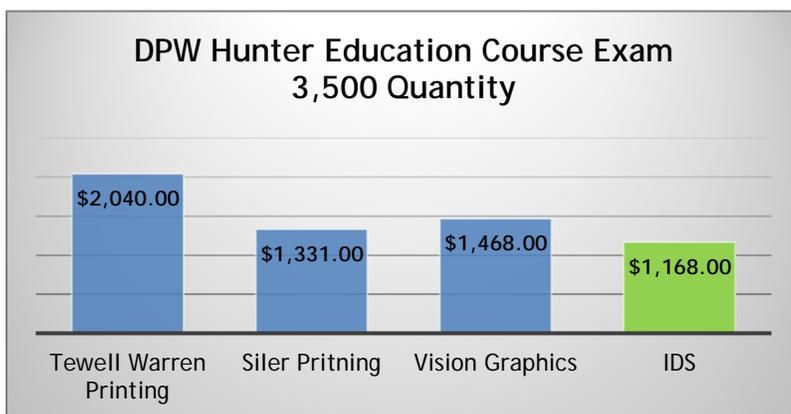
Commercial Average
\$1,877.67
Average State/IDS SAVINGS
26.3%

Project 5 – Newsletter (Print ready PDF): 2-color PMS+k, double-sided, 6 sheets, 70# offset text, saddle stitch and fold. This project has a volume of 8,500 pieces.



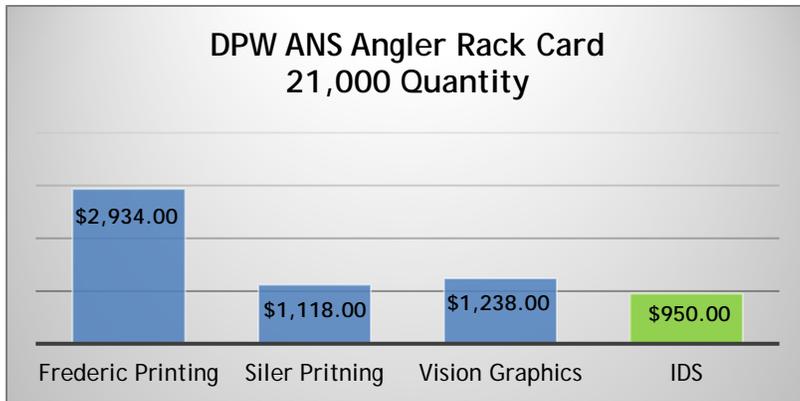
Commercial Average
\$6,018.33
Average State/IDS SAVINGS
30.4%

Project 6 – Course Exam (Print ready PDF): 4-color/k, 2 sheets, 70# offset, saddle stitch and fold. This project has a volume of 3,500 pieces.



Commercial Average
\$1,613.00
Average State/IDS SAVINGS
27.6%

Project 7 – Rack Card (Print ready PDF): 4/4, 1 sheet, 2 sides, 100# gloss cover, trim to final size and package/100s.



Comm. Average
\$1,763.33

**Average State/IDS
SAVINGS
46.1%**

Commercial Print Cost Savings

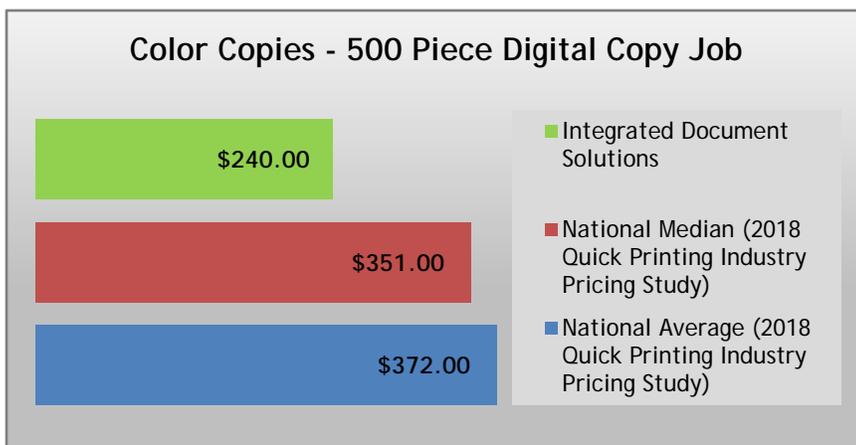
IDS Print Operations saves state agencies significant dollars by utilizing IDS’ commercial printing services that leverage centralized volumes through pre-qualified vendors. From simple one-color forms and newsletters to complex 4-color publications, IDS can accommodate almost any request by matching each project with the appropriate vendor at a significant discount. The cost savings from the FY18 listed projects rounds out to \$488,732.00 -- a 27% savings.

