



MAKING THE CASE FOR ENTERPRISE LABELING

Why Savvy Companies Are Investing in Enterprise Labeling



LOFTWARE™

WHITE PAPER

AN OFTEN-OVERLOOKED WAY TO IMPROVE YOUR BOTTOM LINE

Labeling has always been mission critical. After all, without labeling goods don't move. But the complexity of today's supply chain environment – multi-node, intricate, global – puts extra pressure on labeling to perform. From component suppliers through finished goods manufacturers, then on through multiple distribution layers until the end customer is finally reached, your supply chain likely covers a lot of ground and crosses many borders. As each border is crossed, there are new regulations that must be complied with. The government regulations that organizations must contend with are continuously evolving, as are the regulations that are specific to an industry. Labeling is integral to the supply chain at all levels and is tightly intertwined with all these regulations. Factor in the labeling requirements that are set by suppliers/customers along the chain to meet their particular needs; increasingly intense competition that puts a premium on rapidly responding to those needs; and the digital transformation of businesses in all sectors, and it's easy to see how labeling mirrors and bears the brunt of the complexity of the overall supply chain.

Today's supply chain challenges are fierce. The right labeling solution stands up to these challenges and delivers demonstrable economic value. Organizations that deploy enterprise labeling are able to achieve ROI by reducing excessive label management efforts, eliminating error-prone manual labeling processes, minimizing their relabeling efforts, and avoiding costly compliance-related fines and customer penalties.

Still ignoring labeling from the enterprise perspective? You're wasting money.

Despite how critical labeling is to the supply chain, there are still many organizations that haven't moved to an enterprise-wide approach to labeling. Different production facilities, warehouses, and distribution centers in multiple locations are often taking their own separate approaches to labeling. They're choosing their own software applications, deploying them opportunistically, and relying on disconnected or even manually entered data. This siloed approach may have worked in the past, but now it brings with

it major inefficiencies that can translate into costly problems: unnecessary expenses associated with having to support, maintain and upgrade multiple applications, the inability to quickly and efficiently scale operations, slow to respond to customer requirements as needed; mislabeling resulting in distribution delays, and the risk of regulatory fines.

Meanwhile, from an overall enterprise perspective, labeling has often been neglected or taken for granted. Labeling may be top of pallet, but it's seldom top of mind. After all, how hard can it be to print labels and slap them on something?

Enterprise initiatives have often concentrated on deploying enterprise-class systems such as ERP, WMS, SCM and/or PLM, and Logistics Management. It's time now to realize that labeling is as critical as each of these key areas.

If you're not taking the same rigorous approach to labeling that you are to your other mission critical systems, you're missing out on significant financial improvements. You're wasting money. You're wasting resources. You're wasting time.

This is beginning to change, and forward-thinking organizations are increasingly recognizing that unnecessary costs can occur when labeling is left at the local level, and not thought through across the entire enterprise. They're recognizing the costs that can occur when labeling is taken for granted, generally forgotten or addressed reactively rather than proactively: shipments held up at borders, product recalls, missed deadlines, stiff fines, dissatisfied customers, reputational risks. They're recognizing the importance of having as robust an approach to labeling as they do to other key elements of their overall solutions ecosystem. These organization are increasingly adopting an Enterprise Labeling solution that provides an integrated approach that leverages sources of truth for label data from throughout the enterprise.

But before doing so, any prudent organization will want to make sure that they'll achieve a return on their investment in Enterprise Labeling. In this paper, we'll explore the areas where you'll find opportunities for cost savings, increased operational efficiencies, reduced compliance risk, and even competitive advantage.

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.

WHY SAVVY COMPANIES ARE INVESTING IN ENTERPRISE LABELING

Enterprise Labeling delivers proven value throughout your supply chain. Within your organization itself, an investment in Enterprise Labeling yields operational efficiencies that translate into significant cost savings – operational savings, savings on capital expenditures, and the savings that accrue when you avoid the penalties that your customers may assess when shipments are mislabeled. Some recipients will fine shippers for each box that's not labeled correctly. Taking an Enterprise Labeling approach also reduces the risk of regulatory fines levied by government and industry organizations – and helps eliminate costly holdups at borders, financial penalties for non-compliance, and product turn-backs when shipments are improperly labeled. Additional return on investment can be achieved when Enterprise Labeling is extended to your partners and suppliers.

Time and cost savings at many different points within your enterprise

ELIMINATE COSTLY DELAYS

Labeling delays can often translate directly into shipment delays and lost revenue. What's the root cause? One of the major challenges is the mislabeling that occurs, likely the result of a mistake when a label has incorrect or missing data. Errors can happen when an enterprise is managing and maintaining multiple labeling solutions, with no connective bridge to ensure key data is accurate. Local data make synchronization that more challenging especially if it's disconnected. Entering labeling data in an ad hoc manner can be risky and create challenges if not managed through an enterprise class labeling system. This has the potential to introduce errors from inconsistent data, to different and excessive amounts of labels that don't match up with corporate standards. And even if an organization is formally managing multiple sources of content, they'll find themselves dealing with redundancies and with the need to continually update labels so that it's consistent with existing sources of truth.

