



FedEx Kinko's Office and Print Services allow Inova Health Systems, a not-for-profit healthcare provider, to focus on its core business and expand and optimize the services associated with its healthcare operations.

Corporate Profile

Inova Health System (Inova) is a not-for-profit healthcare provider based in northern Virginia that offers acute, surgical, long-term, home, mental and satellite emergency healthcare services. The company was founded in 1958 as a country hospital in Fairfax, Virginia. Today, Inova supports four hospitals, two nursing homes, several family practice centers and a number of emergency room facilities.

In 2002, Inova maintained approximately 1,400 beds, generated revenues of more than \$1.3 billion, and employed more than 13,000 people. It is actively involved in philanthropy programs for the community through the Inova Health System Foundation.

Key Business Issues and Challenges

In 1995, Inova was operating a highly decentralized contracting and procurement department that was spending \$300 million annually for the purchase of all products required to support the hospital, from drugs to copiers to highly sophisticated medical equipment. Eighty percent of the orders were placed by "internal customers" — Inova's employees — who were distributed in 25 physical locations over a 40 mile radius.

Inova was operating an underutilized in-plant print shop that housed four offset presses, including two color presses and two high volume copiers. The operation was inefficient, plagued by long delivery cycles, and cost Inova between \$2.5 and 3 million annually to maintain the equipment. In addition, according to Gary Wagner, Inova's Assistant Vice President for Materials Management, Inova was using "every quick copy company in northern Virginia" and generating more than 20-25 million quick copies per year.

Mr. Wagner was hired to oversee the purchase, inventory and distribution of equipment and supplies throughout the hospital system. He analyzed the supply chain processes and determined that a more effective information system was needed to support Inova's procurement and distribution requirements. In addition, he decided to outsource the company's document services so that his organization could concentrate on the procurement and distribution of materials that are critical to Inova's operational success and performance as a healthcare provider.

Solution

Mr. Wagner closed the print shop and began a search for service vendors who could meet the company's document services needs on an outsourced basis. Once identified and contracted, Mr. Wagner formed a team with representatives from each organization and relied on their combined expertise to delineate the work among the three firms and develop the processes necessary for supporting Inova's document production requirements.

- MasterPrint, a commercial printer, was selected to produce documents that require offset print quality. MasterPrint employs three individuals who are dedicated to supporting the Inova account. Inova spends approximately \$1.5 million annually on commercial printing, primarily for marketing and promotional materials.
- Moore, the forms vendor, was hired to produce and manage Inova's multi-part forms needs. At present, very few forms are electronically stored and accessed, although Inova hopes to move in this direction. With Moore's assistance, however, Inova was able to consolidate its forms inventory from over 10,000 forms to approximately 3,500 forms.
- FedEx Kinko's, a document services provider, was chosen to manage all of Inova's digital printing and copying needs that were not met in-house at available walk-up devices. Inova spends more than \$1.0 million annually producing reports, presentations, newsletters, and brochures at FedEx Kinko's facilities. In addition, FedEx Kinko's provides design, layout and format consulting services to Inova's employees.

At the commencement of its relationship with Inova, FedEx Kinko's initiated a needs assessment to determine how best to support Inova's document requirements. The company analyzed the costs associated with Inova's existing document workflow, machine utilization rates, monthly document production volumes, typical document profiles, supplies consumption, manpower and billing procedures. Based on its findings, it established an on-site and off-site strategy to support Inova's document needs, placing customer service and production resources both on-site at the Inova facility and at a nearby FedEx Kinko's facility.

The strategy consists of an on-site account manager who understands Inova's business practices and takes a consultative approach to standardizing and streamlining the document production processes. This individual is also responsible for document pickup and delivery at strategic physical locations throughout the Inova Health System network, which consists of four hospitals and 12 ancillary locations. The account manager acts as a liaison between Inova and local FedEx Kinko's branches, coordinating among them on a daily basis to assure the timely production and delivery of all Inova's materials. Ninety-five percent of all jobs are picked-up at 10 a.m. each morning and returned by 2 p.m. the same day.

A standardized price list determines the cost of each job, enabling Mr. Wagner to better control, monitor and manage document production expenses. In addition, document quality control has significantly improved. According to Mr. Wagner, "The level and consistency of output quality surpass that that was achievable in the in-plant print shop."

Results

- Discontinuing the in-plant operation significantly altered the workflow within both the procurement department and the hospital. The print shop closure freed resources, both financial and labor, and allowed the procurement organization to focus on optimizing systems and procedures in other areas within its operation. Furthermore, the freed work space was used to expand hospital services, enabling Inova to refine operating efficiencies, improve healthcare services and generate incremental revenue.
- In addition to the estimated \$2.5-3 million saved in equipment maintenance in the print shop, outsourcing document services to FedEx Kinko's was estimated to save the company approximately \$1 million as it was able to consolidate its business with one vendor, eliminate underutilized output devices and control document production costs more effectively.
- Finally, the level of internal customer satisfaction with the document production process has risen. Previously accustomed to lengthy delivery cycles and inconsistent document quality, Inova's employees have expressed satisfaction with FedEx Kinko's healthcare document solutions. A recent survey of Inova employees indicated that 75-80 percent of those who use FedEx Kinko's services felt that the company met or exceeded their expectations in terms of timely, quality document delivery and professional consultative services.

Concluding Thoughts

Outsourcing gave Inova employees access to advanced document services, while not burdening the organization with the need to invest in the development of in-house expertise in this area. Eliminating the in-plant print shop enabled Inova to focus on its core business and expand and optimize the services associated with its healthcare operations. This move also allowed the procurement organization to concentrate on reducing costs and developing systems that created stronger, more efficient purchasing and distribution processes for the Inova healthcare network.

As for the future, as a result of the consistent and improved quality of documents produced by FedEx Kinko's on digital printers and copiers, the company is considering transitioning many of its commercially produced materials to digital for cost, quality, and turnaround reasons. According to Mr. Wagner, "The level of quality achievable on digital printers for brochures and other promotional materials is on the fringe of commercial printing quality. We would like to assess the digital issue and, perhaps, transition more of our document production to digital devices."