Print Operations - Digital/Quick Copy Printing

There are many resources available to produce digital printing services, traditionally referred to as “Quick Copy” services. While many of the services provided by IDS are available at commonplace commercial copy centers, IDS also offers many services that only an in-house copy service can provide. For example, IDS provides:

- HIPPA compliance
- Secure print
- Secure variable data/Transactional printing
- Personalized attention
- Ability to shift work to meet last minute print needs
- Direct access to after-print services, such as mail, which reduces transit time
- Direct CORE billing services
- Quality control

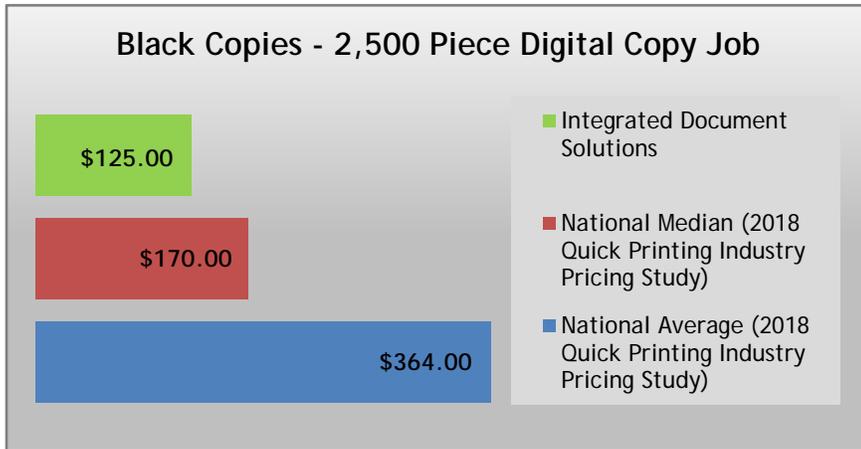
Project 1 – Typical 500-piece digital copy job in color.



Vendor Average
\$361.50

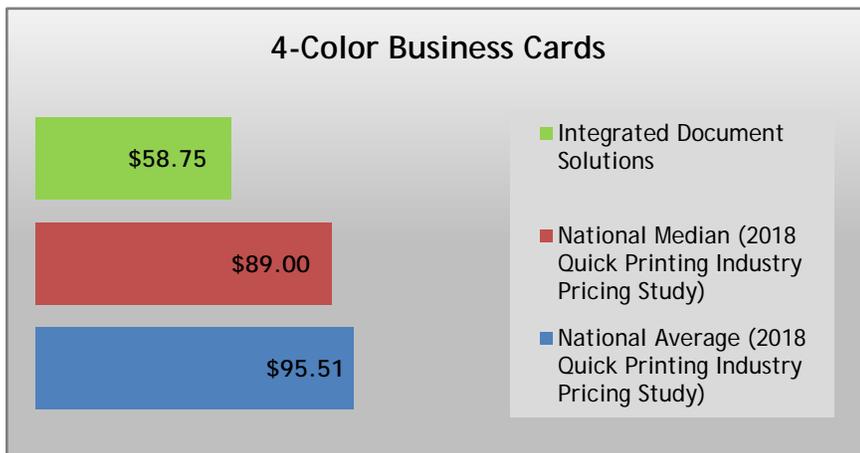
**Average State/IDS
SAVINGS
33.6%**

Project 2 – Typical 2,500-piece digital copy job in monochrome (black).



Vendor Average
\$267.00
Average State/IDS SAVINGS
53.2%

Project 3/Business Cards – Cost of business cards includes the design and printing of 500 cards. Full-color cards are printed on 14pt coated with UV, and color matte cards are printed on 100# matte stock.