When considering Enterprise Labeling, you need to ask yourself how much it costs to keep inventory and warehouse space – and how many hours of downtime you experience due to inadequate labeling. Some organizations will continue to run their production lines, even if labeling is offline, but that just increases the need for more inventory and warehouse space.

Without labels, you cannot ship anything out to your supply chain. By enabling you to print your labels more accurately, Enterprise Labeling helps you avoid excessive inventory costs or losses due to supply chain delays.

Enterprise Labeling integrates seamlessly with enterprise applications such as ERP, WMS, SCM, PLM and other supply chain systems. With this integration, you're ensured that the information being used for your labeling draws on the sources of truth for your organization's data. No more reliance on unreliable, disparate data systems, often legacy, and manual tools like spreadsheets. And no more being caught in a messy situation and operational nightmare or running the risk of mislabeling, customer dissatisfaction and non-compliance fines by not using data from the enterprise information systems like your ERP that your organization has invested so heavily in.

REDUCE LABEL DESIGN AND APPROVAL COSTS

Design and approval cycles for product, carton, and pallet labels may require custom coding, or require long wait times for the next application release. What's worse, they can be a lengthy and exacting process involving many different departments. It's not uncommon for many different groups to have input and/or oversight into the labeling process: Operations, Manufacturing, Regulatory, Supply Chain, Quality, Product Management, IT, Marketing, Packaging, and Logistics. With so many stakeholders, label designs may take months to wind their way through the process before final approval for a single label. The months it takes to get approval for just that one label may result in costly shipment delays – and decidedly unsatisfied customers. Then think about how many different labels you manage.

With browser-based, WYSIWYG design capabilities, an extensive catalogue of barcode symbologies, multi-language support, and advanced workflow, Enterprise Labeling makes it straightforward to design, review, and approve

labels with easy-to-use functionality that don't make any demands on scarce IT resources. Once the initial label process is put in place, business users are able to manage the labeling process and make changes on their own. Enterprise Labeling organizes and optimizes label creation and delivery, eliminating technical difficulties as a source of holdups in your approval process.

DYNAMIC LABELING SAVES MONEY

There's continual demand for label updates. Customers make frequent demands for labels that meet their very specific requirements – and in today's ultra-competitive environment, you must be able to respond to customer demands to stay competitive. Governmental and industry regulations are continually changing as well. Then there are the regional and language demands that crop up when you enter a new market.

There's also the issue of volume. Many organizations print a very high volume of labels around the globe, with multiple SKUs and product permutations as well as different package sizes, etc. When there's no standardized, Enterprise Labeling system in place, each of the required labels may well be a one-off, a 'Mona Lisa,' with its own unique template. Which makes label consistency and maintenance challenging and time consuming. Just keeping track of what may well be a portfolio of thousands of unique labels is a costly nightmare in itself.

Then having to change each of these templates ASAP because of a regulation or because a customer has decided to change how they want labels to appear on the goods they receive, and it's easy to see how the number of label templates and variations becomes a major and costly administrative burden.

Enterprise Labeling lets you address labeling variability seamlessly, without having to create templates for every single variation. It also helps solve the ongoing issue of variability by enabling you to apply your business logic to label templates and allowing updates to be made automatically. These rules can be managed by the business users without IT involvement. This shift to dynamic, data-driven labeling lets you move your labeling from reactive to proactive. The data from your master ERP, WMS, SCM, PLM and other enterprise systems drives label changes. Consider a simple example: the ship-to address for an organization has changed. If you're managing thousands of different label

templates that aren't drawing on centralized data with business logic – or, better yet, integrated with key information systems - you will need to make changes in each label that includes the new address. With dynamic, data-driven Enterprise Labeling, the ship-to address is changed in one place, and automatically cascades the new information to your label templates.

REDUCE EXPENSES GLOBALLY

Your enterprise likely includes multiple sites across multiple geographies. And you're no doubt looking to expand to new sites in new regions. How well suited is your current labeling solution to quickly and easily scale to support your growth requirements? Many labeling solutions require the purchase of additional servers and licenses, which means protracted negotiations and procurement, at additional cost, before you're ready to deploy. You also need to factor in the cost in terms of IT time and resources to install, maintain, and update multiple instances of the same software at different locations. There's also the challenge of making sure all of your locations are working within your organization's guidelines and standards. Enforcing standards when there's no enterprise-wide system can tie up costly resources as well. These issues become even more acute when your enterprise is opening up a new facility, or involved in a merger or acquisition, which brings with it new and different software applications.

