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Barryville man saves PA House millions

By FRITZ MAYER

HARRISBURG, PA — Even in this electronic computer age where almost everything is stored digitally, paper copy machines are still a huge business. In fact, the demand for paper has only grown since copying machines went digital.

Barryville resident Matt Smith is president and CEO of Copywatch, a company that looks for abuses in copying contracts that large institutions and organizations maintain with copying companies. By his estimation, since 2000, when copying machines went digital—and Smith initially thought he might be out of business—demand for paper has gone up ten-fold, that despite the reality that just about all copiers now contain technology that would allow access to documents with no printing at all.

In any case, Smith's company was in the news in Pennsylvania back in May because it had arranged a negotiation between Xerox and the Pennsylvania House of Representatives that, in the end, extricated the House from its contract with the copying giant. Smith says there were 440 copiers and just about all of them had separate leases with Xerox that all expired at different times.

The cost of getting out of the agreement was \$5 million to Xerox, which Cannon agreed to pay to its rival in return for getting a contract with the House to provide new copiers. It did so at a much lower cost than Xerox would have charged had CopyWatch not been brought in to examine the entire situation.

The deal between CopyWatch, the House and Cannon had actually been set in place in February, and Xerox was not pleased. A couple of months later, one of their executives sent out a letter to each of the 203 members of the House criticizing the Cannon deal, in part because it was not obtained through a competitive bidding process. Yet Xerox had served the House for the previous 20 years also through a no-bid process, and admitted to over-billing the House in the process. According to Smith, had CopyWatch not examined the leases and business as usual continued, "Xerox would have overcharged the House by more than \$19.2 million over the next 10-year cycle."

In the letter to House members, Xerox pointed out what it thought was the excessive fee CopyWatch would earn for its efforts: the company's contract called for it to earn 30% of any savings found in the first five years of the new contract.

That works out to a lot of money, but House Chief Clerk David Reddecliff said in a quote to ABC News, "If somebody wants to beat me up over saving \$3.2 million versus saving \$4.3 million over the next five years, OK, but I'm still saving money."

Xerox ultimately offered a new deal that was competitive with what Cannon was offering, but Reddecliff chose to go with the Cannon arrangement.

The deal has led to more business for CopyWatch in Pennsylvania, but Smith says it's not always easy to get a foot in the door with this kind of proposition. Often people in charge at large organizations don't want to look at the cost of copying and leases because if deficiencies are discovered, the appearance will be that the officials have not been doing their jobs. Smith said it's almost always the case that the problem is with the copying company, and not with the organization.