Vendor Average
\$92.26
Average State/IDS SAVINGS
36.3%

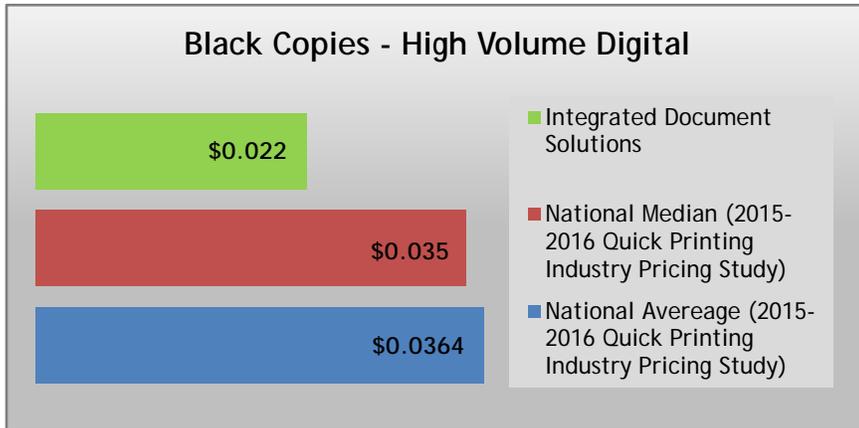
Digital/Quick Copy Printing Cost Savings

IDS saves an average of 38% on digital/quick copy jobs with all copy work provided by IDS for state agencies. The estimated savings in FY18 are based on an annualized volume of impressions multiplied by an average savings per impression of \$0.0137 each, as typically charged by the private sector organizations of like size. The approximate annual savings to the State is \$66,866.

Print Operations - High Volume Digital Printing

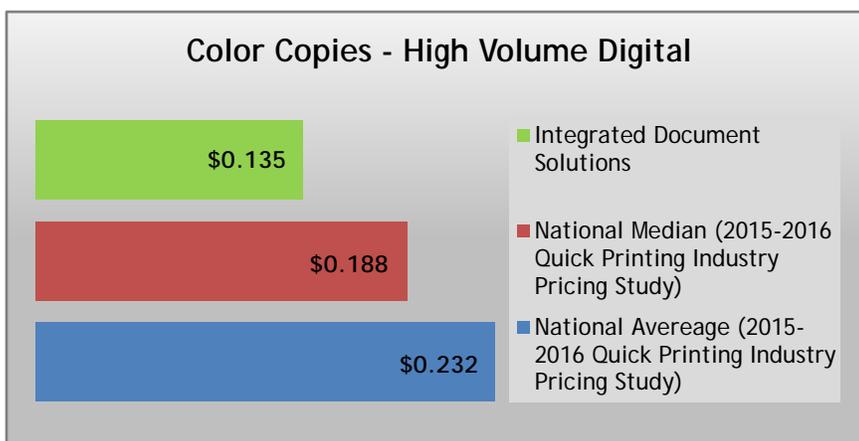
With declining volumes in the overall digital printing business segment, IDS has migrated to Inkjet Web Printing to deliver the highest value to the agency customers. The cost in this area of printing is \$.022 and includes up to 5% color coverage per side printed. In today's commercial segment, and with the youth of the technology, it is difficult to baseline cost-competitiveness/savings.

High Volume Black Copies – per click/impression with 20# bond paper.



National Average
\$0.0357
Average State/IDS SAVINGS
38%

High Volume Color Copies – per click/impression with 20# bond paper.



National Average
\$0.21
Average State/IDS SAVINGS
36%

High Volume Digital Printing Cost Savings

IDS saves an average of 37% on high volume digital jobs with all copy work provided by IDS for state agencies. The estimated savings in FY18 are based on an annualized volume of impressions multiplied by an average savings per impression of \$0.0096 each, as typically charged by the private sector organizations of like size. The approximate annual savings to the State is \$674,326.

