

Miller Drug
Norm Hill
210 State St
Bangor, Maine 04401
Five-Year Basis beginning with the 2014/2015 Fiscal Year

Copies-per-Year: 2,251,005

Present vs. Proposed Recommendations as of 5/1/14

PRESENT SITUATION

- 1) Guarantees on Photocopiers...**None**
- 2) Annual Price Ceilings Left... **None**
- 3) High Volume Console Units...**None**
- 4) Units to be Traded...**30**
- 5) Photocopiers...**6**
 Computer Interfaced...**6**
- 6) Network Printers....**32 w/ 7 Color & 5 Ink Jet**
- 7) Color Photocopiers Networked ...**0**
 Total number of Units...**38**
- 8) Duplex's...**6**
- 9) Sorter's...**38**
- 10) Finisher's...**4**

PROPOSED SITUATION

- 1) Guarantees for both New, Recons & Used Photo's...**Five+ Years**
- 2) 5% or CPI Annual Ceilings, whichever is less...**Five+ Years**
- 3) High Volume Console Units with 3 Million plus...**2**
- 4) Replaced **30 New**
- 5) Photocopiers...**12**
 Computer Interfaced...**12** with Print &-Or Color Scan with Hard Drive
- 6) Network Printers...**26 w/ 4 Color Laser Units**
- 7) Low Cost Color Photocopiers Networked...**6**
 Total number of Units...**38**
- 8) Duplex's... **30**
- 9) Sorter's... **38**
- 10) Finisher's... **4**

Overall Description of Equipment Fleet:

Presently, you have **Four different Manufacturers & Twenty-One of different Models of Low end Network Printers that are costing you from \$0.12 for Ink Jet & \$0.035 per black print. Color prints are costing you as high as \$0.40 per print! The new arrangement will shift to One manufacturer for Printers... Lexmark with one vendor Budget Business Machines servicing everything.** This will greatly reduce cost and improve reliability.

Capital:

Presently, you have **No** lease. With the new arrangement, you will have **one** master lease. Your first of twenty quarterly lease payments will be due on August 1'st 2014. A down payment of one quarter (Last Quarter) will be required upon signature.

Service & Supplies:

Considering all of your consumable cost centers including service you are averaging **\$0.0316 for black and \$0.344 for Color.** The new contract will come in at a CPC of **\$0.0091 for Black and \$0.10 for Color....**(The color Cost should be lower the more you shift volume over to Copiers since your color CPC on copiers is under 5 cents per print!)

Vendor Packages:

SPC has brought to you **Seven** different vendor combinations, matching up the best technology available to meet your needs. We would like to highlight the most qualified bid combination, which is **Budget with Lexmark Printers & MFP's as well as Four Konica Minolta High End Copiers.**

<u>Cost Center</u>	<u>Present</u>	<u>Proposed</u>
1. Service & Supplies Color Photo only	\$13,750.00	\$4,000.00 *
2. Service & Supplies Black Photo only	\$69,869.91	\$20,125.62 *
3. Annual Lease Amount	\$00.00	\$15,521.44 (\$3,880.36 per quarter)
4. Forced Upgrade	<u>\$11,450.00</u>	<u>\$00.00</u>
Totals	\$95,069.91	\$63,157.20
Annual Cost Savings		\$31,912.71
Five Year Cost Savings		\$159,563.55

***Note: The Proposed cost is based on doing 2,251,005 copies per year. If the volume goes down it will be less. If it goes up it will be more. This is a blanket contract that invoices you for what you use only with no minimums or maximums. The contract allows you to add equipment as needed.**

The successful bidders will have a blanket servicing contract that includes all consumables excluding only staples and paper for all of the equipment that is under their factory authorized ability to service. They will provide one easy 'Cost per Copy' billing plan done twice a year in July & January with a reconciliation invoice in June. Your service contract will be fixed through **June 30th 2015**. A contract extension has been negotiated for four more years, which will have an annual price ceiling of five percent or CPI, whichever is less. You however, only commit funds for one-year at a time to the servicing vendor. And even this scenario allows you to upgrade, lowering the service costs, if it is to your advantage to go out to bid at any time. SPC will set up both the service- supply contracts and the warranty cards with the successful bidding vendors.

Security package: Wiping out old data on trade out units has been included in the package.