

Case study

Allied Document Solutions and Services increases profitability



HP Partner reduces service calls, service costs and expenses with Original HP Supplies

Industry

Technology services

Objective

Reduce service costs, while improving customer relationships

Approach

- Transition customers to Original HP Supplies

IT matters

- Educate customers on total cost benefits with Original HP Supplies and Certified HP Genuine Long-Life Consumables
- Reduced number of service calls 43% due to Original HP Supplies
- Cut toner cartridge returns by 71%

Business matters

- Reduced service costs by 59%²
- Engaged at a higher level with customers and built long-term contractual relationships
- Improved profitability, with revenue up 23%, gross profit up 36% and operating income up 102% year-over-year³



“We want to provide customers with Original HP Supplies. We reduce service costs, provide better reliability and lower pricing – which all helps grow our business.”

—Rob Richardson, owner and founder, Allied Document Solutions and Services



Enhancing customer service with Original HP Supplies

Allied Document Solutions and Services, a full-service imaging and printing solutions provider collaborates with HP to enhance and expand the service it offers its customers. With increased focus on service, the partner has transitioned from remanufactured and compatible cartridges to Original HP Supplies, which has reduced service calls 43%, decreased toner returns, cut service costs, and helped boost profitability.



Tough competition

Allied Document Solutions and Services is a full-service imaging and printing solutions provider, including providing consumables, printer repair and preventive maintenance, and equipment such as printers and copiers. It has attained the status of HP MPS (Managed Print Specialist) partner, and works with customers in the Delaware Valley region of the US.

When it started out, ads-s sold toner and paper, but found business tough.

“As a small independent at the time, it was difficult to compete, quite frankly, so we started selling generic, remanufactured supplies to lead with price.”

—Rob Richardson, owner and founder, Allied Document Solutions and Services

Expert resource

As well as selling supplies, ads-s started to offer service to its clients, and this in turn led to selling of printers and other equipment from HP. ads-s has taken advantage of the resources provided by HP to its partners to expand its offerings, and to provide Managed Print Services (MPS) to its clients.

“Any new business for sure goes to Original HP Supplies, and we’ve converted many of our existing MPS clients.”

—Rob Richardson, owner and founder, Allied Document Solutions and Services

“As we grew with HP, their programs also grew, and we could access new resources,” says Richardson. “This meant we could engage at a higher level with customers, and became viewed more as an expert – which enabled us to build long-term contractual relationships, rather than being just ‘the toner guys’, who are easy to replace.”

Original HP supplied boost competitiveness

As its service has evolved, ads-s has moved away from remanufactured toner, and now offers Original HP Supplies and long-life consumables as part of managed printing.

According to Richardson, he has seen a significant decrease in labor costs due to fewer service visits, by shifting to Original HP Supplies, as well as higher page yields which also contribute to lower costs. He comments, “I know I can achieve better margins and we can be priced more competitively in the market.”

“If I’m buying a compatible for less per unit, with all the other variables that come into play, the overall cost is still much more. We want to provide customers with Certified HP Genuine Long-Life Consumables because we reduce service costs and can provide better reliability and lower pricing.”

—Rob Richardson, owner and founder,
Allied Document Solutions and Services

Refurbished products fall short in delivering savings

Recently, a hospital customer wanted to continue purchasing fuser and maintenance kits online after a price comparison of refurbished kits and Certified HP Genuine Long-Life Consumables. “These maintenance kits are much like toner. If you pay less, you get less,” he explains. “The yield of the refurbished products is simply less,” Richardson states, “and it’s easy math.”

The ads-s team asked their customer to look up a few simple numbers for a small sampling of randomly selected printers. The number of online refurbished maintenance kits installed was compared with the number of HP Genuine kits that would have been required. The HP quantity was based on yield ratings and consistent yield performance.

“While this was a small sampling, the numbers are eye-opening,” Richardson notes. “In one example, the customer purchased 90%⁴ more kits by ordering refurbished. In another example, the quantity needed was 64%⁵ more.”

With refurbished or remanufactured toner and parts, there is a perception of lower cost. But if—as with this customer—the yield requires nearly twice as many consumables, the math simply erases any alleged gain. “The promise of savings isn’t real,” he explains, “and we’re working with our customers to outline total costs and long-term efficiencies.”

Reducing costs, improving satisfaction

By moving to Original HP Supplies, ads-s has found toner cartridge returns due to defects have reduced by 71% and service costs have dropped 59%. As well as the cost of the toner itself, this saves the cost of overnight shipping for a replacement and the associated paperwork, as well as improving customer satisfaction.

Print quality is impacted by the supplies used and Original HP Supplies have improved quality and reliability for customers ads-s has transitioned to HP, Richardson explains, “Previously, we were trying to diagnose an issue on the phone, and inconveniencing the client with that conversation trying to determine whether it’s a bad toner or not—it could be leaking, could be a spot on the page, could be ghosting, it could be a dozen or so different variables.”

Overall, working with HP, and in particular its recent transition to Original HP Supplies, has helped ads-s build its business, with revenue in the current year up 23%, gross profit up 36% and operating income up 102%³.

“We’re in as good a position now as we’ve ever been,” concludes Richardson. “We’ve had growth year over year, and the first four months of this year were just tremendous.”

We’re leveraging HP programs and we’re going as far as we can. As we grow, we’re growing with HP.”

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¹ 2016 data comparing partner’s returned cartridges annually of compatible cartridges and Original HP

² 2016 data of service calls to largest customers year over year with compatible cartridges and Original HP

³ Year-over-year comparison Q116-Q117 with transition to Original HP Supplies.

⁴ 19 refurbished kits installed in one year compared with 10 Certified HP Genuine Long-Life Consumables.

⁵ 18 refurbished kits installed in one year compared with 11 Certified HP Genuine Long-Life Consumables.

