ELIMINATE GLOBAL LABELING CHAOS

How to Scale Your Labeling to Keep Pace with Business Growth

LOFTWARE™

LABELING CHALLENGE SERIES

Global Expansion Represents a Labeling and Logistics Challenge

The rise of mass communications and ubiquitous high-bandwidth connectivity means that global expansion is in reach for larger numbers of organizations. Global trade has grown at double the rate of global output since 1980, leading the ever-more complex supply chains[i]. Not least among the resulting challenges is the issue of labeling – namely, being able to meet the increasing variability in labeling that is necessary to comply with global regulations and language requirements. If not dealt with in an efficient manner this type of increased complexity can lead to supply chain disruption resulting in fines and customs delays.

Imagine a company that's headquartered in the US with a manufacturing facility in Malaysia that needs to place an order from a factory in China to be delivered to distributor in the UK. This configuration of vendors, branches, and suppliers is something that's not only possibly but increasingly common in a globalized world. However, you'll need the right supply chain strategy and the right enterprise solutions in place to ensure that can happen efficiently.

It is still difficult to set up supply chain and informational links between remote facilities, as well as suppliers and partners. To manage any new challenges and complexities, companies will need to have a comprehensive Enterprise Labeling Solution in place which can ensures the following is part of a streamlined and efficient process:

- The office in Malaysia must be able to produce accurate and consistent labels which meet corporate guidelines.
- The headquarters in the US must maintain the ability to provide label templates and be able to review and approve regional labels.
- The Malaysia office must be able to transmit the label to the factory in China with accurate instructions including any content or regulatory information required to meet regional guidelines.
- The manufacturer must correctly interpret the instructions, print the label correctly, and then affix it to the product or its packaging.
- Upon arrival, the label must pass scrutiny from customs inspectors in both the UK and the European Union.

i Deloitte, "Global Supply Chains and the Path to Inclusive Growth," July 2014.

Increased Complexity Can Trip Up a Supply Chain

International linkages aren't the only thing increasing complexity. Mass customization has become increasingly popular, with over a quarter of US customers having purchased a personalized product in 2018*. This has forced manufacturers to produce smaller production runs of products, more frequently, with more SKUs and more specialized products. Each new product and accompanying label represent a new opportunity to make a mistake.

*eMarketer, "Fashion Is Popular for Mass Customization," June 2018

Even a drastically simplified chain of events is at least five steps long, and any mistake during any part of this chain can result in fines and shipping delays. The label has the dual purpose of demonstrating to regulators that a product can be legally shipped within a given economic market, while also allowing distributors, shipping partners, and manufacturers to track the product within their inventory. If the label is wrong, all that effort falls flat.

This is why, as your business expands, you need the flexibility to scale your labeling to meet new business requirements. Whether you need to add more locations, increase print volumes, manufacture new products, or comply with evolving regulations, you must adhere to corporate labeling standards and keep up with high volume labeling and expected print speeds. Deploying labeling centrally allows you to maintain consistency, while enabling global locations to solve their unique needs. Ultimately, finding a labeling solution that offers centralized control and ensures consistency, while maximizing regional flexibility is key in enabling businesses to scale rapidly to meet the challenges of global expansion. However, there are a range of hurdles that stand in the way for many businesses today.

Managing Redundant Labeling Solutions

It's not uncommon for large global organizations to have employed multiple approaches for labeling across their supply chain. This is generally the result of decentralized decision-making around solutions or due to the acquisition of companies that had deployed alternative labeling approaches. The challenge with this type of mixed approach is that they experience the best and the worst of all of those solutions combined and lack a single consistent labeling approach that can be easily maintained and replicated.

Companies that deploy multiple solutions must deal with an increased maintenance level to accommodate all of the varying platforms. This of course requires readily available access to IT resources, which cost time and money. Additionally, these companies run the risk of not having the specific solution knowledge to react to critical business requirements.

This limited flexibility means there is no single platform for growth. This of course has a direct impact on a company's ability to scale globally. So, let's return to our example above – which involves a headquarters, a remote manufacturing facility, a Chinese manufacturer, and a distributor in the UK. What are some of the specific hurdles involved in designing, and printing the necessary labels? In this hypothetical, the headquarters and the manufacturing facility are running two separate labeling solutions. The manufacturing site is the remnant of formerly separate company that was brought in via acquisition. Its labeling solution is a legacy product that can't connect to the headquarters central data. Workers at this site create labels from a template that was emailed from headquarters. Meanwhile, the headquarters has limited visibility into what final label variations look like and whether or not they are meeting all of the corporate guidelines.