Mail Operations/Mail Processing

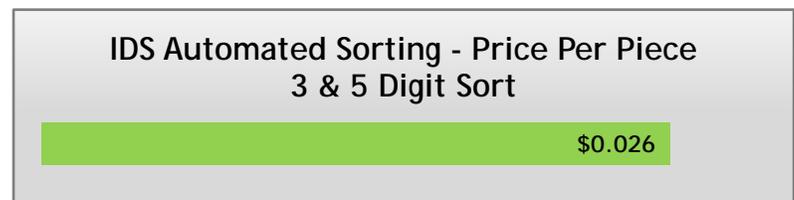
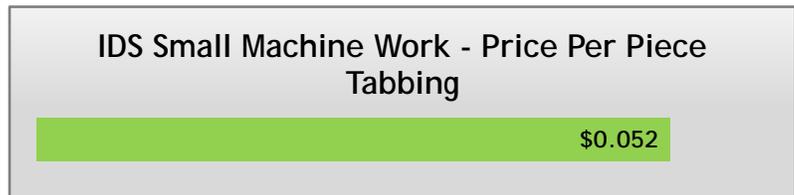
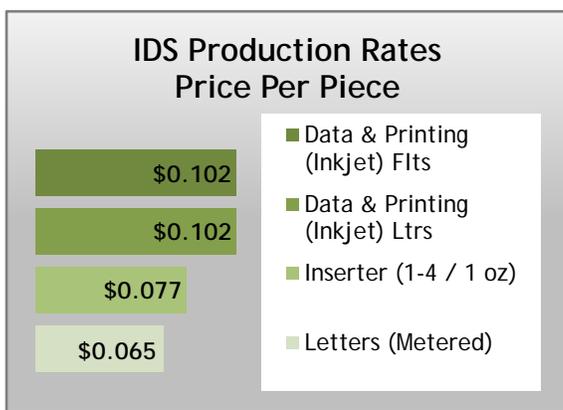
Mail Operations is a full-service mail processing center offering:

- Metering of first-class, presort, and accountable U.S. Postal Service mail
- Automated inserting of letters
- Postal barcoding (presort mailer), enabling customers to get discounted postage
- Inkjet addressing using customer data files
- Parcel shipping with express delivery companies
- Automated folding and tabbing
- Moore Turbo Pressure Sealer for self-mailers
- Professional instruction for state agencies to learn how to design and prepare mailing projects to obtain the most favorable postal rates

A large component of IDS services includes mailing projects. Mailing projects vary from small mailings of 100 pieces to large mailings of 100,000 pieces or more to more complex projects that include hand-inserting mail into envelopes, printing addresses on envelopes, sorting mail for postage discounts, and delivering to the U.S. Post Office. IDS provides custom solutions based on each agency or project’s unique needs. Please note that all project costs include pick-up and delivery with IDS and there are no minimum pieces for mailings.

There is no data published to compare with the National Average. IDS has included the current IDS costs for each of the mail processing services below without comparisons.

Mail Processing Projects:



Postage	Full Rate	IDS 3-Digit Sort Rate	State Savings Per Class	Avg. Pieces	Avg. State Savings
1 oz Letter	\$ 0.500	\$ 0.408	\$ 0.092	15,653,660	\$ 1,440,137.00
2 oz Letter	\$ 0.710	\$ 0.408	\$ 0.302	4,054,035	\$ 1,224,319.00
3 oz Letter	\$ 0.920	\$ 0.408	\$ 0.512	0	
3.5 oz Letter	\$ 1.130	\$ 0.408	\$ 0.722	0	
Postcard	\$ 0.350	\$ 0.268	\$ 0.082	2,640,000	\$ 216,480.00
			Approximate Potage Savings		\$ 2,880,935.00

Mail Processing Cost Savings

Mail operations saves state agencies significant dollars by automating multiple mail functions, using current technologies, and leveraging centralized volumes. In FY18, IDS handled about 23,000,000 pieces of mail, of which the above average 838,388 alone created annualized discounts totaling \$2,880,935.00. IDS customers immediately realize postage discounts.

Office Copiers/Printer Devices

The IDS Office Copier/Printer Program has grown over the years and renamed as the Secure Office Print Ecosystem (SOPE). This program provides quality all-in-one office machines that incorporate functionality of multiple devices, with combinations of the following features to metro-area state agencies at a reasonable price, including supplies and the distribution of paper, based on utilization: printer, scanner, photocopier, fax, and email. Costs are based similar to IDS' digital printing, per click/impression, but instead are calculated on a monthly volume basis.