A cloud-based Enterprise Labeling solution, one that can standardize your labeling, makes it easier to expand. With multi-site capability deployed on-premise, in the cloud, in a hybrid solution, you can quickly and easily add users and remote sites, without having to purchase additional servers or licenses. In the case of an M&A situation, Enterprise Labeling provides the bridge that enables you to look like one company even before a new entity is fully integrated. Label templates can draw on multiple sources of truth, so labels can quickly incorporate both overall corporate data and look and feel and product and client information that hasn't yet been integrated.

ELIMINATE REMOTE LABEL DELIVERY COSTS

Some organizations have standardized on a labeling solution, but it's installed at one company location. All the labels are printed at this site and shipped to remote company sites and/or business partner locations. This approach may help with quality control, but multiple the number of label shipments you made

last month and multiply it by the average costs to ship each batch of labels. Not to mention the costly risks associated with stolen labels, lack of control, the black market, and more. It can add up fast. And that's before taking into consideration shipping delays that inevitably occur.

With Enterprise Labeling's remote printing capabilities, organizations can standardize labeling across their global operations, ensuring that the labels being used are approved, without incurring the costs (and possible delays) of regularly shipping labels to dispersed sites. Leverage approved labels and print them anywhere – down the hall, or halfway around the world.

Cost-avoidance by keeping up with regulations

REDUCING RISKS ASSOCIATED WITH REGULATIONS AND CUSTOMER REQUIREMENTS

Whether they're established by governments or by an industry regulatory body, or even by customers who have their own contractual rules, external regulations and requirements directly impact labeling. And the cost of not complying with them can be high. It can mean shipments held up or turned back at border crossings or refused by customers. It may mean substantial fines. Even if you've budgeted for these fines, certainly you can find a better way to allocate this spending. It may even mean risking your reputation – and that's difficult to recover from and may have financial implications as well. Since labeling is often critical to product safety, non-compliant (or just plain wrong) labeling may even be a matter of life and death.

With Enterprise Labeling – a centralized, standardized solution – you can consistently keep pace with evolving regulatory bodies. By integrating with existing business applications, Enterprise Labeling leverages the sources of truth, improving labeling accuracy and helping organizations quickly respond to regulatory changes: an update in one place will have an immediate impact on other labels. With its built-in business intelligence, Enterprise Labeling works to address all types of issues and challenges, lets you design reports that address regulatory compliance, and its real-time dashboards keep you in the know on regulatory-related KPIs such as managing traceability and recalls.

Extending your labeling process to include your trading partners

REDUCE INVENTORY COSTS CAUSED BY RELABELING

Each month, companies spend substantial time and resources relabeling inbound materials before they move into production or inventory. Pallets of supplier goods stack up in receiving, waiting to be sorted out and relabeled. Because of this stack up, companies may need to maintain a buffer inventory. Erroneous receipts can overstate or understate a shipment, resulting in a parts shortage or excess parts on hand. A mislabeled part can result in a shipping line holdup.

A web-based Enterprise Labeling solution can be easily extended to your trusted partners – your suppliers and 3PLs. Role-based access helps ensure security. Relabeling is eliminated, resulting in both lower operating expense (hiring relabelers) and decreased capital expenditure (inventory levels, storage costs). Production line delays are greatly reduced, which means cost-avoidance and increased satisfaction throughout your supply chain.

With Loftware, **Nemera** saves time and money. They've reduced label waste, were able to easily train their staff on the solution and hardly ever have to contact Loftware support for assistance.

Stemco has been using Loftware for over 15 years and Loftware has more than paid for itself annually.

Using Loftware Spectrum has allowed **Hypertherm** to automate and remove human error from their labeling processes and using business rules to validate input data has saved them hundreds of thousands of dollars by avoiding downtime and shipping charges.

Procter & Gamble took less than 6 months to recoup their investment in Loftware.

Jabil Circuit saves more than 160 hours per month on developing and maintaining on-demand labels by using Loftware.

Delivering Value You Can Take to the Bank

Labeling has always been mission critical, but too often it's been overlooked from an enterprise perspective. And that means leaving money on the table. Whether it's via operational efficiency, error reduction, or cost avoidance, Enterprise Labeling delivers ROI throughout the labeling process.

Baxter International uses Loftware labeling solutions to save over \$5M annually in re-labeling costs.

By integrating Loftware with existing business applications, **PPG Industries** has saved over \$1M annually in labor and maintenance costs.

Trek Bicycle Corporation, using Loftware solutions, has saved over \$1M annually in compliance-related fines and penalties.

Gurecky Manufacturing Services has seen a substantial return on their investment with Loftware's labeling solution.

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.



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