It's easy to see how errors and ultimately mislabeling can creep into this process. International shipping regulations change all the time – along with customer requirements – it would be easy for workers at the remote location to update labels from an out-of-date template considering that they may not be drawing on accurate and consistent data which is stored at the corporate location. However, by eliminating redundant capabilities – standardizing their labeling solution and centralizing control, our hypothetical company can cement its ability to provide accurate high-volume global label printing across their enterprise.

Extending Labeling to Partners and Suppliers

One of the biggest shifts that globalization has wrought is that a single factory will no longer produce an entire completed product. Vertically integrated factories have been replaced by what's now known as intermediate inputs. Rather than having an entire product built in China, for example, it's now much more common to have the product constructed as three different sub-assemblies in three different factories (which can be anywhere in the world) before finally being integrated and shipped. Within the Organization for Economic Cooperation and Development (OECD), intermediate inputs now account for over half of all imported goods[ii].

ii Carnegie Endowment for International Peace, "The Rise of Trade in Intermediates: Policy Implications," February 2011.

There are many moving parts involved in receiving and processing shipments from suppliers and the costs involved can be staggering. One of the biggest expenses is the relabeling of inbound supplies and materials that occurs all too frequently at the receiving docks. It's a time-consuming endeavor that costs millions in labor and materials. In example, some companies can spend up to $2 million USD per year when they reprint labels on goods that arrive from suppliers[iii].

It's also quite common to see stacks and stacks of parts, materials, components, even chemicals put aside at manufacturing plants waiting to be properly identified, relabeled and moved on in the process—either to production or warehousing. And that leads to another significant cost. With these valuable supplies left in limbo until they can be relabeled, manufacturers must keep more safety or buffer stock to compensate for the lag in receiving inbound materials. Running out is simply not an option so companies are forced to keep extra supplies on hand—and pay for it, too, in the form of escalating carrying costs. Upwards of tens of millions of dollars a year.

Now imagine a different scenario where your supplier remotely accesses and prints your labels. By leveraging data directly from your ERP and merging it with supplier actions, you ensure that inbound materials are labeled and formatted the right way—your way, securely. Receiving quickly scans and processes shipments without delay, eliminating the need to store so much additional supplier managed inventory. In addition, you can track goods with unprecedented visibility to respond faster and smarter to fluctuations in supply and demand.

Global companies need to be able to seamlessly provision their manufacturers and supply chain partners, instant access to their labeling solution. This will enable the company to ensure that parts and raw materials are all sourced from vetted suppliers, will ensure that upstream parts can be made available for downstream use, and will ensure rapid traceability in the event of a recall. A comprehensive Enterprise Labeling Solution can offer efficiencies to manage challenges associated with the rise of intermediate inputs, allowing manufacturers and distributors to manage supplies without relabeling, saving on time, materials, handling, and storage costs.

iii Loftware, "Stop Relabeling, Start Recouping Millions in Working Capital," September 2016.

What is Enterprise Labeling?

Global companies are taking a different, “enterprise-centric” approach to labeling. These leaders see the strategic value of standardizing and integrating labeling with business processes across business lines and geographies. Enterprise Labeling for today’s complex global supply chain meets all your labeling needs offering a platform that ensures consistency, maximizes flexibility and scales with your business.

Changing customer requirements, changing regions, changing regulations and changing products all impact labeling. These all must be met in a quick and cost-effective manner. Enterprise Labeling gives the power to master labeling variations by automating and applying advanced logic to all labeling processes. With dynamic labeling you can maximize support for countless label combinations with minimum cost and effort.

In highly-regulated marketplaces, organizations must be able to consistently keep pace with evolving regulations. Enterprise Labeling allows firms to comply by making label changes to formats, barcodes, logos, languages, and content including quickly and easily adding industry-specific warnings, product information and even color to meet global and regional requirements and avoid risk of financial penalties.

Integrating labeling with enterprise applications lets organizations leverage their business processes and ‘sources of truth’ for label data. Certified integration lets companies automate labeling so they can improve efficiency, accuracy and avoid costly mislabeling.

Ensuring Regulatory Compliance

The effect of regulations and emerging standards can have a significant impact on business as supply chains become more global and complex. Labeling is a specific area where constant change is necessary to comply with these evolving standards, especially those where labeling and identifying parts and packages can play a critical role to consumer safety. Adhering to regulations that define how products are developed, marketed, shipped, and disposed is essential to avoid fines, retain customers, enter new markets, and in some cases, remain in business. Changing customer requirements, changing regions, changing regulations and changing products all impact your labeling. Products intended for different markets will require labels in different languages that are designed according to different regulatory regimes. Accordingly, all facilities and suppliers should be able to generate labels for products shipped to these markets, without requiring special skills. Business users should be able to create an accurate label for a designated market without calling someone in IT.