	IDS	KONICA MINOLTA	RICOH
40-49 PPM Base Lease with following Configuration: ADF – Dual Sided Scanning PostScript Fax Card Three Hole Punch Office Finisher (Collating/Stapling) 4 Paper Trays 48-Month Term	\$ —	\$ 276.03	\$ 189.72
Monochrome Click	\$ 0.023	\$ 0.0072	\$ 0.0082
Color Click	\$ 0.133	\$ 0.049	\$ 0.05
Paper 1 Case of 8.5X11 (5000) 30% PCW Boise	\$ —	\$ 26.97	\$ 26.97
4000 monochrome prints/copies	\$ 92.00	\$ 28.80	\$ 32.80
1000 color prints/copies	\$ 133.00	\$ 49.00	\$ 50.00
DCS User Fee: Total Volume X Total color prints/copies (5,000 X .001)	\$ —	\$ 5.00	\$ 5.00
Total	\$ 225.00	\$ 385.80	\$ 304.49

Office Copiers/Printer Cost Savings

For Fiscal Year 2018, due to the competitive monochrome rate of \$.023, IDS was able to **save our agencies \$250,367.71 in printing costs**. By comparison, having 100 devices based on the configuration listed above compared with quoted rates from Konica-Minolta and Ricoh, the **annual cost comparison savings is estimated to be \$288,348.00**.

IDS SOUTHERN REGION

Data Entry/Keystrokes	\$566,517.98
Imaging/Scanning	\$1,913,182.11
TOTAL SAVINGS TO THE STATE	\$2,479,700.09

Data Entry

Ancillary processes crucial to the successful completion of a data entry project include: training for the specific job, productivity monitoring and job quality oversight, getting the information to and from the customer, development and coordination of IT services, problem solving, quality control, data security, disposal of hardcopy files, and ongoing maintenance of online files.

Total Keystrokes

The total keystroke volume for all projects processed by IDS in FY18 was 180,344,267. Comparisons shown below are for other companies providing the same type of service. Please note, some comparable companies are *located outside of the United States* with these services and typically outsourced to other countries.

Vendor	Vendor Location	Cost Per Hour	Average Keystroke Hour	Calculated Keystroke Cost	Total Project Cost	Total Savings Provided by IDS
Acelerar	India	\$ 4.00	8980	\$ 0.000445	\$ 80,331.52	\$ 965,665.23
Data Dash, Inc.	St. Louis, MO	\$ 20.50	8980	\$ 0.002283	\$ 411,699.05	\$ 634,297.70
EcoPro, Inc.	Irvine, CA	\$ 65.00	8980	\$ 0.007238	\$ 1,305,387.23	\$ (259,390.48)
Flatworld Solutions	India	\$ 6.00	8980	\$ 0.000668	\$ 120,497.28	\$ 925,499.47
Integrated Document Solutions	Pueblo, CO	N/A	8980	\$ 0.005800	\$ 1,045,996.75	\$ 566,517.98
						IDS Average Savings

The Southern Region is also tasked with imaging services for a variety of departments. The team uses high-speed scanners and sophisticated software to capture detailed images for storage and retrieval by the customers. In addition to the scanning of the documents, this also requires meticulous prepping of the documents prior to scanning to insure the highest quality images.

Imaging/Scanning

The rates shown below are for scanning projects only. Using the per piece basis for comparison for individual projects in FY18, IDS saved the State of Colorado an average of \$1,913,182.11.

Total scanned images for individual projects in FY18 processed by IDS, 23,924,745.

Vendor	Vendor Location	Cost Per Image	Total Project Cost	Total Savings Provided by IDS
Advanced Data Solutions	Oldsmar, FL	\$ 0.035	\$ 837,366.08	\$ 198,575.38
Data Dash Inc.	St. Louis, MO	\$ 0.100	\$ 2,392,474.50	\$ 1,753,683.81
Docufree	Roswell, GA	\$ 0.150	\$ 3,588,711.75	\$ 2,949,921.06
EcoPro Inc.	Irvine, CA	\$ 0.230	\$ 5,502,691.35	\$ 4,863,900.66
Staco	Austin, TX	\$ 0.065	\$ 1,555,108.43	\$ 916,317.73
VDOCS Corporation	Seminole, FL	\$ 0.060	\$ 1,435,484.70	\$ 796,694.01
Integrated Document Solutions	Pueblo, CO	\$ 0.027	\$ 638,790.69	\$ 1,913,182.11
				IDS Average Savings



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