

The Daily Telegraph

NO. 43,733

MONDAY, JANUARY 29, 1996

BUSINESS MONITOR

Contract out on copier costs

Andrew Griffiths on one man who can save companies millions on photocopier deals

COMPLAINTS about expensive photocopier leasing and service contracts have died down in the UK, but if the success of a cost consultant working in America is anything to go by, many companies are still likely to be paying over the odds for their copies.

Following the Office of Fair Trading inquiry into the UK photocopying industry which uncovered unfair practices and led to a number of changes, contract consultants have sprung up offering some protection.

Their revenues are unlikely to match those of Matthew Smith, a former Xerox employee who within two years of starting on his own became a millionaire from simply reading the small print on behalf of large corporations and public authorities.

Mr Smith's client list includes Chase Manhattan Bank, investment firm Prudential Securities, accountant Deloitte & Touche, Sony Music & Entertainment, 21 hospitals and two New York City district authorities.

His consultancy, Copywatch, does not charge a fee but takes 50pc of any savings. Revenues this year

are expected to top \$5m (£3m). At the United Nations, a saving of \$1.2m relating to 209 photocopiers was identified and the existing supplier replaced. Xerox Corporation repaid \$500,000 to Skadden Arps, Slate Meagher & Flom, one of America's largest law firms, after an accounting error was identified.

Act Up, an Aids charity, had a \$60,000 debt written off by the supplier, and New York's Triborough Bridge & Tunnel Authority had service and maintenance charges reduced by \$26,000. Mr Smith says he can earn \$75,000 from a typical hospital contract and up to \$250,000 from major corporations.

Copier companies, he claims, can overcharge by up to 70pc by loading unnecessary or excessive expenses on to the service element of the deal and, having studied British contracts, he believes the practice is prevalent in Britain. "In my opinion the contracts are even more onerous than in the US," he said.

Mr Smith was first alerted to the ability of photocopier salesman to do their job rather too well when he discovered what his son's New



On guard: Matthew Smith claims photocopier companies can overcharge by up to 70pc

Picture: MARTIN DELEON

York school was paying for photocopying. First as a campaigner on behalf of educational establishments and other public bodies, and then as a full-time consultant, Mr Smith has used his inside knowledge of the industry to take on the big manufacturers and their salesforces to get a better deal for clients.

The key to the service is being able to cut through the dense verbiage of invoices,

maintenance contracts, rentals and lease agreements to establish what is being paid in terms of the cost per copy. Most contracts work out around 2c (1.3p) per copy, but Mr Smith says the industry average is 1c (0.66p) and this is what most large organisations should pay on either side of the Atlantic.

The job is not without drawbacks. Mr Smith has received death threats but

says he does not expect to be friends with photocopier salesmen. "Most purchasing managers don't want to hear from me because what I find usually reflects on them badly," he said. "I go straight to the finance directors who make the decisions."

However, when contracts have been renegotiated and directors realise how much Copywatch has earned, there sometimes can be a reluc-

tance to pay in full. That is why he employs a lawyer to enforce his own contracts.

● The Office of Fair Trading recommends photocopier users should contact the following organisations if they are concerned about contract terms. The Finance & Leasing Association, 0171 491 2783; Federation of Electronics Industries, 0171 331 2030; Photocopier Suppliers Association, 01865 341944.