The best way to master all of these labeling variations is by automating and applying advanced logic to your labeling processes. With dynamic labeling you can maximize support for countless label combinations with minimum effort. This allow you to leverage the data from your systems of record and configure rules that dynamically change label content based on that data. Rather than manually researching the legalese and pictograms necessary for a label in a given region, a user could simply select a country from a drop-down menu, select the nature and quantity of the products being shipped, choose the country of origin, and then receive a completed label design. Also, by enabling business users, changes and updates can be made by business users in hours or days rather than months so that requirements can be met in a timely fashion.

In this highly-regulated global marketplace, you must be able to consistently keep pace with evolving regulations. Enterprise Labeling allows you to comply by making label changes to formats, barcodes, logos, languages, and content including quickly and easily adding industry-specific warnings, product information and even color to meet global and regional requirements.

Overcome Supply Chain Pain Points with Enterprise Labeling

By standardizing across your global enterprise with a comprehensive Enterprise Labeling Solution you can cope with the challenges of a global supply chain and scale your labeling to meet your business growth. A comprehensive Enterprise Labeling approach provides the benefits of:

Continuous Operations

Multi-site capability enables companies to standardize labeling across their global operations while reaping the benefits of centralized and decentralized deployment models. Business users at facilities including manufacturing plants, contract manufacturer sites, warehouses, and distribution centers can manage labeling independently when required, while accessing standard and approved label data and templates from a company's central location. This empowers facilities to run without depending on a full-time connection to headquarters while ensuring that they comply and stay current with corporate labeling standards. Companies can have users at facilities access labeling deployed at headquarters with the ability to failover to a local instance when connectivity to headquarters is disrupted. This means that label templates and devices are maintained at the central site and transactional data is synchronized based on a schedule for each facility or once connectivity is regained.

Security and Control

Allow business partners, branch offices, and manufacturing facilities to access verified, trusted label content. Role-based access control allows administrators to easily manage users and groups as business conditions demand. Enabling centralized control and global oversight while allowing local administration of users, printers and labels enables seamless collaboration for extending labeling activities to suppliers, partners, vendors, and other 3rd parties involved in the labeling processes.

Unlimited Print Performance

Optimize barcode label printing across your global network of printers and locations to print millions of labels a day across hundreds of global sites with a single deployment. Also, your solution should offer native printer drivers which support thousands of printer makes and models across your diverse global universe of printers. These native drivers minimize print streams and reduce network traffic to maximize print speeds, do not need to be installed or maintained locally like Windows printer drivers. By optimizing print performance and reducing maintenance efforts, native drivers help you save substantial time and money. You also gain visibility into the status of your print devices providing the ability to control them at both the global or local level. Also, remote printing capabilities enables you to print over the internet without relying on network connectivity to printers. This allows you to extend printing to remote sites and supply chain partners while maintaining the same level of performance and quality as when printing to networked devices.

Loftware, Your Labeling Partner

Loftware offers these capabilities and more with Spectrum, a cloud-based enterprise labeling solution that stands up to the complexities of a global supply chain. Spectrum lets manufacturers and vendors access approved label designs enabling them to start printing directly from the cloud in just moments - fast enough to meet the needs of customers who demand faster response times than ever before.

Loftware Spectrum is the only all-in-one labeling solution to be delivered completely via browser-based interface and in the cloud. Loftware Spectrum® redefines how enterprises create, manage and print labels, enabling organizations to seamlessly implement, deploy, maintain and scale their labeling operations across their entire global network. Configured for your specific needs, our comprehensive digital platform offers unmatched performance that ensures accuracy and consistency, while maximizing flexibility and offers unmatched expertise, service and support.

With Loftware, companies can reduce risks, cut costs, and ship their products more confidently in a complicated world. For more information, reach out to one of our representatives today at loftware.com.

Loftware is the global market leader in Enterprise Labeling and Artwork Management solutions with more than 5,000 customers in over 100 countries. Offering the industry's most comprehensive digital platform, with SaaS, cloud-based and on-premise solutions, Loftware redefines how enterprises create, manage and print complex labeling and packaging artwork and scale across their operations. Loftware solutions integrate with SAP®, Oracle® and other enterprise applications to produce mission-critical barcode labels, documents, RFID smart tags and packaging artwork. Our combined platform – whether for labeling, artwork management or both – enables customers to uniquely meet regulatory mandates, mitigate risk, reduce complexity, ensure traceability, improve time to market and optimize costs as they meet customer-specific, brand, regional and regulatory requirements with unprecedented speed and agility.

LOFTWARE™
ENTERPRISE LABELING SOLUTIONS

US • GERMANY • UK • SINGAPORE WWW.LOFTWARE.COM